QIAGEN N.V., VENLO, THE NETHERLANDS

Annual Report 2010

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Report of the Supervisory Board

To our Shareholders

The Supervisory Board wishes to thank all QIAGEN employees and members of the Executive Committee for contributing to our many accomplishments in 2010. We also would like to thank our customers and business partners for honoring QIAGEN with their continued collaboration and trust.

2010 was another year of strategic achievements for QIAGEN as we further advanced our leadership in Sample & Assay Technologies across all of our customer classes. Important milestones in 2010 underscored our global business expansion led by innovative new products and strategic transactions that complement our internal growth initiatives. In late 2010, we successfully launched QIAsymphony RGQ, a next-generation automated modular testing platform that we believe will play a key role in disseminating the use of molecular technologies around the world. In January 2010, we also acquired ESE GmbH, gaining access to a portable, battery-operated analysis system that enables molecular testing in settings where a laboratory infrastructure is not accessible and fast results are needed. We view these actions, which include many others in 2010, as advancing our strategic objective to drive innovation and growth by leveraging our leadership in Sample & Assay Technologies.

As empowered by the Dutch Corporate Governance Code, the Supervisory Board devoted considerable time in 2010 to discussing the corporate strategy, the main risks of the business and the result of the assessment by the Managing Board of the design and effectiveness of internal risk management and control systems as well as any significant changes in them.

In addition, the Supervisory Board discussed and reviewed the functioning of its committees and individual members, its current composition, competence and desired profile in various meetings. Although we came to the conclusion that the Managing Board and the Supervisory Board properly functioned, we decided to search for additional candidates in our aim to expand the profile of the Supervisory Board in terms of competences, experiences and international background. We are now very pleased to propose two new highly skilled international executives for election to our Board: Dr. Vera Kallmeyer, M.D., Ph.D. and Elizabeth E. Tallett. Dr. Vera Kallmeyer is a Consulting Professor in the Department of Neurosurgery at Stanford School of Medicine, where she teaches courses in biomedical innovation, translational medicine and entrepreneurship. Elizabeth E. Tallett is a respected leader with more than 30 years of experience in the pharmaceutical and biotechnology as well as broader healthcare and financial industries. Their perspectives, international experience in healthcare and academic research as well as their diverse business backgrounds will be valuable resources to QIAGEN as we expand our leading position in sample and assay technologies and their use in research, applied markets and clinical diagnostics. The updated profile of the Supervisory Board can be found on QIAGEN’s website. Through its Compensation Committee, the Supervisory Board executed and monitored compliance with the Remuneration Policy approved at the Annual General Meeting held on June 14, 2005.

Compensation of Managing Board members consists of a fixed salary and variable components. Variable compensation includes one-time and annual payments linked to business performance (bonuses) as well as long-term incentives containing risk elements, such as stock options or other equity-based compensation as well as pension plans. The Remuneration Policy and the various aspects of compensation, including the detailed remuneration of individual Managing Board members for various components, are described in greater detail in the Remuneration Report, which is also available on QIAGEN’s website. Information on QIAGEN's activities was communicated by the Managing Board to the Supervisory Board through regular meetings and business reports. The Supervisory Board has appointed an Audit Committee, a Compensation Committee and a Selection and Appointment (Nomination) Committee, each composed of Supervisory Board members, and can appoint other committees as

deemed beneficial. The Supervisory Board has approved charters pursuant to which each of the committees operates. The charters are published on QIAGEN's website. Further detailed information on the composition of the Supervisory Board and its committees, the number of committee meetings held in 2010 and the main topics of discussion, the independence of its members and their remuneration, as well as other information on the Supervisory Board can be found in the Corporate Governance Report, which is an integral part of this Annual Report.

The Supervisory Board met six times during the course of 2010 with regular attendance of the members of the Managing Board. We are pleased to report very high attendance at our meetings – no member of the Supervisory Board was frequently absent from the Supervisory Board meetings in 2010. Information about the Supervisory Board members, including positions held on other boards, are included in the Corporate Governance Report. All members of the Supervisory Board fulfill the independence criteria as defined by the Marketplace Rules of the NASDAQ Stock Market and the Dutch Corporate Governance Code with the exception of Dr. Metin Colpan due to his former position as CEO of QIAGEN. Additional information on how the duties of the Supervisory Board committees were carried out in 2010 can be found in the Corporate Governance Report.

QIAGEN N.V. is a company organized under the laws of the Netherlands and has an international network of subsidiaries. The Supervisory Board follows the principle of increasing shareholder value as we represent the interests of all stakeholders, including shareholders, and has always pursued the highest standards in Corporate Governance. QIAGEN is committed to a corporate governance structure that best suits its business and stakeholders, and that complies with relevant rules and regulations. Since 1997, QIAGEN has endorsed the recommendations made in the report of the Netherlands Committee on Corporate Governance, which was replaced by the Dutch Corporate Governance Code effective January 1, 2004, and amended and restated effective January 1, 2009. Our policy is to follow the guidelines of Good Practice of Corporate Governance as described in the Dutch Corporate Governance Code, although some minor deviations may result from the impact of factors such as legal requirements imposed on QIAGEN or industry standards.

QIAGEN is also subject to the rules regarding Corporate Governance set by NASDAQ, where our common shares have been listed since 1996. In addition, QIAGEN has adopted the standards set by the Corporate Governance Code of Germany, where our common shares have been listed since 1997. QIAGEN provides detailed disclosure in the Corporate Governance Report regarding compliance with the German and the Dutch Corporate Governance Code.

QIAGEN believes all of our operations are carried out in accordance with legal frameworks, including Dutch Corporate Law, U.S. laws and regulations, and the laws of the German capital market, in particular the Wertpapierhandelsgesetz. QIAGEN's common shares are registered and traded in the U.S. on the NASDAQ Global Select Market and in Germany on the Frankfurt Stock Exchange in the Prime Standard segment. Shareholders in the U.S. and in Europe hold the majority of QIAGEN's common shares. We have used funds to fuel internal growth and to finance acquisitions. The Supervisory Board proposes to retain earnings from 2010 to address these goals. We strongly believe that this policy of increasing shareholder value benefits our shareholders.

In this Annual Report, the financial statements for 2010 are presented as prepared by the Managing Board, audited by Ernst & Young Accountants LLP, and examined and approved by the Supervisory Board. We recommend that the Annual General Meeting of Shareholders adopts the financial statements for 2010 as presented in this Annual Report. Additionally, we request the shareholders to discharge the members of the Managing Board of their responsibility for the conduct of business in 2010 and the members of the Supervisory Board for their supervision of management.

The term of office for the members of the Supervisory Board expires as of the close of the Annual General Meeting of Shareholders of QIAGEN N.V., which is scheduled for June 30, 2011. Dr. Vera Kallmeyer and

Elizabeth E. Tallett will stand for election, and Prof. Dr. Detlev H. Riesner, Dr. Werner Brandt, Dr. Metin Colpan, Erik Hornnaess, Prof. Dr. Manfred Karobath and Heino von Prondzynski will stand for re-election at this meeting.

The Supervisory Board proposed during the Joint Meeting of members of the Supervisory Board and Managing Board that the members of the Managing Board be re-elected at the Annual General Meeting of Shareholders on June 30, 2011.

Venlo, the Netherlands, April 2011

Prof. Dr. Detlev H. Riesner
Chairman of the Supervisory Board

In Memoriam: Prof. Dr. jur. Carsten P. Claussen

Prof. Dr. jur. Carsten P. Claussen, long-time Chairman of QIAGEN's Supervisory Board, passed away on June 30, 2010, at the age of 83.

Professor Claussen played an integral part in the shaping and development of QIAGEN. Through his dedication and commitment to the company, QIAGEN has developed into what it is today. Some of you who have known Professor Claussen personally will remember his great passion for QIAGEN and its entrepreneurial spirit and his invaluable guidance and advice which was based on a deep business and academic experience. Even after his retirement from the Supervisory Board in 1999, he remained close to QIAGEN, following our every step and helping to provide important insights that have guided our progress. As Honorary Chairman, he was always a highly respected advisor and friend to management and many others with whom he worked closely.

We are all deeply indebted to him for his loyalty and commitment over the years. QIAGEN will always treasure his significant contributions.

Managing Directors' Report

Dear Shareholder,

I am very pleased to present you with the results achieved by QIAGEN in 2010, We delivered solid results in a changing environment and made significant progress in further expanding our position in our customer classes, particularly molecular diagnostics, by leveraging our leadership in sample and assay technologies.

Key milestones in 2010 included the successful launch of QIAsymphony RGQ, a highly versatile automated platform with potential to drive the dissemination of molecular diagnostics. Our technology portfolio to analyze valuable molecular content increased significantly, particularly in companion diagnostics that guide the use of medicines. Sales grew across all of our customer classes. Strong growth in personalized healthcare and profiling more than offset lower prevention sales in the fourth quarter, where successful HPV market conversion initiatives were hampered by economic conditions that caused a sharp decline in doctors' office visits.

We are focused in 2011 on expanding our strategic position and positioning QIAGEN to further accelerate growth in 2012. We are broadening and strengthening our product offering with a number of important regulatory submissions, including the first of several new assays in the U.S. for use on QIAsymphony RGQ. We are also expanding into fast-growing markets, particularly in Asia, and have begun operations in India. As the molecular biology revolution shapes the future of healthcare and the life sciences, QIAGEN is playing a critical role in making improvements in life possible and is well-positioned for sales and earnings growth.

For the year ended December 31, 2010, net sales rose 8% (+8% constant exchange rates, or CER) to US$ 1,087 million in 2010 from US$ 1,010 million in 2009, and rose 12% CER when excluding swine flu-related products. Improved performances in all customer classes drove organic sales growth of 8% CER when excluding significant one-time contributions from swine flu-related products in 2009. Acquisitions within the last 12 months provided an additional four percentage points, resulting in 12% CER total sales growth.

Operating income of US$ 196,5 million rose 5% from US$ 186,6 million in 2009. Net income grew 8% to US$ 142,0 million from US$ 131,6 million in 2009, while diluted earnings per share were US$ 0,60 (based on 235,5 million weighted average shares and share equivalents outstanding) in 2010 compared to US$ 0,63 in 2009 (based on 209,6 million weighted average shares and share equivalents outstanding).

Our performance reflects the successful execution of our strategic objectives to leverage our global leadership in sample and assay technologies to drive innovation and growth. We are strengthening our position in our four customer classes – Molecular Diagnostics, Applied Testing, Pharma and Academia, we are expanding our geographic presence, we are building our product pipeline, we are improving our operational excellence and we are attracting and retaining the best talent to our organization.

I want to thank you, our shareholders, for your continued and sustaining support and trust in QIAGEN. While we are fully aware of the challenges facing us in this uncertain environment, we see significant growth opportunities. Our industry proves to be more resilient than many other sectors, we have a healthy financial position and are prepared to fully capitalize on value-creating opportunities.

I would also like to thank our employees for their dedication and engagement for QIAGEN. We are proud of our employees, which now number nearly 3.600 around the world, and their contributions are critical for our ongoing success.

Management Report for the Period from January 1, 2010, to December 31, 2010

Note regarding Forward-Looking Statements and Risk Factors

Our future operating results may be affected by various risk factors, many of which are beyond our control. Certain of the statements included in this Annual Report and the documents incorporated herein by reference may be forward-looking statements as amended, including statements regarding potential future net sales, gross profit, net income and liquidity. These statements can be identified by the use of forward-looking terminology such as “believe,” “hope,” “plan,” “intend,” “seek,” “may,” “will,” “could,” “should,” “would,” “expect,” “anticipate,” “estimate,” “continue” or other similar words. Reference is made in particular to the description of our plans and objectives for future operations, assumptions underlying such plans and objectives, and other forward-looking statements. Such statements are based on management’s current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. We caution investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors. Factors which could cause such results to differ materially from those described in the forward-looking statements include those set forth in the risk factors below. As a result, our future success involves a high degree of risk. When considering forward-looking statements, you should keep in mind that the risk factors could cause our actual results to differ significantly from those contained in any forward-looking statement.

Results of Operations, Financial Position

Overview

QIAGEN is the world’s leading provider of innovative sample and assay technologies, based on independent market studies of United States and European market shares for our products and technologies. Our automated systems and consumable products empower customers to transform raw biological samples into valuable molecular information. Sample technologies are used to isolate DNA, RNA and proteins from any biological sample, such as blood or tissue. Assay technologies are then used to amplify and enrich isolated biomolecules, such as the DNA of a specific virus, readable and ready for subsequent analysis.

We sell our products, sample and assay kits known as consumables and automated instrumentation systems using those technologies, to four major customer classes:

• Molecular diagnostics – healthcare providers supporting many aspects of patient care including prevention, profiling of diseases, personalized healthcare and point of need testing

• Academic – researchers exploring the secrets of life and new approaches to disease

• Pharma – drug discovery and development efforts of pharmaceutical and biotechnology companies

• Applied testing – customers in fields such as forensics, veterinary diagnostics, food safety testing, and biosecurity

QIAGEN markets products in more than 100 countries throughout the world. We have established subsidiaries in markets that we believe have the greatest sales potential, including countries throughout Europe, Asia, the Americas and Australia. We also work with specialized independent distributors and importers. We employ nearly 3,600 people in more than 30 locations worldwide.

In 2010, operating income on a consolidated basis was US$ 196,5 million, a 5% increase from US$ 186,6 million in 2009. The rise in operating income was driven by growth in sales of consumables and related revenues (8% in 2010 and 10% in 2009) and instrumentation (7% in 2010 and 37% in 2009).

We have achieved five-year compound annual growth rates of approximately 22% in net sales. We have funded our growth through internally generated funds, debt, and private and public sales of equity securities.

Recent Acquisitions

QIAGEN has made a number of strategic acquisitions since 2008, expanding our technology and product offerings as well as extending our geographic presence. These transactions include:

• In April 2010, we acquired assets related to food testing assays of the Institute for Product Quality (ifp), a company based in Berlin, Germany, which sells food, veterinary and environmental quality control assays. The transaction strengthened our applied testing business by adding 70 molecular food safety tests developed by ifp.

• In January 2010, we acquired ESE GmbH, a German developer and manufacturer of portable, battery-operated, “ultra-fast time to result” multiplex UV and fluorescence optical measurement devices. ESE’s fluorescence detection systems for point of need testing in healthcare and in applied testing enable low-throughput molecular testing in physician practices, emergency rooms, remote field areas, and other settings where a laboratory infrastructure is not accessible and fast turnaround is required.

• In December 2009, we acquired SABiosciences Corporation, based in Frederick, Maryland. SABiosciences holds a leading position in the design and commercialization of disease- and pathway-focused real-time PCR-based assay panels (PCR Arrays), which are widely utilized in biomedical research and in development of new drugs and diagnostics.

• In September 2009, we acquired DxS Ltd. (QIAGEN Manchester Ltd.), a pioneer in development and marketing of companion diagnostics that enable physicians to predict patient responses in order to make cancer therapies more effective. Headquartered in Manchester, U.K., DxS brings QIAGEN a portfolio of molecular diagnostic assays and related intellectual property, as well as a deep pipeline of companion diagnostic partnerships in oncology with leading pharmaceutical companies. With the acquisition, we believe we can take a leading position in personalized healthcare and strengthen our overall strategic position in molecular diagnostics.

• In August 2009, we acquired Explera s.r.l., a leading supplier in molecular diagnostics and personalized medicine in Italy.

• In March 2009, we acquired a molecular diagnostics distribution business in China.

• In October 2008, we acquired all assets of the Biosystems business from Biotage AB, a developer, manufacturer and distributor of products for genetic analysis and medicinal chemistry headquartered in Uppsala, Sweden. The transaction included purchase of the remaining 17,5% of the outstanding stock of Corbett Life Science Pty. Ltd. (Corbett).

• In July 2008, we acquired 82,5% of Corbett, a developer, manufacturer and distributor of life sciences instrumentation headquartered in Sydney, Australia. Corbett is best known for developing the world's first rotary real-time PCR cycler system, the Rotor-Gene™, used to detect real-time polymerase chain reactions (PCR) and make specific sequences of DNA and RNA targets visible through amplification and quantifiable through real-time measurement. Addition of this proprietary PCR detection technology extends our molecular testing solution portfolio and enhances our options to offer sample and assay technology solutions spanning from sample to result.

• In July 2008, we also acquired the minority interest of our Brazilian subsidiary, QIAGEN Brasil Biotecnologia Ltda.

• In May 2008, we established QIAGEN Mexico via the acquisition of certain assets of our former life science distributor, Quimica Valaner.

• In February 2008, we acquired a business unit from Diagnostic Technology Pty. Ltd., located in Belrose, Australia, which relates to the distribution of products in Australia, New Zealand, Singapore and Malaysia.

Our financial results include the contributions of our recent acquisitions from the date of acquisition, as well as the costs related to the acquisitions and integrations, including costs related to the relocation and closure of certain facilities. Our results also reflect the benefits of our previous restructuring efforts, which have contributed to improved profitability as we continue to manage our operating costs.

Other Changes in 2010

During 2010, we determined that QIAGEN operates as one business segment in accordance with IFRS 8, Segment Reporting. Our decision-making process has evolved as a result of our continued growth, restructuring and streamlining of the organization, and revised internal budgeting and reporting approaches. Our chief operating decision maker (CODM) has now transitioned to making decisions on business operations and resource allocation based on evaluations of the QIAGEN Group as a whole. With revenues derived from our entire product and service offerings, it is not practicable to provide a detail of revenues for each group of similar products and services or for each customer group, as discrete financial information is not available. Accordingly, we operate as one reporting segment. However, we do provide certain revenue information by customer class to allow better insight into our operations. This information is estimated using certain assumptions to allocate revenue among the customer classes.

On March 30, 2010, the U.S. President signed the Health Care and Education Reconciliation Act of 2010, a reconciliation bill that amends the Patient Protection and Affordable Care Act that was signed by the President on March 23, 2010 (collectively, the “Acts”). As a result of the Acts, a 2,3% excise tax will be imposed on the sale, including leases, of any taxable medical devices by the manufacturer, producer or importer of such devices. A “taxable medical device” is any FDA regulated device intended for human use. The excise tax will apply to U.S. sales of all taxable medical devices occurring after December 31, 2012. While we continue to evaluate the impact of the Acts, at the present time, we expect a net positive impact from the legislation effective 2013 due to the expected increase in net sales resulting from increased healthcare coverage, which will be partially offset by the excise tax.

Year Ended December 31, 2010 compared to 2009

Net Sales

In 2010, net sales increased 8% to US$ 1,1 billion compared to US$ 1,0 billion in 2009. The increase in net sales includes organic growth (8%) and sales from our recently acquired businesses (4%). Our 2010 and 2009 net sales include the results of operations for, as well as the effects of the acquisitions of DxS Ltd (QIAGEN Manchester Ltd.), acquired in September 2009, and SABiosciences, acquired in December 2009.

The increase in sales was the result of growth for our consumable products, which represented approximately 86% of total sales and included product, service, and license and technology sales including revenues from nonmonetary exchanges; and for instrumentation products, which represented approximately 14% of total sales. Sales of sample and assay technologies, which include consumables and instrumentation, experienced growth rates of 8% and 7%, respectively, in 2010 compared to 2009.

The net sales growth was spread across all customer classes. In molecular diagnostics, which represents approximately 47% of our net sales, we achieved 8% growth in 2010 compared to 2009. In 2010, we experienced lower growth in sales volumes of molecular diagnostic assays than in periods prior to 2010 as a result of decreasing patient visits to healthcare providers. We expect the trend of fewer healthcare patient visits to continue into 2011. In academia, which represents approximately 26% of our net sales, we experienced 8% growth in 2010 compared to 2009, in part due to increased purchases using stimulus funding as provided for under the American Recovery and Reinvestment Act (stimulus). We expect the

positive impact from the stimulus package to continue into 2011. In 2009, we experienced higher sales volumes of certain swine flu-related products, which were not repeated in 2010, significantly impacting growth rates in molecular diagnostics and academia. In Pharma, which represents approximately 21% of our net sales, we experienced 6% growth in 2010 compared to 2009. In applied testing, which represents approximately 6% of our net sales; we achieved 15% growth in 2010 compared to 2009.

We expect further growth building upon the introduction of new consumable products and instrumentation, including the QIAensemble and QIAsymphony platforms. We continually introduce new products to extend the life of our existing product lines as well as to address new market opportunities. In 2010, we launched 86 new products in the area of sample and assay technologies.

A significant portion of our revenues is denominated in Euros and currencies other than the United States dollar. Changes in currency exchange rates can affect net sales, potentially to a significant degree. Net sales were positively impacted by US$ 0,2 million in currency exchange effects for 2010 as compared to 2009.

The continuing uncertainties of the current global economy represent a risk for us, and while we expect continued growth in our consumables and instrumentation businesses, future growth could be adversely affected and may be lower than our historical growth.

Gross Profit

Gross profit was US$ 715,6 million, or 66% of net sales, in 2010, compared to US$ 667,1 million, or 66% of net sales, in 2009. The dollar increase in 2010 compared to 2009 is attributable to the increase in net sales. Our consumable sample and assay products have a higher gross margin than our instrumentation products, and fluctuations in the sales levels of these products can result in fluctuations in our gross margin between periods.

Amortization expense related to developed technology and patent and license rights acquired in a business combination is included in cost of sales. The amortization expense on purchased intangibles within cost of sales increased to US$ 61,8 million in 2010 from US$ 53,6 million in 2009, as a result of an increase in intangibles acquired in recent business combinations. We expect our purchased intangibles amortization to continue to increase as a result of our acquisitions.

In addition, during 2010, a total of US$ 1,3 million was expensed to acquisition-related cost of sales in connection with the write-off of inventories made obsolete following an acquisition as well as the write-up of acquired inventory to fair market value as a result of business combinations. In 2009, this expense was US$ 7,4 million. In accordance with purchase accounting rules, acquired inventory was written up to fair market value and subsequently expensed as the inventory was sold. Additionally, in 2009 we recognized a charge of US$ 2,5 million to cost of sales related to the impairment of developed technology, which was triggered by the acquisition of DxS and the discontinuation of certain products.

When eliminating business integration, acquisition related and restructuring costs as well as purchased intangibles amortization and share-based compensation from the reported results, the adjusted gross profit would have been US$ 779,6 or 72% of net sales, in 2010, compared to US$ 728,9 million, or 72% of net sales, in 2009.

Research and Development Expense

Research and development expenses increased by 17% to US$ 114,8 million (11% of net sales) in 2010, compared to US$ 97,9 million (10% of net sales) in 2009. Our business combinations, along with the acquisition of new technologies, have resulted in an increase in research and development costs. As we continues to discover, develop and acquire new products and technologies, we expect to incur additional expense related to facilities, licenses and employees engaged in research and development efforts. Additionally, research and development costs are expected to increase as a result of seeking regulatory approvals, including U.S. FDA Pre-Market Approval (PMA), U.S. FDA 510(k) clearance and EU CE approval of certain assays or instruments. We have a strong commitment to innovation and expect to continue to make investments in our research and development efforts. Accordingly, we expect our research and development expenses to continue to increase, perhaps significantly.

Sales and Marketing Expense

Sales and marketing expenses increased 10% to US$ 267,5 million (25% of net sales) in 2010 from US$ 242,9 million (24% of net sales) in 2009. Sales and marketing expenses are primarily associated with personnel, commissions, advertising, trade shows, publications, freight and logistics expenses and other promotional expenses. The increase in sales and marketing expenses in 2010, compared to 2009, is primarily due to our acquisitions of QIAGEN Manchester in September 2009 and SABiosciences in December 2009. In addition, sales and marketing expenses include the costs of maintaining separate sales organizations addressing customers in industrial and academic research, applied testing and molecular diagnostics. We anticipate that sales and marketing costs will continue to increase along with new product introductions and continued growth in sales of our products, but we expect sales and marketing costs will, for the most part, grow at a slower rate than our overall revenue growth.

General and Administrative, Integration and Other Expense

General and administrative, business integration, restructuring and related costs decreased by 5% to US$ 111,6 million (10% of net sales) in 2010 from US$ 117,9 million (12% of net sales) in 2009. The decrease in these expenses in 2010 is primarily the result of lower integration costs, partially offset by increased general and administrative expenses related to new businesses acquired in 2009 and restructuring efforts in 2010. We have continued to incur integration costs for businesses acquired, totalling approximately US$ 10,1 million in 2010, compared to US$ 21,5 million in 2009. In 2010, we incurred US$ 7,4 million in restructuring costs related to internal restructuring of subsidiaries including severance and retention costs. In connection with the integration of the acquired companies, we aim to improve efficiency in general and administrative operations. Additionally, general and administrative, integration and related costs decreased by US$ 0,7 million due to currency exchange impact in 2010, compared to 2009. As we further integrate the acquired companies and pursue other opportunities to gain efficiencies, we expect to continue to incur additional business integration and restructuring costs in 2011.

Over time, we believe the results of the integration and restructuring activities will continue to result in a decrease in our general and administrative expenses as a percentage of sales.

When eliminating business integration, acquisition related and restructuring costs from the reported results, the adjusted income from operations would have been higher by US$ 20,8 million in 2010, compared to US$ 34,3 million in 2009,

Purchased Intangibles Amortization

Amortization expense related to developed technology and patent and license rights acquired in a business combination is included in cost of sales. Amortization of trademarks, customer base and noncompete agreements acquired in a business combination is recorded in operating expense under the caption “purchased intangibles amortization.” Amortization expenses of intangible assets not acquired in a business combination are recorded within cost of sales, research and development, or sales and marketing line items based on the use of the asset.

During 2010, the amortization expense on purchased intangibles within operating expense increased to US$ 26,6 million compared to US$ 21,3 million in 2009. The increase in expense is the result of an increase in amortized intangibles acquired in our recent business combinations. We expect purchased intangibles amortization to continue to increase as a result of our acquisitions.

When eliminating purchased intangibles amortization from the reported results, the adjusted gross profit (adjusted income from operations) would have been higher by US$ 61,8 million (US$ 88,4 million) in 2010, compared to US$ 53,6 million (US$ 74,9 million) in 2009,

Financial Income and Expense

For the year ended December 31, 2010, interest income increased to US$ 4,5 million from US$ 3,5 million in 2009. The increase in interest income was primarily due to an increase in short-term investments.

Financial expense decreased to US$ 40,6 million in 2010 compared to US$ 41,6 million in 2009. Interest costs primarily relate to our long-term debt discussed in the accompanying notes to the consolidated financial statements. The decrease in interest expense is primarily due to a decrease in the interest expense on our term loan as a result of a lower balance following a US$ 50,0 million repayment as well as decreasing interest rates.

When eliminating interest expense from bifurcation of the intangible debts from the reported results, the adjusted income before tax would have been higher by US$ 14,3 million in 2010, compared to US$ 13,5 million in 2009,

QIAGEN N.V.’s functional currency is the U.S. dollar and our subsidiaries’ functional currencies are the local currency of the respective countries in which they are headquartered. All amounts in the financial statements of entities whose functional currency is not the U.S. dollar are translated into U.S. dollar equivalents at exchange rates as follows: (1) assets and liabilities at period-end rates, (2) income statement accounts at average exchange rates for the period, and (3) components of shareholders’ equity at historical rates. Translation gains or losses are recorded in shareholders’ equity, and transaction gains

and losses are reflected in net income. The net gain on foreign currency transactions in 2010 and 2009 was US$ 2,6 million and US$ 5,6 million, respectively.

Gains from investments in associates increased to US$ 2,9 million in 2010 compared to US$ 2,5 million in 2009.

As per end of December 31, 2010, other financial income was US$ 0,6 million, compared to US$ 10,2 million in 2009. During the fourth quarter of 2009, we sold our investment in a privately held company and realized a gain of US$ 10,5 million.

Income Taxes

Our provision for income taxes is based upon the estimated annual effective tax rates. Fluctuations in the distribution of pre-tax income among our operating subsidiaries can lead to fluctuations of the effective tax rate in the consolidated financial statements. Our operating subsidiaries are exposed to effective tax rates ranging from zero up to approximately 42%.

In 2010 and 2009, our effective tax rates were 15% and 21%, respectively. In 2010, as a result of internal restructuring related to the foreign subsidiaries of the former Digene Corporation, a one-time deduction for bad debt and worthless stock was realized which resulted in a US$ 12;0 million tax benefit.

Reconciliation of Reported to Adjusted Results (Non-IFRS)

QIAGEN has regularly reported adjusted results, to give additional insight into its financial performance. Adjusted results should be considered in addition to the reported results prepared in accordance with International Financial Reporting Standards, but should not be considered as a substitute. The company believes certain items should be excluded from adjusted results when they are outside of its ongoing core operations, vary significantly from period to period, or affect the comparability of results with the company's competitors and its own prior periods.

When eliminating business integration, acquisition related and restructuring costs as well as purchased intangibles amortization and share-based compensation from the reported results, the adjusted income from operations would have been US$ 319,3 or 29% of net sales, in 2010, compared to US$ 305,6 million, or 30% of net sales, in 2009.

The full reconciliation of reported to adjusted results is shown in the Notes to the Consolidated Financial Statements (Note 9).

Liquidity and Capital Resources

To date, we have funded our business primarily through internally generated funds, debt, and private and public sales of equity. Our primary use of cash has been to support continuing operations and our capital expenditure requirements including construction of new facilities and acquisitions. As of December 31, 2010 and 2009, we had cash and cash equivalents of US$ 830,4 million and US$ 827,3 million, respectively. We also had short-term investments of US$ 106,1 million at December 31, 2010. Cash and cash equivalents are primarily held in U.S. dollars, euros and Australian dollars, other than those cash balances maintained in the local currency of subsidiaries to meet local working capital needs. At

December 31, 2010, cash and cash equivalents had increased by US$ 3,1 million from December 31, 2009, primarily due to cash provided by operating activities of US$ 271,8 million and offset by cash used in investing activities of US$ 233,4 million and cash used in financing activities of US$ 38,2. As of December 31, 2010 and 2009, we had working capital of US$ 970,5 million and US$ 938,5 million, respectively.

Cash Flows from Operating Activities

For the years ended December 31, 2010 and 2009, we generated net cash from operating activities of US$ 271,8 million and US$ 244,8 million, respectively. Cash provided by operating activities increased in 2010 compared to 2009 primarily due to increases in net income, depreciation and amortization, partially offset by a net decrease in the working capital accounts. The increase in net income and accounts receivable is primarily attributable to our 2010 sales growth, while the increase in depreciation and amortization is primarily due to our new acquisitions. The net decrease in the working capital accounts is primarily attributable to decreased accrued and other liabilities, primarily related to the fair value of derivatives as well as a decrease in payroll-related accruals. Because we rely heavily on cash generated from operating activities to fund our business, a decrease in demand for our products, longer collection cycles or significant technological advances of competitors would have a negative impact on our liquidity.

Cash Flows from Investing Activities

Approximately US$ 233,4 million of cash was used in investing activities during 2010, compared to US$ 362,6 million during 2009. Investing activities during 2010 consisted principally of US$ 66,1 million, net invested in short-term investments, US$ 79,7 million of cash paid for purchases of property and equipment, primarily in our ongoing construction projects in Germany and the U.S., as well as cash paid for acquisitions and intangible assets and from capitalization of development expense according to IAS 38. During 2010, cash paid for acquisitions, net of cash acquired, totaled US$ 37,0 million and included cash paid for acquisitions made in 2010 as well as milestone payments from previous acquisitions. In 2010, cash paid for intangible assets totaled US$ 44,2 million, including amounts in connection with our next generation HPV platform, QIAensemble, and related products. Additionally in 2010, we received proceeds of US$ 15,5 million from the 2009 sale of an investment in a privately held company, and we invested approximately US$ 7,5 million in equity investments.

In 2009, we purchased the land and building adjacent to our facility in Hilden, Germany, for EUR 2,5 million (approximately US$ 3,2 million), and in August 2009 we began construction to further expand the German facilities for research and development and production space. In addition, we are expanding our Germantown, Maryland, facility for production and administrative space, beginning in June 2010. These expansion projects are expected to continue into 2012 at an estimated total cost of approximately US$ 94,0 million. We anticipate that we will be able to fund such expansions with cash generated by operating activities.

In connection with certain acquisitions, we could be required to make additional contingent cash payments totaling up to US$ 85,4 million based on the achievement of certain revenue and operating results milestones as follows: US$ 8,3 million in 2011, US$ 16,3 million in 2012, US$ 13,3 million in 2013, US$ 2,7 million in 2014 and US$ 44,8 million payable in any 12-month period from now until 2015 based on the accomplishment of certain revenue targets, the launch of certain products or the grant of certain patent rights. Of the US$ 85,4 million total contingent obligation, approximately US$ 28,7 million is accrued as of December 31, 2010.

Cash Flows from Financing Activities

Financing activities used US$ 38,2 million in cash for the year ended December 31, 2010, compared to US$ 622,3 million for 2009. Cash used during 2010 was primarily due to the repayment of US$ 50,0 million of long-term debt and capital lease payments, partially offset by proceeds from debt as well as cash provided by the issuance of common shares in connection with our equity compensation plans. Cash provided during 2009 was primarily due to the sale of 31,625 million common shares, including 4,125 million common shares upon exercise of the underwriters' overallotment option, in September 2009.

We have credit lines totaling US$ 160,8 million at variable interest rates of which insignificant amounts were utilized as of December 31, 2010. We also have finance lease obligations, including interest, in the aggregate amount of US$ 26,9 million, and carry US$ 845,2 million of long-term debt, of which US$ 77,9 million is current as of December 31, 2010. As of December 31, 2010, we have drawn down US$ 3,0 million under a loan which can be utilized for up to EUR 12,7 million to finance our research and development projects in Germany. The loan bears interest at 3,5% and is due to be fully repaid by 2019 with repayments starting in 2011.

In July 2007, we signed a Syndicated Multi-Currency Term Loan and Revolving Credit Facilities Agreement with Deutsche Bank AG, Deutsche Bank Luxembourg S.A., and the lenders named in the syndication agreement. The lenders made available to us an aggregate amount of US$ 750 million in the form of (1) a US$ 500 million term loan, (2) a US$ 100 million bridge loan, and (3) a US$ 150 million revolving credit facility. Under the agreement, the US$ 500 million term loan will mature in July 2012 with an amortization schedule commenced in July 2009. In July 2010 and July 2009, US$ 50 million and US$ 25 million were repaid, respectively. The US$ 150 million revolving credit facility also will expire in July 2012. The US$ 100 million bridge loan was utilized and repaid within the third quarter of 2007. We used the proceeds of the term loan and the bridge loan to pay the cash component of the Digene acquisition consideration and the fees and expenses of the Digene offer and the merger. The revolving credit facility is available for general corporate purposes. The interest due on the US$ 500 million term loan and the US$ 150 million currently undrawn revolving credit facility is tied to the LIBOR benchmark and therefore variable. A US$ 100 million portion of the US$ 500 million term loan has been swapped into a fixed interest rate.

In August 2004, the Company completed the sale of US$ 150,0 million principal amount of 1,50% convertible unsubordinated notes (Notes) due 2024, through its subsidiary QIAGEN Finance (Luxembourg) S.A. Interest on the Notes is payable semi-annually in February and August. The Notes were issued at 100% of principal value, and are convertible into 11,5 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of US$ 12,6449 per share, subject to adjustment. In November 2008, the Company issued 395.417 common shares upon the

exercise of a portion of the subscription rights in connection with the conversion of US$ 5,0 million of the Notes. The Notes may be redeemed, in whole or in part, at QIAGEN's option on or after 7 years, at 100% of the principal amount provided the actual trading price of our common stock exceeds 120% of the conversion price for twenty consecutive trading days. In addition, the holders of the Notes may require QIAGEN to repurchase all or a portion of the outstanding Notes for 100% of the principal amount, plus accrued interest, on August 18, 2011, 2014 and 2019. The effective interest rate of the Notes amounts to 5,20%. The Company has reserved 11,5 million shares of common stock for issuance in the event of conversion.

In May 2006, the Company completed the sale of US$ 300,0 million principal amount of 3,25% senior convertible notes (2006 Notes) due 2026, through its subsidiary QIAGEN Euro Finance (Luxembourg) S.A. Interest on the 2006 Notes is payable semi-annually in May and November. The 2006 Notes were issued at 100% of principal value, and are convertible into 15,0 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of US$ 20,00 per share, subject to adjustment. The 2006 Notes cannot be called for the first 7 years and are callable thereafter subject to a provisional call trigger of 130% of the conversion price. In addition, the holders of the 2006 Notes may require QIAGEN to repurchase all or a portion of the outstanding Notes for 100% of the principal amount, plus accrued interest, on May 16, 2013, 2017 and 2022. The effective interest rate of the Notes amounts to 7,3%. The Company has reserved 15,0 million of common stock for issuance in the event of conversion.

We expect that cash from financing activities will continue to be impacted by issuances of our common shares in connection with our equity compensation plans and that the market performance of our stock will impact the timing and volume of the issuances. Additionally, we may make future acquisitions or investments requiring cash payments or the issuance of additional equity or debt financing.

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

Employees

As of December 31, 2010, we employed 3.587 individuals, 21% of whom worked in research and development, 36% in sales, 23% in production/logistics, 7% in marketing and 13% in administration.

	Americas	Europe	Asia Pacific & Rest of World	**Total**
Sales	503	464	335	**1.302**
Production	245	504	92	**841**
Research and Development	188	522	30	**740**
Administration	132	248	73	**453**
Marketing	64	148	39	**251**
Employees	**1.132**	**1.886**	**569**	**3.587**

At December 31, 2009 and 2008, we employed 3.495 and 3.041 individuals, respectively. None of our employees is represented by a labor union or subject to a collective bargaining agreement. Management believes that its relations with employees are good.

