QIAGEN N.V., VENLO, THE NETHERLANDS

Annual Report 2007

CONTENTS

Report of the Supervisory Board

Managing Directors' Report

Corporate Governance Report

Financial Statements

Other Information

REPORT OF THE SUPERVISORY BOARD

Report of the Supervisory Board

To our Shareholders

The Supervisory Board thanks QIAGEN's Executive Committee and all our employees for their significant contributions to QIAGEN's success in 2007. In addition we also would like to thank our partners and customers for their commitment and their trust in QIAGEN as well.

2007 was an exciting year for the Company where we significantly increased our technology and market leadership in sample and assay technologies in all our customer segments. One of the most important milestones was the acquisition of Digene which significantly strengthen our position in molecular diagnostics and women's health. The successes reported in this annual report reflect how we further implemented our growth strategy which is based primarily on organic growth complemented by targeted acquisitions.

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, and human resources management.

In particular and as defined by the Dutch Corporate Governance Code, the Supervisory Board discussed the corporate strategy, the risks of the business and the result of the assessment by the Managing Board of the structure and operation of the internal risk management and control systems as well as any significant changes thereto.

In addition, the Supervisory Board discussed its current and desired profile, composition and competence as well as its performance and that of its individual members. 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. The conclusions of these discussions were also considered by the Selection and Appointment (Nomination) Committee and the Supervisory Board in the selection process for two new Supervisory Board members after the resignation of Dr. Wirtz and Dr. Hornef in 2007. We are very pleased that Dr. Brandt and Mr. von Prondzynski joined our Supervisory Board. The Supervisory Board is convinced that both new members, Dr. Brandt as a financial and healthcare expert and Mr. von Prondzynski with his expertise in the in vitro diagnostics and the pharmaceutical industry, will strengthen the compentence of the Supervisory Board in these areas significantly.

The Supervisory Board further 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. 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 include 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 of the Managing Board 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. Further detailed information on the composition of the Supervisory Board, 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 (page 53) which is an integral part of this Annual Report.

We are pleased to report and very high attendance at our meetings - none of the members of the Supervisory Board has been frequently absent from the Supervisory Board meetings in 2007. Because of the extraordinary size of the Digene acquisition, the Supervisory Board had several additional meetings on this matter. 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 Rules 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 2007 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 shareholders and has always placed the highest standards on its Corporate Governance principles. Since 1997, QIAGEN has endorsed the 40 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. It is the Company's policy to follow the guidelines of Good Practice of Corporate Governance as described in the 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 to legal frameworks, including Dutch Corporate Law, U.S. Federal Securities Law 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 2007 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 2007 are presented as prepared by the Managing Board, audited by Ernst & Young Accountants (Independent Registered Public Accounting Firm), and examined and approved by the Supervisory Board. We recommend that the Annual General Meeting adopts these financial statements, including allocation of profits to retained earnings.

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 26, 2008. 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 26, 2008.

Venlo, The Netherlands, April 2008

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

M A N A G I N G D I R E C T O R S ’ R E P O R T

MANAGING DIRECTORS' REPORT

Dear Shareholder,

2007 was a very exciting year for our Company. We have taken a great step forward to expand our leadership in sample and assay technologies and have not only further strengthened our position in life sciences, applied testing markets and the pharmaceutical industry, but have also become the top player in molecular diagnostics, which today accounts for almost 50% of our revenues.

We were pleased to report many successes in 2007, including new products, partnerships, acquisitions and expansions. All of these events added momentum to our growth by significantly increasing our capabilities to deliver outstanding innovations – to science and to people.

We are also proud that the consistent and focused execution of our strategy has resulted in industry-leading financial performance. We achieved consolidated net sales of US$ 650 million for the year ending December 31, 2007 – a 40% increase in net sales compared to 2006. Our innovation engine continues to deliver impressive performance and contributed already 4% to our organic revenue growth rate of 12%. Including charges, mainly related to the acquisition of Digene Corporation in July 2007, reported net income in 2007 increased slightly to US$ 74,4 million from US$ 73,3 million and diluted earnings per share decreased to US$ 0,43 from US$ 0,48 in 2006.

Our financial performance is a testimony to our dedicated work leveraging our strengths and capabilities in sample and assay technologies across all customer segments, ranging from research laboratories in academia, biotechnology companies and the pharmaceutical industry to the applied testing markets and human molecular diagnostics. Through our presence in all of these markets, QIAGEN's products play a vital role in the entire process of bringing innovations from laboratories to medical practice and in transforming ingenious ideas to practical applications which improve our lives and increase our safety.

QIAGEN spans the continuum from invention to healthcare, from science to people. Today, we are also closer to the patient than we ever were. Our strategic acquisition of Digene Corporation in 2007, which was the largest transaction in the history of QIAGEN, was a tremendously important step towards this end and a paradigm of our strategy of achieving market leadership in all customer segments for sample and assay technologies. This acquisition brought together two exciting positions in molecular diagnostics, QIAGEN's and Digene's. The two companies' global sales into molecular diagnostics were about the same size and ranked in about fourth and third position in their market, respectively. By combining these two franchises, we have built a fast-growing global leader in the extremely exciting area of molecular diagnostics.

Our value proposition for diagnostic laboratories, hospitals, physicians and patients is unique and very powerful. We market more than 100 molecular diagnostic tests, helping to detect and to fight a wide range of diseases and pathogens such as tuberculosis, human immunodeficiency virus (HIV) and, following the acquisition of Digene, also human papillomavirus (HPV). We continuously strive to further widen our panel and scope by developing new products and seeking regulatory approval from health authorities.

As a leader, we are taking a very active role in educating health professionals and individual patients about the benefits of molecular diagnostics. One such example is our test for high-risk strains of HPV, the primary cause of cervical cancer, a terrible disease to which approximately 300.000 women succumb every year. QIAGEN offers the only broadly validated HPV test approved by the US Food and Drug Administration (FDA), and currently we are developing a version of this test which is specially designed to allow women in areas with scarce healthcare resources to benefit from the advanced technology of HPV testing. We are actively marketing the benefits of this test through advocacy efforts, direct to consumer advertising and through our marketing and sales channels to health care professionals including doctors, laboratories and hospitals.

QIAGEN also continues to play a major role in the in the development of treatments of diseases. We supply our sample and assay technologies to all phases of drug discovery, development and post-launch marketing. Increasingly, sample and assay technologies are used in combination with the development or use of drugs, in order to select or monitor patients, increasing safety and at the same time enabling personalized medicine. Being able to interact and deliver at any stage of the drug development process, QIAGEN has an unrivalled value proposition for customers in the pharmaceutical industry. Today, even with personalized medicine still in its early stages, almost all major drug development programs are incorporating molecular sample and assay technologies. In 2007, we started to significantly expand our targeted efforts in this area and focused on solutions such as biological sample collection, storage and sample management systems, automation, development-targeted assays, the promotion of our pharmacogenomic assay portfolio and tailored service partnerships.

Likewise, significant improvements have been achieved in the area of applied testing. As a key driver of standardization in molecular biology, QIAGEN advanced the dissemination of its products into many application areas such as veterinary medicine, forensics, food testing and bio security. Today, QIAGEN’s products are used to screen and eradicate veterinary diseases, give access to evidence in criminal cases and trials, and test for biowarfare agents or the quality and safety of food or water.

Our presence in academic research is extremely important for all the above and we continue to focus on this market. While other customer segments might be growing more rapidly, this segment is still of high relevance for QIAGEN. It continuously challenges us to deliver state-of-the-art and the most reliable solutions in sample and assay technologies, forming the foundation for ongoing invention and innovation in all markets we serve.

Overall, once again a blend of innovation-driven organic growth, active partnering and highly synergistic acquisitions has proven to be a winning formula to achieve our growth targets and to outperform our industry. In 2007, QIAGEN launched 72 new products, entered into six collaborations and acquired two companies – Digene and eGene. These acquisitions were highly synergistic. The acquisition of Digene significantly expanded QIAGEN's leadership position in molecular diagnostics and women's health. The joint franchises link virology with oncology, thereby creating an exceptional platform to add next-generation and high-value molecular diagnostic products and strategically position the company for future growth.

eGene has developed a multi-channel sample preparation and analysis technology for nucleic acids based on capillary electrophoresis including an affordable and robust instrument designed for applications in the molecular diagnostic and research markets. This expertise was very attractive as an expansion of our sample and assay technologies. The instrument incorporates many capabilities into one convenient platform, integrating automatic sample loading, separation and data analysis. We expect such instruments to generate significant growth, as our customers increasingly demand automated solutions that replace tedious lab work, enable highly efficient workflows and reduce the risks for errors.

In 2007, QIAGEN further extended its automated solutions portfolio by introducing the QIAcube – a revolutionary platform allowing for the automated processing of virtually all our spin-column based sample technologies. Recognized with prestigious industry accolades such as the Association for Laboratory Automation (ALA) Best New Product and the Red Dot Design Awards, the QIAcube enjoys highest success among customers in low- to medium-throughput laboratories and has established itself as our best selling instrument ever. In January of 2008, the Company also announced the launch of QIAsymphony, the result of one of the largest R&D programs ever undertaken at QIAGEN. QIAsymphony is a novel, modular automated platform, designed to cover entire laboratory workflows from sample to result. The QIAsymphony platform offers a new level of flexibility, convenience and safety in automated processing of molecular sample and assay technologies in a broad spectrum of throughput settings. Its first module for sample preparation, QIAsymphony SP, was successfully launched and also won the ALA Innovation Award within days of being introduced.

As a global innovation and market leader in sample and assay technologies, QIAGEN is well positioned to fully capitalize on the tremendous growth and profit opportunities which continue to distinguish us from our industry. In 2008, we will increase our investments in talent, infrastructure and presence to further enhance our record of innovation and superior service that define our Company. Currently, more than 450 QIAGEN scientists work in research and development on over 220 different projects, which will add to our product portfolio and help to secure future growth.

We will also continue to expand our business into new geographic areas such as Asia, which is still one of the fastest growing regions for QIAGEN. In this effort, we not only strive to provide first-class service for our customers, but also to capitalize on the excellent research opportunities which abound in these markets. In late 2007 we entered a partnership with the investment management company Bio*One Capital to establish Dx Assays – one of the first Singapore based centers for assay development focusing on molecular diagnostics for infectious and genetic

diseases. This state-of-the-art research facility employs more than 30 scientists and is already fully operational. Overall, our business in Asia contributes approximately 11% to QIAGEN's total sales and is growing very rapidly.

I would like to thank you, our shareholders, for the continuous support and trust you have given QIAGEN in the past. I am pleased to report that we have very attractive value and growth opportunities in the future. The foundation of our success has been the dedicated work of our more than 2.600 employees in 18 different countries. Their ideas, passion and knowledge help QIAGEN to build on its leading position and to address future growth opportunities in a rapidly evolving industry.

