QIAGEN N.V., VENLO, THE NETHERLANDS

Annual Report 2009

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Report of the Supervisory Board

To our Shareholders

The Supervisory Board thanks the Executive Committee and all QIAGEN's employees for their significant contributions to QIAGEN's success in 2009. In addition, we also would like to thank our partners and customers for their commitment and their trust in QIAGEN as well.

2009 was a very successful year in the 25 years of the Company's history. We not only exceeded the one billion dollar revenue mark but also further expanded our technology and market leadership in sample and assay technologies in all our customer segments. Very important milestones in 2009 were the strategic expansion of our molecular diagnostics business in emerging areas including personalized healthcare and point of need testing (in addition to our positions in prevention and profiling). By acquiring DxS Ltd. in September 2009 and by combining it with QIAGEN's previous activities in companion diagnostics (CDx) for Personalized Healthcare, we created a very powerful leader in this transformational area of healthcare. In December 2009 we also acquired SABiosciences and added a portfolio of PCR-based, pathway- and disease-focused panels that represent highly efficient solutions for biomarker discovery and development and diagnostics. In January 2010 we acquired ESE GmbH and added to our instrumentation platform a portable, battery operated, "ultra-fast time to result" analysis system which enables low-throughput molecular testing in practices, emergency rooms, remote field areas, and other settings where a laboratory infrastructure is not accessible and fast turnaround is required. All three acquisitions contribute to key elements of our strategy to lead in molecular diagnostics-based prevention, profiling, personalized healthcare and point-of-need testing. With different platform technologies that address all needs in terms of throughput, flexibility in assay technologies, convenience in handling and efficiency in performance, an industry leading assays portfolio and a pipeline that provides us with an ongoing stream of new assays to launch, we are excellently positioned not only to participate from but also to shape current and future trends in molecular based testing and life science research.

The Supervisory Board exercised supervision over the Managing Board's policies and business conduct throughout the financial year. Acting in the best interests of the Company and its business and consistent with past practice, the Supervisory Board monitored the Company's activities, including its strategic, economic, and market developments, R&D investments, acquisitions and alliances, the Company's compliance, the Company-shareholder relationships, relevant corporate social responsibilities issues and human resources management.

In particular and as defined by the Dutch Corporate Governance Code, the Supervisory Board devoted considerable time 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 the internal risk management and control systems as well as any significant changes thereto.

In addition, the Supervisory Board discussed its current composition, competence and desired profile. As the Supervisory Board strives for a more diverse composition in terms of factors as age and gender we hope to succeed in finding candidates which fulfil the other selection criteria as defined in the current profile of the Supervisory Board once a replacement or appointment of new Supervisory Board members becomes imminent. The current profile of the Supervisory Board can be found on the Company's web page. The Supervisory Board conducted a self assessment on its functioning as well as the functioning of its committees and individual members and also reviewed the performance of the Managing Board and the performance of its individual members with and also in the absence of the members of the Managing Board. In its discussions, the Supervisory Board came to the conclusion that the Managing Board and the Supervisory Board properly functioned and that its current profile, composition and the competence of its members are appropriate. Through its Compensation Committee, the Supervisory Board executed and

monitored compliance with the Company's Remuneration Policy approved by the Annual General Meeting held on June 14, 2005.

Compensation of the members of the Managing Board 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 the compensation including the full remuneration of the Managing Board members broken down in its various components are described in greater detail in the Remuneration Report and published on the Company's website. Information on the Company'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 from among its 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 and the main items discussed 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 five times during the course of 2009 with regular attendance of the members of the Managing Board. We are pleased to report very high attendance at our meetings – none of the members of the Supervisory Board has been frequently absent from the Supervisory Board meetings in 2009. The personal data and other board positions held by the members of the Supervisory Board are set forth in the Corporate Governance Report. All members of the Supervisory Board fulfil 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 the Company. Additional information on how the duties of the committees of the Supervisory Board have been carried out in the financial year 2009 can be found in the Corporate Governance Report.

QIAGEN N.V. is a company under the laws of the Netherlands and has an international network of subsidiaries. The Supervisory Board follows the principle of increasing shareholder value to further represent the interests of all stakeholders, including the shareholders and has always placed the highest standards on its Corporate Governance principles. 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 as from January 1, 2009. It is the Company's policy 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 effects such as legal requirements imposed on QIAGEN or industry standards.

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

All Company operations are believed to be carried out in accordance with legal frameworks, including Dutch Corporate Law, U.S. Federal Securities Laws and Regulations, and the laws of the German capital market, in particular the Wertpapierhandelsgesetz. The common shares of the Company are registered and traded in the United States of America on the NASDAQ Global Select Market and in Germany on the

Frankfurt Stock Exchange in the Prime Standard segment. Shareholders in the United States and in Europe hold the majority of the Company's shares. The Company has used its funds to fuel internal growth and to finance acquisitions. The Supervisory Board proposes to retain 2009 earnings 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 the year 2009 are presented as prepared by the Managing Board, audited by Ernst & Young LLP (Independent Registered Public Accounting Firm), and examined and approved by the Supervisory Board. We recommend that the Annual General Meeting of Shareholders adopts the financial statements for the year 2009 as presented in this Annual Report. Additionally, we request that shareholders discharge the members of the Managing Board of their responsibility for the conduct of business in 2009 and the members of the Supervisory Board for their supervision of management.

The term of office of the members of the Supervisory Board expires as of the close of the Annual General Meeting of Shareholders of QIAGEN N.V. to be held on June 30, 2010. 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. Prof. Dr. jur Carsten P. Claussen has agreed to continue to serve as Special Advisor and Honorary Chairman.

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, 2010.

Venlo, the Netherlands, April 2010

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

Managing Directors' Report

Dear Shareholder,

I am very proud to present to you the results for our previous fiscal year. 2009 again was an extremely exciting year for QIAGEN, probably even the most successful one in the history of your company. In the year of our 25th anniversary, we have crossed the 1 billion US-Dollar revenue frontier and reached strategic milestones to further expand our market and technology leadership position. Despite the global financial and economic turmoil again we have created significant value for you and paved the way for dynamic and sustainable growth in the years ahead.

For the year ending December 31, 2009 we reported growth of our consolidated net sales by 13% from US$ 893 million to US$ 1.010 million. Excluding the unfavourable impact from foreign currency exchange rates, net sales for the fiscal year 2009 had even increased at 16%.

Operating income as reported for fiscal year 2009 increased 15% to US$ 186,6 million from US$ 162,9 million in 2008, net income increased 41% to US$ 131,6 million in 2009 from US$ 93,5 million in 2008. Diluted earnings per share rose 35% to US$ 0,63 in 2009 (based on 209,6 million weighted average shares and share equivalents outstanding) from US$ 0,47 in 2008 (based on 199,9 million weighted average shares and share equivalents outstanding).

The strong financial performance is clear evidence for the stringent and successful execution of our growth strategy which we have mapped out over the last years. I want to thank you, dear shareholder, for your continued and sustaining support and trust in our share, which was a critical precondition for the successful outcome of our stock offering in late 2009. With net proceedings of US$ 623,6 million, the stock offering secured the Company's strategic flexibility and allows us to further execute on our accelerated growth strategy.

While we are fully aware of the challenges provided by an unstable economic environment, we continue to see significant growth opportunities for the future of our Company. Our industry proves to be more resilient than most other sectors, we have a strong balance sheet, still untapped credit lines, strong cash flow positions and are generally well prepared to fully capitalize on the opportunities in molecular diagnostics, applied testing, pharmaceutical and academic research in the future going forward.

I would also like to thank our employees. We welcomed the 3.500th member to our family which again showed to be the most innovative and dedicated pool of researchers and specialists in our industry. Further development of these skills and talents in the light of a changing business environment is a key element of our strategy. In 2009 and again in 2010 we ranked Number 1 as Germany's "Top employer" in the field of professional development and we continue to invest sustainably in our most valuable resource to achieve our next milestone: To make QIAGEN become a Multi-Billion-Dollar company in the very near future.

Management Report for the Period from January 1, 2009, to December 31, 2009

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, 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 development efforts involve 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

We believe, based on the nature of our products and technologies and our United States and European market shares, as supported by independent market studies, that we are the world’s leading provider of innovative sample and assay technologies and products. 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 make isolated biomolecules, such as the DNA of a specific virus, visible for subsequent analysis. Our products are considered benchmark standards in areas such as pre-analytical sample preparation and assay solutions in molecular diagnostics, research for life sciences, and applied testing.

We sell our products to molecular diagnostics laboratories, academic researchers, pharmaceutical and biotechnology companies, and applied testing customers for purposes such as forensics, animal or food testing, and pharmaceutical process control. These products enable our customers to efficiently pursue their research and commercial goals that require the use of nucleic acids. We market our products in more than 40 countries throughout the world. We have established subsidiaries in the markets that we believe have the greatest sales potential, including countries throughout Europe, Asia, the Americas and Australia. We also have specialized independent distributors and importers. We employ approximately 3.500 people in approximately 30 locations worldwide.

Since 2005, we have had a compound annual growth rate of approximately 21% in net sales. We have funded our growth through internally generated funds, debt, and private and public sales of equity securities. In recent years, we have made a number of strategic acquisitions and disposals expanding and focusing our technology and product offerings. These transactions include:

- In December 2009, we acquired SABiosciences Corporation, located 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 the development of future drugs and diagnostics.

- In September 2009, we acquired DxS Ltd., a privately-held developer and manufacturer of companion diagnostic products headquartered in Manchester, United Kingdom. DxS Ltd. is a pioneer in development and marketing of companion diagnostics which enable physicians in oncology to predict patients' responses to certain treatments in order to make cancer therapies more effective. Through this acquisition, we acquired a portfolio of molecular diagnostic assays and related intellectual property as well as a deep pipeline of already signed or planned companion diagnostic partnerships in oncology with leading pharmaceutical companies. With the acquisition, we believe that we can advance to 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 publicly-listed developer, manufacturer and distributor of products for genetic analysis and medicinal chemistry headquartered in Uppsala, Sweden. The assets acquired also include the purchase of the remaining 17.5% of the outstanding stock of Corbett Life Science Pte. 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 having developed the world's first rotary real-time PCR cycler system, the Rotor-Gene™, a system used to detect real-time PCR which make specific sequences of DNA and RNA targets visible through amplification and quantifiable through real-time measurement of such amplification. The 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 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. In May 2008, we established QIAGEN Mexico via the acquisition of certain assets of our former life science distributor Quimica Valaner. In July 2008, we acquired the minority interest of our Brazilian subsidiary, QIAGEN Brasil Biotecnologia Ltda.

In 2009, on a consolidated basis, operating income increased to US$ 186,6 million compared to US$ 162,9 million in 2008. Our operating income was impacted by growth in consumables and instrument product sales, which experienced growth of 10% and 37% in 2009 as compared to 36% and 51% in 2008, respectively. Our financial results include the contributions of our recent acquisitions from the date of their acquisition, as well as the costs related to the acquisitions and integrations. 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.

We manage our business based on the locations of our subsidiaries. Therefore, reportable segments are based on the geographic locations of our subsidiaries. Our reportable segments include our production, manufacturing and sales facilities located throughout the world. In addition, the Corporate segment includes our holding company located in The Netherlands, two subsidiaries located in Germany and one

in Australia which operate only in a corporate support function. The reportable segments derive revenues from our entire product and service offerings.

The following table sets forth operating income by segment for the years ended December 31, 2009 and 2008. Further segment information can be found in Note 38 in the accompanying financial statements.

(in US$ thousands)	2009	2008
Americas	95.981	81.210
Germany	89.478	78.529
Switzerland	4.426	(5.764)
Asia	4.906	882
All other	21.168	33.315
Corporate / Eliminations	(29.406)	(25.261)
Operating Income	**186.553**	**162.911**

In 2009, operating income in the Americas increased compared to the same period in 2008, primarily due to increased sales. While sales increased during 2009 and 2008 as a result of acquisitions and organic growth, expenses in the Americas, including the amortization of acquired intangibles, were also higher following the acquisitions and ongoing integration efforts.

In Germany, operating income was higher in 2009 as compared to 2008, primarily due to increased sales.

The increase in operating income in Switzerland in 2009 as compared to 2008 is primarily the result of increased sales and higher gross margins which were favourably impacted by leverage of capacity and mix of products.

The increase in operating income in Asia in 2009 as compared to 2008 is primarily the result of increased sales, primarily in Japan.

The decrease in operating income in our All Other segment in 2009 as compared to 2008 is primarily due to the September 2009 acquisition of DxS.

Within Corporate and Eliminations all intersegment results are eliminated and other operating income (2009: US$ 9.228; 2008: US$ 3.123) and other operating expense (2009: US$ (9.741); 2008 US$ (9.959)) is allocated.

Fiscal Year Ended December 31, 2009 compared to 2008

Net Sales

In 2009, net sales increased 13% to US$ 1,0 billion compared to US$ 893,0 million in 2008. The increase in total sales includes organic growth (13%) and sales from our recently acquired businesses (4%), partially offset by the negative impact of foreign currency exchange rates (3%) and the third quarter divestiture of our subsidiary in Austria (1%). Our 2009 net sales include the results of operations for the full year of Corbett, which was acquired in July 2008, as well as the acquisitions of DxS Ltd, acquired in September 2009, and SABiosciences, acquired in December 2009.

Net sales are attributed to countries based on the location of the subsidiary recording the sale. In 2009, net sales in Asia increased by 39%, primarily driven by China, Japan and Singapore, net sales in Germany increased by 24%, net sales in the Americas increased by 9% and net sales in all other countries increased by 12%, which includes the results of Corbett and DxS. The increase in sales in each of these regions was the result of an increase in sales of our sample and assay technologies, which represented approximately 86% of total sales, and instruments products, which represented approximately 14% of total sales. Sales of sample and assay technologies, which include consumables and instrumentation, experienced growth rates of 10% and 37%, respectively, in 2009, as compared to 2008. The uncertainties of the current global financial crisis represent a risk for the Company, and while we expect continued growth in our consumables and instrumentation businesses, such future growth may be lower than our historical growth and future growth could be adversely effected.

A significant portion of our revenues is denominated in euros and currencies other than the United States dollar. Changes in exchange rates can affect the growth rate of net sales, potentially to a significant degree. When calculated by translating the local currency, actual results in the current period using the average exchange rates from the previous year's respective period instead of the current period, net sales were negatively impacted by US$ 28,8 million of currency effects for the year ended December 31, 2009, as compared to 2008.

We regularly introduce new products in order to extend the life of our existing product lines as well as to address new market opportunities. In 2009, we launched 79 new products in the area of sample & assay technologies including the PAXgene Blood miRNA kit for use in cancer, biomarker and miRNA research and the QIAamp Circulating Nucleic Acid kit for sample preparation in prenatal or other circulating nucleic acid research. In addition, QIAGEN launched a number of assay technologies including two multiplexed, PCR-based CE-marked digene HPV Genotyping Tests; a next generation CE marked mutation profiling KRAS test, as well as a BRAF test for use in cancer treatments and a test for epigenetic methylation analysis based on pyrosequencing technology.

Gross Profit

Gross profit was US$ 667,1 million, or 66% of net sales, in the year ended December 31, 2009 as compared to US$ 599,7 million, or 67% of net sales, in 2008. The absolute US dollar increase in 2009 compared to 2008 is attributable to the increase in net sales. Our 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 during a period when compared to the gross margin of another period.

Amortization expense related to developed technology and patent and license rights, which have been acquired in a business combination, is included in cost of sales. The amortization expense on acquisition-related intangibles within cost of sales increased to US$ 53,6 million in 2009 as compared to US$ 48,7 million in 2008. The increase in amortization expense is the result of an increase in intangibles acquired in our recent business combinations. We expect that our acquisition-related intangible amortization will continue to increase as a result of our acquisitions.

In addition, during 2009 and 2008 a total of US$ 7,4 million and US$ 1,4 million, respectively, was expensed to acquisition-related cost of sales related to the write-off of inventories made obsolete following

an acquisition as well as to the write-up of acquired inventory to fair market value as a result of business combinations. 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.

Research and Development

Research and development expenses increased by 37% to US$ 101,0 million (10% of net sales) in 2009 compared to US$ 73,9 million (8% of net sales) in the same period of 2008. Our business combinations, along with the acquisition of new technologies, have resulted in an increase in our research and development costs. As we continue to discover, develop and acquire new products and technologies, we will incur additional expense related to research and development facilities, licenses and employees engaged in our research and development efforts. Additionally, our 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) and EU CE approval of certain assays or instruments. The increase in research and development expense was partially offset by US$ 2,8 million of currency impact in 2009 calculated by translating the local currency actual results in the current period using the average exchange rates from the previous year's respective period instead of the current period. We have a strong commitment to research and development and expect to continue to make investments in our research and development efforts. Accordingly, our research and development expenses will continue to increase, perhaps significantly.

Sales and Distribution

Sales and distribution expenses increased by 9% to US$ 263,0 million (26% of net sales) in 2009 from US$ 242,2 million (27% of net sales) in 2008. Sales and distribution expenses are primarily associated with personnel, commissions, advertising, trade shows, publications, freight and logistics expenses and other promotional expenses. The increase in sales and distribution expenses in 2009 as compared to 2008, is primarily due to our 2009 acquisitions, as well as the acquisition of Corbett which occurred in July of 2008, and thus is only included for part of 2008. In addition, the sales and distribution expenses include the costs of maintaining separate sales organizations addressing customers in industrial and academic research, applied testing and molecular diagnostics. The increase in sales and distribution expense was partially offset by US$ 6,9 million of currency impact in 2009 when calculated by translating the local currency actual results in the current period using the average exchange rates from the previous year's respective period instead of the current period. We anticipate that sales and distribution costs will continue to increase along with new product introductions and continued growth in sales of our products, but we expect sales and distribution costs will, for the most part, grow at a slower rate than our overall revenue growth.

General and Administrative, Integration and Other

General and administrative, business integration, restructuring and related costs increased by 2% to US$ 115,9 million (11% of net sales) in 2009 from US$ 113,9 million (13% of net sales) in 2008. The increase in these expenses in 2009 is partly the result of general and administrative expenses related to our new acquired businesses. Additionally, during 2009, an impairment loss of US$ 1,6 million of goodwill was recognized in connection with our acquisition of DxS Ltd. in September 2009. We have continued to

incur integration costs for businesses acquired and such costs totaled approximately US$ 21,5 million in 2009, as compared to US$ 30,9 million in 2008. Included in these costs are US$ 7,5 million in 2009 and US$ 8,1 million in 2008 for legal costs related to litigation assumed in connection with the acquisitions of Digene and Corbett. In connection with the integration of the acquired companies, we aim to improve efficiency in general and administrative operations. Additionally, when calculated by translating the local currency actual results in the current period using the average exchange rates from the previous year's respective period instead of the current period, general and administrative, integration and related costs decreased by US$ 2,1 million due to currency impact in 2009, as compared to 2008.

In October 2009, we started the closure of our facilities and relocation of our activities in Brisbane and Sydney to other locations of the Company, primarily to QIAGEN Instruments AG in Switzerland. These restructurings follow the acquisition of Corbett in 2008 and consolidate our instrument manufacturing activities. The closure and relocation are expected to be completed in the second quarter of 2010 at a total pre-tax cost of approximately US$ 4,0 million to US$ 5,0 million.

As we further integrate the acquired companies, we expect to continue to incur additional business integration costs. We believe that over time the results of the integration activities will continue to result in a decrease in our general and administrative expenses as a percentage of sales.

Acquisition-Related Intangible Amortization

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

During 2009, the amortization expense on acquisition-related intangibles within operating expense increased to US$ 18,6 million compared to US$ 17,8 million in 2008. The increase in expense is the result of an increase in amortized intangibles acquired in our recent business combinations. We expect that our acquisition-related intangible amortization will continue to increase as a result of our acquisitions.

Financial Income and Expense

For the year ended December 31, 2009, financial income decreased to US$ 3, 5 million from US$ 9, 7 million in 2008. The decrease in financial income was primarily due to a decline in interest rates.

Financial expense decreased to US$ 41, 6 million in 2009 compared to US$ 49, 7 million in 2008. Interest costs primarily relate to our long-term debt discussed in Note 25 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 decreasing LIBOR rate as well as a US$ 25, 0 million decreased debt balance.

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 (loss) on foreign currency transactions in 2009 and 2008 was US$ 5,6 million and US$ 0,02 million, respectively.