Our success depends, to a significant extent, on key members of our management and our scientific staff. The loss of such employees could have a material adverse effect on QIAGEN. Our ability to recruit and retain qualified skilled personnel to perform future research and development work will also be critical to our success. Due to the intense competition for experienced scientists from numerous pharmaceutical and biotechnology companies and academic and other research institutions, there can be no assurance that we will be able to attract and retain such personnel on acceptable terms. Our planned activities will also require additional personnel, including management, with expertise in areas such as manufacturing and marketing, and the development of such expertise by existing management personnel. The inability to acquire such personnel or develop such expertise could have a material adverse impact on our operations.

Compensation of Directors and Officers

Reference is made to the disclosures in the Corporate Governance Report.

Research and Development

QIAGEN invests more in research and development than most companies in our industry. We are committed to expanding QIAGEN's global leadership in sample and assay technologies as rapid advances in molecular biology open up new and useful applications.

Our strategy for innovation focuses on addressing significant unmet medical and scientific needs. We target our resources to develop the most promising sample and assay technologies in molecular diagnostics, pharmaceutical R&D, academic research and applied technologies – and to meet the needs of healthcare professionals and scientists in key geographic markets. Innovation at QIAGEN follows parallel paths:

Creating new systems for automation of workflows – platforms for laboratories, hospitals and other users of molecular sample and assay technologies.

Expanding our broad portfolio of “content” – in particular, novel assays to detect and characterize molecular structures and biomarkers for disease or genetic identification.

More than 700 employees in research and development work in eight centers of excellence on three continents. Our comprehensive intellectual property portfolio spans more than 950 granted patents and more than 970 pending applications.

Innovations in instrumentation are strengthening our leadership in the automation of sample and assay technologies and generating increased demand for QIAGEN consumable products. We continue to extend our modular, medium-throughput QIAsymphony platform, enabling hospitals and other customers to adopt or greatly expand their use of molecular diagnostics. Our new QIAsymphony RGQ, designed to allow fully integrated processing from initial sample to final result, was launched in late 2010. We also plan to integrate modules in the future for specialized needs such as pyrosequencing. The QIAensemble system, our next-generation high-throughput platform to automate the workflow for preventive screening, is in development.

QIAGEN is commercializing a deep pipeline of content: molecular assays for preventive screening and diagnostic profiling of diseases, tests for important biomarkers to guide personalized cancer therapies, and assays for a broad range of other targets. The U.S. introduction of QIAsymphony RGQ will be accompanied by an extensive development program involving more than 10 molecular assays. Regulatory submissions planned for 2011 include assays for the infectious diseases CMV (cytomegalovirus) and EBV (Epstein-Barr virus) as well as influenza. Development is set to begin in 2011 for assays involving the infectious diseases HIV-1, HBV and HCV. In October 2010, QIAGEN gained access to HIV-1 and HCV, among the most frequently performed molecular diagnostic tests in the U.S., through an agreement with Abbott. In 2011, we expect to complete the U.S. submission in 2010 for a breakthrough KRAS assay for use in selecting the most appropriate therapy for colorectal cancer patients. In addition, we are developing assays for specific applications in key markets such as China and Japan. The combined markets for QIAGEN’s current assay development portfolio total more than US$ 1 billion in potential annual sales.

In addition, QIAGEN has invested in co-development of companion diagnostics for personalized healthcare through about 20 collaborations with pharmaceutical and biotech companies. We have created a center of excellence in companion diagnostics in Manchester, U.K. These programs begin with development of targeted assays to assist our customers in the clinical development of new drugs by identifying patient populations most likely to respond favorably to specific therapies. The collaborations have potential to develop into companion diagnostics marketed commercially along with the new drugs.

Risks Related to Our Business and Risk Management

The Company has identified various risk factors for its business which are set forth in detail below. There may be current risks that the Company has not yet fully assessed or which are currently qualified as minor but which could have a material impact on the performance of the Company at a later stage. The Managing Board has developed and implemented strategies, controls and mitigation measures to identify current and developing risks as part of the Company's risk management system. The Company has a variety of functional experts to evaluate and attempt to mitigate and manage its business risks. These groups and their respective main areas of focus are presented in detail in the Corporate Governance Report.

Risks Related to the Growth of Our Business

An inability to manage our growth, manage the expansion of our operations, or successfully integrate acquired businesses could adversely affect our business.

Our business has grown rapidly, with total net sales increasing to US$ 1.087,4 million in 2010 from US$ 465,8 million in 2006. We have made several acquisitions in recent years, including SABiosciences in December 2009; DxS Ltd. in September 2009; Corbett Life Science Pty. Ltd., or Corbett, in July 2008; and Digene Corporation, or Digene, in July 2007. We intend to identify and acquire other businesses in the future that support our strategy to build on our global leadership position in molecular technologies. The successful integration of acquired businesses requires a significant effort and expense across all operational areas, including sales and marketing, research and development, manufacturing, finance and administration and information technologies.

We have also made significant investments to expand our business operations. In January 2009, we purchased land adjacent to our facility in Germany and in August 2009 began a major expansion project to create additional facilities for research and development as well as to expand production capacity. This expansion project is expected to continue through 2011. In addition, we began a project in June 2010 to expand our facility in Germantown, Maryland, for research, production and administrative space, and it is expected to continue into 2012. These expansion projects increase our fixed costs, resulting in higher operational costs in the future that will negatively impact our gross margin and operating income until we fully utilize the additional capacity of these planned facilities. We also continue to upgrade our operating and financial systems and expand the geographic presence of our operations, which has resulted in the hiring of new employees as well as increased responsibilities for both existing and new management personnel. The rapid expansion of our business and the addition of new personnel may place a strain on our management and operational systems.

Our future operating results will depend on the ability of our management to continue to implement and improve our research, product development, manufacturing, sales and marketing and customer support programs, enhance our operational and financial control systems, expand, train and manage our employee base, integrate acquired businesses, and effectively address new issues related to our growth as they arise. There can be no assurance that we will be able to manage our recent or any future expansion or acquisitions successfully, and any inability to do so could have a material adverse effect on our results of operations.

Our acquisitions expose us to new risks, and we may not achieve the anticipated benefits of acquisitions of technologies and businesses.

During the past several years, we have acquired and integrated a number of companies through which we have gained access to technologies and products that complement our internally developed product lines. In the future, we may acquire additional technologies, products or businesses to expand our operations. Acquisitions expose us to new operating and other risks, including risks associated with the:

- assimilation of new products, technologies, operations, sites and personnel;
- application for and achievement of regulatory approvals or other clearances;
- diversion of resources from our existing business and technologies;
- generation of sales to offset associated acquisition costs;
- implementation and maintenance of uniform standards and effective controls and procedures;
- maintenance of relationships with employees and customers and integration of new management personnel;
- issuance of dilutive equity securities;
- incurrence or assumption of debt;
- amortization or impairment of acquired intangible assets or potential businesses; and
- exposure to liabilities of and claims against acquired entities.

Our failure to address the above risks successfully in the future may prevent us from achieving the anticipated benefits from any acquisition in a reasonable time frame, or at all.

Our continued growth is dependent on the development and success of new products.

Rapid technological change and frequent new product introductions are typical in the markets we serve. Our future success will depend in part on continuous, timely development and introduction of new products that address evolving market requirements. We believe successful new product introductions provide a significant competitive advantage because customers make an investment of time in selecting and learning to use a new product and are reluctant to switch thereafter. To the extent that we fail to introduce new and innovative products, or such products suffer significant delays in development or are not accepted in the market, we may lose market share to our competitors, which will be difficult or impossible to regain. An inability to successfully develop and introduce new products, for technological or other reasons, could reduce our growth rate or otherwise have an adverse effect on our business. Important programs underway include the development and global rollout of our modular medium-throughput QIAsymphony platform, our next generation high throughput molecular testing QIAensemble platform and related sample and assay technologies. In the past we have experienced delays in the development and introduction of products, including regulatory approvals, and we may experience delays in the future.

Therefore, we cannot assure you that we will keep pace with the rapid rate of change in our markets or that our new products will adequately meet the requirements of the marketplace, achieve market acceptance or regulatory approval or compete successfully with competitive technologies. Some of the factors affecting market acceptance of new products include:

- availability, quality and price relative to competitive products;
- the timing of introduction of the new product relative to competitive products;
- opinions of the new products' utility;
- citation of the new product in published research;
- regulatory trends and approvals; and
- general trends in life sciences research, applied markets and molecular diagnostics.

The expenses or losses associated with unsuccessful product development activities or lack of market acceptance of our new products could materially adversely affect our business, financial condition and results of operations.

Our concentration of a large amount of revenues in a single product group and a small number of customers for that product increases our dependence on that product group's success, our reliance on our relationship with each of those customers, and our reliance on a diversification strategy.

We believe that contributions from sales of our HPV test product group may represent as much as 25% of our total net sales. While the ultimate decision to order this test is made by a physician in consultation with their patient, the test analysis is performed by reference laboratories, who in turn are the customers of QIAGEN in terms of ordering tests and related equipment. At present, a limited number of reference laboratories account for the majority of our sales for this product group. A significant reduction in sales of this product group may have a significant adverse impact on our results of operations. In times of economic hardship or high unemployment, as was the case in 2010, patients may decide to forego or delay routine tests. Further, the cost of HPV testing is reimbursed to reference laboratories by insurance providers and healthcare maintenance organizations. If these insurance companies decide to limit the availability of payments for our test to their members, it could have a significant adverse impact on our results of operations. It is possible that our dependence on sales from this product group will continue in the future. If we fail to diversify our product line grouping, we will continue to be at risk that the loss or under-performance of a single product, product group or customer may materially affect our results of operations.

Our sales of HPV products and our growth will be effected by the level of acceptance of and the market for HPV screening by physicians and laboratories.

Sales of our HPV-related molecular diagnostic products, and our ability to increase sales of this product group, depend upon greater acceptance by physicians and laboratories of the clinical benefits of HPV screening as a necessary part of the standard of care for screening women for risk of cervical cancer. This applies to the U.S. as well as Europe and various markets around the world. In particular, a key element of future sales growth includes greater adoption of HPV test products as a primary cervical cancer screening method, either alone or in conjunction with cytology-based tests (Pap tests). Pap tests have been the principal means of cervical cancer screening since the 1940s. The introduction of our HPV test

has been supported by major clinical data showing its significant benefits in better identifying women at risk for cervical cancer than to those who were only given a Pap test, and standards of care in the U.S. have been adopted to recommend HPV tests in conjunction with Pap tests. (These standards are also being adopted in other countries around the world.) However, technological advances designed to improve quality control over sample collection and preservation, as well as to reduce the susceptibility of Pap tests to human error, may increase physician reliance on the Pap test and solidify its market position as the most widely used screening test for cervical cancer. Approximately 60 million Pap tests are currently performed annually in the United States, and an estimated 60 to 100 million additional Pap tests are performed annually in the rest of the world.

HPV testing applies a new molecular-based technology and testing approach that is different from the cytology-based approach (reviewing cells under a microscope) of the Pap test. Significant resources are required to educate physicians and laboratories about the patient benefits that can result from using HPV test products in addition to the Pap test, and to assist laboratory customers in learning how to use our HPV test products. The addition of our HPV test products to the Pap test for primary screening in the United States may be seen by some customers as adding unnecessary expense to the generally accepted cervical cancer screening methodology. As a result, we must provide information to counteract these types of impressions on a case-by-case basis. If we are not successful in executing our marketing strategies, which focus on the proven significant benefits of HPV testing to identify women at risk for cervical cancer, we may not be able to maintain or continue to grow our market share for HPV testing.

We are working with physician and laboratory customers, and also with patient advocacy groups, to develop and establish the benefits of HPV screening to women. If we are not successful in this endeavor, we may not be able to maintain or grow the market for HPV screening or maintain or increase our HPV test revenues.

We may encounter delays in receipt, or limit in the amount, of reimbursement approvals and public health funding, which will impact our ability to grow revenues in these markets.

Outside the U.S., third-party payors are often reluctant to reimburse healthcare providers for the use of medical tests that involve new technologies or provide novel diagnostic information. In addition, third-party payors are increasingly limiting reimbursement coverage for medical diagnostic products and, in many instances, are exerting pressure on diagnostic product suppliers to reduce their prices. Since each third-party payor often makes reimbursement decisions on an individual patient basis, obtaining such approvals is a time-consuming and costly process that requires us to provide scientific and clinical data supporting the clinical benefits of each of our products. As a result, there can be no assurance that reimbursement approvals will be obtained. This process can delay the broad market introduction of new products, and could have a negative effect on our results of operations. As a result, outside the U.S., third-party reimbursement may not be consistent or financially adequate to cover the cost of our products. This could limit our ability to sell our products or cause us to reduce prices, which would adversely affect our results of operations.

Reduction in research and development budgets and government funding may result in reduced sales.

Our customers include researchers at pharmaceutical and biotechnology companies, academic institutions, and government and private laboratories. Fluctuations in the research and development budgets of these organizations could have a significant adverse effect on demand for our products. Research and development budgets are affected by changes in available resources, the mergers of pharmaceutical and biotechnology companies, changes in spending priorities and institutional budgetary policies. Our results of operations could be adversely affected by any significant decrease in expenditures for life sciences research and development by pharmaceutical and biotechnology companies, academic institutions, and government and private laboratories. In addition, short-term changes in administrative, regulatory or purchasing-related procedures can create uncertainties or other impediments that can have an adverse impact on our results of operations.

In recent years, the pharmaceutical and biotechnology industries have undergone substantial restructuring and consolidation. Additional mergers or consolidation within the pharmaceutical and biotechnology industries could cause us to lose existing customers and potential future customers, which could have a material adverse impact on our results of operations.

A significant portion of our sales are generated from demand for our products from researchers at universities, government laboratories and private foundations, and whose funding is dependent upon grants from government agencies, such as the U.S. National Institutes of Health (NIH). Although the level of research funding has been increasing in recent years, we cannot assure you that this trend will continue, in particular in the U.S. given budget constraints caused by challenging economic conditions. Government funding of research and development is subject to the political process, which is inherently unpredictable. Future sales may be adversely affected if our customers delay purchases as a result of uncertainties regarding the approval of government or industrial budget proposals. Also, government proposals to reduce or eliminate budgetary deficits have sometimes included reduced allocations to the NIH and government agencies in other countries that fund life sciences research and development activities. A reduction in government funding for the NIH or other government research agencies in other countries could have a serious adverse impact on our results of operations.

Competition could reduce our sales.

We face various competitive factors against greater adoption of our products, in particular the use of “home-brew” methods, where widely available reagents and other chemicals are used in a non-standardized manner to perform sample and assay processing. We are also aware that a significant number of laboratory organizations and competitor companies are developing and using their own internally developed molecular assay tests. Some competitor companies may seek regulatory approvals from the U.S. Food and Drug Administration (FDA) or similar non-U.S. regulatory authorities and bring to the market alternative products that could limit the use of our products. The success of our business depends in part on the continued conversion of current users of “home brew” methods to our standardized sample and assay technologies and products. There can be no assurance, however, as to the continued conversion of these potential customers.

We have experienced, and expect to continue to experience, increasing competition in various segments of our business from companies that provide competitive pre-analytical solutions and also other products used by our customers. The markets for some of our products are very competitive and price sensitive. Other product suppliers may have significant advantages in terms of financial, operational, sales and marketing resources as well as experience in research and development. These companies may have developed, or could develop in the future, new technologies that compete with our products or even render our products obsolete. The development of products offering superior technology or a more cost-effective alternative to our products could have a material adverse effect on our results of operations.

We believe that customers in the market for pre-analytical solutions and assay technologies display a significant amount of loyalty to their initial supplier of a particular product, in particular given the time and expense required by customers to properly implement these products into their operations. As a result,, it may be difficult to convert customers who have purchased products from competitors, and our competitive position may suffer if we are unable to be the first to develop and supply new products.

Global economic conditions could adversely affect our business, results of operations and financial condition.

Our results of operations could be materially affected by adverse general conditions in the global economy and global financial markets. In times of economic hardship or high unemployment, patients may decide to forego or delay routine tests, in particular for our HPV test used to screen women for risk of cervical cancer. Changes in the availability or reimbursement of our molecular diagnostic testing products by insurance providers and healthcare maintenance organizations could also have a significant adverse impact on our results of operations.

Access to financing in the global financial markets has also been adversely affected for many businesses during the recent challenging economic times. Our customers may face internal financing pressures that adversely impact spending decisions and the ability to purchase our products. A severe or prolonged economic downturn could result in a variety of risks to our business that would adversely impact our results of operations, including the reduction or delay in planned improvements to healthcare systems in various countries, the reduction of funding for life sciences research, and intensified efforts by governments and healthcare payors regarding cost-containment efforts.

As is the case for many businesses, we face the following risks in regard to financial markets:

- severely limited access to financing over an extended period of time, which may limit our ability to fund our growth strategy and could result in delays to capital expenditures, acquisitions or research and development projects;
- further failures of currently solvent financial institutions, which may cause losses from our short-term cash investments or our hedging transactions due to a counterparty’s inability to fulfil its payment obligations
- inability to refinance existing debt at competitive rates, reasonable terms or sufficient amounts; and
- increased volatility or adverse movements in foreign currency exchange rates.

Risks Related to the Development, Manufacture and Distribution of Our Products

We depend on suppliers for materials used to manufacture our products, and if shipments from these suppliers are delayed or interrupted, we may be unable to manufacture our products.

We buy materials to create our products from a number of suppliers and are not dependent on any one supplier or group of suppliers for our business as a whole. However, key components of certain products, including certain instrumentation components and chemicals, are available only from a single source. If supplies from these vendors are delayed or interrupted for any reason, we may not be able to obtain these materials timely or in sufficient quantities or qualities in order to produce certain products, and this could have an adverse impact on our results of operations.

We rely on collaborative commercial relationships to develop some of our products.

Our long-term business strategy involves entering into strategic alliances as well as marketing and distribution arrangements with academic, corporate and other partners relating to the development, commercialization, marketing and distribution of certain of our existing and potential products. We may be unable to continue to negotiate these collaborative arrangements on acceptable terms, and these relationships also may not be scientifically or commercially successful. In addition, we may be unable to maintain these relationships, and our collaborative partners may pursue or develop competing products or technologies, either on their own or in collaboration with others.

Some of our customers are requiring us to change our sales arrangements to lower their costs which may limit our pricing flexibility and harm our business

Some of our customers have developed purchasing initiatives to reduce the number of vendors from which they purchase products to lower their supply costs. In some cases, these customers have established agreements with large distributors, which include discounts and direct involvement in the distributor's purchasing process. These activities may force us to supply large distributors with our products at discounts in order to continue providing products to some customers. For similar reasons, many larger customers, including the U.S. government, have requested, and may request in the future, special pricing arrangements, which can include blanket purchase agreements. These agreements may limit our pricing flexibility, which could harm our business and affect our results of operations. For a limited number of customers, and at the customer's request, we have conducted sales transactions through third-party online intermediaries to whom we are required to pay commissions. If sales grow through these intermediaries, it could have an adverse impact on our results of operations, particularly a negative impact on our gross margin.

The time and expense needed to obtain regulatory approval and respond to changes in regulatory requirements could adversely affect our ability to commercially distribute our products and generate sales.

We and our customers operate in a highly regulated environment characterized by continuous changes in the governing regulatory framework, particularly for product approvals. Genetic research activities and products commonly referred to as "genetically engineered" (such as certain food and therapeutic products) are subject to extensive governmental regulation in most developed countries, especially in the

major markets for pharmaceutical and diagnostic products such as the European Union, the U.S. and Japan. In recent years, several highly publicized scientific events (most notably in genomic research and “cloning”) have prompted intense public debates on the ethical, philosophical and religious implications of an unlimited expansion in genetic research and the use of products emerging from this research. As a result of this debate, some key countries may increase existing regulatory barriers, which could adversely affect demand for our products and prevent us from fulfilling our growth expectations. Furthermore, there can be no assurance that any future changes of applicable regulations will not require further expenditures or an alteration, suspension or liquidation of our operations in certain areas, or even in their entirety.

Changes in the existing regulations or adoption of new requirements or policies could adversely affect our ability to sell our approved products or to seek approvals for new products in other countries around the world. Future sales of certain products now in development may be dependent upon us conducting pre-clinical studies, clinical trials and other tasks required to gain regulatory approvals. These trials could be subject to extensive regulation by governmental authorities in the U.S., particularly the FDA, and regulatory agencies in other countries with similar responsibilities. These trials involve substantial uncertainties and could impact customer demand for our products.

In addition, certain products, especially those intended for use in in vitro diagnostics applications, require regulatory approvals in various countries. For example, since the European Union Directive 98/79/EC on in vitro diagnostic medical devices, or EU-IvD-D, went into effect on December 7, 2003, all products and kits used for in vitro diagnostic applications must be compliant with this directive. In addition to high-risk products such as HIV testing systems (list A of Annex II of the directive) or blood glucose testing systems (list B of Annex II of the directive), nucleic acid purification products, which are used in diagnostic workflows, are affected by this regulatory framework. The major goals of this directive are to standardize diagnostic procedures within the European Union, to increase reliability of diagnostic analysis and to enhance patient safety through the highest level of product safety. Our failing to obtain any required clearance or approvals may significantly damage our business in these markets.

Additionally, we may be required to incur significant costs to comply with laws and regulations in the future, and changes or additions to existing laws or regulations may have a material adverse effect upon our business, financial condition and results of operations.

Several of our key products and programs are medical devices subject to extensive regulation by the FDA under the Federal Food, Drug and Cosmetic Act. We plan to apply for FDA clearance or approval of additional products in the future as medical devices. Regulatory agencies in other countries also have medical device approval regulations that are becoming more extensive. These regulations govern most commercial activities associated with medical devices, including indications for the use of these products as well as other aspects that include product development, testing, manufacturing, labeling, storage, recordkeeping, advertising and promotion. Compliance with these regulations is expensive and time-consuming. Our HPV products were the first to obtain regulatory approval in the U.S. and in many European countries for clinical use in screening women for cervical cancer, which adds to our marketing expenses and increases the degree of regulatory review and oversight. The expense of submitting regulatory approval applications in multiple countries, as compared to our available resources, will impact the decisions we make about entering new markets.

Each medical device that we wish to distribute commercially in the U.S. will likely require us to seek either 510(k) clearance or approval of a pre-market approval application (PMA) from the FDA prior to marketing the device for in-vitro diagnostic use. Clinical trials related to our regulatory submissions take years to complete and represent a significant expense. The 510(k) clearance pathway usually takes from three to twelve months, but can take even longer. The PMA pathway is more costly, lengthy and uncertain, and can take from one to three years, or even longer. For example, it took more than four years to receive pre-market approval from the FDA for our HPV test product for use as a test for the presence of HPV in women with equivocal Pap test results and pre-market approval to the use of our HPV test as a primary adjunctive cervical cancer screening test to be performed in combination with the Pap test for women age 30 and older. The uncertain time period required for regulatory review increases our costs to develop new products and increases the risk that we will not succeed in introducing or selling new products in the U.S.

Our cleared or approved devices, including our diagnostic tests and related equipment, are subject to numerous post-approval requirements. We are subject to inspection and marketing surveillance by the FDA to determine our compliance with regulatory requirements. If the FDA determines that we have failed to comply, it can institute a wide variety of enforcement actions, ranging from warning letters to more severe sanctions such as fines, injunctions and civil penalties, recalls or seizures of our products, operating restrictions, partial suspension or total shutdown of production, denial of our requests for 510(k) clearance or pre-market approval of product candidates, withdrawal of 510(k) clearance or pre-market approval already granted and criminal prosecution. Any enforcement action by the FDA may affect our ability to commercially distribute these products in the U. S.

Some of our test kits are sold for research use only in the U.S. We do not promote these tests for clinical diagnostic use, and they are labeled “For Research Use Only” (RUO). If the FDA were to disagree with our designation of a product as ROU, we could be forced to stop selling the product until appropriate regulatory clearance or approval has been obtained.

We heavily rely on air cargo carriers and other overnight logistics services, and shipping delays or interruptions could harm our business.

Our customers in the scientific research markets typically only keep a modest inventory of our products on hand, and consequently require overnight delivery of purchases. As a result, we heavily rely on air cargo carriers and logistic suppliers. If overnight services are suspended or delayed, and other delivery carriers and logistic suppliers cannot provide satisfactory services, customers may suspend a significant amount of their work requiring nucleic acid purification. The lack of adequate delivery alternatives would have a serious adverse impact on our results of operations.

Risks Related to Our Operations

Our success depends on the continued employment of our key personnel, any of whom we may lose at any time.

Our senior management consists of an Executive Committee comprised of the Managing Directors and our most senior executives responsible for core functions, and led by Mr. Peer Schatz, our Chief Executive Officer. The loss of Mr. Schatz or any of our Managing Directors could have a material adverse effect on us. Further, although we have not experienced any difficulties attracting or retaining key

management and scientific staff, our ability to recruit and retain qualified, skilled employees will continue to be critical to our success. Given the intense competition for experienced scientists among pharmaceutical and biotechnology companies as well as academic and other research institutions, there can be no assurance that we will be able to attract and retain employees critical to our success on acceptable terms. Our initiatives to expand QIAGEN will also require additional employees, including management with expertise in areas such as manufacturing and marketing, and the development of existing managers to lead a growing organization. The failure to recruit new employees, or develop existing employees, could have a material adverse impact on our results of operations.

Our ability to accurately forecast our results during each quarter may be negatively impacted by the fact that a substantial percentage of our sales may be recorded in the final weeks or days of the quarter.

The markets we serve are characterized by a high percentage of purchase orders being received in the final few weeks or even days of each quarter. Although this varies from quarter to quarter, many customers make a large portion of their purchase decisions late in each quarter, in particular since it is during this period that they receive new information on both their budgets and requirements. As a result, even late in each quarter, we cannot predict with certainty whether our sales forecasts for the quarter will be achieved.

Changes in tax laws or their application could adversely affect our results of operations.

The integrated nature of our worldwide operations enables us to reduce the effective tax rate on our earnings since a portion of our earnings are taxed at more favorable rates in some jurisdictions. Changes in tax laws or their application with respect to matters such as changes in tax-rates, transfer pricing, intercompany dividends, controlled corporations, and limitations on tax relief allowed on the interest on intercompany debt, could increase our effective tax rate and adversely affect our results of operations.

The U.S. health care reform law could affect our business, profitability and stock price.

Comprehensive healthcare reform legislation was signed into law in the U.S. in 2010. Although we cannot fully predict the many ways in which this healthcare reform might affect our business, the law imposes a 2,3% excise tax on certain transactions, including many sales of medical devices, which we expect will include the U.S. sales of our assays and instruments. This tax is scheduled to take effect in 2013. The increased tax burden may adversely affect our results of operations.

We have a significant amount of long-term debt which may adversely affect our financial condition.

We have a significant amount of debt, which creates significant debt service obligations. A high level of indebtedness increases the risk that we may default on our debt obligations. We cannot assure you that we will be able to generate sufficient cash flow to pay the interest on our debt or that future working capital, borrowings or equity financing will be available to repay or refinance our debt. If we are unable to generate sufficient cash flow to pay the interest on our debt, we may have to delay or curtail our research and development programs. The level of our indebtedness could, among other things:

• make it difficult for us to make required payments on our debt;

• make it difficult for us to obtain any financing in the future for working capital, capital expenditures, debt service requirements or other purposes;

• limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and

• make us more vulnerable in the event of a downturn in our business.

Our business may require substantial additional capital, which we may not be able to obtain on terms acceptable to us, if at all.

Our future capital requirements and level of expenses will depend upon numerous factors, including the costs associated with:

• marketing, sales and customer support efforts;

• research and development activities;

• expansion of our facilities;

• consummation of possible future acquisitions of technologies, products or businesses;

• demand for our products and services; and

• repayment or refinancing of debt.

We currently anticipate that our short-term capital requirements will be satisfied by cash flow from our operations. However, as of December 31, 2010, we had outstanding loan facilities of approximately US$ 425,0 million, of which US$ 75,0 million will become due in July 2011, and US$ 350,0 million will become due in July 2012. As of December 31, 2010, we also had additional long-term debt obligations of US$ 445,0 million, of which US$ 145,0 million will become due no earlier than July 2012, and US$ 300,0 million will become due in November 2012 as well as long-term debt of US$ 3,0 million which is due in June 2019 with repayments starting in 2011. Furthermore, as of December 31, 2010, we have finance lease obligations, including the current portion, of US$ 26,9 million, that expire in various years through 2018. We may need to refinance all or part of these liabilities before or at their contractual maturities.

We currently do not foresee that this will happen, but if at some point in time our existing resources should be insufficient to fund our activities, we may need to raise funds through public or private debt or equity financings. The funds for the refinancing of the existing liabilities or for the ongoing funding of our business may not be available or, if available, not on terms acceptable to us. If adequate funds were not available, we may be required to reduce or delay expenditures for research and development, production, marketing, capital expenditures and/or acquisitions, which could have a material adverse effect on our business and results of operations. To the extent that additional capital is raised through the sale of equity or convertible securities, the issuance of any securities could result in dilution to our shareholders.

An impairment of goodwill and intangible assets could reduce our earnings.

At December 31, 2010, our consolidated balance sheet reflected approximately US$ 1,4 billion of goodwill and approximately US$ 873,9 million of intangible assets. Goodwill is recorded when the purchase price of a business exceeds the fair market value of the tangible and separately measurable intangible net assets. IFRS generally requires us to test goodwill for impairment on an annual basis or when events or circumstances occur indicating that goodwill might be impaired. Long-lived assets, such as intangible assets with finite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If we determine that any of our goodwill or intangible assets were impaired, we would be required to take an immediate charge to earnings.

Our strategic equity investments may result in losses.

We have made, and may continue to make, strategic investments in complementary businesses as opportunities arise. We periodically review the carrying value of these investments for impairment, considering factors that include the most recent stock transactions, book values from the most recent financial statements, and forecasts and expectations of the investee. The results of these valuations may fluctuate due to market conditions and other conditions over which we have no control.

Estimating the fair value of non-marketable equity investments in life science companies is inherently subjective. If actual events differ from our assumptions and other than temporary unfavorable fluctuations in the valuations of the investments are indicated, it could require a write-down of the investment. This could result in future charges on our earnings that could materially adversely affect our results of operations. It is uncertain whether or not we will realize any long-term benefits from these strategic investments.

Risk of price controls is a threat to our profitability.

The ability of many of our customers to successfully market their products depends in part on the extent to which reimbursement for the costs of these products is available from governmental health administrations, private health insurers and other organizations. Governmental and other third-party payors are increasingly seeking to contain healthcare costs and to reduce the price of medical products and services. As a result, the biotechnology, diagnostics and pharmaceutical industries are exposed to the potential risk of price controls by these entities. If there are not adequate reimbursement levels, our business and results of operations could be adversely affected.

Risks Related to Our Global Operations

Doing business internationally creates certain risks for our business.

Our business involves operations in several countries outside of the U.S.. Our consumable manufacturing facilities are located in Germany, China and the U.S., and our instrumentation facilities are located in Switzerland. We have established sales subsidiaries in numerous countries including the U.S., Germany, Japan, the United Kingdom, France, Switzerland, Australia, Canada, the Netherlands, Sweden, Italy, Hong Kong, Singapore, Turkey, Korea, Malaysia, China, Spain, Brazil, Mexico and India. In addition, our products are sold through independent distributors serving more than 40 other countries. Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. We have invested heavily in computerized information systems in order to manage more efficiently the widely dispersed components of our operations. If we fail to coordinate and manage these activities effectively, our business and results of operations will be adversely affected.

Our operations are subject to other risks inherent in international business activities, such as general economic conditions in the countries in which we operate, overlap of different tax structures, unexpected changes in regulatory requirements, compliance with a variety of foreign laws and regulations, and longer accounts receivable payment cycles in certain countries. Other risks associated with international operations include import and export licensing requirements, trade restrictions, exchange controls and changes in tariff and freight rates. As a result of these conditions, an inability to successfully manage our international operations could have a material adverse impact on our business and results of operations.

Our business in countries with a history of corruption and transactions with foreign governments increase the risks associated with our international activities.

Based on our international operations, we are subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by business entities for the purpose of obtaining or retaining business. We have operations, agreements with third parties and make sales in countries known to experience corruption. Further international expansion may involve increased exposure to such practices. Our activities in these countries creates the risk of unauthorized payments or offers of payments by one of our employees, consultants, sales agents or distributors that could be in violation of various laws, including the FCPA, even though these parties are not always subject to our control. It is our policy to implement safeguards to discourage these practices by our employees and distributors. However, our existing safeguards and any future improvements may not prove to be effective, and our employees, consultants, sales agents or distributors may engage in conduct for which we might be held responsible. Violations of the FCPA and other laws may result in criminal or civil sanctions, which could be severe, and we may be subject to other liabilities, which could negatively affect our business, results of operations and financial condition.

Exchange rate fluctuations may adversely affect our business and operating results.

Since we currently market our products in over 40 countries throughout the world, a significant portion of our business is conducted in currencies other than the U.S. dollar, our reporting currency. As a result, fluctuations in value, relative to the U.S. dollar, of the currencies in which we conduct our business have caused and will continue to cause foreign currency transaction gains and losses. Foreign currency transaction gains and losses arising from normal business operations are charged against earnings in the period when incurred. We hedge a portion of the anticipated cash flow that we expect to exchange into other currencies, subject to our short-term financing needs. Due to the number of currencies involved, the variability of currency exposures and the potential volatility of currency exchange rates, we cannot predict the effects of exchange rate fluctuations upon future operating results. While we engage in foreign exchange hedging transactions to manage our foreign currency exposure, there can be no assurance that our hedging strategy will adequately protect our operating results from the effects of future exchange rate fluctuations.

We have made investments in and are expanding our business into emerging markets and regions, which exposes us to new risks.

We have recently expanded our business into emerging markets in Asia and South America, and we expect to continue to focus on expanding our business in these fast-growing markets. In addition to the currency and international operation risks described above, our international operations are subject to a variety of risks that include those arising out of the economy, political outlook and language and cultural barriers in countries where we have operations or do business. In many of these emerging markets, we may be faced with several risks that are more significant than in other countries in which we have a history of doing business. These risks include economies that may be dependent on only a few products and are therefore subject to significant fluctuations, weak legal systems which may affect our ability to enforce contractual rights, exchange controls, unstable governments, and privatization or other government actions affecting the flow of goods and currency. In conducting our business, we move products from one country to another and may provide services in one country from a subsidiary located in another country. Accordingly, we are vulnerable to abrupt changes in customs and tax regimes that could have significant negative impacts on our results of operations.

Our global operations may be affected by actions of governments, global or regional economic developments, weather or transportation delays, natural disasters or other force majeure events (collectively, unforeseen events) which may negatively impact our suppliers, our customers or us.

Our business involves operations around the world. Our consumable manufacturing facilities are located in Germany, China and the U.S., and our instrumentation facilities are located in Switzerland. We have established sales subsidiaries in numerous countries and our products are sold through independent distributors serving more than 40 additional countries. Our facilities may be harmed by unforeseen events, and in the event we or our customers are affected by a disaster, we may experience delays or reductions in sales or production, or increased costs, or may be required to identify alternate suppliers or rely on third-party manufacturers.

Our instrumentation manufacturing processes are dependent upon certain components provided by third-party suppliers located in Japan. We may experience temporary shortages of these components due to disruptions in supply caused by the earthquake and tsunami that hit Japan in March 2011. As a result, to the extent that our suppliers are impacted by these events, we may experience periods of reduced instrumentation production. These unexpected interruptions in our instrumentation production capabilities may lead to delayed or lost sales and may adversely affect our results of operations for the affected period.

If the recovery of our suppliers in Japan does not occur in a reasonable time frame, we may be forced to procure sourced products or materials from alternative suppliers, and we may not be able to do so on terms as favorable as our current terms or at all. Material increases in the cost of components would have an adverse impact on our operating performance and cash flows if we were unable to pass on these increased costs to our customers.

In addition, to the extent we temporarily shutdown any facility following such an unforeseen event, we may experience disruptions in our ability to ship products to customers or otherwise operate our business as a result of the unforeseen event. While our global operations give us the ability to ship product from alternative sites, we may not be able to do so because our customers' facilities are shutdown or the local logistics infrastructure is not functioning, and our sales will suffer. We are currently evaluating the potential impact of Japan's earthquake and tsunami on our local and global sales.

Damage to our property due to unforeseen events and the disruption of our business from casualties may be covered by insurance, but this insurance may not be sufficient to cover all of our potential losses and such insurance may not continue to be available to us on acceptable terms, or at all. In addition, we may incur incremental costs following an unforeseen event which will reduce profits and adversely affect our results of operations.

Risks Related to our Intellectual Property

We depend on patents and proprietary rights that may fail to protect our business.

Our success depends to a large extent on our ability to develop proprietary products and technologies and to establish and protect our patent and trademark rights in these products and technologies. As of December 31, 2010, we owned 169 issued patents in the United States, 130 issued patents in Germany and 653 issued patents in other major industrialized countries. In addition, at December 31, 2010, we had 975 pending patent applications, and we intend to file applications for additional patents as our products and technologies are developed. The patent positions of technology-based companies, including our company, involve complex legal and factual questions and may be uncertain, and the laws governing the scope of patent coverage and the periods of enforceability of patent protection are subject to change. In addition, patent applications in the United States are maintained in secrecy until patents issue, and publication of discoveries in the scientific or patent literature tends to lag behind actual discoveries by several months. Therefore, no assurance can be given that patents will issue from any patent applications that we own or license or if patents do issue, that the claims allowed will be sufficiently broad to protect our technology. In addition, no assurance can be given that any issued patents that we own or license will not be challenged, invalidated or circumvented, or that the rights granted thereunder will provide us

competitive advantages. Further, as issued patents expire, we may lose some competitive advantage as others develop competing products and as a result, we may lose revenue.