I would also like to express my gratitude and respect for what each member of QIAGEN has accomplished this past year, and see it as one of our main tasks at QIAGEN to provide each person with the best possible working conditions in the industry. We take pride in being awarded the designation as one of the "Best Companies to Work For" in a number of contests.

However, the biggest reward for QIAGEN and our employees remains the "good confidence" that we can provide to people who know that everything possible has been done to ensure safety and health as a result of our work – Delivering Innovation – to Science and to People.

For us at QIAGEN this is a mission, an obligation and the basis for a great future!

Management Report for the Period from January 1, 2007, to December 31, 2007

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. Assay technologies are then used to make specific target biomolecules, such as the DNA of a specific virus, visible for subsequent analysis. Our products are considered standards in areas, such as pre-analytical sample preparation and assay solutions in research for life sciences, applied testing and molecular diagnostics.

We have developed more than 500 consumable products and automated solutions. We sell these products to academic research markets, leading pharmaceutical and biotechnology companies, and molecular diagnostics laboratories as well as customers in applied testing markets, 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 but not limited to the United States, Germany, the United Kingdom, Switzerland, France, Japan, Australia, Canada, Italy, and throughout Asia. We also have specialized independent distributors and importers. We employ more than 2.600 people in over 20 locations worldwide.

Since 2002, we have had a compound annual growth rate of approximately 17% 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 July 2007, we completed the acquisition of Digene Corporation (NASDAQ: DIGE) through a tender offer and subsequent merger of Digene with and into a wholly owned subsidiary of QIAGEN N.V. Following the completion of the merger, Digene became a wholly owned subsidiary of QIAGEN North American Holdings, Inc. and was subsequently renamed QIAGEN Gaithersburg, Inc. The merger combines our leading portfolio of sample and assay technologies, including a broad panel of molecular diagnostic tests, with Digene's leadership in HPV-targeted molecular diagnostic testing, creating a global leader in molecular diagnostics outside blood screening and viral load monitoring.
- In July 2007, we completed our acquisition of eGene, Inc. (OTCBB: EGEI) pursuant to which eGene became a wholly-owned subsidiary of QIAGEN North American Holdings, Inc. eGene is an early-stage company located in Irvine, California that has developed and is commercializing a patented sample separation and analysis technology based on capillary electrophoresis.
- In the fourth quarter of 2006, we completed the acquisition of Genaco Biomedical Products, Inc., located in Huntsville, Alabama. Genaco is an early-stage company applying a proprietary PCR-based multiplexing technology, Tem-PCR, to develop Templex™ molecular diagnostic tests. Multiplexing is a rapidly emerging segment in molecular diagnostics and is also highly synergistic with our portfolio of qPCR-based molecular diagnostic assays which in the segment of infectious disease diagnostics is considered to be the broadest in the world. In the fourth quarter of 2006, we also acquired former distributors PhileKorea Technology Inc., located in Daejeon, Korea, and ATC Health Products Ltd., located in Ankara, Turkey.
- In the second quarter of 2006, we completed the acquisitions of Gentra Systems, Inc., located in Minneapolis, Minnesota, Singapore-based Research Biolabs Pte. Ltd., and Research Biolabs Sdn Bhd, located in Malaysia. Gentra is a leading developer, manufacturer, and supplier of non-solid phase nucleic acid purification products, providing both consumables and automated platforms. The acquisition expands our position as a leading provider of preanalytical and molecular diagnostics solutions to research and diagnostic customers. The acquisition of Research Biolabs, previously our distributor, expands our direct presence in one of the most dynamic regions of our global business. Research Biolabs currently has sales and marketing teams in Singapore, Malaysia and Indonesia, and will also support market development in Thailand and Vietnam.

- During the first quarter of 2006, we completed two acquisitions. PG Biotech Co. Ltd. (PG Biotech) is a leading developer, manufacturer, and supplier of polymerase chain reaction (PCR)-based molecular diagnostic kits in China. The acquisition will support QIAGEN's position as a leading provider of molecular diagnostics solutions to OEM partners and customers in the rapidly growing Asian markets. We also acquired certain assets and operations from Diatech s.r.l., Jesi, Italy, which distributes products produced by artus Gesellschaft fur molekularbiologische Diagnostik und Entwicklung mbH, which we acquired in 2005, in Italy.

During 2005, we purchased the previously leased cGMP production facilities in Germany and began the planning for a new logistics center in Hilden, Germany. Construction on the new facility began in August 2006 and was completed in 2007.

In 2006, we closed our facilities in Oslo, Norway and Fremont, California, and commenced the relocation and closure of a facility in Canada. In 2007 we started the closure of a facility in Huntsville, Alabama.

In 2007, on a consolidated basis, operating income increased to US$ 115,1 million compared to the operating income of US$ 108,2 million in 2006. Our financial results include the contributions of our recent acquisitions, primarily Digene Corporation, as well as the costs related to the acquisitions and integrations, and costs related to the relocation and closure of certain of our facilities formerly located in Norway and North America. Our operating income was also impacted by growth in consumables and instrument product sales, both of which experienced growth of 40% during 2007.

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 and two subsidiaries located in Germany 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, 2007 and 2006. Further segment information can be found in Note 33 in the accompanying financial statements.

Income (Loss) from Operations (Excluding Other Income and Other Expense)

(US$)	2007	2006
North America	38.905.000	29.714.000
Germany	69.426.000	59.276.000
Switzerland	3.735.000	2.600.000
Asia	5.920.000	8.485.000
Rest of World	21.885.000	15.572.000
Corporate	(20.916.000)	(6.550.000)
	118.955.000	109.097.000
Intersegment elimination	(2.662.000)	(557.000)
	116.293.000	108.540.000

In 2007, operating income in North America increased compared to 2006. The United States experienced an increase in sales, however, operating expenses in the United States were also higher as a result of our recent acquisitions, in particular the third quarter 2007 acquisition of Digene, as well as integration and relocation efforts.

In Germany, operating income was higher in 2007 primarily due to an increase in sales partially offset by an increase in research and development expense as a result of intercompany transfers of technology and license agreements.

In Switzerland, the increase in operating income in 2007 compared to 2006 was primarily due to an increase in instrumentation sales as well as a decrease in research and development expense as a result of intercompany transfers of technology and license agreements.

The net decrease in operating income in our Asia segment is primarily due to decreases in operating income from our Japanese subsidiary which, during 2007, experienced lower gross margins as compared to 2006 as a result of intercompany transfer prices, partially offset by results in China and our new expansions in Korea and Singapore.

The operating income increase in our Rest of World segment is primarily due to increased sales in 2007 as compared to 2006 as resulting from acquisitions and organic growth.

Fiscal Year Ended December 31, 2007 compared to 2006

Net Sales

In 2007, net sales increased 40% to US$ 649,8 million compared to US$ 465,8 million in 2006. In 2007 compared to 2006, net sales in Germany increased 19%, net sales in Asia increased 41%, primarily driven by Singapore, China, and Korea, net sales in North America increased 53%, primarily due to the acquisition of Digene, and net sales in Rest of World increased 35%. The increase in sales in each of these regions was the result of an increase in our consumable and instrumentation products, which both experienced overall growth rates of 40% in 2007 as compared to 2006. The increase in consumable sales includes organic growth (12%), sales from our recently acquired businesses (22%), and the impact of foreign exchange rates (6%). During 2007, sales from our instrumentation products increased primarily due to the launch of our new QIAcube system. Sales of our other offerings, primarily services, which represented 1% of our 2007 net sales, increased 30% in 2007 as compared to 2006.

We regularly introduce new products in order to extend the life of our existing product lines as well as to address new market opportunities. During 2007, we introduced 72 new products, including innovative sample and assay technologies for research in the areas of epigenetics, gene expression, micro RNA, proteomics, RNAi, applied testing and molecular diagnostics as well as innovative platform solutions such as the QIAcube.

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. For the year ended December 31, 2007, as compared to 2006, using the 2006 foreign exchange rates for both periods, net sales would have increased approximately 34% as compared to the reported increase of 40%.

Gross Profit

Gross profit was US$ 433,1 million, or 67% of net sales, in the year ended December 31, 2007, as compared to US$ 318,5 million, or 68% of net sales, in 2006. The absolute dollar increase in 2007 compared to 2006 is attributable to the increase in net sales. The gross margin of 67% in 2007 as compared to the gross margin of 68% in 2006 reflects the impact of an increase in acquisition related costs and instrumentation sales, partially offset by the increase in consumable product sales.

During 2007, a total of US$ 2,8 million was expensed to acquisition-related costs within cost of sales. Included within this amount is approximately US$ 300,000 of inventory which has been written off as a result of the acquisitions as well as US$ 2,5 million related to the write-up of acquired inventory to fair market value as a result of a business combination. In accordance with purchase accounting rules, acquired inventory was recorded at fair market value and subsequently expensed as the inventory was sold.

In connection with our 2006 acquisitions, during the year ended December 31, 2006, we recorded a charge of US$ 2,0 million related to inventory which needed to be replaced with products suitable to the newly acquired technologies.

Further, 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$ 24,0 million in 2007 as compared to US$ 6,1 million in 2006. 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.

We experienced increased instrument sales in 2007, including sales of our new QIAcube instrument which began shipping in April 2007. Our instrumentation products have a lower gross margin than our consumable products, and fluctuations in the sales levels of these products can result in fluctuation in our gross margin when compared to the gross margin of another period. During both 2007 and 2006, instrumentation sales represented approximately 10% of our total sales.

Our consumable sales in 2007 represent approximately 90% of our total sales and increased 40% over sales in 2006. In 2007, the gross margin on our consumable products increased primarily as a result of product sales from our recently acquired businesses.

Research and Development

Research and development expenses increased 74% to US$ 56,3 million (9% of net sales) in 2007 compared to US$ 32,3 million (7% of net sales) in the same period of 2006. Our recent acquisitions of Digene and eGene, along with the acquisition of new technologies, have resulted in an increase in our research and development costs. As we continue to expand our research activities and product development capabilities, additional expense will be incurred related to research and development facility costs and the employees engaged in our research and development efforts. Additionally, our research and development costs are expected to increase as we incur costs in connection with obtaining 510(k) and CE approval of our assays. We have a strong commitment to research and development and anticipate that research and development expenses will continue to increase, perhaps significantly.

Sales and Marketing

Sales and marketing expenses increased 46% to US$ 172,6 million (27% of net sales) in 2007 from US$ 118,0 million (25% of net sales) in 2006. Sales and marketing expenses are primarily associated with personnel, commissions, advertising, trade shows, publications, freight and logistics expenses and other promotional expenses. The increase in sales and marketing expenses in 2007 as compared to 2006 is primarily due to our third quarter acquisition of Digene through which we acquired an additional 200 sales and marketing personnel. In addition the sales and marketing expenses include the costs of maintaining separate sales organizations addressing customers in industrial and academic research, applied testing and molecular diagnostics. We anticipate that sales and marketing costs will continue to increase along with new product introductions and continued growth in sales of our products.