Gains from investments in associates increased to US$ 2,5 million in 2009 compared to US$ 1,0 million in 2008.

As per end of December 31, 2009, other financial income and expense was US$ 10,2 million, compared to US$ (4,0) million in 2008. During the fourth quarter of 2009, we sold our investment in a privately held company and realized a gain of US$ 10,5 million. During the third quarter of 2008, in connection with the acquisition of Corbett, we recorded a US$ 4,0 million impairment of a cost-method investment based on an assessment of the recoverability of the investment amount. Following the acquisition of Corbett, we anticipated a change in our purchasing pattern of the investee's products, which was expected to negatively impact the forecasted financial condition of the investee. Accordingly, we believe the known impact to the investee's financial condition, absent other evidence indicating a realizable value of the investment, indicated that the recoverability of the asset through future cash flows was not considered likely enough to support the carrying value.

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 2009 and 2008, our effective tax rates were 21,3% and 22,0%, respectively. In 2009, the mix of earnings was more heavily weighted in the lower tax rate jurisdictions versus higher tax rate jurisdictions in 2008. Additionally, a number of discrete events occurred during 2009 which resulted in favorable tax benefits being recognized in the income statement. These discrete events include but are not limited to post-merger internal restructuring initiated to better align our businesses which led to favorable tax benefits; sale of our Austrian business and a cost-method investment on almost an entirely tax free basis; tax planning and reductions in certain purchase-accounting-related deferred tax liabilities due to tax rate changes and step-up in tax basis. Certain of these items are non-recurring in nature and will not have a future tax rate impact.

Liquidity and Capital Resources

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, 2009 and 2008, we had cash and cash equivalents of US$ 827,3 million and US$ 334,9 million, respectively. We also had short-term investments of US$ 40,0 million at December 31, 2009. 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, 2009, cash and cash equivalents had increased by US$ 492,4 million from December 31, 2008, primarily due to cash provided by operating activities of US$ 244,8 million and financing activities of US$ 622,3 million, offset by cash used in investing activities of US$ 362,6 million. As of December 31, 2009 and 2008, we had working capital of US$ 938,5 million and US$ 421,7 million, respectively

Cash Flows from Operating Activities

For the years ended December 31, 2009 and 2008, we generated net cash from operating activities of US$ 244,8 million and US$ 207,8 million, respectively. Cash provided by operating activities increased in 2009 compared to 2008 primarily due to increases in net income, depreciation and amortization. The increase in net income is primarily attributable to our 2009 sales growth, while the increase in depreciation and amortization is primarily due to our new acquisitions. The increase in accrued and other liabilities reflects higher accruals as a result of our growth, such as accrued payroll and royalties. The increase in inventories in 2009 primarily reflects our new product introductions along with increases related to safety stock in order to minimize potential challenges in abilities to supply. 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$ 362,6 million of cash was used in investing activities during 2009, compared to US$ 242,1 million during 2008. Investing activities during 2009 consisted principally of cash paid for purchases of property and equipment and intangible assets as well as cash paid for acquisitions. During 2009, cash paid for acquisitions, net of cash acquired totaled US$ 234,7 million and includes cash paid for acquisitions made in 2009 as well as milestone payments from previous acquisitions. In September 2009, we acquired DxS Ltd., a privately-held developer and manufacturer of companion diagnostic products headquartered in Manchester, United Kingdom, for an upfront purchase price of US$ 94,5 million in cash and potential future milestone payments. Additionally, in August 2009, we acquired Explera s.r.l., a leading supplier in molecular diagnostics and personalized medicine in Italy. In December 2009, we acquired SABiosciences, located in Frederick, Maryland for US$ 97,6 million in cash subject to customary adjustment. Investing activities during 2008 consisted principally of purchases of property and equipment, intangibles and cash paid for acquisitions as well as a loan to Dx Assay Pte Ltd, our new joint venture in Singapore, partially offset by the sale of marketable securities.

In connection with certain acquisitions, we could be required to make additional contingent cash payments totalling up to US$ 106,2 million based on the achievement of certain revenue and operating results milestones 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$ 106,2 million total contingent obligation, approximately US$ 40,8 million is accrued as of December 31, 2009.

In January 2009, we purchased land adjacent to our facility in Hilden, Germany for EUR 2,5 million (approximately US$ 3,2 million) and in August 2009 began the construction to further expand the German facilities for research and development and production space. In addition, we are planning for expansions

at our Germantown, Maryland facility for production and administrative space, construction on which is expected to begin in June 2010. These expansion projects are expected to continue into 2012 at an estimated total cost of approximately US$ 93,9 million. We anticipate that we will be able to fund such expansions with cash generated by our operating activities.

We changed the Cash Flow disclosure with regard to IAS 7 in comparison to the prior year. Depreciation and impairment of capitalized development costs are part of the reconciliation to Cash Flow from operating activities, additions to intangible assets resulting from capitalization of development costs are shown in Cash Flow from investing activities. The comparative amounts are reclassified accordingly.

Cash Flows from Financing Activities

Financing activities provided US$ 622,3 million in cash for the year ended December 31, 2009, compared to US$ 10,0 million for 2008. 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' over-allotment option, in September 2009. After deducting the underwriting discounts, commissions and the offering expenses net of tax, the total net proceeds from the offering were US$ 623,6 million. We intend to use the net proceeds of this offering to fund acquisitions, including our September 2009 acquisition of DxS Ltd. and our December 2009 acquisition of SABiosciences, to strengthen our balance sheet and for general corporate purposes.

We have credit lines totalling US$ 183,7 million at variable interest rates, an insignificant amount of which was utilized as of December 31, 2009. We also have finance lease obligations, including interest, in the aggregate amount of US$ 38,9 million, and carry US$ 920,0 million of long-term debt, of which US$ 50,0 million is current as of December 31, 2009.

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$ 750,0 million in the form of (1) a US$ 500,0 million term loan, (2) a US$ 100,0 million bridge loan, and (3) a US$ 150,0 million revolving credit facility. Under the agreement, the US$ 500,0 million term loan will mature in July 2012 with an amortization schedule commenced July 2009. The US$ 150,0 million revolving credit facility will also expire in July 2012. The US$ 100,0 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$ 500,0 million term loan and the US$ 150,0 million currently undrawn revolving credit facility is tied to the LIBOR benchmark and therefore variable. A US$ 200,0 million portion of the US$ 500,0 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. 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, 2009, was approximately US$ 262,5 million (December 31, 2008: US$ 206,4 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 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, 2009, was approximately US$ 387,3 million (December 31, 2008: US$ 276,1 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.

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 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, 2009, we employed 3.495 individuals, 20% of whom worked in research and development, 36% in sales, 24% in production/logistics, 7% in marketing and 13% in administration.

	Americas	Europe	Asia	Rest of World	Total
Sales	497	435	282	37	**1.251**
Production	265	450	82	53	**850**
Research and Development	185	464	29	20	**698**
Administration	140	235	71	17	**463**
Marketing	64	128	38	3	**233**
Employees	**1.151**	**1.712**	**502**	**130**	**3.495**

At December 31, 2008, we employed 3.041 individuals. None of our employees is represented by a labour 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

By focusing our resources on our core expertise “Sample & Assay Technologies” and due to the size of the markets for products that utilize this core expertise, we can invest more in research and development on our core application area than we believe is typical in our industry. Approximately 700 employees in research and development, who work in six centers of excellence on three different continents, constantly develop new applications that push the frontiers of science further. Our investment in research and development accounts for about 10% of our sales. Our total research and development expenses in 2009 and 2008 were approximately US$ 101,0 million and US$ 73,9 million, respectively. We have fast, proven innovation cycles, with approximately five percent of 2009 revenue growth stemming from new products launched in 2009. Our comprehensive intellectual property portfolio spans over 700 granted patents and more than 800 pending applications.

Our product development efforts are focused on expanding our existing products and developing innovative new products in selected areas where we have expertise and have identified substantial unmet market needs. We intend to maintain our technology leadership position through investments in product improvements, product extensions, and innovative new approaches. We believe that improvements in

instrumentation will strengthen our leadership position in the automation of sample and assay technology applications and generate an increased demand for our consumable products.

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 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 from US$ 398,4 million in 2005 to US$ 1.009,8 million in 2009. We have made several acquisitions, including our recent acquisitions of 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, and may acquire additional businesses in the future. 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.

In January 2009, we purchased land adjacent to our facility in Germany and in August 2009 began to expand the German facilities for research and development on this new land as well as expand our production space on previously owned land adjacent to existing buildings. This expansion project is expected to continue through 2011. In addition, we are planning for expansions at our Germantown, Maryland facility for research, production and administrative space, construction on which is expected to begin in 2010 and continue into 2012. Such expansions increase fixed costs. These higher fixed costs will continue to be a cost of operations in the future, and until we fully utilize the additional capacity of these planned facilities, our gross profit and operating income will be negatively impacted. We also continue to upgrade our operating and financial systems and expand the geographic area of our operations, resulting in the hiring of new employees, as well as increased responsibility for both existing and new management personnel. The rapid expansion of our business and 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 acquisition 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, including our acquisitions of DxS Ltd. in September 2009, Explera s.r.l in August 2009, SABiosciences in December 2009, all assets of Biosystems Business from Biotage AB in October 2008, Corbett in July 2008 and Digene in July 2007, 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 existing and planned operations. Acquisitions, including the acquisitions referenced in the previous sentence, expose us to new operating and other risks, including the 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 revenues 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, for technological or other reasons, to successfully develop and introduce new products could reduce our growth rate or otherwise have an adverse effect on our business. In the past, we have experienced, and are likely to experience in the future, delays in the development and introduction of products. 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 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.

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

Our results of operations could be materially affected by general conditions in the global economy and in the global financial markets. The global financial crisis has caused extreme volatility and disruptions in the capital and credit markets. Therefore, access to financing has been adversely affected for many businesses. A severe or prolonged economic downturn could result in a variety of risks to our business, including, for our business in particular, reductions or delays in planned improvements to the healthcare systems and research funding, or cost-containment efforts by governments and private organizations that could lead to a reduction in future revenues, operating income and cash from operations and furthermore, as is the case for most other businesses, the following risks:

- severely limited access to financing over an extended period of time, which may limit our ability to fund our growth strategy, could result in a need to delay 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.

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, 2009, we owned 149 issued patents in the United States, 107 issued patents in Germany and 527 issued patents in other major industrialized countries. In addition, at December 31, 2009, we had 843 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 hereunder 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 Human Papillomavirus, or 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 such collaborations.

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

We believe that revenue from sales of our HPV test product may represent as much as 30% of our total revenues. While the ultimate decision to order that test is made by the patient in consultation with her physician, the test is performed by reference laboratories. At present, sales to a limited number of reference laboratories account for the majority of our revenues for that product. A significant reduction in sales of this product may have a significant adverse impact on our earnings. In times of economic hardship or high unemployment, patients may decide to forego or delay routine tests. Further, the cost of HPV testing is reimbursed to the 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 revenues. It is possible that our dependence on revenues from this product and those customers will continue in the future. If, going

forward, we fail to diversify our product line and customer base for this product, we will continue to be at risk that the loss or under-performance of a single product or customer may materially affect our earnings.

Our sales of HPV products and our growth will also depend on continued increases in the acceptance of and the market for HPV screening by physicians and laboratories.

Our sales of HPV-related molecular diagnostic products and our ability to increase sales of HPV-related molecular diagnostic products depend upon continued and increasing acceptance by physicians and laboratories of HPV screening as a necessary part of the standard of care for cervical cancer screening and more specifically, of our HPV test products as a primary cervical cancer screening method, either alone or in conjunction with cytology-based tests (Pap tests), and the implementation of prophylactic HPV vaccinations. Pap tests have been the principal means of cervical cancer screening since the 1940s. Technological advances designed to improve quality control over sample collection and preservation and to reduce the Pap test's susceptibility to human error may increase physician reliance on the Pap test and solidify its market position as the most widely used screen for cervical cancer. Currently, approximately 60 million Pap tests are performed annually in the United States and we believe that 60 to 100 million 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 (reviewing cells, for instance, under a microscope) approach 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. Using our HPV test products along with the Pap test for primary screening in the United States may be seen by some of these customers as adding unnecessary expense to the generally accepted cervical cancer screening methodology, and therefore, we continually need to provide information to counteract this impression on a case-by-case basis. If we are not successful in executing our marketing strategies, we may not be able to maintain or continue to grow our market share for HPV testing.

Direct-to-consumer awareness marketing programs, including television advertisements, are used because we believe that a well educated female population will work with their healthcare providers to increase the use of the HPV test. If we are not successful in continuing to execute this marketing program, we may not be able to maintain or continue to increase the sales of our HPV tests to the extent we desire.

We are working with physician and laboratory customers and with others to develop and establish the role HPV screening will play in addition to and in conjunction with HPV vaccination. If we are not successful in this endeavour, we may not be able to maintain or grow the market for HPV screening or maintain or increase our HPV test revenues.

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 such proceedings.

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 fiscal quarter, as both their budgets and requirements for the coming quarter become clearer. As a result, even late in each fiscal quarter, we cannot predict with certainty whether our revenue forecasts for the quarter will be achieved. Historically, we have been able to rely on the overall pattern of customer purchase orders during prior periods to project with reasonable accuracy our anticipated sales for the current or coming quarters. However, if our customers' purchases during a quarter vary from historical patterns, our final quarterly results could deviate significantly from our projections. Consequently, our revenue forecasts for any given quarter may prove not to have been accurate. We may not have enough information as a result of such patterns to confirm or revise our sales projections during a quarter. If we fail to achieve our forecasted revenues for a particular quarter, our stock price could be adversely affected.

Our operating results may vary significantly from period to period.

Our operating results may vary significantly from quarter to quarter and from year to year, depending on factors such as the level and timing of our customers' research and commercialization efforts, the timing of our customers' funding, the timing of our research and development and sales and marketing expenses, the introduction of new products by us or our competitors, competitive conditions, exchange rate fluctuations and general economic conditions. Our expense levels are based in part on our expectations as to future revenues. Consequently, revenues or profits may vary significantly from quarter to quarter or from year to year, and revenues and profits in any interim period will not necessarily be indicative of results in subsequent periods.

Competition could reduce sales.

Our competition stems from traditional or "home-brew" methods that utilize widely available reagents and other chemicals to perform sample and assay processing steps. We are also aware that a significant number of laboratory organizations and other companies are developing and using internally developed molecular tests. These tests, in particular if approved by the U.S. Food and Drug Administration, or FDA, or similar non-U.S. regulatory authorities, might offer an alternative to our products that could limit the laboratory customer base for our products. The success of our business depends in part on the continued

conversion of current users of such traditional methods and home brew tests to our sample and assay technologies and products. There can be no assurance; however, as to how quickly such conversion will occur, if at all.

We also have experienced, and expect to continue to experience, increasing competition in various segments of our business from companies providing competitive pre-analytical and other products. The markets for certain of our products are very competitive and price sensitive. Other product suppliers have significant financial, operational, sales and marketing resources, and experience in research and development. These and other companies may have developed or could in the future develop new technologies that compete with our products or even render our products obsolete. If a competitor develops superior technology or cost-effective alternatives to our kits and other products, our business, operating results and financial condition could be materially adversely affected.

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. Therefore, it may be difficult to generate sales to customers who have purchased products from competitors. To the extent we are unable to be the first to develop and supply new products, our competitive position may suffer.

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 researchers and their organizations for applications in which our products are used could have a significant effect on the demand for our products. Research and development budgets fluctuate due to changes in available resources, mergers of pharmaceutical and biotechnology companies, spending priorities and institutional budgetary policies. Our business could be adversely affected by any significant decrease in life sciences research and development expenditures by pharmaceutical and biotechnology companies, academic institutions or government and private laboratories. In addition, short-term changes in administrative, regulatory or purchasing-related procedures can create uncertainties or other impediments which can contribute to lower sales.

In recent years, the pharmaceutical and biotechnology industries have undergone substantial restructuring and consolidation. Additional mergers or corporate consolidations in the pharmaceutical industry could cause us to lose existing customers and potential future customers, which could have a material adverse effect on our business, financial condition and results of operations.

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 U.S. National Institutes of Health, or NIH, and similar agencies. Although the level of research funding has increased during the past several years, we cannot assure you that this trend will continue. Government funding of research and development is subject to the political process, which is inherently fluid and unpredictable. The predictability of our revenues may be adversely affected if our customers delay purchases as a result of uncertainties surrounding 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 other government agencies that fund research and development

activities. A reduction in government funding for the NIH or other government research agencies could seriously and negatively impact our business.

We may encounter delays in receipt, or limit in amount, of some European 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 technology or 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. Because each third-party payor individually approves reimbursement, obtaining such approvals is a time-consuming and costly process that requires us to provide scientific and clinical support for the use of each of our products for which we seek reimbursement to each payor separately with no assurance that such approval will be obtained. This process can delay the broad market introduction of new products and could have a negative effect on our revenues and operating results. As a result, outside the U.S., third-party reimbursement may not be consistently available or financially adequate to cover the cost of our products. This could limit our ability to sell our products, cause us to reduce the prices of our products or otherwise adversely affect our operating results.

We heavily rely on air cargo carriers and other overnight logistics services.

Our customers within the scientific research markets typically do not keep a significant inventory of our products and consequently require overnight delivery of purchases. As such, 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 work requiring nucleic acid purification. If there are no adequate delivery alternatives available, sales levels could be negatively affected.

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 for our products from many 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 our sales levels could be negatively affected.

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

Our long-term business strategy has included entering into strategic alliances and 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 such collaborative arrangements on acceptable terms, and such relationships may not be scientifically or commercially successful. In addition, we may be unable to

maintain such relationships, and our collaborative partners may pursue or develop competing products or technologies, either on their own or in collaboration with others.

Doing business internationally creates certain risks for our business.

Our business involves operations in several countries outside of the United States. Our consumable manufacturing facilities are located in Germany, China, Sweden and the United States, and our instrumentation facilities are located in Switzerland and Australia. We also have established sales subsidiaries in numerous countries including the United States, Germany, Japan, the United Kingdom, France, Switzerland, Australia, Canada, the Netherlands, Sweden, Italy, Hong Kong, Singapore, Turkey, Korea, Malaysia, China, Spain, Brazil and Mexico. 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, and if we fail to coordinate and manage these activities effectively, our business will be adversely affected. We have invested heavily in computerized information systems in order to manage more efficiently the widely dispersed components of our operations. We use SAP as our business information system to integrate most of our subsidiaries in the Americas, Europe, Australia and Japan.

Our operations are also 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 operations.

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

Recently, we have expanded our business into emerging markets in Asia and South America, and we expect to continue to focus on expanding our business in these regions. In addition to the currency and international operation risks described above, our international operations are subject to a variety of risks including 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 the 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 may have significant negative impacts on our financial condition and operating results.

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

As we operate and sell internationally, 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 U.S. and other 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 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, operating results and financial condition.

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, the Chairman of which is 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 personnel 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 recruit such personnel or develop such expertise by existing personnel could have a material adverse impact on our operations.

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 our results of operations. However, as of December 31, 2009, we had outstanding loan facilities of approximately US$ 475,0 million, of which US$ 50,0 million will become due in July 2010, 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, 2009, we also had additional long-term debt obligations of US$ 445,0 million, of which US$ 145,0 million will become due in July 2011 and US$ 300,0 million will become due in November 2012. Furthermore, as of December 31, 2009, we have finance lease obligations, including the current portion, of US$ 31,0 million, that expire in various years through 2018. 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. Such additional funds may then not be available or, if available, not on terms acceptable to us. If adequate funds are then not available, we may have 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. To the extent that additional capital is raised through the sale of equity or convertible securities, the issuance of such securities could result in dilution to our shareholders.

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

At December 31, 2009, our consolidated balance sheet reflected approximately US$ 1,3 billion of goodwill and approximately US$ 874,4 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 the opportunities arise. We periodically review the carrying value of these investments for impairment, considering factors such as 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 impact our results of operations. It is uncertain whether or not we will realize any long-term benefits from these strategic investments.

Exchange rate fluctuations may adversely affect our business.

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

We have a significant amount of debt which carries with it 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 such 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 necessary 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

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 revenue there from.