A significant portion of HPV-related intellectual property is in the public domain, while additional HPV-related intellectual property is subject to our patents some of which will begin to expire in the next few years or are licensed to us on a non-exclusive basis. As a result, other companies have developed or may develop HPV detection tests.

Certain of our products incorporate patents and technologies that are licensed from third parties and for certain products, these in-licensed patents together with other patents provide us with a competitive advantage. These licenses impose various commercialization, sublicensing and other obligations on us. Our failure to comply with these requirements could result in the conversion of the applicable license from being exclusive to non-exclusive in nature or, in some cases, termination of the license, and as a result, we may lose some competitive advantage and experience a loss of revenue.

We also rely on trade secrets and proprietary know-how, which we seek to protect through confidentiality agreements with our employees and consultants. There can be no assurance that any confidentiality agreements that we have with our employees, consultants, outside scientific collaborators and sponsored researchers and other advisors will provide meaningful protection for our trade secrets or adequate remedies in the event of unauthorized use or disclosure of such information. There also can be no assurance that our trade secrets will not otherwise become known or be independently developed by competitors.

We currently engage in, and may continue to engage in, collaborations with academic researchers and institutions. There can be no assurance that under the terms of such collaborations, third parties will not acquire rights in certain inventions developed during the course of the performance of these collaborations.

We are subject to risks associated with patent litigation.

The biotechnology industry has been characterized by extensive litigation regarding patents and other intellectual property rights. We are aware that patents have been applied for and/or issued to third parties claiming technologies for the separation and purification of nucleic acids that are closely related to those we use. From time to time, we receive inquiries requesting confirmation that we do not infringe patents of third parties. We endeavor to follow developments in this field, and we do not believe that our technologies or products infringe any proprietary rights of third parties. However, there can be no assurance that third parties will not challenge our activities and, if so challenged, that we will prevail. In addition, the patent and proprietary rights of others could require that we alter our products or processes, pay licensing fees or cease certain activities, and there can be no assurance that we will be able to license any technologies that we may require on acceptable terms. In addition, litigation, including proceedings that may be declared by the U.S. Patent and Trademark Office or the International Trade Commission, may be necessary to respond to any assertions of infringement, enforce our patent rights and/or determine the scope and validity of our proprietary rights or those of third parties. Litigation could involve substantial cost, and there can be no assurance that we would prevail in any proceedings.

Risks Related to Product Liability Issues

Our business exposes us to potential product liability.

The marketing and sale of our products and services for certain applications entail a potential risk of product liability. Although we are not currently subject to any material product liability claims, product liability claims may be brought against us in the future. Further, there can be no assurance that our products will not be included in unethical, illegal or inappropriate research or applications, which may in turn put us at risk of litigation. We carry product liability insurance coverage, which is limited in scope and amount, but that we believe is currently appropriate for us. There can be no assurance, however, that we will be able to maintain this insurance at a reasonable cost and on reasonable terms, or that this insurance will be adequate to protect us against any or all potential claims or losses.

We are subject to various laws and regulations generally applicable to businesses in the different jurisdictions in which we operate, including laws and regulations applicable to the handling and disposal of hazardous substances. We do not expect compliance with such laws to have a material adverse impact on our capital expenditures, results of operations or competitive position. Although we believe that our procedures for the handling and disposal of hazardous materials comply with the standards prescribed by applicable regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages that result, and any such liability could have a material adverse impact on us.

Risks Related to Our Common shares

Our operating results may vary significantly from period to period and this may affect the market price of our common shares.

Our operating results may vary significantly from quarter to quarter, and also from year to year, since they are dependent upon a broad range of factors that include demand for our products, the level and timing of customer research budgets and commercialization efforts, the timing of government funding budgets of our customers, the timing of our research and development activities and related regulatory approvals, the impact of sales and marketing expenses, the introduction of new products by us or our competitors, competitive market conditions, exchange rate fluctuations and general economic conditions. Our expense levels are based in part on our expectations as to future sales trends. As a result, sales and earnings may vary significantly from quarter to quarter or from year to year, and actual sales and earnings results in any one period will not necessarily be indicative of results to be anticipated in subsequent periods. Our results may also fail to meet or exceed the expectations of securities analysts or investors, which could cause a decline in the market price of our common shares.

Our holding company structure makes us dependent on the operations of our subsidiaries.

QIAGEN N.V. is incorporated under Dutch law as a public limited liability company (naamloze vennootschap), and is organized as a holding company. Currently, the material assets are the outstanding shares of the QIAGEN subsidiaries. As a result, QIAGEN N.V. is dependent upon payments, dividends and distributions from the subsidiaries for funds to pay operating and other expenses as well as to pay future cash dividends or distributions, if any, to holders of our common shares. Dividends or distributions

by subsidiaries in a currency other than the U.S. dollar may result in a loss upon a subsequent conversion into U.S. dollars.

United States civil liabilities may not be enforceable against us.

We are incorporated under Dutch law, and substantial portions of our assets are located outside of the U.S. In addition, certain members of our Managing and Supervisory Boards and our officers reside outside the U.S. As a result, it may be difficult for investors to effect service of process within the U.S. upon us or such other persons, or to enforce outside the U.S. any judgments obtained against such persons in U.S. courts, in any action, including actions predicated upon the civil liability provisions of U.S. securities laws.

In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the U.S., rights predicated upon the U.S. securities laws. There is no treaty between the U.S. and the Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. As a result, a final judgment for the payment of money rendered by any federal or state court in the U.S. based on civil liability, whether or not predicated solely upon the federal securities laws, would not be directly enforceable in the Netherlands. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in the Netherlands, such party may submit to the Dutch court the final judgment which has been rendered in the U.S. If the Dutch court finds that the jurisdiction of the federal or state court in the U.S. has been based on grounds that are internationally acceptable and that proper legal procedures have been observed, the Dutch court will, in principle, give binding effect to the final judgment which has been rendered in the U.S. unless such judgment contravenes Dutch principles of public policy. Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce against us, members of our Managing or Supervisory Boards, or officers who are residents of the Netherlands or countries other than the U.S. any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the federal securities laws. In addition, there is doubt as to whether a Dutch court would impose civil liability on us, the members of our Managing or Supervisory Boards, or our officers in an original action predicated solely upon the federal securities laws of the U.S. brought in a court of competent jurisdiction in the Netherlands against us or such members or officers, respectively.

Our common shares may have a volatile public trading price.

The market price of our common shares since our initial public offering in September 1996 has increased significantly and been highly volatile. In the last two years, the price of our common shares has ranged from a high of US$ 24,00 to a low of US$ 14,32 on NASDAQ, and a high of EUR 17,87 to a low of EUR 11,12 on the Frankfurt Stock Exchange. In addition to overall stock market fluctuations, factors that may have a significant impact on the price of our common shares include:

• announcements of technological innovations or the introduction of new products by us or our competitors;

• developments in our relationships with collaborative partners;

• quarterly variations in our operating results or those of our peer companies;

• changes in government regulations or patent laws;

• developments in patent or other property rights;

• developments in government spending budgets for life sciences-related research;

• general market conditions relating to the diagnostics, applied testing, pharmaceutical and biotechnology industries; and

• impact from foreign exchange rates.

The stock market has from time to time experienced extreme price and trading volume fluctuations that have particularly affected the market for technology-based companies. These fluctuations have not necessarily been related to the operating performance of these companies. These broad market fluctuations may adversely affect the market price of our common shares.

Holders of our common shares should not expect to receive dividend income.

We have not paid cash dividends since our inception and do not anticipate paying any cash dividends on our common shares for the foreseeable future. Although we do not anticipate paying any cash dividends, the distribution of any cash dividends in a currency other than the U.S. dollar will be subject to the risk of foreign currency transaction losses. Investors should not invest in our common shares if they are seeking dividend income; the only return that may be realized through investing in our common shares would be through an appreciation in the share price.

Shareholders who are United States residents could be subject to unfavorable tax treatment.

We may be classified as a “passive foreign investment company,” or a PFIC, for U.S. federal income tax purposes if certain tests are met. Our treatment as a PFIC could result in a reduction in the after-tax return to holders of common shares and would likely cause a reduction in the value of these shares. If we were determined to be a PFIC for U.S. federal income tax purposes, highly complex rules would apply to our U.S. shareholders. We would be considered a PFIC with respect to a U.S. shareholder if for any taxable year in which the U.S. shareholder held the common shares, either (i) 75% or more of our gross income for the taxable year is passive income; or (ii) the average value of our assets (during the taxable year) which produce or are held for the production of passive income is at least 50% of the average value of all assets for such year. Based on our income, assets and activities, we do not believe that we were a PFIC for U.S. federal income tax purposes for our taxable year ended December 31, 2010, and do not expect to be a PFIC for the current taxable year or any future taxable year. No assurances can be made, however, that the Internal Revenue Service will not challenge this position or that we will not subsequently become a PFIC.

Future sales and issuances of our common shares could adversely affect our stock price.

Any future sale or issuance of a substantial number of our common shares in the public market, or any perception that a sale may occur, could adversely affect the market price of our common shares. Under Dutch law, a company can issue shares up to its authorized share capital provided for in its Articles of Association. Pursuant to our Articles of Association, our authorized share capital amounts to EUR 9,0 million, which is divided into 410,0 million common shares – 40,0 million financing preference shares and 450,0 million preference shares – with all shares having a EUR 0,01 par value. As of December 31, 2010, a total of approximately 233,1 million common shares were outstanding along with

approximately 11,7 million additional shares reserved for issuance upon exercise or release of outstanding stock options and awards, of which 6.3 million were vested. A total of approximately 14,3 million common shares are reserved and available for issuances under our stock plans as of December 31, 2010, including the shares subject to outstanding stock options and awards. The majority of our outstanding common shares are free for sale, except shares held by our affiliates, which are subject to certain limitations on resale. Additionally, holders of notes issued by QIAGEN Finance (Luxembourg) S.A. and QIAGEN Euro Finance (Luxembourg) S.A. are entitled to convert their notes into approximately 26,5 million common shares, subject to adjustments in certain cases.

Provisions of our Articles of Association and Dutch law and an option we have granted may make it difficult to replace or remove management and may inhibit or delay a takeover.

Our Articles of Association, or Articles, provide that our shareholders may only suspend or dismiss our Managing Directors and Supervisory Directors against their wishes with a vote of two-thirds of the votes cast if such votes represent more than 50% of our issued share capital. If the proposal were made by the joint meeting of the Supervisory Board and the Managing Board, a simple majority is sufficient. The Articles also provide that if the members of our Supervisory Board and our Managing Board have been nominated by the joint meeting of the Supervisory Board and Managing Board, shareholders may only overrule this nomination with a vote of two-thirds of the votes cast if such votes represent more than 50% of our issued share capital.

Certain other provisions of our Articles allow us, under certain circumstances, to prevent a third party from obtaining a majority of the voting control of our common shares through the issuance of Preference Shares. Pursuant to our Articles and the resolution adopted by our General Meeting of Shareholders on October 11, 2007, our Supervisory Board is entitled to issue Preference Shares in case of an intended takeover of our company by (i) any person who alone or with one or more other persons, directly or indirectly, have acquired or given notice of an intent to acquire (beneficial) ownership of an equity stake which in aggregate equals 20% or more of our share capital then outstanding or (ii) an “adverse person” as determined by the Supervisory Board. If the Supervisory Board opposes an intended takeover and authorizes the issuance of Preference Shares, the bidder may withdraw its bid or enter into negotiations with the Managing Board and/or Supervisory Board and agree on a higher bid price for our Shares.

In 2004, we granted an option to the Stichting Preferente Aandelen QIAGEN, or the Foundation (Stichting), subject to the conditions described in the paragraph above, which allows the Foundation to acquire Preference Shares from us. The option enables the Foundation to acquire such number of Preference Shares as equals the number of our outstanding common shares at the time of the relevant exercise of the option, less one Preference Share. When exercising the option and exercising its voting rights on these Preference Shares, the Foundation must act in our interest and the interests of our stakeholders. The purpose of the Foundation option is to prevent or delay a change of control that would not be in the best interests of us and our stakeholders. An important restriction on the Foundation’s ability to prevent or delay a change of control is that a public offer must be announced by a third party before it can issue (preference or other) protective shares that would enable the Foundation to exercise rights to 30% or more of the voting rights without an obligation to make a mandatory offer for all shares held by the remaining shareholders. In addition, the holding period for these shares by the Foundation is restricted to two years, and this protective stake must fall below the 30% voting rights threshold before the two-year period ends.

Reporting in accordance with Directive 2004/25/EC of the European Parliament and of the Council of April 21. 2004, on takeover bids

Structure of our capital, including securities which are not admitted to trading on a regulated market in a Member State of the European Union

The authorized classes of our shares consist of common shares, Financing Preference Shares and Preference Shares. No Financing Preference Shares or Preference Shares have been issued.

As of December 31, 2010, we had outstanding approximately 233,1 million common shares plus approximately 11,7 million additional shares reserved for issuance upon exercise or release of outstanding stock options and awards, of which 6,3 million were vested. A total of approximately 14,3 million common shares are reserved and available for issuances under our stock plans as of December 31, 2010, including those shares subject to outstanding stock options and awards. The majority of our outstanding common shares are freely saleable except shares held by our affiliates, which are subject to certain limitations on resale. Additionally, holders of notes issued by QIAGEN Finance (Luxembourg) S.A. and QIAGEN Euro Finance (Luxembourg) S.A. are entitled to convert their notes into approximately 26,5 million common shares, subject to adjustments in certain cases.

Restrictions on the transfer of securities

Common shares are issued in registered form only. Common shares are available either without issue of a share certificate, or Type I shares, or with issue of a share certificate, or Type II shares, in either case in the form of an entry in the share register. At the discretion of the Supervisory Board, Type I shares may be issued and the holders of such Type I shares will be registered in either our shareholders register with American Stock Transfer & Trust Company, or New York Transfer Agent, our transfer agent and registrar in New York, or our shareholder register with TMF FundServices B.V., Westblaak 89, NL-3012 KG Rotterdam, the Netherlands. The Type II shares are registered with our New York Transfer Agent.

The transfer of registered shares requires that we issue a written instrument of transfer and the written acknowledgement of such transfer (or, in the case of Type II shares, the New York Transfer Agent (in our name)), and surrender of the share certificates, if any, to us or (in our name) to the New York Transfer Agent. Upon surrender of a share certificate for the purpose of transfer of the relevant shares, we (or the New York Transfer Agent in our name) acknowledge the transfer by endorsement on the share certificate or by issuance of a new share certificate to the transferee, at the discretion of the Managing Board.

Significant direct and indirect shareholdings

The following table sets forth certain information as of December 31, 2010, concerning the ownership of common shares of each holder of greater than five percent ownership. None of these holders have any different voting rights than other holders of our common shares.

Name and Country of Residence	**Shares Beneficially Owned Number[2)]**	**Percent Ownership[1)]**
FMR LLC, United States	19.566.784	8,39%

(1) The percentage ownership was calculated based on 233.114.715 common shares issued and outstanding as of December 31, 2010.

(2) Of the 19.556.784 shares attributed to FMR LLC, it has sole voting power over 2,.572.791 shares and sole dispositive power over all 19.566.784 shares. Such voting and dispositive power is also attributable to Edward C. Johnson III by virtue of his position, Chairman, and ownership interests in FMR LLC, and to members of Mr. Johnson's family by virtue of their ownership interests in FMR LLC. This information is based solely on the Schedule 13G filed jointly by FMR LLC, Edward C. Johnson III, and Fidelity Management and Research Company with the Securities and Exchange Commission on February 14, 2011, which reported ownership as of December 31, 2010. FMR Corp. reported that it beneficially owned 29.296.616 shares representing 12,62% of the total common shares issued and outstanding at December 31, 2009 and 23.079.319 shares representing 11,67% of the total common shares issued and outstanding at December 31, 2008.

Our common stock is traded on the NASDAQ Global Select Market in the United States, and on the Prime Standard Segment of the Frankfurt Stock Exchange in Germany. A significant portion of our shares are held in street name, therefore we generally have no way of determining who our shareholders are, their geographical location or how many shares a particular shareholder owns. As of January 24, 2011 there were 207 shareholders of record of our common shares.

Holders of any securities with special control rights

Not applicable.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

Not applicable.

Restrictions on voting rights

At the General Meeting, each share shall confer the right to cast one vote, unless otherwise provided by law or the Articles. No votes may be cast in respect of shares that we or our subsidiaries hold, or by usufructuaries and pledges of shares. All shareholders and other persons entitled to vote at General Meetings are entitled to attend General Meetings, to address the meeting and to vote. They must notify the Managing Board in writing of their intention to be present or represented not later than on the third day prior to the day of the meeting, unless the Managing Board permits notification within a shorter period of time prior to any such meeting. Subject to certain exceptions, resolutions may be passed by a simple majority of the votes cast.

Agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities and/or voting rights

Not applicable.

Rules governing the appointment and replacement of board members and the amendment of the articles of association

Supervisory Directors and Managing Directors are appointed annually for the period beginning on the date following the Annual General Meeting up to and including the date of the Annual General Meeting held in the following fiscal year.

Managing Directors shall be appointed by the general meeting upon the joint meeting of the Supervisory board and the Managing Board, or Joint Meeting, having made a binding nomination for each vacancy. However, the General Meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half the issued share capital. This is different from the provisions of many American corporate statutes, including the Delaware General Corporation Law, which give the directors of a corporation greater authority in choosing the executive officers of a corporation. Under our Articles, the general meeting may suspend or dismiss a managing director at any time. The Supervisory Board shall also at all times be entitled to suspend (but not to dismiss) a Managing Director. The Articles provide that the Supervisory Board may adopt management rules governing the internal organization of the Managing Board.

The Supervisory Directors shall be appointed by the General Meeting upon the Joint Meeting having made a binding nomination for each vacancy. If during a financial year a vacancy occurs in the Supervisory Board, the Supervisory Board may appoint a Supervisory Director who will cease to hold office at the next Annual General Meeting. Under Dutch law and the Dutch Corporate Governance Code, a Supervisory Director must excuse him or herself in the case of any conflict of interest. Decisions to enter into transactions under which a Supervisory Director would have a conflict of interest that are of material significance to QIAGEN and/or to the Supervisory Director concerned, require the approval of the Supervisory Board. Under our Articles, the General Meeting may suspend or dismiss a Supervisory Director at any time. This is different from the provisions of many American corporate statutes, including the Delaware General Corporation Law, which provides that directors may vote to fill vacancies in the board of directors of a corporation.

The Selection and Appointment Committee prepares the selection criteria and appointment procedures for members of our Supervisory Board and the Managing Board; periodically evaluates the scope and composition of the Managing Board and Supervisory Board and proposes the profile of the Supervisory Board in relation thereto. Additionally, the Committee periodically evaluates the functioning of individual members of the Managing Board and Supervisory Board and reports the results thereof to the Supervisory Board and proposes the (re-)appointments of members of our Managing Board and Supervisory Board. The Committee prepares and submits to the Supervisory Board on an annual basis a report of its deliberations and findings.

A resolution of the General Meeting to amend the Articles, dissolve QIAGEN, issue shares or grant rights to subscribe for shares or limit or exclude any pre-emptive rights to which shareholders shall be entitled is valid only if proposed to the General Meeting by the Supervisory Board.

A resolution of the General Meeting to amend the Articles is further only valid if the complete proposal has been made available for inspection by the shareholders and the other persons entitled to attend General Meetings at our offices as from the day of notice convening such meeting until the end of the meeting. A resolution to amend the Articles to change the rights attached to the shares of a specific class requires the approval of the relevant class meeting.

Powers of board members and in particular the power to issue or buy back shares

The Managing Board manages QIAGEN and is responsible for achieving QIAGEN's aims, strategy, policies and results. The Managing Board is also responsible for complying with all relevant legislation and regulations, for managing the risks associated with the activities of QIAGEN and the financing of QIAGEN. It reports related developments to and discusses the internal risk management and control systems with the Supervisory Board and the Audit Committee. The Managing Board is accountable for the performance of its duties to the Supervisory Board and the General Meeting of Shareholders. The Managing Board provides the Supervisory Board with timely information necessary for the exercise of the duties of the Supervisory Board. In discharging its duties, the Managing Board takes into account the interests of QIAGEN, its enterprise and all parties involved in QIAGEN, including shareholders and other stakeholders.

The members of our Supervisory Board have the powers assigned to them by Dutch law and the Articles. The Supervisory Board assists the Managing Board by providing advice relating to the business activities of QIAGEN. In discharging its duties, the Supervisory Board takes into account the interests of QIAGEN, its enterprise and all parties involved in QIAGEN, including shareholders and other stakeholders. In particular, the Supervisory Board has the authority to (i) issue common shares up to its presently authorized capital of 410 million, (ii) issue Financing Preference Shares up to its presently authorized capital of 40 million (iii) grant rights to subscribe for such common shares and Financing Preference Shares and (iv) exclude or limit the pre-emptive rights of existing shareholders relating to up to 50% of the number of common shares to be issued or rights to subscribe for common shares.

We may acquire our own shares, subject to certain provisions of Dutch law and the Articles, if (i) shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up and called up capital and any reserves required by Dutch law or the Articles and (ii) we and our subsidiaries would not thereafter hold shares with an aggregate par value exceeding one-tenth of our issued share capital. Shares that we hold in our own capital or shares held by one of our subsidiaries may not be voted. The Managing Board, subject to the approval of the Supervisory Board, may effect our acquisition of shares in our own capital. Our acquisitions of shares in our own capital may only take place if the General Meeting has granted to the Managing Board the authority to effect such acquisitions. Such authority may apply for a maximum period of 18 months and must specify the number of shares that may be acquired, the manner in which shares may be acquired and the price limits within which shares may be acquired. On June 30, 2010, the General Meeting resolved to extend the authorization of the Managing Board in such manner that the Managing Board may cause us to acquire shares in our own share capital, up to 10% of the outstanding shares, for an 18-month period beginning June 30, 2010,or until December 30, 2011, without limitation at a price between one Euro cent (Euro 0,01) and one hundred ten percent (110%) of the price for such shares on the NASDAQ Global Select Market for the five trading days prior to the day of purchase, or, with respect to Preference and Finance Preference shares, against a price between one Euro cent (Euro 0,01) and three times the issuance price and in accordance with applicable provisions of Dutch law and our Articles.

Significant agreements to which the Company is a party and which take effect, alter or terminate upon a change of control of the Company following a takeover bid

Certain other provisions of our Articles allow us, under certain circumstances, to prevent a third party from obtaining a majority of the voting control of our common shares by issuing preference shares. Pursuant to our Articles and the resolution adopted by our General Meeting on June 16, 2004, QIAGEN's Supervisory Board is entitled to resolve to issue Preference Shares in case of an intended take-over of our Company by (i) any person who alone or with one or more other persons, directly or indirectly, have acquired or given notice of an intent to acquire (beneficial) ownership of an equity stake which in aggregate equals 20% or more of our share capital then outstanding or (ii) an "adverse person" as determined by the Supervisory Board. If the Supervisory Board opposes an intended take-over and authorizes the issuance of preference shares, the bidder may withdraw its bid or enter into negotiations with the Managing Board and/or Supervisory Board and agree on a higher bid price for our shares.

In 2004, we granted an option to the Stichting Preferente Aandelen QIAGEN (the "Foundation" (Stichting)), subject to the conditions described in the paragraph above, which allows the Foundation to acquire preference shares from us. The option enables the Foundation to acquire such number of preference shares as equals the number of our outstanding common shares at the time of the relevant exercise of the right less one share. When exercising the option and exercising its voting rights on such shares, the Foundation must act in our interest and the interests of our stakeholders. The purpose of the Foundation option is to prevent or delay a change of control that would not be in the best interests of us and our stakeholders. An important restriction on the Foundation's ability to prevent or delay a change of control is that issuing (preference or other) protective shares enabling the Foundation to exercise 30% or more of the voting rights without the obligation to make a mandatory offer for all shares held by the remaining shareholders, is only allowed after a public offer has been announced by a third party. In addition, the holding of such a block of shares by the Foundation is restricted to two years and as a consequence, the size of the protective stake will need to be decreased below the 30% voting rights threshold before the two year period lapses.

During 2005, we adopted the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan) which was approved by our shareholders on June 14, 2005. Pursuant to the Plan, stock rights, which include options to purchase our common shares, stock grants and stock-based awards, may be granted to employees and consultants of QIAGEN and its subsidiaries and to Supervisory Directors. An aggregate of 22.000.000 common shares have been reserved for issuance pursuant to the Plan, subject to certain antidilution adjustments. Options granted pursuant to the Plan may either be incentive stock options within the meaning of Section 422 of the United States Internal Revenue Code of 1986, as amended (the Code), or non-qualified stock options. Options granted to members of the Supervisory Board and the Managing Board must have an exercise price that is higher than the market price at the time of grant. Generally, each of the options has a term of ten years, subject to earlier termination in the event of death, disability or other termination of employment.

The Plan is administered by the Compensation Committee of the Supervisory Board, which selects participants from among eligible employees, consultants and directors and determines the number of shares subject to the option, the length of time the option will remain outstanding, the manner and time of the option's exercise, the exercise price per share subject to the option and other terms and conditions of the option consistent with the Plan. The Compensation Committee's decisions are subject to the approval of the Supervisory Board.

The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control. A “Change of Control” means the occurrence of a merger or consolidation of QIAGEN, whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of QIAGEN outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) at least 50% of the total voting power represented by the voting securities of QIAGEN or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation, or the stockholders of QIAGEN approve an agreement for the sale or disposition by QIAGEN of all or substantially all of QIAGEN’s assets.

Certain of our employment contracts contain provisions which guarantee the payments of certain amounts in the event of a change in control, as defined in the agreements, or if the executive is terminated for reasons other than cause, as defined in the agreements. At December 31, 2009, the commitment under these agreements totaled US$ 18,9 million.

Agreements between the Company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid

The members of the Managing Board are appointed annually by the General Meeting of Shareholders based on the nomination of the Joint Meeting. Further, the members of the Managing Board have entered into employment agreements with QIAGEN N.V. and other QIAGEN affiliates. The term of these agreements varies for each Managing Board member due to individual arrangements and goes beyond the one year term of appointment by the General Meeting of Shareholders. These agreements cannot be terminated without cause and, absent such cause, have to be fulfilled during their stated term. There are no arrangements for any extra compensation in case of resignation or redundancy.

The members of the Supervisory Board are also appointed annually by the General Meeting of Shareholders based on the nomination of the Joint Meeting. There are no additional employments in place and there are no arrangements for any extra compensation in case of resignation or redundancy. The General Meeting determines the remuneration of the members of the Supervisory Board.

Certain of our employment contracts contain provisions which guarantee the payments of certain amounts in the event of a change in control, as defined in the agreements, or if the executive is terminated for reasons other than cause, as defined in the agreements. At December 31, 2010, the commitment under these agreements totaled US$ 19,4 million

Subsequent Events

On April 4, 2011, QIAGEN announced that it has reached an agreement to acquire Cellestis Limited for approximately A$ 341 million (US$ 355 million) in cash, providing QIAGEN with access to a novel "pre-molecular" technology that offers a new dimension in disease detection not currently possible with other diagnostic methods. The acquisition of Cellestis, a publicly listed, profitable company headquartered in Australia, will provide QIAGEN with exclusive rights to QuantiFERON® technology, a proprietary approach for disease detection and monitoring. The transaction is subject to a number of conditions, including approval by the Australian Foreign Investment Review Board, court approval and the approval of Cellestis shareholders. A transaction booklet with full details of the transaction, including an Independent

Expert's Report, is expected to be distributed to Cellestis shareholders in May 2011. The shareholder meeting to approve the transaction is expected to be held in June 2011.

Based on the Company's review, no other events or transactions have occurred subsequent to December 31, 2010, that would have a material impact on the financial statements as presented.

Outlook

From our inception, we have believed that sample and assay technologies for nucleic acids and proteins would play an increasingly important role in cutting-edge molecular biology and that major new commercial uses of nucleic acids would be developed. We have been supplying customers with proprietary products for the processing of nucleic acids since 1986. Customers include major academic institutions and governmental laboratories, such as the NIH, as well as leading pharmaceutical and biotechnology companies. In addition, fundamental developments in recent years have created significant new opportunities for us in the emerging markets of nucleic acid-based molecular diagnostics, such as HPV-testing or personalized healthcare, and applied testing (or the use of molecular diagnostics outside of human healthcare), such as forensics, veterinary diagnostics, testing of genetically modified organism, or GMO, and other food testing, drug discovery and development. In response to these opportunities, we are currently targeting our products and marketing activities to each of these markets.

Seasonality

Our business does not experience significant, predictable seasonality. Historically, a significant portion of our sales have been to researchers, universities, government laboratories and private foundations whose funding is dependent upon grants from government agencies, such as the National Institutes of Health and similar bodies. To the extent that our customers experience increases, decreases or delays in funding arrangements and budget approvals, and to the extent that any of our customers' activities are slowed, such as during times of higher unemployment, vacation periods or delays in the approval of government budgets, including the U.S. federal government's budget, we may experience fluctuations in sales volumes during the year or delays from one period to the next in the recognition of sales.

Molecular Diagnostics

The ability of advanced diagnostic technologies to unlock molecular information from patients is changing the practice of medicine, while creating a significant and growing market for nucleic acid sample preparation and assay technology products. In recent years, the advent of polymerase chain reaction (PCR) and other amplification technologies has made the prospect of nucleic acid-based diagnostics feasible.

This new generation of molecular diagnostics can be used to identify microorganisms, cancer cells, bacteria and viruses by searching for their specific nucleic acid sequences – or to characterize previously unknown DNA sequences related to human diseases. To prove whether a disease is present in a patient, the unique sequence of the target nucleic acid causing the disease must be known, and either the sequence in the sample must be amplified (target amplification) or the signal from the DNA must be amplified (signal amplification) to facilitate detection. Potential commercial applications for molecular diagnostics include – among others – infectious disease detection in biobanks, HLA (human leukocyte antigen) typing for bone marrow and organ transplantation, and genetic testing for predisposition to cancers and other diseases.

The molecular diagnostics market, with sales of approximately $4.5 billion in 2009, is still a small part of the global in vitro diagnostics market, but it is the fastest growing segment at a projected compound annual growth rate of approximately 10-15% from 2009 through 2014. Market penetration is still low – only an estimated one in 10 hospitals in the United States currently conduct molecular diagnostics in their own laboratories, and adoption is even lower in many other geographic markets. Given the advantages of precise genetic information over traditional tests – and the transformative benefits of applications such as personalized healthcare – QIAGEN expects the molecular diagnostics market to provide significant growth opportunities over the long term.

Growth in the molecular diagnostics market is built upon four strategies for fighting disease, and QIAGEN is targeting each of these fields with a range of dedicated products and tailored marketing:

Prevention – using molecular technologies for screening in non-symptomatic patients, such as testing for the viral DNA of human papillomaviruses (HPV) as a preventive medicine strategy to protect women from cervical cancer.

Profiling – screening symptomatic patients to profile the precise type of disease, for example testing patients with flu-like symptoms to confirm or rule out dangerous strains such as the influenza type A (H1N1) swine flu.

Personalized healthcare – determining which patients are most likely to respond positively to particular therapies, such as a landmark QIAGEN test for mutations of the KRAS gene that influence the effectiveness of novel medicines for treatment of colorectal cancer.

Point of need testing – enabling on-site diagnosis in physician practices, emergency rooms, remote field areas, and other settings where a laboratory infrastructure is not accessible and fast turnaround is required.

QIAGEN offers one of the broadest portfolios of molecular sample and assay technologies, covering all of these areas in healthcare. Success in molecular diagnostics depends on the ability to analyze purified nucleic acid samples from a variety of samples, including blood, tissue, body fluids and stool, and on automated systems that can handle hundreds of samples concurrently. Other key factors are convenience, versatility, reliability and standardization of the nucleic acid processing and detection procedures.

One of the largest prevention markets currently is screening for HPV, a viral infection that is the primary cause of cervical cancer, which kills about 300,000 women a year. We sell our HPV products in the United States primarily for the two FDA-approved indications: adjunctive primary screening with a Pap test for women age 30 and older, and follow-up testing of inconsistent Pap test results in women of any age. In Europe and the rest of the world, HPV testing is in varying stages of research and adoption, with most use limited to follow-up for inconsistent Pap test results. An increasing number of clinical trials are being conducted to explore the expanded use of HPV testing for prevention or follow-up to treatment of cervical cancer. The potential global market is estimated at more than $1 billion.

In profiling, QIAGEN offers an extensive range of sample and assay technologies for use in the diagnosis of patients for various infectious diseases, including HIV, hepatitis, tuberculosis and influenza. QIAGEN is expanding this portfolio of assays and intends to gain regulatory approvals for these products in various geographic regions in the coming years, particularly the U.S. A key element of this global expansion will be the use of these assay technologies on QIAsymphony RGQ.

In personalized healthcare, QIAGEN has approximately 15 collaborations under way with pharmaceutical and biotech companies for the co-development of companion diagnostics for personalized healthcare.

QIAGEN partnerships include high-profile companies such as Amgen, Bristol-Myers Squibb/ImClone/Lilly, AstraZeneca and Boehringer Ingelheim. Additional collaborations and partnerships are currently in the pipeline. The first companion diagnostics are already being marketed in Europe, with regulatory submissions planned for 2011 in the U.S. A key element of the global expansion in this area is also the use of these assay technologies on QIAsymphony RGQ.

QIAGEN markets a range of automated systems designed for low-, medium-, and high-throughput nucleic acid sample preparation and handling tasks in laboratories performing molecular diagnostics. Nucleic acid samples purified on our instruments are ready for use in the demanding and sensitive downstream assays performed in molecular diagnostic applications. We offer closed and open assay technologies. Open assay technologies contain PCR reagents to identify molecules of choice. Closed assays, diagnostics with predefined targets, include multiplexing and other pathogen or genetic mutation detection assays such as tests for HIV, tuberculosis, influenza or hepatitis. We market assays directly to end customers via our sales channels, and selected assays through major diagnostic partners with complementary customer groups. In addition, we intend to enter into partnerships or other agreements with companies to broaden the distribution of our products.

Pharma

QIAGEN is a significant supplier for pharmaceutical and biotechnology companies. Drug discovery and development efforts increasingly employ genomic information, both to guide research in diseases and to differentiate the patient populations most likely to respond to particular therapies. Approximately half of QIAGEN sales in this customer class support research, while the remaining half of sales support clinical development processes, including the stratification of patient populations based on genetic information.

As new drugs are commercialized, testing technologies developed in parallel with those therapies can move from Pharma R&D into the molecular diagnostics market as companion diagnostics, which would be marketed within Molecular Diagnostics. Healthcare professionals then can customize treatment by testing for specific genetic biomarkers that help to determine the safety and efficacy profiles of drugs in individual patients, achieving the best possible therapeutic results and avoiding unnecessary treatments. In the coming years, we expect a wave of newly discovered biomarkers and companion diagnostics to transform the treatment of an increasing number of diseases.

In addition to the broad portfolio of molecular sample and assay technologies, QIAGEN brings to the Pharma market a full infrastructure for co-development programs, intellectual property on platforms and content, extensive regulatory experience, global reach in our sales channels, and independence as a company focusing exclusively on molecular sample and assay technologies.

Academia

QIAGEN provides sample and assay technologies to leading research universities around the world. Many academic laboratories continue to utilize manual, labor intensive methods for nucleic acid separation and purification. Recognizing the opportunity to replace traditional methods with reliable, fast, highly reproducible, and high-quality nucleic acid extraction and purification technologies, QIAGEN has concentrated product development and marketing efforts on the research markets in industry and academia.

The academic market also supports our presence in molecular diagnostics and the Pharma market. Research in university settings often helps in the development of specific technologies for targeted

biomolecules, and academic research also can result in scientific publications that validate the usefulness of QIAGEN technologies for specific applications.

Applied Testing

Demand is growing in applied testing – our term for the use of molecular sample and assay technologies outside of human healthcare and research applications. Industry and government organizations use standardized sample preparation and assay solutions for human identification, food and water safety, and veterinary testing. The value of genetic “fingerprinting” has been shown in criminal investigations involving DNA analysis, public policy compliance for food safety and genetically modified organisms (GMOs) and the use of these technologies to prevent or reduce the spread of pathogens in commercial livestock. Molecular testing can be performed by well-trained researchers in fully equipped laboratories, and increasingly also by less-trained personnel provided with easy-to-use, reproducible and standardized methods for point-of-need testing. Our manual DNA and RNA purification methods and the automated solutions on QIAsymphony, QIAcube, EZ1 Advanced, BioRobot EZ1 and other products, as well as our amplification enzymes and quantitative assays, address the needs in these markets.

Venlo, The Netherlands, April 2011

Peer M. Schatz

Chief Executive Officer

Corporate Governance Report

This section contains an overview of QIAGEN's corporate governance structure and includes details of the information required under the Dutch Corporate Governance Code (the "Code"). The Code is applicable to QIAGEN N.V. (in the following also referred to as the "Company"), as it is a publicly listed company incorporated under the laws of the Netherlands with a registered seat in Venlo, the Netherlands. The Code contains the principles and concrete provisions which the persons involved in a listed company (including Managing Board members and Supervisory Board members) and stakeholders should observe in relation to one another.

QIAGEN recognizes the importance of clear and straightforward rules on corporate governance and, where appropriate, has adapted its internal organization and processes to these rules.

