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

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**FORM 10-Q**

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

For the quarterly period ended September 30, 2014, 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

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**BIO-TECHNE CORPORATION**

(Exact name of registrant as specified in its charter)

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**Minnesota**  
(State or other jurisdiction of  
incorporation or organization)

**614 McKinley Place N.E.**  
**Minneapolis, MN 55413**  
(Address of principal executive offices) (Zip Code)

**41-1427402**  
(I.R.S. Employer  
Identification No.)

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

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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 November 6, 2014, 37,076,377 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**  
*Bio-Techne Corporation and Subsidiaries*  
*(in thousands, except per share data)*  
*(unaudited)*

	<i>Quarter Ended</i>	
	<i>September 30,</i>	
	<u>2014</u>	<u>2013</u>
Net sales	\$108,477	\$ 85,668
Cost of sales	35,411	24,554
Gross margin	<u>73,066</u>	<u>61,114</u>
Operating expenses:		
Selling, general and administrative	28,701	14,021
Research and development	9,149	7,702
Total operating expenses	<u>37,850</u>	<u>21,723</u>
Operating income	35,216	39,391
Other (expense) income	(618)	263
Earnings before income taxes	34,598	39,654
Income taxes	10,691	12,226
Net earnings	<u>23,907</u>	<u>27,428</u>
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(9,103)	7,902
Unrealized losses on available-for-sale investments, net of tax of (\$100) and (\$17,396), respectively	(8,488)	(36,776)
Other comprehensive loss	<u>(17,591)</u>	<u>(28,874)</u>
Comprehensive income (loss)	<u>\$ 6,316</u>	<u>\$ (1,446)</u>
Earnings per share:		
Basic	\$ 0.65	\$ 0.74
Diluted	\$ 0.64	\$ 0.74
Cash dividends per common share:	\$ 0.31	\$ 0.30
Weighted average common shares outstanding:		
Basic	37,007	36,842
Diluted	37,148	36,928

See Notes to Condensed Consolidated Financial Statements.

[Table of Contents](#)**CONDENSED CONSOLIDATED BALANCE SHEETS**

*Bio-Techne Corporation and Subsidiaries*  
(in thousands, except share and per share data)

	September 30, 2014 <i>(unaudited)</i>	June 30, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 98,239	\$318,568
Short-term available-for-sale investments	32,573	44,786
Trade accounts receivable, less allowance for doubtful accounts of \$492 and \$487, respectively	60,869	47,874
Other receivables	668	7,127
Inventories	52,195	38,847
Prepaid expenses	4,419	2,588
Deferred income taxes	19,148	9,623
Total current assets	<u>268,111</u>	<u>469,413</u>
Available-for-sale investments	3,575	3,575
Property and equipment, net	122,006	117,120
Intangible assets, net	307,508	108,776
Goodwill	305,234	151,473
Investments in unconsolidated entities	10,000	10,446
Other assets	1,826	1,688
	<u>\$ 1,018,260</u>	<u>\$862,491</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Trade accounts payable	\$ 13,571	\$ 9,652
Salaries, wages and related accruals	9,869	6,158
Accrued expenses	6,709	4,136
Income taxes payable	1,975	496
Deferred revenue, current	2,545	0
Related party note payable, current	5,949	5,949
Total current liabilities	<u>40,618</u>	<u>26,391</u>
Deferred income taxes	64,524	33,838
Related party note payable, long-term	6,997	6,997
Long-term debt obligations	112,000	0
Other long-term liabilities	708	0
Shareholders' equity:		
Common stock, par value \$.01 per share; authorized 100,000,000; issued and outstanding 37,029,777 and 37,002,203, respectively	370	370
Additional paid-in capital	150,308	147,004
Retained earnings	665,714	653,279
Accumulated other comprehensive loss	<u>(22,979)</u>	<u>(5,388)</u>
Total shareholders' equity	<u>793,413</u>	<u>795,265</u>
	<u>\$ 1,018,260</u>	<u>\$862,491</u>

See Notes to Condensed Consolidated Financial Statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*Bio-Techne Corporation and Subsidiaries*  
(in thousands)  
(unaudited)

	<i>Quarter Ended</i> <i>September 30,</i>	
	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings	\$ 23,907	\$ 27,428
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	8,559	4,090
Costs recognized on sale of acquired inventory	3,167	1,731
Deferred income taxes	(1,617)	(1,329)
Stock-based compensation expense	1,362	569
Other	68	120
Change in operating assets and operating liabilities, net of acquisition:		
Trade accounts and other receivables	422	(106)
Inventories	(2,326)	(296)
Prepaid expenses	8	(305)
Trade accounts payable and accrued expenses	(1,487)	(828)
Salaries, wages and related accruals	2,528	1,420
Income taxes payable	1,127	91
Net cash provided by operating activities	<u>35,718</u>	<u>32,585</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions, net of cash acquired	(360,175)	(103,049)
Purchase of available-for-sale investments	0	(27,010)
Proceeds from sales of available-for-sale investments	0	12,700
Proceeds from maturities of available-for-sale investments	9,880	16,090
Additions to property and equipment	(4,905)	(3,811)
Distributions from unconsolidated entities	446	85
Other	0	(138)
Net cash used in investing activities	<u>(354,754)</u>	<u>(105,133)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash dividends	(11,472)	(11,051)
Proceeds from stock option exercises	1,864	1,145
Excess tax benefit from stock option exercises	78	4
Borrowings under line-of-credit agreement	125,000	0
Payments on line-of-credit	(13,000)	0
Net cash provided by (used in) financing activities	<u>102,470</u>	<u>(9,902)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3,763)</u>	<u>2,520</u>
Net decrease in cash and cash equivalents	(220,329)	(79,930)
Cash and cash equivalents at beginning of period	318,568	163,786
Cash and cash equivalents at end of period	<u>\$ 98,239</u>	<u>\$ 83,856</u>

See Notes to Condensed Consolidated Financial Statements.

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*Bio-Techne Corporation and Subsidiaries*

*(unaudited)*

**Note 1. Basis of Presentation and Summary of Significant Accounting Policies:**

The interim consolidated financial statements of Bio-Techne Corporation (formerly Techne Corporation) and subsidiaries, (the Company) presented here have been prepared by the Company and are unaudited. They 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. They 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.

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, 2014, included in the Company's Annual Report on Form 10-K for fiscal 2014. A summary of significant accounting policies followed by the Company is detailed in the Company's Annual Report on Form 10-K for fiscal 2014. The Company follows these policies in preparation of the interim unaudited condensed consolidated financial statements.

*Available-For-Sale Investments:*

The Company's available-for-sale securities are carried at fair value using Level 1 and Level 2 inputs. The fair value of the Company's available-for-sale investments at September 30, 2014 and June 30, 2014 were \$36.1 million and \$48.4 million, respectively. The decrease was primarily due to the change in the fair value of the Company's investment in ChemoCentryx, Inc. (CCXI). The amortized cost basis of the Company's available-for-sale investments at September 30, 2014 and June 30, 2014 were \$37.1 million and \$40.7 million, respectively.

Included in the Company's available-for-sale securities is an investment in the common stock and warrants of CCXI. The fair value of the Company's investment was \$28.5 million and \$37.1 million at September 30, 2014 and June 30, 2014, respectively. The cost basis of the Company's investment in CCXI was \$29.5 million at both September 30, 2014 and June 30, 2014.

*Inventories:*

Inventories consist of (in thousands):

	<i>September 30,</i> <i>2014</i>	<i>June 30,</i> <i>2014</i>
Raw materials	\$ 15,346	\$ 9,852
Finished goods	36,849	28,995
Inventories, net	<u>\$ 52,195</u>	<u>\$38,847</u>

At both September 30, 2014 and June 30, 2014, the Company had approximately \$30 million of excess protein, antibody and chemically-based inventory on hand which was not valued.