General and Administrative

General and administrative expenses increased 49% to US$ 72,2 million (11% of net sales) in 2007 from US$ 48,6 million (10% of net sales) in 2006. General and administrative expenses primarily represent the costs required to support our administrative infrastructure which, except for the period following our restructuring, has continued to expand along with our growth. The increase in general and administrative expenses in 2007 is primarily the result of expenses related to our newly acquired subsidiaries in North America, Digene and eGene. In connection with the integration of the acquired companies, we aim to improve efficiency in general and administrative operations. We believe that over time the results of the integration activities will result in a decrease in our general and administrative expenses as a percentage of sales.

Acquisition, Integration and Related Costs

During 2007, we recorded costs of US$ 15,0 million, related to the integration of recently acquired subsidiaries in North America and Asia. These expenses relate primarily to the severance and other costs associated with the integrations. During 2007, a total of US$ 2,8 million was expensed to acquisition-related costs within cost of sales. As we further integrate the acquired companies, we expect to continue to incur acquisition, integration and related costs in 2008.

Costs related to acquisition and integration activities during 2006 totaled US$ 6,1 million, including US$ 1,0 million in severance and employee-related costs, US$ 2,5 million of costs related to acquisition integrations and US$ 2,6 million for the impairment of assets.

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 marketing expenses. Amortization expenses of intangible assets not acquired in a business combination are recorded within either the cost of sales, research and development or sales and marketing line items based on the use of the asset.

During 2007, the amortization expense on acquisition-related intangibles within operating expense increased to US$ 7,7 million compared to US$ 2,1 million in 2006. 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.

Relocation and Restructuring Costs

Relocation and restructuring costs amount to US$ 696.000 in 2007 (2006: US$ 4.943.000). These costs are primarily related to the restructuring of acquired businesses located in Norway and North America.

Non-Operating Income (Expense)

Non-operating expense was US$ 17,4 million in 2007 compared to non-operating expense of US$ 4,5 million in 2006. This increase in non-operating expense was mainly due to higher financial expense.

For the year ended December 31, 2007, financial income increased to US$ 19,5 million from US$ 16,4 million in 2006. The increase in financial income was primarily the result of an increase in interest rates. At December 31, 2007, we had US$ 348,5 million in cash and cash equivalents compared to US$ 430,9 million at December 31, 2006. The decrease in cash and cash equivalents is primarily due to the use of cash to acquire eGene and Digene during the third quarter of 2007.

Financial expense increased to US$ 40,3 million in 2007 compared to US$ 21,2 million in 2006. Interest costs relate to the US$ 500,0 million term loan obtained in July 2007 in connection with the Digene acquisition and the convertible loans. The increase in financial expense in 2007 as compared to 2006 is primarily due to the interest expense on the new term loan obtained in July 2007.

We recorded a gain from foreign currency transactions of US$ 2,0 million in 2007 as compared to a loss of US$ 660.000 in 2006. The gain or loss from foreign currency transactions reflects net effects from conducting business in different currencies.

In 2007, we recorded a net gain from equity method investees of US$ 1,3 million compared to US$ 1,0 million in 2006. The gain primarily represents our share of profits from our equity investment in PreAnalytiX. As previously disclosed, we intend to continue to make strategic investments in complementary businesses as the opportunities arise. During 2007, we entered into a joint venture with BioOne*Capital to establish Dx Assay Pte Ltd, one of the first centers in Singapore for assay development in which molecular diagnostics for infectious and genetic diseases will be developed. Accordingly, we may record losses on equity investments based on our ownership interest in such companies.

Provision for 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 2007 and 2006, our effective tax rate was 24%. Effective January 1, 2007, The Netherlands corporate tax rate decreased to 25,5% from 29,6%. In addition, our newer subsidiaries in Asia, including Singapore and Korea which joined the consolidated group in the later half of 2006, have lower tax rates of 18% and 27%, respectively. Thus, in 2007, an increasing portion of our pre-tax income is attributable to subsidiaries with lower effective tax rates as compared to 2006. In 2008, the German tax rate decreased to 30% from 39% which will positively impact our 2008 consolidated effective tax rate.

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, 2007 and 2006, we had cash and cash equivalents of US$ 348,5 million and US$ 430,9 million, respectively, and investments in current marketable securities of US$ 2,3 million and US$ 52,8 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. At December 31, 2007, cash and cash equivalents had decreased by US$ 82,4 million over December 31, 2006, primarily due to cash provided by operating activities of US$ 96,3 million and financing activities of US$ 483,2 million, offset by cash used in investing activities of US$ 659,7 million. As of December 31, 2007 and 2006, we had working capital of US$ 465,2 million and US$ 553,2 million, respectively.

Operating Activities. For the years ended December 31, 2007 and 2006, we generated net cash from operating activities of US$ 96,3 million and US$ 109,4 million, respectively. Cash provided by operating activities decreased in 2007 compared to 2006 primarily due to a decrease in accrued liabilities and an increase in accounts receivable. The decrease in accrued liabilities in 2007 primarily reflects payment of liabilities assumed in connection with the acquisitions, while the increase in accounts receivable reflects our increasing sales. Since we rely heavily on cash generated from operating activities to fund our business, a decrease in demand for our products, or significant technological advances of competitors would have a negative impact on our liquidity.

Investing Activities. Approximately US$ 659,7 million of cash was used in investing activities during 2007, compared to US$ 165,4 million during 2006. Investing activities during 2007 consisted principally of cash paid for the acquisitions of Digene and eGene, during the third quarter of 2007 along with purchases of property and equipment, partially offset by proceeds from the sale and purchases of marketable securities. In addition, during 2007 we invested in a joint venture with BioOne*Capital in Singapore to establish Dx Assay Pte Ltd for the development of infectious and genetic disease assays.

In the third quarter of 2006, we began construction of a new logistics center located in Germany. The new facility opened during 2007, and consists of approximately 61.000 square feet and cost approximately EUR 9,0 million. The new logistics facility along with future expansions and acquisitions may result in increased investing activities compared to prior periods.

In connection with certain acquisitions, we could be required to make additional contingent cash payments totaling up to US$ 27,1 million based on the achievement of certain revenue and operating results milestones as follows: US$ 10,1 million in 2008, US$ 4,0 million in 2009, and US$ 12,0 million payable in any 12 month period from now until 2010 if revenues exceed a certain amount and US$ 1,0 million payable upon the grant of certain patent rights. If paid, these contingent payments will be accounted for as additional cash paid for acquisitions.

Financing Activities. Financing activities provided US$ 483,2 million in cash for the year ended December 31, 2007, compared to US$ 295,5 million for 2006. Cash provided during the year was primarily due to proceeds from debt and the issuance of Common Shares in connection with our employee stock plans.

We have credit lines totaling US$ 165,3 million at variable interest rates, US$ 4.000 of which was utilized as of December 31, 2007. We also have capital lease obligations, including interest, in the amount of US$ 35,8 million, and carry US$ 950,0 million of long-term debt.

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 agreement. The lenders have agreed to make available to us an aggregate amount of US$ 750 million in the form of (1) a US$ 500 million term loan, (2) a US$ 100 million bridge loan, and (3) a US$ 150 million revolving credit facility. Under the agreement, the US$ 500 million term loan will mature in five years from the date of the agreement with an amortization schedule commencing on the second anniversary of the loan agreement. The US$ 150 million credit facility will also expire in five years from the date of the agreement. The US$ 100 million bridge loan was utilized and repaid within the third quarter of 2007. We used the proceeds of the term loan and the bridge loan to pay the cash component of the Digene acquisition consideration and the fees and expenses of the Digene offer and the merger. The revolving credit facility is available for general corporate purposes.

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 11,9 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. 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 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, 2007, was approximately US$ 277,8 million (December 31, 2006: US$ 200,0 million). The effective interest rate of the Notes amounts to 5,20%. The Company has reserved 11,9 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, 2007, was approximately US$ 395,2 million (December 31, 2006: US$ 316,5 million). The effective interest rate of the Notes amounts to 7,3%. The Company has reserved 15,0 million shares of common stock for issuance in the event of conversion.

At December 31, 2006, we had a note payable of EUR 30,0 million which bore interest at a variable interest rate of EURIBOR plus 0,75%, and was due in annual payments of EUR 5,0 million through June 2011, and a note payable of EUR 5,0 million which was due in June 2008. These notes were repaid in July 2007. In connection with the first quarter 2006 acquisition of PG Biotech, we acquired approximately US$ 3,1 million in short-term debt. The debt was due and paid in April 2006.

We expect that cash from financing activities will continue to be impacted by issuances of Common Shares in connection with our employee stock 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 as needed, will be sufficient to fund our planned operations and expansion during the coming year.

Employees

As of December 31, 2007, we employed 2.662 individuals, 17% of whom worked in research and development, 35% in sales, 24% in production/logistics, 9% in marketing and 15% in administration. In July 2007 we acquired Digene and approximately 500 employees as a result.

Country	R&D	Sales	Production	Marketing	Administration	Total
North America	108	333	263	91	128	923
Europe	334	338	314	116	206	1.308
Asia	19	227	64	14	50	374
Rest of World	0	27	9	8	13	57
Dec. 31, 2007	**461**	**925**	**650**	**229**	**397**	**2.662**

At December 31, 2006, we employed 1.954 individuals. None of our employees is represented by a labor union or subject to a collective bargaining agreement. Management believes that its relations with its 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

Managing Board

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 2007 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.

Year ended December 31, 2007	Annual Compensation			
Name	Fixed Salary	Variable Cash Bonus	Other (1)	Total
Managing Board:				
Peer M. Schatz	$1.059,000	$ 437.000	$ 11.000	$1.507.000
Roland Sackers	$ 452.000	$ 162.000	$ 53.000	$ 667.000
Dr. Joachim Schorr	$ 291.000	$ 122.000	$ 27.000	$ 440.000
Bernd Uder	$ 311.000	$ 121.000	$ 20.000	$ 452.000

(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. Amounts do not include the reimbursement of certain expenses relating to travel incurred at the request of QIAGEN or other reimbursements or payments that in total did not exceed the lesser of $50.000 or 10% of the total salary and bonus reported in 2007 for the officer.

Year ended December 31, 2007	Long-Term Compensation		
Name	Defined Contribution Benefit Plan	Stock Options	Restricted Stock Units
Managing Board:			
Peer M. Schatz	$ 80.000	114.551	318.175
Roland Sackers	$ 72.000	35.019	97.285
Dr. Joachim Schorr	$ 25.000	17.049	47.355
Bernd Uder	$ 47.000	17.276	47.986

Further details on the Remuneration Policy and its implementation during the fiscal year 2007 are disclosed in the Remuneration Report of the Compensation Committee which is published on the Company's website at www.qiagen.com.