Corporate Structure

QIAGEN is a public company with limited liability (naamloze vennootschap) incorporated under Dutch law similar to a "Corporation' (Inc.)" in the United States. QIAGEN has a two-tiered board structure. QIAGEN is managed by a Managing Board, which is supervised and advised by a Supervisory Board. It is in the interest of QIAGEN and all its stakeholders that each Board performs its functions appropriately and that there is a clear division of responsibilities between the Managing Board, the Supervisory Board, the general meeting of shareholders ("General Meeting") and the external auditor in a well-functioning system of checks and balances.

Managing Board

General

The Managing Board is responsible for the management and the general affairs of QIAGEN as well as defining and achieving QIAGEN's aims, strategy, policies and results. The Managing Board is also responsible for complying with all relevant legislation and regulations as well as for managing the risks associated with the business activities and the financing of QIAGEN. It reports related developments to and discusses the internal risk management and control systems with the Supervisory Board and the Audit Committee. The Managing Board is accountable for the performance of its duties to the Supervisory Board and the General Meeting. The Managing Board provides the Supervisory Board with timely information necessary for the exercise of the duties of the Supervisory Board. In discharging its duties, the Managing Board takes into account the interests of QIAGEN, its enterprises and all parties involved in QIAGEN, including shareholders and other stakeholders.

Composition and appointment

QIAGEN has also established an Executive Committee, of which four members currently serve as Managing Directors of QIAGEN.

Our Managing Board currently consists of the following individuals:

Name	Age*	Position
Peer M. Schatz	45	Managing Director, Chief Executive Officer
Roland Sackers	42	Managing Director, Chief Financial Officer
Dr. Joachim Schorr	50	Managing Director, Senior Vice President Research and Development
Bernd Uder	53	Managing Director, Senior Vice President Global Sales

* As of January 24, 2011

The Managing Board consists of one or more members as determined by the Supervisory Board. The members of the Managing Board are appointed by the General Meeting upon the joint meeting of the Supervisory Board and the Managing Board (the "Joint Meeting") having made a binding nomination for each vacancy. However, the General Meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half the issued share capital. Managing Directors are appointed annually for the period beginning on the date following the Annual General Meeting up to and including the date of the Annual General Meeting held in the following year.

Members of the Managing Board may be suspended and dismissed by the General Meeting by a resolution adopted by a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital, unless the proposal was made by the Joint Meeting in which case a simple majority of votes cast is sufficient. Furthermore, the Supervisory Board may at any time suspend (but not dismiss) a member of the Managing Board.

Conflicts of interest

Resolutions to enter into transactions under which members of the Managing Board could have a conflict of interest with QIAGEN, and which are of material significance to QIAGEN and/or the relevant member of the Managing Board require the approval of the Supervisory Board. QIAGEN has not entered into any such transactions in 2010.

Remuneration

The remuneration of the members of the Managing Board is determined by the Supervisory Board based on a proposal by its Compensation Committee. This process is done in compliance with the Remuneration Policy, which has been drafted taking into account the principles and best practice provisions of the Code. The current Remuneration Policy was adopted by the General Meeting on June 14, 2005.

The remuneration granted to the members of the Managing Board in 2010 consisted of a fixed salary and variable components. Variable compensation includes one-time and annual payments linked to business performance (bonuses) as well as long-term incentives containing risk elements that include, but are not limited to, stock options as well as other equity-based compensation and pension plans. Stock options granted to Managing Board members must have an exercise price that is higher than the market price at the time of grant. The variable part of the compensation is designed to strengthen the commitment of Managing Board members to QIAGEN and its objectives.

Annual Compensation for the year ended December 31, 2010	Fixed Salary	Variable Cash Bonus	Other (1)	Total
Managing Board:	US$	US$	US$	US$
Peer M. Schatz	1.219.000	502.000	1.000	1.722.000
Roland Sackers	522.000	179.000	43.000	744.000
Dr. Joachim Schorr	341.000	124.000	23.000	488.000
Bernd Uder	345.000	124.000	14.000	483.000

(1) Amounts include, among others, inventor bonus and relocation costs. We also occasionally reimburse our Managing Directors' personal expenses related to attending out-of-town meetings but not directly related to their attendance. The value of such reimbursed personal expenses is reported above as "other". Amounts do not include the reimbursement of certain expenses relating to travel incurred at the request of QIAGEN, other reimbursements or payments that in total did not exceed US$ 10.000 or tax amounts paid by QIAGEN Company to governmental authorities in order to avoid double-taxation under multi-tax jurisdiction employment agreements.

Long-Term Compensation for the year ended December 31, 2010	Defined contribution on benefit plan	Stock options	Restricted stock units
Managing Board:	US$		
Peer M. Schatz	86.000	120.903	339.470
Roland Sackers	89.000	39.564	106.179
Dr. Joachim Schorr	33.000	18.665	50.091
Bernd Uder	54.000	8.992	54.296

Further details on the composition of the remuneration of the Managing Board, and the implementation of the Remuneration Policy during the fiscal year 2010 are disclosed in the Remuneration Report of the Compensation Committee as published on the Company's website at www.qiagen.com.

Supervisory Board

General

The Supervisory Board supervises the policies of the Managing Board, the general course of QIAGEN's affairs and strategy and the business enterprises we operate. The Supervisory Board assists the Managing Board by providing advice relating to the business activities of QIAGEN. In 2010, the Supervisory Board had six regular meetings that were held with the attendance of the Managing Board, while certain agenda items were discussed exclusively between the Supervisory Board members. In discharging its duties, the Supervisory Board takes into account the interests of QIAGEN, its enterprise and all parties involved in QIAGEN, including shareholders as well as other stakeholders. The Supervisory Board is responsible for the quality of its own performance. In this respect, the Supervisory Board conducts a self-evaluation on an annual basis.

Composition and appointment

The Supervisory Board consists of at least three members, or a larger number as determined by the Joint Meeting. Members of the Supervisory Board are appointed by the General Meeting upon the Joint Meeting having made a binding nomination for each vacancy. However, the General Meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half the issued share capital.

The Supervisory Board shall be composed in a way that enables it to carry out its duties properly and enables its members to act critically and independently of one another and of the Managing Board and any particular interests. To that effect, the Supervisory Board has adopted a profile of its size and composition that takes into account the nature of our business, our activities and the desired expertise and background of the members of the Supervisory Board. The current profile of the Supervisory Board can be found on our website. The Supervisory Board has appointed a chairman from its members who has the duties assigned to him by the Articles of Association and the Code.

Members of the Supervisory Board are appointed for one-year terms for the period beginning on the day after the Annual General Meeting up to and including the day of the Annual General Meeting held in the following year. Members of the Supervisory Board may be suspended and dismissed by the General Meeting by a resolution adopted by a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital, unless the proposal was made by the Joint Meeting, in which case a simple majority of votes cast is sufficient.

The Supervisory Board currently consists of the following members:

Name	Age	Position
Prof. Dr. Detlev H. Riesner	69	Chairman of the Supervisory Board, Supervisory Director and Chairman of the Selection and Appointment Committee
Dr. Werner Brandt	57	Supervisory Director and Chairman of the Audit Committee
Dr. Metin Colpan	55	Supervisory Director
Erik Hornnaess	73	Deputy Chairman of the Supervisory Board, Supervisory Director, Chairman of the Compensation Committee, Member of the Audit Committee and Member of the Selection and Appointment Committee
Prof. Dr. Manfred Karobath	69	Supervisory Director and Member of the Compensation Committee
Heino von Prondzynski	61	Supervisory Director and Member of the Audit Committee

Prof. Dr. jur Carsten P. Claussen, who was appointed as nonvoting Special Advisor to the Supervisory Board and Honorary Chairman in 1999, passed away in 2010.

The following is a brief summary of the background of each of the Supervisory Directors. References to "QIAGEN" in relation to periods prior to April 29, 1996 refer to QIAGEN GmbH and its consolidated subsidiaries:

Professor Dr. Detlev H. Riesner, 69, is a co-founder of QIAGEN. He has been a member of the Supervisory Board since 1996 and was appointed Chairman of the Supervisory Board in 1999. In 2005, he was also appointed Chairman of the Selection and Appointment Committee. Professor Riesner has held the Chair of Biophysics at the Heinrich-Heine-University in Düsseldorf since 1980 and retired in 2006. He has held the position of Dean of the Science Faculty (1991-1992), Vice President of the University (Research) (1996-1999) and Director of Technology (1999-2006). In 2007, he became a member of the University's board of trustees. Prior to that, he was Professor of Biophysical Chemistry at the Darmstadt Institute of Technology and served from 1975 to 1977 as Lecturer of Biophysical Chemistry at Hannover Medical School. He has held guest professorships at the Institute of Microbiology, Academia Sinica, Beijing; and the Department of Neurology at the University of California, San Francisco. He received his M.S. in Physics from Hannover Institute of Technology and his Ph.D. from the University of Braunschweig, with post-graduate work at Princeton University. Professor Riesner is either a member of the Supervisory Board or a director of AC Immune S.A., Lausanne; Spinal Cord Therapeutics (formerly Neuraxo) GmbH, Erkrath; Evocatal GmbH, Düsseldorf; and DRK Blutspendedienst West, GmbH, Hagen. His memberships in the advisory boards of NewLab Bioquality AG and Direvo AG ended when the companies were sold in 2006. Prof. Riesner is also a member of the scientific advisory boards of the Friedrich-Loeffler-Institut, Isle of Riems; PrioNet, Canada; and Alberta Prion Research Institute, Canada.

Dr. Werner Brandt, 57, joined the Supervisory Board in 2007, and was appointed Chairman of the Audit Committee in this year as well. Dr. Brandt has been a member of the Executive Board and the Chief Financial Officer of SAP AG since 2001. From 1999 to 2001, he was a member of the Executive Board and Chief Financial Officer of the German-American healthcare company Fresenius Medical Care AG, where he also served as Labor Relations Director. From 1992 to 1999, Dr. Brandt was a member of the Managing Board of Baxter Deutschland GmbH and Vice President for European Operations. In this capacity, he was responsible for Baxter's financial operations in Europe. Dr. Brandt began his career in 1981 at the former Price Waterhouse GmbH (now PricewaterhouseCoopers) in Frankfurt. He completed his Ph.D. in Business Administration at the Technical University of Darmstadt in 1991 after studying Business Administration at the University of Nuremberg-Erlangen from 1976 to 1981. Dr. Brandt is currently a member of the Supervisory Boards of Deutsche Lufthansa AG and Heidelberger Druckmaschinen AG.

Dr. Metin Colpan, 55, is a co-founder of QIAGEN and was Chief Executive Officer and a Managing Director from 1985 to 2003. Dr. Colpan has been a member of the Supervisory Board since 2004. He obtained his Ph.D. and M.S. in Organic Chemistry and Chemical Engineering from the Technical University of Darmstadt in 1983. Prior to founding QIAGEN, Dr. Colpan was an Assistant Investigator at the Institute for Biophysics at the University of Düsseldorf. Dr. Colpan has had wide experience in separation technologies, particularly the separation and purification of nucleic acids, and has filed many patents in the field. Dr. Colpan currently serves as a Supervisory Board member of Morphosys AG, Munich, and Qalovis Farmer Automatic Energy GmbH, Laer. Dr. Colpan previously served as Supervisory Board member of Ingenium Pharmaceuticals AG, GenPat77 Pharmacogenetics AG and GPC Biotech AG, all in Munich.

Erik Hornnaess, 73, has been a member of the Supervisory Board since 1998. He joined the Audit Committee in 2002, the Compensation Committee in 2005 and the Selection and Appointment Committee in 2007. He was appointed Deputy Chairman of the Supervisory Board in 2007. Mr. Hornnaess worked for Astra Pharmaceuticals from 1965 to 1979 in various management positions in Sweden, Australia, and Canada, and was General Manager for the Benelux region (Belgium, The Netherlands and Luxembourg) for the last three years of this period. In 1979, he joined Abbott Laboratories at its European Headquarters in Paris, and in 1982 he became Area Vice President of the Abbott Diagnostic Division in Europe, Middle East and Africa, with its headquarters in Wiesbaden. Mr. Hornnaess retired from Abbott Laboratories on March 1, 1997, and currently serves as non-executive director of AXIS-SHIELDS Group, Scotland. Additionally, Mr. Hornnaess served as Vice President of the European Diagnostic Manufacturers Association (EDMA), Brussels, from 1995 to 1997. Mr. Hornnaess graduated from Aarhus Handelshojskole, Denmark, with an M.B.A. and obtained a P.M.D. from the Harvard Business School.

Professor Dr. Manfred Karobath, 69 has been a member of the Supervisory Board since 2000 and joined the Compensation Committee in 2005. Prof. Dr. Karobath, who studied medicine, first worked in the Department of Biochemistry at the University of Vienna from 1967 to 1980. After his postdoctoral fellowship, he joined the Department of Psychiatry, where he became a Professor of Biological Psychiatry. In 1980, he joined Sandoz Pharma, Basel, working first in drug discovery and later becoming Senior Vice President and Head of R&D. In 1992, Prof. Dr. Karobath joined Rhone Poulenc Rorer ("RPR") as President of R&D and Executive Vice President, and later became a member of the boards of directors of RPR, Pasteur Mérieux Connought, Centeon and Rhone Poulenc Pharma. He has received several scientific awards and has published 92 scientific papers.

Heino von Prondzynski, 61, joined the Supervisory Board as well as the Audit Committee in 2007. Mr. von Prondzynski retired in 2005 from Roche, where he served as Chief Executive Officer of Roche Diagnostics and a member of the Executive Committee of the Roche Group. Prior to joining Roche in 2000, Mr. von Prondzynski worked at Chiron, first as General Manager and Chief Executive Officer in Germany and Italy, and later as President of the Vaccines Division in Emeryville. Mr. von Prondzynski started his career with Bayer in Germany as a sales representative and later worked in Austria and Brazil as General Manager. He studied mathematics, geography and history at Westfälische Wilhelms University of Münster. Mr. von Prondzynski is a director of Koninklijke Philips Electronics N.V. and Hospira, Inc. as well as Chairman of Nobel Biocare Holding AG and HTL Strefa. Mr. von Prondzynski was previously a director of Epigenomics AG.

Conflicts of interest

Resolutions to enter into transactions under which members of the Supervisory Board could have a conflict of interest with QIAGEN, and which are of material significance to QIAGEN and/or the relevant member of the Supervisory Board, require the approval of the Supervisory Board plenum. In 2010, neither QIAGEN nor its Supervisory Board members have entered into any such transactions.

Committees

The Supervisory Board has established an Audit Committee, a Compensation Committee and a Selection and Appointment (Nomination) Committee from among its members and can establish other committees as deemed beneficial. The Supervisory Board has approved charters under which each of the committees operates. These charters are published on our website (www.qiagen.com).

Audit Committee

The Audit Committee's primary duties and responsibilities include, among other things, to serve as an independent and objective party to monitor QIAGEN's accounting and financial reporting process and internal risk management, control and compliance systems. The Audit Committee also is directly responsible for proposing the external auditor to the Supervisory Board, which then proposes the appointment of the external auditor to the General Meeting. Further, the Audit Committee is responsible for the compensation and oversight of QIAGEN's external auditor and for providing an open avenue of communication among the external auditor as well as the Management Board and the Supervisory Board. Our Internal Audit department operates under the direct responsibility of the Audit Committee. The Audit Committee currently consists of three members: Dr. Brandt (Chairman), Mr. von Prondzynski, and Mr. Hornnaess. The Audit Committee members are appointed by the Supervisory Board and serve for a term of one year. The Supervisory Board has designated Dr. Brandt as a "financial expert" as defined in provisions III.3.2 and III.5.7 of the Code.

The Audit Committee met seven (7) times in 2010, of which one meeting took place together with the external auditor and excluding members of the Managing Board. Among other things, the Audit Committee discussed the selection of the external auditor to audit the consolidated financial statements and accounting and records of QIAGEN and its subsidiaries, along with the pre-approval of fees for these services. Further, it reviewed QIAGEN's compliance with various laws and policies, including the Code of Conduct; reviewed the risk management system; discussed the performance of the external auditor with management; and discussed on a quarterly basis the scope and results of the reviews and audits with the external auditor. The Audit Committee also discussed financial accounting and reporting principles and policies as well as the adequacy of internal accounting, financial and operating controls and procedures with the external auditor and management, These discussions included a review of developments in accounting standards and their impact on QIAGEN's financial statements. The Audit Committee considered and approved recommendations regarding changes to QIAGEN's accounting policies and processes. In addition, the Audit Committee reviewed with management and the external auditor all quarterly reports prior to their public release as well as quarterly and annual reports prepared under U.S. GAAP (reported on Forms 6-K and 20-F) for filing with the U.S. Securities and Exchange Commission and the annual report prepared under IFRS. The Audit Committee performs a self-evaluation of its activities on an annual basis.

Compensation Committee

The Compensation Committee's primary duties and responsibilities include, among other things, the preparation of a proposal for the Supervisory Board concerning the Remuneration Policy for the Managing Board to be adopted by the General Meeting, the preparation of a proposal concerning the individual compensation of Managing Board members to be adopted by the Supervisory Board and the preparation of the Remuneration Report on compensation policies for the Managing Board to be adopted by the Supervisory Board. The Remuneration Report reviews the implementation of the Remuneration Policy in the most recent year and provides an outline of the Remuneration Policy for the future.

The Compensation Committee currently consists of two members: Mr. Hornnaess (Chairman) and Prof. Dr. Karobath. Members are appointed by the Supervisory Board and serve for a term of one year. The Compensation Committee met twelve times in 2010. It reviewed, approved and made recommendations on QIAGEN's compensation and benefits policies, practices and procedures to ensure that legal and fiduciary responsibilities of the Supervisory Board and the Managing Board are carried out. Further, the Compensation Committee approved equity-based remuneration systems and their application, including stock rights or stock option grants on a monthly basis.

Selection and Appointment Committee

The Selection and Appointment (Nomination) Committee is primarily responsible for the preparation of selection criteria and appointment procedures for members of the Supervisory Board and Managing Board as well as the periodic evaluation of the scope and composition of the Managing Board and the Supervisory Board, including the profile of the Supervisory Board.

Additionally, the Selection and Appointment Committee periodically evaluates the functioning of individual members of the Managing Board and Supervisory Board, reporting these results to our Supervisory Board. It also proposes the (re-)appointments of members of our Managing Board and Supervisory Board and supervises the policy of our Managing Board in relation to selection and appointment criteria for senior management. The Selection and Appointment Committee prepares and submits to our Supervisory Board an annual report of its deliberations and findings.

Current members of the Selection and Appointment Committee are Prof. Dr. Riesner (Chairman) and Mr. Hornnaess. Members are appointed by the Supervisory Board and serve for a one-year term. The Selection and Appointment Committee convened three (3) times in 2010.

Remuneration

Compensation for the Supervisory Board in 2010 consisted of a fixed retainer compensation, additional retainer amounts for Chairman and Vice Chairman, and committee membership fees. Annual remuneration of the Supervisory Board members is as follows:

- Fee paid to each member of the Supervisory Board €30.000

Additional compensation payable to members holding the following positions:

- Chairman of the Supervisory Board €20.000
- Vice Chairman of the Supervisory Board €5.000
- Chairman of the Audit Committee €15.000
- Chairman of the Compensation Committee €10.000
- Fee payable to each member of the Audit Committee €7.500
- Fee payable to each member of the Compensation Committee €5.000

Members of the Supervisory Board also receive €1,000 for attending the Annual General Meeting and €1,000 for attending each meeting of the Supervisory Board.

Members of the Supervisory Board receive €1,000 for attending each meeting of any subcommittees (other than the Audit Committee, Compensation Committee and Selection and Appointment Committee).

Supervisory Board members also receive variable compensation, which is determined annually by the Compensation Committee pursuant to a formula based on growth of Adjusted Earnings per Share provided that such remuneration will not exceed €5,000 per year.

Supervisory Board compensation as per Dec. 31, 2010	Fixed Remuneration	Chairman/ Vice Chairman Committee	Meeting Attendance	Commitee Membership	Subcommittee Meeting Attendance	Variable Cash bonus	**Total**
	US$	US$	US$	US$	US$	US$	US$
Prof. Dr. Detlev H. Riesner	40.000	26.500	8.000	-	2.500	6.500	83.500
Dr. Werner Brandt	40.000	20.000	8.000	-	-	6.500	74.500
Dr. Metin Colpan	40.000	-	8.000	-	2.500	6.500	57.000
Erik Hornnaess	40.000	20.000	6.500	10.000	-	6.500	83.000
Prof. Dr. Manfred Karobath	40.000	-	6.500	6.500	2.500	6.500	62.000
Heino von Prondzynski	40.000	-	6.500	10.000	2.500	6.500	65.500

Supervisory Board members also receive a variable component in the form of share-based compensation. Stock options granted to the Supervisory Board members must have an exercise price that is higher than the market price at the time of grant. During 2010, the following options or other share-based compensation were granted to the members of the Supervisory Board.

Grants for the year ended December 31, 2010	**Stock options**	**Restricted stock units**
Prof. Dr. Detlev H. Riesner	1.937	5.366
Dr. Werner Brandt	1.937	5.366
Dr. Metin Colpan	1.937	5.366
Erik Hornnaess	1.937	5.366
Prof. Dr. Manfred Karobath	1.937	5.366
Heino von Prondzynski	1.937	5.366

In 2004, QIAGEN entered into a consulting agreement with Dr. Metin Colpan, our former Chief Executive Officer and current Supervisory Board member, pursuant to which Dr. Colpan is paid a fee of € 2,750 per day for scientific consulting services, subject to adjustment. During 2010, QIAGEN paid approximately US$ 300,000 to Dr. Colpan for scientific consulting services including travel reimbursements under this agreement. We did not pay any agency or advisory service fees to other members of the Supervisory Board.

Share Ownership

Share Ownership

The following table sets forth certain information as of January 24, 2011 concerning the ownership of common shares by our directors and officers. In preparing the following table, we have relied on information furnished by such persons.

Name and Country of Residence	Shares beneficially Owned (1) Number	Note	Percent Owner-ship (2)
Peer M. Schatz, Germany	1.550.684	(3)	0,7%
Roland Sackers, Germany	0	(4)	*
Dr. Joachim Schorr, Germany	0	(5)	*
Bernd Uder, Germany	0	(6)	*
Prof. Dr. Detlev H. Riesner, Germany	1.752.068	(7)	0,8%
Dr. Werner Brandt, Germany	6.000	(8)	*
Dr. Metin Colpan, Germany	4.538.703	(9)	2,0%
Erik Hornnaess, Spain	11.255	(10)	*
Professor Dr. Manfred Karobath, Austria	1.590	(11)	*
Heino von Prondzynski, Switzerland	0	(12)	*

* Indicates that the person beneficially owns less than 0,5% of the common shares issued and outstanding as of January 24, 2011.

(1) The number of common shares issued and outstanding as of January 24, 2011 was 233.162.596. The persons and entities named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them and have the same voting rights as other shareholders with respect to common shares.

(2) Does not include common shares subject to options or awards held by such persons at January 24, 2011. See footnotes below for information regarding options now exercisable or that could become exercisable within 60 days of the date of this table.

(3) Does not include 2.539.521 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from US$ 4,590 to US$ 22,430 per share. Options expire in increments during the period between March 2011 and February 2020. Does not include 103.471 shares issuable upon the release of unvested stock awards that could become releasable within 60 days from the date of this table.

(4) Does not include 110.198 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from US$ 16,340 to US$ 22,430 per share. Options expire in increments during the period between March 2011 and February 2020. Does not include 85.334 shares issuable upon the release of unvested stock awards that could become releasable within 60 days from the date of this table.

(5) Does not include 127.015 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from US$ 12,546 to US$ 22,430 per share. Options expire in increments during the period between October 2011 and February 2020. Does not include 16.076 shares issuable upon the release of unvested stock awards that could become releasable within 60 days from the date of this table.

(6) Does not include 67.599 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from US$ 16,340 to US$ 22,430 per share. Options expire in increments during the period between March 2011 and February 2020. Does not include 15.267 shares issuable upon the release of unvested stock awards that could become releasable within 60 days from the date of this table.

(7) Does not include 83.375 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from US$ 6,018 to US$ 22,430 per share. Options expire in increments during the period between March 2011 and February 2020. Prof. Riesner also has the option to purchase 82.302 common shares through Thomé Asset Management & Controlling. Includes 1.752.068 shares held by Riesner Verwaltungs GmbH, of which Professor Riesner is the sole stockholder.

(8) Does not include 2.766 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from US$ 16,340 to US$ 22,430 per share. Options expire in increments during the period between April 2018 and February 2020.

(9) Does not include 776.858 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from US$ 6,018 to US$ 22,430 per share. Options expire in increments during the period between March 2011 and February 2020. Includes 3.738.703 shares held by CC Verwaltungs GmbH, of which Dr. Colpan is the sole stockholder and 800.000 shares held by Colpan GbR.

(10) Does not include 92.708 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from US$ 6,018 to US$ 22,430 per share. Options expire in increments during the period between March 2011 and February 2020.

(11) Does not include 86.708 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from US$ 6,018 to US$ 22,430 per share. Options expire in increments during the period between March 2011 and Fabruary2020.
(12) Does not include 2.766 shares issuable upon the exercise of options now exercisable or that could become exercisable within 60 days from the date of this table having exercise prices ranging from US$ 16,340 to US$ 22,430 per share. Options expire in increments during the period between 4/2018 and 2/2020.

The following table sets forth the vested and unvested options and stock awards of our officers and directors as of January 24, 2011:

Name	Total Vested Options	Total Unvested Options	Expiration Dates	Exercise Prices (US$)	Total Unvested Stock awards
Peer M. Schatz	2.424.009	236.955	3/2011 to 2/2020	4,590 to 22,430	1.182.900
Roland Sackers	62.425	77.521	3/2011 to 2/2020	16,340 to 22,430	377.885
Dr. Joachim Schorr	109.091	36.731	10/2011 to 2/2020	12,546 to 22,430	180.054
Bernd Uder	53.474	26.176	3/2011 to 2/2020	16,340 to 22,430	179.658
Prof. Dr. Detlev H. Riesner	82.180	3.404	3/2011 to 2/2020	6,018 to 22,430	16.508
Dr. Werner Brandt	1.571	3.404	4/2018 to 2/2020	16,340 to 22,430	13.276
Dr. Metin Colpan	775.663	3.404	3/2011 to 2/2020	6,018 to 22,430	16.508
Erik Hornnaess	91.513	3.404	3/2011 to 2/2020	6,018 to 22,430	16.508
Prof. Dr. Manfred Karobath	85.513	3.404	3/2011 to 2/2020	6,018 to 22,430	16.508
Heino von Prondzynski	1.571	3.404	4/2018 to 2/2020	16,340 to 22,430	13.276

Shareholders

Our shareholders exercise their voting rights through Annual and Extraordinary General Meetings. Resolutions of the General Meeting are adopted by an absolute majority of votes cast, unless a different majority of votes or quorum is required by Dutch law or the Articles of Association. Each common share confers the right to cast one vote.

Furthermore, the Managing Board, or where appropriate, the Supervisory Board, shall provide all shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence QIAGEN's share price.

QIAGEN is required to convene an Annual General Meeting in the Netherlands no later than six months following the end of each year. The agenda for the Annual General Meeting must contain certain matters as specified in QIAGEN's Articles of Association and under Dutch law, including, among other things, the adoption of QIAGEN's annual financial statements.

Additional Extraordinary General Meetings may be convened at any time by the Managing Board, the Supervisory Board or by one or more shareholders representing at least 10% of QIAGEN's issued share capital. Shareholders are entitled to propose items for the agenda of the General Meeting provided that they hold at least 1% of the issued share capital or the shares they hold represent a market value of at least € 50 million. Proposals for agenda items for the General Meeting must be submitted at least 60 days prior to the meeting date. The notice convening a General Meeting, accompanied by the agenda, shall be sent no later than 15 days prior to the meeting. QIAGEN informs the General Meeting by means of explanatory notes to the agenda, providing all facts and circumstances relevant to the proposed resolutions.

The Audit of Financial Reporting

The external auditor is appointed annually by the General Meeting. The Audit Committee recommends to the Supervisory Board the external auditor to be proposed for (re)appointment by the General Meeting. In addition, the Audit Committee evaluates and, where appropriate, recommends the replacement of the external auditor. The external auditor is invited to attend the meeting of the Supervisory Board at which the financial statements shall be approved and is furthermore invited to attend the General Meeting at which the financial statements are adopted and may be questioned by the General Meeting on its statement on the fairness of our annual accounts. At the Annual General Meeting in 2010, Ernst & Young Accountants was appointed as external auditor for the Company for 2010.

Share-Based Compensation

During 2005, the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan) was adopted. The Plan allows for the granting of stock rights and incentive stock options, as well as non-qualified options, stock grants and stock based awards, generally with terms of up to 10 years, subject to earlier termination in certain situations. Generally, options vest over a three-year period. The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control, as defined in the Plan. To date, all grants have been at or above the market value set on the grant date. In connection with the acquisition of Digene Corporation in 2007, QIAGEN assumed three additional equity incentive plans. No new grants will be made under these plans.

QIAGEN had approximately 0,3 million common shares reserved and available for issuance under these plans at December 31, 2010.

Stock Options

During the years ended December 31, 2010 and 2009, QIAGEN granted 570,282 and 491,714 stock options, respectively.

A summary of the status of employee stock options as of December 31, 2010, and changes during the year is presented below:

All Employee Options	Number of Shares	Weighted Average Contractual Term	Weighted Average Contractual Term	Aggregate Intrinsic Value
		US$	US$	in US$ thousands
Outstanding at January 1, 2010	8.281.559	14,743	-	-
Granted	570.282	21,271	-	-
Exercised	(924.529)	12,469	-	-
Forfeitured and cancelled	(594.901)	35,421	-	-
Outstanding at December 31, 2010	7.332.411	13,860	3,66	44.740
Exerciable at December 31, 2010	6.351.142	12,927	2,88	43.864
Vested and expected to vest at December 31, 20	7.248.637	13,790	3,60	44.700

Restricted Stock Units

Restricted stock units represent rights to receive common shares at a future date. There is no exercise price and the fair market value at the time of grant is recognized ratably over the requisite vesting period, generally 10 years.

A summary of QIAGEN's restricted stock units as of December 31, 2010 and changes during the year are presented below:

Restricted Stock Units	Restricted Stock Units	Weighted Average Contractual Term	Aggregate Intrinsic Value
			in US$ thousands
Outstanding at January 1, 2010	3.039.157	-	-
Granted	1.647.579	-	-
Vested	(115.809)	-	-
Forfeitured and cancelled	(154.287)	-	-
Outstanding at December 31, 2010	4.416.640	3,07	85.904
Vested and expected to vest at December 31, 2010	3.594.698	2,95	69.917

Risk Management

QIAGEN has identified various risk factors for our business that are reviewed in detail in the 2010 Annual Report filed with the U.S. Securities and Exchange Commission. There may be current risks that we have not yet fully assessed or that are currently qualified as minor, but could have a material adverse impact on our performance in the future. The Managing Board has developed and implemented strategies, controls and mitigation measures to identify current and developing risks as part of our risk management system. A variety of functional experts evaluate these business risks, attempting to mitigate and manage these risks.

Risks identified by QIAGEN are subdivided into four major categories with the following key focus areas identified

Functional Group	Risk Management Focus
Strategic Risks	• Identification and monitoring of competitive threats to the business • Complexity of product portfolio • Identification and development of key R&D projects
Operational Risk	• Monitoring of production risks including contamination prevention, high-quality product assurance and existence of appropriate redundancy of operations • Dependence on individual production sites for certain key products
Compliance/Legal Risks	• Regulatory risk, including compliance with various regulatory bodies • Monitoring safety in operations and environmental hazard risks • Monitoring of intellectual property infringements and recommendations to enhance our IP protection through new patents
Financial & Financial Reporting Risks	• Tax compliance • Counterparty risk • Goodwill impairment

The senior executives managing these functional groups report either to the Chief Executive Officer or to a member of the Executive Committee. These executives, in connection with the Chief Financial Officer, make strategic determinations as to the proper risk management procedures to be employed based on their assessment of the risk level.

All identified risks are required to be systematically evaluated based on their likelihood of occurring and their potential impact (estimated in monetary terms). The goal is to determine risks that could significantly threaten our success. The results of the risk assessment and any updates are reported to the Audit Committee on a quarterly basis. At least once a year, the Supervisory Board discusses the corporate strategy and business risks as well as the results of an assessment by the Managing Board and the Audit Committee on the structure and operations of the internal risk management and control systems, including any significant changes.

In 2008, QIAGEN established a Compliance Committee under the leadership of the Chief Financial Officer in his function as Chief Compliance Officer. The Compliance Committee, which consists of senior executives from Human Resources, Internal Audit, SEC Reporting, Legal and Regulatory, performs a quarterly assessment of the legal and regulatory risks, and initiates any required corrective actions.

With publicly listed shares in the United States, QIAGEN is subject to Sections 302 and 404 of the Sarbanes Oxley Act. QIAGEN enacted internal controls and procedures over its financial reporting in 2006 as described in more detail in item 15 of the 2010 Annual Report on Form 20-F. In a report on its audit of internal controls over financial reporting, the external auditor Ernst & Young expressed the opinion that QIAGEN has maintained in all material respects effective internal control over financial reporting as of December 31, 2010, under the applied criteria issued by the Committee of Sponsoring Organizations of

the Treadway Commission (COSO), an organization formed by various professional accounting and auditing associations in the U,S.

Whistleblower Policy and Code of Conduct

QIAGEN adopted a Whistleblower Policy concerning the reporting of alleged irregularities within QIAGEN of a general, operational or financial nature. Furthermore, a Code of Conduct was adopted that outlines business principles for our employees and rules of conduct. The Code of Conduct can be found on our website at www.qiagen.com.

Anti-Takeover Measures

In 2004, the Supervisory Board granted an option to the Dutch Foundation Stichting Preferente Aandelen QIAGEN that allows the Foundation to acquire preference shares from QIAGEN if (i) a person has (directly or indirectly) acquired or has expressed a desire to acquire more than 20% of our issued share capital, or (ii) a person holding at least a 10% interest in the share capital has been designated as a hostile person by our Supervisory Board. The option enables the Foundation to acquire preference shares equal to the number of our outstanding common shares at the time of the relevant exercise of the right, less one share. When exercising the option and exercising its voting rights on these shares, the Foundation must act in the interest of QIAGEN and the interests of our stakeholders. No preference shares are currently outstanding.

Comply or Explain

The corporate governance structure and compliance with the Code is the joint responsibility of the Managing Board and the Supervisory Board. They are accountable for this responsibility to the General Meeting. QIAGEN continues to seek ways to improve its corporate governance by measuring itself against international best practice. The Code was last amended on December 10, 2008, and can be found at www.commissiecorporategovernance.nl.

Non-application of a specific best practice provision is not in itself considered objectionable by the Code and may well be justified because of particular circumstances relevant to a company. In accordance with Dutch law, we disclose in our Annual Report the application of the Code's principles and best practice provisions.

To the extent that we do not apply certain principles and best practice provisions, or do not intend to apply these in the current or the subsequent year, we state the reasons.

QIAGEN takes a positive view of the Code and applies nearly all of the best practice provisions. However, we prefer not to apply some provisions due to the international character of our business as well as the fact – acknowledged by the Commission that drafted the Code – that existing contractual agreements between QIAGEN and individual members of the Managing Board cannot be set aside at will.

The following provides an overview of exceptions that we have identified:

1. *Best practice provision II.1.1 recommends that a management board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time.*

   Members of the Managing Board are appointed annually for a one-year period beginning on the day following the General Meeting up to and including the day of the General Meeting held in the following year. The employment agreements with the Managing Directors have an indefinite term, but can be terminated with a three-month notice period by the Managing Director and with a six-month notice

period by QIAGEN. These agreements were entered into before the Code became applicable; the terms were not renegotiated since this was not considered to be in the interest of QIAGEN. All members of the Managing Board have additional employment agreements with other QIAGEN affiliates that have notice periods deviating from terms in the employment agreements with QIAGEN N.V. (Mr. Uder and Dr. Schorr 24 months, Mr. Schatz and Mr. Sackers 36 months).

2. *Best practice provision II.2.4 recommends that the number of granted options shall be dependent on the achievement of challenging targets specified beforehand*.

   From time to time, members of our Managing Board are granted options to acquire common shares at an exercise price higher than the market price on the grant date (as determined by reference to an organized trading market or association). Our view is that the "challenging target" has been set at the time of granting the options since the holder cannot realize any value from these options unless the price of our common shares has risen above the exercise price.

3. *Best practice provision II.2.5 recommends that shares granted to management board members without financial consideration shall be retained for a period of at least five years or until at least at the end of the employment, if this period is shorter. The number of shares to be granted shall be dependent on the achievement of clearly quantifiable and challenging targets specified beforehand.*

   Members of the Managing Board are granted restricted stock units from time to time. Restricted stock units represent rights to receive common shares at a future date. The number of granted restricted stock units is dependent upon the achievement of pre-defined performance goals. Restricted stock units are structured so that 40% of a grant vests after three years, 50% after five years and the remaining 10% after ten years. Further, 50% of the restricted stock unit grants made to Mr. Schorr and Mr. Uder in 2011 are linked to certain pre-defined milestones that must be achieved before receiving the grants (in addition to the vesting periods).

4. *Pursuant to best practice provision II.2.8 the maximum remuneration in the event of dismissal of a management board member may not exceed one year's salary (the "fixed" remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a management board member who is dismissed during his first term of office, such board member shall be eligible for a severance pay not exceeding twice the annual salary.*

   As explained in item 1 (best practice provision II.1.1), in addition to their employment agreements with QIAGEN N.V., the Managing Board members have entered into employment agreements with certain QIAGEN affiliates that have notice periods of either 24 months or 36 months. In case of termination of an agreement without serious cause as defined by the applicable law, the respective affiliate would remain obliged to compensate the Managing Board member for the remaining term of the employment agreement. QIAGEN believes that these contractual arrangements are well justified due to the long tenures of the Managing Board members.