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### *Property and Equipment:*

Property and equipment consist of (in thousands):

	<i>September 30,</i> <u>2014</u>	<i>June 30,</i> <u>2014</u>
Land	\$ 7,405	\$ 7,468
Buildings and improvements	153,728	149,442
Machinery and equipment	<u>55,898</u>	<u>53,067</u>
Property and equipment, cost	217,031	209,977
Accumulated depreciation and amortization	<u>(95,025)</u>	<u>(92,857)</u>
Property and equipment, net	<u>\$ 122,006</u>	<u>\$ 117,120</u>

### *Intangible Assets:*

Intangible assets consist of (in thousands):

	<i>September 30</i> <u>2014</u>	<i>June 30,</i> <u>2014</u>
Developed technology	\$ 93,109	\$ 48,166
Trade names	65,995	24,280
Customer relationships	176,262	59,240
Non-compete agreements	<u>3,309</u>	<u>3,109</u>
Intangible assets	338,675	134,795
Accumulated amortization	<u>(31,167)</u>	<u>(26,019)</u>
Intangible assets, net	<u>\$ 307,508</u>	<u>\$ 108,776</u>

Changes to the carrying amount of net intangible assets for the quarter ended September 30, 2014 consist of (in thousands):

Beginning balance	\$108,776
Acquisitions	205,810
Amortization expense	(5,726)
Currency translation	<u>(1,352)</u>
Ending balance	<u>\$307,508</u>

The estimated future amortization expense for intangible assets as of September 30, 2014 is as follows (in thousands):

<i>Period Ending June 30:</i>	
2015	\$ 20,380
2016	27,153
2017	26,326
2018	26,129
2019	25,515
Thereafter	<u>182,005</u>
	<u>\$307,508</u>

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### *Goodwill:*

Changes to the carrying amount of goodwill for the quarter ended September 30, 2014 consist of (in thousands):

Beginning balance	\$151,473
Acquisitions	156,200
Currency translation	(2,439)
Ending balance	<u>\$305,234</u>

### *Note 2. Acquisitions:*

The Company's acquisitions have historically been made at prices above the fair value of the acquired identifiable assets, resulting in goodwill. The goodwill is due to strategic benefits of growing the Company's product portfolio, expected revenue growth from the increased market penetration from future products and customers, and expectations of synergies that will be realized by combining the businesses. Acquisitions have been accounted for using the purchase method of accounting and the acquired companies' results have been included in the accompanying financial statements from their respective dates of acquisition. Acquisition costs are recorded in selling, general and administrative expenses as incurred.

On July 2, 2014, the Company acquired all of the issued and outstanding equity interests of Novus Holdings LLC (Novus). The acquisition was funded entirely by cash on-hand. Novus broadens the Company's antibody offerings by being a supplier of a large portfolio of both outsourced and in-house developed antibodies and other reagents for life science research. Novus is included in the Company's Biotechnology segment. The purchase price of Novus exceeded the fair value of the identifiable net assets and, accordingly, the difference was allocated to goodwill, substantially all of which is tax deductible.

On July 31, 2014, the Company acquired ProteinSimple. ProteinSimple expands the Company's solutions that it can offer its customers by developing and commercializing proprietary systems and consumables for protein analysis. The Company opened a line-of-credit (Note 8) to partially fund the acquisition. The purchase price of ProteinSimple exceeded the fair value of the identifiable net assets and, accordingly, the difference was allocated to goodwill, substantially all of which is not tax deductible. ProteinSimple is included in the Company's Protein Platforms segment.

The preliminary estimated fair value of the assets acquired and liabilities assumed in each acquisition, pending final valuation of intangible assets, was as follows (in thousands):

	<i>Novus</i>	<i>ProteinSimple</i>
Current assets	<u>\$10,739</u>	<u>\$ 20,321</u>
Equipment	1,266	1,983
Other long-term assets	40	554
Intangible Assets:		
Developed technology	5,110	41,200
Trade name	5,800	36,300
Customer relationships	16,100	101,100
Non-compete agreements	0	200
Goodwill	<u>23,233</u>	<u>132,967</u>
Total assets acquired	62,288	334,625
Liabilities	2,166	11,304
Deferred income taxes, net	0	23,268
Net assets acquired	<u>\$60,122</u>	<u>\$ 300,053</u>
Cash paid, net of cash acquired	<u>\$60,122</u>	<u>\$ 300,053</u>



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Tangible assets acquired, net of liabilities assumed, were stated at fair value at the date of acquisition based on management's assessment. The purchase price allocated to developed technology, trade names, non-compete agreements and customer relationships was based on management's forecasted cash inflows and outflows and using a relief-from-royalty and a multi-period excess earnings method to calculate the fair value of assets purchased. The developed technology is being amortized with the expense reflected in cost of goods sold in the Condensed Consolidated Statement of Earnings and Comprehensive Income. Amortization expense related to trade names, the non-compete agreements and customer relationships is reflected in selling, general and administrative expenses in the Consolidated Statement of Earnings and Comprehensive Income. The weighted-average amortization periods for intangible assets acquired in fiscal 2015 are 9.6 years for developed technology, 19.5 years for trade names and 14.8 years for customer relationships. The non-compete agreements are being amortized over three years. The ProteinSimple deferred income tax liability represents the net amount of the estimated future impact of adjustments for costs to be recognized upon the sale of acquired inventory that was written up to fair value and intangible asset amortization, both of which are not deductible for income tax purposes and the future tax benefit of ProteinSimple net operating loss and tax credit carry forwards which will be deductible by the Company in future periods.

The Company's Condensed Consolidated Financial Statements for the quarter ended September 30, 2014, include Novus and ProteinSimple net sales of \$5.5 million and \$12.9 million, respectively, and net losses of \$0.2 million and \$1.8 million, respectively. Included in Novus results were amortization of intangibles of \$0.6 million and costs recognized on the sales of acquired inventory of \$0.5 million, respectively. Included in ProteinSimple results were amortization of intangibles of \$2.2 million and costs recognized on the sales of acquired inventory of \$1.4 million, respectively.

### **Note 3. Segment Information:**

The Company's management evaluates segment operating performance based on operating income before certain charges to cost of sales and selling, general and administrative expenses, principally associated with acquisition accounting related to inventory, amortization of acquisition-related intangible assets and other acquisition-related expenses. Prior period segment results, which reported segment earnings before income taxes, have been reclassified to reflect segment performance based on operating income.

With the acquisition of ProteinSimple on July 31, 2014, the Company has three reportable segments based on the nature of products; they are Biotechnology, Clinical Controls and Protein Platforms. Following is financial information relating to the Company's reportable segments (in thousands):

	<i>Quarter Ended</i>	
	<i>September 30,</i>	
	<i>2014</i>	<i>2013</i>
Net sales:		
Biotechnology	\$ 81,468	\$73,190
Clinical Controls	14,095	12,478
Protein Platforms	12,914	0
Consolidated net sales	<u>\$108,477</u>	<u>\$85,668</u>
Segment operating income		
Biotechnology	\$ 42,020	\$40,988
Clinical Controls	4,535	4,019
Protein Platforms	2,604	0
Subtotal reportable segments	49,159	45,007
Cost recognized on sale of acquired inventory	(3,167)	(1,731)
Amortization of acquisition related intangible assets	(5,728)	(2,188)
Corporate selling, general and administrative expenses	(2,678)	(1,165)
Acquisition related expenses	(2,370)	(532)
Consolidated operating income	<u>\$ 35,216</u>	<u>\$39,391</u>

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### **Note 4. Share-based Compensation:**

During the quarters ended September 30, 2014 and 2013, the Company granted 467,000 and 135,000 stock options at weighted average grant prices of \$93.95 and \$76.02 and weighted average fair values of \$13.93 and \$13.94, respectively. During the quarter ended September 30, 2014, the Company granted 34,000 restricted stock units at a weighted average fair value of \$93.70. The Company did not grant any restricted stock units during the quarter ended September 30, 2013.

Stock-based compensation expense of \$1.4 million and \$0.6 million was included in selling, general and administrative expenses for the quarters ended September 30, 2014 and 2013, respectively. As of September 30, 2014, there was \$9.7 million of unrecognized compensation cost related to non-vested stock options, non-vested restricted stock units and non-vested restricted stock. The weighted average period over which the compensation cost is expected to be recognized is 1.5 years.

Stock options for 28,000 and 19,000 shares of common stock with total intrinsic values of \$0.8 million and \$0.2 million were exercised during the quarters ended September 30, 2014 and 2013, respectively.

### **Note 5. Other (Expense) / Income:**

The components of other (expense) income in the accompanying Statement of Earnings and Comprehensive Income are as follows:

	<i>Quarter Ended</i>	
	<i>September 30,</i>	
	<u>2014</u>	<u>2013</u>
Interest expense	\$(311)	\$ (0)
Interest income	185	567
Other non-operating expense, net	(492)	(304)
Other (expense) / income	<u>\$(618)</u>	<u>\$ 263</u>

### **Note 6. Earnings Per Share:**

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

	<i>Quarter Ended</i>	
	<i>September 30,</i>	
	<u>2014</u>	<u>2013</u>
Weighted average common shares outstanding-basic	37,007	36,842
Dilutive effect of stock options	141	86
Weighted average common shares outstanding-diluted	<u>37,148</u>	<u>36,928</u>

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 575,000 and 223,000 for the quarters ended September 30, 2014 and 2013, respectively.