We and our customers operate in a highly regulated environment characterized by continuous changes in the governing regulatory framework. Genetic research activities as well as products commonly referred to as “genetically engineered,” such as certain food and therapeutic products, are subject to governmental regulation in most developed countries, especially in the major markets for pharmaceutical and diagnostic products (i.e., the European Union, the United States, and Japan). In the recent past, several highly publicized scientific successes (most notably in the areas of genomic research and “cloning”) have stirred a public debate in which ethical, philosophical and religious arguments have been raised against an unlimited expansion of genetic research and the use of products developed thereby. As a result of this debate, some key countries might increase the existing regulatory barriers; this, in turn, could adversely affect the 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 to introduce new products in other countries around the world. Sales volumes of certain products in development may be dependent on commercial sales by us or

by purchasers of our diagnostic and pharmaceutical products, which will require pre-clinical studies, clinical trials and other regulatory clearance. Such trials will be subject to extensive regulation by governmental authorities in the United States, including the FDA, international agencies and agencies in other countries with comparable responsibilities. These trials involve substantial uncertainties and could impact customer demand for our products. In addition, certain products, especially our products intended for use in in vitro diagnostics applications, are dependent on regulatory or other clearance. 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 which are 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), and 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 the diagnostic procedures within the European Union, to increase reliability of diagnostic analysis and to enhance patients' safety through the highest level of product safety. These goals are expected to be achieved by the enactment of a large number of mandatory regulations for product development, production, quality control and life cycle surveillance. Our failing to obtain any required clearance or approvals may significantly damage our business in such segments.

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, and we plan to apply for FDA clearance on medical devices for additional products or programs in the future. Governmental bodies in other countries also have medical device approval regulations which are becoming more extensive. Such regulations govern the majority of the commercial activities including the indications for which these products can be used, product development, product testing, product labeling, product storage, use of these products with other products and the manufacturing, advertising and promotion of these products for the approved indications. Compliance with these regulations is expensive and time-consuming. Certain of our HPV test products were the first to obtain approval for regulated applications for HPV testing in the United States and in many countries in Europe, which adds to our expense 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 United States will likely require either 510(k) clearance or pre-market approval from the FDA prior to marketing the device for in vitro diagnostic use. Clinical trials related to our regulatory submissions take years to execute and are a significant expense. The 510(k) clearance pathway usually takes from three to twelve months, but can take longer. The pre-market approval pathway is much more costly, lengthy and uncertain and can take from one to three years, or even longer. It took more than four years to receive pre-market approval to offer our current generation HPV test product to test for the presence of HPV in women with equivocal Pap test results and pre-market approval to use our HPV test as a primary adjunctive cervical cancer screening test to be performed in conjunction with the Pap test for women age 30 and older. The regulatory time span increases our costs to develop new products and increases the risk that we will not succeed in introducing or selling new products in the United States.

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 a public warning letter to more severe sanctions such as fines, injunctions and civil penalties, recall or seizure 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 United States.

We do not promote certain kits for clinical diagnostic use in the United States but market them for research use only - not for diagnostic use. If the FDA were to disagree with our designation of a product as a research use only product, we could be forced to stop selling that kit until the appropriate regulatory clearance or approval is obtained..

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. Therefore, 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, the commercial success of our customers and, hence, our company, could be adversely affected.

Our business exposes us to potential liability.

The marketing and sale of our products and services for certain applications entail a potential risk of product liability, and, 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 currently carry product liability insurance coverage, which is limited in scope and amount, but which we believe is currently appropriate for us. There can be no assurance, however, that we will be able to maintain such insurance at reasonable cost and on reasonable terms, or that such 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 effect on our capital expenditures, earnings or competitive position. Although we believe that our procedures for handling and disposing 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 effect on us.

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

We were incorporated under Dutch law as a public limited liability company (naamloze vennootschap), and we are organized as a holding company. Currently, our material assets are the outstanding shares of our subsidiaries. We are, therefore, dependent upon payments, dividends and distributions from our subsidiaries for funds to pay our operating and other expenses and to pay future cash dividends or distributions, if any, to holders of our Common Shares. Dividends or distributions by subsidiaries to us in a currency other than the U.S. dollar may result in a loss upon a subsequent conversion or disposition of such foreign currency, including a subsequent conversion into U.S. dollars.

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 fiscal years, the price of our Common Shares has ranged from a high of US$ 23,58 to a low of US$ 12,52 on the Nasdaq, and a high of EUR 15,98 to a low of EUR 10,04 on the Frankfurt Stock Exchange. In addition to overall stock market fluctuations, factors which may have a significant impact on the market 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 companies related to us;
- changes in government regulations or patent laws;
- developments in patent or other proprietary rights;
- developments in government spending for life sciences-related research; and
- general market conditions relating to the diagnostics, applied testing, pharmaceutical and biotechnology industries.

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 and that have not necessarily been related to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of our Common Shares.

Holders of our Common Shares will not 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, any cash dividends paid 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 is through the appreciation in value of such shares.

Future sales of our Common Shares could adversely affect our stock price.

Future sales of substantial amounts of our Common Shares in the public market, or the perception that such sales 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, 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, 2009, we had outstanding approximately 232,1 million Common Shares plus approximately 11,3 million additional shares reserved for issuance upon exercise or release of outstanding stock options and awards, of which 7,4 million were vested. A total of approximately 15,9 million Common Shares are reserved and available for issuances under our stock plans as of December 31, 2009, 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.

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 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 unless the proposal was made by the joint meeting of the Supervisory Board and the Managing Board in which case 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 by issuing preference shares. Pursuant to our Articles and the resolution adopted by our general meeting of shareholders on June 16, 2004, our 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, 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 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.

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 United States. In addition, certain members of our Managing and Supervisory Boards and our officers reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such other persons, or to enforce outside the United States 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 United States, rights predicated upon the U.S. securities laws. There is no treaty between the United States and the Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States 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 United States. If the Dutch court finds that the jurisdiction of the federal or state court in the United States has been based on grounds which 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 United States 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 United States 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 United States brought in a court of competent jurisdiction in the Netherlands against us or such members or officers, respectively.

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, 2009, we had outstanding approximately 232,1 million Common Shares plus approximately 11,3 million additional shares reserved for issuance upon exercise or release of

outstanding stock options and awards, of which 7,4 million were vested. A total of approximately 15,9 million Common Shares are reserved and available for issuances under our stock plans as of December 31, 2009, 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 the shareholders register of QIAGEN with TMF Management B.V. in Amsterdam, The Netherlands. The Type II shares are registered with American Stock Transfer & Trust Company, or New York Transfer Agent, our transfer agent and registrar in New York.

The transfer of registered shares requires that we issue a written instrument of transfer and the written acknowledgment 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, 2009, 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	29.296.616	12,62%

(1) The percentage ownership was calculated based on 232.074.445 Common Shares issued and outstanding as of December 31, 2009.

(2) Of the 29.296.616 shares attributed to FMR LLC, it has sole voting power over 9.028.362 shares and sole dispositive power over all 29.296.616 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 16, 2010, which reported ownership as of December 31, 2009. FMR Corp. reported that it beneficially

owned 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 25, 2010, there were 181 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 24, 2009, 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 from June 24, 2009 until December 24, 2010, 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, 2009, the commitment under these agreements totaled US$ 18,9 million

Subsequent Events

Based on the Company's review, no events or transactions have occurred subsequent to December 31, 2009, that would have a material impact on the financial statements as presented.

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 alleges 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 has also filed a motion for preliminary injunction in which it asks 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. DxS filed its opposition to Roche's motion on March 5, 2010, and the hearing on the motion is scheduled for June 21, 2010. Given the early stage of this litigation, QIAGEN cannot predict the likely outcome and intends to vigorously pursue this matter.

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 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 NIH and similar agencies. 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 vacation periods or due to delays in the approval of governmental 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.

Research Market

The worldwide research market for nucleic acid and protein separation and purification products is comprised of an estimated 45.000 academic and industrial research laboratories with more than 400.000 researchers from leading academic institutions, diagnostics companies and laboratories, biotechnology companies and pharmaceutical companies. A substantial portion of this market continues to utilize traditional, labor intensive, manual methods for nucleic acid separation and purification, and we estimate that 15 percent of all molecular biology research time is spent on such processes. We recognized the opportunity to replace the traditional methods with reliable, fast, highly reproducible, and high-quality nucleic acid separation and purification technologies and products. We concentrated our product development and marketing efforts on this market and now offer over 500 nucleic acid sample processing products to customers. We also offer a broad and innovative portfolio for the expression, purification and fractionation of proteins. We believe that we are the technology leader in this growing research market and that we are well positioned to increase sales and expand our share of the research market as laboratories continue to convert from traditional methods to newer technologies such as ours. Based on estimates of the number of sample preparations being performed each year, we believe that the potential worldwide research market for our nucleic acid purification products exceeds US$ 1 billion, as the majority of the market currently uses traditional methodology. In addition, we believe that an additional US$ 800 million is spent annually in this market on PCR enzymes and reagents. We have expanded our product base for assay technologies such as PCR amplification and reverse transcription and continue to develop products for the PCR-related market segment. In 2005, we were one of the first companies to enter into a broad licensing agreement with Applied Biosystems Group regarding real-time PCR technology. This agreement enhances our value as a leading supplier of a broad range of real-time PCR technologies. These real-time PCR technologies are optimized for use with our market- and technology-leading preanalytical solutions. Our PCR reagent portfolio is also a critical component for ready-to-use real-time PCR assays which we offer and which are linked to our innovative RNAi assay offering. Finally, during 2008, through our acquisition of Corbett, we acquired the world's first rotary real-time PCR cycler system, the Roto-Gene Q, a system used to detect real-time PCR reactions which make specific sequences of DNA and RNA targets visible through amplification and quantifiable through real-time measurement of such amplification. The 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.

Molecular Diagnostics Market

We believe that the molecular diagnostics market represents a significant market for nucleic acid sample and assay technology products. We believe that the advent of PCR and other amplification technologies has made the prospect of nucleic acid-based molecular diagnostics feasible. Molecular diagnostics have fundamental advantages over traditional diagnostic technologies, such as immunoassays, in potential applications and clinical specificity and sensitivity.

This new generation of molecular diagnostics can be used, for example, to detect or identify micro-organisms, cancer cells, bacteria and viruses by searching for their specific nucleic acid sequences. In order to prove that 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 nucleic acid-based molecular diagnostics include infectious disease diagnostics in bio banks, HLA typing for bone marrow and organ transplantation, genetic testing for predisposition to cancers and other common diseases, and genetic “fingerprinting” of humans, animals and plants.

We believe clinical sensitivity and specificity can be greatly enhanced by using nucleic acid-based information. In many cases, conventional diagnostic tests also lack the clinical sensitivity and specificity to provide definitive diagnoses during the early stages of disease. Clinical sensitivity is typically regarded as the measure of a test’s ability to accurately detect the presence of disease. A false negative test result can lead to providing a negative or normal diagnosis to a patient who has the disease. Clinical specificity is typically regarded as the measure of a test’s ability to correctly identify the absence of disease when it is not present. A false positive test result can lead to providing a positive or abnormal diagnosis to a patient who does not have disease.

For detection of HPV, we sell our 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 equivocal 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 equivocal Pap tests. We are aware of an increasing number of clinical trials being conducted to explore the use of HPV testing for primary screening, both with a Pap test or as a stand-alone primary screen, as well as for proof of clearance or cure after treatment for diagnosed cervical disease or cancer.

The success of molecular diagnostics will depend on the ability to analyze purified nucleic acid samples from a variety of specimens, including blood, tissue, body fluids and stool, and on automation so that hundreds of samples can be handled concurrently. Other key factors will be the convenience, versatility, reliability and standardization of the nucleic acid separation and purification procedures. Our automated systems series has been developed to handle low-, medium-, and high-throughput nucleic acid sample preparation and handling tasks in molecular biology laboratories, clinical laboratories, blood banks, forensic projects, and genomics projects. 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. The open assay technologies, such as real-time PCR or endpoint PCR, contain PCR reagents. Closed assays, diagnostics with predefined targets, include Multiplexing and other pathogen detection assays. In order to broadly address the molecular diagnostics market, in 2005, we acquired artus Gesellschaft fur molekularbiologische Diagnostik und Entwicklung mbH, subsequently renamed QIAGEN Hamburg GmbH, which offers a broad range of real-time PCR assays for viral and bacterial pathogen detection that are complementary to our sample preparation kits.

The majority of these assays are validated with either manual QIAamp sample preparation or automated MagAttract sample preparation and CE-labeled according to the EU-IvD-D. Assays are marketed directly to end customers by our sales channels and selected assays are marketed by major diagnostic partners with access to customers complementary to our customers. In addition, we intend to enter into partnerships or other agreements with established companies in the molecular diagnostics market in order to broaden the distribution of our products.

We view the molecular diagnostics market as having 4 key submarkets: Prevention, Profiling, Personalized Healthcare and Point-of-Need. Molecular diagnostics in the Prevention submarket are typically used in disease screening in non-symptomatic patients, such as HPV testing in primary cervical cancer screening. In the Profiling submarket, diagnostics are typically used to screen symptomatic patients for disease, such as the use of our flu testing solutions in patients presenting flu-like symptoms. In Personalized Healthcare, diagnostics are used in order to stratify the population to determine which patients are most likely to respond positively to a particular therapy, such as KRAS testing in conjunction with anti-body linked chemotherapies for the treatment of colorectal cancer. Finally, the Point-of-Need diagnostics are used in practices, emergency rooms, remote field areas, and other settings where a laboratory infrastructure is not accessible and fast turnaround is required.

We expect molecular diagnostic tests at large to create a fundamental shift in both the practice of medicine and the economics of the diagnostics industry. Molecular-based diagnostic tests are expected to create an increased emphasis on preventative and predictive molecular medicine. In the Personalized Healthcare segment, physicians will be able to use these tests for the early detection of disease and to treat patients on a personalized basis, allowing them to select the most effective therapy with the fewest side effects. In addition, the relatively straight-forward format and significant automation capabilities of our tests allow ease of laboratory use, reducing overall processing costs. Additionally, the relatively straightforward format and fast turnaround time of molecular tests allows for near patient testing in the Point-of-Need diagnostics segment.

Applied Testing Market

We believe that emerging applied testing markets (which we define as the molecular diagnostics market outside of human healthcare), such as forensics, veterinary and food, offer great opportunities for standardized sample preparation and assay solutions. Successes in crime cases due to DNA analyses, public debates about GMO and food safety as well as bioterrorism risks, have increased the value of the use of molecular-based methods. These methods are performed by well trained researchers in fully equipped laboratories as well as by less trained personnel calling for easy-to-use, reproducible and standardized methods. Our manual DNA and RNA purification methods and the automated solutions on QIAsymphony, BioRobot EZ1, BioSprint 15 and 96, as well as our amplification enzymes and quantitative assays address the needs in these markets. We market a range of assays to end users in applied testing markets, such as veterinary diagnostics and biodefense laboratories.

Venlo, The Netherlands, April 2010

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 to these new 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

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.

Currently, our Managing Board consist of the following individuals:

Name	Age*	Position
Peer M. Schatz	44	Managing Director, Chief Executive Officer
Roland Sackers	41	Managing Director, Chief Financial Officer
Dr. Joachim Schorr	49	Managing Director, Senior Vice President, Re search and Development
Bernd Uder	52	Managing Director, Senior Vice President, Global Sales

* As of January 25, 2010

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 fiscal 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 that 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 2009.

Remuneration

The remuneration of the members of the Managing Board will, with due observance of the Remuneration Policy, which has been drafted taking into account the principles and best practice provisions of the Code, be determined by the Supervisory Board, on a proposal by its Compensation Committee. 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 2009 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 Managing Board members' commitment to QIAGEN and its objectives.

Annual Compensation for the year ended December 31, 2009	Fixed Salary	Variable Cash Bonus	Other (1)	Total
Managing Board:	US$	US$	US$	US$
Peer M. Schatz	1.220.000	673.000	1.000	1.894.000
Roland Sackers	520.000	315.000	41.000	876.000
Dr. Joachim Schorr	348.000	184.000	23.000	555.000
Bernd Uder	348.000	183.000	14.000	545.000

(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 the Company to tax authorities in order to avoid double-taxation under multi-tax jurisdiction employment agreements.

Long-Term Compensation for the year ended December 31, 2009	Defined contribution on benefit plan	Stock options	Restricted stock units
Managing Board:	US$		
Peer M. Schatz	81.000	122.521	393.847
Roland Sackers	73.000	40.115	128.949
Dr. Joachim Schorr	26.000	19.088	61.360
Bernd Uder	48.000	18.168	58.403

Further details on the composition of the remuneration of the Managing Board, and the implementation of the Remuneration Policy during the fiscal year 2009 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 which it operates. The Supervisory Board assists the Managing Board by providing advice relating to the business activities of QIAGEN. In 2009, the Supervisory Board had five (5) regular meetings which 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 and 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 such higher number as to be determined by the Joint Meeting. The 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 that its members are enabled 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 which 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 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. 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.

Currently, the Supervisory Board consist of the following members:

Name	Age	Position
Prof. Dr. Detlev H. Riesner	68	Chairman of the Supervisory Board, Supervisory Director and Chairman of the Selection and Appointment Committee
Dr. Werner Brandt	56	Supervisory Director and Chairman of the Audit Committee
Dr. Metin Colpan	54	Supervisory Director
Erik Hornnaess	72	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	68	Supervisory Director and Member of the Compensation Committee
Heino von Prondzynski	60	Supervisory Director and Member of the Audit Committee

Prof. Dr. jur Carsten P. Claussen was appointed as non-voting Special Advisor to the Supervisory Board and Honorary Chairman in 1999.

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

Professor Dr. Detlev H. Riesner, 68, is a co-founder of the Company. He has been a member of the Supervisory Board since 1996 and was appointed Chairman of the Supervisory Board in 1999, and 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 (1991-92), Vice President of the University (Research) (1996-99) 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, from 1975 to 1977, 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 (former Neuraxo) GmbH, Erkrath, Evocatal GmbH, Düsseldorf and DRK Blutspendedienst West, gGMBH, Hagen. His memberships in the advisory boards of NewLab Bioquality AG and Direvo AG ended when the companies were sold in 2006. Professor 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, 56, joined the Company’s Supervisory Board in 2007. In the same year, he was appointed Chairman of the Audit Committee. 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. Dr. Brandt completed his Doctorate in business administration from the Technical University of Darmstadt, Germany in 1991, after studying business administration at the University of Nuremberg-Erlangen, Germany 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, 54, is a co-founder of the Company and was Chief Executive Officer and a Managing Director from 1985 through 2003. Dr. Colpan has been a member of the Supervisory Board since 2004. Dr. Colpan obtained his Ph.D. and M.S. in Organic Chemistry and Chemical Engineering from the Darmstadt Institute of Technology 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 techniques and in the separation and purification of nucleic acids in particular, and has filed many patents in the field. Dr. Colpan currently serves as a Supervisory Board member of GenPat77 Pharmacogenetics AG and Morphosys AG, each in Munich, Germany. Until 2006, he was a member of the Supervisory Board of Ingenium Pharmaceuticals AG in Munich, Germany and until 2009 a member of the Supervisory Board of GPC Biotech AG.

Erik Hornnaess, 72, 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, Sweden from 1965 until 1979 in various management positions in Sweden, Australia, and Canada and, for the last three years of this period, as the General Manager for the Benelux region (Belgium, The Netherlands and Luxembourg). In 1979, he joined Abbott Laboratories European Headquarters in Paris, France, and from 1982, he was the Area Vice-President of Abbott Diagnostic Division in Europe, Middle-East and Africa, with headquarters in Wiesbaden, Germany. 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 the Vice-President of European Diagnostic Manufacturers Association (EDMA), Brussels in the period 1995 through 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, 68, has been a member of the Supervisory Board since 2000 and joined the Compensation Committee in 2005. Prof. Dr. Karobath studied medicine, and from 1967 to 1980, he worked first in the Dept. of Biochemistry of the University of Vienna and, after a stage as postdoctoral fellow, he joined the Dept. of Psychiatry where he became Professor of Biological Psychiatry. In 1980, he joined Sandoz Pharma in Basel, first, in drug discovery, and later, he became 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, he 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, 60, joined the Company’s 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, later as President of the Vaccines Division in Emeryville, USA. 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 in Germany. Mr. von Prondzynski is a director of Koninklijke Philips Electronics NV, Epigenomics, CARIDIAN BCT and Hospira, Inc.