Supervisory Board

The Supervisory Board compensation for 2007 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 US$ 15.000
- Additional compensation payable to members holding the following positions:
  - Chairman of the Supervisory Board US$ 10.000
  - Vice Chairman of the Supervisory Board US$ 5.000
  - Fee payable to each member of a committee US$ 2.500
  - Additional fee payable to a Chairman of a Committee US$ 5.000

Members of the Supervisory Board also receive US$ 1.000 for attending the General Meeting and US$ 1.000 for attending each meeting of the Supervisory Board (not to exceed US$ 5.000 in the aggregate). Members of the Audit Committee receive US$ 1.000 for attending each meeting of the Audit Committee (not to exceed US$ 5.000 in the aggregate).

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. In detail, the compensation of the Supervisory Board Members for 2007 consists of the following components:

Name	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Committee Membership	Variable Cash Bonus	Total
Supervisory Board:						
Prof. Dr. Detlev H. Riesner	$ 15.000	$ 15.000	$ 6.000	$ 2.500	$ 7.300	$ 45.800
Dr. Heinrich Hornef (1)	$ 7.500	$ 5.000	$ 6.000	$ 2.500	$ 3.700	$ 24.700
Dr. Metin Colpan	$ 15.000	—	$ 5.000	—	$ 7.300	$ 27.300
Dr. Franz A. Wirtz (1).....	$ 7.500	$ 2.500	$ 4.500	$ 2.500	$ 3.700	$ 20.700
Erik Hornnaess.....	$ 15.000	$ 5.000	$ 10.000	$ 6.250	$ 7.300	$ 43.550
Prof. Dr. Manfred Karobath	$ 15.000	—	$ 5.000	$ 2.500	$ 7.300	$ 29.800
Dr. Werner Brandt (1).....	$ 7.500	$ 2.500	$ 6.500	$ 1.250	$ 3.700	$ 21.450
Heino von Prondzynski (1)	$ 7.500	—	$ 4.500	$ 1.250	$ 3.700	$ 16.950

(1) Dr. Heinrich Hornef and Dr. Franz A. Wirtz decided not to stand for re-election for another term as Supervisory Board members in 2007. Dr. Werner Brandt and Mr. Heino von Prondzynski replaced Drs. Hornef and Wirtz on the Supervisory Board following our 2007 General Meeting of Shareholders.

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 2007, the following options or other share-based compensation were granted to the members of the Supervisory Board.

Year ended December 31, 2007	2007 Grants	
Name	Stock Options	Restricted Stock Units
Supervisory Board:		
Prof. Dr. Detlev H. Riesner	1.942	5.387
Dr. Heinrich Hornef	—	6.734
Dr. Metin Colpan	1.942	5.387
Dr. Franz A. Wirtz	—	6.734
Erik Hornnaess	1.942	5.387
Prof. Dr. Manfred Karobath	1.942	5.387
Dr. Werner Brandt	—	—
Heino von Prondzynski	—	—

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 2007 QIAGEN paid approximately US$ 471.000 to Dr. Colpan for scientific consulting services under this agreement.

Research and Development

By focusing our resources on our core expertise “Sample & Assay Technologies”, we can invest more in research and development than we believe is typical in our industry. Over 460 employees in research and development, who work in five centers of excellence on three different continents, constantly develop new applications that push the frontiers of science further. Rapid, proven innovation cycles promise fast introductions of new technologies which meet the needs of today’s labs. Our total research and development expenses in 2007 and 2006 were approximately US$ 56,3 million and US$ 32,3 million, respectively. We have fast, proven innovation cycles, with four percent of 2007 revenue growth stemming from new products launched in 2007. Our comprehensive intellectual property portfolio spans over 630 granted patents and more than 600 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.

From 2005 to 2007, the Company launched 170 new products, thereof 72 new sample and assay solution during 2007 including QIAGEN's miRNease FFPE kit – a tool to purify miRNA from FFPE tissue sections including laser capture microscopy samples and QIAGEN's miRNA assay technology that allows for the sensitive, specific and simultaneous detection of hundreds of different miRNAs as well as other RNAs from only one cDNA reaction.

We believe that improvements in instrumentation will strengthen our leadership position in the automation of pre-analytical processing applications and generate an increased demand for our consumable products.

In early 2007, we launched the QIAcube, a revolutionary automated sample processing platform for low- to medium-throughput applications. The QIAcube allows users to fully automate the processing of almost all QIAGEN consumable products that are used manually in over 40.000 laboratories throughout the world.

The EZ1 Advanced, launched in January 2008, builds on and extends the functionality of the well-established and highly successful BioRobot®EZ1. The improved workstation provides the convenience and reliability laboratories worldwide have come to depend on together with a new design and new functions – ensuring effortless data management and improved safety.

In early 2008, QIAGEN has further advanced this market through the launch of QIAsymphony SP as the first system of a novel modular automation platform intended to cover the entire workflow from sample to result. Currently, the system is designed to meet users' needs in the areas of applied testing, pharmaceutical and life science research.

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.

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 revenues increasing from US$ 263,8 million in 2001 to US$ 649,8 million in 2007. In 2007, we completed the construction of a new logistics facility in Germany. Additionally, we have made several acquisitions in the last few years, including our acquisition of Digene Corporation 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.

Our earlier expansion of facilities in Maryland and Germany added production capacity and increased fixed costs. These higher fixed costs will continue to be a cost of production in the future, and until we more fully utilize the additional capacity of the facilities, our gross profit will be negatively impacted. We have also upgraded our operating and financial systems and expanded 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 a number of companies, including our acquisition of Digene Corporation 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 business. Acquisitions, including our acquisition of Digene, expose us to the addition of new operating and other risks including the risks associated with the:

- assimilation of new technologies, operations, sites and personnel;
- application for and achievement of regulatory approvals or other clearances;
- diversion of resources from our existing business and technologies;
- inability to generate revenues to offset associated acquisition costs;
- inability to implement and maintain uniform standards and effective controls and procedures;
- inability to maintain relationships with employees and customers as a result of any integration of new management personnel;
- issuance of dilutive equity securities;
- incurrence or assumption of debt;
- additional expenses associated with future amortization or impairment of acquired intangible assets or potential businesses; or
- assumption of liabilities or exposure to 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 our markets. 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, 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 or achieve market acceptance. 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;
- scientists' 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.

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

Our success will depend 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, 2007, we owned 109 issued patents in the United States, 70 issued patents in Germany and 434 issued patents in other major industrialized countries. In addition, at December 31, 2007, we had 619 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 QIAGEN, 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 tend to lag behind actual discoveries by several months. Therefore, no assurance can be given that patents will issue from any patent applications that we own or license or if patents do issue, that the claims allowed will be sufficiently broad to protect our technology. In addition, no assurance can be given that any issued patents that we own or license will not be challenged, invalidated or circumvented, or that the rights granted thereunder will provide us competitive advantages. Further, as issued patents expire, we may lose some competitive advantage as others develop competing products and as a result, we may lose revenue.

Although we have the only fully commercialized and FDA-approved test for the detection of the human Papillomavirus (HPV), a significant portion of our HPV-related intellectual property is in the public domain, subject to patents that will begin to expire in the next few years or are not licensed to us on a sole and exclusive basis. As a result, we believe other companies are developing or may develop HPV detection tests in the next few years.

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.

Following our acquisition of Digene Corporation, we believe that revenue from sales of our HPV test product may represent as much as 20% 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 substantially all of our revenues for that product. If there is a significant reduction in sales of this product that is not replaced by revenues from new products or customers or an increase in revenues from existing products or customers, then it will have a significant adverse impact on our earnings. 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 we fail to diversify our product line and customer base for this product, we may 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 products and our ability to increase sales of HPV 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, in conjunction with Pap tests, independent of Pap tests, and in conjunction with the implementation of 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 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 frequently 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 are used because a well educated female population will work with their health care 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 endeavor, we may not be able to maintain or grow the market for HPV screening or maintain or increase our HPV test revenues.

Our products for the diagnosis of the presence of chlamydia and gonorrhea compete with other FDA-approved products that detect the presence of such infectious diseases. Our marketing activities focus on providing information regarding the accuracy and objective nature of these diagnostic tests, but such activities are time-consuming and expensive. We believe the best way to increase our revenues from these products is to educate laboratories and physicians about the ability to run such tests from the same patient sample collected for HPV testing. If we are not successful in executing our marketing strategy, we do not expect to significantly grow revenues from these products.

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 primary competition stems from traditional methods ("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, or "home-brew," molecular tests such as HPV tests. These tests, although not approved by the FDA or similar non-U.S. regulatory authorities, do offer an alternative to our products that could limit the laboratory customer base for our product. The success of our business depends in part on the continued conversion of current users of such traditional methods to our sample and assay technologies and products. There can be no assurance, however, as to how quickly such conversion will occur.

We also have experienced, and expect to continue to experience, increasing competition in various segments of our business from companies providing competitive pre-analytical products and other products competitive with our own. 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 seriously damaged 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 biotech 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 (NIH) and similar domestic and international 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 have encountered delays in receipt of some European reimbursement approvals and public health funding, which has impacted our ability to grow revenues in these markets.

Third-party payors are often reluctant to reimburse healthcare providers for the use of medical tests such as our HPV test products, that involve new technology. 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 QIAGEN products and consequently require overnight delivery of purchases. As such, we heavily rely on air cargo carriers such as DHL, FedEx and Panalpina. If overnight services are suspended or delayed and other delivery carriers 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 were 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. There can be no assurance that we will continue to be able to negotiate such collaborative arrangements on acceptable terms, or that any such relationships will be scientifically or commercially successful. In addition, there can be no assurance that we will be able to maintain such relationships or that our collaborative partners will not 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, and the United States, and our instrumentation facility is located in Switzerland. We also have established sales subsidiaries in numerous countries, including the United States, Germany, Japan, the United Kingdom, France, Switzerland, Australia, Canada, Austria, The Netherlands, Sweden, Italy, Hong Kong, Singapore, Turkey, Korea, Malaysia, China and Brazil. In addition, our products are sold through independent distributors serving more than 40 other countries. Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. We have invested heavily in computerized information systems in order to manage more efficiently the widely dispersed components of our operations. We use SAP as our business information system to integrate most of our North American, European and Japanese subsidiaries.

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 growing 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 risks, arising out of the economy, the political outlook and the 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, possible exchange controls, unstable governments, privatization actions 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 more exposure to such practices. Our activities in these countries create 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. However, our existing safeguards and any future improvements may prove to be less than 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 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 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:

- our marketing, sales and customer support efforts;
- our research and development activities;
- the expansion of our facilities;
- the consummation of possible future acquisitions of technologies, products or businesses;
- the demand for our products and services; and
- the refinancing of debt.