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### **Note 7. Accumulated Other Comprehensive Income:**

Changes in accumulated other comprehensive income (loss), net of tax, for the quarter ended September 30, 2014 consists of (in thousands):

	<i>Unrealized Gains (Losses) on Available- for-Sale Investments</i>	<i>Foreign Currency Translation Adjustments</i>	<i>Total</i>
Beginning balance	\$ 3,074	\$ (8,462)	\$ (5,388)
Other comprehensive income before reclassifications	(8,488)	(9,103)	(17,591)
Reclassifications from accumulated other comprehensive income	<u>0</u>	<u>0</u>	<u>0</u>
Other comprehensive income	<u>(8,488)</u>	<u>(9,103)</u>	<u>(17,591)</u>
Ending balance	<u>\$ (5,414)</u>	<u>\$ (17,565)</u>	<u>\$(22,979)</u>

### **Note 8. Debt and Other Financing Arrangements:**

On July 28, 2014, the Company entered into a revolving line-of-credit facility governed by a Credit Agreement (the Credit Agreement). The Credit Agreement provides for a revolving credit facility of \$150 million, which can be increased by an additional \$150 million subject to certain conditions. Borrowings under the Credit Agreement may be used for working capital and expenditures of the Company and its subsidiaries, including financing permitted acquisitions. Borrowings under the Credit Agreement for base rate loans bear interest at a variable rate equal to the greater of (i) the prime commercial rate, (ii) the per annum federal funds rate plus 0.5%, or (iii) LIBOR + 1.00% - 1.75% depending on the existing total leverage ratio of Debt to Earnings Before Interest, Taxes, Depreciation and Amortization (as defined in the Credit Agreement). The annualized fee for any unused portion of the credit facility is 15 basis points.

The Credit Agreement matures on July 31, 2019 and contains customary restrictive and financial covenants and customary events of default. On July 31, 2014, the Company drew \$125 million on the Credit Agreement in relation to the closing of the ProteinSimple acquisition. As of September 30, 2014, the outstanding balance under the Credit Agreement was \$112 million.

### **Note 9. Subsequent Event:**

On April 1, 2014, the Company entered into an Agreement of Investment and Merger (the Agreement) with CyVek, Inc. (CyVek). Pursuant to the terms of the Agreement, the Company invested \$10.0 million in CyVek and received shares of Common Stock representing approximately 19.9% of the outstanding voting stock of CyVek.

If, within twelve months of the date of the Agreement, CyVek met commercial milestones related to the sale of its products, the Company was obligated to acquire CyVek through a merger, with CyVek surviving as a wholly-owned subsidiary of the Company.

On November 3, 2014, the Company acquired CyVek through a merger. The Company made an initial payment of approximately \$62.0 million to the other stockholders of CyVek on November 3, 2014. Such purchase price was adjusted after closing based on the final levels of cash, indebtedness and transaction expenses of CyVek as of the closing. The Company will also pay CyVek's other stockholders up to \$35.0 million based on the revenue generated by CyVek's products and related products before May 3, 2018 (30 months from the closing of the Merger). The Company will also pay CyVek's other stockholders 50% of the amount, if any, by which the revenue from CyVek's products and related products exceeds \$100 million in calendar year 2020.

The approximately \$62.0 million paid at closing was financed through cash on hand and \$38.0 million borrowing under the Company's revolving line-of-credit facility.

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

**OVERVIEW**

Bio-Techne Corporation (formerly Techne Corporation) and its subsidiaries operate worldwide and, with the acquisition of ProteinSimple in July 2014, the Company has three reportable business segments, Biotechnology, Clinical Controls and Protein Platforms, all of which service the life science and diagnostic markets. The Biotechnology reporting segment provides proteins, antibodies, immunoassays, flow cytometry products, intracellular signaling products, and biologically active chemical compounds used in biological research. The Clinical Controls reporting segment provides a range of hematology controls, calibrators, and products used as proficiency testing tools by clinical laboratories and proficiency certifying agencies. The Protein Platforms reporting segment develops and commercializes proprietary systems and consumables for protein analysis.

**RECENT ACQUISITIONS**

A key component of the Company's strategy is to augment internal growth at existing businesses with complementary acquisitions.

On July 2, 2014, the Biotechnology segment completed the acquisition of Novus Holdings, LLC (Novus), including its subsidiary, Novus Biologicals, LLC, for a purchase price of approximately \$60.0 million, net of cash acquired and net working capital adjustments. The acquisition was financed with cash and cash equivalents on hand. Novus is a supplier of a large portfolio of both outsourced and in-house developed antibodies and other reagents for life science research, delivered through an innovative digital commerce platform. Novus' revenues totaled \$19.0 million in calendar year 2013.

On July 31, 2014, the Protein Platforms segment completed the acquisition of ProteinSimple for a purchase price of approximately \$300 million, net of cash acquired and net working capital adjustments. The acquisition was financed with cash on hand and a \$150 million revolving line-of-credit facility, of which \$125 million was initially drawn to fund the acquisition. ProteinSimple develops, markets and sells Western-blotting instruments, Biologics instruments, and reagents. ProteinSimple's revenues totaled \$51 million in calendar year 2013.

**RESULTS OF OPERATIONS**

Consolidated net sales increased 27% for the quarter ended September 30, 2014 compared to the quarter ended September 30, 2013. Consolidated net sales for the quarter ended September 30, 2014 were affected by the Novus and ProteinSimple acquisitions, both of which closed in July 2014 and the acquisitions of Bionostics in July 2013 and PrimeGene in April 2014. Included in consolidated net sales for the quarter ended September 30, 2014 were \$20.3 million of acquisition-related net sales. Changes in foreign currency exchange rates from the same prior-year period did not have a material effect on consolidated net sales for the quarter ended September 30, 2014.

Consolidated net earnings decreased 13% for the quarter ended September 30, 2014 compared to the same prior-year period mainly as a result of increased acquisition-related intangible amortization, costs recognized upon sale of acquired inventory and acquisition-related expenses.

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The adjusted financial measures discussed below quantify the impact the following events had on reported net sales, gross margin percentages, operating income and net earnings for the quarter ended September 30, 2014 as compared to the same prior-year period:

- the acquisitions of ProteinSimple and Novus in the current fiscal year and acquisitions in the prior year, including the impact of amortizing intangible assets and the recognition of costs upon the sale of inventory written-up to fair value;
- fluctuations in exchange rates used to convert transactions in foreign currencies (primarily the Euro, British pound sterling and Chinese yuan) to U.S. dollars;

These adjusted financial measures are not prepared in accordance with generally accepted accounting principles (GAAP) and may be different from adjusted financial measures used by other companies. Adjusted financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. The Company views these adjusted financial measures to be helpful in assessing the Company's ongoing operating results. In addition, these adjusted financial measures facilitate internal comparisons to historical operating results and comparisons to competitors' operating results. The Company includes these adjusted financial measures in this quarterly report because we believe they are useful to investors in allowing for greater transparency related to supplemental information we use in our financial and operational analysis.

### ***Net Sales***

Consolidated net sales for the first quarter of fiscal 2015 were \$108.5 million, an increase of 27% year-over-year and organic growth was 3%. First quarter reported net sales included 24% growth from acquisitions. Organic sales growth was strong in Asia, low in North America, and declined in Europe. Although strong in Asia, the growth was not as high as seen in fiscal year 2014 due to the slow release of research funds by the Chinese government due to auditing activities associated with the anti-corruption crackdown. In North America, sales to bio/pharma customers were particularly strong while sales to academia customers declined due to the continued cost pressures brought on by years of lower funding by the National Institutes of Health. Europe's sales decline was primarily impacted by Germany, where both large bio/pharma customers and academic customers delayed projects.

### ***Gross Margins***

Consolidated gross margins for the quarters ended September 30, 2014 and 2013 were 67.4% and 71.3%, respectively. Consolidated gross margins for the quarters ended September 30, 2014 and 2013 were negatively impacted as a result of purchase accounting related to inventory and intangible assets acquired in the current and prior fiscal years. Under purchase accounting, inventory is valued at fair value less expected selling and marketing costs, resulting in reduced margins in future periods as the inventory is sold.

A reconciliation of the reported consolidated gross margin percentages, adjusted for acquired inventory sold and intangible amortization included in cost of sales, is as follows:

	<i>Quarter Ended</i>	
	<i>September 30,</i>	
	<i>2014</i>	<i>2013</i>
Consolidated gross margin percentage	67.4%	71.3%
Identified adjustments		
Costs recognized upon sale of acquired inventory	2.9%	2.0%
Amortization of intangibles	1.8%	1.1%
Adjusted gross margin percentage	72.1%	74.4%

Consolidated adjusted gross margins were 72.1% for the quarter ended September 30, 2014, down 230 basis points from the prior year due to the product mix change associated with the recent acquisitions of Novus and ProteinSimple in July. Excluding acquisitions, gross margins were essentially flat compared to last year.

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

Selling, general and administrative expenses increased \$14.7 million (105%) for the quarter ended September 30, 2014 from the same prior-year period. The increase for the quarter ended September 30, 2014 was mainly a result of \$9.0 million of selling, general and administrative expenses by companies acquired since the prior year, a \$2.5 million increase in intangible amortization related to these acquisitions and a \$1.8 million increase in acquisition-related expenses. The remainder of the increase in selling, general and administrative expense was due primarily to additional investment in commercial resources and administrative infrastructure, including higher stock compensation expense.

### ***Research and Development Expenses***

Research and development expenses for the quarter ended September 30, 2014 increased \$1.4 million (18%) from the same prior-year period due mainly to expenses by companies acquired during the quarter.