5. *Best practise provision II.2.11 recommends that the supervisory board may recover from the management board members any variable remuneration awarded on the basis of incorrect financial or other data.*

   The current employment agreements with the Managing Directors, which were entered into before the recent Code changes took effect, do not include so-called "clawback" provisions. In the event of unjustified variable remuneration awards that were based on incorrect financial or other data, the Supervisory Board would make use of its statutory powers.

6. *Best practise provision III.3.5 recommends that a person may be appointed to the supervisory board for a maximum of three 4-year terms.*

   The Chairman of the Supervisory Board, Prof. Riesner, has been a member of the Supervisory Board of QIAGEN N.V. since its establishment in 1996. Further, Mr. Hornnaess has served on the Supervisory Board since 1998. Prof. Riesner contributes his profound scientific expertise and excellent connections in the scientific community to the board profile, while Mr. Hornnaess contributes significant value due to his long-term experience in various management positions in the life science industry. Both board members have unique knowledge about QIAGEN that is considered to be highly valuable. As a result, QIAGEN strongly supports the reappointment of both members beyond the 12-year term as recommended by the Code.

7. *Best practice provision III.7.1 recommends that a supervisory board member may not be granted any shares and/or rights to shares by way of remuneration*.

   QIAGEN has granted stock options to the members of the Supervisory Board as a remuneration component since its establishment. Since 2007, Supervisory Board members have also been granted restricted stock units. This practice is in compliance with international business practice in our industry, and we consider the granting of stock options or stock rights as an important incentive to attract individuals with the required skills and expertise to serve on our Supervisory Board.

8. *Best practice provision IV.1.1 recommends that a general meeting of shareholders is empowered to cancel binding nominations of candidates for the management board and supervisory board, and to dismiss members of either board by a simple majority of votes of those in attendance, a-though the company may require a quorum of at least one third of the voting rights outstanding for such vote to have force. If such quorum is not represented, but a majority of those in attendance votes in favour of the proposal, a second meeting may be convened and its vote will be binding, even without a one-third quorum.*

   Our Articles of Association currently state that the General Meeting may at all times overrule a binding nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital. Although a deviation from provision IV.1.1 of the Code, the Supervisory Board and the Managing Board hold the view that these provisions will enhance the continuity of QIAGEN's management and policies.

Declaration of Compliance of QIAGEN N.V. regarding the German Corporate Governance Code

In QIAGEN's 2001 Annual Report, the Managing Board and the Supervisory Board of QIAGEN N.V. declared their intention to disclose compliance with the German Corporate Governance Code pursuant to §161 of the German Stock Corporation Law (AktG) or state the deviations for a particular period. QIAGEN N.V. is a company organized under the laws of The Netherlands and subject to the laws, rules and regulations of this country. In addition, our shares are listed on the NASDAQ Stock Exchange. As a result, the compliance of QIAGEN with the German Corporate Governance Code is dependent on the code's compatibility with the laws, rules, regulations and customs that QIAGEN is subject to in The Netherlands and the U.S. QIAGEN declares compliance with the German Corporate Governance Code with the following exceptions:

1. Item 3.8 paragraph 2

If the company takes out a D&O (directors' and officers' liability insurance) policy for the Management Board, a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual compensation of the Management Board member must be agreed upon. A similar deductible must be agreed upon in any D&O policy for the Supervisory Board.

QIAGEN's D&O insurance policy provides for a fixed deductible of US$ 10.000 for members of the Managing Board and the Supervisory Board, which we consider an appropriate sign by our members of taking responsibility for their actions.

2. Item 4.2.3 paragraph 3

For instance, share or index-based compensation elements related to the enterprise may come into consideration as variable components. These elements shall be related to demanding, relevant comparison parameters. Changing such performance targets or the comparison parameters retroactively shall be excluded. For extraordinary developments a possibility of limitation (cap) must in general be agreed upon by the Supervisory Board.

From time to time, the members of our Managing Board are granted restricted stock units and options to acquire common shares at an exercise price set 2% higher than the market price on the grant date (as determined by reference to an organized trading market or association). These option rights and restricted stock units are subject to multi-year vesting periods and sales restrictions. Members of the Managing Board cannot realize any profit from these grants unless they succeed in increasing shareholder value on a long-term period. For these reasons, as well as to ensure comparability to equity-based incentives granted by peer companies in our industry, we consider these terms to be the most appropriate comparison parameters for the restricted stock units and stock options granted to Managing Board members.

3. Item 4.2.3 paragraph 4 and 5

In concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his contract without serious cause do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year.

Payments promised in the event of premature termination of a Management Board member's contract due to a change of control shall not exceed 150% of the severance payment cap.

The employment agreements with Managing Directors have an indefinite term, but can be terminated with a three-month notice period by the Managing Director and with a six-month notice period by QIAGEN. All members of the Managing Board have additional employment agreements with other QIAGEN affiliates that have longer notice periods (Mr. Uder and Dr. Schorr 24 months, Mr. Schatz and Mr. Sackers 36 months). In case of a termination without serious cause as defined by the applicable law, QIAGEN would remain obliged to compensate the Managing Board Member for the remaining term of the agreement.

No arrangements exist for early retirement of Managing Board members. In the event of the sale or transfer of all or substantially all of QIAGEN's assets or business to an acquirer in one or several

transactions including a merger, consolidation or a transfer of shares to a third party, the members are entitled to a Change of Control bonus payment commensurate to a multiple (Mr. Schatz 5 times, Mr. Sackers 3 times, Mr. Uder and Dr. Schorr 2 times) of their annual salary (fixed payment and annual bonus). QIAGEN believes that these severance and Change of Control agreements are appropriate due to the long tenures of the Managing Board members.

4. Item 5.4.5

Every member of the Supervisory Board must take care that he/she has sufficient time to perform his/her mandate. Members of the Management Board of a listed company shall not accept more than a total of three Supervisory Board mandates in non-group listed companies or in supervisory bodies of companies with similar requirements.

In addition to his position as a Supervisory Board member of QIAGEN, Mr. von Prondzynski is a director of Koninklijke Philips Electronics N.V. and Hospira, Inc. as well as Chairman of Nobel Biocare Holding AG and HTL Strefa. Mr. von Prondzynski has assured the Supervisory Board that he has sufficient capacity to fulfil his obligations to QIAGEN as well as to his other board mandates.

Corporate Governance statement

This is a statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) effective as of January 1, 2010 (the “Decree”). The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree can be found in the following sections of this Annual Report:

- The information concerning compliance with the Dutch Corporate Governance Code (published at www.commissiecorporategovernance.nl), as required by article 3 of the Decree, can be found in the relevant sections under "Corporate Governance Report" in this Annual Report;
- The information concerning QIAGEN's risk management and control frameworks relating to the financial reporting process, as required by article 3a sub a of the Decree, can be found in the relevant sections under "Corporate Governance Report" in this Annual Report;
- The information regarding the functioning of QIAGEN's General Meeting of Shareholders, and the authority and rights of QIAGEN's shareholders, as required by article 3a sub b of the Decree, can be found in the relevant sections under "Corporate Governance Report" in this Annual Report;
- The information regarding the composition and functioning of QIAGEN's Managing Board, the Supervisory Board and its committees, as required by article 3a sub c of the Decree, can be found in the relevant sections under "Corporate Governance Report " and the Report of the Supervisory Board in this Annual Report;
- The information concerning the inclusion of the information required by the Decree Article 10 EU Takeover Directive, as required by article 3b of the Decree, can be found in the relevant sections under "Corporate Governance Report" in this Annual Report;

Requirements – Germany

QIAGEN is required, as a company of which the shares are listed on the Frankfurt Stock Exchange, to state how it has applied the main principles and how far it has complied with the provisions of the German Corporate Governance Code.

Requirements – the United States

QIAGEN’s shares are listed on the NASDAQ Global Select Market and must therefore comply with such of the requirements of US legislation, such as the Sarbanes-Oxley Act of 2002, regulations enacted under US securities laws and the listing standards of NASDAQ as are applicable to foreign private issuers.

Responsibility Statement of the Management Board

In accordance with best practice II.1.4 of the Dutch corporate governance code of December 2003, taking into account the recommendation of the Corporate Governance Code Monitoring Committee on the application thereof, the Managing Board confirms that internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies, and confirms that these controls functioned properly in the year under review and that there are no indications that they will not continue to do so. The financial statements fairly represent the Company's financial condition and the results of the Company's operations and provide the required disclosures.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realization of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

In accordance with best practice II.1.5 of the Dutch corporate governance code of December 2008 and Article 5.25c of the Financial Markets Supervisory Act, and in view of all of the above the management board confirms that, to its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the annual report includes a fair review of the position at the balance sheet date and the development and performance of the business during the financial year together with a description of the principal risks and uncertainties that the Company faces.

F I N A N C I A L S T A T E M E N T S

QIAGEN N.V.
Consolidated statement of financial position
for the year ended December 31, 2010

(in US$ thousands)		December 31, 2010	December 31, 2009
ASSETS	Note		
Cash and cash equivalents	(16)	830.354	827.338
Current available-for-sale financial instruments	(17)	106.077	40.000
Trade accounts receivable	(18)	197.418	193.737
Inventories	(19)	126.633	130.851
Income tax receivable		10.920	12.907
Prepaid expenses and other current assets	(20)	52.936	86.251
Total current assets		**1.324.338**	**1.291.084**
Property, plant and equipment	(21)	323.941	293.544
Goodwill	(22)	1.365.156	1.349.916
Intangible assets	(23)	873.903	874.369
Investments in associates	(24)	19.640	11.299
Non-current available-for-sale financial instruments	(17)	3.359	0
Deferred tax assets	(15)	99.098	87.688
Other non-current assets		34.463	13.557
Total non-current assets		**2.719.560**	**2.630.373**
Total assets		**4.043.898**	**3.921.457**

QIAGEN N.V.
Consolidated statement of financial position
for the year ended December 31, 2010

(in US$ thousands, except share data)		December 31, 2010	December 31, 2009
LIABILITIES AND EQUITY	Note		
Current financial debts	(25)	77.851	52.016
Trade and other accounts payable		47.803	43.775
Provisions	(26)	6.405	9.026
Income tax payable		25.211	10.727
Other current liabilities	(27)	196.532	237.075
Total current liabilities		**353.802**	**352.619**
Non-current financial debts	(25)	767.333	824.394
Deferred tax liabilities	(15)	273.558	277.455
Other non-current liabilities	(28)	51.108	46.973
Total non-current liabilities		**1.091.999**	**1.148.822**
Common Shares	(30)	2.724	2.711
Share premium		1.811.633	1.785.345
Reserves		69.417	59.634
Retained earnings	(31)	714.323	572.326
Equity attributable to equity holders of the parent		**2.598.097**	**2.420.016**
Total liabilities and equity		**4.043.898**	**3.921.457**

Issued and outstanding shares (in thousands)		
Authorized common shares: 410.000, EUR 0,01 par value	233.115	232.074
Preference shares: 450.000, EUR 0,01 par value	0	0
Financing shares: 40.000, EUR 0,01 par value	0	0

QIAGEN N.V.
Consolidated Income Statement
for the year ended December 31, 2010

(in US$ thousands, except per share data)

	Note	2010	2009 [1]
Net sales		**1.087.431**	**1.009.825**
Cost of sales		(308.770)	(281.731)
Cost of sales acquisition related		(1.322)	(7.424)
Purchased intangibles amortization		(61.777)	(53.597)
Gross profit		**715.562**	**667.073**
Other operating income		6.385	9.228
Research and development expense		(114.778)	(97.890)
Sales and marketing expense		(267.484)	(242.854)
General and administrative, integration and other expense	(12)	(111.582)	(117.915)
Purchased intangibles amortization		(26.588)	(21.348)
Other operating expense		(5.017)	(9.741)
Income from operations		**196.498**	**186.553**
Financial income		4.472	3.532
Financial expense		(40.560)	(41.555)
Foreign currency gains, net		2.641	5.588
Gain from investments in associates	(24)	2.907	2.523
Other financial income	(14)	604	10.246
Income before tax		**166.562**	**166.887**
Income taxes	(15)	(24.565)	(35.253)
Net income for the period		**141.997**	**131.634**
- attributable to equity holders of the parent		141.997	131.634

Earnings per share attributable to equity holders of the parent - basic and diluted [2]			
Weighted average number of common shares (basic)		232.635	206.928
Basic in US$ per share	(8)	**$ 0,61**	**$ 0,64**
Weighted average number of common shares (diluted)		235.478	209.645
Diluted in US$ per share	(8)	**$ 0,60**	**$ 0,63**

1) Certain amounts shown here do not correspond to the consolidated financial statements of 2009 as several new line items were included. A detailed description is provided in Note 5.3.

2) Please refer to Note 9 for details on the adjusted earnings per share.

QIAGEN N.V.
Consolidated statement of comprehensive Income for the year ended December 31, 2010

(in US$ thousands)

	Note	2010	2009
Net income for the period		**141.997**	**131.634**
Cash flow hedge reserve:			
Gains /(losses) on hedging contracts		14.636	(13.278)
Gains /(losses) during the year of interest rate contracts		0	537
Reclassification adjustments for gains/(losses) included in the income statement		(8.874)	8.367
Net gain/ (loss) on cash flow hedging contracts		5.762	(4.374)
Income Tax	(15)	(2.079)	1.209
Cash flow hedge reserve, net of tax		**3.683**	**(3.165)**
Foreign currency translation reserve:			
Foreign currency translation differences		5.966	48.518
Income Tax	(15)	134	(4.056)
Foreign currency translation reserve, net of tax:		**6.100**	**44.462**
Comprehensive income for the period, net of tax		**9.783**	**41.297**
Total Comprehensive income		**151.780**	**172.931**
- attributable to equity holders of the parent		151.780	172.931

QIAGEN N.V.
Consolidated statement of cash flows
for the year ended December 31, 2010

(in US$ thousands)	Note	2010	2009
Net income		**141.997**	**131.634**
Adjustments to reconcile to net cash flows:			
Depreciation, amortization and impairment of intangible and other fixed assets		154.149	138.678
Non-cash impacts from convertible bond		15.135	15.176
Gain on sale of investments		0	(11.501)
Deferred income taxes		(25.021)	(22.966)
Share based compensation		13.592	9.747
Other non cash items		(11.325)	7.644
(Increase) / decrease in accounts receivable		(6.884)	(25.213)
(Increase) / decrease in inventories		2.348	(21.534)
(Increase) / decrease in income tax receivables		2.052	16.283
(Increase) / decrease in other assets		1.889	(19.043)
Increase / (decrease) in accounts payable		3.482	(9.076)
Increase / (decrease) in accrued and other liabilities		(32.041)	26.046
Increase / (decrease) in income tax payables		12.401	8.966
Net cash provided by operating activities		**271.774**	**244.841**
Purchases of property, plant and equipment		(79.666)	(42.138)
Purchases of intangible assets		(44.243)	(27.220)
Capitalization of development expenses		(17.892)	(20.875)
Proceeds from sale of equipment		3.474	869
Sale / (purchase) of available-for-sale assets		(66.077)	(40.000)
Sale / (purchase) of investments		7.985	1.477
Cash paid for acquisitions, net of cash acquired		(36.985)	(234.732)
Net cash used in investing activities		**(233.404)**	**(362.619)**
Proceeds from long-term debt		3.016	0
Repayments of debt		(50.000)	(25.000)
Principal payments on finance leases		(3.262)	(2.991)
Issuance of common shares		11.241	650.492
Other financing activities		814	(210)
Net cash provided by financing activities		**(38.191)**	**622.291**
Effect of exchange rate changes on cash and cash equivalents		2.837	(12.114)
Net increase / (decrease) in cash and cash equivalents		3.016	492.399
Cash and cash equivalents at January 1st		827.338	334.939
Cash and Cash Equivalents at December 31st	(16)	**830.354**	**827.338**

Supplemental cash flow disclosures:		
Cash paid for interest	(5.039)	(6.597)
Cash received for interest	4.310	3.532
Cash paid for income taxes	(33.781)	(36.003)
Non-cash investing and financing transactions:		
Equipment purchased through finance lease	1.185	376

QIAGEN N.V.
Consolidated statement of changes in equity

for the year ended December 31, 2009 (in U$ thousands)	**Common shares**	**Share premium**	**Retained earnings**	Cash flow hedge reserve	Foreign currency translation	**Reserves**	**Attributable to equity holders of the parent**
At January 1, 2009	**2.212**	**1.117.390**	**440.692**	(2.162)	20.499	**18.337**	**1.578.631**
Net income for the period	0	0	131.634	0	0	0	131.634
Other comprehensive income (loss)	0	0	0	(3.165)	44.462	41.297	41.297
Total comprehensive Income	**0**	**0**	**131.634**	(3.165)	44.462	**41.297**	**172.931**
Tax benefit of employee stock plans	0	3.363	0	0	0	0	3.363
Share-based payments	0	14.600	0	0	0	0	14.600
Employee stock plans	37	26.883	0	0	0	0	26.920
Transaction costs	0	(16.835)	0	0	0	0	-16.835
Issuance of share capital	462	639.944	0	0	0	0	640.406
At December 31, 2009	**2.711**	**1.785.345**	**572.326**	(5.327)	64.961	**59.634**	**2.420.016**

for the year ended December 31, 2010 (in U$ thousands)	Note	**Common shares**	**Share premium**	**Retained earnings**	Cash flow hedge reserve	Foreign currency translation	**Reserves**	**Attributable to equity holders of the parent**
At January 1, 2010		**2.711**	**1.785.345**	**572.326**	(5.327)	64.961	**59.634**	**2.420.016**
Net income for the period	(31)	0	0	141.997	0	0	0	141.997
Other comprehensive income		0	0	0	3.683	6.100	9.783	9.783
Total comprehensive Income		**0**	**0**	**141.997**	3.683	6.100	**9.783**	**151.780**
Tax benefit of employee stock plans		0	445	0	0	0	0	445
Share-based payments		0	14.615	0	0	0	0	14.615
Employee stock plans	(32)	13	11.228	0	0	0	0	11.241
At December 31, 2010		**2.724**	**1.811.633**	**714.323**	(1.644)	71.061	**69.417**	**2.598.097**

QIAGEN N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

1. Corporate Information

QIAGEN N.V. is a public limited liability company ('naamloze vennootschap') under Dutch law with registered office at Spoorstraat 50, Venlo, The Netherlands. QIAGEN N.V. as the holding company and Subsidiaries ('the Company', 'Group', 'we' or 'QIAGEN') is a leading provider of innovative sample and assay technologies. These technologies –consumable products such as sample and assay kits and automated instrumentation systems – empower customers to transform raw biological samples into valuable molecular information. We serve four major customer classes: molecular diagnostics laboratories, academic researchers, pharmaceutical research and development groups, and applied testing customers in fields such as forensics, veterinary diagnostics, food safety and biosecurity. We market our products in more than 100 countries.

The consolidated financial statements of QIAGEN for the year ended December 31, 2010 were authorized for issue in accordance with a resolution of the Board of Directors on April 21, 2011.

2. Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial instruments that have been measured at fair value. The consolidated financial statements are presented in U.S. Dollar (US$) and all values are rounded to the nearest thousand ($000) except when otherwise indicated.

3. Statement of Compliance

The consolidated financial statements of QIAGEN have been prepared in accordance with international Financial Reporting standards (IFRS) as endorsed by the European Union (EU).

4. Consolidation Principles

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2010.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities of the subsidiary, the cumulative translation differences, recorded in equity, recognizes the fair value of the consideration received, recognizes the fair value of any investment retained, any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

5. Changes in Accounting Policy and Disclosures

5.1. The Group has adopted the following new and amended IFRSs and IFRIC interpretations as of January 1, 2010:

(a) IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (Amended)

This amendment was issued in July 2008 and is effective for financial years beginning on or after July 1, 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group, as the Group has not entered into any such hedges.

(b) IFRIC 17 Distributions of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on neither the financial position nor the performance of the Group.

(c) Other Improvements to International Financial Reporting Standards as issued in May 2008 and April 2009 and effective on or after January 1, 2010.

The resulting amendments to several existing Standards were implemented on their respective effective dates and did not have any impact on the financial performance or position of QIAGEN.

- Issued in May 2008

  IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction.

- Issued in April 2009

  IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5.

  IAS 7 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact amongst others, the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2010 upon cash settlement.

  IAS 36 Impairment of Assets: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.

  IAS 1 Presentation of Financial Statements Current/Non-Current Classification of Convertible Instruments: The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

  IFRS 8 Operating Segments: Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the chief operating decision maker does not review segment assets and liabilities, QIAGEN changed the disclosure of segment assets and liabilities as described in Note 5.3.

5.2. The Group has early adopted as from January 1, 2009, the following new and amended IFRSs and IFRIC interpretations mandatory for the first time for the financial year beginning January 1, 2010:

(a) IFRS 2 Share-based Payment (Amended, early adopted in 2009).

(b) IFRS 3 Business Combinations (Revised, early adopted in 2009) and IAS 27 Consolidated and Separate Financial Statements (Amended, early adopted in 2009).

5.3. New and amended IFRSs and IFRIC interpretations not effective for the financial year beginning January 1, 2010 :

The Group has not early adopted and does not expect any significant impact on the financial performance relating to the new and amended standards and interpretations:

IAS 24 (revised), 'Related party disclosures' mandatory for periods beginning on or after January 1, 2011.

IAS 32 (amended) 'Classification of rights issues'. The amendment applies to annual periods beginning on or after February 1, 2010.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective July 1, 2010.

IFRIC 14 (amended) 'Prepayments of a minimum funding requirement', effective for annual periods beginning January 1, 2011.

Improvements to IFRS (issued 2010) generally effective for periods beginning on or after January 1, 2011.

5.4. Changes in Accounting Policy and Presentation

Segment Reporting

In connection with recent acquisitions and internal restructurings, the Company has determined it operates as one operating segment in accordance with IFRS 8 Operating Segments. The Company's chief operating decision maker (CODM) makes decisions based on the Company as a whole. With revenues derived from our entire product and service offerings, it is not practicable to provide a detail of revenues for each group of similar products and services or for each customer group, as discrete financial information is not available. Accordingly, we operate as one reporting segment. However, we do provide certain revenue information by customer class to allow better insight into our operations. This information is estimated using certain assumptions to allocate revenue among the customer classes.

Certain reclassifications of prior year amounts have been made to conform to the current year presentation, including reclassifications related to the Company's single segment reporting under IFRS 8 Operating Segments.

Changes in Presentation

(i) QIAGEN has started to present additional line items in the consolidated income statement in connection with the reconciliation of reported results to adjusted results. The company believes that this change improves the comparability of results with the company's competitors and its own prior periods. As a result the following adjustments were made to the financial statements as of and for the year ended December 31, 2010:

(in US$ thousands)	2009 as restated	adjustment	2009 as reported
Net sales	**1.009.825**	**0**	**1.009.825**
Cost of sales	(281.731)	61.021	(342.752)
Cost of sales acquisition related	(7.424)	(7.424)	0
Purchased intangibles amortization	(53.597)	(53.597)	0
Gross profit	**667.073**	**0**	**667.073**
Other operating income	9.228	0	9.228
Research and development expense	(97.890)	3.127	(101.017)
Sales and distribution expense	(242.854)	20.181	(263.035)
General and administrative, integration and other expense	(117.915)	(1.960)	(115.955)
Purchased intangibles amortization	(21.348)	(21.348)	0
Other operating expense	(9.741)	0	(9.741)
Income from operations	**186.553**	**0**	**186.553**

(ii) The Group has changed the presentation of current and non-current finance lease obligations under a separate line item in the consolidated statement of financial position and disclose them within other current/ non-current liabilities. A reclassification of prior year disclosure has been made to conform to the current year presentation. Please refer to notes 27 and 28 for further information.

6. Significant Accounting Estimates and Judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Impairment of Assets

Assets are tested or reviewed for impairment in accordance with the accounting policy stated under Note 7.21. Considerable management judgment is necessary to identify impairment indicators and to estimate future sales and expenses, which underlie the discounted future cash flow projection. Factors such as changes in the planned use of buildings, machinery and equipment, closing of facilities, lower than anticipated sales for products with capitalized rights, changes in the legal framework covering patents, technology rights or licenses could result in shortened useful lives or impairment losses to be recognized in the period in which such determination is made.

Development Costs

Development costs are capitalized in accordance with the accounting policy stated under Note 7.5. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During 2010 the management reviewed the carrying amount of projects and assessed whether they were impaired or not. As per end of December 31, 2010, we considered an impairment loss of US$ 1.453 (December 31, 2009: US$ 2.334), included in amortization of capitalized development costs under R&D expenses.

Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining provisions for income taxes. Some of these estimates are based on interpretations of existing laws or regulations. Various internal and external factors, such as changes in tax laws, regulations and rates, changing interpretations of existing tax laws or regulations, future level of research and development spending and changes in overall levels of pre-tax income may have favorable or unfavorable effects on the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognized in accordance with the accounting policy stated in Note 7.10. Deferred tax assets are recognized for net operating loss carry-forwards to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable profits.

Share-Based Payments

The Company utilizes the Black-Scholes-Merton valuation model for estimating the fair value of its stock options as stated under Note 32. ‘Share-Based Payments’. Option valuation models, including Black-Scholes-Merton, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant date fair value of an award:

- Risk-Free Interest Rate: This is the average U.S. Treasury rate (having a term that most closely resembles the expected life of the option) at the date the option was granted.

- Dividend Yield: These are the dividends expected on the shares (if appropriate).

- Expected Volatility: Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company uses a combination of the historical volatility of its stock price and the implied volatility of market-traded options of the Company’s stock to estimate the expected volatility assumption input to the Black-Scholes model in accordance with IFRS 2 ‘Share-based Payment’. The Company’s decision to use a combination of historical and implied volatility is based upon the availability of actively traded options of its stock and its assessment that such a combination is more representative of future expected stock price trends.

- Expected Life of the Option: This is the period of time that the options granted are expected to remain outstanding. The Company estimated the expected life by considering the historical exercise behavior. The Company uses an even exercise methodology, which assumes that all vested, outstanding options are exercised uniformly over the balance of their contractual life.

- Forfeiture Rate: This is the estimated percentage of options granted that are expected to be forfeited or cancelled on an annual basis before becoming fully vested. The Company estimated the forfeiture rate based on historical forfeiture experience.

Restricted Stock Units

Restricted stock units represent rights to receive common Shares at a future date. The fair market value is determined based on the number of restricted stock units granted and the market value of the Company's shares on the grant date. The fair market value at the time of the grant, less an estimate for pre-vesting forfeitures, is amortized to expense over the vesting period.

7. Summary of Significant Accounting Policies

7.1. Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition related costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Management monitors and makes decisions regarding the Company's operations on a functional specific and global level. Therefore, we concluded that the consolidated group as a whole qualifies as one cash generating unit.

7.2. Investments in Associates

Investments in associates are accounted for using the equity method. An associate is an entity in which the Group has significant influence, generally participations of 20% or more of the voting power, but over which it does not exercise management control.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value.

7.3. Foreign Currency Translation

The Company's presentation currency is the U.S. dollar (US$) which is also the parents company's functional currency. The subsidiaries' functional currencies are the local currency of the respective country with the exception of QIAGEN Finance (Luxembourg) S.A. and QIAGEN Euro Finance (Luxembourg) S.A. which functional currencies is the U.S. dollar. Statements of financial position prepared in their functional currencies are translated to the presentation currency at exchange rates in effect at the end of the accounting period except for shareholders' equity accounts, which are translated at rates in effect when these balances were originally recorded. Revenue and expense accounts are translated at a weighted average of exchange rates during the period. The cumulative effect of translation is included in shareholders' equity. On disposal of the Group Company, such translation differences are recognized in the income statement as part of the gain or loss on sale.

Foreign currency transactions are translated using the exchange rate prevailing at the dates of the transactions. Foreign currency transaction gains and losses are included in the income statement, except for those related to intercompany transactions of a long-term investment nature which represent in substance part of the reporting entity's net investment in a foreign entity; such gains and losses are included in the cumulative foreign currency translation adjustments component of shareholders' equity.

The exchange rates of key currencies affecting the Company were as follows:

	Closing rate as at December 31,		**Annual average rate**	
US$ equivalent for one	**2010**	**2009**	**2010**	**2009**
Euro (EUR)	1,3362	1,4406	1,3268	1,3937
Pound Sterling (GBP)	1,5524	1,6221	1,5457	1,5652
Swiss Franc (CHF)	1,0686	0,9710	0,9612	0,9231
Australian Dollar (AUD)	1,0172	0,8999	0,9198	0,7922
Canadian Dollar (CAD)	1,0030	0,9523	0,9710	0,8798
Japanese Yen (JPY)	0,0123	0,0108	0,0114	0,0107
Chinese Yuan (CNY)	0,1515	0,1465	0,1478	0,1464

7.4. Revenue Recognition

Revenue from the sale of products and from the sale and/or licensing of technologies is recognized upon transfer of significant risks and rewards of ownership to the customer. For instrumentation equipment sales that contain other obligations, such as providing consumables, advanced training, extended warranty services or preventative maintenance contracts, revenue is allocated based on the relative fair values of the individual components as determined by list prices. Revenues for extended warranty services or product maintenance contracts are recognized on a straight-line basis over the contract period.

Revenue from the sales of products is reported net of sales and value added taxes, rebates and discounts and after eliminating sales within the Group. Provisions for rebates and discounts are recognized in the same period that the related sales are recorded, based on the contract terms and historical experience.

Provisions for product returns are made based on historical trends and specific knowledge of any customer's intent to return products. Royalty and licensing incomes are recognized on an accrual basis in accordance with the economic substance of the agreement. Revenue from the rendering of services is recognized as the service is rendered over the contract period and reported as part of revenue from the sale of products.

Consumable and Related Products

Revenue from consumable product sales is generally recognized upon transfer of title consistent with the shipping terms. Per the Company's usual shipping terms, title and risk of loss pass to the customer upon delivery of product to the shipping location. The Company maintains a small amount of consignment inventory at certain customer locations. Revenues for the consumable products which are consigned in this manner are recognized upon consumption. The Company generally allows returns of consumable products if the product is returned in a timely manner and in good condition. Allowances for returns are provided for based upon the historical pattern of returns and Management's evaluation of specific factors that impact the risk of returns.

Related revenue includes license fees, intellectual property and patent sales, royalties and milestone payments. License fees from research collaborations include payments for technology transfer and access rights. Non-refundable, up-front payments received in connection with collaborative research and development agreements are generally deferred and recognized on a straight-line basis over the contract period during which there is any continuing obligation. Payments for milestones, generally based on the achievement of substantive and at-risk performance criteria, are recognized in full at such time as the specified milestone has been achieved according to the terms of the agreement. Royalties from licensees are based on reported sales of licensed products and revenues are calculated based on contract terms when reported sales are reliably measurable, fees are fixed and determinable and collectability is reasonably assured.

Instrumentation

Revenue from instrumentation includes the instrumentation equipment, installation, training and other instrumentation services, such as extended warranty services or product maintenance contracts. Revenue from instrumentation equipment is generally recognized when title passes to the customer, upon either shipment or written customer acceptance after satisfying any installation and training requirements. For instrumentation equipment sales that contain other obligations, such as providing consumables, advanced training, separately-priced extended warranty services or separately-priced extended maintenance contracts, revenue is first allocated to separately-priced extended warranty or maintenance contracts based on the stated contract price, then the remaining contract value is allocated to the remaining elements based on objective, verifiable evidence of the fair value of the individual components. The price charged when the element is sold separately generally determines its fair value. Revenues for extended warranty services or extended product maintenance contracts are deferred and recognized on a straight-line basis over the contract period.

We also enter into arrangements whereby revenues are derived from multiple deliverables. In these arrangements, we record revenue as the separate elements are delivered to the customer if the delivered item is determined to represent a separate earnings process, there is objective and reliable evidence of the fair value of the undelivered item, and delivery or performance of the undelivered item is probable and substantially in our control. For instruments where installation is determined to be a separate earnings process, the portion of the sales price allocable to the fair value of the installation is deferred and recognized when installation is complete. We determine the fair value of the installation process based on technician labor billing rates, the expected number of hours to install the instrument based on historical experience, and amounts charged by third-parties. We continually monitor the level of effort required for the installation of our instruments to ensure that appropriate fair values have been determined.

Shipping and handling costs charged to customers is recorded as revenue in the period the related product sales revenue is recognized.

7.5. Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually. The capitalized expenses are amortized on a straight-line basis over their estimated useful lives (between two and twelve years).

7.6. Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Otherwise, payments received under Government grants are recorded as liabilities in the statement of financial position. When the grant relates to an expense item, it is recognized over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value of the grant is deducted from the carrying amount of the asset, resulting in a reduction of the depreciation of the asset.

7.7. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (qualifying asset). All other borrowing costs are expensed in the period they occur.

7.8. Pension Obligations

The Group operates a number of defined benefit and defined contribution plans. For defined benefit plans, the Group companies provide for benefits payable to their employees on retirement by charging current service costs to income. The defined benefit liability comprises the present value of the defined benefit obligation less past service cost and actuarial gains and losses not yet recognized and less the fair value of plan assets out of which the obligations are to be settled directly. Defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method, which reflects services rendered by employees to the date of valuation, incorporates assumptions concerning employees' projected salaries and uses interest rates of highly liquid corporate bonds which have terms to maturity approximating the terms of the related liability. Significant actuarial gains or losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the average service life of the related employees when they exceed the corridor. The Group's contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses are recognized as income or expense

when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plans.

7.9. Share-Based Payments

The Company has a stock option plan, which is described in detail under 32. 'Share-Based Payments'. A compensation charge is calculated at the date the options are granted. This charge is recognized over the stock option's vesting period. When the option is exercised, the proceeds received net of any transaction costs are credited to share capital and share premium.

7.10. Taxation

Taxes reported in the consolidated income statements include current and deferred income taxes.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

7.11. Financial Assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired, the Group retains the right to receive cash flows from the assets, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement, or the Group has transferred its rights to receive cash flows from the assets and either (a) has transferred substantially all the risks and rewards of the assets or (b) has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from assets and has neither transferred nor retained substantially all the risks and rewards of the assets nor transferred control of the assets, the assets are recognized to the extent of the Group's continuing involvement in the assets. Continuing involvement that takes the form of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the assets and the maximum amount of consideration that the Group could be required to repay.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include derivative financial instruments not designated as hedging instrument and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as at fair value through profit or loss if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39 Derivatives. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance cost in the income statement.

The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

The Group evaluated its financial assets at fair value through profit and loss whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

The effective interest rate amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs. The Group did not have any held-to-maturity investments during the years ended 31 December 2010 and 2009.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other financial income and expense, or determined to be impaired, at which time the cumulative loss is recognized in the income statement in other financial income and expense and removed from the available-for-sale reserve.

The Group evaluated its available-for-sale financial assets whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent significantly changes to do so in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or maturity.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognized in equity (Available-for-sale reserve in other comprehensive income) is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to the income statement other financial income and expense.

7.12. Financial Liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified at fair value through profit or loss if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Gains or losses on liabilities at fair value through profit or losses are recognized in the income statement.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance cost in the income statement.

7.13. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

7.14. Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (mid price), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 29 'Fair Value Measurements'.

7.15. Derivative Financial Instruments and Hedge Accounting

Initial recognition and subsequent measurement The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps contracts to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income (cash flow hedge reserve).

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the income statement in finance costs.

Amounts recognized as other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the initial carrying amount of the nonfinancial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments. Refer to Note 36 for more details.

7.16. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit in banks and other cash invested temporarily in various instruments that are short-term and highly liquid, and having an original maturity of less than 90 days at the date of purchase and which are readily convertible to known amounts of cash. This definition is also used for the consolidated statements of cash flows. The Company maintains its cash accounts in highly qualified institutions.

7.17. Inventories

Inventories are stated at the lower of cost and net realizable value. The first-in, first-out (FIFO) method of valuation is used. The cost of work in process and finished goods includes raw materials, direct labor and production overhead expenditure based upon normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the cost of completion and distribution expenses. Provisions are established for slow-moving and obsolete inventory.

7.18. Property, Plant and Equipment

Property, plant and equipment, including equipment under finance lease, are stated at cost of acquisition or construction cost less accumulated depreciation and accumulated impairment in value. Depreciation is computed using the straight-line and declining balance methods over the following estimated useful lives of the assets:

Buildings and improvements	1-40 years
Machinery and equipment	1-15 years
Furniture and office equipment	1-15 years

Land is not depreciated. Construction costs include borrowing costs and operating expenses that are directly attributable to items of property, plant and equipment capitalized during construction. Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Subsequent expenditure on an item of property, plant and equipment is capitalized at cost only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repair and maintenance costs are expensed as incurred. Gains and losses on disposal or retirement of items of property, plant and equipment are determined by comparing the proceeds received with the carrying amounts and are included in the consolidated income statements. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

7.19. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

7.20. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Expenditure on acquired technology rights, patents, trademarks and licenses are capitalized as intangible assets when it is probable that future economic benefits will flow to the Group and the cost can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Amortization expense related to developed technology and patent and license rights acquired in a business combination is included in cost of sales. Amortization of trademarks, customer base and non-compete agreements acquired in a business combination is recorded in operating expense under the caption "purchased intangibles amortization." Amortization expenses of intangible assets not acquired in a business combination are recorded within cost of sales, research and development, or sales and marketing line items based on the use of the asset.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Technology rights, patents, trademarks and licenses are amortized on a straight-line basis over their estimated useful lives as follows:

Technology rights and patents	5-15 years
Computer software	1-10 years
Development expenses	3-14 years
Other intellectual properties	3-14 years

7.21. Impairment

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognized in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

7.22. Provisions

Provisions are recognized by the Group when a present legal or constructive obligation exists as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a financing cost.