We currently anticipate that our short-term capital requirements will be satisfied by the results of operations. However, we have outstanding loan facilities at December 31, 2007 of approximately US$ 500,0 million, of which US$ 25,0 million will become due in July 2009, 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, 2007, we also had additional long-term debt obligations of US$ 450 million, of which US$ 150 million becomes due in July 2011 and US$ 300 million becomes due in November 2012. Furthermore, as of December 31, 2007, we have capital lease obligations, including the current portion, of US$ 35,8 million, that expire in various years through 2018. To the extent that our existing resources are insufficient to fund our activities, we may need to raise funds through public or private debt or equity financings. No assurance can be given that such additional funds will be available or, if available, can be obtained on terms acceptable to us. If adequate funds are not available, we may have to reduce expenditures for research and development, production or marketing, 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, 2007, our consolidated balance sheet reflected approximately US$ 1,1 billion of goodwill and approximately US$ 716 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 require 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 with a correlative effect on partners' equity and balance sheet leverage, as measured by debt to total capitalization.

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, among other things, could:

- 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 therefrom.

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 of our products in development may be dependent on commercial sales by us or by our customers of 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 of our products, especially 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), 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.

The key products and product candidates we acquired in our acquisition of Digene are medical devices subject to extensive regulation by the FDA under the Federal Food, Drug and Cosmetic Act. 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 previously performed by Digene (which are now performed by us), 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. With respect to our HPV test products, Digene was the first company to obtain approval of regulatory 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-market 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 also affect our ability to commercially distribute these products in the United States.

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 self, 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**,** there can be no assurance that product liability claims will not be brought against us. 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 our purposes. 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 venootschap) and we are organized as a holding company. Currently, our material assets are the outstanding shares of our subsidiaries. We, therefore, are 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 debt service obligations may adversely affect our cash flow.

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 among other things could:

- 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

Our Common Shares may have a volatile public trading price.

The market price of the Common Shares since our initial public offering in September 1996 has increased significantly and been highly volatile. In the last two fiscal years, the closing price of our Common Shares has ranged from a high of US$ 23,55 to a low of US$ 11,72 on the NASDAQ, and a high of EUR 16,24 to a low of EUR 9,55 on the Frankfurt Stock Exchange. In addition to overall stock market fluctuations, factors which may have a significant impact on the market price of the 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 the 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 as amended on October 11, 2007, 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, 2007, we had outstanding 195,3 million Common Shares plus 12,9 million additional shares subject to outstanding stock options and awards, of which 11,2 million were vested. A total of approximately 19,9 million Common Shares are reserved and available for issuances under our stock plans, including those shares subject to outstanding stock options and awards. The resale of Common Shares issued in connection with the exercise of certain stock options are subject to some restrictions. All 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 26,9 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 the outstanding Common Shares 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. They 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 the outstanding Common Shares. 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.

United States civil liabilities may not be enforceable against us.

We are incorporated under the laws of The Netherlands 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 and certain experts named herein 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 U.S. 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, officers or certain experts named herein 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, our officers or certain experts named herein 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, officers or experts, respectively.

Controls and Procedures

Our Managing Directors, with the assistance of other members of management, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as that term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended, within 90 days of the date of this report. Based on that evaluation, they concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in this report is recorded, processed, summarized and reported on a timely basis.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, no matter how well designed, such as the possibility of human error and the circumvention or overriding of the controls and procedures. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance of achieving their control objectives. In addition, any determination of effectiveness of controls is not a projection of any effectiveness of those controls to future periods, as those controls may become inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate.

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 risk management and control systems are adequate for the size and nature of QIAGEN’s business and effectively contribute to identify risk exposures. Regarding the operation of the internal risk management and control system reference is made to ‘Risk Management’ in the Corporate Governance Report.

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, 2007, we had outstanding 195,3 million Common Shares plus 12,9 million additional shares subject to outstanding stock options and awards, of which 11,2 million were vested. A total of approximately 19,9 million Common Shares are reserved and available for issuances under our stock plans, including those shares subject to outstanding stock options and awards. The resale of Common Shares issued in connection with the exercise of certain stock options are subject to some restrictions. All 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 26,9 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, 2007, 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		Percent Ownership (1)
FMR LLC, United States	28.386.926	(2)	14,53 %

(1) The percentage ownership was calculated based on 195.335.076 Common Shares issued and outstanding as of December 31, 2007.

(2) Of the 28.386.926 shares attributed to FMR LLC, it has sole voting power over 7.774.971 shares and sole dispositive power over all 28.386.926 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 15, 2007, which reported ownership as of December 31, 2007. FMR Corp. reported that it beneficially owned 18.425.233 shares representing 12,27% of the total Common Shares issued and outstanding at December 31, 2006 and 19.391.037 shares representing 13,06% of the total Common Shares issued and outstanding at December 31, 2005.

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 20, 2007 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 for an 18-month period from June 20, 2007 until December 20, 2008, without limitation against 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 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 effective as of October 11, 2007, 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. 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, or if the executive is terminated for reasons other than cause, as defined in those agreements. At December 31, 2007, the commitment under these agreements totaled US$ 15,3 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, or if the executive is terminated for reasons other than cause, as defined in those agreements. At December 31, 2007, the commitment under these agreements totaled US$ 15,3 million.

Subsequent Events

No events or transactions have occurred subsequently to December 31, 2007, that would have a material impact on the financial statements as presented.

Outlook

Nucleic acids and proteins play an increasingly important role in molecular biology and every single day, the commercial use of technologies based on nucleic acids disseminates into new applications and markets. 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 United States National Institutes of Health, or 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 infectious disease testing, prevalence testing in oncology and genetic testing as well as applied testing, such as forensics, veterinary diagnostics, testing of genetically modified organisms, or GMOs, and other food testing, quality control testing in drug discovery and development. In response to these opportunities, we are currently targeting our products and marketing activities to each of these markets.

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 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, 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 home-brew 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 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.

Molecular Diagnostics Market

We believe that the molecular diagnostics market represents a significant market for nucleic acid sample 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 (including HIV) by searching for their 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 the sequence in the sample must be amplified 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 initial test, 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, and reliability 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 platforms, such as real-time PCR or endpoint PCR, contain PCR reagents. Closed platforms, diagnostics with predefined targets, include Multiplexing and other pathogen detection assays. In order to broadly address the molecular diagnostics market, in May 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 expect molecular diagnostic tests 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. 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.

Applied Testing Market

We believe that emerging applied testing markets 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 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 2008

Peer M. Schatz
Chief Executive Officer

Corporate Governance Report

In the Netherlands, the Dutch Corporate Governance Code (the "Code") became effective on January 1, 2004. 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 a set of principles and a number of best practice provisions, creating a set of standards governing the conduct of the members of the Managing Board and the Supervisory Board and shareholders.

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 'Naamloze Vennootschap' ("N.V."), a Dutch limited liability company similar to a 'Corporation' (Inc.) in the United States. QIAGEN has a two-tier board structure. QIAGEN is managed by a Managing Board under the supervision of 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 manages QIAGEN and is responsible for 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.

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	42	Managing Director, Chief Executive Officer
Roland Sackers.....	39	Managing Director, Chief Financial Officer
Dr. Joachim Schorr.....	47	Managing Director, Senior Vice President, Re search and Development
Bernd Uder.....	50	Managing Director, Senior Vice President, Global Sales

* As of January 25, 2008

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 2007.

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 General Meeting up to and including the date of the 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, members of the Managing Board may be suspended (but not dismissed) by the Supervisory Board.

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 2007 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.

Year ended December 31, 2007	Annual Compensation			
Name	Fixed Salary	Variable Cash Bonus	Other (1)	Total
Managing Board:				
Peer M. Schatz	$1.059,000	$ 437.000	$ 11.000	$1.507.000
Roland Sackers	$ 452.000	$ 162.000	$ 53.000	$ 667.000
Dr. Joachim Schorr	$ 291.000	$ 122.000	$ 27.000	$ 440.000
Bernd Uder	$ 311.000	$ 121.000	$ 20.000	$ 452.000

(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. Amounts do not include the reimbursement of certain expenses relating to travel incurred at the request of QIAGEN or other reimbursements or payments that in total did not exceed the lesser of $50.000 or 10% of the total salary and bonus reported in 2007 for the officer.

Year ended December 31, 2007	Long-Term Compensation		
Name	Defined Contribution Benefit Plan	Stock Options	Restricted Stock Units
Managing Board:			
Peer M. Schatz	$ 80.000	114.551	318.175
Roland Sackers	$ 72.000	35.019	97.285
Dr. Joachim Schorr	$ 25.000	17.049	47.355
Bernd Uder	$ 47.000	17.276	47.986

Further details on the Remuneration Policy and its implementation during the fiscal year 2007 are disclosed in the Remuneration Report of the Compensation Committee which is published on the Company's website at www.qiagen.com.

Supervisory Board

The Supervisory Board supervises the policies of the Managing Board, the general course of QIAGEN's affairs 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 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.

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 2007, neither QIAGEN nor its Supervisory Board members have entered into any such transactions.

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 General Meeting up to and including the date of the 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	66	Chairman of the Supervisory Board, Supervisory Director and Chairman of the Selection and Appointment Committee
Dr. Metin Colpan	52	Supervisory Director
Erik Hornnaess	70	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	67	Supervisory Director and Member of the Compensation Committee
Dr. Werner Brandt	54	Supervisory Director and Chairman of the Audit Committee
Heino von Prondzynski	58	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 and Managing 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, 66, is a co-founder of the Company. He has been on the Company’s Supervisory Board since 1984 and was appointed Chairman of the Supervisory Board in 1999. Professor Riesner has held the Chair of Biophysics at the Heinrich-Heine-University in Düsseldorf since 1980 and retired in 2007. In 1996, he was also appointed to the position of Vice President of Research, and from 1999 until 2007, he was Director of Technology at the University of Düsseldorf. 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 New Lab Bioquality AG, Erkrath, AC Immune S.A., Lausanne, Neuraxo GmbH, Düsseldorf and Direvo AG, Köln. Professor Riesner is also a member of the scientific advisory boards of the Friedrich-Loeffler-Institut, Isle of Riems, and PrioNet, Canada.

Dr. Metin Colpan, 52, is a co-founder of the Company and was Chief Executive Officer and a Managing Director from 1985 through 2003. Dr. Colpan obtained his Ph.D. and M.Sc. 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, GPC Biotech 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.

Erik Hornnaess, 70, has been a member of the Supervisory Board since 1998, joined the Audit Committee in 2002 and the Compensation Committee in 2005. 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, 67, has been a member of the Supervisory Board since 2000. 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. Dr. Karobath also serves as a member of the board of directors of Coley Pharmaceutical Group.

Dr. Werner Brandt, 54, joined the Company's Supervisory Board in 2007 and was appointed Audit Committee Chairman. 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 LSG Lufthansa Service Holding AG, Neu-Isenburg, Germany and SAP Systems Integration AG, Dresden, Germany.

Heino von Prondzynski, 58, joined the Company's Supervisory Board as well as the Audit Committee in 2007. Mr. von Prondzynski retired in 2005 from Roche (SWX: RO) 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 BBMedtech, Koninklijke Philips Electronics NV and Epigenomics.