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### **Segment Results**

#### *Biotechnology*

	Quarter Ended September 30,	
	2014	2013
Net sales (in thousands)	\$81,468	\$73,190
Operating income margin	51.6%	56.0%

Biotechnology net sales for the quarter ended September 30, 2014 were \$81.5 million, with reported growth of 11% compared to the same prior-year period and organic growth of 1%. Organic growth for the quarter ended September 30, 2014, excluded approximately \$7.0 of net sales from acquired companies and \$179,000 from changes in exchange rates from the same prior-year period. For the quarter, the segment had solid growth in China and in the U.S. bio/pharma market, which was partially offset by a slowdown in Europe and continued cost pressures in the U.S. academic market. Operating income for the segment increased 3% for the quarter ended September 30, 2014 and operating margin was 51.6%, a decline of 440 basis points from prior year. The lower operating income margin percentage is mostly attributable to a change in product mix associated with the acquisition of Novus.

#### *Clinical Controls*

	Quarter Ended September 30,	
	2014	2013
Net sales (in thousands)	\$14,095	\$12,478
Operating income margin	32.2%	32.2%

Clinical Controls net sales for the quarter ended September 30, 2014 were \$14.1 million, with reported growth of 13% compared to the same prior-year period and organic growth of 10%. Organic growth for the quarter in this segment excludes the impact of \$421,000 of Bionostics' net sales generated through July 22, the acquisition date last year. Organic growth was mainly the result of increased volume of net sales by Bionostics. Operating income for the segment increased 13% for the quarter ended September 30, 2014 and operating margin was 32.2%, essentially flat to the same prior-year period.

#### *Protein Platforms*

	Quarter Ended September 30,	
	2014	2013
Net sales (in thousands)	\$12,914	n/a
Operating income margin	20.2%	n/a

Net sales for Protein Platforms for the quarter ended September 30, 2014, were \$12.9 million, all of it new to the segment and the Company this year. On a pro forma basis, assuming ProteinSimple was owned for the entire quarter in both current and prior years, revenue grew 33%. In the quarter, ProteinSimple saw high growth from both the Simple Western and Biologics product lines. Operating income margin for the quarter was 20.2%. On a pro forma basis, Protein Platforms would have reported operating income margin of 14.8% this quarter compared to 8.1% in the first quarter of last year had ProteinSimple been owned for the entire quarter in both years.

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### **Income Taxes**

Income taxes for the quarter ended September 30, 2014 were provided at rates of 30.9% of consolidated earnings before income taxes compared to 30.8% for the quarter ended September 30, 2013. The Company expects the income tax rate for the remainder of fiscal 2015 to range from 30% to 32%.

### **Net Earnings**

Adjusted consolidated net earnings are as follows:

	<i>Quarter Ended</i>	
	<i>September 30,</i>	<i>September 30,</i>
	<u>2014</u>	<u>2013</u>
Net earnings	\$23,907	\$27,428
Identified adjustments:		
Costs recognized upon sale of acquired inventory	3,167	1,731
Amortization of intangibles	5,728	2,188
Acquisition related professional fees	2,370	532
Tax impact of above adjustments	(3,436)	(1,173)
Tax impact of research and development credit	0	(230)
Net earnings—adjusted	<u>\$31,736</u>	<u>\$30,476</u>
Adjusted net earnings growth	4%	

## **LIQUIDITY AND CAPITAL RESOURCES**

At September 30, 2014, cash and cash equivalents and available-for-sale investments were \$134 million compared to \$367 million at June 30, 2014. Included in available-for-sale-investments at September 30, 2014 was the fair value of the Company's investment in ChemoCentryx, Inc. (CCXI) of \$28.5 million. The fair value of the Company's CCXI investment at June 30, 2014 was \$37.1 million.

The Company has a revolving line of credit governed by a Credit Agreement dated July 28, 2014. See Note 8 to the Condensed Consolidated Financial Statements for a description of the Credit Agreement.

Management of the Company expects to be able to meet its cash and working capital requirements for operations, facility expansion, capital additions, and cash dividends for the foreseeable future, and at least the next 12 months, through currently available cash and cash generated from operations.

### **Cash Flows From Operating Activities**

The Company generated cash of \$35.7 million from operating activities in the first quarter of fiscal 2015 compared to \$32.6 million in the first quarter of fiscal 2014. The increase from the prior year was primarily due to increased net earnings after adjustment for non-cash expenses related to depreciation, amortization and cost recognized on sale of acquired inventory.

### **Cash Flows From Investing Activities**

On July 2, 2014, the Company acquired, for a net purchase price of approximately \$60.0 million cash, all of the issued and outstanding equity interests of Novus Holdings LLC (Novus), including its subsidiary, Novus Biologicals, LLC. The acquisition was financed through cash and cash equivalents on hand.

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## **Table of Contents**

On July 31, 2014, the Company acquired ProteinSimple for a net purchase price of approximately \$300 million. The transaction was financed through cash on hand and a revolving line-of-credit facility.

On July 22, 2013, the Company acquired for cash all of the outstanding shares of Bionostics for a net purchase price of approximately \$103 million. The acquisition was financed through cash and cash equivalents on hand.

During the quarter ended September 30, 2014, the Company had maturities of \$9.9 million of available-for-sale investments. During the quarter ended September 30, 2013, the Company purchased \$27.0 million and had sales or maturities of \$28.8 million of available-for-sale investments.

Capital expenditures for fixed assets for the first quarter of fiscal 2015 and 2014 were \$4.9 million and \$3.8 million, respectively. Included in capital expenditures for the first quarter of fiscal 2015 was \$3.6 million for leasehold improvements by ProteinSimple for a new building to expand capacity. Included in capital expenditures for the first quarter of fiscal 2014 was \$2.8 million 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 2015 are expected to be approximately \$20.0 million. 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 quarter of fiscal 2015 and 2014, the Company paid cash dividends of \$11.5 million and \$11.1 million, respectively, to all common shareholders. On October 30, 2014, the Company announced the payment of a \$0.32 per share cash dividend. The dividend of approximately \$11.9 million will be payable November 24, 2014 to all common shareholders of record on November 10, 2014.

Cash of \$1.8 million and \$1.1 million was received during the first quarter of fiscal 2015 and 2014, respectively, from the exercise of stock options.

During the first quarter of fiscal 2015, the Company drew \$125 million under its revolving line-of-credit facility to fund its acquisition of ProteinSimple. The Company made payments on the line-of-credit of \$13.0 million during the quarter ended September 30, 2014.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no reportable off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

### **CONTRACTUAL OBLIGATIONS**

There were no material changes outside the ordinary course of business in the Company's contractual obligations during the quarter ended September 30, 2014.

### **CRITICAL ACCOUNTING POLICIES**

The Company's significant accounting policies are discussed in the Company's Annual Report on Form 10-K for fiscal 2014 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 2015 that would require disclosure. There have been no changes to the Company's policies in the first quarter of fiscal 2015.



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### **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 amount of capital expenditures for the remainder of the fiscal year, 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, increasing selling, general and administrative expenses and income tax rates. 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 2014 as filed with the Securities and Exchange Commission.

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

At September 30, 2014, 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 \$28.5 million. At September 30, 2014, the potential loss in fair value due to a 10% decrease in the market value of CCXI was \$2.8 million.

The Company operates internationally, and thus is subject to potentially adverse movements in foreign currency exchange rates. For the quarter ended September 30, 2014, approximately 27% of consolidated net sales were made in foreign currencies, including 12% in euros, 5% in British pound sterling, 5% in Chinese yuan and the remaining 5% in other currencies. The Company is exposed to market risk mainly from foreign exchange rate fluctuations of the euro, British pound sterling, the Chinese yuan, and the Canadian dollar, 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, Chinese yuan and Canadian dollar, which have not been weighted for actual sales volume in the applicable months in the periods, to the U.S. dollar were as follows:

	Quarter Ended September 30,	
	2014	2013
Euro	\$1.31	\$1.33
British pound sterling	1.66	1.56
Chinese yuan	.163	.163
Canadian dollar	.910	n/a

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The Company's exposure to foreign exchange rate fluctuations also arises from trade receivables, trade payables and intercompany payables denominated in one currency in the financial statements, but receivable or payable in another currency. At September 30, 2014, the Company had the following trade receivables, trade payables and intercompany payables denominated in one currency but receivable or payable in another currency (in thousands):

	<i>Denominated Currency</i>	<i>U.S. Dollar Equivalent</i>
Accounts receivable in:		
Euros	£ 1,162	\$ 1,884
Other European currencies	£ 950	\$ 1,539
Euros	Can\$ 1,361	\$ 1,216
British pound sterling	Can\$ 234	\$ 209
Accounts payable in:		
U.S. dollars	Can\$ 358	320
Euros	Can\$ 116	104
Intercompany payable in:		
Euros	£ 198	\$ 320
U.S. dollars	£ 3,234	\$ 5,244
U.S. dollars	yuan 33,994	\$ 5,538
U.S. dollars	Can\$ 115	\$ 103
Canadian dollars	yen 76,567	\$ 744
U.S. dollars	yen 172,257	\$ 1,673

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 September 30, 2014 levels against the euro, British pound sterling, Chinese yuan and Canadian dollar are as follows (in thousands):

Decrease in translation of 2015 earnings into U.S. dollars (annualized)	\$ 2,153
Decrease in translation of net assets of foreign subsidiaries	18,537
Additional transaction losses	1,246

## ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company's management 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 November 10, 2014, 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

The following risk factors should be read carefully in connection with evaluation of the Company's business and any forward-looking statements made in this Quarterly Report on Form 10-Q and elsewhere, as well as previously disclosed risk factors found in Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended June 30, 2014.