Professor Dr. jur. Carsten P. Claussen, 82, was Chairman of the Supervisory Board of the Company from 1988 to June 1999 and was appointed as a Special Advisor and Honorary Chairman in 1999. This position is not required by Dutch law and Professor Claussen is no longer a voting member of the Supervisory Board. For many years he has pursued a career in private banking. Between 1976 and 1987, Professor Claussen was a member of the executive board of Norddeutsche Landesbank, Hannover, and

Chairman of the Hannover Stock Exchange. Since 1987, he has been a lawyer in Düsseldorf and senior advisor to IKB Deutsche Industriekreditbank, Düsseldorf. He is Chairman of the Board of Flossbach & v. Storch Vermögensmanagement AG, Cologne and WAS Worldwide Analytical Systems AG, Kleve and is a member of other boards. Professor Claussen received his Ph.D. in law from the University of Cologne.

Conflicts of interest

Resolutions to enter into transactions under which members of the Supervisory Board could have a conflict of interest with QIAGEN that are of material significance to QIAGEN and/or the relevant member of the Supervisory Board require the approval of the Supervisory Board plenum. In 2009, 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 pursuant to which each of the committees operate. These charters are published on QIAGEN's website (www.qiagen.com).

Audit Committee

Among other things, the Audit Committee's primary duties and responsibilities are 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, be directly responsible for the proposal of the external auditor to the Supervisory Board which 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 to provide an open avenue of communication among the external auditor as well as the Management Board and the Supervisory Board. QIAGEN's 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 that term is defined in the provision III.3.2 and III.5.7 of the Code. The Audit Committee met seven (7) times in fiscal year 2009, whereof one meeting took place together with the external auditor and without the 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 the fees for such services. Further, it reviewed QIAGEN's compliance with laws and policies such as the Code of Conduct; reviewed the Company's risk management system; discussed the performance of the external auditor with management; discussed on a quarterly basis the scope and results of the reviews and audits with the external auditor; and discussed QIAGEN's financial accounting and reporting principles and policies and the adequacy of QIAGEN's internal accounting, financial and operating controls and procedures with the external auditor and management and observed and discussed the development of accounting standards and their effects on QIAGEN's financial statements. The Audit Committee considered and approved any recommendations regarding changes to QIAGEN's accounting policies and processes, reviewed with management and the external auditor QIAGEN's quarterly reports prior to their release to the press; and reviewed the quarterly and annual reports prepared under US –GAAP (reported on Forms 6-K and 20-F) to be filed with the Securities and Exchange Commission in the United States and the 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 members of the Managing Board to be adopted by the Supervisory Board and the preparation of the Remuneration Report on the compensation policies for the Managing Board to be adopted by the Supervisory Board. The Remuneration Report comprises a report on the way in which the Remuneration Policy was implemented in the most recent financial year and comprises an outline of the Remuneration Policy going forward.

The Compensation Committee currently consists of two members: Mr. Hornnaess (Chairman) and Professor Dr. Karobath. Members are appointed by the Supervisory Board and serve for a term of one year. The Compensation Committee met thirteen (13) times in fiscal year 2009. 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 QIAGEN's 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 our Managing Board and Supervisory Board and reports the results thereof to our Supervisory Board, proposes the (re-)appointments of members of our Managing Board and Supervisory Board and supervises the policy of our Managing Board in relation to the selection and appointment criteria for senior management. The Selection and Appointment Committee prepares and submits to our Supervisory Board on an annual basis a report of its deliberations and findings.

The current members of the Selection and Appointment Committee are Professor Dr. Riesner (Chair-man) and Mr. Hornnaess. Members are appointed by the Supervisory Board and serve for a term of one year. The Selection and Appointment Committee did not convene in 2009. The Selection and Appointment Committee did not convene in 2009, however, in depth discussion on selection and appointment topics were held in 2 sessions of the Supervisory Board.

Remuneration

The Supervisory Board compensation for 2009 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 €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 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, 2009	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Commitee Membership	Variable Cash bonus	**Total**
	US$	US$	US$	US$	US$	US$
Prof. Dr. Detlev H. Riesner	42.000	28.000	15.500	-	7.000	92.500
Dr. Werner Brandt	42.000	21.000	7.000	-	7.000	77.000
Dr. Metin Colpan	42.000	-	15.500	-	7.000	64.500
Erik Hornnaess	42.000	21.000	8.500	10.500	7.000	89.000
Prof. Dr. Manfred Karobath	42.000	-	14.000	7.000	7.000	70.000
Heino von Prondzynski	42.000	-	12.500	10.500	7.000	72.000

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 2009, the following options or other share-based compensation were granted to the members of the Supervisory Board.

Grants for the year ended December 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

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 EUR 2.750 per day for scientific consulting services subject to adjustment. During 2009 QIAGEN paid approximately US$ 234.000 to Dr. Colpan for scientific consulting services including travel reimbursements under this agreement. Other than that, we did not pay any agency or advisory service fees to members of the Supervisory Board.

Share Ownership

Share Ownership

The following table sets forth certain information as of January 25, 2010, 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	1.609.334	(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	800	(8)	*
Dr. Metin Colpan, Germany	4.538.703	(9)	2,0%
Erik Hornnaess, Spain	10.000	(10)	*
Professor Dr. Manfred Karobath, Austria	0	(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 25, 2010.

(1) The number of Common Shares issued and outstanding as of January 25, 2010 was 232.093.276. 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 25, 2010. 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 2.424.009 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 3/2011 and 2/2019.

(4) Does not include 110.815 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 3/2011 and 2/2019.
(5) Does not include 129.091 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$ 11,985 to US$ 22,430 per share. Options expire in increments during the period between 10/2011 and 2/2019.
(6) Does not include 53.474 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 3/2011 and 2/2019.
(7) Does not include 81.069 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 3/2011 and 2/2019. 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 1.108 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 2/2019.
(9) Does not include 774.552 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 3/2011 and 2/2019. 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. Dr. Colpan also has the option to purchase 80.566 Common Shares through Thomé Asset Management & Controlling.
(10) Does not include 90.402 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 3/2011 and 2/2019.
(11) Does not include 84.402 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 3/2011 and 2/2019.
(12) Does not include 1.108 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 2/2019.

The following table sets forth the vested and unvested options and stock awards of our officers and directors as of January 25, 2010:

Name	Total Vested Options	Total Unvested Options	Expiration Dates	Exercise Prices (US$)	Total 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

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 each year, no later than six months following the end of the Company's fiscal 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 the Company'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 that 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 date of the meeting. The notice convening a General Meeting accompanied by the agenda for that meeting shall be sent no later than on the fifteenth day prior to the meeting. QIAGEN informs the General Meeting by means of explanatory notes to the agenda of 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 auditors. 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 2009 Ernst & Young Accountants was appointed as external auditor for the Company for the fiscal year 2009.

Share-Based Compensation

During 2005, the Company adopted the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan). 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 the market value on the grant date or at a premium above the closing market price on the grant date. In connection with the acquisition of Digene Corporation during the third quarter of 2007, the Company assumed three additional equity incentive plans. No new grants will be made from these plans.

The Company had approximately 0,4 million common shares reserved and available for issuance under these plans at December 31, 2009.

Stock Options

During the years ended December 31, 2009 and 2008, the Company granted 491.714 stock options.

A summary of the status of the Company's employee stock options as of December 31, 2009, and changes during the year then ended 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, 2009	10.274.996	14,261	-	-
Granted	491.714	16,935	-	-
Exercised	(2.241.848)	12,006	-	-
Forfeitured and cancelled	(243.303)	24,064	-	-
Outstanding at December 31, 2009	8.281.559	14,743	4,07	72.185
Exerciable at December 31, 2009	7.448.952	14,356	3,55	68.732
Vested and expected to vest at December 31, 20	8.226.536	14,721	4,04	71.946

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 recognized rateably over the requisite vesting period, generally 10 years.

A summary of the Company's restricted stock units as of December 31, 2009, 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, 2009	1.908.161	-	-
Granted	1.601.504	-	-
Vested	(368.277)	-	-
Forfeitured and cancelled	(102.231)	-	-
Outstanding at December 31, 2009	3.039.157	3,43	67.864
Vested and expected to vest at December 31, 2009	2.509.591	3,36	56.039

Risk Management

The Company has identified various risk factors for its business which are set forth in detail in the Annual Report. 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 as follows:

Functional Group	Risk Management Focus
Corporate Strategy	Monitoring of competitive threats to the business
Intellectual Property and Licensing	Monitoring of intellectual property infringements and recommendations to enhance the Company's IP protection through new patents
Operations, Engineering and QA/QC	Monitoring of production risks (i.e. - contamination prevention, high-quality product assurance and existence of appropriate redundancy of operations)
Health, Safety and Environment	Monitor safety in operations and environmental hazard risks
Sales and Business Development	Monitor demand risks
Legal	Monitor legal exposures

The senior level individuals that manage the aforementioned functional groups report either to the Chief Executive Officer or to another Executive Committee member, who, in connection with the Chief Financial Officer, make strategic determinations as to the proper risk management procedures to be employed by the Company based on their assessment of the level of these risks.

In 2008, QIAGEN has established a Compliance Committee under the leadership of the Company's CFO in his function as Chief Compliance Officer which consists of senior level individuals from the Company's departments of Human Resources, Internal Audit, SEC Reporting, Legal and Regulatory who inter alia, performs an assessments of the legal and regulatory risks which initiates any required corrective actions on a quarterly basis.

As a publicly listed Company in the United States, QIAGEN is subject to Sections 302 and 404 of the Sarbanes Oxley Act. The Company has enacted internal controls and procedures over its financial reporting in 2006 as described in QIAGEN's 2009 Annual Report. In its report on its audit of the Company's internal controls over financial reporting the independent registered public accounting firm Ernst & Young expressed the opinion that QIAGEN has maintained in all material respects effective internal control over financial reporting as of December 31, 2009, under the applied criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission.

At least once a year, the Supervisory Board will discuss the corporate strategy and the risks of the business as well as the result of the assessment by the Managing Board and the Audit Committee of the structure and operation of the internal risk management and control systems and any significant changes thereto.

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, including business principles for our employees and rules of conduct, was adopted. The Code of Conduct can be found on our website.

Anti-Takeover Measures

In 2004, the Supervisory Board granted an option to the Dutch Foundation Stichting Preferente Aandelen QIAGEN which allows the Foundation to acquire preference shares from the Company 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 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 the interest of the Company and the interests of the Company's stakeholders. No preference shares are currently outstanding.

Comply or Explain

The Company's 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 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. Pursuant to the Decree of December 23, 2004, on the adoption of further regulations regarding the contents of the Annual Report, however, we disclose in our Annual Report the application of the principles and best practice provisions of the Code. To the extent we do not apply certain principles and best practice provisions or do not intend to apply these in the current or the subsequent financial year, we state the reasons therefore.

In this chapter, we will therefore indicate which specific provisions of the Code we do not apply and why. QIAGEN is positively disposed towards the Code and applies nearly all best practice provisions. However, a few best practice provisions we prefer not to apply, due to the international character of our Company and to 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.

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.*

   The members of the Managing Board are appointed annually for the period beginning on the date following the General Meeting up to and including the date of the General Meeting held in the following year. The employment agreements of the Managing Directors with the Company have an indefinite term, but can be terminated with three months notice by the Managing Director and with six months notice by the Company. All members of the Managing Board have additional employment agreements with other QIAGEN affiliates which have a term deviating from the term set forth in the employment agreements with the Company (Mr. Uder and Dr. Schorr 24 months, Mr. Schatz and Mr. Sackers 36 months).

2. *Best practice provision II.24 recommends that the number of granted options shall be dependent on the achievement of challenging targets specified beforehand*.

   From time to time, the members of our Managing Board are granted options to acquire QIAGEN common shares with an exercise price that is higher than the market price as of the grant date (as determined by reference to an organized trading market or association). Since the holder cannot realize any value from these options unless the value of QIAGEN's common shares is increased

above the exercise price, increasing shareholder value in that quantifiable manner is the “challenging target” that is specified target specified beforehand.

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.*

   The 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 on the achievement of pre-defined performance goals. Restricted stock units are usually structured such that 40% of a grant vest after three years, 50% after five years and the remaining 10% after ten years.

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. above (best practice provision II.1.1), the Managing Board members have, in addition to their employment agreement with the Company, entered into employment agreements with certain QIAGEN affiliates which have a term of 24 months and 36 months respectively. In case of a termination of such agreements without serious cause as defined by the applicable law, the respective affiliate would remain obliged to compensate such Managing Board member for the remaining term of his employment agreement.

5. *Best practise provision III.3.5 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.*

   In order to reclaim any remuneration granted on the basis of incorrect financial data, the Supervisory Board would require a legal entitlement based on the employment agreements of the affected Managing Director. The current employment agreements with the Managing Directors, which were entered into before the recent Code changes entered into effect, do not include such so called claw back clause.

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 NV since its establishment in 1996. Further, Mr. Hornnaess served on the Supervisory Board since 1998. Prof. Riesner contributes his profound scientific expertise and excel-lent connections in the scientific community to the board profile. In addition, Mr. Hornnaess con-tributes significant value due to his long term experience in various management positions in the life science industry. Both board members have a unique inside knowledge of the Company which QIAGEN considers as highly valuable. Therefore, QIAGEN strongly supports the re-appointment of both members beyond the 12 year term as recommended by the Code.

7. *Best practice provision III.6.5 recommends that the company shall draw up regulations governing ownership of and transactions in securities by management or supervisory board members, other than securities issued by their ‘own’ company*.

Since QIAGEN is a company of which the shares are currently not admitted to trading in The Netherlands we do not see a conflict with potential trades by Supervisory or Managing Board members in securities in Dutch listed companies. Further, QIAGEN is subject to several rules in Germany and the United States regarding the ownership and transactions by Supervisory Board and Managing Board members in QIAGEN shares the compliance of which we consider sufficient.

8. *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 its Supervisory Board as a remuneration component since its establishment. Since 2007, members of the Supervisory Board were also granted restricted stock units. This practice is in compliance with international business practice in our industry and we consider the grant 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.

9. *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, al-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.*

   QIAGEN's Articles of Association currently state that the General Meeting may at all times over-rule 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.

10. *Best practice provision IV.1.7 recommends that the company shall determine a registration date for the exercise of the voting rights relating to meetings.*

    QIAGEN does not make use of a registration date for the exercise of voting rights. All of QIAGEN´s shares are registered shares and all shareholders are welcome to a 'General Meeting, provided that a shareholder needs to inform the Company of his intention to do so per the date mentioned in the notice of the meeting. As shareholders are not obliged to block their shares to participate in a meeting, this has the same effect as a registration date, be it that a shareholder can only vote a number of shares held by him at the date of the meeting. QIAGEN does make use of a notional record date, only to enable QIAGEN to distribute documentation regarding the meet-ing to shareholders.

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 in QIAGEN's future Annual Reports the Company's compliance with the German Corporate Governance Code pursuant to §161 of the German Stock Corporation Law (AktG) or state the deviations recorded in the period. QIAGEN N.V. is a company organized under the laws of the Netherlands and subject to laws, rules and regulations in the Netherlands and in addition is listed at the NASDAQ. As such, QIAGEN's compliance with the German Corporate Governance Code is dependent on such code's compatibility with these foreign laws, rules, regulations and customs, which QIAGEN is

subject to. QIAGEN hereby 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 the members of the Managing Board and the Supervisory which we consider an appropriate sign by our members to take 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 options to acquire QIAGEN common shares with an exercise price that is 2% higher than the market price as of the grant date (as determined by reference to an organized trading market or association). Such option rights are subject to multi-year vesting periods and sales restrictions. Members of the Managing Board cannot realize any profit from these instruments unless they succeed to increase shareholder value on a long-term basis. For those reasons, as well as to ensure comparability to equity-based incentives granted by peer companies in our industry, we consider these terms as the most appropriate parameters for the stock options granted to the members of the Managing Board.

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

There are no arrangements for early retirement of the Managing Board members. In the event of the sale or the transfer of all or substantially all of the Company'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 of the Managing Board are entitled to a change of control bonus payment commensurate to a multiple (Peer M. Schatz 5 times, Roland Sackers 3 times, Bernd Uder and Joachim Schorr 2 times) on their annual salary (fixed payment plus annual bonus). The Company believes that the before mentioned severance and change of control agreements are appropriate due to the long tenures of the Managing Board members.

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.

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, 2009

(in US$ thousands)

ASSETS	Note	2009	2008
Cash and cash equivalents	(16)	827.338	334.939
Current available-for-sale financial instruments	(17)	40.000	-
Trade accounts receivable	(18)	193.737	158.440
Inventories	(19)	130.851	108.563
Income tax receivable		12.907	14.441
Prepaid expenses and other current assets	(20)	86.251	56.097
Total current assets		**1.291.084**	**672.480**
Property, plant and equipment	(21)	293.544	274.070
Goodwill	(22)	1.349.916	1.166.391
Intangible assets	(23)	874.369	739.641
Investments in associates	(24)	11.299	7.767
Non-current available-for-sale financial instruments	(17)	-	4.175
Deferred tax assets	(15)	87.688	118.165
Other non-current assets		13.557	7.826
Total non-current assets		**2.630.373**	**2.318.035**
Total assets		**3.921.457**	**2.990.515**

QIAGEN N.V.
Consolidated statement of financial position
for the year ended December 31, 2009

(in US$ thousands, except share data)

LIABILITIES AND EQUITY	Note	2009	2008
Current financial debts	(25)	52.016	27.016
Current finance lease obligations	(33)	3.417	2.984
Trade and other accounts payable		43.775	48.836
Provisions	(26)	9.026	5.547
Income tax payable		10.727	14.288
Other current liabilities	(27)	233.658	152.074
Total current liabilities		**352.619**	**250.745**
Non-current financial debts	(25)	824.394	859.597
Non-current finance lease obligations	(33)	27.554	29.718
Deferred tax liabilities	(15)	277.455	265.249
Other non-current liabilities	(28)	19.419	6.575
Total non-current liabilities		**1.148.822**	**1.161.139**
Common Shares	(30)	2.711	2.212
Share premium		1.785.345	1.117.390
Reserves		59.634	18.337
Retained earnings	(31)	572.326	440.692
Equity attributable to equity holders of the parent		**2.420.016**	**1.578.631**
Total liabilities and equity		**3.921.457**	**2.990.515**

Authorized common shares: 410.000.000, EUR 0,01 par value			
Issued and outstanding (in thousands)	(30)	232.074	197.839

QIAGEN N.V.
Consolidated Income Statement
for the year ended December 31, 2009

(in US$ thousands, except per share data)

	Note	2009	2008
Net sales	(10)	**1.009.825**	**892.975**
Cost of sales		(342.752)	(293.285)
Gross profit		**667.073**	**599.690**
Other operating income		9.228	3.123
Research and development expense		(101.017)	(73.863)
Sales and distribution expense		(263.035)	(242.207)
General and administrative, integration and other expense	(12)	(115.955)	(113.873)
Other operating expense		(9.741)	(9.959)
Income from operations		**186.553**	**162.911**
Financial income		3.532	9.664
Financial expense		(41.555)	(49.727)
Foreign currency gains, net		5.588	18
Gain from investments in associates		2.523	990
Other financial income and (expense)	(14)	10.246	(4.000)
Income before tax		**166.887**	**119.856**
Income taxes	(15)	(35.253)	(26.356)
Net income for the period		**131.634**	**93.500**
- attributable to equity holders of the parent		131.634	93.009
- attributable to non-controlling interests		-	491

Earnings per share attributable to equity holders of the parent - basic and diluted			
Weighted average number of common shares, basic		206.928	196.804
Basic in US$ per share	(8)	**$ 0,64**	**$ 0,47**
Weighted average number of common shares, diluted		209.645	199.926
Diluted in US$ per share	(8)	**$ 0,63**	**$ 0,47**

QIAGEN N.V.
Consolidated statement of comprehensive Income
for the year ended December 31, 2009

(in US$ thousands)

	Note	2009	2008
Net income for the period		**131.634**	**93.500**
Available-for-sale reserve:			
Reclassification adjustments for (gains) included in the income statement	(17)	0	(900)
Available-for-sale reserve:		**0**	**(900)**
Cash flow hedge reserve:			
Gains /(losses) during the year of foreign currency contracts		(13.278)	815
Gains /(losses) during the year of interest rate contracts		537	(6.802)
Reclassification adjustments for losses included in the income statement		8.367	558
Net loss on cash flow hedging contracts		(4.374)	(5.429)
Income Tax	(15)	1.209	2.043
Cash flow hedge reserve, net of tax		**(3.165)**	**(3.386)**
Foreign currency translation reserve:			
Foreign currency translation differences		48.518	(60.357)
Income Tax	(15)	(4.056)	5.960
Foreign currency translation reserve, net of tax:		**44.462**	**(54.397)**
Comprehensive income for the period, net of tax		**41.297**	**(58.683)**
Total Comprehensive income		**172.931**	**34.817**
- attributable to equity holders of the parent		172.931	34.326
- attributable to non-controlling interest interests		-	491