Professor Dr. jur. Carsten P. Claussen, 80, 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. At present, he is a partner in the law firm of Hoffmann Liebs Fritsch and Partner and specializes in corporate law and capital market transactions. He is Chairman of the Board of Flossbach & v. Storch Vermögensmanagement AG, Cologne; and WAS Worldwide Analytical Systems AG, Cleve and is a member of other boards. Professor Claussen received his Ph.D. in law from the University of Cologne.

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 operate. The charters are published on QIAGEN's website.

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 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 six times in fiscal year 2007, 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; 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. 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.

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 consists of two members: Mr. Hornnaess (Chairman) and Professor Karobath. Members are appointed by the Supervisory Board and serve for a term of one year. The Compensation Committee met 13 times in fiscal year 2007. 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.

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 and the functioning of their individual members. The Selection and Appointment Committee is chaired by Professor Riesner with Mr. Hornnaess acting as vice chairman. The other members are individually involved on a case-by-case basis. The Selection and Appointment Committee did not convene in 2007 as there had been numerous discussions and meetings in 2006 which led to the appointment of Dr. Brandt and Mr. von Prondzynski as new members of the Supervisory Board.

The Supervisory Board compensation for 2007 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 US$ 15.000
- Additional compensation payable to members holding the following positions:
    - Chairman of the Supervisory Board US$ 10.000
    - Vice Chairman of the Supervisory Board US$ 5.000
    - Fee payable to each member of a committee US$ 2.500
    - Additional fee payable to a Chairman of a Committee US$ 5.000

Members of the Supervisory Board also receive US$ 1.000 for attending the General Meeting and US$ 1.000 for attending each meeting of the Supervisory Board (not to exceed US$ 5.000 in the aggregate). Members of the Audit Committee receive US$ 1.000 for attending each meeting of the Audit Committee (not to exceed US$ 5.000 in the aggregate).

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. In detail, the compensation of the Supervisory Board Members for 2007 consists of the following components:

Name	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Committee Membership	Variable Cash Bonus	Total
Supervisory Board:						
Prof. Dr. Detlev H. Riesner	$ 15.000	$ 15.000	$ 6.000	$ 2.500	$ 7.300	$ 45.800
Dr. Heinrich Hornef (1)	$ 7.500	$ 5.000	$ 6.000	$ 2.500	$ 3.700	$ 24.700
Dr. Metin Colpan	$ 15.000	—	$ 5.000	—	$ 7.300	$ 27.300
Dr. Franz A. Wirtz (1).....	$ 7.500	$ 2.500	$ 4.500	$ 2.500	$ 3.700	$ 20.700
Erik Hornnaess.....	$ 15.000	$ 5.000	$ 10.000	$ 6.250	$ 7.300	$ 43.550
Prof. Dr. Manfred Karobath	$ 15.000	—	$ 5.000	$ 2.500	$ 7.300	$ 29.800
Dr. Werner Brandt (1).....	$ 7.500	$ 2.500	$ 6.500	$ 1.250	$ 3.700	$ 21.450
Heino von Prondzynski (1)	$ 7.500	—	$ 4.500	$ 1.250	$ 3.700	$ 16.950

(1) Dr. Heinrich Hornef and Dr. Franz A. Wirtz decided not to stand for re-election for another term as Supervisory Board members in 2007. Dr. Werner Brandt and Mr. Heino von Prondzynski replaced Drs. Hornef and Wirtz on the Supervisory Board following our 2007 General Meeting of Shareholders.

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 2007, the following options or other share-based compensation were granted to the members of the Supervisory Board.

Year ended December 31, 2007	2007 Grants	
Name	Stock Options	Restricted Stock Units
Supervisory Board:		
Prof. Dr. Detlev H. Riesner	1.942	5.387
Dr. Heinrich Hornef	—	6.734
Dr. Metin Colpan	1.942	5.387
Dr. Franz A. Wirtz	—	6.734
Erik Hornnaess	1.942	5.387
Prof. Dr. Manfred Karobath	1.942	5.387
Dr. Werner Brandt	—	—
Heino von Prondzynski	—	—

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 2007 QIAGEN paid approximately US$ 471.000 to Dr. Colpan for scientific consulting services under this agreement.

Share Ownership

The following table sets forth certain information as of January 25, 2008 concerning the ownership of Common Shares by the members of the Managing Board and the Supervisory Board. In preparing the following table, we have relied on information furnished by such persons.

Name and Country of Residence	Shares Beneficially Owned (1)	Percent Ownership (2)
Peer M. Schatz, Germany	1.482.064(3)	*
Roland Sackers, Germany	0(4)	*
Dr. Joachim Schorr, Germany	0(5)	*
Bernd Uder, Germany	0(6)	*
Prof. Dr. Detlev H. Riesner, Germany	1.952.068(7)	1.00%
Dr. Metin Colpan, Germany	6.342.025(8)	3.25%
Erik Hornnaess, Spain	10.000(9)	*
Professor Dr. Manfred Karobath, UK	0(10)	*
Dr. Werner Brandt, Germany	800	*
Heino von Prondzynski	—	*

* Indicates that the person beneficially owns less than 1% of the Common Shares issued and outstanding as of January 25, 2008.

(1) The number of Common Shares issued and outstanding as of January 25, 2008 was 195.496.779. 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, 2008. 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 2.398.059 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$ 20,563 per share. Options expire in increments during the period between May 2009 and February 2017.

(4) Does not include 347.598 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$ 10,610 to US$ 20,563 per share. Options expire in increments during the period between September 2009 and February 2017.

(5) Does not include 207.127 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$ 8,940 to US$ 17,900 per share. Options expire in increments during the period between October 2011 and February 2017.

(6) Does not include 125.758 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$ 20,563 per share. Options expire in increments during the period between March 2011 and February 2017.

(7) Does not include 90.667 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$ 20,563 per share. Options expire in increments during the period between January 2010 and April 2017. Prof. Riesner also has the option to purchase 82.302 Common Shares through Thomé Asset Management & Controlling. Includes 1.952.068 shares held by Riesner Verwaltungs GmbH, of which Professor Riesner is the sole stockholder.

(8) Does not include 976.150 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$ 20,563 per share. Options expire in increments during the period between May 2009 and April 2017. Includes 5.088.000 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 330.566 Common Shares through Thomé Asset Management & Controlling.

(9) Does not include 112.000 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$ 20,563 per share. Options expire in increments during the period between January 2009 and April 2017.

(10) Does not include 90.000 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$ 20,563 per share. Options expire in increments during the period between January 2010 and April 2017.

The following table sets forth the vested and unvested options of the Managing Board and Supervisory Board members as of January 25, 2008:

Name	Total Vested Options	Total Unvested Options	Expiration Dates	Exercise Prices	Total Unvested Stock Awards
Peer M. Schatz.....	2.359.876	114.551	5/2009 to 2/2017	$ 4,590 to $20,563	318.175
Roland Sackers.....	347.598	23.346	9/2009 to 2/2017	$ 10,610 to $20,563	97.285
Dr. Joachim Schorr.	201.444	17.049	10/2011 to 2/2017	$ 8,940 to $17,900	47.355
Bernd Uder	120.000	17.276	3/2011 to 2/2017	$ 11,985 to $20,563	47.986
Prof. Dr. Detlev H. Riesner.....	90.667	1.942	1/2010 to 4/2017	$ 6,018 to $20,563	5.387
Dr. Metin Colpan....	976.150	1.942	5/2009 to 4/2017	$ 6,018 to $20,563	5.387
Erik Hornnaess	112.000	1.942	1/2009 to 4/2017	$ 6,018 to $20,563	5.387
Prof. Dr. Manfred Karobath	90.000	1.942	1/2010 to 4/2017	$ 6,018 to $20,563	5.387

Shareholders

Our shareholders exercise their voting rights through the General Meeting. Resolutions are adopted by the General Meeting by an absolute majority of votes cast, unless a different majority of votes or quorum is required by Dutch law or our Articles of Association. At the General Meeting, each share confers the right to cast one vote, unless the law or the Articles of Association provide otherwise.

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.

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 at the General Meeting, based on a nomination drawn up by the Supervisory Board. 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.

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. The Company had approximately 18,1 million shares of common stock reserved and available for issuance under this plan at December 31, 2007.

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 1,8 million shares of common stock reserved and available for issuance under these plans at December 31, 2007.

Stock Options

During the year ended December 31, 2007 the Company granted 379.598 stock options. A summary of the status of the Company's employee stock options as of December 31, 2007 and changes during the year then ended is presented below:

All Employee Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2007	11.716.539	$ 13,427		
Assumed in acquisition	4.139.854	$ 9,238		
Granted	379.598	$ 17,012		
Exercised	(4.551.655)	$ 9,289		
Forfeited and cancelled	(321.695)	$ 15,162		
Outstanding at December 31, 2007	11.362.641	$ 13,633	5.31	$ 97.059.373
Exercisable at December 31, 2007	10.865.363	$ 13,494	5.14	$ 94.879.323
Vested and expected to vest at December 31, 2007	11.330.389	$ 13,622	0.05	$ 96.919.786

In connection with the acquisition of Digene Corporation, the Company assumed Digene's equity plans and exchanged Digene's stock options into 4.139.854 stock options in the Company's common stock.

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 on a straight-line basis over the period of vesting. A summary of the Company's restricted stock units as of December 31, 2007 and changes during the year are presented below:

Restricted Stock Units	Restricted Stock Units	Weighted Average Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2007	—		
Granted	864.855		
Assumed in acquisition	857.445		
Vested	(127.273)		
Forfeited and cancelled	(9.469)		
Outstanding at December 31, 2007	1.585.558	3,85	$ 33.375.996
Vested and expected to vest at December 31, 2007	1.458.865	2,89	$ 30.709.108

In connection with the acquisition of Digene Corporation, the Company assumed Digene's equity plans and exchanged Digene's awards into 857.445 restricted stock units of the Company's common stock.

Risk Management

The Company has identified various risk factors for its business which are set forth in detail in the 2007 Managing Directors' 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.

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.

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 Company granted an option to a Foundation (Stichting) 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.

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.

Nonapplication 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.2.1 recommends that options to acquire shares are a conditional remuneration component and become unconditional only when the management board members have fulfilled predetermined performance criteria after a period of at least three years from the grant date. Further, best practice provision II.2.2 provides that if a company grants unconditional options to management board members, it shall apply performance criteria.

   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 "performance criteria" that must be fulfilled for these options.

3. Best practice provision II.2.3 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. Best practice provision II.2.6 recommends that the supervisory board shall draw up regulations concerning ownership of and transactions in securities in Dutch listed companies by management board members, other than securities issued by their 'own' company. The regulations shall be posted on the company's website. A management board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Dutch listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A management board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.

   Since QIAGEN is a company which is not listed in The Netherlands we do not see a conflict with potential trades by 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 Managing Board members in QIAGEN shares the compliance of which we consider sufficient.

5. Pursuant to best practice provision II.2.7 the maximum remuneration in the event of dismissal of a management board member is 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), our Managing Directors 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.

6. Best practice provision III.7.1 recommends that a supervisory board member should 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 granted restricted stock units also. 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.

