# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**

# FORM 10-Q

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

**For the quarterly period ended March 31, 2013, 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 0-17272**

# TECHNE CORPORATION
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Minnesota**<br>(State or other jurisdiction of incorporation or organization) | **41-1427402**<br>(I.R.S. Employer Identification No.) |
| **614 McKinley Place N.E.**<br>**Minneapolis, MN**<br>(Address of principal executive offices) | **55413**<br>(Zip Code) |

**(612) 379-8854**
**(Registrant's telephone number, including area code)**

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 (§232.405 of this chapter) 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |

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

At May 3, 2013, 36,834,046 shares of the Company's Common Stock (par value $0.01) were outstanding.

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# PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

*TECHNE Corporation and Subsidiaries*
*(in thousands, except per share data)*
*(unaudited)*

| | *Quarter Ended March 31,* | | *Nine Months Ended March 31,* | |
|---|---|---|---|---|
| | *2013* | *2012* | *2013* | *2012* |
| Net sales | $80,992 | $83,621 | $231,100 | $235,879 |
| Cost of sales | 19,845 | 20,238 | 59,107 | 58,939 |
| Gross margin | 61,147 | 63,383 | 171,993 | 176,940 |
| Operating expenses: | | | | |
| Selling, general and administrative | 9,982 | 9,899 | 31,266 | 31,323 |
| Research and development | 7,219 | 7,122 | 22,074 | 20,626 |
| Total operating expenses | 17,201 | 17,021 | 53,340 | 51,949 |
| Operating income | 43,946 | 46,362 | 118,653 | 124,991 |
| Other income (expense): | | | | |
| Interest income | 638 | 470 | 1,976 | 1,996 |
| Impairment losses on investments | 0 | (3,254) | 0 | (3,254) |
| Other non-operating expense, net | (118) | (373) | (731) | (2,155) |
| Total other income (expense) | 520 | (3,157) | 1,245 | (3,413) |
| Earnings before income taxes | 44,466 | 43,205 | 119,898 | 121,578 |
| Income taxes | 11,348 | 11,449 | 35,748 | 36,488 |
| Net earnings | 33,118 | 31,756 | 84,150 | 85,090 |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustments | (9,264) | 3,895 | (4,232) | (711) |
| Unrealized gains (losses) on available-for-sale investments, net of tax of $6,610, $13,326, ($2,659) and 13,319, respectively | 11,851 | 23,886 | (4,706) | 23,879 |
| Other comprehensive income (loss) | 2,587 | 27,781 | (8,938) | 23,168 |
| Comprehensive income | $35,705 | $59,537 | $ 75,212 | $108,258 |
| Earnings per share: | | | | |
| Basic | $ 0.90 | $ 0.86 | $ 2.28 | $ 2.30 |
| Diluted | $ 0.90 | $ 0.86 | $ 2.28 | $ 2.30 |
| Cash dividends per common share: | $ 0.30 | $ 0.28 | $ 0.88 | $ 0.83 |
| Weighted average common shares outstanding: | | | | |
| Basic | 36,842 | 36,864 | 36,835 | 36,975 |
| Diluted | 36,908 | 36,930 | 36,901 | 37,043 |

See Notes to Condensed Consolidated Financial Statements.

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**CONDENSED CONSOLIDATED BALANCE SHEETS**

*TECHNE Corporation and Subsidiaries*

*(in thousands, except share and per share data)*

| | *March 31, 2013 (unaudited)* | *June 30, 2012* |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $150,713 | $116,675 |
| Short-term available-for-sale investments | 162,162 | 152,311 |
| Trade accounts receivable, less allowance for doubtful accounts of $473 and $455, respectively | 38,138 | 35,668 |
| Other receivables | 1,736 | 2,073 |
| Inventories | 35,675 | 38,277 |
| Prepaid expenses | 1,733 | 1,503 |
| Total current assets | 390,157 | 346,507 |
| Available-for-sale investments | 135,765 | 143,966 |
| Property and equipment, net | 105,202 | 93,788 |
| Goodwill | 84,311 | 85,682 |
| Intangible assets, net | 41,779 | 46,476 |
| Other assets | 3,076 | 2,905 |
| | $760,290 | $719,324 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Trade accounts payable | $ 6,189 | $ 6,291 |
| Salaries, wages and related accruals | 4,610 | 4,699 |
| Accrued expenses | 7,438 | 7,275 |
| Income taxes payable | 4,176 | 3,251 |
| Deferred income taxes | 10,068 | 14,234 |
| Total current liabilities | 32,481 | 35,750 |
| Deferred income taxes | 8,300 | 9,132 |
| Shareholders' equity: | | |
| Common stock, par value $.01 per share; authorized 100,000,000; issued and outstanding 36,842,346 and 36,826,364, respectively | 368 | 368 |
| Additional paid-in capital | 134,118 | 131,851 |
| Retained earnings | 572,186 | 520,448 |
| Accumulated other comprehensive income | 12,837 | 21,775 |
| Total shareholders' equity | 719,509 | 674,442 |
| | $760,290 | $719,324 |

See Notes to Condensed Consolidated Financial Statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
*TECHNE Corporation and Subsidiaries*
*(in thousands)*
*(unaudited)*