QIAGEN N.V.
Consolidated statement of cash flows
for the year ended December 31, 2009

(in US$ thousands)	Note	2009	2008
Net income		**131.634**	**93.500**
Adjustments to reconcile to net cash flows:			
Depreciation, amortization and impairment of intangible and other fixed assets	(5)	138.678	118.045
Non-cash impacts from convertible bond		15.176	15.238
Gain on sale of investments		(11.501)	-
Deferred income taxes		(22.966)	(14.964)
Share based compensation		9.747	9.791
Other non cash items		7.644	4.535
Increase / (decrease) in accounts receivable		(25.213)	(19.078)
Increase / (decrease) in inventories		(21.534)	(30.371)
Decrease / (increase) in income tax receivables		16.283	4.705
Decrease / (increase) in other assets		(19.043)	3.269
Decrease / (increase) in accounts payable		(9.076)	5.753
Decrease / (increase) in accrued and other liabilities		26.046	19.832
Decrease / (increase) in income tax payables		8.966	(2.486)
Net cash provided by operating activities		**244.841**	**207.769**
Purchases of property, plant and equipment		(42.138)	(39.448)
Purchases of intangible assets		(27.220)	(18.469)
Capitalization of development expenses	(5)	(20.875)	(31.570)
Proceeds from sale of equipment		869	1.233
Sale / (purchase) of available-for-sale assets		(40.000)	2.313
Sale / (purchase) of investments		1.477	(4.175)
Cash paid for acquisitions, net of cash acquired		(234.732)	(150.531)
Loan to related party		-	(1.441)
Net cash used in investing activities		**(362.619)**	**(242.088)**
Repayments of debt		(25.000)	(5.000)
Principal payments on finance leases		(2.991)	(2.995)
Proceeds from subscription receivables		-	37
Issuance of common shares		650.492	18.456
Other financing activities		(210)	(451)
Net cash provided by financing activities		**622.291**	**10.047**
Effect of exchange rate changes on cash and cash equivalents		(12.114)	10.744
Net increase (decrease) in cash and cash equivalents		492.399	(13.529)
Cash and cash equivalents at January 1st		334.939	348.468
Cash and Cash Equivalents at December 31th	(16)	**827.338**	**334.939**

Supplemental cash flow disclosures:		
Cash paid for interest	(6.597)	(15.160)
Cash received for interest	3.532	9.664
Cash paid for income taxes	(36.003)	(39.475)
Non-cash investing and financing transactions:		
Equipment purchased through finance lease	376	141
Issuance of common shares in connection with acquisition of subsidiaries	-	4.536

QIAGEN N.V.
Consolidated statement of changes in equity

for the year ended December 31, 2008 (in U$ thousands)	Common shares	Share premium	Retained earnings	Cash flow hedge reserve	Available-for-sale reserve	Foreign currency translation	Reserves	Attributable to equity holders of the parent	Non-controlling interests	Total equity
At January 1, 2008	**2.175**	**1.099.110**	**347.683**	1.224	900	74.896	**77.020**	**1.525.988**	**553**	**1.526.541**
Net income for the period	-	-	93.009	-		-	-	93.009	491	93.500
Other comprehensive income (loss)	-	-	-	(3.386)	(900)	(54.397)	(58.683)	(58.683)	-	(58.683)
Total comprehensive Income	**0**	**0**	**93.009**	(3.386)	(900)	(54.397)	**(58.683)**	**34.326**	**491**	**34.817**
Share-based payments	-	(4.049)	-	-		-		(4.049)	-	(4.049)
Tax benefit of employee stock plans	-	(662)	-	-		-		(662)	-	(662)
Proceeds from subscription of receivables	-	37	-	-		-		37	-	37
Acquisition of subsidiaries	4	4.532	-	-		-		4.536	-	4.536
Conversion of warrants	5	4.995		-		-		5.000		5.000
Employee stock plans	28	13.427	-	-		-		13.455	-	13.455
Acquisition of non-controlling interests	-	-	-	-		-		0	(1.044)	(1.044)
At December 31, 2008	**2.212**	**1.117.390**	**440.692**	(2.162)	0	20.499	**18.337**	**1.578.631**	**0**	**1.578.631**

for the year ended December 31, 2009 (in U$ thousands)	Note	Common shares	Share premium	Retained earnings	Cash flow hedge reserve	Available-for-sale reserve	Foreign currency translation	Reserves	Attributable to equity holders of the parent	Non-controlling interests	Total equity
At 1 January 2009		**2.212**	**1.117.390**	**440.692**	(2.162)	0	20.499	**18.337**	**1.578.631**	**0**	**1.578.631**
Net income for the period	(31)	-	-	131.634	-	-	-	-	131.634	-	131.634
Other comprehensive income (loss)		-	-	-	(3.165)	-	44.462	41.297	41.297	-	41.297
Total comprehensive Income		**0**	**0**	**131.634**	(3.165)	0	44.462	**41.297**	**172.931**	**0**	**172.931**
Tax benefit of employee stock plans		-	3.363	-	-	-	-	-	3.363	-	3.363
Share-based payments	(32)	-	14.600	-	-	-	-	-	14.600	-	14.600
Employee stock plans	(34)	37	26.883	-	-	-	-	-	26.920	-	26.920
Transaction costs	(30)	-	(16.835)	-	-	-	-	-	(16.835)	-	(16.835)
Issuance of share capital	(30)	462	639.944	-	-	-	-	-	640.406	-	640.406
At December 31, 2009		**2.711**	**1.785.345**	**572.326**	(5.327)	0	64.961	**59.634**	**2.420.016**	**0**	**2.420.016**

QIAGEN N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

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 technologies and products for preanalytical sample preparation and linked molecular assay solutions. The Company has developed a comprehensive portfolio of more than 500 proprietary, consumable products and automated solutions for sample collection and nucleic acid and protein handling, separation and purification as well as open and target specific assays. The Company also supplies diagnostic kits, tests and assays for human and veterinary molecular diagnostics. Products are sold to academic research markets, to leading pharmaceutical and biotechnology companies, to applied testing customers (such as in forensics, veterinary, biodefense and industrial applications) as well as to molecular diagnostics laboratories. In addition, the Company sells and/or licenses technologies to others. The Company's products are subject to rapid technological change. Because of these technological changes, the Company needs to continuously expend resources toward research and development. Products are sold through a dedicated sales force and a global network of distributors in more than 40 countries.

During 2009, the Company acquired DxS Ltd. and SABiosciences Corporation. During 2008, the Company acquired Corbett Life Sciences Pty. Ltd. and the assets related to the Biosystems Business from Biotage AB, as discussed more fully in Note 9. These acquisitions have been accounted for using the purchase method of accounting, and the acquired companies' results have been included in the accompanying financial statements from their respective dates of acquisition.

The consolidated financial statements of QIAGEN for the year ended December 31, 2009 were authorized for issue in accordance with a resolution of the Board of Directors on April 29, 2010.

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, 2009.

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

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2009:

- IFRS 2 *Share-based Payment: Vesting Conditions and Cancellations.* The amendment clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. QIAGEN adopted this amendment as of 1 January 2009. It did not have an impact on the financial position or performance of the Group. The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2009. It did not have an impact on the financial position or performance of the Group.

- IFRS 7 *Financial Instruments: Disclosures.* The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 29 and 37 the liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 36.

- IFRS 8 *Operating Segments* (early adopted in 2008)

- IAS 1 *Presentation of Financial Statements.* The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one single statement, or in two linked statements. QIAGEN has elected to present two statements

- IAS 23 *Borrowing Costs.* The revised IAS 23 requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. In accordance with the transitional provisions of the amended IAS 23, the Group has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalized on qualifying assets.

- IFRS 3 *Business Combinations* (Revised) and IAS *27 Consolidated and Separate Financial Statements* (Amended) effective 1 July 2009 (early adopted) The Group adopted the revised standard from 1 January 2009. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and

business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. As there are no business combinations which were accomplished in stages and no non-controlling interest to consider the respective sections of IFRS 3 (Revised) will not have an impact on the financial performance or financial position of QIAGEN.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

The adoption of the following amendment to IAS 32 and the adoptions of the interpretations below did not have a significant impact on the financial performance or position of QIAGEN:

- IAS 32 *Financial Instruments: Presentation* and IAS 1 *Puttable Financial Instruments and Obligations Arising on Liquidation.* These amendments allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified features. The amendment has not any impact on the financial performance or position of QIAGEN.
- IFRIC 9 *Remeasurement of Embedded Derivatives* and *IAS 39 Financial Instruments: Recognition and Measurement* effective for periods ending on or after 30 June 2009. The amendments require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. The amendment has not any impact on the financial performance or position of QIAGEN.
- IFRIC 13 *Customer Loyalty Programmes* effective 1 July 2008, which requires customer loyalty credits to be accounted for, is not relevant for QIAGEN because the Group does not grant such credits.
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* effective 1 October 2008, clarifies which exchange differences can be designated as a hedged item in the hedge of a net investment. This interpretation will not have an effect for QIAGEN.
- IFRIC 18 *Transfers of Assets from Customers effective* 1 July 2009. IFRIC18 deals with agreements in which an entity receives an asset from a customer in order to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. This interpretation has been applied since 1 July 2009. It has not had an effect on the financial performance or position of QIAGEN.
- Improvements to IFRSs (May 2008). The resulting amendments to several existing standards were implemented on their respective effective dates and did not have a significant impact on the financial performance or position of QIAGEN.

Other changes in accounting policy and disclosures:

- We changed the cash flow disclosure with regard to IAS 7 compared to the prior year presentation. Depreciation and impairment of capitalized development costs are part of the reconciliation to cash flow from operating activities, additions to intangible assets resulting from

capitalization of development costs are shown in cash flow from investing activities. The comparative amounts were reclassified accordingly.

- Impairment loss on available-for-sale assets of US$ 4,0 million as shown for the year ended December 31, 2008 within other operating expense is reclassified to other financial income and expense for the respective period.

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. 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. 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 2009 the management reviewed the carrying amount of projects and assessed whether they were impaired or not. As per end of December 31, 2009 we considered an impairment loss of US$ 2.334 (December 31, 2008: US$ 0), 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. 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 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 from January 1, 2009

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

Business combinations prior to January 1, 2009

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognized goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration affected goodwill.

7.2. Investments in an 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. Balance sheets 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	**2009**	**2008**	**2009**	**2008**
Euro (EUR)	1,4406	1,3919	1,3937	1,4704
Pound Sterling (GBP)	1,6221	1,4619	1,5652	1,8522
Swiss Franc (CHF)	0,9710	0,9369	0,9231	0,9258
Australian Dollar (AUD)	0,8999	0,6983	0,7922	0,8523
Canadian Dollar (CAD)	0,9523	0,8170	0,8798	0,9431
Japanese Yen (JPY)	0,0108	0,0110	0,0107	0,0097
Chinese Yuan (CNY)	0,1465	0,1466	0,1464	0,1440

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 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.

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.

Other

Other revenue includes license fees, 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.

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 balance sheet. 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.

The Group capitalizes borrowing costs for all before mentioned assets where construction was commenced on or after January 1, 2009. The Group continues to expense borrowing costs relating to construction projects that commenced prior to January 1, 2009.

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 (EIR), 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 EIR.

The EIR 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 EIR. The EIR 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 2009 and 2008.

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. The reclassification to held to maturity is permitted only when the entity has the ability and intent to hold until the financial asset accordingly.

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 EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. 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 (EIR) 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 EIR. The EIR 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 (bid price for long positions and ask price for short positions), 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 hand and deposits with banks that have a maturity of three months or less from the date of acquisition 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	one to forty years
Machinery and equipment	two to ten years
Computer software	one to five years
Furniture and office equipment	two to ten 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.

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:

Technology rights and patents	five to fourteen years
Computer software	one to five years
Development expenses	three to fourteen years
Other intellectual properties	three to fourteen 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 31 December 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

The Company manages its business based on the locations of its subsidiaries. Therefore, reportable segments are based on the geographic locations of the subsidiaries. The Company's reportable segments include the Company's production, manufacturing and sales facilities located throughout the world. In addition, the Company's corporate segment includes its holding company located in The Netherlands and two subsidiaries located in Germany which operate only in a corporate support function. The reportable segments derive revenues from the Company's entire product and service offerings.

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 balance sheets 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 2009 and 2008 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 2009, share equivalents of 2.717.000 common shares (2008: 3.122.000 common shares) arising from stock options granted to employees and directors were included in calculating diluted earnings per share. In 2009, 2.627.000 outstanding stock options (2008: 2.149.000 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 2009 and 2008, the effect of the convertible bonds was excluded from calculating diluted earnings per share as it was antidilutive.

9. Acquisitions and Divestitures

Significant 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 Company has deposited US$ 9,1 million in cash in an escrow account with a paying agent to cover any claims for breach of any of representations, warranties or indemnities. This amount is included in prepaid expenses and other current assets in the accompanying consolidated statement of financial position. Correspondingly, the Company has recorded preacquisition contingencies of US$ 9,1 million which is included in accrued and other liabilities.

The contingent consideration of 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 until November 30, 2011, US$ 5,0 million until May 31, 2012, US$ 5,0 million until September 21, 2012 and US$ 2,5 million until 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%, which best reflects the expected range of outcomes.

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$ 15,0 million in cash in an escrow account with a paying agent to cover any claims for breach of any of representations, warranties or indemnities. This amount is included in prepaid expenses and other current assets in the accompanying consolidated statement of financial position. Correspondingly, the Company has recorded preacquisition contingencies of US$ 15,0 million which is included in accrued and other liabilities.

The preliminary purchase price allocations are as follows:

(in US$ thousands)	Total	SABiosciences	DxS
Cash	192.106	97.586	94.520
Preliminary fair value of milestones	17.599	0	17.599
Purchase Price	**209.705**	**97.586**	**112.119**
Working capital	12.886	9.490	3.396
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	116.340	62.841	53.499
Deferred tax liabilitiy	(38.400)	(15.360)	(23.040)
Liabilities assumed	(735)	0	(735)
Preliminary Allocation	**209.705**	**97.586**	**112.119**

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 Ltd.	
(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**

Pro forma results

The following unaudited pro forma information assumes that the above acquisitions occurred at the beginning of the periods presented. For the years ended December 31, 2009 and 2008, pro forma net sales would have been US$ 1.049,1 million and US$ 922,0 million, pro forma net income attributable to QIAGEN shareholders would have been US$ 131,9 million and US$ 92,1 million, and pro forma diluted net income per common share attributable to QIAGEN shareholders would have been US$ 0,63 and US$ 0,46, respectively. These unaudited pro forma results are intended for informational purposes only and are not necessarily indicative of the results of operations that would have occurred had the acquisitions been in effect at the beginning of the periods presented, or of future results of the combined operations. Due to the integration of the acquired entities into the existing structure of the Group it is impracticable to disclose the amount of the acquiree's profit or loss which relates to the period subsequently to the acquisition and which is included in the profit of the Group for 2009. The integration of the acquired entities relates to the use of the Company's existing infrastructure such as sales force, distribution channels and customer relations to expand sales of the acquired businesses' products.

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, which are expected to be realized. 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 genetic testing. Upon closing of the transaction an upfront payment of US$ 23,3 million was paid. Another amount US$ 1,5 million was paid in the beginning of January 2010. There was no final purchase price allocation available until the date the financial statements were authorized for issuance and accordingly provisional amounts were recognized.

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.

Acquisitions in 2008

On July 1, 2008, the Company acquired an 82,5% interest in Corbett Life Science Pty. Ltd. (Corbett), a privately-held developer, manufacturer, and distributor of life sciences instrumentation headquartered in Sydney, Australia, with an option to acquire the minority interest. On October 1, 2008, the Company

acquired all assets related to the Biosystems Business from Biotage AB, a publicly listed developer, manufacturer and distributor of products for genetic analysis and medicinal chemistry headquartered in Uppsala, Sweden. This business division contains Pyrosequencing systems for genetic analysis, PyroMark products for methylation, sequence and mutation analysis and Pyro Gold reagents. Additionally, the transaction included the acquisition of Biotage's 17,5% shareholding in Corbett.

Final Allocations of 2008 Acquisitions

Following the finalization of the fair-value of acquired pre-acquisition contingencies, restructuring costs and deferred taxes, the final allocations of the purchase price and transaction costs for the acquisitions of Corbett Life Science Pty. Ltd. (Corbett) and the Biosystems Business from Biotage AB as of December 31, 2009, is as follows:

(in US$ thousands)	**Total**	**Corbett**	**Biosystems Business**
Issuance of restricted shares	4.235	4.235	0
cash, including transaction costs	182.341	130.317	52.024
Preliminary fair value of milestones	(7.075)	(7.075)	0
Cash for 17,5% in Corbett	0	21.071	(21.071)
Purchase Price	**179.501**	**148.548**	**30.953**
Working capital	11.567	8.537	3.030
Fixed and other non-current assets	4.438	4.204	234
Product technology and know-how	47.600	35.000	12.600
in-process R&D	1.000	1.000	0
Customer relationships	19.200	17.400	1.800
Tradenames	4.500	3.600	900
Goodwill	110.876	96.214	14.662
Deferred tax liabilitiy on fair value of identifiable intangible assets acquired	(16.433)	(16.433)	0
Liabilities assumed	(3.247)	(974)	(2.273)
Preliminary Allocation	**179.501**	**148.548**	**30.953**

The following table states the carrying amounts of each class of the acquired assets and liabilities at the acquisition date for Corbett and Biosystems Business:

(in US$ thousands)	Corbett		Biosystems Business	
	Fair Value	**Carrying Value**	**Fair Value**	**Carrying Value**
Cash and cash equivalents	7.075	7.075	0	0
Trade accounts receivable	6.873	6.873	0	0
Inventories	5.517	5.059	3.030	2.486
Other current assets	5.173	5.032	0	0
Current Assets	**24.638**	**24.039**	**3.030**	**2.486**
Property, Plant & Equipment	1.618	1.618	234	234
Intangible Assets	57.000	0	15.300	0
Other non-current assets	2.586	2.586	0	0
Non-Current Assets	**61.204**	**4.204**	**15.534**	**234**
Acquired Assets	**85.842**	**28.243**	**18.564**	**2.720**
Trade accounts payable	1.467	1.467	0	0
Accrued liabilities	1.762	1.762	542	542
Other current liabilities	6.142	6.142	0	0
Current Liabilities	**9.371**	**9.371**	**542**	**542**
Deferred income taxes	16.996	0	0	0
Other non-current liabilities	975	544	1.731	1.731
Non-Current Liabilities	**17.971**	**544**	**1.731**	**1.731**
Acquired Liabilities	**27.342**	**9.915**	**2.273**	**2.273**

Other 2008 Acquisitions

In 2008, the Company 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. The purchase price consisted of an upfront payment in the amount of Australian dollars (AUD) 0,9 million and a milestone payment amounting to AUD 0,4 million, which was paid in 2009. Additionally in 2008, the Company established QIAGEN Mexico via the acquisition of certain assets of the Company's former life science distributor Quimica Valaner. The Company also acquired the minority interest in its Brazilian sub, QIAGEN Brasil Biotecnologia Ltda., for US$ 3,2 million in cash in 2008. The establishment of QIAGEN Mexico, as well as the acquisition of the minority interest in its Brazilian subsidiary, represents the Company's commitment to expanding its presence in Latin America. The Company does not consider these acquisitions to be material.

Due to the integration of the acquired entities into the existing structure of the Group it is impracticable to disclose the amount of the acquirees' profit or loss which relates to the period subsequently to the acquisition and which is included in the profit of the Company for fiscal years 2009 and 2008. The integration of the acquired entities relates to the use of the Company's existing infrastructure such as sales force, distribution channels and customer relations to expand sales of the acquired businesses' products.

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 is expected to be completed in the second quarter of 2010 at a total pre-tax cost of approximately US$ 4,0 million to US$ 5,0 million. During 2009, the Company had incurred approximately US$ 2,3 million of restructuring costs, of which US$ 1,6 million was accrued as of December 31, 2009.