7. Best practice provision III.7.3 recommends that the supervisory board shall adopt a set of regulations containing rules governing ownership of and transactions in securities by supervisory board members, other than securities issued by their 'own' company. The regulations shall be posted on the company's website. A supervisory board member shall give periodic notice, but in any event at least once a quarter, of any changes in his holding of securities in Dutch listed companies to the compliance officer or, if the company has not appointed a compliance officer, to the chairman of the supervisory board. A supervisory board member who invests exclusively in listed investment funds or who has transferred the discretionary management of his securities portfolio to an independent third party by means of a written mandate agreement is exempted from compliance with this last provision.

   See our statement in item 1 above to best practice provision II.2.6.

8. Pursuant to best practice provision IV.1.1, 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, although the company may require a quorum of at least one third of the voting rights outstanding for such vote to have force. If such quorum is not represented, but a majority of those in attendance votes in favour of the proposal, a second meeting may be convened and its vote will be binding, even without a one-third quorum.

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

9. 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. All of QIAGEN´s shares are registered shares and all shareholders are welcome to a shareholders 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 meeting 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 4.2.3 paragraph 3

In particular, company stocks with a multi-year blocking period, stock options or comparable instruments (e.g. phantom stocks) serve as variable compensation components with long-term incentive effect and risk elements. Stock options and comparable instruments shall be related to demanding, relevant comparison parameters. Changing such performance targets or comparison parameters retroactively shall be excluded. For extraordinary, unforeseen developments a possibility of limitation (Cap) shall be agreed for 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.

2. Item 5.4.3 paragraph 1

Elections to the Supervisory Board shall be made on an individual basis.

Pursuant to QIAGEN's Articles of Association, the members of its Supervisory Board stand for election every year. This is different to German Stock Corporations, where members of the Supervisory Board are appointed for a period of up to five years. Due to this difference between German and Dutch corporate law, we consider the election of Supervisory Board members on an individual basis as not appropriate for QIAGEN.

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

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	Notes	December 31, 2007 US$	December 31, 2006 US$
Assets			
Current Assets:			
Cash and cash equivalents	(12)	348.468.000	430.871.000
Current available-for-sale assets	(13)	2.313.000	52.782.000
Notes receivable		5.139.000	4.247.000
Trade accounts receivable	(14)	136.707.000	80.429.000
Inventories	(15)	88.346.000	64.085.000
Income taxes receivable		10.696.000	2.901.000
Prepaid expenses and other current assets	(16)	29.104.000	24.906.000
Total current assets		620.773.000	660.221.000
Non-Current Assets:			
Property, plant and equipment	(17)	271.483.000	214.410.000
Goodwill	(18)	1.120.374.000	149.816.000
Intangible assets	(19)	714.760.000	153.971.000
Non-current available-for-sale assets	(13)	4.000.000	6.801.000
Deferred income taxes	(11)	126.282.000	37.223.000
Investments in equity-accounted investees	(20)	5.806.000	3.169.000
Other non-current assets		7.395.000	8.761.000
Total non-current assets		2.250.100.000	574.151.000
Total assets		2.870.873.000	1.234.372.000
Liabilities and Shareholders' Equity			
Current Liabilities:			
Line of credit		4.000	0
Current financial debts	(21)	2.044.000	8.642.000
Current finance lease obligations	(27)	2.769.000	823.000
Trade accounts payable		40.379.000	23.249.000
Provisions	(22)	5.714.000	5.017.000
Income taxes payable		13.098.000	14.142.000
Accrued expenses and other current liabilities	(23)	91.607.000	55.169.000
Total current liabilities		155.615.000	107.042.000
Non-Current Liabilities:			
Non-current financial debts	(21)	875.044.000	403.547.000
Non-current finance lease obligations	(27)	33.017.000	12.009.000
Deferred income taxes	(11)	272.347.000	62.129.000
Other non-current liabilities		8.309.000	5.725.000
Total non-current liabilities		1.188.717.000	483.410.000
Shareholders' Equity Attributable to Equity Holders of the Parent:	(24)		
Common shares, EUR 0,01 par value: Authorized--410.000.000 shares Issued and outstanding--195.335.076 shares in 2007 and 150.167.540 shares in 2006		2.175.000	1.535.000
Share premium		1.099.110.000	327.226.000
Retained earnings	(25)	347.683.000	273.312.000
Other reserves		2.124.000	1.114.000
Cumulative foreign currency translation adjustments		74.896.000	40.733.000
Total shareholders' equity attributable to equity holders of the parent		1.525.988.000	643.920.000
Minority interest		553.000	0
Total equity		1.526.541.000	643.920.000
Total liabilities and shareholders' equity		2.870.873.000	1.234.372.000

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

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

	Notes	Year ended December 31, 2007 US$	Year ended December 31 2006 US$
Revenues	(5)	649.774.000	465.778.000
Cost of sales		(213.872.000)	(145.257.000)
Cost of sales-restructuring related		(2.839.000)	(2.046.000)
Gross profit		433.063.000	318.475.000
Operating Expenses:			
Research and development		(56.348.000)	(32.306.000)
Sales and marketing		(172.569.000)	(118.028.000)
General and administrative		(72.166.000)	(48.597.000)
Acquisition, integration and related costs	(4)	(14.991.000)	(6.061.000)
Relocation and restructuring costs	(7)	(696.000)	(4.943.000)
Other income		1.189.000	602.000
Other expense		(2.364.000)	(966.000)
Total operating expenses		(317.945.000)	(210.299.000)
Income from operations		115.118.000	108.176.000
Non-Operating Income (Expense):			
Financial income	(8)	19.540.000	16.424.000
Financial expense	(8)	(40.253.000)	(21.227.000)
Foreign currency gains (losses), net	(8)	2.019.000	(660.000)
Gain (loss) from investments in equity-accounted investees	(20)	1.276.000	981.000
Total non-operating income (expense)		(17.418.000)	(4.482.000)
Income before income taxes		97.700.000	103.694.000
Income taxes	(11)	(23.280.000)	(30.381.000)
Profit for the year		74.420.000	73.313.000
Profit attributable to			
Equity holders of the parent		74.371.000	73.313.000
Minority interest		49.000	0
		74.420.000	73.313.000
Weighted average number of common shares			
- basic	(3)	168.457.000	149.504.000
- diluted	(3)	172.173.000	152.139.000
Earnings per common share			
- basic	(3)	0,44	0,49
- diluted	(3)	0,43	0,48

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

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Common Shares Shares	Common Shares Amount US$	Share Premium US$	Retained Earnings US$	Other Reserves US$	Cumulative Foreign Currency Translation Adjustments US$	Minority Interest US$	Total US$
BALANCE - December 31, 2005		148.455.864	1.513.000	265.143.000	199.999.000	1.096.000	15.505.000	0	483.256.000
Unrealized loss, net on forward contracts	(30)	0	0	0	0	(539.000)	0	0	(539.000)
Realized loss, net on forward contracts	(30)	0	0	0	0	2.122.000	0	0	2.122.000
Unrealized loss, net on marketable securities	(13)	0	0	0	0	(1.565.000)	0	0	(1.565.000)
Translation adjustment		0	0	0	0	0	25.228.000	0	25.228.000
Total income and expense for the year directly recognized in equity		0	0	0	0	18.000	25.228.000	0	25.246.000
Profit for the year		0	0	0	73.313.000	0	0	0	73.313.000
Total income and expense for the year		0	0	0	73.313.000	18.000	25.228.000	0	98.559.000
Issue of convertible debt	(21)	0	0	41.540.000	0	0	0	0	41.540.000
Stock issued for Genaco Biomedical Products, Inc. acquisition	(4)	125.000	2.000	1.846.000	0	0	0	0	1.848.000
Common stock issuances under employee stock plans		1.586.676	20.000	10.986.000	0	0	0	0	11.006.000
Tax benefit of employee stock plans		0	0	7.385.000	0	0	0	0	7.385.000
Share-based payments	(26)	0	0	326.000	0	0	0	0	326.000
BALANCE - December 31, 2006		**150.167.540**	**1.535.000**	**327.226.000**	**273.312.000**	**1.114.000**	**40.733.000**	0	**643.920.000**
Unrealized gain, net on forward contracts	(30)	0	0	0	0	903.000	0	0	903.000
Realized loss, net on forward contracts	(30)	0	0	0	0	611.000	0	0	611.000
Unrealized loss, net on marketable securities	(13)	0	0	0	0	(503.000)	0	0	(503.000)
Realized gain, net on marketable securities	(13)	0	0	0	0	(1.000)	0	0	(1.000)
Translation adjustment		0	0	0	0	0	34.163.000	0	34.163.000
Total income and expense for the year directly recognized in equity		0	0	0	0	1.010.000	34.163.000	0	35.173.000
Profit for the year		0	0	0	74.371.000	0	0	49.000	74.420.000
Total income and expense for the year		0	0	0	74.371.000	1.010.000	34.163.000	49.000	109.593.000
Acquisition of minority interest		0	0	0	0	0	0	504.000	504.000
Stock issued for the acquisition of eGene Inc.	(4)	870.444	12.000	15.893.000	0	0	0	0	15.905.000
Stock issued for the acquisition of Digene Corp.	(4)	39.618.164	563.000	660.268.000	0	0	0	0	660.831.000
Equity awards issued in connection with the acquisition of Digene Corp.	(4)	0	0	33.212.000	0	0	0	0	33.212.000
Proceeds from subscription receivables		0	0	675.000	0	0	0	0	675.000
Common stock issuances under employee stock plans		4.678.928	65.000	42.217.000	0	0	0	0	42.282.000
Tax benefit of employee stock plans		0	0	9.773.000	0	0	0	0	9.773.000
Share-based payments	(26)	0	0	9.846.000	0	0	0	0	9.846.000
BALANCE - December 31, 2007		**195.335.076**	**2.175.000**	**1.099.110.000**	**347.683.000**	**2.124.000**	**74.896.000**	**553.000**	**1.526.541.000**