| | *Nine Months Ended March 31,* | |
|---|---|---|
| | *2013* | *2012* |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net earnings | $ 84,150 | $ 85,090 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | 9,279 | 9,366 |
| Costs recognized on sale of acquired inventory | 3,496 | 5,870 |
| Deferred income taxes | (2,054) | (7,753) |
| Stock-based compensation expense | 1,374 | 1,389 |
| Excess tax benefit from stock option exercises | (69) | (51) |
| Impairment losses on investments | 0 | 3,254 |
| Losses by equity method investees | 114 | 558 |
| Other | 337 | (10) |
| Change in operating assets and operating liabilities: | | |
| Trade accounts and other receivables | (2,319) | (4,645) |
| Inventories | (2,032) | (1,586) |
| Prepaid expenses | (240) | (393) |
| Trade accounts payable and accrued expenses | (215) | 1,641 |
| Salaries, wages and related accruals | 636 | 1,351 |
| Income taxes payable | 1,118 | (4,748) |
| Net cash provided by operating activities | 93,575 | 89,333 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of available-for-sale investments | (89,099) | (124,007) |
| Proceeds from sales of available-for-sale investments | 26,367 | 53,931 |
| Proceeds from maturities of available-for-sale investments | 53,987 | 56,273 |
| Additions to property and equipment | (17,108) | (4,884) |
| Increase in other long-term assets | (592) | (489) |
| Distribution from unconsolidated entity | 0 | 42 |
| Net cash used in investing activities | (26,445) | (19,134) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Cash dividends | (32,413) | (30,707) |
| Proceeds from stock option exercises | 824 | 667 |
| Excess tax benefit from stock option exercises | 69 | 51 |
| Purchase of common stock for stock bonus plans | (573) | (907) |
| Repurchase of common stock | 0 | (21,283) |
| Net cash used in financing activities | (32,093) | (52,179) |
| Effect of exchange rate changes on cash and cash equivalents | (999) | (353) |
| Net increase in cash and cash equivalents | 34,038 | 17,667 |
| Cash and cash equivalents at beginning of period | 116,675 | 77,613 |
| Cash and cash equivalents at end of period | $150,713 | $ 95,280 |

See Notes to Condensed Consolidated Financial Statements.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*TECHNE Corporation and Subsidiaries*
*(unaudited)*

***A. Basis of Presentation:***

The interim unaudited condensed consolidated financial statements of Techne Corporation and Subsidiaries (the Company) have been prepared in accordance with accounting principles generally accepted in the United States of America and with instructions to Form 10-Q and Article 10 of Regulation S-X. The accompanying interim unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

A summary of significant accounting policies followed by the Company is detailed in the Company's Annual Report on Form 10-K for fiscal 2012. The Company follows these policies in preparation of the interim unaudited condensed consolidated financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These interim unaudited condensed consolidated financial statements should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto for the fiscal year ended June 30, 2012, included in the Company's Annual Report on Form 10-K for fiscal 2012.

***B. Available-For-Sale Investments:***

The Company's available-for-sale investments at March 31, 2013 and June 30, 2012 are carried at fair value and are valued using quoted market prices in active markets (Level 1 input) for identical assets and liabilities. The fair value of the Company's available-for-sale investments at March 31, 2013 and June 30, 2012 were $298 million and $296 million, respectively. The amortized cost basis of the Company's available-for-sale investments at March 31, 2013 and June 30, 2012 were $239 million and $230 million, respectively.

***C. Inventories:***

Inventories consist of (in thousands):

| | *March 31, 2013* | *June 30, 2012* |
|---|---|---|
| Raw materials | $ 6,011 | $ 5,678 |
| Finished goods | 29,664 | 32,599 |
| | $35,675 | $38,277 |

***D. Property and Equipment:***

Property and equipment consist of (in thousands):

| | *March 31, 2013* | *June 30, 2012* |
|---|---|---|
| Cost: | | |
| Land | $ 7,438 | $ 7,473 |
| Buildings and improvements | 138,367 | 123,257 |
| Laboratory equipment | 32,795 | 31,658 |
| Office equipment | 6,123 | 5,710 |
| | 184,723 | 168,098 |
| Accumulated depreciation and amortization | (79,521) | (74,310) |
| | $105,202 | $ 93,788 |

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***E. Intangible Assets and Goodwill:***

Intangible assets and goodwill consist of (in thousands):

| | *March 31, 2013* | *June 30, 2012* |
|---|---|---|
| Developed technology | $ 28,642 | $29,410 |
| Trade names | 17,655 | 17,871 |
| Customer relationships | 8,611 | 8,712 |
| Non-compete agreement | 400 | 400 |
| | 55,308 | 56,393 |
| Accumulated amortization | (13,529) | (9,917) |
| | $ 41,779 | $46,476 |
| Goodwill | $ 84,311 | $85,682 |

The change in the carrying amount of net intangible assets for the nine months ended March 31, 2013 resulted from amortization expense and currency translation. Amortization expense related to technologies included in cost of sales was $742,000 and $2.3 million, respectively, for the quarter and nine months ended March 31, 2013, and $750,000 and $2.3 million, respectively, for the quarter and nine months ended March 31, 2012. Amortization expense related to trade names, customer relationships, and the non-compete agreement included in selling, general and administrative expense was $516,000 and $1.6 million, respectively, for the quarter and nine months ended March 31, 2013, and $518,000 and $1.6 million, respectively, for the quarter and nine months ended March 31, 2012.

The change in the carrying amount of goodwill for the nine months ended March 31, 2013 resulted from currency translation.

***F. Impairment Losses on Investments:***

The Company holds a 16.8% ownership interest in Nephromics, Inc. (Nephromics) and accounts for its investment under the equity method of accounting as Nephromics is a limited liability company. During the third quarter of fiscal 2012, Nephromics signed an agreement to sell substantially all of its assets. The sale price included a payment at closing, future payment contingent upon the issuance of certain patents, and royalties on future sublicense income. As a result of the agreement, the Company determined that a portion of its investment in Nephromics was other-than-temporarily impaired and wrote off $2.4 million of this investment during the quarter ended March 31, 2012. The Company’s net investment in Nephromics was $505,000 at both March 31, 2013 and June 30, 2012.

The Company held an ownership interest in ACTGen, Inc. (ACTGen), a development stage biotechnology company, through the second quarter of fiscal 2013. During the third quarter of fiscal 2012, the Company determined that the Company’s investment in ACTGen was other-than-temporarily impaired and wrote off its remaining investment of $854,000 during the quarter ended March 31, 2012.