10. Net Sales

(in US$ thousands)	2009	2008
Product sales	1.007.175	889.678
Royalty and license income	2.650	3.297
Net Sales	**1.009.825**	**892.975**

11. Government Grants

The Company has received cost grants and investment grants. In 2009 the Company recorded income from Government grants in the amount of US$ 3,8 million (2008: US$ 3,9 million). As of December 31, 2009, liabilities in the amount of US$ 2,0 million (December 31, 2008: US$ 7,9 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. Further, we have continued to incur integration costs for businesses acquired and such costs totaled approximately US$ 21,5 million in 2009, as compared to US$ 30,9 million in 2008. In connection with the integration of the acquired companies, we aim to improve efficiency in general and administrative operations.

13. Personnel Costs

Personnel costs amounted to US$ 303,9 million in 2009 (2008: US$ 266,7 million). As of December 31, 2009, there were 3.495 employees within the Group (December 31, 2008: 3.041).

(in US$ thousands)	2009	2008
Salaries and wages	201.016	168.514
Social security	41.840	38.182
Other	61.131	60.031
Personnel Costs	**303.987**	**266.727**

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.

14. Other financial income and (expense)

As of December 31, 2009 other financial income and expense mainly include US$ 10,5 million gain from selling an investment in a privately-held company which had been accounted for under the cost-method and which was classified as per December 31, 2008 as available-for-sale financial instrument. At December 31, 2008 other financial income and expense include an impairment loss of the at cost investment in Operon Biotechnologies Inc. of US$ 4,0 million.

15. Income Tax

Major components of income tax expense as presented in Income Statement for the years ended December 31, 2009 and 2008, are:

(in US$ thousands)	2009	2008
Current Income Tax	**45.316**	**33.174**
Current income tax charge	47.245	33.322
Adjustment in respect of current income tax of previous years	(1.929)	(148)
Deferred Income Tax	**(10.063)**	**(6.818)**
Relating to origination and reversal of temporary differences	(6.392)	(9.395)
Relating to changes in tax rates	(3.671)	2.577
Total Income Tax	**35.253**	**26.356**

Deferred tax related to items charged or credited directly to equity during the year and shown in Comprehensive Income Statement comprises:

(in US$ thousands)	2009	2008
Net gain on revaluation of cash flow hedges	1.209	2.043
Net (loss)/ gain on foreign currency translation differences	(4.056)	5.960
Total Income Tax in comprehensive income Statement	**(2.847)**	**8.003**

The applicable statutory income tax rate in The Netherlands was 25,5% in 2009 and 2008. 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, 2009 and 2008, is as follows:

(in US$ thousands)	2009	2008
Income before Tax	**165.460**	**119.856**
At Dutch statutory income tax rate of 25,5%	42.192	30.563
Effect of tax rate differences	7.294	2.331
Income taxes related to prior years	912	(4.256)
Changes in tax rates impacting deferred taxes	(3.671)	2.577
Income tax impact from permanent differences	(9.651)	(4.729)
Income tax impact related to Stock Option Plan (stock price fluctuation)	0	(443)
Other	(1.823)	313
Total Income Tax	**35.253**	**26.356**

The effective income tax rate amounts to 21,3% in 2009 (22,0% in 2008).

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. The Company has one tax holiday which expires in 2011. 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.

Deferred income tax at December 31, 2009 and 2008, relates to the following:

(in US$ thousands)	**Dec. 31, 2009**	**Dec. 31, 2008**	**Change**
NOL carryforward	17.209	37.614	(20.405)
Accrued liabilities	24.087	23.972	115
Inventories	10.347	7.412	2.935
Allowance for bad debts	0	1.404	(1.404)
Depreciation and amortization	2.846	1.603	1.243
Tax credits	8.707	6.266	2.441
Finance lease	15	38	(23)
Intangibles	462	409	53
Equity awards	25.651	21.830	3.821
Other	7.704	1.629	6.075
Deferred tax asset/ (liability), gross	**97.028**	**102.177**	**(5.149)**
Accrued liabilities	(838)	(13.718)	12.880
Inventories	(1.634)	(1.886)	252
Allowance for bad debts	(432)	(56)	(376)
Currency Revaluation	(2.257)	(2.810)	553
Depreciation and amortization	(12.828)	(4.513)	(8.315)
Tax credits	(7.023)	0	(7.023)
Intangibles	(245.338)	(206.008)	(39.330)
Bifurcation of convertible debt	(12.630)	(16.717)	4.087
Unremitted profits earnings	0	(614)	614
Other	(3.815)	(2.939)	(876)
Deferred tax asset/ (liability), gross	**(286.795)**	**(249.261)**	**(37.534)**
Net Deferred tax asset/ (liability)	**(189.767)**	**(147.084)**	**(42.683)**

(in US$ thousands)	**2009**	**2008**
Change in deferred income tax provision	12.980	6.511
Change due to purchase accounting	(52.309)	(16.883)
Reclass of deferred tax assets	5.270	0
Change booked through equity	(8.624)	9.353
Change in deferred tax	**(42.683)**	**(1.019)**

The net deferred tax asset and liability are reflected on the Company's consolidated statement of financial position at December 31, 2009 and 2008, as follows:

(in US$ thousands)	2009	2008
Deferred tax assets	87.688	118.165
Deferred tax liabilities	(277.455)	(265.249)
Net deferred tax assets (liabilities)	**(189.767)**	**(147.084)**

At December 31, 2009, the Company had US$ 66,0 million of U.S. federal net operating loss (NOL) carryforwards. These amounts include US$ 9,4 million related to deductions for equity awards.

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. As of December 31, 2009 and 2008, the Company had other foreign carryforwards totaling approximately US$ 45,6 million and US$ 36,4 million, respectively. These NOLs were primarily generated from acquisitions and operating losses from the Company's subsidiaries. A portion of these NOLs, approximately US$ 34,3 million at December 31, 2009, expire in various years through 2021. The balance does not expire.

Deferred tax assets have been recognized to the extent that it is probable that future taxable profits will be available against which these NOL carryforwards can be utilized. For NOL carryforwards resulting in deferred tax assets amounting to US$ 15,6 million and US$ 17,3 million as of December 31, 2009 and 2008, respectively, no deferred tax assets were recognized as the future utilization was not probable.

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, 2009 and 2008, the Company had deferred income tax liabilities of approximately US$ 0,9 million and US$ 0,6 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 U.S. 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)	2009	2008
Cash at bank and on hand	679.882	98.620
Short-term bank deposits	147.456	236.319
Cash and Cash Equivalents	**827.338**	**334.939**

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

17. Available-for-sale Financial Instruments

Equity securities	0	4.175
Debt securities	40.000	0
Available-for-sale financial instruments	**40.000**	**4.175**
thereof current Afs financial instruments	40.000	0
thereof non-current Afs financial instruments	0	4.175

The Company has made strategic investments in certain companies that are classified as available-for-sale equity securities. These investments are carried at fair value. 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.

During 2009 the Company sold its investment in a privately-held company which had been accounted for under the cost-method of accounting, and realized a gain of US$ 10,5 million. The proceeds were received in January 2010.

During the third quarter of 2008 in connection with the acquisition of Corbett, the Company recorded a US$ 4,0 million impairment of its investment in Operon Biotechnologies, Inc. based on the Company's assessment of the recoverability of the investment amount. Following the acquisition of Corbett, management anticipated a change in the Company's purchasing pattern of the investee's products, which is expected to negatively impact the forecasted financial condition of the investee. Accordingly, the Company believes the known impact to the investee's financial condition, absent other evidence indicating a realizable value of the investment, indicates that the Company's investment will become significantly devalued or worthless and that recoverability of the asset through future cash flows is not considered likely enough to support the current carrying value. The Company has no contractual obligation to provide any additional investment or other financing beyond its present investment in the investee. The impairment is included in other expense, net in the accompanying consolidated income statement.

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 28. At December 31, 2008, the Company had no investments in current available-for-sale debt securities.

Unrealized gains and losses on available-for-sale equity and debt securities, net of any realized amounts are included in reserves.

For the years ended December 31, 2009 and 2008, proceeds from sales of available-for-sale equity and debt securities totaled US$ 0 million and US$ 2,3 million, respectively. Realized gains in 2009 were US$ 10,5 million (2008: US$ 0). The proceeds were received in January 2010.

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 during 2009 were as follows:

(in US$ thousands)	2009	2008
January, 1st	**4.175**	**6.313**
Instruments acquired during the year	40.000	4.175
Disposals	(4.175)	(2.313)
Impairments	0	(4.000)
December 31st	**40.000**	**4.175**

18. Trade Accounts Receivable

(in US$ thousands)	2009	2008
Trade accounts receivable	192.287	157.174
Provision for doubtful accounts	(3.402)	(3.070)
Notes receivable	4.852	4.336
Trade Accounts Receivable	**193.737**	**158.440**

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 at the balance sheet date:

(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, 2009						
Trade accounts receivable	**188.885**	114.440	39.754	13.524	8.259	12.908
December 31, 2008						
Trade accounts receivable	**154.104**	97.146	31.843	10.552	6.816	7.747

With respect to the trade accounts receivable that are neither impaired nor past due, there are no indications as of the balance sheet date 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)	2009	2008
Provision for doubtful accounts as at January, 1st	**3.070**	**3.344**
Additions (recognized as expense)	1.705	827
Write-offs	(562)	(703)
Currency translation adjustments	(811)	(398)
Provision for doubtful accounts as at December 31st	**3.402**	**3.070**

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

19. Inventories

(in US$ thousands)	2009	2008
Raw materials	38.061	34.820
Work in process	42.803	36.305
Finished goods	49.987	37.438
Inventories	**130.851**	**108.563**

Included in inventories as of December 31, 2009, are US$ 18,1 million (2008: US$ 8,2 million) of inventory provisions. The movement in inventory provisions was recorded as a write-down under cost of sales. During 2009 inventories in the amount of US$ 127,8 million have been recognized as cost of sales (2008: US$ 112,3 million). 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)	2009	2008
Prepaid Expenses	22.708	18.176
Escrow in connection with acquisitions	37.094	25.139
Receivables from selling equity securities	14.675	0
Value added tax	7.865	10.427
Fair values of derivative financial instruments	947	0
Other	2.962	2.355
Prepaid Expenses and other current assets	**86.251**	**56.097**

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	Construction in progress	**Total**
Jan.1, 2008	**222.603**	**111.946**	**52.895**	**16.975**	**7.842**	**412.261**
Currency adjustments	(6.379)	(2.863)	(1.605)	(126)	(248)	(11.221)
Additions	1.691	22.726	7.728	3.739	9.498	45.382
Business combinations	0	1.852	0	0	0	1.852
Disposals	(560)	(5.449)	(1.160)	(64)	(415)	(7.648)
Transfers	19	3.725	925	1.077	(5.746)	0
Dec. 31, 2008	**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**

Property, Plant and Equipment (continued)

Amortization	Land and buildings	Machinery and equipment	Furniture and office equipment	Leasehold improve-ments	Construction in progress	Total
Jan.1, 2008	**(30.612)**	**(59.841)**	**(38.424)**	**(11.901)**	**0**	**(140.778)**
Currency adjustments	1.220	2.276	1.506	184	0	5.186
Additions	(8.412)	(19.505)	(6.348)	(2.245)	0	(36.510)
Disposals	5	4.540	949	52	0	5.546
Dec. 31, 2008	**(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)**
Net book value						
Dec. 31, 2008	**179.575**	**59.407**	**16.466**	**7.691**	**10.931**	**274.070**
Dec. 31, 2009	**181.768**	**62.004**	**24.915**	**7.858**	**16.999**	**293.544**

No property, plant and equipment were pledged as security against non-current financial debts at December 31, 2008 and 2009. The net carrying amount of property, plant and equipment under finance lease contracts amounts to US$ 8,6 million as of December 31, 2009 (December 31, 2008: US$ 9,1 million).

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

22. Goodwill

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

(in US$ thousands)	2009	2008
Goodwill as at January, 1st	**1.166.391**	**1.120.374**
Goodwill acquired during the year	114.709	79.930
Adjustments for earn-out payments	28.946	1.404
Other	13.729	(7.251)
Currency adjustments	26.141	(28.066)
Goodwill as at December 31st	**1.349.916**	**1.166.391**

With respect to additions to goodwill reference is made to 9. 'Acquisitions'. In 2009 and 2008, purchase adjustments primarily reflect adjustments to the acquired tax assets and liabilities along with final settlements of escrow accounts.

In the fourth quarter of 2009, we performed our annual impairment assessment of goodwill (using data as of October 1, 2009) in accordance with the provisions of IAS 36. For the goodwill acquired in 2009 the purchase price allocation as of December 31, 2009, is preliminary and accordingly no impairment test was performed during 2009. No events or changes in circumstances indicated that the acquired goodwill might

be impaired. In testing for potential impairment, we measured the estimated fair value of our cash generating units based upon discounted future operating cash flows using a discount rate reflecting our estimated average cost of funds.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units or groups of cash generating units that are expected to benefit from that business combination. For this purpose operating segments were identified which generate cash flows which are separable from the cash flows of other operating segments. While in most cases this determination is based on products and technologies, in some cases the determination is based on subsidiaries. For impairment testing, the recoverable amount of goodwill allocated to a 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 units. 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 (8,50%; 2008: 8,61%) 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 discount rates used are based on the weighted average cost of capital (8,50%; 2008: 8,61%) as calculated using the Black Scholes valuation model and verified by external analyst reports.

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, 2009. Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the cash generating units 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 allocation of the carrying amount of goodwill as of December 31, 2009, to the cash generating units and key assumptions used for the value in use calculations is presented below:

(in US$ thousands)	Dec. 31, 2009	Dec. 31, 2008
HPV	926.153	925.825
PCR Detection	106.910	48.778
PCR Arrays	62.841	0
Companion Daignostics	53.573	0
IVD Assays	37.445	36.202
Electrophoresis	25.237	25.262
Whole Genome Amplification	23.380	22.591
Multiplex Assays	19.142	19.142
Mag Attract	21.834	18.040
Pyrosequencing	20.531	16.969
Large Scale Sampling	16.240	16.240
Others	36.630	37.342
Goodwill	**1.349.916**	**1.166.391**

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.

Other cash generating units result from nine acquisitions which are individually and in the aggregate insignificant.

23. Intangible Assets

Cost	Technology rights and patents	Software licenses	Development expense	Other intelectual properties	**Total**
Jan.1, 2008	**561.164**	**37.648**	**75.322**	**143.073**	**817.207**
Currency adjustments	(5.669)	(860)	(614)	(1.267)	(8.410)
Additions	4.075	7.940	29.764	583	42.362
Business combinations	52.600	0	1.000	18.700	72.300
Disposals	(2)	(460)	0	(378)	(840)
Transfers	0	0	0	0	0
Dec. 31, 2008	**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**

Intangible Assets (continued)

Amortization	Technology rights and patents	Software licenses	Development expense	Other intelectual properties	**Total**
Jan.1, 2008	**(54.863)**	**(25.640)**	**(11.677)**	**(10.267)**	**(102.447)**
Currency adjustments	2.122	590	400	377	3.489
Additions	(55.967)	(4.074)	(10.465)	(13.972)	(84.478)
Disposals	0	458	0	0	458
Dec. 31, 2008	**(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)**

Net book value

Dec. 31, 2008	**503.460**	**15.602**	**83.730**	**136.849**	**739.641**
Dec. 31, 2009	**532.847**	**23.923**	**98.151**	**219.448**	**874.369**

The amortization on intangible assets is allocated to the functional areas in which the respective intangible assets are used (primarily cost of sales, R&D and S&M). In 2009 acquisition related intangible amortization in the amount of US$ 53,6 million is included in cost of sales (2008: US$ 48,7 million) and acquisition related intangible amortization in the amount of US$ 18,6 million is included in S&M expenses (2008: US$ 14,8 million in S&M expenses and US$ 3,0 million in R&D expenses). 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 (Note 9). Impairment charges on development expense result from an impairment review of internally generated assets (please refer to Note 5).

The weighted-average amortization period for the intangible assets acquired with DxS is 15 years and with SABiosciences is 10 years.

24. Investments in Associates

QIAGEN has a 50% interest in an associated company, PreAnalytiX GmbH (PreAnalytiX). The investment is accounted for under the equity method, because of lack of relevant control the investment does not qualify to recognize as joint venture. 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’.

Amounts from Equity-Accounted Investments considered in statement of financial position and income statement are as follows:

(in US$ thousands)	Shareholding	2009	2008
PreAnalytix GmbH	50,0%	10.894	7.008
QBM Cell Science	19,5%	394	443
DX Assays Pte. Ltd.	33,3%	0	316
Other	div.	11	0
Investments in Statement of Financial Position		**11.299**	**7.767**
PreAnalytix GmbH		2.888	1.459
QBM Cell Science		(49)	(61)
DX Assays Pte. Ltd.		(316)	(408)
Gain from Investments in Income Statement		**2.523**	**990**

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)	PreAnalytiX GmbH	QBM Cell Science	DX Assays Pte. Ltd.
As of December 31, 2009:			
Total Assets	20,8	0,4	5,0
Shareholders' equity	19,6	0,4	0,3
Net Sales	10,7	0,4	2,2
Net Income / (loss)	5,1	0,0	-
As of December 31, 2008:			
Total Assets	16,4	0,2	4,9
Shareholders' equity	15,9	0,2	0,2
Net Sales	10,2	0,3	0,1
Net Income / (loss)	3,9	(0,3)	-

At December 31, 2009 and 2008, 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

Face value of the note payable is U$ 500,0 million bearing interest calculated at LIBOR plus a variable margin ranging from 0,631% to 1,068% and 1,011% to 5,545% (floating-rate), due on July 12, 2012 with payments beginning in 2009. The convertible bond 2006/2026 has a face value of U$ 300,0 million bearing interest at a rate of 3,25% (fixed-rate). The convertible bond 2004/2024 with face value U$ 150,0 million bearing interest at a rate of 1,50% (fixed rate).

(in US$ thousands)	2009	2008
Note payable	475.000	500.000
Convertible Bond 2006/2026	265.783	256.767
Convertible Bond 2004/2024	135.627	129.846
Total current and non-current financial debts	**876.410**	**886.613**
Less current portion of financial debts	52.016	27.016
Total non-current financial debts	**824.394**	**859.597**
Total amount secured	475.000	500.000
Unused lines of credit for short-term financing	183.700	165.190

Breakdown by maturities for payments due for nominal amounts and future interest and development of future carrying values as per December 31, 2009 is as follows:

(in US$ thousands)	Carrying value	Note payable (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**

For the year ended December 31, 2008:

(in US$ thousands)	Carrying value	Note payable (floating-rate)	Convertible bonds (fixed-rate)	Total Cash out
2009	27.016	51.847	11.925	63.772
2010	50.000	74.583	11.925	86.508
2011	204.048	95.932	156.128	252.060
2012	230.000	241.330	9.750	251.080
2013	375.549	122.440	303.683	426.123
thereafter	0	0	0	0
Total financial debts 2008	**886.613**	**586.132**	**493.411**	**1.079.543**

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, 2009.

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 eleven separate lines of credit amounting to US$ 183,7 million with variable interest rates, US$ 0,9 million of which was utilized at December 31, 2009. There were no significant current borrowings outstanding at December 31, 2009 and 2008.

Interest expense on non-current debt was US$ 38,6 million for the year ended December 31, 2009 (2008: US$ 45,4 million).

(in US$ thousands)	**2009**	**2008**
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	29.511	23.730
Convertible Bond 2004/2024	**135.627**	**129.846**

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 Euro Finance (Luxembourg) S.A., the fair value of the Notes at December 31, 2009, was approximately US$ 262,5 million (December 31, 2008: US$ 206,4 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)	**2009**	**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	31.132	22.116
Convertible Bond 2006/2026	**265.783**	**256.767**

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, 2009, was approximately US$ 387,3 million (December 31, 2008: US$ 276,1 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

(in US$ thousands)	**Jan. 1, 2009**	Utilization	Reversal	Addition	Currency adjustments	**Dec. 31, 2009**
Warranty	**2.724**	(759)	(93)	1.347	249	**3.468**
Acquisition related costs	**2.823**	(5.232)	0	7.876	91	**5.558**
Current Provisions	**5.547**	(5.991)	(93)	9.223	340	**9.026**

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.