Restructuring provisions are recorded in the period in which management has committed to a detailed formal plan, has raised a valid expectation in those affected that it will carry out the restructuring and it becomes probable that a liability will be incurred and the amount can be reasonably estimated. Restructuring provisions comprise lease termination penalties, other penalties and employee termination payments.

7.23. Segment Reporting

In connection with recent acquisitions and internal restructurings, the Company has determined it operates as one operating segment. The Company's chief operating decision maker (CODM) makes decisions based on the Company as a whole. In addition, the Company shares the common basis of organization and types of products and services which derive revenues and consistent product margins. Accordingly, the Company operates and makes decisions as one reporting unit. Certain reclassifications of prior year amounts have been made to conform to the current year presentation, including reclassifications related to the Company's single segment reporting in accordance with IFRS 8.

7.24. Cash flow Statement

The cash flow statement provides an explanation of the changes in cash and cash equivalents. It is prepared on the basis of a comparison of the statements of financial position as of January 1 and December 31 using the indirect method. Investing and financing transactions that do not require the use of cash or cash equivalents have been excluded from the cash flow statement. In 2010 and 2009 such eliminations primarily related to non-cash impacts from the convertible bonds.

8. Earnings per Share

Basic Earnings per Share

Basic earnings per share is calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding during the year.

Diluted earnings per share

For diluted earnings per share, the weighted average number of common shares outstanding is adjusted to assume conversion of all potential dilutive shares arising from outstanding stock options and the convertible bond. For stock options, a calculation is made to determine the number of shares that could have been acquired at fair value based on proceeds from the exercise of stock options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the stock options. The difference is added to the denominator as additional shares for no consideration. There is no adjustment made to the numerator. In 2010, share equivalents of 2.843.000 common shares (2009: 2.717.000 common shares) arising from stock options granted to employees and directors were included in calculating diluted earnings per share. In 2010, 2.152.000 outstanding stock options (2009: 2.627.000 stock options) were not considered in the calculation as they were anti-dilutive.

For the convertible bonds, the number of shares into which the bonds are assumed to be fully convertible is added to the denominator. The numerator is increased by eliminating the interest expense, net of tax, that would not be incurred if the bonds were converted. In 2010 and 2009, the effect of the convertible bonds was excluded from calculating diluted earnings per share as it was antidilutive.

9. Reconciliation of Reported to Adjusted Results (Non-IFRS)

(in US$ thousands, except per share data)	2010	2009
Gross profit, as reported	**715.562**	**667.073**
Business integration, acquisition related and restructering costs	1.322	7.424
Purchased intangibles amortization	61.777	53.597
Share-based compensation	932	799
Gross profit, as adjusted	**779.593**	**728.893**
Gross margin, as adjusted	71,7%	72,2%
Income from operations, as reported	**196.498**	**186.553**
Business integration, acquisition related and restructering cost	20.808	34.327
Purchased intangibles amortization	88.365	74.945
Share-based compensation	13.592	9.747
Income from operations, as adjusted	**319.263**	**305.572**
Operating margin, as adjusted	29,4%	30,3%
Income before tax, as reported	**166.562**	**166.887**
Business integration, acquisition related and restructering cost	21.224	34.327
Purchased intangibles amortization	88.365	74.945
Share-based compensation	13.592	9.747
Interest expense from bifurcation of convertible debt	14.332	13.464
Other financial income	(604)	(10.246)
Income before tax, as adjusted	**303.471**	**289.124**
Income taxes as reported	(24.565)	(35.253)
Income taxes on adjustments	(44.452)	(45.097)
Net income for the period, as adjusted	**234.454**	**208.774**
Effective income tax rate, as reported	14,7%	21,1%
Effective income tax rate, as adjusted	22,7%	27,8%
Earnings per share attributable to equity holders of the parent - as adjusted		
Weighted average number of common shares (diluted)	235.478	209.645
Diluted in US$ per share, as adjusted	**$ 1,00**	**$ 1,00**
Diluted in US$ per share, as reported	$ 0,60	$ 0,63

QIAGEN has regularly reported adjusted results, to give additional insight into its financial performance. Adjusted results should be considered in addition to the reported results prepared in accordance with International Financial Reporting Standards, but should not be considered as a substitute. The company believes certain items should be excluded from adjusted results when they are outside of its ongoing core operations, vary significantly from period to period, or affect the comparability of results with the company's competitors and its own prior periods.

10. Acquisitions and Divestitures

2010 Acquisitions

In 2010, the Company completed two acquisitions which individually were not significant to the overall consolidated financial statements. The Company acquired 100% of the shares of ESE GmbH, a privately held developer and manufacturer of UV and fluorescence optical measurement devices. ESE is based in Stockach, Germany. ESE has pioneered the development and manufacturing of optical measurement systems for medical and industrial applications. The systems utilize unique, high-performance and award-winning fluorescence detection technologies integrated into compact modules. The Company has demonstrated that ESE's fluorescence detection systems can be used to measure signals generated by the Company's existing testing technologies, including the HDA and tHDA isothermal assay systems. The Company also acquired the food market business of IFP, a Berlin-based company which sells food, veterinary and environmental quality control assays. The transaction was an asset purchase of primarily patents, know-how, intellectual property rights and customer data related to the business. The Company and IFP have entered into license and contract manufacturing agreements under which IFP will perform the production for QIAGEN.

Aggregate consideration paid in 2010 for the acquisitions was US$ 22,7 million and an amount of US$ 2,7 million was retained in an escrow account to cover any claims for breach of any representations, warranties or indemnities. During 2010, US$ 1,4 million of the funds were released, and as a result US$ 1,3 million is included in prepaid expenses and other current assets in the accompanying consolidated statement of financial position. Correspondingly, the Company has recorded pre-acquisition contingencies of US$ 1,3 million which are included in other current liabilities in the accompanying consolidated statement of financial position. Furthermore, the Purchase Agreements for both acquisitions includes milestone payments of up to US$ 8,0 million, of which US$ 0,3 million was paid in 2010.

Final Allocation of 2009 Acquisitions

DxS Ltd. Acquisition

On September 21, 2009, the Company acquired 100% of the outstanding shares of DxS Ltd. (DxS), a privately-held developer and manufacturer of companion diagnostic products headquartered in Manchester, United Kingdom. With this acquisition the Company believes that it has taken a strong leadership position in the new era of personalized healthcare (PHC). The transaction is valued at US$ 94,5 million in cash, plus up to an additional US$ 35,0 million in contingent consideration. The acquisition date fair value of the total consideration was US$ 112,1 million, which consisted of US$ 94,5 million in cash and US$ 17,6 million for the acquisition date fair value of the contingent consideration. A portion of the purchase consideration was deposited in an escrow account with a paying agent to cover any claims for breach of representations, warranties, covenants or indemnities or failure to satisfy certain conditions. As a result, US$ 8,7 million is included in prepaid expenses and other current assets in the accompanying consolidated statement of financial position. Correspondingly, the Company has recorded pre-acquisition contingencies of US$ 8,7

million which are included in other current liabilities in the accompanying consolidated statement of financial position.

The contingent consideration of up to US$ 35,0 million relates to specific commercial and other milestones, which, if met, will be paid as follows: US$ 10,0 million in 2010, US$ 10,0 million in 2011, US$ 2,5 million prior to November 30, 2011, US$ 5,0 million prior to May 31, 2012, of which US$ 3,5 million have been paid in 2010, US$ 5,0 million prior to September 21, 2012, of which US$ 2,0 million have been paid in 2010, and US$ 2,5 million prior to November 30, 2012. The preliminary total fair value of milestones is approximately US$ 17,6 million which, as of the acquisition date, has been recognized as purchase price. The fair value of the milestone payments was determined using a discount rate of 3.25% and a probability regarding the accomplishment of the milestones of 90 to 95%.

SABiosciences Acquisition

On December 14, 2009, the Company acquired 100% of the outstanding shares of SABiosciences Corporation, located in Frederick, Maryland (USA). SABiosciences holds a leading position in the design and commercialization of disease- and pathway-focused real-time PCR-based assay panels, which are widely utilized in biomedical research and in the development of future drugs and diagnostics. At closing, the purchase price was US$ 97,6 million in cash.

The Company has deposited US$ 5,9 million of the consideration in an escrow account with a paying agent to cover any claims for breach of representations, warranties, covenants or indemnities or failure to satisfy certain conditions. This amount is included in prepaid expenses and other current assets in the accompanying consolidated statement of financial position. Correspondingly, the Company has recorded pre-acquisition contingencies of US$ 5,9 million which are included in other current liabilities in the accompanying consolidated statement of financial position.

As of December 31, 2010, the final allocation of the purchase price and transaction costs for the acquisitions of DxS and SABiosciences are follows:

(in US$ thousands)	**Total**	**SABiosciences**	**DxS Ltd.**
Cash	192.409	97.586	94.823
Fair value of milestones	17.599	0	17.599
Purchase Price	**210.008**	**97.586**	**112.422**
Working capital	10.202	9.939	263
Fixed and other non-current assets	4.414	2.215	2.199
Product technology and know-how	42.800	26.400	16.400
In-process R&D	3.100	1.700	1.400
Customer relationships	63.300	8.400	54.900
Tradenames	6.000	1.900	4.100
Goodwill	119.327	62.392	56.935
Deferred tax liabilitiy	(38.400)	(15.360)	(23.040)
Liabilities assumed	(735)	0	(735)
Final Allocation	**210.008**	**97.586**	**112.422**

The weighted-average amortization period for the intangible assets acquired with DxS is 15 years and with SABiosciences is 10 years. The goodwill acquired in these acquisitions is not deductible for tax purposes.

Deferred tax liabilities are recognized on the fair value of identifiable intangible assets acquired.

The following table states the carrying amounts of each class of the acquired assets and liabilities at the acquisition date for DxS Ltd. and SABiosciences:

	SABiosciences		DxS	
(in US$ thousands)	**Fair Value**	**Carrying Value**	**Fair Value**	**Carrying Value**
Cash and cash equivalents	11.054	11.054	2.485	2.485
Trade accounts receivable	2.376	2.376	3.441	3.441
Inventories	1.343	2.041	3.944	3.944
Other current assets	1.080	15.980	3.339	3.339
Current Assets	**15.853**	**31.451**	**13.209**	**13.209**
Property, Plant & Equipment	2.112	2.112	2.199	2.199
Intangible Assets	0	38.400	3.023	76.800
Other non-current assets	103	103	0	0
Non-Current Assets	**2.215**	**40.615**	**5.222**	**78.999**
Acquired Assets	**18.068**	**72.066**	**18.431**	**92.208**
Trade accounts payable	620	620	2.315	2.315
Accrued liabilities	5.123	5.123	6.719	6.719
Other non-current liabilities	1.217	16.217	778	778
Current Liabilities	**6.960**	**21.960**	**9.812**	**9.812**
Deferred income taxes	0	15.360	0	23.040
Other non-current liabilities	0	0	735	735
Non-Current Liabilities	**0**	**15.360**	**735**	**23.775**
Acquired Liabilities	**6.960**	**37.320**	**10.547**	**33.587**

Other 2009 Acquisitions

On August 6, 2009, the Company acquired Explera s.r.l., a leading supplier in molecular diagnostics and personalized medicine in Italy. The transaction is valued at US$ 7,5 million, with a fixed purchase price of US$ 5,0 million and milestone payments of US$ 2,5 million. With this acquisition, the Company is expanding the size of its molecular diagnostics sales channel in Italy and is adding several activities in the area of personalized medicine and access to a suite of CE-IVD pyrosequencing assays.

On November 12, 2009, the Company acquired 100% of the outstanding shares of a privately-held developer, producer and distributor of PCR-based technologies for forensics, kinship and paternity analysis, and other human identity testing applications located in Germany. Upon closing of the transaction an upfront payment of US$ 23,3 million was paid to the sellers, less an amount of US$ 13,1 million which was originally retained in an escrow account to cover any claims for breach of any of representations, warranties or indemnities. The escrow funds were partially released to the sellers during 2010. Another US$ 1,6 million was paid to the sellers in 2010.

The Company's acquisitions have historically been made at prices above the fair value of the acquired assets, resulting in goodwill, due to expectations of synergies of combining the businesses. These synergies include use of the Company's existing infrastructure, such as sales force, distribution channels and customer relations, to expand sales of the acquired businesses' products; use of the infrastructure of the acquired businesses to cost-effectively expand sales of Company products; and elimination of duplicative facilities, functions and staffing.

These acquisitions have been accounted for using the purchase method of accounting, and the acquired companies' results have been included in the accompanying consolidated income statement from their respective dates of acquisition. The allocation of the purchase price is preliminary and is based upon information that was available to management at the time the financial statements were prepared. Accordingly, the allocation may change. The Company has gathered no information that indicates the final purchase price allocations will differ materially from the preliminary estimates other than for the final determination of the intangible assets acquired with the acquisition of DxS and SABiosciences.

Acquisition-related costs are expensed when incurred and are included in general, administrative, integration and other in the accompanying consolidated statements of income.

2009 Divestitures

In July 2009, through the sale of the Company's subsidiary in Austria, the Company sold the Olerup SSP® product line and related assets to Olerup International AB, a subsidiary of LinkMed, a Swedish venture capital company specializing in life sciences. The Olerup SSP® product line includes molecular transplantation testing products used for DNA human leukocyte antigen (HLA) typing. The Company retained rights to all Olerup SSP® assays for applications outside transplantation testing, such as in personalized medicine. The transaction does not affect the Company's presence in new sequencing-based typing assays in the area of transplantation. The Company recorded a net gain of approximately US$ 1,2 million on the sale of the business, which is recorded in other financial income and expense in 2009.

2009 Restructuring of Acquired Businesses

In October 2009, the Company started the closure and relocation of its activities in Brisbane and Sydney to other locations of the Company, primarily to QIAGEN Instruments AG in Switzerland. The restructurings follow the acquisition of Corbett in 2008 and consolidates the Company's instrument manufacturing activities. The closure and relocation have been completed in the second quarter of 2010.

11. Government Grants

The Company has received cost grants and investment grants. In 2010 the Company recorded income from Government grants in the amount of US$ 2,7 million (2009: US$ 3,8 million). As of December 31, 2010, liabilities in the amount of US$ 3,2 million (2009: US$ 2,0 million) are recorded with respect to grants which have been received but for which not all conditions have been met.

12. General and Administrative, Integration and Other Expense

General and administrative expenses primarily represent the costs required to support our administrative infrastructure which generally has continued to expand along with our growth. In 2010, costs for businesses acquired and restructurings of US$ 19,5 million (2009: US$ 26,9 million), and share-based compensation expense of US$ 12,7 million (2009: US$ 8,9 million) are included in general and administrative expense.

13. Personnel Costs

Personnel costs amounted to US$ 333,9 million in 2010 (2009: US$ 303,9 million). As of December 31, 2010, there were 3.587 employees within the Group (December 31, 2009: 3.495).

(in US$ thousands)	2010	2009
Salaries and wages	221.465	201.016
Social security	36.972	41.840
Other	75.419	61.131
Personnel Costs	**333.856**	**303.987**

The personnel costs are allocated to the functional areas in which the respective employees are working. Other personnel costs among other positions contain share-based compensation. Please also refer to Note 34 “Employee Benefits” for further details on pension costs and other contributions.

14. Other Financial Income

In 2010 and 2009, other financial income includes proceeds from selling an investment in a privately-held company of US$ 0,6 million and US$ 10,5 million, respectively.

15. Income Tax

Major components of income tax expense as presented in the income statement for the years ended December 31, 2010 and 2009, are:

(in US$ thousands)	2010	2009
Current Income Tax	**48.908**	**45.316**
Current income tax charge	47.858	47.245
Adjustment in respect of current income tax of previous years	1.050	(1.929)
Deferred Income Tax	**(24.343)**	**(10.063)**
Relating to origination and reversal of temporary differences	(22.943)	(6.392)
Relating to changes in tax rates	(1.400)	(3.671)
Total Income Tax	**24.565**	**35.253**

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

(in US$ thousands)	2010	2009
Net (loss) / gain on revaluation of cash flow hedges	(2.079)	1.209
Net (loss) / gain on foreign currency translation differences	134	(4.056)
Total Income Tax in Statement of Comprehensive Income	**(1.945)**	**(2.847)**

The applicable statutory income tax rate in The Netherlands was 25,5% in 2010 and 2009. A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group’s effective income tax rate for the years ended December 31, 2010 and 2009, is as follows:

(in US$ thousands)	2010	2009
Income before Tax	**166.562**	**166.887**
At Dutch statutory income tax rate of 25,5%	42.473	42.556
Effect of tax rate differences	10.897	7.294
Income taxes related to prior years	1.050	912
Changes in tax rates impacting deferred taxes	(1.400)	(3.671)
Income tax impact from permanent differences	(26.549)	(9.651)
Other	(1.906)	(2.187)
Total Income Tax	**24.565**	**35.253**

The effective income tax rate amounts to 14,7% in 2010 (21,3% in 2009).

Certain countries benefit from tax holidays which represent a tax exemption period aimed to attract foreign investment in certain tax jurisdictions. These agreements include programs that reduce up to 100% of taxes in years covered by the agreements. The Company has one tax holiday which will expire in 2011.

The Company conducts business globally and, as a result, files numerous consolidated and separate income tax returns in the Netherlands, Germany, Switzerland and the U.S. federal jurisdiction, as well as in various other state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The Company's tax years since 2002 are open for income tax examinations by tax authorities. Its subsidiaries, with few exceptions, are no longer subject to income tax examinations by tax authorities for years before 2004. The U.S. consolidated group is subject to federal and various state and local income tax examinations by tax authorities beginning the year ending December 31, 2007, through the current period.

The disclosure related to the December 31, 2009, deferred tax assets and liabilities has changed to reflect the impact of the U.S. state and local income taxes to the appropriate components of the deferred tax assets and liabilities. The original December 31, 2009, disclosure reflected the U.S. state and local income taxes as one separate deferred tax component. The updated disclosure is consistent with the footnote disclosure for the year ended December 31, 2010.

Deferred income tax at December 31, 2010 and 2009, relates to the following:

(in US$ thousands)	Dec. 31, 2010	Dec. 31, 2009	Change
Accrued liabilities	30.138	25.556	4.582
Equity awards	28.181	25.651	2.530
Inventories	11.599	10.638	961
Tax credits	9.067	9.288	(221)
NOL carryforward	8.282	17.877	(9.595)
Currency Revaluation	2.303	1.846	457
Intangibles	1.228	462	766
Allowance for bad debts	744	0	744
Depreciation and amortization	51	2.846	(2.795)
Finance lease	0	693	(693)
Other	7.505	7.766	(261)
Offsetting	0	(14.935)	14.935
Deferred Tax Asset	**99.098**	**87.688**	**11.410**
Intangibles	(240.600)	(255.280)	14.680
Bifurcation of convertible debt	(8.275)	(12.630)	4.355
Depreciation and amortization	(7.757)	(13.043)	5.286
Accrued liabilities	(6.487)	(838)	(5.649)
Currency Revaluation	(3.588)	(3.992)	404
Inventories	(1.915)	(1.634)	(281)
Finance lease	(1.515)	(725)	(790)
Unremitted profits earnings	(1.042)	(864)	(178)
Allowance for bad debts	(473)	(432)	(41)
Other	(1.906)	(2.952)	1.046
Offsetting	0	14.935	(14.935)
Deferred Tax (Liability)	**(273.558)**	**(277.455)**	**3.897**
Net Deferred Tax Asset/ (Liability)	**(174.460)**	**(189.767)**	**15.307**

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

(in US$ thousands)	2010	2009
Change in deferred income tax provision	4.468	12.980
Change due to purchase accounting	0	(52.309)
Reclass of deferred tax assets	1.462	5.270
Change booked through equity	9.377	(8.624)
Change in Deferred Tax	**15.307**	**(42.683)**

The analysis of net deferred tax assets and deferred tax liabilities reflected on the Company's consolidated statement of financial position at December 31, 2010 and 2009, is as follows:

(in US$ thousands)	2010	2009
Deferred tax assets to be recovered after more than 12 months	37.463	38.795
Deferred tax assets to be recovered within 12 months	61.635	48.893
Deferred Tax Assets	**99.098**	**87.688**
Deferred tax liabilities to be recovered after more than 12 months	(56.381)	(45.051)
Deferred tax liabilities to be recovered within 12 months	(217.177)	(232.404)
Deferred Tax Liabilities	**(273.558)**	**(277.455)**
Net Deferred Tax Liabilities	**(174.460)**	**(189.767)**

At December 31, 2010, the Company had US$ 23,5 million of U.S. federal net operating loss (NOL) carryforwards (2009: US$ 66,0 million). These amounts include US$ 9,4 million related to deductions for equity awards (2009: US$ 9,4 million). These NOLs have, for the most part, been acquired in recent acquisitions and a portion of these NOLs are subject to limitations under Section 382 of the Internal Revenue Code. These net operating losses will expire beginning December 31, 2021, though December 31, 2027. As of December 31, 2010 and 2009, the Company had other foreign carryforwards totaling approximately US$ 14,3 million and US$ 45,6 million, respectively. These NOLs were primarily generated from acquisitions and operating losses from the Company's subsidiaries. A portion of the foreign net operating losses will be expiring beginning December 31, 2012. The valuation allowance amounts are zero and US$ 15,6 million for the years ending December 31, 2010, and December 31, 2009, respectively. The valuation allowance decreased by US$ 15,6 million during 2010 and that decrease were triggered by an intercompany sale of assets and related tax affects eliminated in consolidation.

The Company has undistributed earnings in foreign subsidiaries. Upon repatriation of those earnings, in the form of dividends or otherwise, in some jurisdictions the Company would be subject to withholding taxes payable to the foreign countries or the receipts would be subject to tax. For those subsidiaries where the earnings are considered to be permanently reinvested, no provision for taxes has been provided. At December 31, 2010, and December 31, 2009, the Company had deferred income tax liabilities of approximately US$ 1,0 million and US$ 0,9 million, respectively, for taxes that would be payable on the unremitted earnings of certain subsidiaries of the Company. Determination of the amount of unrecognized deferred tax liability on those unremitted earnings is not practicable because of the complexities associated with this hypothetical calculation.

There are no income tax consequences for the Company regarding payment of dividends to the shareholders of the Company. To date, the Company has never paid dividends.

The Company periodically performs a comprehensive review of its tax positions and accrues amounts for tax contingencies. Based upon these reviews, the status of ongoing tax audits, and the expiration of applicable statute of limitations, accruals are adjusted as necessary. The resolution of tax audits is unpredictable and could result in tax liabilities that are significantly different than those which have been estimated and accrued by the Company. Present obligations that are probable to result in an outflow of resources are included in income taxes payable.

16. Cash and Cash Equivalents

(in US$ thousands)	2010	2009
Cash at bank and on hand	197.154	679.882
Short-term bank deposits	633.200	147.456
Cash and Cash Equivalents	**830.354**	**827.338**

Short-term bank deposits have a maturity of three months or less. All funds are placed with banks with a high credit rating.

17. Available-for-sale Financial Instruments

(in US$ thousands)	2010	2009
Unquoted equity securities	3.359	0
Unquoted debt securities	106.077	40.000
Available-for-sale Financial Instruments	**109.436**	**40.000**
thereof current Afs financial instruments	106.077	40.000
thereof non-current Afs financial instruments	3.359	0

At December 31, 2010, the Company holds an investment of US$ 3,4 million for a non-controlling interest of a privately-held company which is classified as non-current available-for-sale equity security. The investment is accounted for under the cost-method.

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

At December 31, 2010, the Company had investments in current available-for-sale debt securities which had a fair market value and cost of approximately US$ 106,1 million. The debt securities consisted of US$ 70,0 million of investments in short-term funds that have a fixed maturity date. Thereof US$ 20,0 million have matured in January 2011 and US$ 50,0 million will mature in May 2011. These fund investments are carried at fair market value, which is equal to the cost. Additionally we had EUR 27,0 million (US$ 36,1 million as of December 31, 2010) of loan note receivables due from financial institutions. These loan note receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Of these loan notes receivables US$ 9,4 million have matured in February 2011 and US$ 26,7 million will mature in November 2013 with put option rights on a quarterly basis beginning in February 2011. Interest income is determined using the effective interest rate method. These loan notes receivables are classified as current assets in the accompanying consolidated statement of financial position since we may put them at our discretion beginning February 2011.

At December 31, 2009, the Company had investments in current available-for-sale debt securities which had a fair market value and cost of approximately US$ 40,0 million. For additional information on fair value measurement please refer to Note 29.

For the years ended December 31, 2010 and 2009, proceeds from sales of available-for-sale debt securities totaled US$ 44,0 million and US$ 0 million, respectively. Realized gains in 2010 were US$ 0,6 million (2009: US$ 10,5 million).

The Company periodically reviews the carrying value of its investments for impairment, considering factors such as the most recent stock transactions and book values from the most recent financial statements.

Movements in available-for-sale financial assets were as follows:

(in US$ thousands)	2010	2009
January, 1st	**40.000**	**4.175**
Unquoted equity securities acquired during the year	3.359	0
Unquoted debt securities acquired during the year	110.077	40.000
Disposals of unquoted debt securities during the year	(44.000)	(4.175)
December 31st	**109.436**	**40.000**

18. Trade Accounts Receivable

(in US$ thousands)	2010	2009
Trade accounts receivable	193.090	192.287
Provision for doubtful accounts	(3.227)	(3.402)
Notes receivable	7.555	4.852
Trade Accounts Receivable	**197.418**	**193.737**

The Group sells its products worldwide through sales subsidiaries and distributors. There is no concentration of credit risk with respect to trade accounts receivable as the Group has a large number of internationally dispersed customers. Trade accounts receivable are non-interest bearing and mostly have payment terms of 30-90 days.

The following table provides a breakdown of trade accounts receivable which are neither past due nor impaired and which are past due but not impaired:

(in US$ thousands)	**Carrying amount**	Thereof neither past due nor impaired	Less than 30 days	Between 31 to 60 days	Between 61 to 90 days	More then 90 days
December 31, 2010						
Trade accounts receivable	**189.863**	111.183	38.687	13.713	11.192	15.088
December 31, 2009						
Trade accounts receivable	**188.885**	114.440	39.754	13.524	8.259	12.908

With respect to the trade accounts receivable that are neither impaired nor past due, there are no indications during the reporting periods 2010 and 2009 that the debtors will not meet their payment obligations.

The notes receivable represent a written promise from customers to pay definite amounts of money on specific future dates.

The following table shows the development of allowances on trade accounts receivable:

(in US$ thousands)	2010	2009
Provision for doubtful accounts as at January, 1st	**3.402**	**3.070**
Additions (recognized as expense)	1.444	1.705
Write-offs	(771)	(562)
Currency translation adjustments	(848)	(811)
Provision for doubtful accounts as at December 31st	**3.227**	**3.402**

All additions and write-offs relate to allowances for individual impairments.

19. Inventories

(in US$ thousands)	2010	2009
Raw materials	23.738	33.172
Work in process	33.043	39.856
Finished goods	69.852	57.823
Inventories	**126.633**	**130.851**

Included in inventories as of December 31, 2010, are US$ 13,9 million (2009: US$ 18,1 million) of inventory provisions. The movement in inventory provisions was recorded under cost of sales. During 2010 inventories in the amount of US$ 130,8 million have been recognized as cost of sales (2009: US$ 127,8 million). In 2009, as a consequence of the SABiosciences acquisition we recognized impairment charges of US$ 3,4 million on finished goods not needed to fulfill pending orders and replaced by products of the acquired business. The impairment charge was recognized as an expense under cost of sales.

20. Prepaid Expenses and Other Current Assets

(in US$ thousands)	2010	2009
Escrow in connection with acquisitions	27.006	37.094
Prepaid Expenses	17.523	22.708
Value added tax	7.039	7.865
Fair values of derivative financial instruments	677	947
Receivables from selling equity securities	0	14.675
Other	691	2.962
Prepaid Expenses and Other Current Assets	**52.936**	**86.251**

Please refer to Note 29 for additional information on fair values of derivative financial instruments.

21. Property, Plant and Equipment

Cost	Land and buildings	Machinery and equipment	Furniture and office equipment	Leasehold improve-ments	Con-struction in progress	Total
Jan.1, 2009	**217.374**	**131.937**	**58.783**	**21.601**	**10.931**	**440.626**
Currency adjustments	4.662	5.581	1.756	974	257	13.230
Additions	5.886	10.058	7.579	1.936	16.679	42.138
Business combinations	0	3.289	907	412	320	4.928
Disposals	0	(10.033)	(4.308)	(489)	(70)	(14.900)
Transfers	1.046	1.575	5.957	186	(11.118)	(2.354)
Dec. 31, 2009	**228.968**	**142.407**	**70.674**	**24.620**	**16.999**	**483.668**
Currency adjustments	(10.378)	(3.457)	(2.035)	437	(926)	(16.359)
Additions	1.352	13.717	4.308	2.631	53.884	75.892
Business combinations	0	209	84	145	0	438
Disposals	0	(4.136)	(3.120)	(901)	(168)	(8.325)
Transfers	(2)	9.254	5.118	2.123	(10.412)	6.081
Dec. 31, 2010	**219.940**	**157.994**	**75.029**	**29.055**	**59.377**	**541.395**

Depreciation	Land and buildings	Machinery and equipment	Furniture and office equipment	Leasehold improve-ments	Con-struction in progress	Total
Jan.1, 2009	**(37.799)**	**(72.530)**	**(42.317)**	**(13.910)**	**0**	**(166.556)**
Currency adjustments	(981)	(2.686)	(1.363)	(686)	0	(5.716)
Additions	(8.420)	(17.712)	(7.179)	(2.494)	0	(35.805)
Disposals	0	12.525	5.100	328	0	17.953
Dec. 31, 2009	**(47.200)**	**(80.403)**	**(45.759)**	**(16.762)**	**0**	**(190.124)**
Currency adjustments	2.083	1.436	1.341	(538)	0	4.322
Additions	(8.320)	(22.502)	(7.000)	(2.871)	0	(40.693)
Disposals	38	5.956	2.244	839	0	9.077
Transfers	(0)	(479)	443	0	0	(36)
Dec. 31, 2010	**(53.399)**	**(95.992)**	**(48.731)**	**(19.332)**	**0**	**(217.454)**

Net book value						
Dec. 31, 2009	**181.768**	**62.004**	**24.915**	**7.858**	**16.999**	**293.544**
Dec. 31, 2010	**166.541**	**62.002**	**26.298**	**9.723**	**59.377**	**323.941**

No property, plant and equipment were pledged as security against non-current financial debts at December 31, 2009 and 2010. The net carrying amount of property, plant and equipment under finance lease contracts amounts to US$ 7,2 million as of December 31, 2010 (December 31, 2009: US$ 8,6 million).

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

For the year ended December 31, 2010, construction in progress includes amounts related to the construction of new facilities in Germany and the United States. For the years ended December 31, 2010, 2009, interest capitalized in connection with construction projects was not significant.

22. Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2010 and 2009, are as follows:

(in US$ thousands)	2010	2009
Goodwill as at January, 1st	**1.349.916**	**1.166.391**
Goodwill acquired during the year	0	114.709
Adjustments for earn-out payments	2.983	28.946
Other	579	13.729
Currency adjustments	11.678	26.141
Goodwill as at December 31st	**1.365.156**	**1.349.916**

With respect to additions to goodwill reference is made to 10. ‘Acquisitions and Divestures’. In 2010 adjustments primarily reflect adjustments for earn-out payments and currency adjustments.

In the fourth quarter of 2010, we performed our annual impairment assessment of goodwill (using data as of October 1, 2010) in accordance with the provisions of IAS 36. No events or changes in circumstances indicated that the acquired goodwill might be impaired.

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

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

Key assumptions used in the value in use calculations

The value in use is calculated based on estimated future cash flow projections expected to result from the use of the cash generating unit, discounted using an appropriate long-term pre-tax discount rate. The value in use calculations use cash flow projections based on financial budgets and models over the projection period (six years) as available for internal reporting purposes and in accordance with standard valuation practices. The growth rates used are based on industry growth forecasts for the projected period as well as for the subsequent period. The discount rates used are based on the weighted average cost of capital (8,00%; 2009: 8,50%) as calculated using the Black Scholes valuation model and verified by external analyst reports.

Sensitivity to changes in assumptions

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

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

We concluded that no impairment existed. Even if our estimates of projected future cash flows were too high by 10%, there would be no impact on the reported value of goodwill at December 31, 2010. Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the cash generating unit and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty, and as additional information becomes known, we may change our estimates.

The changes in the carrying amount of goodwill during the year ended December 31, 2009, resulted from the 2009 acquisitions, foreign currency translation and purchase price adjustments primarily related to tax matters in connection with prior year acquisitions. During 2009 following the corporate restructuring of subsidiaries acquired in connection with the Digene acquisition in 2007, goodwill was allocated to the remaining operating subsidiaries. Additionally, during 2009, an impairment loss of US$ 1,6 million of goodwill from a previous acquisition was recognized following the Company's acquisition of DxS Ltd. in September 2009. The goodwill impairment loss is related to the Germany segment and is recorded in general and administrative, business integration, relocation, restructuring and related costs in the consolidated income statement.

23. Intangible Assets

Cost	Technology rights and patents	Software licenses	Development expense	Other intellectual properties	Total
Jan.1, 2009	**612.168**	**44.268**	**105.472**	**160.711**	**922.619**
Currency adjustments	13.022	1.083	7.658	5.524	27.287
Additions	16.922	10.041	20.875	257	48.095
Business combinations	68.738	152	0	95.162	164.052
Disposals	(450)	(4.854)	(3.214)	(27)	(8.545)
Transfers	0	2.354	0	0	2.354
Dec. 31, 2009	**710.400**	**53.044**	**130.791**	**261.627**	**1.155.862**
Currency adjustments	(5.722)	(1.903)	(5.811)	(1.828)	(15.264)
Additions	69.607	3.859	19.376	2.796	95.638
Business combinations	21.394	23	0	9.938	31.355
Disposals	(1.651)	(473)	0	(907)	(3.031)
Transfers	0	(601)	0	0	(601)
Dec. 31, 2010	**794.028**	**53.949**	**144.356**	**271.626**	**1.263.959**

Intangible Assets (continued)

Amortization	Technology rights and patents	Software licenses	Development expense	Other intellectual properties	Total
Jan.1, 2009	**(108.708)**	**(28.666)**	**(21.742)**	**(23.862)**	**(182.978)**
Currency adjustments	(2.715)	(708)	(120)	(766)	(4.309)
Additions	(61.879)	(4.434)	(11.658)	(17.568)	(95.539)
Impairment losses	(5.000)	0	(2.334)	0	(7.334)
Disposals	749	4.687	3.214	17	8.667
Dec. 31, 2009	**(177.553)**	**(29.121)**	**(32.640)**	**(42.179)**	**(281.493)**
Currency adjustments	1.851	581	(102)	(619)	1.711
Additions	(70.562)	(4.569)	(11.307)	(23.258)	(109.696)
Impairment losses	0	0	(1.453)	0	(1.453)
Disposals	(20)	846	0	13	839
Transfers	62	36	0	(62)	36
Dec. 31, 2010	**(246.222)**	**(32.228)**	**(45.502)**	**(66.104)**	**(390.056)**
Net book value					
Dec. 31, 2009	**532.847**	**23.923**	**98.151**	**219.448**	**874.369**
Dec. 31, 2010	**547.806**	**21.721**	**98.854**	**205.522**	**873.903**

The amortization on intangible assets is allocated to the functional areas in which the respective intangible assets are used (primarily cost of sales, research & development expense and sales and marketing expense). In 2010 purchased intangibles amortization in the amount of US$ 61,8 million is included in cost of sales (2009: US$ 53,6 million) and purchased intangibles amortization in the amount of US$ 26,6 million

is included in operating expenses (2009: US$ 21,3 million). In 2009, impairment losses on technology rights and patents of US$ 5,0 million are due to the acquisitions of DxS and SABiosciences and the discontinuation of certain products. Impairment charges on development expense result from an impairment review of internally generated assets.

The weighted-average amortization period for the intangible assets acquired in the 2010 acquisitions is 10 years. The weighted-average amortization period for the intangible assets acquired during 2009 is between 10 years (SABiosciences) and 15 years (DxS).

24. Investments in Associates

(in US$ thousands)	2010	2009
Investments in associates as at January 1st	**11.299**	**7.767**
Acquisition of shares	3.927	0
Share of profit / (loss)	2.907	2.523
Exchange rate differences	1.507	1.009
Investments in associates as at December 31st	**19.640**	**11.299**

QIAGEN has a 50% interest in an associated company, PreAnalytiX GmbH (PreAnalytiX). The investment is accounted for under the equity method as QIAGEN does not have the joint control over the entity. The Company has been a 50% partner in PreAnalytiX since November 1999, when the company was formed. PreAnalytiX develops, manufactures and markets integrated systems for the collection, stabilization and purification of nucleic acids for molecular diagnostic testing. For further information on PreAnalytix reference is made to 35. ‘Related Party Transactions’.

In 2010, the Company made a US$ 4,0 million investment in Pyrobett Pte Ltd., a company located in Singapore which performs research and development activities related to the development of instruments for use in life sciences.

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

Shareholding	2010	2009
PreAnalytix GmbH, Germany	50,0%	50,0%
Pyrobett Pte. Ltd., Singapore	20,0%	0,0%
QBM Cell Science Ltd., Canada	19,5%	19,5%
Dx Assays Pte. Ltd., Singapore	33,3%	33,3%

As a QIAGEN representative has a board seat at QBM Cell Science, QIAGEN has significant influence on that company. Accordingly, the share in QBM Cell Science is recorded at equity in spite of the fact that QIAGEN’s share is below 20%. The following overview reflects 100% of the assets and liabilities of the relating companies.