***G. Income Taxes***

Income taxes for the quarter and nine months ended March 31, 2013 were provided at rates of 25.5% and 29.8%, respectively, of consolidated earnings before income taxes, compared to 26.5% and 30.0% for the same prior-year periods. In January 2013, the U.S. federal credit for research and development was reinstated retroactively for the period of January 2012 through December 2013. Included in income tax expense for both the quarter and nine months ended March 31, 2013 was a $1.2 million credit for research and development expenses compared to a $430,000 credit for research and development expenses for the nine months ended March 31, 2012. Included in income tax expense for the quarter and nine months ended March 31, 2013 were credits to U.S. income tax expense of $1.1 million and $500,000, respectively, related to foreign source income compared to income tax expense related to foreign source income of $379,000 and $862,000, respectively, for the same prior-year periods. Included in income taxes for the quarter and nine months ended March 31, 2012 was a $3.0 million benefit due to the reversal of a deferred tax valuation allowance on the Company’s excess tax basis in investments in unconsolidated entities. The Company determined such valuation allowance was no longer necessary as of March 31, 2012.

***H. Earnings Per Share:***

Shares used in the earnings per share computations are as follows (in thousands):

| | Quarter Ended March 31, | | Nine Months Ended March 31, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| Weighted average common shares outstanding-basic | 36,842 | 36,864 | 36,835 | 36,975 |
| Dilutive effect of stock options | 66 | 66 | 66 | 68 |
| Weighted average common shares outstanding-diluted | 36,908 | 36,930 | 36,901 | 37,043 |

The dilutive effect of stock options in the above table excludes all options for which the aggregate exercise proceeds exceeded the average market price for the period. The number of potentially dilutive option shares excluded from the calculation was 214,000 for both the quarter and nine months ended March 31, 2013. The number of potentially dilutive option shares excluded from the calculation was 222,000 for both the quarter and nine months ended March 31, 2012, respectively.

***I. Segment Information:***

The Company has two reportable segments based on the nature of products (biotechnology and hematology). Following is financial information relating to the Company's reportable segments (in thousands):

| | Quarter Ended March 31, | | Nine Months Ended March 31, | |
|---|---|---|---|---|
| | 2013 | 2012 | 2013 | 2012 |
| External sales | | | | |
| Biotechnology | $75,285 | $78,180 | $214,416 | $220,291 |
| Hematology | 5,707 | 5,441 | 16,684 | 15,588 |
| Consolidated net sales | $80,992 | $83,621 | $231,100 | $235,879 |
| Earnings before income taxes | | | | |
| Biotechnology | $43,246 | $45,442 | $117,123 | $123,304 |
| Hematology | 2,247 | 2,037 | 6,498 | 5,636 |
| Segment earnings before income taxes | 45,493 | 47,479 | 123,621 | 128,940 |
| Unallocated corporate expenses and equity method investee losses | (1,027) | (4,274) | (3,723) | (7,362) |
| Consolidated earnings before income taxes | $44,466 | $43,205 | $119,898 | $121,578 |

***J. Accumulated Other Comprehensive Income:***

Accumulated other comprehensive income consists of (in thousands):

| | March 31, 2013 | June 30, 2012 |
|---|---|---|
| Foreign currency translation adjustments | $(24,975) | $(20,743) |
| Net unrealized gain on available-for-sale investments, net of tax | 37,812 | 42,518 |
| | $ 12,837 | $ 21,775 |

# ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## OVERVIEW

TECHNE Corporation and subsidiaries (the Company) are engaged in the development, manufacture and sale of biotechnology products and hematology calibrators and controls. These activities are conducted domestically through TECHNE Corporation's wholly-owned subsidiaries, Research and Diagnostic Systems, Inc. (R&D Systems), Boston Biochem, Inc. (Boston Biochem), and BiosPacific, Inc. (BiosPacific). TECHNE Corporation's European biotechnology operations are conducted through its wholly-owned U.K. subsidiaries, R&D Systems Europe Ltd. (R&D Europe) and Tocris Holdings Limited (Tocris). R&D Europe has a sales subsidiary, R&D Systems GmbH, in Germany and a sales office in France. TECHNE Corporation distributes its biotechnology products in China through its wholly-owned subsidiary, R&D Systems China Co., Ltd. (R&D China). R&D China has a sales subsidiary, R&D Systems Hong Kong Ltd., in Hong Kong.

The Company has two reportable segments based on the nature of its products (biotechnology and hematology). R&D Systems' Biotechnology Division, R&D Europe, Tocris, R&D China, BiosPacific and Boston Biochem operating segments are included in the biotechnology reporting segment. The Company's biotechnology reporting segment develops, manufactures and sells biotechnology research and diagnostic products world-wide. The Company's hematology reporting segment, which consists of R&D Systems' Hematology Division, develops and manufactures hematology controls and calibrators for sale world-wide.

## RESULTS OF OPERATIONS

Consolidated net sales decreased 3.1% and consolidated net earnings increased 4.3%, respectively, for the quarter ended March 31, 2013 compared to the quarter ended March 31, 2012. Consolidated net sales and consolidated net earnings decreased 2.0% and 1.1%, respectively, for the nine months ended March 31, 2013 compared to the nine months ended March 31, 2012. Consolidated net sales for the quarter and nine months ended March 31, 2013 were unfavorably affected by changes in foreign currency exchange rates from the same prior-year periods. A stronger U.S. dollar as compared to foreign currencies reduced sales by $122,000 and $2.6 million in the quarter and nine-month periods ended March 31, 2013, from the comparable prior-year periods.

### *Net Sales*

Consolidated net sales for the quarter and nine months ended March 31, 2013 were $81.0 million and $231 million, respectively, decreases of $2.6 million (3.1%) and $4.8 million (2.0%) from the quarter and nine months ended March 31, 2012, respectively. Excluding the effect of the change from the comparable prior-year period in exchange rates used to convert sales in foreign currencies (primarily British pound sterling, euros and Chinese yuan), consolidated net sales for the quarter and nine months ended March 31, 2013 decreased 3.0% and 0.9%, respectively, from comparable prior-year periods. Included in consolidated net sales for the quarter and nine months ended March 31, 2013 were $694,000 and $1.4 million, respectively, of sales of new biotechnology products that had their first sale in fiscal 2013.