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

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

27. Other Current Liabilities

(in US$ thousands)	**2009**	**2008**
Payroll and related accrued liabilities	49.388	32.271
Preacquisition contingencies assumed in acquisition	40.828	25.139
Accrued earn-out and milestones payments	27.273	1.404
Fair values of derivative financial instruments	26.658	22.652
Royalties	18.313	16.610
Deferred revenue	15.943	12.049
Professional and other fees	5.768	6.423
Other liabilities	49.487	35.526
Other current liabilities	**233.658**	**152.074**

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

Liabilities for professional and other fees are recorded when the respective services are received.

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

Other current liabilities are non-interest bearing and 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, 2009 of US$ 9.801 (December 31, 2008: US$ 3.078. Please refer to Note 29 and 36 for further information. At December 31, 2009 derivative financial instruments included in other non-current liabilities have a remaining term between one and three years.

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 period ending 31 December 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.

(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**

(in US$ thousands)	Level 1	Level 2	Level 3	Dec. 31, 2009
Foreign exchange contracts	-	30.185	-	30.185
Interest rate contracts	-	6.274	-	6.274
Liabilities	**-**	**36.459**	**-**	**36.459**

Total disclosure of fair values included in the consolidated statement of financial position is as follows:

(in US$ thousands)	Assets		Liabilities	
	Dec. 31, 2009	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008
Interest Rate Swaps - hedged	-	-	6.274	6.811
Foreign Currency Forward Contracts - hedged	-	-	5.750	8.028
Cross Currency Swaps - hedged	-	-	16.745	-
Foreign Currency Swaps - non hedged	947	344	7.690	10.891
Fair values of derivatives	**947**	344	**36.459**	25.730
Prepaid expenses and other current assets	947	344	-	-
Other current liabilities	-	-	26.658	22.652
Other non-current liabilities	-	-	9.801	3.078

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, 2009: 232.074 thousands (December 31, 2008: 197.839 thousands).

31. Retained Earnings

At the Annual General Meeting of Shareholders on June 30, 2010, 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 15,5 million shares of common stock reserved and available for issuance under this plan at December 31, 2009.

In connection with the acquisition of Digene Corporation during the third quarter of 2007, the Company assumed three additional equity incentive plans. No new grants will be made under these plans. The Company had approximately 0,4 million common stock reserved and available for issuance under these plans at December 31, 2009.

Stock Options

During the years ended December 31, 2009 and 2008, the Company granted 491.714 and 432.725 stock options, respectively. Following are the weighted-average assumptions used in valuing the stock options granted to employees for the years ended December 31:

	2009	2008
Stock price volatility	40,0%	38,0%
Risk-free interest rate	2,1%	2,9%
Expected life (in years)	5,0%	5,3%
Dividend rate	0,0%	0,0%
Forfeiture rate	7,7%	8,5%

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, 2009 and 2008, was US$ 6,33 and US$ 7,80, respectively. The total intrinsic value of options exercised during the years ended December 31, 2009 and 2008 was US$ 16,7 million and US$ 14,9 million, respectively. At December 31, 2009, the unrecognized share-based compensation expense related to employee stock option awards is approximately US$ 3,3 million and will be recognized over a weighted average period of approximately 1,74 years.

At December 31, 2009 and 2008, options were exercisable with respect to 7,4 million and 9,6 million common shares at a weighted average price of US$ 14,36 and US$ 13,91 per share, respectively. The options outstanding at December 31, 2009 expire in various years through 2019.

A summary of the status of the Company's employee stock options as of December 31, 2009 and 2008, and changes during the years then ended is presented below:

	Stock Options	Weighted Average Excercise Price US$
Stock Option as at January 1, 2009	**10.274.996**	**14,26**
Granted	491.714	16,94
Excercised	(2.241.848)	12,01
Forfeitured	(243.303)	24,06
December 31, 2009	**8.281.559**	**14,74**
Excercisable at December 31, 2009	**7.448.952**	**14,36**
Stock Option as at January 1, 2008	**11.362.641**	**13,63**
Granted	432.725	20,34
Excercised	(1.340.914)	9,92
Forfeitured	(179.456)	21,12
December 31, 2008	**10.274.996**	**14,26**
Excercisable at December 31, 2008	**9.599.027**	**13,91**

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 6,3% (2008: 6,0%). At December 31, 2009, there was US$ 36,9 million remaining in unrecognized compensation cost related to these awards, which is expected to be recognized over a weighted average period of 8,6 years (December 31, 2008: US$ 23,2 million over a weighted average period of 8,0 years). The weighted average grant date fair value of restricted stock units granted during the year ended December 31, 2009, was US$ 16,96 (December 31, 2008: US$ 21,06). The total fair value of restricted stock units released during the years ended December 31, 2009 and 2008, was US$ 6,9 million and US$ 10,3 million, respectively.

A summary of the Company's restricted stock units as of December 31, 2009 and 2008 is presented below:

	2009	**2008**
RSU as at January, 1st	**1.908.161**	**1.585.558**
Granted	1.601.504	804.566
Released	(368.277)	(388.342)
Forfeitured	(102.231)	(93.621)
RSU as at December 31st	**3.039.157**	**1.908.161**

Compensation Expense

Share-based compensation expense for the years ended December 31, 2009 and 2008 totaled approximately US$ 9,7 million and US$ 9,8 million, respectively as shown in the table below. No share-based compensation cost was capitalized in inventory in 2009, 2008 or 2007 as the amounts were not material. The actual tax benefit realized for the tax deductions of the share-based payment arrangements totaled US$ 5,9 million and US$ 9,9 million, respectively, for the years ended December 31, 2009 and 2008.

(in US$ thousands)	**2009**	**2008**
Cost of sales	799	968
Research and development	1.826	1.818
Sales and marketing	1.936	2.999
General and administrative	5.186	3.620
Acquisition and integrated related	0	386
Share-based compensation expense before any tax	**9.747**	**9.791**
Income tax benefit	2.913	3.025
Share-based compensation expense, net of tax	**6.834**	**6.766**

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$ 13,0 million in 2009 and US$ 11,2 million in 2008.

Minimum future obligations under finance and operating leases at December 31, 2008, are as follows:

(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**	

The information for the comparative period is provided below:

(in US$ thousands)	**Finance Leases**	**Operating Leases**
2009	4.971	8.399
2010	4.964	6.660
2011	5.000	4.301
2012	4.989	2.025
2013	5.055	554
Thereafter	17.384	49
Total minimum lease obligations	**42.363**	**21.988**
Less: amount representing interest	9.661	
Less: current portion	2.984	
Present value of minimum lease obligations	**29.718**	

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$ 18,3 million and US$ 16,6 million at December 31, 2009 and 2008, respectively. Royalty expense relating to these agreements amounted to US$ 47,2 million and US$ 34,0 million for the years ended December 31, 2009 and 2008, 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, 2009, 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
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**

The information for the comparative period is provided below:

(in US$ thousands)	Purchase Commitments	Royalty Commitments
2010	25.617	4.670
2011	5.968	1.212
2012	189	742
2013	181	642
2014	181	670
Thereafter	1.155	816
Total licensing and purchase commitments	**33.291**	**8.752**

Contingent Consideration Commitments

Pursuant to the purchase agreements for certain acquisitions, as discussed in detail under 9. ‘Acquisitions’ the Company could be required to make additional contingent cash payments totaling up to US$ 106,2 million based on the achievement of certain revenue and operating results milestones 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 obligations, approximately US$ 40,8 million is accrued as of December 31, 2009.

In the prior year (December 31, 2008) the potential contingent cash payments for acquisitions were as follows: US$ 7,9 million in 2009, US$ 15,9 million in 2010, US$ 3,2 million in 2011, US$ 3,5 million in 2012 and US$ 11,5 payable in any 12 month period from now until 2012 if certain criteria are met.

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, 2009, the total commitment under these agreements totaled US$ 18,9 million (December 31, 2008: US$ 17,6 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, 2009 and 2008, appropriately reflect the estimated cost of such warranty obligations.

Preacquistion Contingencies

In connection with the 2009 and 2008 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$ 37,1 million and US$ 25,1 million as of December 31, 2009 and 2008, respectively. In addition, the Company has recorded US$ 40,8 million and US$ 25,1 million for preacquistion contingencies as a liability under accrued and other 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, 2009, 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. As a result of the third quarter 2007 acquisition of Digene and the third quarter 2008 acquisition of Corbett, QIAGEN is now involved in various claims and legal proceedings, including those related to protection of its owned and licensed intellectual property. 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. The Court's ruling in currently pending. QIAGEN will vigorously pursue this matter.

ii) Corbett v. Montreal Biotechnologies, Inc.

On February 19, 2009, M.H. Montreal Biotechnologies, Inc. (MBI) sued QIAGEN, Inc. and 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 complain on November 16, 2009, adding QIAGEN N.V. and QIAGEN GmbH as new defendants and changing certain contentions against QIAGEN. QIAGEN will remain a defendant in these proceedings and will vigorously defend the matter.

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 is 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 Dusseldorf 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 Dusseldorf 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 December 27, 2010. The hearing date is 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. An oral hearing is scheduled for April 20, 2010. QIAGEN will vigorously pursue this matter.

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$ 2,0 million and US$ 2,2 million for the years ended December 31, 2009 and 2008, respectively. The Company also has a defined contribution plan which covers certain executives. Total costs included in personnel expense due to defined benefit plans were US$ 0,4 million in 2009 and US$ 0,4 million in 2008. 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, 2009 and 2008.

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$ 2,0 million at December 31, 2009, and US$

2,7 million at December 31, 2008. Due to the insignificance of the defined benefit plans on the total assets the Company did not disclose all required information.

35. Related Party Transaction

In 2004, QIAGEN entered into a consulting agreement with Dr. Metin Colpan, the Company's former Chief Executive Officer and current Supervisory Board member, pursuant to which Dr. Colpan shall be paid a fee of EUR 2.750 per day for consulting services, subject to adjustment. The Company paid approximately US$ 0,2 million to Dr. Colpan for scientific consulting services under this agreement during each of the years ended December 31, 2009 and 2008.

From time to time, the Company has transactions with companies in which the Company holds an interest all of which are individually and in the aggregate immaterial except for certain transactions with PreAnalytiX GmbH and Dx Assays Pte. Ltd.

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$ 1,0 million and US$ 0,3 million, and accounts payable to PreAnalytix of US$ 0,3 million, as of December 31, 2009 and 2008 respectively.

During 2007, the Company made an initial investment of US$ 747.000 in Dx Assays Pte Ltd, a joint venture with Bio*One Capital. The Company's investment represents a 33,3% interest in Dx Assays Pte Ltd. In 2008, the Company made a US$ 1,4 million loan to Dx Assays, which bears interest at 15% and is due in March 2013. During the year ended December 31, 2009, the Company recorded sales of US$ 1,8 million to Dx Assays. As of December 31, 2009, the Company had accounts receivable from Dx Assays of US$ 2,1 million and accounts payable to Dx Assays of US$ 0,9 million.

Compensation of Managing Board members:

The tables below state the amounts earned on an accrual basis by our directors and officers in 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)	**2009**	**2008**
Peer M. Schatz	1.894	1.773
Roland Sackers	876	847
Dr. Joachim Schorr	555	554
Bernd Uder	545	544
Annual Compensation	**3.870**	**3.718**

The compensation granted to the members of the Managing Board in 2009 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, 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**	**643**

Total long-term benefits granted to Managing Board member as per December 31, 2008:

	Defined contribution benefit plan	Stock options	Restricted stock units
	US$	'000	'000
Peer M. Schatz	86.000	103	259
Roland Sackers	77.000	34	84
Dr. Joachim Schorr	27.000	16	40
Bernd Uder	50.000	15	38
Total long-term benefits December 31, 2008	**240.000**	**168**	**421**

Compensation of Supervisory Board

The Supervisory Board compensation for 2009 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 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).

Total annual Supervisory Board compensation:

(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						**465,0**

(in US$ thousands)	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Commitee Membership	Variable Cash bonus	**Total 2008**
Prof. Dr. Detlev H. Riesner	44,0	29,0	12,0	-	7,0	**92,0**
Dr. Werner Brandt	44,0	22,0	6,0	-	7,0	**79,0**
Dr. Metin Colpan	44,0	-	12,0	-	7,0	**63,0**
Erik Hornnaess	44,0	22,0	9,0	11,0	7,0	**93,0**
Prof. Dr. Manfred Karobath	44,0	-	12,0	7,0	7,0	**70,0**
Heino von Prondzynski	44,0	-	13,0	11,0	7,0	**75,0**
Supervisory Board compensation						**472,0**

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$ 0,2 million to Dr. Colpan for his scientific consulting services, including travel reimbursements.

	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**

	Stock options	Restricted stock units
Prof. Dr. Detlev H. Riesner	1.389	3.486
Dr. Werner Brandt	1.389	3.486
Dr. Metin Colpan	1.389	3.486
Erik Hornnaess	1.389	3.486
Prof. Dr. Manfred Karobath	1.389	3.486
Heino von Prondzynski	1.389	3.486
Total long-term benefits December 31, 2008	**8.334**	**20.916**

Total vested and unvested Stock Options to officers and directors:

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**

Dec. 31, 2008	Vested Options	Unvested Options	Expiration Dates	Exercise Prices (US$)	Unvested Stock awards
Peer M. Schatz	2.398.059	179.481	5/2009 to 2/2018	4,590 to 22,430	576.853
Roland Sackers	203.346	45.311	3/2011 to 2/2018	11,985 to 22,430	181.671
Dr. Joachim Schorr	177.127	27.386	10/2011 to 2/2018	8,940 to 22,430	87.545
Bernd Uder	125.758	26.732	3/2011 to 2/2018	11,985 to 22,430	86.153
Prof. Dr. Detlev H. Riesner	91.314	2.684	1/2010 to 4/2018	6,018 to 22,430	8.873
Dr. Werner Brandt	0	1.389	to 4/2018	22,430	3.486
Dr. Metin Colpan	976.797	2.684	5/2009 to 4/2018	6,018 to 22,430	8.873
Erik Hornnaess	96.647	2.684	1/2010 to 4/2018	6,018 to 22,430	8.873
Prof. Dr. Manfred Karobath	90.647	2.684	1/2010 to 4/2018	6,018 to 22,430	8.873
Heino von Prondzynski	0	1.389	to 4/2018	22,430	3.486
	4.159.695	**292.424**			**974.686**

36. Risks 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 in accordance with a written policy approved by the Board of Directors 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. The Group uses foreign currency options and forward foreign exchange contracts to hedge certain anticipated cash flows in currencies other than the U.S. dollar to achieve relatively stable and predictable cash flows. 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. However, this impact normally will be at least partially offset in the results of operations by gains or losses from foreign currency transactions.

Foreign-currency risks in the financing area are caused by financial liabilities in foreign currency and loans in foreign currency that are extended to Group entities for financing purposes.

The individual Group entities predominantly execute their operating activities in their respective functional currencies. This is why the assessment of QIAGEN's exchange rate risk from ongoing operations is low.

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, 2008, the US dollar had

gained (lost) 10 % against all identified major currencies, this would have an effect of approximately US$ 17,9 million or 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, 2009, 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$ 2,6 million higher (lower); at December 31, 2008 US$ 565.000 higher (lower).

Interest rates

The Group manages the exposure to interest rate risk through the proportion of fixed rate debt and floating rate debt, as well as the maturity profile of fixed rate financial assets. 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. The Group's exposure to fluctuations in net financial income is managed by making investments in high quality financial assets which pay a fixed interest rate until maturity.

At December 31, 2008, we had US$ 827,4 million in cash and cash equivalents (December 31, 2008: US$ 334,9 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 2009 earnings by approximately US$ 35 thousands (2008: decrease of earnings by approximately US$ 264 thousands).

Borrowings against lines of credit are at variable interest rates. We had insignificant amounts outstanding against our lines of credit at December 31, 2009. A hypothetical adverse 10% movement in market interest rates would not have materially impacted our financial statements.

At December 31, 2009, we had US$ 824,4 million in long-term debt (December 31, 2008: US$ 859,6 million), of which US$ 500,0 million was at a variable rate. A hypothetical adverse 10% movement in market interest rates would decrease 2009 earnings by approximately US$ 0,3 million, based on the period-end interest rate (2008: decrease of earnings by approximately US$ 0,1 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, 2009 and 2008, we had cash and cash equivalents of US$ 827,4 million and US$ 334,9 million, respectively, and investments in current marketable securities of US$ 40,0 million and US$ 0 million, respectively. Cash and cash equivalents are primarily held in Euros and U.S. dollars, other than those cash balances maintained in the local currency of subsidiaries to meet local working capital needs. As of December 31, 2009 and 2008, we had working capital of US$ 938,5 million and US$ 421,7 million, respectively.

We have unutilized credit lines totaling US$ 183,7 million at variable interest rates, an insignificant amount of which was utilized as of December 31, 2009. We also have finance lease obligations, including interest, in the amount of US$ 38,9 million, and repayment obligations of US$ 920,0 million for long-term debt.

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. At balance sheet date there are no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Counterparty risk

Counterparty risk includes issuer risk on debt securities, settlement risk on derivative and money market transactions, and credit risk on cash and fixed term deposits. Issuer risk is limited by buying debt securities which are at least A rated. Settlement and credit risk is reduced by entering into transactions with counterparties that are usually at least A rated banks or financial institutions. Exposure to these risks and compliance with the risk parameters approved by the Board of Directors is closely monitored. The Group does not expect any losses due to non-performance by these counterparties, and the diverse portfolio of investments limits the exposure to any single counterparty or sector.

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 and managed by the Group treasury department.

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. At December 31, 2008, the Company had no investments in current available-for-sale debt securities.

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, the Company purchases 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. The Company does not utilize derivative or other financial instruments for trading or other speculative purposes. The Company recognizes all derivatives as either assets or liabilities on the balance sheet, measures those instruments at fair value and recognizes the change in fair value in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures.

As of December 31, 2009, 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 reserves 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 2009, 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. 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 consolidated statement of financial position account.

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 balance sheet positions. The Company manages balance sheet 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 delta in the interest rates of the respective currency pairs. The contracts mature in July 2011 and had fair market values at December 31, 2009 and 2008, of approximately US$ (5,7) million and US$ (3,1) million, respectively, which are included in other non-current liabilities in the accompanying consolidated statement of financial position.

In addition, at year-end the Company was party to cross-currency swaps which qualified as cash flow hedges with a notional amount of US$ 120,0 million and US$ 60,0 million as of December 31, 2009 and 2008, respectively, which mature in November 2012 and had a fair market value of US$ (16,7) and US$ (4,9) million at December 31, 2009 and 2008, respectively, which is 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, 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 assets and other liabilities, respectively, and

which expire at various dates through March 2010. The transactions have been entered into to offset the effects from short-term balance sheet exposure to foreign currency exchange risk. Changes in the fair value of these arrangements have been recognized in other income (expense).

The Company was party to various foreign exchange forward and swap arrangements which had, at December 31, 2008, an aggregate notional value of approximately US$ 163,3 million and fair values of US$ 0,3 million and US$ 10,9 million, which are included in other assets and other liabilities, respectively, and which expired at various dates through March 2009. The transactions have been used to offset the effects from short-term balance sheet exposure to foreign currency exchange risk. Changes in the fair value of these arrangements have been recognized in other income (expense).

Interest Rate Derivatives

The Company uses interest rate derivative contracts on certain borrowing transactions to hedge fluctuating interest rates. The Company has entered into interest rate swaps in which it agrees 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, the Company entered into interest rate swaps which effectively fix the variable interest rates on US$ 200,0 million of the Company's variable rate debt and qualify for hedge accounting as cash flow hedges. The Company has determined that no ineffectiveness exists related to these swaps. The swaps mature in October 2010 and 2011, and as of December 31, 2008, had an aggregate fair value of US$ (6,3) million of which US$ 2,1 million is recorded in accrued and other liabilities and US$ 4,2 million is recorded in other non-current liabilities in the accompanying consolidated statement of financial position. As of December 31, 2008, these swaps had an aggregate fair value of US$ (6,8) million 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, 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)

Dec. 31, 2008

(US$ thousands)	Cate-gory	Carrying amount	Amortized cost	Cost	At Fair Value
Assets					
Cash and cash equivalents	LaR	334.939	334.939	0	0
Available-for-sale assets	AfS	4.175	0	4.175	0
Notes receivable	LaR	4.336	4.336	0	0
Trade accounts receivable	LaR	154.104	154.104	0	0
Other assets	LaR	0	0	0	0
Derivatives	FVTPL	344	0	0	344
Liabilities					
Financial debts	FLAC	(886.613)	(886.613)	0	0
Finance lease obligations	N/A	(32.702)	0	0	0
Trade accounts payable	FLAC	(48.836)	(48.836)	0	0
Derivatives in effective hedges	N/A	(14.839)	0	0	(14.839)
Derivatives	FVTPL	(10.891)	0	0	(10.891)
Aggregated by category in accordance with IAS 39					
Loans and Receivables (LaR)		493.379	493.379	-	-
Available-for-Sales Financial Assets (AfS)		4.175	-	4.175	-
Financial Liabilities measured at Amortized Cost (FLAC)		(935.449)	(935.449)	-	-
Instruments at fair value through profit or loss (FVTPL)		(10.547)			(10.547)

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, 2009 and 2008, fair values of financial debts amount to US$ 1.124,8 million and US$ 982,5 million, respectively. The carrying amounts of all other financial assets and financial liabilities approximate their fair values.