**We are now subject to regulations related to "conflict minerals" which may cause us to incur additional expenses and could limit the supply and increase the cost of certain metals used in manufacturing our products.**

With our recent acquisition of ProteinSimple in July 2014 and Cyvek, Inc. on November 3, 2014, we now manufacture and sell products that may be covered under the Securities and Exchange Commission's (SEC) rule regarding "conflict minerals." We will now be required to determine whether these products contain conflict minerals, and, if so, to perform an extensive inquiry into our supply chain in an effort to determine whether or not such conflict minerals originate from the Democratic Republic of Congo (DRC) or an adjoining country. Under the regulations, we are required to file a report with the SEC by May 31, 2017, to disclose and report whether or not such conflict minerals originate from the DRC or an adjoining country. Complying with this regulation could affect sourcing at competitive prices and availability in sufficient quantities of certain minerals used in the manufacture of our products, including tantalum, tin, gold and tungsten. The number of suppliers who provide conflict-free minerals may be limited. In addition, there may be material costs associated with complying with the disclosure requirements, such as costs related to determining the source of certain minerals used in our products, as well as costs of possible changes to products, processes, or sources of supply as a consequence of such verification activities. We may not be able to sufficiently verify the origins of the relevant minerals used in our products through the due diligence procedures that we implement, which may harm our reputation. In addition, we may encounter challenges to satisfy those customers who require that all of the components of our products be certified as conflict-free, which could place us at a competitive disadvantage if we are unable to do so.

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**We may experience difficulties implementing our enterprise resource planning system.**

We have just begun a project to implement a new enterprise resource planning (“ERP”) system. Our ERP system is critical to our ability to accurately maintain books and records, record transactions, provide important information to our management and prepare our financial statements. The implementation of the new ERP system will require the investment of significant financial and human resources. In addition, we may not be able to successfully complete the implementation of the new ERP system without experiencing difficulties. Any disruptions, delays or deficiencies in the design and implementation of the new ERP system could adversely affect our ability to process orders, ship products, provide services and customer support, send invoices and track payments, fulfill contractual obligations or otherwise operate our business.

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

There was no share repurchase activity by the Company in the quarter ended September 30, 2014. The maximum approximate dollar value of shares that may yet be purchased under the Company’s existing stock repurchase plan is approximately \$125 million. The plan does not have an expiration date.

**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.

Date: November 10, 2014

BIO-TECHNE CORPORATION  
(Company)

/s/ Charles R. Kummeth  
Charles R. Kummeth  
Principal Executive Officer

Date: November 10, 2014

/s/ James Hippel  
James Hippel  
Principal Financial Officer

**EXHIBIT INDEX  
TO  
FORM 10-Q  
BIO-TECHNE CORPORATION**

<u>Exhibit #</u>	<u>Description</u>
10.1	Unit Purchase Agreement by and among Techne Corporation, Novus Holdings, LLC, the Members of Novus Holdings, LLC, and the Members' Representative dated July 2, 2014 – incorporated by reference to Exhibit 10.24 of the Company's 10-K for the year ended June 30, 2014.
10.2	Employment Agreement by and between the Company and Mr. David Eansor, dated July 2, 2014 – incorporated by reference to Exhibit 10.25 of the Company's 10-K for the year ended June 30, 2014.
10.3	Credit Agreement by and among Techne Corporation, the Guarantors party thereto, the Lenders party thereto, and BMO Harris Bank N.A., as Administrative Agent, dated July 28, 2014—incorporated by reference to Exhibit 10.1 of the Company's Form 8-K, dated August 1, 2014.
10.4	Letter Agreement between the Company, ProteinSimple, McLaren Merger Sub, Inc. and Fortis Advisors LLC dated July 31, 2014.
10.5	Letter Agreement between the Company, Research and Diagnostics Systems, Inc., Cayenne Merger Sub, Inc., CyVek, Inc. and Citron Capital Limited dated August 27, 2014.
10.6*	Employment Agreement by and between the Company and Ms. Brenda Furlow dated August 4, 2014.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, 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

**Techne Corporation**  
**McLaren Merger Sub, Inc.**  
**614 McKinley Place NE**  
**Minneapolis, MN 55413**

July 31, 2014

ProteinSimple  
3040 Oakmead Village Drive  
Santa Clara, CA 95051

Ladies and Gentlemen:

Reference is made to the Agreement and Plan of Merger, dated June 16, 2014 (the "Agreement"), by and among Techne Corporation, a Minnesota corporation ("Parent"), McLaren Merger Sub, Inc., a Delaware corporation ("Merger Sub"), ProteinSimple, a Delaware corporation ("ProteinSimple"), and Fortis Advisors LLC, a Delaware limited liability company, in its capacity as Securityholders' Representative. Capitalized terms used but not defined herein have the meanings given to such terms in the Agreement.

In connection with a proposed restructuring relating to ProteinSimple's Canadian subsidiaries to be effected following the Closing, Parent has formed a direct wholly-owned subsidiary, Techne Canada Holdings ULC, an unlimited liability corporation incorporated under the laws of British Columbia ("ULC"), and ULC has formed a direct wholly-owned subsidiary, McLaren Reorganization Sub, a Delaware limited liability company ("LLC"). Immediately prior to the Closing, Parent, ULC and LLC will effect a series of transactions, following which Merger Sub will become a direct wholly-owned subsidiary of LLC as of immediately prior to the Closing.

Parent hereby represents and warrants to ProteinSimple that each of ULC and LLC is a disregarded entity for U.S. federal income tax purposes. Parent agrees that the foregoing representation and warranty will be deemed to be a Fundamental Representation under the Agreement. The parties agree that for purposes of determining (i) whether Taxes are considered Pre-Closing Taxes under the Agreement and (ii) liabilities for Taxes taken into account in the calculation of Closing Date Net Working Capital, the transactions contemplated by the Mandatory Distribution and Re-Contribution Agreement to be entered into after the Closing by Parent, ULC, LLC, ProteinSimple and 2238726 Ontario Inc., an Ontario corporation, will be deemed to have become effective and occurred after the Closing Date, and any Taxes arising as a result of entering into or effectuating any of the steps pursuant to such agreement shall not be taken into account in the calculation of Closing Date Net Working Capital, nor shall the Company Stockholders be responsible for any indemnification in respect of such Taxes.

The Merger Agreement is hereby amended to increase the Contingency Amount as set forth on Schedule A. The parties acknowledge and agree that the additional amount added to the

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Contingency Amount (the “Additional Contingency Amount”) is intended to cover certain potential Unpaid Specified Transaction Expenses and other amounts set forth on Schedule A that are not determinable as of the Closing (the “Additional Amounts”). To the extent that such Additional Amounts are determined within the time period to determine the Final Adjustment Amount under Section 1.5 of the Agreement, then such Additional Amounts will be taken into account in the determination of the Final Adjustment Amount and the amounts payable under Section 1.5(f) and paid in accordance with such Section. To the extent that such Additional Amounts are not determined within such time period, then the Additional Contingency Amount will not be released or distributed by the Securityholders’ Representative until the final determination of the amount of such Additional Amounts. If all or any portion of such Additional Amounts becomes payable to a third party, then the Securityholders’ Representative will pay such amount as directed by Parent. If all or any portion of the Additional Contingency Amount is finally determined to not be payable with respect to any Additional Amounts, then the Securityholders’ Representative may release such portion in accordance with the Agreement.

This letter agreement shall amend the Agreement. Except as expressly set forth herein, this letter agreement shall not by implication or otherwise alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Agreement, all of which shall continue to be in full force and effect. Unless the context otherwise requires, after the execution and delivery hereof, any reference to the Agreement shall mean the Agreement as amended hereby.

*[Signature page follows]*



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Please execute below to acknowledge your agreement with the foregoing.

Very truly yours,

TECHNE CORPORATION

By: /s/ Charles R. Kummeth

Name: Charles R. Kummeth

Title: Chief Executive Officer

MCLAREN MERGER SUB, INC.

By: /s/ Charles R. Kummeth

Name: Charles R. Kummeth

Title: President

ACKNOWLEDGED AND AGREED:

PROTEINSIMPLE

By: \_\_\_\_\_

Name: Timothy A. Harkness

Title: President and Chief Executive Officer

FORTIS ADVISORS, LLC

By: \_\_\_\_\_

Name: Ryan Simkin

Title: Managing Director

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Please execute below to acknowledge your agreement with the foregoing.