(in US$ millions)	2010	2009
Total assets	45,0	26,2
Shareholders equity	29,4	20,3
Net sales	13,5	13,3
Net result (group's share)	2,9	2,5

At December 31, 2010 and 2009, the Company had a loan receivable of US$ 1,4 million, respectively, included in other non-current assets, due from Dx Assays, which bears interest at 15% and is due in March 2013.

25. Financial Debts

The term loan bears interest calculated at LIBOR plus a variable margin ranging from 0,629% to 0,754% and 0,631% to 1,068% (floating-rate), due on July 12, 2012 with payments beginning in 2009. The convertible bond 2006/2026 has a face value of US$ 300,0 million bearing interest at a rate of 3,25% (fixed-rate). The convertible bond 2004/2024 with face value US$ 150,0 million bearing interest at a rate of 1,50% (fixed rate). As of December 31, 2010, we have drawn down US$ 3,0 million under a loan which can be utilized for up to EUR 12,7 million. The loan bears interest at 3,5% and is due to be fully repaid by 2019 with repayments starting in 2011.

(in US$ thousands)	**2010**	**2009**
Term loan	425.000	475.000
Convertible Bond 2006/2026	275.434	265.783
Convertible Bond 2004/2024	141.744	135.627
Other loan	3.006	0
Total current and non-current financial debts	**845.184**	**876.410**
Less current portion of financial debts	77.851	52.016
Total non-current financial debts	**767.333**	**824.394**
Total amount secured	0	0
Unused lines of credit for short-term financing	160.800	183.700

Breakdown by maturities for payments due for nominal amounts and future interest and development of future carrying values as per December 31, 2010, is as follows:

(in US$ thousands)	**Carrying value**	**Loans** (fixed and floating-rate)	**Convertible bonds** (fixed-rate)	**Total Cash out**
2011	224.646	78.234	156.128	234.362
2012	360.396	352.959	9.750	362.709
2013	260.142	951	303.683	304.634
2014	0	0	0	0
thereafter	0	0	0	0
Total financial debts 2010	**845.184**	**432.144**	**469.561**	**901.705**

For the year ended December 31, 2009:

(in US$ thousands)	Carrying value	Term loan (floating-rate)	Convertible bonds (fixed-rate)	Total Cash out
2010	52.016	74.583	11.925	86.508
2011	209.830	95.932	156.128	252.060
2012	230.000	241.330	9.750	251.080
2013	384.564	122.440	303.683	426.123
thereafter	0	0	0	0
Total financial debts 2009	**876.410**	**534.285**	**481.486**	**1.015.771**

Please refer to Note 36.2 ‘Use of Derivative Financial Instruments’ for maturities of derivative financial instruments.

On July 13, 2007, the Company signed a Syndicated Multi-Currency Term Loan and Revolving Credit Facilities Agreement with Deutsche Bank AG, Deutsche Bank Luxembourg S.A., and the lenders named in the agreement. The lenders made available to the Company an aggregate amount of US$ 750 million in the form of a US$ 500 million term loan, a US$ 100 million bridge loan, and a US$ 150 million revolving credit facility. Under the agreement, the US$ 500 million term loan will mature in July 2012 with an amortization schedule commencing July 2009. In July 2009, US$ 25 million was repaid. The US$ 100 million bridge loan was utilized and repaid within the third quarter of 2007. The US$ 150 million revolving credit facility will expire in July 2012. The proceeds of the debt were loaned to a subsidiary of QIAGEN N.V., and QIAGEN N.V. has guaranteed the debt. The loan agreements contain certain financial and non-financial covenants, including but not limited to restrictions on the encumbrance of land, restrictions on the transfer of any patents to third parties and the maintenance of certain financial ratios. The Company was in compliance with these covenants at December 31, 2010.

The carrying amounts of current and non-current financial debts, excluding the convertible bonds, approximate their fair values. The fair values are based on future cash flows using market rates of interests for borrowings with similar credit status and maturities.

The Company has five separate lines of credit amounting to US$ 160,8 million in the aggregate (2009: 183,7) with variable interest rates, of which insignificant amounts were utilized at December 31, 2010 and 2009. There were no significant short-term borrowings outstanding at December 31, 2010 and 2009.

Interest expense on non-current debt was US$ 37,6 million for the year ended December 31, 2010 (2009: US$ 38,6 million).

(in US$ thousands)	2010	2009
Face value (2004)	145.000	145.000
Transaction costs	(3.300)	(3.300)
Equity conversion component	(35.584)	(35.584)
Liabilitiy component on initial recognition (August 2004)	**106.116**	**106.116**
Accrued interest expense	35.628	29.511
Convertible Bond 2004/2024	**141.744**	**135.627**

In August 2004, the Company completed the sale of US$ 150,0 million principal amount of 1,50% convertible unsubordinated notes (Notes) due 2024, through its subsidiary QIAGEN Finance (Luxembourg) S.A. Interest on the Notes is payable semi-annually in February and August. The Notes were issued at 100% of principal value, and are convertible into 11,5 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of US$ 12,6449 per share, subject to adjustment. In November 2008, the Company issued 395.417 common shares upon the exercise of a portion of the subscription rights in connection with the conversion of US$ 5,0 million of the Notes. The Notes may be redeemed, in whole or in part, at QIAGEN's option on or after 7 years, at 100% of the principal amount provided the actual trading price of our common stock exceeds 120% of the conversion price for twenty consecutive trading days. In addition, the holders of the Notes may require QIAGEN to repurchase all or a portion of the outstanding Notes for 100% of the principal amount, plus accrued interest, on August 18, 2011, 2014 and 2019. Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Finance (Luxembourg) S.A., the fair value of the Notes at December 31, 2010, was approximately US$ 228,8 million (December 31, 2009: US$ 262,5 million). The effective interest rate of the Notes amounts to 5,20%. The Company has reserved 11,5 million shares of common stock for issuance in the event of conversion.

(in US$ thousands)	**2010**	**2008**
Face value (2006)	300.000	300.000
Transaction costs	(4.788)	(4.788)
Equity conversion component	(60.561)	(60.561)
Liabilitiy component on initial recognition (August 2004)	**234.651**	**234.651**
Accrued interest expense	40.783	31.132
Convertible Bond 2006/2026	**275.434**	**265.783**

In May 2006, the Company completed the sale of US$ 300,0 million principal amount of 3,25% senior convertible notes (2006 Notes) due 2026, through its subsidiary QIAGEN Euro Finance (Luxembourg) S.A. Interest on the 2006 Notes is payable semi-annually in May and November. The 2006 Notes were issued at 100% of principal value, and are convertible into 15,0 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of US$ 20,00 per share, subject to adjustment. The 2006 Notes cannot be called for the first 7 years and are callable thereafter subject to a provisional call trigger of 130% of the conversion price. In addition, the holders of the 2006 Notes may require QIAGEN to repurchase all or a portion of the outstanding Notes for 100% of the principal amount, plus accrued interest, on May 16, 2013, 2017 and 2022. Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Euro Finance (Luxembourg) S.A., the fair value of the Notes at December 31, 2010, was approximately US$ 365,0 million (December 31, 2009: US$ 387,3 million). The effective interest rate of the Notes amounts to 7,3%. The Company has reserved 15,0 million of common stock for issuance in the event of conversion.

26. Provisions

The Company warrants its products against defects in materials and workmanship for a period of one year. A provision for estimated future warranty cost is recorded when consumables are shipped and when title on instrumentation equipment passes to the customer.

(in US$ thousands)	2010	2009
Warranty obligtion as at January 1st	**3.468**	**2.724**
Provision charged to income	3.678	1.347
Usage	(3.258)	(759)
Adjustments to previously provided amounts, net	(477)	(93)
Currency adjustments	29	249
Warranty obligation as at December 31st	**3.440**	**3.468**

The provision for acquisition and related costs primarily relates to severance and employee related costs as well as to lease and related costs.

(in US$ thousands)	2010	2009
Acquisition related costs as at January, 1st	**5.558**	**2.823**
Provision charged to income	2.970	7.876
Usage	(5.053)	(5.232)
Currency adjustments	(510)	91
Acquisition related costs as at December 31st	**2.965**	**5.558**

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

27. Other Current Liabilities

(in US$ thousands)	2010	2009
Accrued expenses	47.897	55.255
Payroll and related accrued liabilities	42.503	49.388
Preacquisition contingencies assumed in acquisition	28.679	40.828
Accrued earn-out and milestones payments	24.808	27.273
Deferred revenue	20.973	15.943
Royalties	16.400	18.313
Fair values of derivative financial instruments	11.685	26.658
Current finance lease obligations	3.587	3.417
Other current liabilities	**196.532**	**237.075**

Revenues for extended warranty services or product maintenance contracts are deferred and recognized on a straight-line basis over the contract period.

Accrued expenses mainly comprise accrued sales tax, professional fees and advance payments from customers.

For additional information on fair values of derivative financial instruments please refer to Note 29.

Other current liabilities have an average term of six months.

28. Other Non-Current Liabilities

Other non-current liabilities include negative fair values of derivative financial instruments as at December 31, 2010 of US$ 4.591 (December 31, 2009: US$ 9.801). Please refer to Notes 29 and 36 for further information. At December 31, 2010, derivative financial instruments included in other non-current liabilities have a remaining term of up to one year (2009: up to two years). As per end of December 31, 2010, non-current finance lease obligations of US$ 23.354 (December 31, 2009: US$ 27.554) are included in other non-current liabilities.

29. Fair Value Measurements

Financial Instruments are measured at fair value according the following hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices in active markets for the same instrument;
- Level 2: Quoted prices in active markets for similar instruments or other valuation techniques for which all significant inputs are based on observable market data, either directly or indirectly;
- Level 3: Valuation techniques for which any significant input is not based on observable data.

The Company's assets and liabilities measured at fair value on a recurring basis consist of short-term investments, which are classified in Level 1 of the fair value hierarchy, and derivative contracts used to hedge currency and interest rate risk, which are classified in Level 2 of the fair value hierarchy and are shown in the table below. In determining fair value, both the counterparty credit risk and the Company's creditworthiness are considered. To determine the Company's credit risk we estimated the Company's credit rating by benchmarking the price of outstanding debt to publicly-available comparable data from rated companies. Using the estimated rating, the Company's credit risk was quantified by reference to publicly-traded debt with a corresponding rating. During the reporting periods ended December 31, 2010 and 2009, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at December 31, 2010, the Group held the following financial instruments carried at fair value on the statement of financial position:

(in US$ thousands)	**Level 1**	**Level 2**	**Level 3**	**Dec. 31, 2010**
Available-for-sale financial instruments	70.000	36.100	-	106.100
Foreign exchange contracts	-	677	-	677
Assets	**70.000**	**36.777**	**-**	**106.777**
Foreign exchange contracts	-	13.565	-	13.565
Interest rate contracts	-	2.663	-	2.663
Liabilities	**0**	**16.228**	**-**	**16.228**

As at December 31, 2009, the Group held the following financial instruments carried at fair value on the statement of financial position:

(in US$ thousands)	Level 1	Level 2	Level 3	Dec. 31, 2009
Current available-for-sale financial instruments	40.000	-	-	40.000
Foreign exchange contracts	-	947	-	947
Assets	**40.000**	**947**	**-**	**40.947**
Foreign exchange contracts		30.185		30.185
Interest rate contracts		6.274		6.274
Liabilities	**0**	**36.459**	**-**	**36.459**

30. Common Shares

On September 30, 2009, the Company completed an offering pursuant to which QIAGEN N.V. sold an aggregate of 31,625 million common shares, including 4,125 million common shares upon exercise of the underwriters' over-allotment option, at an offering price of US$ 20,25 / EUR 13,82 per common share for aggregate gross proceeds of approximately US$ 640,4 million. The Company received net proceeds from the offering of US$ 623,6 million, after deducting US$ 12,8 million of underwriting commissions and US$ 4,0 million of offering expenses, net of related tax benefits. Issued common shares (410.000.000 par EUR 0,01) as per December 31, 2010: 233.115 thousands (December 31, 2009: 232.074 thousands).

31. Retained Earnings

At the Annual General Meeting of Shareholders on June 30, 2011, the Board of Directors will propose to carry forward the profit for the year of QIAGEN N.V., the holding company of the Group, which is determined in accordance with the legal provisions of the Dutch Civil Code.

32. Share-Based Payments

The Company adopted the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan) in 2005. The Plan allows for the granting of stock rights and incentive stock options, as well as non-qualified options, stock grants and stock based awards, generally with terms of up to 10 years, subject to earlier termination in certain situations. Generally, options vest over a three-year period. The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control, as defined in the Plan. To date all option grants have been at the market value on the grant date or at a premium above the closing market price on the grant date. The Company issues new common shares to satisfy option exercises and had approximately 14,0 million shares of common stock reserved and available for issuance under this plan at December 31, 2010.

In connection with the 2007 acquisition of Digene Corporation the Company assumed three additional equity incentive plans. No new grants will be made under these plans. The Company had approximately 0,3 million common stock reserved and available for issuance under these plans at December 31, 2010.

Stock Options

During the years ended December 31, 2010 and 2009, the Company granted 570.282 and 491.714 stock options, respectively. Following are the weighted-average assumptions used in valuing the stock options granted to employees for the years ended December 31:

	2010	2009
Stock price volatility	31,0%	40,0%
Risk-free interest rate	2,1%	2,1%
Expected life (in years)	4,8%	5,0%
Dividend rate	0,0%	0,0%
Forfeiture rate	7,0%	7,7%

A summary of the status of the Company's employee stock options as of December 31, 2010 and 2009, and changes during the years then ended is presented below:

	Stock Options	Weighted Average Excercise Price US$
Stock Option as at January 1, 2010	**8.281.559**	**14,74**
Granted	570.282	21,27
Excercised	(924.529)	12,47
Forfeitured and cancelled	(594.901)	35,42
December 31, 2010	**7.332.411**	**13,86**
Excercisable at December 31, 2010,	**6.351.142**	**12,93**
Stock Option as at January 1, 2009	**10.274.996**	**14,26**
Granted	491.714	16,94
Excercised	(2.241.848)	12,01
Forfeitured and cancelled	(243.303)	24,06
December 31, 2009	**8.281.559**	**14,74**
Excercisable at December 31, 2009	**7.448.952**	**14,36**

Generally, stock option grants are valued as a single award with a single average expected term and are amortized over the vesting period. The weighted-average grant-date fair value of options granted during years ended December 31, 2010 and 2009, was US$ 6,42 and US$ 6,33, respectively. The total intrinsic value of options exercised during the years ended December 31, 2010 and 2009, was US$ 7,7 million and US$ 16,7 million, respectively. At December 31, 2010, the unrecognized share-based compensation expense related to employee stock option awards is approximately US$ 4,1 million and will be recognized over a weighted average period of approximately 1,77 years.

At December 31, 2010 and 2009, options were exercisable with respect to 6,4 million and 7,4 million common shares at a weighted average price of US$ 12,93 and US$ 14,36 per share, respectively. The options outstanding at December 31, 2010, expire in various years through 2020.

Restricted Stock Units

Restricted stock units represent rights to receive common shares at a future date. There is no exercise price and the fair market value at the time of the grant is amortized to expense over the vesting period, generally 10 years. The fair market value is determined based on the number of restricted stock units granted and the market value of the Company's shares on the grant date. Pre-vesting forfeitures were estimated to be approximately 7,3% (2009: 6,3%). At December 31, 2010, there was US$ 51,8 million remaining in unrecognized compensation cost related to these awards, which is expected to be recognized over a

weighted average period of 8,2 years (December 31, 2009: US$ 36,9 million over a weighted average period of 8,6 years). The weighted average grant date fair value of restricted stock units granted during the year ended December 31, 2010, was US$ 21,15 (December 31, 2009: US$ 16,96). The total fair value of restricted stock units released during the years ended December 31, 2010 and 2009, was US$ 2,5 million and US$ 6,9 million, respectively.

A summary of the Company's restricted stock units (RSU's) as of December 31, 2010 and 2009, and changes during the year then ended are presented below:

	2010	2009
RSU's as at January, 1st	**3.039.157**	**1.908.161**
Granted	1.647.579	1.601.504
Vested	(115.809)	(368.277)
Forfeitured and cancelled	(154.287)	(102.231)
RSU's as at December 31st	**4.416.640**	**3.039.157**

Compensation Expense

Share-based compensation expense for the years ended December 31, 2010 and 2009 totaled approximately US$ 13,6 million and US$ 9,7 million, respectively as shown in the table below. No share-based compensation cost was capitalized in inventory in 2010 and 2009 as the amounts were not material. The actual tax benefit realized for the tax deductions of the share-based payment arrangements totaled US$ 2,0 million and US$ 5,9 million, respectively, for the years ended December 31, 2010 and 2009.

(in US$ thousands)	2010	2009
Cost of sales	932	799
Research and development	2.087	1.826
Sales and marketing	2.885	1.936
General and administrative	7.688	5.186
Share-based compensation expense before any tax	**13.592**	**9.747**
Income tax benefit	2.856	2.913
Share-based compensation expense, after tax	**10.736**	**6.834**

33. Commitments and Contingencies

Lease commitments

The Company leases facilities and equipment under operating lease arrangements expiring in various years through 2016. Certain rental commitments provide for escalating rental payments or have renewal options extending through various years. Certain facility and equipment leases constitute finance leases expiring in various years through 2018. The accompanying consolidated financial statements include the assets and liabilities arising from these finance lease obligations. Rent expense under non-cancelable operating lease agreements was US$ 20,1 million in 2010 and US$ 13,0 million in 2009.

Minimum future obligations under finance and operating leases at December 31, 2010, are as follows:

(in US$ thousands)	Finance Leases	Operating Leases
2011	5.251	13.989
2012	5.272	12.145
2013	5.209	9.332
2014	5.121	7.862
2015	5.149	6.196
Thereafter	7.062	11.013
Total minimum lease obligations	**33.064**	**60.537**
Less: amount representing interest	6.121	
Less: current portion	3.588	
Present value of minimum lease obligations	**23.355**	

The information for the comparative period is provided below:

(in US$ thousands)	Finance Leases	Operating Leases
2010	5.275	8.598
2011	5.327	6.211
2012	5.351	3.971
2013	5.281	1.365
2014	5.237	669
Thereafter	12.464	544
Total minimum lease obligations	**38.935**	**21.358**
Less: amount representing interest	7.964	
Less: current portion	3.417	
Present value of minimum lease obligations	**27.554**	

There are no material renewal or purchase options and escalation clauses included in the lease agreements.

Licensing and Purchase Commitments

The Company has licensing agreements with companies, universities and individuals, some of which require certain up-front payments. Royalty payments are required on net product sales ranging from one to 25% of covered products or based on quantities sold. Several of these agreements have minimum royalty requirements. The accompanying consolidated financial statements include accrued royalties relating to these agreements in the amount of US$ 16,4 million and US$ 18,3 million at December 31, 2010 and 2009, respectively. Royalty expense relating to these agreements amounted to US$ 45,7 million and US$ 47,2 million for the years ended December 31, 2010 and 2009, respectively. Royalty expense is primarily recorded in cost of sales, with a small portion recorded as research and development expense depending on the use of the technology under license. Some of these agreements also have minimum raw material purchase requirements and requirements to perform specific types of research.

At December 31, 2010, the Company had commitments with several vendors to purchase certain products, and for future minimum guaranteed royalties. They are as follows:

(in US$ thousands)	Purchase Commitments	Royalty Commitments
2011	50.888	1.064
2012	3.013	1.168
2013	1.600	1.368
2014	355	1.468
2015	355	1.468
Thereafter	203	4.385
Total licensing and purchase commitments	**56.414**	**10.921**

The information for the comparative period is provided below:

(in US$ thousands)	Purchase Commitments	Royalty Commitments
2010	44.383	725
2011	6.157	692
2012	231	655
2013	188	655
2014	187	655
Thereafter	1.008	563
Total licensing and purchase commitments	**52.154**	**3.945**

Contingent Consideration Commitments

Pursuant to the purchase agreements for certain acquisitions, as discussed in detail under 10. 'Acquisitions and Divestures' the Company could be required to make additional contingent cash payments totaling up to US$ 85,4 million based on the achievement of certain revenue and operating results milestones as follows: US$ 8,3 million in 2011, US$ 16,3 million in 2012, US$ 13,3 million in 2013 and US$ 44,8 million payable in any 12 month period from now until 2015 based on the accomplishment of certain revenue targets, the launch of certain products or the grant of certain patent rights. Of the US$ 85,4 million total contingent obligation, approximately US$ 28,7 million is accrued as of December 31, 2010.

As at December 31, 2009, the potential contingent cash payments for acquisitions were as follows: US$ 18,6 million in 2010, US$ 16,5 million in 2011, US$ 16,2 million in 2012 and US$ 54,9 million payable in any 12 month period from now until 2014 if certain criteria are met. Of the US$ 106,3 million total contingent obligation, approximately US$ 40,8 million was accrued as of December 31, 2009.

Employment Agreements

Certain of our executive employment contracts contain provisions which guarantee the payments of certain amounts in the event of a change in control, as defined in the agreements, or if the executive is terminated for reasons other than cause, as defined in the agreements. At December 31, 2010, the total commitment under these agreements totaled US$ 19,4 million (December 31, 2009: US$ 18,9 million).

Contingencies

In the ordinary course of business, the Company warrants to customers that its products are free of defect and will conform to published specifications. Generally, the applicable product warranty period is one year from the date of delivery of the product to the customer or of site acceptance, if required. Additionally, the Company typically provides limited warranties with respect to its services. From time to time, the Company also makes other warranties to customers, including warranties that its products are manufactured in accordance with applicable laws and not in violation of third-party rights. The Company provides for estimated warranty costs at the time of the product sale. The Company believes its warranty reserves as of December 31, 2010 and 2009, appropriately reflect the estimated cost of such warranty obligations.

Preacquistion Contingencies

In connection with certain of the Company's acquisitions, amounts were paid into escrow accounts to cover preacquistion contingencies assumed in the acquisitions. The escrow amounts expected to be claimed by QIAGEN are recorded as an asset in prepaid and other expenses and amount to US$ 27,0 million and US$ 37,1 million as of December 31, 2010 and 2009, respectively. In addition, the Company has recorded US$ 28,7 million and US$ 40,8 million for preacquistion contingencies as a liability under other current liabilities as of December 31, 2009 and 2008, respectively.

Litigation

From time to time, QIAGEN may be party to legal proceedings incidental to its business. As of December 31, 2010, certain claims, suits or legal proceedings arising out of the normal course of business have been filed or were pending against QIAGEN or its subsidiaries. These matters have arisen in the ordinary course and conduct of business, as well as through acquisition. Although it is not possible to predict the outcome of such litigation, based on the facts known to QIAGEN and after consultation with legal counsel, management believes that such litigation will not have a material adverse effect on QIAGEN's financial position or results of operations.

i) Digene Corporation v. F. Hoffmann-LaRoche Ltd. and Roche Molecular Systems, Inc.

In December 2006, Digene filed for arbitration with the International Centre for Dispute Resolution of the American Arbitration Association in New York against F. Hoffmann-LaRoche Ltd. and Roche Molecular Systems, Inc. (collectively Roche) for breach of contract of a 1990 Cross License Agreement between Digene and Roche for rights to certain HPV patents. Digene alleged that Roche had breached this license agreement by entering into a Supply and Purchase Agreement with Gen-Probe, Inc. (Gen-Probe) in violation of the terms of the Cross License Agreement. On July 13, 2007, the arbitration panel granted Gen-Probe's request to intervene as a respondent in the arbitration. On April 1, 2009, the arbitration panel granted an interim award denying QIAGEN's breach of contract claims and consequently also the damages. On April 15, 2009, Roche and Gen-Probe filed motions for reimbursement of attorneys' fees. On August 12, 2009, the arbitration panel issued a total award of $6.3 million, including administrative and arbitrator fees, and on August 13, 2009, the Company filed a petition in the Supreme Court of the State of New York to vacate or modify the award of the arbitrators. On August 20, 2009, Roche and Gen-Probe filed a joint petition to confirm the award, and on September 23, 2009, the Court set the briefing/hearing schedule. On December 18, 2009, the District Court heard oral arguments on the petitions to vacate and confirm the arbitration award. On August 16, 2010, the court entered a final judgment in favor of Roche and Gen-Probe and the case was closed.

ii) Corbett v. Montreal Biotechnologies, Inc.

On February 19, 2009, M.H. Montreal Biotechnologies, Inc. (MBI) sued QIAGEN, Inc. and Corbett Life Science Pty. Ltd. (Corbett) in the Circuit Court for Montgomery County, Maryland, seeking monetary damages. MBI claims that QIAGEN, Inc. intentionally interfered with MBI's contractual relations with Corbett, intentionally interfered with MBI's contractual and business relations with its customers, and engaged in unfair competition. Separately, MBI contends that Corbett breached its contract with MBI, breached the implied covenant of good faith and fair dealing, and also engaged in unfair competition. In a court hearing on October 14, 2009, the Court dismissed the case against Corbett. MBI amended its complaint on November 16, 2009, adding QIAGEN N.V. and QIAGEN GmbH as new defendants and changing certain contentions against QIAGEN. The claims against QIAGEN GmbH and QIAGEN N.V. were dismissed in September 2010. In January 2011, QIAGEN and MBI agreed to settle the matter based on confidential terms which included payment by QIAGEN of a de minimis amount.

iii) QIAGEN Sciences, Inc. v. Operon Biotechnologies, Inc.

On July 2, 2009, Operon Biotechnologies, Inc. (Operon) commenced arbitration against QIAGEN Sciences, Inc. asserting a breach of a supply agreement between the parties and seeking monetary damages. Operon asserts that QIAGEN failed to comply with the preferred supplier provisions of the agreement and that this breach has caused damages, including lost profits. QIAGEN is in the process of responding to this claim and will vigorously defend against the claim.

iv) QIAGEN Gaithersburg, Inc. v. Abbott GmbH & Co. KG.

On November 4, 2009, QIAGEN Gaithersburg, Inc. filed a patent infringement lawsuit against Abbott GmbH & Co. KG (Abbott) in the Düsseldorf District Court in Germany moving for injunctive relief as well as declaratory judgment on damages with respect to patent infringement. On January 19, 2010, a case management conference took place before the Düsseldorf District Court during which Abbott moved for dismissal of the complaint, and the Court set a due date of May 18, 2010 for Abbott's statement of defense, with the Company's reply due by September 21, 2010, and Abbott's rejoinder due by December 27, 2010. The hearing date was set for January 18, 2011. In reaction to the Dusseldorf lawsuit, Abbott has filed a motion to compel arbitration, including an anti-suit injunction against QIAGEN before the Northern District Court of Illinois. QIAGEN filed its opposition on March 8, 2010. By Memorandum and Order dated April 15, 2010, the U.S. District Judge has granted Abbott's motion to compel arbitration but has denied the anti-suit injunction. On April 21, 2010, Abbott contacted QIAGEN seeking to initiate the arbitration proceedings by confirming an arbitrator, and on May 6, 2010, the arbitrator was confirmed. The parties further agreed to conduct the arbitration on September 15-16, 2010 in Philadelphia, Pennsylvania. On September 30, 2010, the parties entered into a settlement agreement resolving all disputes related to this matter.

v) Roche Molecular Systems, Inc v. DxS Ltd.

On February 11, 2010, Roche Molecular Systems filed a lawsuit against DxS in the federal court for the Southern District of New York. In its lawsuit, Roche alleged that DxS is preparing to terminate the parties' Distributor Agreement without good cause and that DxS' termination of the Agreement would cause Roche to suffer irreparable harm in the form of lost business opportunities and goodwill and damage to Roche's reputation. In connection with its lawsuit, Roche had also filed a motion for preliminary injunction in which it asked the court to issue an order prohibiting DxS from terminating the Agreement and requiring DxS to perform its obligations under the Agreement pending the final resolution of the lawsuit. Roche amended its complaint adding QIAGEN N.V. and QIAGEN GmbH as new defendants and changing certain contentions

against QIAGEN. Before the scheduled jury trial, parties entered into a settlement agreement whereby they released each other from and dismissed all mutual claims. The matter was thereby closed.

34. Employee Benefits

The Company maintains various benefit plans, including defined contribution and defined benefit plans. The Company's U.S. defined contribution plan is qualified under Section 401(k) of the Internal Revenue Code, and covers substantially all U.S. employees. Participants may contribute a portion of their compensation not exceeding a limit set annually by the Internal Revenue Service. This plan includes a provision for the Company to match a portion of employee contributions. Total expense under the 401(k) plans, including the plans acquired via business acquisitions, was US$ 2,1 million and US$ 2,0 million for the years ended December 31, 2010, 2009, respectively. The Company also has a defined contribution plan which covers certain executives. The Company makes matching contributions up to an established maximum. Matching contributions to the plan totaled approximately US$ 0,4 million in the years ended December 31, 2010 and 2009.

The Company has four defined benefit, non-contributory retirement or termination plans that cover certain employees in Germany, France, Japan and Italy. These defined benefit plans provide benefits to covered individuals satisfying certain age and service requirements. For certain plans, the Company calculates the vested benefits to which employees are entitled if they separate immediately. The benefits accrued on a pro-rata basis during the employees' employment period are based on the individuals' salaries, adjusted for inflation. The liability under the defined benefit plans was US$ 2,1 million at December 31, 2010 and US$ 2,0 million at December 31, 2009. Due to the insignificance of the defined benefit plans on the total assets the Group did not disclose all required information.

35. Related Party Transaction

The Company has a consulting agreement with Dr. Metin Colpan, the Company's former Chief Executive Officer and current Supervisory Board member, pursuant to which Dr. Colpan is paid a fee of EUR 2.750 per day for consulting services, subject to adjustment. The Company paid approximately US$ 0,3 million and US$ 0,2 million to Dr. Colpan for scientific consulting services under this agreement during each of the years ended December 31, 2010 and 2009.

The Company has a 50% interest in PreAnalytiX GmbH, which is accounted for under the equity method. The Company had accounts receivable from PreAnalytix of US$ 0,6 million and US$ 1,0 million as of December 31, 2010 and December 31, 2009, respectively, and accounts payable to PreAnalytix of US$ 0,3 million, as of December 31, 2010 and 2009.

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

(in US$ thousands)	**2010**	**2009**
Net sales	2.605	1.783
Loans receivable	1.560	1.427
Accounts receivable	2.400	2.062
Accounts payable	1.755	902

Compensation of Managing Board members:

The tables below state the amounts earned on an accrual basis by our directors and officers in 2010 and 2009. The variable component is based on performance relative to personal goals and corporate goals agreed by the Supervisory Board.

Total annual compensation paid to Managing Board members:

(in US$ thousands)	2010	2009
Peer M. Schatz	1.722	1.894
Roland Sackers	744	876
Dr. Joachim Schorr	488	555
Bernd Uder	493	545
Annual Compensation	**3.447**	**3.870**

The compensation granted to the members of the Managing Board in 2010 consisted of a fixed salary and other variable components. Variable compensation includes one-time and annual payments linked to business performance (bonuses), as well as long-term incentives containing risk elements, including, but not limited to, stock options or other equity-based compensation and pension plans. Stock options granted to the Managing Board members must have an exercise price that is higher than the market price at the time of grant. The variable part of the compensation is designed to strengthen the Board members' commitment to the Company and its objectives.

Total long-term benefits granted to Managing Board member as per December 31, 2010:

	Defined contribution benefit plan	Stock options	Restricted stock units
	US$	'000	'000
Peer M. Schatz	86.000	121	339
Roland Sackers	89.000	40	106
Dr. Joachim Schorr	33.000	19	50
Bernd Uder	54.000	9	54
Total long-term benefits December 31, 2010	**262.000**	**189**	**549**

Total long-term benefits granted to Managing Board member as per December 31, 2009:

	Defined contribution benefit plan	Stock options	Restricted stock units
	US$	'000	'000
Peer M. Schatz	81.000	123	394
Roland Sackers	73.000	40	129
Dr. Joachim Schorr	26.000	19	61
Bernd Uder	48.000	18	58
Total long-term benefits December 31, 2009	**228.000**	**200**	**642**

Compensation of Supervisory Board

The Supervisory Board compensation for 2010 consists of fixed retainer compensation, additional retainer amounts for Chairman and Vice Chairman, and committee membership fees. Annual remuneration of the Supervisory Board members is as follows:

- Fee paid to each member of the Supervisory Board: EUR 30.000
- Additional compensation payable to members holding the following Supervisory Board positions:
  - Chairman: EUR 20.000, Vice Chairman: EUR 5.000,
  - Audit Committee: Chairman EUR 15.000, each member EUR 7.500
  - Compensation Committee: Chairman EUR 10.000, each member EUR 5.000

Members of the Supervisory Board also receive EUR 1.000 for attending the Annual General Meeting and EUR 1.000 for attending each meeting of the Supervisory Board.

Members of the Supervisory Board receive EUR 1.000 for attending each meeting of any subcommittees (other than Audit Committee, Compensation Committee and Selection and Appointment Committee).

Supervisory Board members also receive variable compensation, which is determined annually by the Compensation Committee pursuant to a formula based on growth of adjusted Earnings per Share provided that such remuneration will not exceed EUR 5.000 per year. We did not pay any agency or advisory service fees to members of the Supervisory Board other than US$ 0,3 million to Dr. Colpan for his scientific consulting services, including travel reimbursements.

Total annual Supervisory Board compensation in 2010 and 2009:

(in US$ thousands)	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Commitee Membership	Variable Cash bonus	**Total 2010**
Prof. Dr. Detlev H. Riesner	40,0	26,5	10,5	-	6,5	83,5
Dr. Werner Brandt	40,0	20,0	8,0	-	6,5	74,5
Dr. Metin Colpan	40,0	-	10,5	-	6,5	57,0
Erik Hornnaess	40,0	20,0	6,5	10,0	6,5	83,0
Prof. Dr. Manfred Karobath	40,0	-	9,0	6,5	6,5	62,0
Heino von Prondzynski	40,0	-	9,0	10,0	6,5	65,5
Supervisory Board compensation						**425,5**

Supervisory Board members also receive a variable component, in the form of share-based compensation. Stock options granted to the Supervisory Board members must have an exercise price that is higher than the market price at the time of grant. During 2010, the following options or other share-based compensation were granted to the members of the Supervisory Board.

Dec. 31, 2010	**Stock options**	**Restricted stock units**
Prof. Dr. Detlev H. Riesner	1.649	4.424
Dr. Werner Brandt	1.649	4.424
Dr. Metin Colpan	1.649	4.424
Erik Hornnaess	1.649	4.424
Prof. Dr. Manfred Karobath	1.649	4.424
Heino von Prondzynski	1.649	4.424
Total long-term benefits December 31, 2010	**9.894**	**26.544**

Dec. 31, 2009	**Stock options**	**Restricted stock units**
Prof. Dr. Detlev H. Riesner	1.937	5.366
Dr. Werner Brandt	1.937	5.366
Dr. Metin Colpan	1.937	5.366
Erik Hornnaess	1.937	5.366
Prof. Dr. Manfred Karobath	1.937	5.366
Heino von Prondzynski	1.937	5.366
Total long-term benefits December 31, 2009	**11.622**	**32.196**

Total vested and unvested Stock Options to officers and directors:

Dec. 31, 2010	Vested Options	Unvested Options	Expiration Dates	Exercise Prices (US$)	Unvested Stock awards
Peer M. Schatz	2.424.009	236.955	3/2011 to 2/2020	4,590 to 22,430	1.182.900
Roland Sackers	62.425	77.521	3/2011 to 2/2020	16,340 to 22,430	377.885
Dr. Joachim Schorr	109.091	36.731	10/2011 to 2/2020	12,546 to 22,430	180.054
Bernd Uder	53.474	26.176	3/2011 to 2/2020	16,340 to 22,430	179.658
Prof. Dr. Detlev H. Riesner	82.180	3.404	3/2011 to 2/2020	6,018 to 22,430	16.508
Dr. Werner Brandt	1.571	3.404	4/2018 to 2/2020	16,340 to 22,430	13.276
Dr. Metin Colpan	775.663	3.404	3/2011 to 2/2020	6,018 to 22,430	16.508
Erik Hornnaess	91.513	3.404	3/2011 to 2/2020	6,018 to 22,430	16.508
Prof. Dr. Manfred Karobath	85.513	3.404	3/2011 to 2/2020	6,018 to 22,430	16.508
Heino von Prondzynski	1.571	3.404	4/2018 to 2/2020	16,340 to 22,430	13.276
	3.687.010	**397.807**			**2.013.081**

Dec. 31, 2009	Vested Options	Unvested Options	Expiration Dates	Exercise Prices (US$)	Unvested Stock awards
Peer M. Schatz	2.310.614	229.447	3/2011 to 2/2019	4,590 to 22,430	843.430
Roland Sackers	86.231	62.541	3/2011 to 2/2019	16,340 to 22,430	271.706
Dr. Joachim Schorr	111.706	35.451	10/2011 to 2/2019	11,985 to 22,430	129.963
Bernd Uder	36.588	34.070	3/2011 to 2/2019	16,340 to 22,430	125.362
Prof. Dr. Detlev H. Riesner	80.424	3.511	3/2011 to 2/2019	6,018 to 22,430	14.239
Dr. Werner Brandt	463	2.863	4/2018 to 2/2019	16,340 to 22,430	8.852
Dr. Metin Colpan	773.907	3.511	3/2011 to 2/2019	6,018 to 22,430	14.239
Erik Hornnaess	89.757	3.511	3/2011 to 2/2019	6,018 to 22,430	14.239
Prof. Dr. Manfred Karobath	83.757	3.511	3/2011 to 2/2019	6,018 to 22,430	14.239
Heino von Prondzynski	463	2.863	4/2018 to 2/2019	16,340 to 22,430	8.852
	3.573.910	**381.279**			**1.445.121**

36. Financial Risk Factors and Use of Derivative Financial Instruments

36.1. Risks

Market risk

The Group is exposed to market risk primarily related to foreign currency exchange rates, interest rates and the market value of investments in financial assets and equity securities. These exposures are actively managed by a central treasury department (Global Treasury) under policies approved by the Audit Committee and subject to internal controls. The objective is to minimize, where deemed to be appropriate, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates, interest rates and the market value of investments in financial assets and equity securities. To manage the volatility relating to these exposures and to enhance the yield on the investment in financial assets, the Group uses derivative financial instruments. The Group does not use financial derivatives for trading or speculative reasons, or for purposes unrelated to the normal business activities. Any loss in value on a financial derivative would normally be offset by an increase in the value of the underlying transaction.