Net sales by reportable segment were as follows (in thousands):

| | *Quarter Ended March 31,* | | *Nine Months Ended March 31,* | |
|---|---|---|---|---|
| | *2013* | *2012* | *2013* | *2012* |
| Biotechnology | $75,285 | $78,180 | $214,416 | $220,291 |
| Hematology | 5,707 | 5,441 | 16,684 | 15,588 |
| Consolidated net sales | $80,992 | $83,621 | $231,100 | $235,879 |

Biotechnology segment net sales decreased $2.9 million (3.7%) and $5.9 million (2.7%) for the quarter and nine months ended March 31, 2013, respectively, compared to the same prior-year periods. The decrease in the quarter ended March 31, 2013 was affected by one less ship day as compared to the third quarter of the prior fiscal year and also included the Easter holiday, which was in the fourth quarter of the prior fiscal year. The decrease in net sales for the nine months ended March 31, 2013 was affected by two less ship days in the nine-month period, the Easter holiday and changes in exchange rates from the comparable prior-year periods, which impacted sales by $2.6 million, as noted above.

Biotechnology segment sales growth (decline), excluding the effect of changes in exchange rates, from the same prior-year periods were as follows:

| | *Quarter Ended March 31,* | | *Nine Months Ended March 31,* | |
|---|---|---|---|---|
| | *2013* | *2012* | *2013* | *2012* |
| U.S. industrial, pharmaceutical and biotechnology | (2.5%) | 5.6% | (4.2%) | 5.7% |
| U.S. academic | (8.5%) | (5.4%) | (5.5%) | (4.9%) |
| Europe | (10.3%) | (0.4%) | (2.0%) | (0.6%) |
| China | 24.9% | 19.9% | 19.4% | 22.4% |
| Pacific rim distributors, excluding China | 9.6% | 7.8% | 4.7% | 6.5% |

Biotechnology segment net sales consisted of the following:

| | *Nine Months Ended March 31, 2013* |
|---|---|
| United States: | |
| Industrial, pharmaceutical and biotechnology | 29% |
| Academic | 13% |
| Other | 13% |
| | 55% |
| Europe | 28% |
| China | 5% |
| Pacific rim distributors, excluding China | 10% |
| Rest of world | 2% |
| | 100% |

Hematology segment net sales increased $266,000 (4.9%) and $1.1 million (7.0%) for the quarter and nine months ended March 31, 2013, respectively, compared to the same prior-year periods as a result of increased sales volume.

***Gross Margins***

Fluctuations in gross margins, as a percentage of net sales, are typically the result of changes in foreign currency exchange rates, changes in product mix and seasonality. Such fluctuations are normal and expected to continue in future periods. Gross margins have also been affected by acquisitions completed in prior years.

Segment gross margins, as a percentage of net sales, were as follows:

| | *Quarter Ended March 31,* | | *Nine Months Ended March 31,* | |
|---|---|---|---|---|
| | *2013* | *2012* | *2013* | *2012* |
| Biotechnology | 77.5% | 77.7% | 76.4% | 76.9% |
| Hematology | 49.0% | 48.7% | 49.0% | 47.8% |
| Consolidated | 75.5% | 75.8% | 74.4% | 75.0% |

The Biotechnology segment gross margin percentage for the quarter ended March 31, 2013 decreased from the same prior-year period primarily due to lower sales volumes. The Biotechnology segment gross margin percentage for the nine months ended March 31, 2013, respectively, decreased from the same prior-year period due to lower sales volumes and unfavorable exchange rates. This negative gross margin impact was partially offset by a decline in the costs recognized upon the sale of inventory acquired in fiscal 2011 which was written-up to fair value. Hematology segment gross margin percentage for the quarter and nine months ended March 31, 2013 increased slightly from the comparable prior-year periods as a result of increased sales volume.

***Selling, General and Administrative Expenses***

Selling, general and administrative expenses increased $83,000 (0.8%) and decreased $57,000 (0.2%) for the quarter and nine months ended March 31, 2013 from the same prior-year periods. Selling general and administrative expenses were impacted by decreases in profit sharing expense of $399,000 and $1.1 million for the quarter and nine months ended March 31, 2013, respectively, as compared to the same prior-year periods. The increase in selling, general and administrative expense, excluding the profit sharing impact, was mainly the result of increased marketing wages and consulting related to upgrading the Company's website.

Consolidated selling, general and administrative expenses were composed of the following (in thousands):

| | *Quarter Ended March 31,* | | *Nine Months Ended March 31,* | |
|---|---|---|---|---|
| | *2013* | *2012* | *2013* | *2012* |
| Biotechnology | $8,941 | $8,921 | $27,304 | $27,394 |
| Hematology | 375 | 435 | 1,173 | 1,315 |
| Unallocated corporate expenses | 666 | 543 | 2,789 | 2,614 |
| Consolidated selling, general and administrative Expenses | $9,982 | $9,899 | $31,266 | $31,323 |

The Company hired a new Chief Executive Officer (CEO) effective April 1, 2013. The compensation for the previous CEO was below market, and therefore, the Company will incur higher executive compensation costs as a result. These increases should not be significant in the fiscal year ending June 30, 2013, but could impact financial results beginning in fiscal 2014. This change could also impact other compensation and benefit costs.

***Research and Development Expenses***

Research and development expenses for the quarter and nine months ended March 31, 2013 increased $97,000 (1.4%) and $1.4 million (7.0%), respectively, from the same prior-year periods. The increase was mainly due to increases in personnel and supply costs associated with the development and release of new high-quality biotechnology products. The Company expects research and development expenses to continue to increase in future periods as a result of its ongoing product development program.