As of December 31, 2009 and 2008, there are no significant concentrations of risks arising from financial instruments.

	Dec. 31, 2009		**Dec. 31, 2008**	
(in US$ thousands)	**Carrying amount**	**Fair Value**	**Carrying amount**	**Fair Value**
Assets				
Cash and cash equivalents	827.338	827.338	334.939	334.939
Available-for-sale assets	40.000	40.000	4.175	4.175
Trade accounts receivable	193.737	193.737	158.440	158.440
Derivatives	947	947	344	344
Liabilities				
Financial debts	(876.410)	(1.124.800)	(886.613)	(982.500)
Finance lease obligations	(30.971)	(30.971)	(32.702)	(32.702)
Trade accounts payable	(43.775)	(43.775)	(48.836)	(48.836)
Derivatives	(36.460)	(36.460)	(25.730)	(25.730)

Net Results by Category

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)**

Interest from financial instruments is recognized in finance costs.

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 G&A expenses.

The information for the comparative period is provided below:

Dec. 31, 2008		Subsequent Measurement			
(US$ thousands)	From interest	At fair value	Allowances / Impairments	De-recognition	Net result
Loans and receivables (LaR)	8.798	0	0	0	8.798
Available-for-Sales Financial Assets (AfS)	0	0	(4.000)	0	(4.000)
Financial Liabilities measured at Amortized Cost (FLAC)	(45.386)	0	0	0	(45.386)
	(36.588)	**0**	**(4.000)**	**0**	**(40.588)**

38. Disclosures on Capital Management

The overriding aim of the Group's capital management is to ensure that it will continue to be able to repay its debt and remain financially sound.

An important indicator of capital management 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)	**2009**	**2008**
Shareholders' equity	2.420.770	1.578.631
Total Assets	3.922.479	2.990.515
Shareholders' equity ratio in %	**62%**	**53%**

39. Segment 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 intercompany portions of such net sales of a reportable segment are excluded through the intersegment elimination to derive consolidated net sales. No single customer represents more than ten percent of consolidated net sales. Transfer prices between segments are on an arm's length basis in a manner similar to transactions with third parties.

The Company evaluates performance based on several factors, of which the primary financial measure is operating income.

Segment information for the ended as per December 31, 2009 is as follows:

2009 US$ millions	Americas	Germany	Switzer-land	Asia	Other	Corporate / Eliminations	**Total Group**
Net sales	1.060,3	391,3	128,6	135,8	242,0	(948,2)	**1.009,8**
Intersegment sales	(566,2)	(224,0)	(114,8)	(15,7)	(27,9)	948,5	**-**
Total Sales	**494,1**	**167,3**	**13,8**	**120,1**	**214,1**	**0,3**	**1.009,8**
Income (loss) from operations	**96,0**	**89,5**	**4,4**	**4,9**	**21,2**	**(29,4)**	**186,6**
Assets	**3.716,2**	**582,2**	**172,2**	**129,2**	**583,4**	**(1.261,8)**	**3.921,5**
Long-Lived Assets	1.678,0	393,9	63,0	33,7	370,6	3,6	2.542,7
Capital Expenditures	10,3	18,9	4,2	2,4	6,3	0,0	42,2
Depreciation and Amortization	72,4	32,4	9,9	4,5	12,3	4,9	136,4
Impairment losses	0,0	2,3	0,0	0,0	0,0	0,0	2,3

The Corporate segment operating loss is primarily general and administrative, business integration, relocation, restructuring and related costs, including share-based compensation costs. The intersegment elimination represents primarily the elimination of intercompany profit.

Assets of Corporate include cash and cash equivalents, investments, prepaid assets and certain intangibles. The intersegment elimination represents intercompany investments and advances.

Segment information for the year ended December 31, 2008:

2008 US$ millions	Americas	Germany	Switzer-land	Asia	Other	Corporate / Eliminations	**Total Group**
Net sales	988,6	331,0	77,7	90,0	210,4	(805,0)	**892,9**
Intersegment sales	(535,2)	(195,6)	(63,4)	(3,8)	(7,8)	805,8	**-**
Total Sales	**453,4**	**135,5**	**14,3**	**86,3**	**202,6**	**0,8**	**892,9**
Income (loss) from operations	**81,2**	**78,5**	**(5,8)**	**0,9**	**33,3**	**(25,3)**	**162,9**
Assets	**3.002,7**	**498,0**	**127,9**	**97,6**	**280,1**	**(1.015,8)**	**2.990,5**
Long-Lived Assets	1.613,2	356,0	37,5	32,7	156,9	3,5	2.199,9
Capital Expenditures	11,2	18,2	5,7	1,6	2,8	0,0	39,4
Depreciation and Amortization	71,0	30,7	6,3	3,7	5,6	0,7	118,0
Impairment losses	4,0	0,0	0,0	0,0	0,0	0,0	4,0

At December 31, 2009 and 2008, for Switzerland, the net investment in equity-accounted investees was US$ 10,9 million and US$ 7,0 million, respectively. The Netherlands had a net investment in equity-accounted investees of US$ 0,4 million and US$ 0,8 million as of December 31, 2009 and 2008, respectively.

40. Subsequent Events

Based on the Company's review through April 29, 2010, the date on which the financial statements were available to be issued, no events or transactions have occurred subsequent to December 31, 2009 that would have a material impact on the financial statements as presented.

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 alleges that DxS is on the verge of terminating the parties' Distributor Agreement without good cause and that DxS's termination of the Agreement would cause Roche to suffer irreparable harm in the form of lost business opportunities. In connection with its lawsuit, Roche has also filed a motion for preliminary injunction in which it asks 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. DxS's opposition to Roche's motion is due March 5, 2010, and the hearing on the motion is scheduled for June 21, 2010. Given the early stage of this litigation, QIAGEN cannot predict the likely outcome and intends to vigorously pursue this matter

41. Consolidated Companies

The following is a list of the Company's subsidiaries as of December 31, 2009, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary:

Company	Country	Currency	Capital	Ownership	Activity
Corbett Research Pty. Ltd.	Australia	AUD	100.133	100%	P/R&D/S
Corbett Robotics Pty. Ltd.	Australia	AUD	2	100%	P/R&D
DxS Ltd.	UK	GBP	0	100%	P/R&D/S
QIAGEN BV	Netherlands	EUR	18.000	100%	S
QIAGEN Deutschland Holding GmbH	Germany	EUR	25.000	100%	H
QIAGEN Euro Finance S.A.	Luxemburg	USD	25.000	100%	Finance
QIAGEN Finance Deutschl. GmbH	Germany	EUR	25.000	100%	Finance
QIAGEN Finance (Luxembourg) S.A.	Luxemburg	EUR	125.000	100%	Finance
QIAGEN Gaithersburg, Inc.	USA	USD	249.000	100%	P/R&D/S
QIAGEN GmbH	Germany	EUR	210.000	100%	P/R&D/S
QIAGEN Hamburg GmbH	Germany	EUR	178.000	100%	P/R&D/S
QIAGEN, Inc. (Canada)	Canada	CAD	50.000	100%	S
QIAGEN, Inc. (USA)	USA	USD	15.000	100%	S
QIAGEN Instruments AG	Switzerland	CHF	14.939.000	100%	P/R&D
QIAGEN KK	Japan	JPY	10.000.000	100%	S
QIAGEN Korea Ltd.	South Korea	KOW	50.000.000	100%	S
QIAGEN Ltd.	UK	GBP	105.000	100%	S
QIAGEN North American Holding Inc.	USA	USD	0	100%	H
QIAGEN NV	Netherlands	USD	1.535.000	100%	H
QIAGEN Pty. Ltd.	Australia	AUD	160.000	100%	S
QIAGEN S.A.	France	EUR	240.000	100%	S
QIAGEN Sciences, Inc.	USA	USD	0	100%	P/R&D
QIAGEN Shared Services, Inc.	USA	USD	3.185.000	100%	H
QIAGEN SpA	Italy	EUR	100.000	100%	S
Nextal Biotechnology Inc.	Canada	CAD	3.000	100%	P
SABiosciences Corp.	USA	USD	0	100%	P/R&D/S
Shenzhen PG Biotech Co. Ltd.	China	CNY	20.400.000	100%	P/R&D/S

Activities:

P (production): this company performs manufacturing and/or production activities for the Group.

R&D (research and development): this company performs research and development activities for the Group.

S (sales): this company performs marketing, export and trading activities for the Group.

H (headquarters): this company serves as headquarter of the Group or in a certain country.

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)	2009	2008
Fees for the audit and review of financial statements	1.905	1.971
Other assurance services	607	499
Fees for tax services	66	51
Sundry services	120	0
Service fees to external auditors	**2.698**	**2.521**

Venlo, the Netherlands,

April 29, 2010

Peer M. Schatz — Chief Executive Officer

Roland Sackers — Chief Financial Officer

QIAGEN N.V.
Financial statements for the year ended December 31, 2009

(in US$ thousands)	Note	2009	2008
STATEMENT OF FINANCIAL POSITION			
Assets			
Cash and cash equivalents		661.083	215.484
Short-term investments	(3)	40.000	-
Trade accounts receivable		65	138
Receivables from Group Companies		227.339	-
Prepaid expenses and other current assets		3.950	3.702
Total current assets		**932.437**	**219.324**
Office Equipment	(4)	52	54
Intangible assets	(4)	1.826	2.389
Goodwill	(4)	93.281	45.722
Financial assets	(5)	1.461.671	1.338.169
Total non-current assets		**1.556.830**	**1.386.334**
Total Assets		**2.489.267**	**1.605.658**
Shareholder's Equity and Liabilities			
Trade accounts payable		1.394	489
Payables to Group Companies		16.063	7.639
Accrued liabilities		51.794	18.899
Total Liabilities		**69.251**	**27.027**
Common Shares		3.221	2.212
Share premium		1.785.345	1.117.390
Retained earnings		366.972	291.238
Net income		131.634	93.009
Legal reserves	(6)	68.393	54.283
Cumulative foreign currency translation adjustments		64.451	20.499
Total shareholder's equity		**2.420.016**	**1.578.631**
Total shareholder's equity and Liabilities		**2.489.267**	**1.605.658**
INCOME STATEMENT			
Net income from investments (after tax)	(2)	**78.095**	**94.126**
Other income (after tax)	(2)	53.539	(1.117)
Net income for the period		**131.634**	**93.009**

QIAGEN N.V.
Statement of Changes in Equity

for the year ended December 31, 2008 (in U$ thousands)	Common shares	Share premium	Retained earnings	Net Income	Legal Reserves	Foreign currency translation	Total shareholders' equity
At January 1, 2008	**2.175**	**1.099.110**	**239.258**	**74.371**	36.178	74.896	**1.525.988**
Appropriation of prior year net income	-	-	74.371	-74.371	-	-	0
Net income for the period	-	-	-	93.009	-	-	93.009
Income and expense directly recognized in equity	-	-	-	-	(4.286)	(54.397)	(58.683)
Allocation to legal reserves	-	-	(22.391)	-	22.391	-	0
Share issue for acquisitions	9	9.527	-	-	-	-	9.536
Subscription receivable	-	37	-	-	-	-	37
Stock options	28	8.716	-	-	-	-	8.744
At December 31, 2008	**2.212**	**1.117.390**	**291.238**	**93.009**	54.283	20.499	**1.578.631**

for the year ended December 31, 2009 (in U$ thousands)	Note	Common shares	Share premium	Retained earnings	Net Income	Legal Reserves	Foreign currency translation	Total shareholders' equity
At 1 January 2009		**2.212**	**1.117.390**	**291.238**	**93.009**	54.283	20.499	**1.578.631**
Appropriation of prior year net income		-	-	93.009	(93.009)	-	-	0
Net income for the period		-	-	-	131.634	-	-	131.634
Income and expense directly recognized in equity		-	-	-	-	(3.165)	44.462	41.297
Allocation to legal reserves	(6)	-	-	(17.275)	-	17.275	-	0
Effect from foreign currency translation		510	-	-	-	-	(510)	0
Offering		462	623.109	-	-	-	-	623.571
Stock options		37	44.846	-	-	-	-	44.883
At December 31, 2009		**3.221**	**1.785.345**	**366.972**	**131.634**	68.393	64.451	**2.420.016**

QIAGEN N.V.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

DECEMBER 31, 2009

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. Short-term investments

At December 31, 2009, the Company had short-term investments which had a fair market value and cost of approximately US$40,0 million.

4. Office equipment, intangible assets and goodwill

Cost	**Office Equipment**	Patent rights and licenses	Computer Software	**Total Intangible assets**	**Goodwill**
(in US$ thousands)					
Jan.1, 2008	**79**	**5.896**	**1.601**	**7.497**	**44.892**
Currency adjustments	0	0	0	0	(454)
Additions	32	0	0	0	1.284
Dec. 31, 2008	**111**	**5.896**	**1.601**	**7.497**	**45.722**
Currency adjustments	0	0	0	0	779
Additions	11	0	0	0	46.780
Dec. 31, 2009	**122**	**5.896**	**1.601**	**7.497**	**93.281**

Amortization	**Office Equipment**	Patent rights and licenses	Computer Software	**Total Intangible assets**
(in US$ thousands)				
Jan.1, 2008	**(49)**	**(2.943)**	**(1.441)**	**(4.384)**
Additions	(8)	(564)	(160)	(724)
Dec. 31, 2008	**(57)**	**(3.507)**	**(1.601)**	**(5.108)**
Additions	(13)	(563)	0	(563)
Dec. 31, 2009	**(70)**	**(4.070)**	**(1.601)**	**(5.671)**

Net book value	**Office Equipment**	Patent rights and licenses	Computer Software	**Total Intangible assets**	**Goodwill**
(in US$ thousands)					
Dec. 31, 2008	**54**	2.389	0	**2.389**	**45.722**
Dec. 31, 2009	**52**	1.826	0	**1.826**	**93.281**

5. Financial Fixed Assets

Financial assets	Investments in subsidiary	Participating interest	Loans receivable	**Total**
(in US$ thousands)				
Jan.1, 2008	**823.191**	**3.564**	**501.097**	**1.327.852**
Increases	87.394	0	12.493	99.887
Decreases	0	(2.744)		(2.744)
Dividends received	(119.642)	0	0	(119.642)
Share of net profit	94.187	(61)	0	94.126
Translation adjustments	(61.310)	0	0	(61.310)
Dec. 31, 2008	**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**

At December 31, 2009, the Company's investments comprise (exclusive of insignificant investments and participating interests):

Subsidiary companies:

Name	Registered office	% owned
- QIAGEN Australia Holding Pty. Ltd. [4)]	Victoria, Australia	100%
- QIAGEN BV	Venlo, The Netherlands	100%
- QIAGEN Deutschland Holding GmbH [1)]	Hilden, Germany	100%
- QIAGEN Euro Finance (Luxembourg) S.A.	Luxembourg	100%
- QIAGEN Finance (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 [2)]	Milan, Italy	100%
- QIAGEN NAH Inc.[3)]	Valencia, United States	100%
- DxS Ltd.	Manchester, United Kingdom	100%
- SABiosciences Corp.	Frederick, United States	100%
- Shenzen PG Biotech Co. Ltd.	Shenzen, China	100%

1) and subsidiaries QIAGEN GmbH, QIAGEN Finance Deutschland GmbH and QIAGEN Hamburg GmbH (all 100 % owned).
2) 75 % owned by QIAGEN N.V. and 25 % owned by QIAGEN GmbH.
3) and subsidiaries QIAGEN Gaithersburg Inc., QIAGEN Inc. (USA), QIAGEN Sciences Inc. and QIAGEN Shared Services, Inc. (all 100 % owned).
4) and subsidiaries from the Corbett Life Science Pty. Ltd. group.

6. Legal Reserve

Legal reserves in the amount of US$ 68,4 million (2008: US$ 54,3 million) were set up in connection with capitalized development expenses of US$ 17,3 million in 2009 and US$ 22,4 in 2008 and directly in equity recognized effects relating to hedge accounting of US$ (3,2) million for 2009 and US$ (4,3) million in 2008. In opposite to the prior year other reserves including directly in equity recognized changes in fair value of designated derivative financial instruments were condensed to legal reserve.

7. Employee information

The average number of employees during the year 2009 was seven (2008: seven).

8. Remuneration of Directors and Officers

The tables below state the amounts earned on an accrual basis by Directors and Officers in 2009. 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 2009 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 2009 total annual compensation of Directors and Officers was 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 information for the comparative period is as follows:

Year ended December 31, 2008	Fixed Salary	Variable Cash Bonus	**Total**
(in US$)			
Peer M. Schatz	186.000	95.000	281.000
Roland Sackers	111.000	55.000	166.000
Dr. Joachim Schorr	35.000	21.000	56.000
Bernd Uder	35.000	21.000	56.000
Annual Compensation	**367.000**	**192.000**	**559.000**

The Supervisory Board compensation for 2009 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$ 234.000 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 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						**465,0**

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 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**

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 2008**
Prof. Dr. Detlev H. Riesner	44,0	29,0	12,0	-	7,0	**92,0**
Dr. Werner Brandt	44,0	22,0	6,0	-	7,0	**79,0**
Dr. Metin Colpan	44,0	-	12,0	-	7,0	**63,0**
Erik Hornnaess	44,0	22,0	9,0	11,0	7,0	**93,0**
Prof. Dr. Manfred Karobath	44,0	-	12,0	7,0	7,0	**70,0**
Heino von Prondzynski	44,0	-	13,0	11,0	7,0	**75,0**
Supervisory Board compensation						**472,0**

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	1.389	3.486
Dr. Werner Brandt	1.389	3.486
Dr. Metin Colpan	1.389	3.486
Erik Hornnaess	1.389	3.486
Prof. Dr. Manfred Karobath	1.389	3.486
Heino von Prondzynski	1.389	3.486
Total long-term benefits December 31, 2008	**8.334**	**20.916**

9. Audit Fees

At our 2009 Annual General Meeting of Shareholders held on June 17, 2009, our shareholders appointed Ernst & Young Accountants LLP to serve as our auditors for the fiscal year ended December 31, 2009. Set forth below are the total fees billed (or expected to be billed), on a consolidated basis, by Ernst & Young Network:

	2009		**2008**	
(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	1.669	236	1.781	190
Other assurance services	594	13	452	47
Fees for tax services	66	0	51	0
Sundry services	120	0	0	0
Service fees to external auditors	**2.449**	**249**	**2.284**	**237**

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.

10. 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, 2009.

Venlo, the Netherlands,

April 29, 2010

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

Based on the Company's review, no events or transactions have occurred subsequent to December 31, 2009, that would have a material impact on the financial statements as presented.

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 alleges 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 has also filed a motion for preliminary injunction in which it asks 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. DxS filed its opposition to Roche's motion on March 5, 2010, and the hearing on the motion is scheduled for June 21, 2010. Given the early stage of this litigation, QIAGEN cannot predict the likely outcome and intends to vigorously pursue this matter.

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 view of all of the above, the Managing 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.

Venlo, April 29, 2010

QIAGEN N.V.

Peer M. Schatz Roland Sackers Bernd Uder Joachim Schorr

To: Shareholders, Supervisory Board and Management of Qiagen N.V., Venlo

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Qiagen N.V., Venlo, The Netherlands. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the statement of financial position as at December 31, 2009, the income statement, the statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company statement of financial position as at December 31, 2009, the company income statement and company statement of changes in equity for the year then ended and the notes thereto.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Managing Director's Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 consolidated 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, 2009, 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 Netherlands 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, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, April 26, 2010

Ernst & Young Accountants LLP

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