Very truly yours,

TECHNE CORPORATION

By: \_\_\_\_\_  
Name: Charles R. Kummeth  
Title: Chief Executive Officer

MCLAREN MERGER SUB, INC.

By: \_\_\_\_\_  
Name: Charles R. Kummeth  
Title: President

ACKNOWLEDGED AND AGREED:

PROTEINSIMPLE

By: /s/ Timothy A. Harkness  
Name: Timothy A. Harkness  
Title: President and Chief Executive Officer

FORTIS ADVISORS, LLC

By: \_\_\_\_\_  
Name: Ryan Simkin  
Title: Managing Director

[Signature Page to Letter Agreement]

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Please execute below to acknowledge your agreement with the foregoing.

Very truly yours,

TECHNE CORPORATION

By: \_\_\_\_\_  
Name: Charles M. Kummeth  
Title: Chief Executive Officer

MCLAREN MERGER SUB, INC.

By: \_\_\_\_\_  
Name: Charles M. Kummeth  
Title: President

ACKNOWLEDGED AND AGREED:

PROTEINSIMPLE

By: \_\_\_\_\_  
Name: Timothy A. Harkness  
Title: President and Chief Executive Officer

FORTIS ADVISORS, LLC

By: /s/ Ryan Simkin  
Name: Ryan Simkin  
Title: Managing Director

[Signature Page to Letter Agreement]

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**Schedule A**

The Contingency Amount is increased from \$500,000 to \$827,016.

\$300,000 relating to disputed amounts relating to that certain letter agreement, dated August 5, 2013, between ProteinSimple and Jefferies LLC.

\$5,216 relating to amounts attributed in the Closing Consideration Spreadsheet to Barney & Barney.

\$21,800 relating to amounts attributed in the Closing Consideration Spreadsheet to Comerica Bank.

**Techne Corporation**  
**Research and Diagnostics Systems, Inc.**  
**614 McKinley Place NE**  
**Minneapolis, MN 55413**

August 27, 2014

CyVek, Inc.  
2 Barnes Industrial Road South  
Wallingford, CT 06492-2432

Ladies and Gentlemen:

Reference is made to the Agreement of Investment and Merger (the "Agreement"), dated as of April 1, 2014, by and among Techne Corporation, a Minnesota corporation, Research and Diagnostic Systems, Inc., a Minnesota corporation ("Parent"). Cayenne Merger Sub, Inc., a Delaware corporation, CyVek, Inc., a Delaware corporation (the "Company"), and Citron Capital Limited (solely in its capacity as the Stockholders' Agent). Capitalized terms used herein and not otherwise defined herein have the meanings given to such terms in the Agreement.

Under Section 5.5 of the Agreement, Parent and the Company agreed to negotiate in good faith and use commercially reasonable efforts to enter into an agreement or agreements addressing the services and obligations set forth on Appendix 1 to the Agreement within 60 days of the Investment Closing. Parent and the Company have agreed that they will not enter into any such agreement or agreements; accordingly, the parties to the Agreement agree that no parties will have any obligations under Section 5.5 of the Agreement.

Each of the parties hereto hereby agrees that a lease or license of up to four (4) CyPlex™ analyzers under the following terms shall each constitute a valid lease or license of a CyPlex™ analyzer for purposes of the Commercial Milestone Achievement under the Agreement: (a) a lease or license of a CyPlex™ analyzer in exchange for a binding, irrevocable commitment by the lessee or licensee to purchase cartridges for the CyPlex™ analyzer within five (5) years of the date of such lease or license equal to an aggregate amount that is at least 50% of the list price for the CyPlex™ analyzer at the time of such lease or license (the "Instrument Price") and (b) the purchase price for each such cartridge is no less than the sum of (i) the minimum price for such cartridge in order to constitute a sale for purposes of the Commercial Milestone Achievement under Section 7.8(b)(iii) of the Agreement and (ii) the quotient of (A) the Instrument Price and (B) the number of cartridges that such lessee or licensee has committed to purchase over the term of the lease or license of the CyPlex™ analyzer. For example, if the Company leases a CyPlex™ analyzer with an Instrument Price of \$25,000 at the time of such lease and the lessee commits to purchase three hundred (300) cartridges within five (5) years of the date of such lease, then, as long as the committed cartridge price is equal to at least \$83.33 plus the minimum price for such cartridge in order to constitute a sale for purposes of the Commercial Milestone Achievement under Section 7.8(b)(iii), such lease shall constitute a valid lease or license of a CyPlex™ analyzer for purposes of clause (a) under the definition of Commercial Milestone Achievement set forth in the Agreement even if the Company does not charge or receive any payment in

exchange for the lease of the CyPlex™ analyzer. The foregoing shall not limit or restrict the Company from otherwise leasing or licensing a CyPlex™ analyzer and receiving credit for a valid lease or license of a CyPlex™ analyzer for purposes of the Commercial Milestone Achievement under the Agreement.

Each of the parties hereto hereby agrees that (a) Genentech and Roche shall be separate, independent, unaffiliated third-party customers for purposes of Section 7.8 of the Agreement and (b) each institute within the National Institutes of Health shall be a separate, independent, unaffiliated third-party customer for purposes of Section 7.8 of the Agreement.

Please execute below to acknowledge your agreement with the foregoing.

Very truly yours,

TECHNE CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

RESEARCH AND DIAGNOSTIC SYSTEMS, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CAYENNE MERGER SUB, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ACKNOWLEDGED AND AGREED:

CYVEK, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITRON CAPITAL LIMITED

By: /s/ Daniel E. Levy  
Name: DANIEL E. LEVY  
Title: DIRECTOR

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restrict the Company from otherwise leasing or licensing a CyPlex™ analyzer and receiving credit for a valid lease or license of a CyPlex™ analyzer for purposes of the Commercial Milestone Achievement under the Agreement.

Each of the parties hereto hereby agrees that (a) Genentech and Roche shall be separate, independent, unaffiliated third-party customers for purposes of Section 7.8 of the Agreement and (b) each institute within the National Institutes of Health shall be a separate, independent, unaffiliated third-party customer for purposes of Section 7.8 of the Agreement.

Please execute below to acknowledge your agreement with the foregoing.

Very truly yours,

TECHNE CORPORATION

By: /s/ Jim Hippel

Name: JIM HIPPEL

Title: CFO

RESEARCH AND DIAGNOSTIC SYSTEMS, INC.

By: /s/ Frank Mortari

Name: FRANK MORTARI

Title: VP of Corporate Development

CAYENNE MERGER SUB, INC.

By: /s/ Jim Hippel

Name: JIM HIPPEL

Title: CFO

ACKNOWLEDGED AND AGREED:

CYVEK, INC.

By: /s/ Per Hellsund

Name: Per Hellsund

Title: President & CEO

CITRON CAPITAL LIMITED

By: \_\_\_\_\_

Name:

Title:

**EMPLOYMENT AGREEMENT**

This Employment Agreement (Agreement) is made and entered into between Techne Corporation, a Minnesota corporation, (hereinafter the “Company”), and Brenda Furlow (hereinafter “Employee”) (each may be referred to individually as a “Party” and collectively as the “Parties”).

RECITALS

WHEREAS, the Company wishes to employ Employee under the terms and conditions set forth in this Agreement, and Employee wishes to accept such employment under the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein, the Company and Employee agree as follows:

ARTICLE 1.  
TERM OF EMPLOYMENT: DUTIES AND SUPERVISION

1.1) Parties. The parties to this Agreement are Employee and the Company. As used herein, “Company” refers to Techne Corporation d/b/a Bio-Techne, and its subsidiaries including, but not limited to, Research and Diagnostic Systems, Inc. (“R&D”), unless specifically provided otherwise. All of the rights and obligations created by this Agreement may be performed by or enforced by or against Techne or R&D or other appropriate subsidiary.

1.2) Employment and Term of Employment. The Company hereby employs Employee and Employee hereby accepts employment as Senior Vice President, General Counsel on the terms and conditions set forth in this Agreement. Employee’s employment hereunder will commence on August 4, 2014 and continue through August 3, 2017 (hereinafter the “Term”) unless earlier terminated as provided in Article 4 hereof.

A. As a condition of employment, Employee agrees that she must relocate her personal residence to the Twin Cities of Minneapolis and St. Paul, Minnesota no later than July 1, 2015.

B. As a condition of employment, Employee agrees that she must obtain a license to practice law in the State of Minnesota no later than July 1, 2015 and maintain such licensure during her employment with the Company.

1.3) Duties and Supervision.

A. During the term of her employment, Employee agrees to devote her full business and professional time, energy, diligence and best efforts to the business and affairs of the Company, and to perform such services and duties Employee may from time to time be assigned by the Company, and specifically its Chief Executive Officer.



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B. Employee agrees to be subject to the Company's control, rules, regulations, policies and programs. Employee further agrees that she will carry on all correspondence, publicity and advertising in the Company's name and she shall not enter into any contract on behalf of the Company except as expressly authorized by the Company.