Research and development expenses were composed of the following (in thousands):

| | *Quarter Ended March 31,* | | *Nine Months Ended March 31,* | |
|---|---|---|---|---|
| | *2013* | *2012* | *2013* | *2012* |
| Biotechnology | $7,015 | $6,924 | $21,470 | $20,017 |
| Hematology | 204 | 198 | 604 | 609 |
| Consolidated research and development expenses | $7,219 | $7,122 | $22,074 | $20,626 |

***Impairment Loss on Investments in Unconsolidated Entities***

The Company holds a 16.8% ownership interest in Nephromics, Inc. (Nephromics) and accounts for its investment under the equity method of accounting as Nephromics is a limited liability company. During the third quarter of fiscal 2012, Nephromics signed an agreement to sell substantially all of its assets. The sale price included a payment at closing, future payment contingent upon the issuance of certain patents, and royalties on future sublicense income. As a result of the agreement, the Company determined that a portion of its investment in Nephromics was other-than-temporarily impaired and wrote off $2.4 million of this investment during the quarter ended March 31, 2012. The Company's net investment in Nephromics was $505,000 at both March 31, 2013 and June 30, 2012.

The Company held an ownership interest in ACTGen, Inc. (ACTGen), a development stage biotechnology company, through the second quarter of fiscal 2013. During the third quarter of fiscal 2012, the Company determined that the Company's investment in ACTGen was other-than-temporarily impaired and wrote off its remaining investment of $854,000 during the quarter ended March 31, 2012.

***Other Non-operating Expense, Net***

Other non-operating expense, net, consists mainly of foreign currency transaction gains and losses, rental income, building expenses related to rental property, and the Company's share of losses by equity method investees. Amounts were as follows (in thousands):

| | *Quarter Ended March 31,* | | *Nine Months Ended March 31,* | |
|---|---|---|---|---|
| | *2013* | *2012* | *2013* | *2012* |
| Foreign currency gains (losses) | $ 289 | $ 164 | $ 360 | $ (465) |
| Rental income | 196 | 150 | 581 | 482 |
| Building expenses related to rental property | (572) | (545) | (1,558) | (1,614) |
| Losses by equity method investees | (31) | (142) | (114) | (558) |
| Other non-operating expense, net | $(118) | $(373) | $ (731) | $(2,155) |

***Income Taxes***

Income taxes for the quarter and nine months ended March 31, 2013 were provided at rates of 25.5% and 29.8%, respectively, of consolidated earnings before income taxes, compared to 26.5% and 30.0% for the same prior-year periods. In January 2013, the U.S. federal credit for research and development was reinstated retroactively for the period of January 2012 through December 2013. Included in income tax expense for both the quarter and nine months ended March 31, 2013 was a $1.2 million credit for research and development expenses compared to a $430,000 credit for research and development expenses for the nine months ended March 31, 2012. Included in income tax expense for the quarter and nine months ended March 31, 2013 were credits to U.S. income tax expense of $1.1 million and $500,000, respectively, related to foreign source income compared to income tax expense of $379,000 and $862,000, respectively, for the same prior-year periods. The income tax credits in fiscal 2013 were due to changes in estimates related to foreign source income. Included in income taxes for the quarter and nine months ended March 31, 2012 was a $3.0 million benefit due to the reversal of a deferred tax valuation allowance on the Company's excess tax basis in investments in unconsolidated entities. The Company determined such valuation allowance was no longer necessary as of March 31, 2012. The Company expects the effective tax rate for the remainder of fiscal 2013 to range from 30% to 32%.

**LIQUIDITY AND CAPITAL RESOURCES**

At March 31, 2013, cash and cash equivalents and available-for-sale investments were $449 million compared to $413 million at June 30, 2012. Included in available-for-sale-investments at March 31, 2013 was the fair value of the Company's investment in ChemoCentryx, Inc. (CCXI) of $87.5 million. The fair value of the Company's CCXI investment at June 30, 2012 was $94.7 million.

At March 31, 2013, approximately 60%, 39%, and 1% of the Company's cash and cash equivalents of $151 million are located in the U.S., United Kingdom and China, respectively. At March 31, 2013, approximately 95% of the Company's available-for-sale investment accounts are located in the U.S., with the remaining 5% in China. The Company has either paid U.S. income taxes on its undistributed foreign earnings or intends to indefinitely reinvest the undistributed earnings in the foreign operations.

The Company believes it can meet its cash and working capital requirements, facility expansion and capital addition needs and share repurchase, cash dividend, investment and acquisition strategies for at least the next twelve months through currently available funds, cash generated from operations and maturities or sales of available-for-sale investments.

***Cash Flows From Operating Activities***

The Company generated cash of $93.6 million from operating activities in the first nine months of fiscal 2013 compared to $89.3 million in the first nine months of fiscal 2012. The increase from the prior year was primarily due to changes in income taxes payable as a result of the timing of tax payments, partially offset by decreased net earnings for the period.

***Cash Flows From Investing Activities***

During the nine months ended March 31, 2013, the Company purchased $89.1 million and had sales or maturities of $80.4 million of available-for-sale investments. During the nine months ended March 31, 2012, the Company purchased $124 million and had sales or maturities of $110 million of available-for-sale investments. The Company's investment policy is to place excess cash in municipal and corporate bonds and other investments with maturities of less than three years. The objective of this policy is to obtain the highest possible return while minimizing risk and keeping the funds accessible.

Capital expenditures for fixed assets for the first nine months of fiscal 2013 and 2012 were $17.1 million and $4.9 million, respectively. Included in capital expenditures for the first nine months of fiscal 2013 and 2012 was $15.1 million and $2.6 million, respectively, related to expansion and remodeling of office and laboratory space at the Company's Minneapolis, Minnesota facility. The remaining capital additions were mainly for laboratory and computer equipment. Capital expenditures in the remainder of fiscal 2013 are expected to be approximately $9.6 million, including $7.3 million related to expansion space in Minneapolis and the purchase of land for construction of a new facility in the United Kingdom, both of which are expected to be completed during fiscal 2014. Capital expenditures are expected to be financed through currently available funds and cash generated from operating activities.