Foreign currency exchange rates

The Group presents its consolidated financial statements in U.S. dollar. As a consequence of the global nature of QIAGEN's business, the Group is exposed to foreign currency exchange rate movements, primarily in European and Asian countries. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. To manage such foreign exchange risk the, entities of the group use FX swaps and forwards, FX options and cross-currency swaps, transacted exclusively by Global Treasury. . Net investments in QIAGEN affiliates with a functional currency other than the U.S. dollar are of long-term nature and the Group does not hedge such foreign currency translation exposures.

Because we have substantial expenses as well as revenues in each of our principal functional currencies, the exposure of our financial results to currency fluctuations is reduced. In general terms, depreciation of the U.S. dollar against our other foreign currencies will increase reported net sales.

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

QIAGEN is exposed to currency risks from financial derivatives. If each of the respective currency pairs for which the Group has financial derivatives in place, which do not qualify for hedge accounting in accordance with IAS 39, varied from the rates used for the preparation of the consolidated financial statements, this would have had an effect on the net income of the Group. If, at December 31, 2010, the US dollar had gained (lost) 10 % against all identified major currencies, this would have an effect of approximately US$ 27,0 million (2009: US$ 17,9 million) or US$ (33,0) million (2009: US$ (19,1) million). This effect would have been almost fully off-set by corresponding valuation adjustments in the positions, which economically had been hedged by these financial derivatives. Accordingly, the net effect of such variance in currency rates would not have been material.

If the U.S. dollar had gained (lost) 10 percent against other major currencies at December 31, 2010, the cash flow hedge reserve in equity attributable to equity holders of the parent and the fair value of hedging transactions would have been US$ 0,0 million higher (lower) (2009: US$ 2,6 million higher (lower)).

Interest rates

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

At December 31, 2010, we had US$ 830,4 million in cash and cash equivalents (December 31, 2009: US$ 827,4 million in cash and cash equivalents). Interest income earned on our cash investments is affected by changes in the relative levels of market interest rates. We only invest in high-grade investment securities. A hypothetical adverse 10% movement in market interest rates would decrease 2010 earnings by approximately US$ 373 thousands (2009: decrease of earnings by approximately US$ 35 thousands).

Borrowings against lines of credit are at variable interest rates. We had insignificant amounts outstanding against our lines of credit at December 31, 2010 and 2009. A hypothetical adverse 10% movement in market interest rates would not have materially impacted our financial statements.

At December 31, 2010, we had US$ 767,3 million in long-term debt (December 31, 2009: US$ 824,4 million), of which US$ 500,0 million was at a variable rate. A hypothetical adverse 10% movement in market interest rates would decrease 2010 earnings by approximately US$ 0,4 million, based on the period-end interest rate (2009: decrease of earnings by approximately US$ 0,3 million).

Liquidity risk

To date, we have funded our business primarily through internally generated funds, debt and the private and public sales of equity. Our primary use of cash has been to support continuing operations and our capital expenditure requirements including acquisitions. As of December 31, 2010 and 2009, we had cash and cash equivalents of US$ 830,4 million and US$ 827,4 million, respectively, and investments in current marketable securities of US$ 106,1 million and US$ 40,0 million, respectively. Cash and cash equivalents are primarily held in Euros, U.S. dollars and Swiss Francs, other than those cash balances maintained in the local currency of subsidiaries to meet local working capital needs. As of December 31, 2010 and 2009, we had working capital of US$ 973,9 million and US$ 938,5 million, respectively.

We have unutilized credit lines totaling US$ 160,8 million at variable interest rates, an insignificant amount of which was utilized as of December 31, 2010 (2009: US$ 183,7 million). We also have finance lease obligations, including interest, in the amount of US$ 26,9 million (2009: US$ 38,9 million), and repayment obligations of US$ 873,0 million for long-term debt (2009: US$ 920,0 million).

Credit risk

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

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

Counterparty risk

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

Fair values

The carrying amounts of financial assets and financial liabilities currently approximate their fair values. Investments in unquoted equity instruments are measured at cost as their fair values cannot be measured reliably due to the lack of reliable information needed for the determination of the fair values. However, it is

estimated that the carrying amounts of these investment approximate their fair values. Fair values of different classes of financial assets and financial liabilities are determined based on exchanges of assets and settlements of liabilities in past transactions.

Equity prices

The Group is exposed to equity price risks on the marketable portion of the available-for-sale equity securities. Equity securities typically relate to other biotechnology and research companies. Equity securities are not purchased as part of the normal day-to-day management of financial assets but must be authorized by the Board of Directors.

At December 31, 2010, the Company had investments in current available-for-sale debt securities which had a fair market value and cost of approximately US$ 106,1 million (2009: US$ 40,0 million).

Commodities

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

36.2. Use of Derivative Financial Instruments

Derivatives and Hedging

In the ordinary course of business, we use derivative instruments, including swaps, forwards and/or options, to manage potential losses from foreign currency exposures and variable rate debt. The principal objective of such derivative instruments is to minimize the risks and/or costs associated with global financial and operating activities. We do not utilize derivative or other financial instruments for trading or other speculative purposes. We recognize all derivatives as either assets or liabilities on the statement of financial position on a gross basis, measure those instruments at fair value and recognize the change in fair value in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures. We do not offset the fair value of derivative instruments with cash collateral held or received from the same counterparty under a master netting arrangement.

As of December 31, 2010, all derivatives that qualify for hedge accounting are cash-flow hedges. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. In 2010, the Company did not record any hedge ineffectiveness related to any cash-flow hedges in income (expense) and did not discontinue any cash-flow hedges. There are no expected transactions which would result in a reclassification of amounts in other comprehensive income into earnings in the next 12 months. Derivatives, including those that are not designated as hedges, are classified in the operating section of the consolidated statements of cash flows, in the same category as the related line item of consolidated statement of financial position.

Foreign Currency Derivatives

As a globally active enterprise, the Company is subject to risks associated with fluctuations in foreign currencies in its ordinary operations. This includes foreign currency-denominated receivables, payables, debt, and other positions. The Company manages the foreign currency exposure on a group-wide basis primarily using foreign exchange forward contracts and cross-currency swaps.

The Company has foreign currency forward contracts with an aggregate notional amount of US$ 44,0 million, which qualify for hedge accounting as cash-flow hedges. The Company has determined that no ineffectiveness exists related to these derivatives. However, the differences between spot and forward rates were excluded from the assessment of hedge effectiveness and included in interest income as it effectively constitutes the difference in the interest rates of the respective currency pairs. The contracts mature in July 2011 and had fair market values at December 31, 2010 and 2009 of approximately US$ 3,9 million, included in other current liabilities, and US$ 5,7 million, included in other non-current liabilities, respectively, in the accompanying consolidated statement of financial position.

In addition, the Company was party to cross-currency swaps which qualified as cash-flow hedges with a notional amount of US$ 120.0 million as of December 31, 2010 and 2009, which mature in November 2012 and had fair market values of US$ 4,6 million and US$ 16,7 million at December 31, 2010 and 2009, respectively, which are included in other non-current liabilities in the accompanying consolidated statement of financial position.

Undesignated Derivative Instruments

The Company is party to various foreign exchange forward and swap arrangements which had, at December 31, 2010, an aggregate notional value of approximately US$ 295,4 million and fair values of US$ 0,7 million and US$ 5,1 million, which are included in other current assets and other current liabilities, respectively, and which expire at various dates through April 2011. The transactions have been entered into to offset the effects from short-term exposure to foreign currency exchange risk. Changes in the fair value of these arrangements have been recognized in other income (expense).

We were party to various foreign exchange forward and swap arrangements which had, at December 31, 2009, an aggregate notional value of approximately US$ 200,1 million and fair values of US$ 0,9 million and US$ 7,7 million, which are included in other current assets and other current liabilities, respectively, and which expired at various dates through March 2010. The transactions have been used to offset the effects from short-term exposure to foreign currency exchange risk. Changes in the fair value of these arrangements have been recognized in other financial income (expense).

Interest Rate Derivatives

We use interest rate derivative contracts on certain borrowing transactions to hedge fluctuating interest rates. We have entered into interest rate swaps in which we agree to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. During 2008, we entered into interest rate swaps, which effectively fixed the variable interest rates on US$ 200,0 million of our variable rate debt and qualify for hedge accounting as cash-flow hedges. We have determined that no ineffectiveness exists related to these swaps. During 2010, US$ 100,0 million of the swaps matured. The remaining US$ 100,0 million matures in October 2011, and as of December 31, 2010 had an aggregate fair value of US$ 2,7 million, which is recorded in accrued and other liabilities in the accompanying consolidated statement of financial pos. As of December 31, 2009 these swaps had an aggregate fair value of US$ 6,3 million, of which US$ 2,1 million is recorded in other current

liabilities and US$ 4,2 million is recorded in other non-current liabilities in the accompanying consolidated statement of financial position.

37. Additional Information for Financial Instruments

Carrying Amounts, Measurement in Accordance with IAS 39 and Fair Values:

Dec. 31, 2010

(US$ thousands)	Cate-gory	Carrying amount	Amortized cost	Cost	At Fair Value
Assets					
Cash and cash equivalents	LaR	830.354	830.354	0	0
Available-for-sale assets	AfS	106.077	0	3.359	106.077
Trade accounts receivable	LaR	197.418	197.418	0	0
Derivatives	FVTPL	677	0	0	677
Liabilities					
Financial debts	FLAC	(845.184)	(845.184)	0	0
Finance lease obligations	N/A	(26.942)	0	0	0
Trade accounts payable	FLAC	(47.803)	(47.803)	0	0
Derivatives in effective hedges	N/A	(11.115)	0	0	(11.115)
Derivatives	FVTPL	(5.113)	0	0	(5.113)
Aggregated by category in accordance with IAS 39					
Loans and Receivables (LaR)		1.027.772	1.027.772	-	-
Available-for-Sales Financial Assets (AfS)		109.436	-	3.359	106.077
Financial Liabilities measured at Amortized Cost (FLAC)		(892.987)	(892.987)	-	-
Instruments at fair value through profit or loss (FVTPL)		(4.436)	-	-	(4.436)

Dec. 31, 2009

(US$ thousands)	Cate-gory	Carrying amount	Amortized cost	Cost	At Fair Value
Assets					
Cash and cash equivalents	LaR	827.338	827.338	0	0
Available-for-sale assets	AfS	40.000	0	40.000	0
Notes receivable	LaR	4.852	4.852	0	0
Trade accounts receivable	LaR	188.885	188.885	0	0
Other assets	LaR	0	0	0	0
Derivatives	FVTPL	947	0	0	947
Liabilities					
Financial debts	FLAC	(876.410)	(876.410)	0	0
Finance lease obligations	N/A	(30.971)	0	0	0
Trade accounts payable	FLAC	(48.836)	(48.836)	0	0
Derivatives in effective hedges	N/A	(28.769)	0	0	(28.769)
Derivatives	FVTPL	(7.690)	0	0	(7.690)
Aggregated by category in accordance with IAS 39					
Loans and Receivables (LaR)		1.021.075	1.021.075	-	-
Available-for-Sales Financial Assets (AfS)		40.000	-	40.000	-
Financial Liabilities measured at Amortized Cost (FLAC)		(925.246)	(925.246)	-	-
Instruments at fair value through profit or loss (FVTPL)		(6.743)	-	-	(6.743)

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

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

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

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

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

As of December 31, 2010 and 2009, fair values of financial debts amount to US$ 1.021,8 million and US$ 1.124,8 million, respectively. The carrying amounts of all other financial assets and financial liabilities approximate their fair values.

As of December 31, 2010 and 2009, there are no significant concentrations of risks arising from financial instruments.

(in US$ thousands)	Dec. 31, 2010		Dec. 31, 2009	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair Value**
Assets				
Cash and cash equivalents	830.354	830.354	827.338	827.338
Available-for-sale assets	106.077	106.077	40.000	40.000
Trade accounts receivable	197.418	197.418	193.737	193.737
Derivatives	677	677	947	947
Liabilities				
Financial debts	(892.987)	(1.021.800)	(876.410)	(1.124.800)
Finance lease obligations	(26.942)	(26.942)	(30.971)	(30.971)
Trade accounts payable	(47.803)	(47.803)	(43.775)	(43.775)
Derivatives	(16.228)	(16.228)	(36.460)	(36.460)

Net Results by Category

Dec. 31, 2010		Subsequent Measurement			
(US$ thousands)	From interest	At fair value	Allowances / Impairments	De-recognition	Net result
Loans and receivables (LaR)	3.313	0	0	0	3.313
Available-for-Sales Financial Assets (AfS)	0	0	0	0	0
Financial Liabilities measured at Amortized Cost (FLAC)	(37.619)	0	0	0	(37.619)
	(34.306)	**0**	**0**	**0**	**(34.306)**

Interest from financial instruments is recognized in financial expense.

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

The information for the comparative period is provided below:

Dec. 31, 2009		Subsequent Measurement			
(US$ thousands)	From interest	At fair value	Allowances / Impairments	De-recognition	Net result
Loans and receivables (LaR)	3.465	0	0	0	3.465
Available-for-Sales Financial Assets (AfS)	0	0	0	0	0
Financial Liabilities measured at Amortized Cost (FLAC)	(38.614)	0	0	0	(38.614)
	(35.149)	**0**	**0**	**0**	**(35.149)**

38. Disclosures on Capital Management

The primary objectives of the Group's capital management are to safeguard the group's ability to continue as a going concern and to ensure financial flexibility to execute the group's strategic growth targets. Furthermore we regularly review our capital structure ensuring a low cost of capital to enhance shareholder value

Important indicator of capital management effort is the ratio of shareholders' equity compared to total assets as shown in the consolidated statement of financial position.

(in US$ thousands, except of ratio)	**2010**	**2009**
Shareholders' equity	2.598.097	2.420.016
Total Assets	4.043.898	3.921.457
Shareholders' equity ratio in %	**64%**	**62%**

39. Segment Information

During 2010, the Company determined that it operates as one business segment in accordance with IFRS 8 Operating Segments. As a result of the Company's continued restructuring and streamlining of the growing organization, and with revised internal budgeting and reporting approaches, the Company's chief operating decision maker (CODM) transitioned to making decisions with regards to business operations and resource allocation based on evaluations of QIAGEN as a whole. Accordingly, the Company operates as one reporting segment and this change in decision making process has evolved with our continued growth as a Company. Summarized product category and geographic information is shown in the tables below.

Product Category Information

Net sales for the product categories are attributed based on those revenues related to sample and assay products and similarly related revenues, and revenues derived from instrumentation sales.

(in US$ thousands)	2010	2009
Consumables and related revenues	937.714	870.216
Instrumentation	149.717	139.609
Net Sales	**1.087.431**	**1.009.825**

Geographical Information

Net sales are attributed to countries based on the location of the Company's subsidiary generating the sale. QIAGEN operates manufacturing facilities in Germany, Switzerland, China, Australia, the United Kingdom and the United States that supply products to other countries. The sales from these manufacturing operations to other countries are included in the Net Sales of the countries in which the manufacturing locations are based. The intersegment portions of such net sales are excluded to derive consolidated net sales. No single customer represents more than ten percent of consolidated net sales. The Company's official country of domicile is the Netherlands, which reported net sales of US$ 0,2 million and, US$ 0,2 million for the years ended 2010 and 2009, respectively, and these amounts are included in the line item Europe as shown in the table below.

(in US$ thousands)	2010	2009
United States	472.682	446.151
Other Americas	50.912	47.995
Total Americas	**523.594**	**494.146**
Europe	398.029	363.949
Asia Pacific	165.808	151.730
Net Sales	**1.087.431**	**1.009.825**

Long-Lived Assets of the Company include property, plant and equipment, intangibles from acquisitions, investments, long-term loans receivable and various long-term deposits. Deferred tax assets have been excluded from the table below. The Netherlands, which is included in the balances for Europe, reported long-lived assets of US$ 13,3 million and US$ 5,9 million for the years ended 2010 and 2009, respectively.

(in US$ thousands)	2010	2009
United States	1.638.325	1.641.380
Other Americas	12.997	14.270
Total Americas	**1.651.322**	**1.655.650**
Europe	746.352	681.787
Asia Pacific & rest of world	209.902	192.391
Long-lived Assets	**2.607.576**	**2.529.827**

40. Subsequent Events

On April 4, 2011, QIAGEN announced that it has reached an agreement to acquire Cellestis Limited for approximately A$ 341 million (US$ 355 million) in cash, providing QIAGEN with access to a novel "pre-molecular" technology that offers a new dimension in disease detection not currently possible with other diagnostic methods. The acquisition of Cellestis, a publicly listed, profitable company headquartered in Australia, will provide QIAGEN with exclusive rights to QuantiFERON® technology, a proprietary approach for disease detection and monitoring. The transaction is subject to a number of conditions, including approval by the Australian Foreign Investment Review Board, court approval and the approval of Cellestis shareholders. A transaction booklet with full details of the transaction, including an Independent Expert's

Report, is expected to be distributed to Cellestis shareholders in May 2011. The shareholder meeting to approve the transaction is expected to be held in June 2011.

Based on the Company's review, no other events or transactions have occurred subsequent to December 31, 2010, that would have a material impact on the financial statements as presented.

41. Consolidated Companies

The following is a list of the Company's subsidiaries as of December 31, 2010, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary:

Company	Country	Currency	Capital	Owner-ship
Corbett Research Pty. Ltd.	Australia	AUD	100.133	100%
Corbett Robotics Pty. Ltd.	Australia	AUD	2	100%
QIAGEN Canada Inc. (formerly: Nextal Biotechnology Inc.)	Canada	CAD	3.000	100%
QIAGEN Deutschland Holding GmbH	Germany	EUR	25.000	100%
QIAGEN Euro Finance S.A.	Luxemburg	USD	25.000	100%
QIAGEN Finance Deutschland GmbH	Germany	EUR	25.000	100%
QIAGEN Finance (Luxembourg) S.A.	Luxemburg	EUR	125.000	100%
QIAGEN Gaithersburg, Inc.	USA	USD	249.000	100%
QIAGEN GmbH	Germany	EUR	210.000	100%
QIAGEN Hamburg GmbH	Germany	EUR	178.000	100%
QIAGEN Inc. (Canada)	Canada	CAD	50.000	100%
QIAGEN, Inc. (USA)	USA	USD	15.000	100%
QIAGEN Instruments AG	Switzerland	CHF	14.939.000	100%
QIAGEN KK	Japan	JPY	10.000.000	100%
QIAGEN Korea Ltd.	South Korea	KOW	50.000.000	100%
QIAGEN Lake Constance GmbH	Germany	EUR	50.000	100%
QIAGEN Ltd.	UK	GBP	105.000	100%
QIAGEN Manchester Ltd. (formerly: DxS Ltd.)	UK	GBP	0	100%
QIAGEN North American Holding Inc.	USA	USD	0	100%
QIAGEN Australia Holding Pty. Ltd.	Australia	AUD	160.000	100%
QIAGEN S.A.	France	EUR	240.000	100%
QIAGEN Sciences LLC	USA	USD	0	100%
QIAGEN Shared Services, Inc.	USA	USD	3.185.000	100%
QIAGEN Shenzhen Co. Ltd. (formerly: Shenzen PG Biotech)	China	CNY	20.400.000	100%
QIAGEN SpA	Italy	EUR	100.000	100%
SABiosciences Corp.	USA	USD	0	100%

42. Fees Paid to External Auditors

The service fees recognized in the consolidated financial statements 2009 for the Ernst & Young network are as follows:

(in US$ thousands)	2010	2009
Fees for the audit and review of financial statements	947	1.905
Other assurance services	813	607
Fees for tax services	82	66
Sundry services	963	120
Service fees to external auditors	**2.805**	**2.698**

Venlo, the Netherlands,

April 21, 2011

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

QIAGEN N.V.
Financial statements for the year ended December 31, 2010

(in US$ thousands)	Note	2010	2009
STATEMENT OF FINANCIAL POSITION			
Assets			
Cash and cash equivalents		612.332	661.083
Current available-for-sale financial instruments	(3)	106.077	40.000
Trade accounts receivable		0	65
Receivables from Group Companies		23.987	227.339
Prepaid expenses and other current assets		2.066	3.950
Total current assets		**744.462**	**932.437**
Non-current available-for-sale financial instruments	(3)	3.359	0
Office Equipment		120	52
Intangible assets	(4)	1.262	1.826
Goodwill	(5)	99.971	93.281
Financial assets	(6)	1.807.534	1.461.671
Total non-current assets		**1.912.246**	**1.556.830**
Total Assets		**2.656.708**	**2.489.267**
Shareholder's Equity and Liabilities			
Trade accounts payable		665	1.394
Payables to Group Companies		23.351	16.063
Accrued liabilities		34.595	51.794
Total Liabilities		**58.611**	**69.251**
Common Shares		3.093	3.221
Share premium		1.811.633	1.785.345
Retained earnings		494.876	366.972
Net income		141.997	131.634
Legal reserves	(8)	75.806	68.393
Cumulative foreign currency translation adjustments		70.692	64.451
Total shareholder's equity		**2.598.097**	**2.420.016**
Total shareholder's equity and liabilities		**2.656.708**	**2.489.267**
INCOME STATEMENT			
Net income from investments (after tax)		**133.761**	**78.095**
Other income (after tax)		8.236	53.539
Net income for the period		**141.997**	**131.634**

QIAGEN N.V.
Statement of Changes in Equity

for the year ended December 31, 2009 (in U$ thousands)	Common shares	Share premium	Retained earnings	Net Income	Legal Reserves	Foreign currency translation	Total shareholders' equity
At January 1, 2009	**2.212**	**1.117.390**	**291.238**	**93.009**	54.283	20.499	**1.578.631**
Appropriation of prior year net income	0	0	93.009	(93.009)	0	0	0
Net income for the period	0	0	0	131.634	0	0	131.634
Income and expense directly recognized in equity	0	0	0	0	(3.165)	44.462	41.297
Allocation to legal reserves	0	0	(17.275)	0	17.275	0	0
Effect from foreign currency translation	510	0	0	0	0	(510)	0
Offering	462	623.109	0	0	0	0	623.571
Stock options	37	44.846	0	0	0	0	44.883
At December 31, 2009	**3.221**	**1.785.345**	**366.972**	**131.634**	68.393	64.451	**2.420.016**

for the year ended December 31, 2010 (in U$ thousands)	Note	Common shares	Share premium	Retained earnings	Net Income	Legal Reserves	Foreign currency translation	Total shareholders' equity
At January 1, 2010		**3.221**	**1.785.345**	**366.972**	**131.634**	68.393	64.451	**2.420.016**
Appropriation of prior year net income		0	0	131.634	(131.634)	0	0	0
Net income for the period		0	0	0	141.997	0	0	141.997
Income and expense directly recognized in equity		0	0	0	0	3.683	6.100	9.783
Allocation to legal reserves	(6)	0	0	(3.730)	0	3.730	0	0
Effect from foreign currency translation		(141)	0	0	0	0	141	0
Stock options		13	26.288	0	0	0	0	26.301
At December 31, 2010		**3.093**	**1.811.633**	**494.876**	**141.997**	75.806	70.692	**2.598.097**

QIAGEN N.V.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

1. Accounting Policies

As from 2005, Dutch law allows companies that apply IFRS as adopted in the European Union in their consolidated financial statements to use the same accounting principles in the financial statements of the Company. Financial statements that are based on this provision qualify as financial statements under Dutch law. The financial statements of QIAGEN N.V. (the 'Company') included in this section are prepared in accordance with IFRS accounting principles as used in the consolidated financial statements in order to maintain the consistency between the figures in the consolidated financial statements and the financial statements of the Company.

Subsidiaries of QIAGEN N.V. are accounted for using the equity method.

As provided in section 402 of the Dutch Civil Code, Book 2, the income statement of QIAGEN N.V. includes only the net income from investments after tax and other income after tax, as the Company's figures are included in the consolidated financial statements.

2. Net Income from Investments / Other Income

Net income from investments relates to QIAGEN N.V.'s share in the earnings of its subsidiaries and affiliates.

3. Available for Sale financial instruments

At December 31, 2010, the Company had short-term investments in unquoted debt securities which had a fair market value and cost of approximately US$ 106,1 million (December 31, 2009: US$ 40,0 million) in current available for sale financial instruments. At December 31, 2010, the Company holds an investment of US$ 3,4 million (December 31, 2009: US$ 0) for a non-controlling interest of a privately-held company which is classified as non-current available-for-sale equity security. The investment is accounted for under the cost-method.

(in US$ thousands)	**2010**	**2009**
Unquoted equity securities	3.359	0
Unquoted debt securities	106.077	40.000
Available-for-sale Financial Instruments	**109.436**	**40.000**
thereof current Afs financial instruments	106.077	40.000
thereof non-current Afs financial instruments	3.359	0

4. Intangible assets

Intangible assets represent patent rights and licenses. There were no additions to intangible assets during the reporting periods 2010 and 2009. The historic cost of patent rights and licenses as at December 31, 2010, was US$ 5,9 million (2009: US$ 5,9 million). The accumulated amortization as at December 31, 2010, amounts to US$ 4,6 million (2009: US$ 4,0 million). Amortization charge considered during the reporting 2010 was US$ 0,6 million (2009: US$ 0,6 million).

5. Goodwill

Goodwill development during the reporting period 2010 was as follows:

(in US$)	2010	2009
January 1st	**93.281**	**45.722**
Currency adjustments	3.410	779
Additions	3.280	46.780
December 31st	**99.971**	**93.281**

Additions during the period 2010 to goodwill resulted from earn-out and milestones payments and purchase price adjustments related to the 2009 acquisitions.

6. Financial Fixed Assets

(in US$ thousands)	Investments in subsidiary	Participating interest	Loans receivable	**Total**
Jan. 1, 2009	**823.820**	**759**	**513.590**	**1.338.169**
Increases	65.201	0	3.382	68.583
Decreases	0	(365)	0	(365)
Dividends received	(99.559)	0	0	(99.559)
Share of net profit	119.852	0	0	119.852
Translation adjustments	34.991	0	0	34.991
Dec. 31, 2009	**944.305**	**394**	**516.972**	**1.461.671**
Increases	566.212	3.927	11.605	581.744
Decreases	0	0	(317.886)	(317.886)
Dividends received	(36.800)	0	0	(36.800)
Share of net profit	104.186	11	0	104.197
Translation adjustments	14.608	0	0	14.608
Dec. 31, 2010	**1.592.511**	**4.332**	**210.691**	**1.807.534**

7. Subsidiaries

At December 31, 2010, the Company's investments comprise (exclusive of insignificant investments and participating interests):

Name	Registered office	Owned
- QIAGEN Australia Holding Pty. Ltd.	Victoria, Australia	100%
- QIAGEN BV	Venlo, The Netherlands	100%
- QIAGEN Deutschland Holding GmbH	Hilden, Germany	100%
- QIAGEN Euro Finance (Luxembourg) S.A.	Luxembourg	100%
- QIAGEN Finance (Luxembourg) S.A.	Luxembourg	100%
- QIAGEN US Finance Holding (Luxembourg) S.A.	Luxembourg	100%
- QIAGEN Inc. (Canada)	Mississauga, Canada	100%
- QIAGEN Instruments AG	Hombrechtikon, Switzerland	100%
- QIAGEN KK	Tokyo, Japan	100%
- QIAGEN Ltd.	Crawley, England	100%
- QIAGEN Pty. Ltd.	Victoria, Australia	100%
- QIAGEN S.A.	Courtaboeuf Cedex, France	100%
- QIAGEN SpA	Milan, Italy	100%
- QIAGEN Manchester Ltd. *(Formerly: DxS Ltd.)*	Manchester, United Kingdom	100%
- SABiosciences Corp.	Frederick, United States	100%
- QIAGEN Shenzen Co. Ltd. *(Formerly: Shenzen PG Biotech Co. Ltd.)*	Shenzen, China	100%

8. Legal Reserve

Legal reserves as of December 31, 2010, in the amount of US$ 75,8 million (2009: US$ 68,4 million) were set up in connection with capitalized development expenses of US$ 3,7 million in 2010 and US$ 17,3 million in 2009 and effects recognized directly in equity relating to hedge accounting of US$ 3,7 million for 2010 and US$ (3,2) million in 2009.

9. Employee information

The average number of employees during the year 2010 was seven (2009: seven).

10. Remuneration of Directors and Officers

The tables below state the amounts earned on an accrual basis by Directors and Officers in 2010. The variable component is based on performance relative to personal goals and corporate goals agreed by the Supervisory Board.

The compensation granted to the members of the Managing Board in 2010 consists of a fixed salary and other variable components. Variable compensation includes one-time and annual payments linked to business performance (bonuses). The variable part of the compensation is designed to strengthen the Board members' commitment to the Company and its objectives.

During 2010 total annual compensation of Directors and Officers was as follows:

Year ended December 31, 2010	Fixed Salary	Variable Cash Bonus	**Total**
(in US$)			
Peer M. Schatz	60.417	211.051	271.468
Roland Sackers	26.072	37.928	64.000
Dr. Joachim Schorr	17.083	14.503	31.586
Bernd Uder	17.248	14.093	31.341
Annual Compensation	**120.820**	**277.575**	**398.395**

The information for the comparative period is as follows:

Year ended December 31, 2009	Fixed Salary	Variable Cash Bonus	**Total**
(in US$)			
Peer M. Schatz	153.000	95.000	248.000
Roland Sackers	89.000	48.000	137.000
Dr. Joachim Schorr	30.000	17.000	47.000
Bernd Uder	30.000	17.000	47.000
Annual Compensation	**302.000**	**177.000**	**479.000**

The Supervisory Board compensation for 2010 consists of fixed compensation, an additional amount for Chairman and Vice Chairman, and committee membership fees. Annual remuneration of the Supervisory Board members is as follows:

- Fee paid to each member of the Supervisory Board: EUR 30.000
- Additional compensation payable to members holding the following positions:
  - Chairman of the Supervisory Board: EUR 20.000
  - Vice Chairman of the Supervisory Board: EUR 5.000
  - Chairman of the Audit Committee: EUR 15.000
  - Chairman of the Compensation Committee: EUR 10.000
  - Fee payable to each member of the Audit Committee: EUR 7.500
  - Fee payable to each member of the Compensation Committee: EUR 5.000

Members of the Supervisory Board also receive EUR 1.000 for attending the Annual General Meeting and EUR 1.000 for attending each meeting of the Supervisory Board.

Members of the Supervisory Board receive EUR 1.000 for attending each meeting of any subcommittees (other than Audit Committee, Compensation Committee and Selection and Appointment Committee).

Supervisory Board members also receive variable compensation, which is determined annually by the Compensation Committee pursuant to a formula based on growth of adjusted Earnings per Share provided that such remuneration will not exceed EUR 5.000 per year. We did not pay any agency or advisory service fees to members of the Supervisory Board other than US$ 0,3 million to Dr. Colpan for his scientific consulting services, including travel reimbursements.

(in US$ thousands)	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Commitee Membership	Variable Cash bonus	**Total 2010**
Prof. Dr. Detlev H. Riesner	40,0	26,5	10,5	-	6,5	83,5
Dr. Werner Brandt	40,0	20,0	8,0	-	6,5	74,5
Dr. Metin Colpan	40,0	-	10,5	-	6,5	57,0
Erik Hornnaess	40,0	20,0	6,5	10,0	6,5	83,0
Prof. Dr. Manfred Karobath	40,0	-	9,0	6,5	6,5	62,0
Heino von Prondzynski	40,0	-	9,0	10,0	6,5	65,5
Supervisory Board compensation 2010						**425,5**

Board members also receive a variable component, in the form of share-based compensation. Stock options granted to the Supervisory Board members must have an exercise price that is higher than the market price at the time of grant. During 2010, the following options or other share-based compensation were granted to the members of the Supervisory Board.

	Stock options	**Restricted stock units**
Prof. Dr. Detlev H. Riesner	1.649	4.424
Dr. Werner Brandt	1.649	4.424
Dr. Metin Colpan	1.649	4.424
Erik Hornnaess	1.649	4.424
Prof. Dr. Manfred Karobath	1.649	4.424
Heino von Prondzynski	1.649	4.424
Total long-term benefits December 31, 2010	**9.894**	**26.544**

The information for the comparative period is as follows:

(in US$ thousands)	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Commitee Membership	Variable Cash bonus	**Total 2009**
Prof. Dr. Detlev H. Riesner	42,0	28,0	15,5	-	7,0	92,5
Dr. Werner Brandt	42,0	21,0	7,0	-	7,0	77,0
Dr. Metin Colpan	42,0	-	15,5	-	7,0	64,5
Erik Hornnaess	42,0	21,0	8,5	10,5	7,0	89,0
Prof. Dr. Manfred Karobath	42,0	-	14,0	7,0	7,0	70,0
Heino von Prondzynski	42,0	-	12,5	10,5	7,0	72,0
Supervisory Board compensation 2009						**465,0**

During 2008, the following options or other share-based compensation were granted to the members of the Supervisory Board.

	Stock options	Restricted stock units
Prof. Dr. Detlev H. Riesner	1.937	5.366
Dr. Werner Brandt	1.937	5.366
Dr. Metin Colpan	1.937	5.366
Erik Hornnaess	1.937	5.366
Prof. Dr. Manfred Karobath	1.937	5.366
Heino von Prondzynski	1.937	5.366
Total long-term benefits December 31, 2009	**11.622**	**32.196**

11. Audit Fees

At our 2010 Annual General Meeting of Shareholders held on June 30, 2010, our shareholders appointed Ernst & Young Accountants LLP to serve as our auditors for the fiscal year ended December 31, 2010. Set forth below are the total fees billed (or expected to be billed), on a consolidated basis, by Ernst & Young Network:

	2010		2009	
(in US$ thousands)	E&Y Network	E&Y LLP Netherlands	E&Y Network	E&Y LLP Netherlands
Fees for the audit and review of financial statements	876	71	1.669	236
Other assurance services	725	88	594	13
Fees for tax services	82	0	66	0
Sundry services	963	0	120	0
Service fees to external auditors	**2.646**	**159**	**2.449**	**249**

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

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

Tax fees include fees and expenses billed for tax compliance services, including assistance on the preparation of tax returns and claims for refund; tax consultations, such as assistance and representation in connection with tax audits and appeals, tax advice related to mergers and acquisitions, transfer pricing, and requests for rulings or technical advice from taxing authorities; tax planning services; and expatriate tax compliance, consultation and planning services.

Sundry services include fees and expenses billed for services such as information technology projects, transaction due diligence and cost segregation studies as allowed by the Sarbanes-Oxley Act of 2002.

12. Guarantees

In connection with the issuance of convertible notes in the amount of US$ 150 million by QIAGEN Finance (Luxembourg) S.A. in 2004 the Company is fully and unconditionally guaranteeing payments of principal and interest on the notes.

In connection with the issuance of convertible notes in the amount of US$ 300 million by QIAGEN Euro Finance (Luxembourg) S.A. in 2006 the Company is fully and unconditionally guaranteeing payments of principal and interest on the notes.

The Company has granted guarantees to banks as security for credit facilities of certain of its foreign subsidiaries amounting to US$ 500 million at December 31, 2010.

Venlo, the Netherlands,

April 21, 2011

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

O T H E R I N F O R M A T I O N

Appropriation of Net Income

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

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

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

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

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

Subsequent Events

On April 4, 2011, QIAGEN announced that it has reached an agreement to acquire Cellestis Limited for approximately A$ 341 million (US$ 355 million) in cash, providing QIAGEN with access to a novel "pre-molecular" technology that offers a new dimension in disease detection not currently possible with other diagnostic methods. The acquisition of Cellestis, a publicly listed, profitable company headquartered in

Australia, will provide QIAGEN with exclusive rights to QuantiFERON® technology, a proprietary approach for disease detection and monitoring. The transaction is subject to a number of conditions, including approval by the Australian Foreign Investment Review Board, court approval and the approval of Cellestis shareholders. A transaction booklet with full details of the transaction, including an Independent Expert's Report, is expected to be distributed to Cellestis shareholders in May 2011. The shareholder meeting to approve the transaction is expected to be held in June 2011.

Based on the Company's review, no other events or transactions have occurred subsequent to December 31, 2010, that would have a material impact on the financial statements as presented.

Venlo, April 21, 2011

QIAGEN N.V.

Peer M. Schatz Roland Sackers Bernd Uder Joachim Schorr

Independent Auditors' Report

To the Shareholders, Supervisory Board and Management of Qiagen N.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 of QIAGEN N.V., Venlo, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2010, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at December 31, 2010, the company income statement and company statement of changes in equity for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the managing directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation o the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of QIAGEN N.V. as at December 31, 2010 and of its result and its cash flows for the year then ended in

accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of QIAGEN N.V. as at December 31, 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the managing directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the managing directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Eindhoven, April 21, 2011

Ernst & Young Accountants LLP

Signed by W.J. Spijker