ARTICLE 2.  
COMPENSATION AND BENEFITS

2.1) Base Salary. As compensation for her services to the Company and as compensation for her Employee Agreement With Respect To Inventions, Proprietary Information, and Unfair Competition, Employee will be paid an annual base salary initially at the rate of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), to be paid in accordance with the usual payroll practices of the Company. The base salary amount will be reviewed and adjusted by the Company from time to time in its sole discretion. The base salary will be inclusive of all applicable income, Social Security, and other taxes and charges that are required by law to be withheld by the Company or that are requested to be withheld by Employee.

2.2) Management Incentive Plan. During each fiscal year of the Term of Employee's employment (starting with Techne's 2015 fiscal year, which began July 1, 2014) and provided Employee remains employed by the Company on the last day of such fiscal year, Employee will be eligible to participate in the Company's Management Incentive Plan ("MIP") in accordance with its terms and conditions as determined by the Board of Directors or its Executive Compensation Committee from time to time. At Employee's current service level, the Management Incentive Plan currently provides for the grant of an option to purchase 15,000 shares of the Company's common stock and, if annual objectives are met, a target cash bonus of 25% of Employee's base salary, payable annually following receipt of the Company's final audit report. The stock options will have a seven-year term and will vest one-fourth on each of the first, second, third and fourth anniversaries of the date of grant. These options will have an exercise price equal to the closing price of Techne's shares on the date of grant. The option will be an incentive stock option to the extent permitted by Section 422, or any successor provision, of the Internal Revenue Code of 1986, as amended, and a non-qualified stock option to the extent the number of shares vesting in any single year exceeds the limit established by such provision.

2.3) Restricted Stock Units. The Company will grant Employee 2,500 Techne Restricted Stock Units ("RSUs") on Employee's first day of employment. Vesting of such RSUs will be conditioned upon Employee's relocation of her personal residence to the Twin Cities of Minneapolis and St. Paul, Minnesota no later than July 1, 2015, and Employee's obtaining license to practice law in the State of Minnesota no later than July 1, 2015. If such conditions are satisfied, the RSUs will vest in equal increments on July 1, 2015, July 1, 2016 and July 1, 2017, subject to Employee's continued employment by the Company on each date.

2.4) Miscellaneous Benefits. The Company will provide Employee the following additional benefits:

A. Reimbursement in accordance with the Company's standard reimbursement policies in effect from time to time for ordinary, necessary and reasonable out-of-

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pocket business expenses incurred by Employee in performing her duties for the Company so long as properly substantiated.

B. Paid vacation of four (4) weeks per calendar year, prorated for partial years of service, to be taken at such times as selected by Employee and as approved by the Chief Executive Officer or his designee. Carryover, forfeiture or payout of unused vacation time from period to period or upon termination of employment shall be in accordance with the Company's policies that may be in effect from time to time.

C. Paid lodging at the Ramada Inn located in Roseville, Minnesota (or its equivalent) and meals (excluding lunches) for up to Employee's first eleven (11) months of employment, and a moving allowance of Fifteen Thousand and 00/100 Dollars (\$15,000.00) for properly documented allowable expenses to relocate her personal residence from Wisconsin to Minneapolis/St. Paul, Minnesota on or before July 1, 2015. Employee will be required to pay all moving expenses as they are incurred and to submit receipts to the Company for the non-taxable moving expenses (for moving household goods and travel to Minnesota) to receive reimbursement.

2.5) Other Employee Compensation and Benefits. In addition to the compensation and benefits provided to Employee in Sections 2.1 through 2.4 hereof, Employee will be entitled to participate in other employee compensation and benefit plans from time to time established by the Company and made available generally to all employees to the extent that Employee's age, tenure and title make her eligible to receive those benefits. Employee will participate in such compensation and benefit plans on an appropriate and comparable basis determined by the Board of Directors by reference to all other employees eligible for participation. With regard to all insured benefits to be provided to Employee, benefits shall be subject to due application by Employee. The Company has no obligation to pay insured benefits directly and such benefits are payable to Employee only by the insurers in accordance with their policies. Nothing in this Agreement is intended to or shall in any way restrict the Company's right to amend, modify or terminate any of its benefits or benefit plans during the term of Employee's employment. Employee shall not be reimbursed for unused personal days or sick days upon her termination from employment regardless of the reason, whether voluntary or involuntary.

ARTICLE 3.  
INVENTIONS, PROPRIETARY INFORMATION AND UNFAIR COMPETITION

3.1) Prior Agreement. Neither the execution of this Agreement nor any provision in it shall be interpreted as rescinding or revoking the "Employee Agreement With Respect To Inventions, Proprietary Information, and Unfair Competition" previously entered into between the Company and Employee as of July 15, 2014 (the "Prior Inventions, Proprietary Information, and Unfair Competition Agreement"). The Company and Employee hereby agree that the terms and conditions of such Prior Inventions, Proprietary Information, and Unfair Competition Agreement shall continue in full force and effect and shall apply to all businesses of the Company, including not only business conducted by the Company but also to business conducted through the Company or any subsidiary or venture of the Company now existing or hereafter created. The termination of this Agreement or Employee's employment shall not terminate

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Employee's obligations under the Prior Inventions, Proprietary Information, and Unfair Competition Agreement, the terms and conditions of which shall survive termination of this Agreement and termination of Employee's employment for any reason, whether voluntary or involuntary.

3.2) Notification of Restrictive Covenants. Employee authorizes the Company to notify third parties (including, but not limited to, the Company customers and competitors) of the terms of the Prior Inventions, Proprietary Information, and Unfair Competition Agreement between the Parties and Section 4.2 of this Agreement, and Employee's responsibilities thereunder.

#### ARTICLE 4. TERMINATION

4.1) Events of Termination. Notwithstanding any other provision of this Agreement to the contrary or appearing to be to the contrary, Employee's employment may be terminated as follows:

A. By mutual written agreement of the parties;

B. Upon Employee's death;

C. Upon Employee's inability to perform the essential functions of her position due to physical or mental disability, with or without reasonable accommodation, as determined in the good faith judgment of the Company Board of Directors, and such inability continues for a period of ninety (90) calendar days or as may otherwise be required by applicable law. Nothing in this Section 4.1(C) shall limit the right of either Party to terminate Employee's employment under one of the other sections of this Section 4.1;

D. Upon written notice to the other Party;

E. Upon the insolvency or bankruptcy of the Company;

F. In the event of a Change in Control, as set forth in Section 5.1, provided that the severance provisions of Section 5.1 of this Agreement are met;

4.2) Return of Property. At such time that Employee's employment with the Company ends (the "Termination Date") or at such earlier time as the Company may notify Employee, Employee will immediately cease doing business upon the Company's premises and will immediately deliver to the Company all of its property and all property to be held by the Company in her possession or control, including, but not limited to, all work in progress, data, equipment, originals and copies of documents and software, customer and supplier information and lists, financial information, and all other materials. In addition, if Employee has used any personal computer, server, or email system (including, but not limited to, computers, Blackberries, PDA's, cell phones, Smart Phones, iPhones, iPads, etc.) to receive, store, review, prepare or transmit any the Company information, including but not limited to Confidential Information (as

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defined below), Employee agrees to provide the Company with a computer-useable copy of all such Confidential Information and then permanently delete and expunge such information from those systems. Employee also agrees to certify, within ten (10) days after the Termination Date, in writing to the Company that she has complied with her obligation to return Company property.

A. For purposes of this Agreement, "Confidential Information" means information which is not generally known and which the Company holds in confidence, including, without limitation, the following: all information and data developed or acquired by Employee in the course of employment with the Company; data or conclusions or opinions formed by Employee in the course of employment; policies and procedures; manuals; trade secrets; methods, procedures, or techniques pertaining to the business of the Company or any customer of the Company; specifications for products or services; systems; price lists; marketing plans; sales or service analyses; financial information; customer names or other information; vendor names or other information; employee names or other information; research and development data; diagrams; drawings; media; notes, memoranda, notebooks, and all other records or documents that are handled, seen, or used by Employee in the course of employment.

B. Notwithstanding anything to the contrary, "Confidential Information" does not include any information that is (i) in the public domain or enters the public domain through no violation of obligations Employee owes to the Company; (ii) disclosed to Employee other than as a result of Employee's capacity as an employee of the Company by a third-party not subject to maintain the information in confidence; or (iii) already known by Employee other than as a result of Employee's past relationship with the Company (or its predecessors) and is evidenced by written documentation existing prior to such disclosure. Specific technical and business information shall not be deemed to be within the preceding exceptions merely because it is embraced by more general technical or business information within such exceptions, nor shall a combination of features be deemed to be within such exceptions merely because the individual features are within such exceptions.