***Cash Flows From Financing Activities***

During the first nine months of fiscal 2013 and 2012, the Company paid cash dividends of $32.4 million and $30.7 million, respectively, to all common shareholders. On April 30, 2013, the Company announced the payment of a $0.30 per share cash dividend. The dividend of approximately $11.0 million will be payable May 24, 2013 to all common shareholders of record on May 10, 2013.

Cash of $824,000 and $667,000 was received during the nine months ended March, 2013 and 2012, respectively, from the exercise of stock options. The Company also recognized excess tax benefits from stock option exercises of $69,000 and $51,000 for the nine months ended March 31, 2013 and 2012, respectively.

During the first nine months of fiscal 2013 and 2012, the Company repurchased 8,324 and 13,140 shares of common stock for its employee stock bonus plans at a cost of $573,000 and $907,000, respectively.

During the first nine months of fiscal 2012, the Company repurchased and retired 309,010 shares of common stock at a market value of $21.3 million. The Company did not repurchase any shares during the first nine months of fiscal 2013.

**CONTRACTUAL OBLIGATIONS**

There were no material changes outside the ordinary course of business in the Company's contractual obligations during the quarter ended March 31, 2013.

**CRITICAL ACCOUNTING POLICIES**

The Company's significant accounting policies are discussed in the Company's Annual Report on Form 10-K for fiscal 2012 and are incorporated herein by reference. The application of certain of these policies requires judgments and estimates that can affect the results of operations and financial position of the Company. Judgments and estimates are used for, but not limited to, valuation of available-for-sale investments, inventory valuation and allowances, valuation of intangible assets and goodwill and valuation of investments in unconsolidated entities. There have been no significant changes in estimates in fiscal 2013 that would require disclosure. There have been no changes to the Company's policies in fiscal 2013.

**FORWARD LOOKING INFORMATION AND CAUTIONARY STATEMENTS**

This quarterly report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those regarding the Company's expectations as to the effect of changes to accounting policies, the expected effective income tax rate, the amount of capital expenditures for the remainder of the fiscal year, the timeframe for completing facility improvements in the U.S. and the U.K., the source of funding for capital expenditure requirements, the sufficiency of currently available funds for meeting the Company's needs, the impact of fluctuations in foreign currency exchange rates, and expectations regarding gross margin fluctuations, increasing research and development expenses and increasing selling, general and administrative expenses. These statements involve risks and uncertainties that may affect the actual results of operations. The following important factors, among others, have affected and, in the future, could affect the Company's actual results: the introduction and acceptance of new products, general national and international economic conditions, increased competition, the reliance on internal manufacturing and related operations, the impact of currency exchange rate fluctuations, economic instability in Eurozone countries, the recruitment and retention of qualified personnel, the impact of governmental regulation, maintenance of intellectual property rights, credit risk and fluctuation in the market value of the Company's investment portfolio, unseen delays and expenses related to facility improvements, and the success of financing efforts by companies in which the Company has invested. For additional information concerning such factors, see the Company's Annual Report on Form 10-K for fiscal 2012 as filed with the Securities and Exchange Commission.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At March 31, 2013, the Company had a portfolio of fixed income debt securities, excluding those classified as cash and cash equivalents, of \$210 million. These securities, like all fixed income instruments, are subject to interest rate risk and will decline in value if market interest rates increase. As the Company's fixed income securities are classified as available-for-sale, no gains or losses are recognized by the Company in its consolidated statements of earnings due to changes in interest rates unless such securities are sold prior to maturity. The Company generally holds its fixed income securities until maturity and, historically, has not recorded any material gains or losses on any sale prior to maturity.

At March 31, 2013, the Company held an investment in the common stock of CCXI. The investment was included in short-term available-for-sale investments at its fair value of \$87.5 million. At March 31, 2013, the potential loss in fair value due to a 10% decrease in the market value of CCXI was \$8.7 million.

The Company operates internationally, and thus is subject to potentially adverse movements in foreign currency exchange rates. For the nine months ended March 31, 2013, approximately 30% of consolidated net sales were made in foreign currencies, including 14% in euros, 7% in British pound sterling, 4% in Chinese yuan and the remaining 5% in other European currencies. As a result, the Company is exposed to market risk mainly from foreign exchange rate fluctuations of the euro, British pound sterling and the Chinese yuan as compared to the U.S. dollar as the financial position and operating results of the Company's foreign operations are translated into U.S. dollars for consolidation.

Month-end average exchange rates between the British pound sterling, euro and Chinese yuan and the U.S. dollar, which have not been weighted for actual sales volume in the applicable months in the periods, were as follows:

| | *Quarter Ended March 31,* | | *Nine Months Ended March 31,* | |
|---|---|---|---|---|
| | *2013* | *2012* | *2013* | *2012* |
| Euro | $1.32 | $1.33 | $ 1.29 | $ 1.36 |
| British pound sterling | 1.54 | 1.59 | 1.58 | 1.59 |
| Chinese yuan | .161 | .159 | .160 | .157 |

The Company's exposure to foreign exchange rate fluctuations also arises from trade receivables and intercompany payables denominated in one currency in the financial statements, but receivable or payable in another currency. At March 31, 2013, the Company had the following trade receivable and intercompany payables denominated in one currency but receivable or payable in another currency (in thousands):

| | *Denominated Currency* | *U.S. Dollar Equivalent* |
|---|---|---|
| Accounts receivable in: | | |
| Euros | £ 978 | $ 1,487 |
| Other European currencies | £ 1,162 | $ 1,766 |
| Intercompany payable in: | | |
| Euros | £ 664 | $ 1,010 |
| U.S. dollars | £ 2,492 | $ 3,788 |
| U.S. dollars | yuan 4,440 | $ 708 |

All of the above balances are revolving in nature and are not deemed to be long-term balances. The Company does not enter into foreign exchange forward contracts to reduce its exposure to foreign currency rate changes on forecasted intercompany foreign currency denominated balance sheet positions. Foreign currency transaction gains and losses are included in "Other non-operating expense" in the Consolidated Statement of Earnings and Comprehensive Income. The effect of translating net assets of foreign subsidiaries into U.S. dollars are recorded on the Consolidated Balance Sheet as part of "Accumulated other comprehensive income."

The effects of a hypothetical simultaneous 10% appreciation in the U.S. dollar from March 31, 2013 levels against the euro, British pound sterling and Chinese yuan are as follows (in thousands):

| | |
|---|---|
| Decrease in translation of 2013 earnings into U.S. dollars (annualized) | $ 2,469 |
| Decrease in translation of net assets of foreign subsidiaries | 16,202 |
| Additional transaction losses | 450 |

## ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as amended (the Exchange Act)). Based on this evaluation, the principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective to ensure that material information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. There was no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

# PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

As of May 10, 2013, the Company is not a party to any legal proceedings that, individually or in the aggregate, are reasonably expected to have a material adverse effect on the Company's business, results of operations, financial condition or cash flows.

## ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended June 30, 2012.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth the repurchases of Company common stock for the quarter ended March, 2013:

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| 1/1/13-1/31/13 | 0 | $ 0 | 0 | $ 127.0 million |
| 2/1/13-2/28/13 | 0 | $ 0 | 0 | $ 127.0 million |
| 3/1/13-3/31/13 | 0 | $ 0 | 0 | $ 127.0 million |
| Total | 0 | $ 0 | 0 | $ 127.0 million |

In April 2009, the Company authorized a plan for the repurchase and retirement of $60 million of its common stock. The plan does not have an expiration date. In October 2012, the Company increased the amount authorized under the plan by $100 million.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

None.

## ITEM 6. EXHIBITS

See “exhibit index” following the signature page.

## SIGNATURES

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

| | |
|---|---|
| | TECHNE CORPORATION<br>(Company) |
| Date: May 10, 2013 | /s/ Charles R. Kummeth |
| | Charles R. Kummeth<br>Chief Executive Officer |
| Date: May 10, 2013 | /s/ Gregory J. Melsen |
| | Gregory J. Melsen<br>Chief Financial Officer |

**EXHIBIT INDEX**
**TO**
**FORM 10-Q**

**TECHNE CORPORATION**

| Exhibit # | Description |
|---|---|
| 10.1 | Form of Restricted Stock Agreement for the 2010 Equity Incentive Plan.* |
| 31.1 | Section 302 Certification |
| 31.2 | Section 302 Certification |
| 32.1 | Section 906 Certification |
| 32.2 | Section 906 Certification |
| 101 | The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Earnings and Comprehensive Income, (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) Notes to the Condensed Consolidated Financial Statements. |

* Management contract or compensatory plan or arrangement

**Exhibit 10.1**

# RESTRICTED STOCK AWARD AGREEMENT

## TECHNE CORPORATION
## 2010 EQUITY INCENTIVE PLAN

THIS AGREEMENT, made effective as of this day of , 20 , by and between Techne Corporation, a Minnesota corporation (the "Company"), and ("Participant").

W I T N E S S E T H:

WHEREAS, Participant on the date hereof is a key employee, officer, director of or consultant or advisor to the Company or one of its Subsidiaries; and

WHEREAS, the Company wishes to grant a restricted stock award to Participant for shares of the Company's Common Stock pursuant to the Company's 2010 Equity Incentive Plan (the "Plan"); and

WHEREAS, the Administrator of the Plan has authorized the grant of a restricted stock award to Participant;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Grant of Restricted Stock Award**. The Company hereby grants to the Participant on the date set forth above (the "Date of Award") a restricted stock award (the "Award") for ( ) shares of Common Stock (the "Shares") on the terms and conditions set forth herein, which Shares are subject to adjustment pursuant to Section 15 of the Plan. The Company shall cause to be issued such Shares in the Participant's name, and shall hold such Shares until such time as the risks of forfeiture set forth in this Agreement have lapsed. The Company may also place transfer restrictions on such Shares describing the risks of forfeiture and other transfer restrictions set forth in this Agreement providing for the cancellation of such Shares if they are forfeited as provided in Section 2 below. Subject to the terms and conditions of the Plan, the Participant shall have all the rights of a stockholder with respect to the Shares during the period in which the Shares are subject to risk of forfeiture, including without limitation, the right to vote such shares and receive all dividends attributable to such shares.

2. **Vesting of Restricted Stock**. The Shares subject to this Award shall remain subject to forfeiture until vested as provided herein. Subject to the provisions of Section 15 of the Plan, the Shares shall vest, and the risk of forfeiture shall lapse, as follows: . Except as set forth herein, immediately following any termination of the Participant's employment with the Company for any reason, including the Participant's voluntary resignation or retirement, the Participant shall forfeit all Shares subject to this Award which, as of the termination date, have not yet vested and for which the risks of forfeiture have not lapsed.

3. **General Provisions**.

a. **Employment or Other Relationship**. This Agreement shall not confer on Participant any right with respect to continuance of employment or any other relationship by the Company or any of its Subsidiaries, nor will it interfere in any way with the right of the Company to terminate such employment or relationship. Nothing in this Agreement shall be construed as creating an employment contract for any specified term between Participant and the Company or any Subsidiary.

b. **Mergers, Recapitalizations, Stock Splits, Etc.** Except as otherwise specifically provided in any employment, change of control, severance or similar agreement executed by the Participant and the Company, pursuant and subject to Section 15 of the Plan, certain changes in the number or character of the Common Stock of the Company (through sale, merger, consolidation, exchange, reorganization, divestiture (including a spin-off), liquidation, recapitalization, stock split, stock dividend or otherwise) shall result in an adjustment, reduction, or enlargement, as appropriate, in the number of Shares subject to this Award. Any additional Shares that are credited pursuant to such adjustment shall be subject to the same restrictions as are applicable to the Shares with respect to which the adjustment relates.

c. **Shares Reserved**. The Company shall at all times during the term of this Agreement reserve and keep available such number of shares as will be sufficient to satisfy the requirements of this Agreement.