## ARTICLE 5. TERMINATION BENEFITS

5.1) Termination Benefits. In the event Employee's employment is terminated by the Company as a result of a "Change in Control" of the Company and Employee has less than twelve (12) months before the expiration of the Term of this Agreement, Employee will be paid an amount equal to one (1) year of her then-current base salary (but not any incentive bonus) (hereinafter the "CIC Severance Payment"); provided, however, that Employee will be entitled to the CIC Severance Payment set forth in this Section 5.1 only if she executes and does not rescind a release agreement in a form supplied by the Company, which will include, but not be limited to, a comprehensive release of claims against the Company and all related parties, in their official and individual capacities. For purposes of this Section 5.1, "Change in Control" shall mean the occurrence, in a single transaction or in a series of related transactions, of any one or more of the events in subsections A through C below. For purposes of this definition, a person, entity or group shall be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person, entity or group directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power,

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which includes the power to vote or to direct the voting, with respect to such securities.

A. Any person, entity or group becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other person, entity or group from the Company in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (B) solely because the level of Ownership held by any person, entity or group (the "Subject Person") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

B. There is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction; or

C. There is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the total gross value of the consolidated assets of the Company and its subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of total gross value of the consolidated assets of the Company and its subsidiaries to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition (for purposes of this Section 5.1(C), "gross value" means the value of the assets of the Company or the value of the assets being disposed of, as the case may be, determined without regard to any liabilities associated with such assets).

For the avoidance of doubt, the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company. To the extent required, the determination of whether a Change in Control has occurred shall be made in accordance with Code Section 409A and the regulations, notices and

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other guidance of general applicability issued thereunder.

5.2) Timing of CIC Severance Payment. Any CIC Severance Payment pursuant to Section 5.1 will be paid to Employee monthly over the course of a one-year period beginning after expiration of any applicable rescission periods set forth in the required release agreement; provided, however, that notwithstanding anything in this Agreement to the contrary, if the CIC Severance Payment described in Section 5.1 is subject to the requirements of Code Section 409A and the Company determines that Employee is a "specified employee" as defined in Code Section 409A as of the date of Employee's termination of employment, such payments will not be paid or commence earlier than the first day of the seventh month following the date of Employee's termination of employment and on such date any amounts that would have been paid during the first six months following the termination but for operation of this proviso will be paid in one lump sum with the remaining payments made monthly over the remainder of the specified one-year period. In addition, all payments made to Employee pursuant to Section 5.1 will be reduced by amounts (A) required to be withheld in accordance with federal, state and local laws and regulations in effect at the time of payment, or (B) owed to the Company by Employee for any amounts advanced, loaned or misappropriated. Such offset will be made in the manner permitted by and will be subject to the limitations of all applicable laws, including but not limited to Code Section 409A, and the regulations, notices and other guidance of general applicability issued thereunder.

5.3) No Other Payments. Except as provided in Section 5.1, upon termination of employment with the Company, whether voluntary or involuntary, Employee will not be entitled to any compensation or benefits other than that which was due to her as of the date of termination, regardless of any claim by Employee for compensation, salary, bonus, severance benefits or other payments.

## ARTICLE 6. ARBITRATION

6.1) Arbitration. Any dispute arising out of or relating to (i) this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, or (ii) Employee's application or candidacy for employment, employment and/or termination of employment with the Company including, but not limited to, any and all disputes, claims or controversies relating to discrimination, harassment, retaliation, wrongful discharge, and any and all other claims of any type under any federal or state constitution or any federal, state, or local statutory or common law 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 for 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, but without submission

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of the dispute to such Association. 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. This agreement to arbitrate does not include worker's compensation claims, claims for unemployment compensation, or any injunctive or other relief to which the Company may be entitled in accordance with the Prior Inventions, Proprietary Information, and Unfair Competition Agreement referred to in Section 4.1 herein.

ARTICLE 7.  
MISCELLANEOUS PROVISIONS

7.1) Modifications. Except as provided in Section 4.1 above, this Agreement supersedes all prior agreements and understandings between the Parties relating to the employment of Employee by the Company and it may not be changed or terminated orally. No modification, termination, or attempted waiver of any of the provisions of this Agreement will be valid unless in writing signed by the Party against whom the same is sought to be enforced.

7.2) Binding Effect. The breach by the Company of any other agreement or instrument between the Company and Employee will not excuse or waive Employee's performance under, or compliance with, this Agreement.

7.3) Governing Law and Forum. The validity, enforceability, construction and interpretation of this Agreement shall be governed by the laws of the State of Minnesota. The Company and Employee hereby consent to the exclusive jurisdiction for any claims under this Agreement in Hennepin County District Court or the United States District Court for Minnesota.

7.4) Successors and Assigns. This Agreement is personal to Employee and Employee may not assign or transfer any part of her rights or duties hereunder, or any compensation due to her hereunder, to any other person. This Agreement may be assigned by the Company. This Agreement is binding on any successors or assigns of the Company.

7.5) Captions. The captions set forth in this Agreement are for convenience only and shall not be considered as part of this Agreement or as in any way limiting or amplifying the terms and conditions hereof.

7.6) No Conflicting Obligations. Employee represents and warrants to the Company that she is not under, or bound to be under in the future, any obligation to any person, firm, or corporation that is or would be inconsistent or in conflict with this Agreement or would prevent, limit, or impair in any way the performance by her of her obligations hereunder. If Employee possesses any information that she knows or should know is considered by any third party, such as a former employer of Employee's to be confidential, trade secret, or otherwise proprietary, Employee

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shall not disclose such information to the Company or use such information to benefit the Company in any way.

7.7) Waivers. The failure of any Party to require the performance or satisfaction of any term or obligation of this Agreement, or the waiver by any Party of any breach of this Agreement, will not prevent subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

7.8) Severability. In the event that any provision hereof is held invalid or unenforceable by a court of competent jurisdiction, the Company and Employee agree that that part should be modified by the court to make it enforceable to the maximum extent possible. If the part cannot be modified, then that part may be severed and the other parts of this Agreement shall remain enforceable.

7.9) Code Section 409A. Notwithstanding any other provision of this Agreement to the contrary, the Parties to this Agreement intend that this Agreement will satisfy the applicable requirements, if any, of Code Section 409A in a manner that will preclude the imposition of additional taxes and interest imposed under Code Section 409A. The Parties agree that this Agreement will be amended (as determined by the Company in its sole discretion) to the extent necessary to comply with Code Section 409A, as amended from time to time, and the notices and other guidance of general applicability issued thereunder. Further, if any of the payments described in this Agreement are subject to the requirements of Code Section 409A and the Company determines that Employee is a "specified employee" as defined in Code Section 409A as of the date of Employee's termination of employment (which will have the same meaning as "separation from service" as defined in Code Section 409A), all or a portion of such payments will not be paid or commence earlier than the first day of the seventh month following the date of Employee's termination of employment, but only to the extent such delay is required for compliance with Code Section 409A.

7.10) Notices. Any and all notices referred to herein shall be deemed properly given only if in writing and delivered personally or sent postage prepaid, by certified mail, return receipt requested, as follows:

- (a) To the Company by notice to the CEO at the following address:

Charles Kummeth, CEO  
Techne Corporation  
614 McKinley Place NE  
Minneapolis, MN 55413

- (b) To Employee at her home address as it then appears on the records of the Company, it being the duty of Employee to keep the Company informed of her current home address at all times.

The date on which notice to the Company or Employee shall be deemed to have been given if mailed as provided above shall be the date on the certified mail return receipt. Personal delivery



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to Employee shall be deemed to have occurred on the date notice was delivered to Employee personally, or deposited in a mail box or slot at Employee's residence by a representative of the Company or any messenger or delivery service.

7.11) Construction. The Parties agree that the terms and provisions of this Agreement embody their mutual intent, each Party has had the opportunity to negotiate its provisions and contribute to its drafting, and therefore, it is not to be construed more liberally in favor of, or more strictly against, any Party hereto.

7.12) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. Electronically transmitted (e.g., by facsimile or pdf) signed copies of this Agreement shall be deemed to be original signed versions of this Agreement.

7.13) 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 Employee and the Company (collectively, the "Payments") constitute a "parachute payment" within the meaning of Section 280G of the Code and, but for this Section 7.13, 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 Employee'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 Employee and the Company otherwise agree in writing, any determination required under this Section 7.13 shall be made in writing by the Company's independent public accountants (the "Accountants"), whose reasonable determination shall be conclusive and binding upon Employee and the Company for all purposes. For purposes of making the calculations required by this Section 7.13, 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. Employee 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 7.13.

(Signatures follow on the next page(s).)

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THE PARTIES HAVE executed this Agreement in the manner appropriate to each as of the dates set forth below.

**TECHNE CORPORATION**

By: Charles Kummeth  
Its Chief Executive Officer

8/21, 2014  
Date

**EMPLOYEE**

/s/ Brenda Furlow  
Brenda Furlow

8/6, 2014  
Date

Signature Page to Employment Agreement

## 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: November 10, 2014

/s/ Charles R. Kummeth

Charles R. Kummeth

Principle Executive Officer

## CERTIFICATION

I, James Hippel, 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: November 10, 2014

/s/ James Hippel

James Hippel  
Principle Financial Officer

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 September 30, 2014 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  
November 10, 2014

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 September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Hippel, 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/ James Hippel

Principal Financial Officer

November 10, 2014