d. **Withholding Taxes**. To permit the Company to comply with all applicable federal and state income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that, if necessary, all applicable federal and state payroll, income or other taxes attributable to this Award are withheld from any amounts payable by the Company to the Participant. If the Company is unable to withhold such federal and state taxes, for whatever reason, the Participant hereby agrees to pay to the Company an amount equal to the amount the Company would otherwise be required to withhold under federal or state law prior to the issuance of any certificates for the Shares of stock subject to this Award. Subject to such rules as the Administrator may adopt, the Administrator may, in its sole discretion, permit Participant to satisfy such withholding tax obligations, in whole or in part, by delivering shares of the Company's Common Stock, including shares of stock received pursuant to this Award on which the risks of forfeiture have lapsed. Such shares shall have a Fair Market Value equal to the minimum required tax withholding, based on the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to the supplemental income attributable to this Award. In no event may the Participant deliver shares having a Fair Market Value in excess of such statutory minimum required tax withholding. The Participant's election to deliver shares or to have shares withheld for this purpose shall be made on or before the date that the amount of tax to be withheld is determined under applicable tax law. Such election shall be approved by the Administrator and otherwise comply with such rules as the Administrator may adopt to assure compliance with Rule 16b-3, or any successor provision, as then in effect, of the General Rules and Regulations under the Securities Exchange Act of 1934, if applicable.

e. **Securities Law Compliance**. The Participant agrees that, until such time as the Shares are registered and freely tradable under applicable state and federal securities laws, all Shares subject to this Agreement shall be held for Participant's own account without a view to any further distribution thereof, that the certificates for such Shares shall bear an appropriate legend to that effect and that such Shares will be not transferred or disposed of except in compliance with applicable state and federal securities laws.

f. **2010 Equity Incentive Plan**. The Award evidenced by this Agreement is granted pursuant to the Plan, a copy of which Plan has been made available to Participant and is hereby incorporated into this Agreement. This Agreement is subject to and in all respects limited and conditioned as provided in the Plan. The Plan governs this Agreement and, in the event of any questions as to the construction of this Agreement or in the event of a conflict between the Plan and this Agreement, the Plan shall govern, except as the Plan otherwise provides.

g. **Scope of Agreement**. This Agreement shall bind and inure to the benefit of the Company and its successors and assigns and Participant and any successor or successors of Participant permitted by this Agreement. This Award is expressly subject to all terms and conditions contained in the Plan and in this Agreement, and Participant's failure to execute this Agreement shall not relieve Participant from complying with such terms and conditions.

h. **Arbitration**. Any dispute arising out of or relating to this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, shall be discussed between the disputing parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an attorney who has practiced securities or business litigation for at least 10 years. If the parties cannot agree on an arbitrator within 20 days, any party may request that the chief judge of the District Court of Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Agreement. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota.

i. **Lockup Period Limitation**. Participant agrees that in the event the Company advises Participant that it plans an underwritten public offering of its Common Stock in compliance with the Securities Act of 1933, as amended, and that the underwriter(s) seek to impose restrictions under which certain shareholders may not sell or contract to sell or grant any option to buy or otherwise dispose of part or all of their stock purchase rights of the underlying Common Stock, Participant hereby agrees that for a period not to exceed 180 days from the prospectus, Participant will not sell or contract to sell or grant an option to buy or otherwise dispose of this Agreement, the Award, or any of the underlying shares of Common Stock without the prior written consent of the underwriter(s) or its representative(s).

j. **Accounting Compliance**. Participant agrees that, if Participant is an “affiliate” of the Company or any Affiliate (as defined in applicable legal and accounting principles) at the time of a Change of Control (as defined in Section 1(d) of the Plan), Participant will comply with all requirements of Rule 145 of the Securities Act of 1933, as amended, and the requirements of such other legal or accounting principles, and will execute any documents necessary to ensure such compliance.

k. **Stock Legend**. The Administrator may require that the certificates for any Shares shall bear an appropriate legend to reflect the restrictions of Section 3(e), Section 3(f) and Section 3(i) of this Agreement; provided, however, that failure to so endorse any of such certificates shall not render invalid or inapplicable Section 3(e), Section 3(f) and Section 3(i) of this Agreement.

l. **Section 280G.** Notwithstanding anything to the contrary contained in this Agreement, to the extent that any of the payments and benefits provided for under this Agreement or any other agreement or arrangement between the Executive and the Company (collectively, the “Payments”) constitute a “parachute payment” within the meaning of Section 280G of the Code and (ii) but for this Section 3(l), would be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of such Payments being subject to excise tax under Section 4999 of the Code; whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the Executive’s receipt on an after-tax basis, of the greatest amount of economic benefits under this Agreement, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. Unless the Executive and the Company otherwise agree in writing, any determination required under this Section 3(l) shall be made in writing by the Company’s independent public accountants (the “Accountants”), whose reasonable determination shall be conclusive and binding upon the Executive and the Company for all purposes. For purposes of making the calculations required by this Section 3(l), the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Sections 280G and 4999 of the Code. The Executive and the Company shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 3(l).

ACCORDINGLY, the parties hereto have caused this Agreement to be executed on the day and year first above written.

**TECHNE CORPORATION**

By ________________________________________

Its ________________________________________

________________________________________

[Participant]

**Exhibit 31.1**

CERTIFICATION

I, Charles R. Kummeth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Techne Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2013

/s/ Charles R. Kummeth

Charles R. Kummeth
Principle Executive Officer

**Exhibit 31.2**

CERTIFICATION

I, Gregory J. Melsen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Techne Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2013

/s/ Gregory J. Melsen

Gregory J. Melsen
Principle Financial Officer

**Exhibit 32.1**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Techne Corporation (the "Company") On Form 10-Q for the quarter ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles R. Kummeth, Principle Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Charles R. Kummeth
Principle Executive Officer
May 10, 2013

**Exhibit 32.2**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Techne Corporation (the "Company") On Form 10-Q for the quarter ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory J. Melsen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory J. Melsen
Chief Financial Officer
May 10, 2013