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

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2007 US$	Year ended December 31, 2006 US$
Cash Flows From Operating Activities:			
Net income		74.420.000	73.313.000
Adjustments to reconcile net income to net cash provided by operating activities, net of effects of businesses acquired:			
Depreciation and amortization	(17/19)	69.542.000	31.958.000
Acquisition and restructure costs		2.839.000	4.745.000
Capitalization of development expenses and purchased in-process research and development		(13.472.000)	(10.383.000)
Provision for losses on accounts receivable		1.807.000	378.000
Deferred income taxes		2.645.000	11.457.000
Stock option expenses	(26)	9.847.000	326.000
(Gain) loss on disposition of property and equipment		1.566.000	1.262.000
(Gain) loss on investments in equity-accounted investees	(20)	(1.276.000)	(981.000)
Other		0	500.000
(Increase) decrease in:			
Notes receivable		(572.000)	346.000
Accounts receivable		(20.806.000)	(3.621.000)
Income taxes receivable		(7.598.000)	(5.385.000)
Inventories		(8.738.000)	(4.202.000)
Prepaid expenses and other assets		(4.590.000)	940.000
Other assets		(2.083.000)	362.000
Increase (decrease) in:			
Accounts payable		1.513.000	2.162.000
Accrued and other liabilities		(23.863.000)	2.426.000
Income taxes payable		12.597.000	682.000
Other liabilties		2.536.000	3.090.000
Net cash provided by operating activities		96.314.000	109.375.000
Cash Flows From Investing Activities:			
Purchases of property, plant and equipment		(34.492.000)	(28.995.000)
Proceeds from sale of equipment		715.000	1.256.000
Purchases of intangible assets		(24.122.000)	(6.358.000)
Purchases of investments in equity-accounted investees and available-for-sale financial assets		(747.000)	0
Collections of note receivable in connection with disposed synthetic DNA business unit		5.106.000	652.000
Purchases of marketable securities		(45.444.000)	(56.606.000)
Sales of marketable securitities	(13)	299.005.000	20.000.000
Cash paid for acquisitions, net of cash acquired	(4)	(859.692.000)	(95.379.000)
Net cash used in investing activities		(659.671.000)	(165.430.000)
Cash Flows From Financing Activities:			
Proceeds from debt		780.018.000	295.022.000
Repayments of debt		(337.811.000)	(9.825.000)
Principal payments on finance leases		(1.979.000)	(745.000)
Proceeds from subscription receivable		675.000	0
Issuance of common shares		42.282.000	11.006.000
Net cash provided by financing activities		483.185.000	295.458.000
Effect of exchange rate changes on cash and cash equivalents		(2.231.000)	(510.000)
Net increase (decrease) in cash and cash equivalents		(82.403.000)	238.893.000
Cash and Cash Equivalents, beginning of year		430.871.000	191.978.000
Cash and Cash Equivalents, end of year		348.468.000	430.871.000
Supplemental Cash Flow Disclosures:			
Cash paid for interest		9.231.000	11.244.000
Cash received for interest		19.540.000	16.002.000
Cash paid for taxes		14.234.000	36.384.000

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

QIAGEN N.V. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

1. Description of Business

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 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 2007, the Company acquired eGene Inc. and Digene Corporation. 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.

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements of the QIAGEN Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The consolidated financial statements have been prepared under the historical cost convention as modified by available-for-sale financial assets and certain financial assets and liabilities (including derivative instruments) at fair value. In view of the international nature of the Group's activities and due to the fact that more of the Group's revenues are denominated in U.S. dollars (US$) than in any other single currency, the consolidated financial statements are presented in that currency (if roundings have been used, this has been displayed).

The Company has adopted all IFRSs in these consolidated financial statements that were issued and became effective before December 31, 2007, and are relevant to its operations. No material impact resulted from the adoption of new standards, amendments and interpretations in 2007. The introduction of IFRS 7 'Financial Instruments: Disclosures' and the application of the amendments to IAS 1 'Presentation of Financial Statements' resulted in a number of additional disclosures.

QIAGEN did not opt for early adoption of the following new standards, amendments and interpretations which will be mandatory for QIAGEN for annual periods beginning on or after January 1, 2008, or later years:

- IAS 1 Revised 'Presentation of Financial Statements' which separates owner and non-owner changes in equity.
- IAS 23 (Amendment) 'Borrowing Costs' which removes the option of immediately recognizing as an expense borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets.
- Amendments to IAS 32 and IAS 1 'Puttable Financial Instruments' which require certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met and require disclosure of certain information relating to puttable instruments classified as equity.
- IFRS 2 'Share-based Payments – Vesting Conditions and Cancellations' which restricts the definition of 'vesting condition' to a condition that includes an explicit or implicit requirement to provide services.
- IFRS 3R 'Business Combinations' and IAS 27R 'Consolidated and Separate Financial Statements' which introduce a number of changes in the accounting for business combinations and require that a change in the ownership interest of a subsidiary is accounted for as an equity transaction.
- IFRS 8 'Operating Segments' which introduces the requirement to report financial and descriptive information about operating segments on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources.
- IFRIC 11 'Group and Treasury Share Transactions'.
- IFRIC 12 'Service Concession Arrangements'.
- IFRIC 13 'Customer Loyalty Programs'.
- IFRIC 14 'IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' which provides further clarification on the recognition of defined benefit assets for economic benefits available in the form of refunds from a defined benefit plan or reductions of future contributions to the plan, particularly when a minimum funding requirement exists.

QIAGEN will only adopt new standards, amendments and interpretations which have been endorsed by the European Union (EU). QIAGEN expects that the adoption of these new standards, amendments and interpretations in future periods will have no material impact on its consolidated financial statements.

As provided in section 402 of the Dutch Civil Code, Book 2, the company income statement of QIAGEN N.V. includes only the net income from group companies and affiliates after tax and other income after tax, as the Company's figures are included in these consolidated financial statements.

2.2 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 2.20 ‘Impairment of Assets’. 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 2.6 ‘Research and Development’. 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.

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 favourable or unfavourable 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 under 2.11 'Taxation'. 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 26. ‘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’. In prior periods, the Company relied solely on the historical volatility of its stock price for its volatility assumption input to the Black-Scholes model. 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 is amortized to expense over the vesting period. Pre-vesting forfeitures were estimated to be approximately 5,1%.

2.3 Consolidation

The consolidated financial statements include all companies in which the Group, directly or indirectly, has more than 50% of the voting rights or over which it exercises control. Companies are included in the consolidation as from the date on which control is transferred to the Group, while companies sold are excluded from the consolidation as from the date that control ceases. The purchase method is used to account for acquisitions. The cost of an acquisition is measured as the fair value of the assets given, shares issued and liabilities incurred or assumed at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the company acquired is recorded as goodwill. Intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Investments in companies over which the Group is able to exercise significant influence (investments in associates), generally participations of 20% or more of the voting power, but over which it does not exercise management control, and joint ventures are accounted for by using the equity method. Such investments are initially recognized at cost and subsequently adjusted for the Group's share of net income and equity.

2.4 Foreign Currency Translation

The Company's presentation currency is the U.S. dollar (US$). 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.

2.5 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, extended warranty services or preventative maintenance contracts, revenue is allocated based on the relative fair values of the individual components. The price charged when the element is sold separately generally determines its fair value. Revenues for extended warranty services or product maintenance contracts are deferred and recognized on a straight-line basis over the contract period. The Company generally recognizes service revenues on a completed contract basis.

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 and collectibility is reasonably assured.

2.6 Research and Development

Expenditure on research activities is recognized in the income statement as an expense as incurred. Expenditure on development activities is capitalized if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The capitalized expenses are amortized on a straight-line basis over their estimated useful lives (between two and twelve years) and are tested for impairment in accordance with the accounting policy stated in 2.20 'Impairment of Assets'.

2.7 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.

2.8 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are capitalized for qualifying assets of property, plant and equipment.

2.9 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.

2.10 Share-Based Payments

The Company has a stock option plan, which is described in detail under 26. '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.

2.11 Taxation

Taxes reported in the consolidated income statements include current and deferred income taxes. Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.12 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.

2.13 Trade Accounts Receivable

Trade accounts receivable are measured at the amount the item is initially recognized less any impairment losses. Impairments, which take the form of allowances, make adequate provision for the expected credit risk based on internal credit ratings; concrete cases of default lead to the derecognition of the respective receivables. For allowances, financial assets that may need to be written down are grouped together on the basis of similar credit risk characteristics, tested collectively for impairment and written down if necessary. When the expected future cash flows of the portfolio are being calculated as required for this, previous cases of default are taken into consideration in addition to the cash flows envisaged in the contract.

Impairment losses on trade accounts receivable are recognized in some cases using allowance accounts. The decision to account for credit risks using an allowance account or by directly reducing the receivable will depend on the reliability of the risk assessment. As there is a wide variety of circumstances impacting this decision, it is within the responsibility of the respective local managers.

2.14 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.

2.15 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	three to fourty years
Machinery and equipment	two to ten years
Computer software	one to five years
Furniture and office equipment	two to ten years
Leasehold improvements	over the shorter of the lease term and the useful life of the asset

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.

2.16 Leases

Leases of items of property, plant and equipment under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments as property, plant and equipment. The items of property, plant and equipment which are acquired under finance leases are depreciated over the shorter of the useful life of the asset in accordance with the Group's depreciation policy and the lease term. The corresponding liabilities, net of financing charges, are included in the current and non-current portions of financial debts. The interest element of the financing cost is charged to the income statement over the lease period. Leases under which the lessor effectively retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

QIAGEN acts as a lessor in connection with certain operating leases and continues to recognize the leased assets in its balance sheet. The lease payments received are recognized in profit or loss. The leases mainly relate to the rental of instruments. Due to the insignificance of these lease agreements the Company did not disclose all required information.

At the inception of all material arrangements an assessment is performed based on all available facts and circumstances whether the respective arrangements contain leases. A reassessment is performed only, if specified indicators are apparent.

2.17 Goodwill

Goodwill represents the excess of the acquisition cost over the Group's share of the fair value of the net assets acquired, at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested for impairment at least annually.

2.18 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is 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. 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

The amortization expense on intangible assets is recognized in the income statement in the expense category consistent with the function of the intangible asset.

2.19 Financial Assets

The Group has classified all its investments in debt and equity securities as available-for-sale securities, as they are not acquired to generate profit from short-term fluctuations in price. Available-for-sale securities are reported as current and non-current financial assets, depending on their remaining maturities. Purchases and sales of investments are recognized on the trade date, which is the date that the Group commits to purchase or sell an asset. Investments are initially recognized at purchase cost including transaction costs and subsequently carried at fair value except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be measured reliably, which are measured at cost. Unrealized gains and losses arising from changes in the fair value of available-for-sale investments are recognized in equity. When the available-for-sale investments are sold, impaired or otherwise disposed of, the cumulative gains and losses previously recognized in equity are included in the income statement for the period. The fair values of marketable investments that are traded in active markets are determined by reference to stock exchange quoted bid prices.

Reversals in respect of equity instruments classified as available for sale are not recognized in the income statement. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the income statement.

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.

Where continuing involvement takes the form of a written and / or purchased option (including a cash settled option or similar provision) on the transferred assets, the extent of the Group's continuing involvement is the amount of the transferred assets that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on assets measured at fair value the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred assets and the option exercise price.

2.20 Impairment of Assets

Items of property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed at least annually for impairment losses, and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. Value in use is calculated based on estimated future cash flows expected to result from the use of the asset and its eventual disposition, discounted using an appropriate long-term pre-tax interest rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

2.21 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.

2.22 Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are initially recognized in the balance sheet at cost, representing the fair value at inception, and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss is dependent on whether the derivative is designated to hedge a specific risk and qualifies for hedge accounting. The Group designates certain derivatives which qualify as hedges for accounting purposes as a hedge of a forecasted transaction or a firm commitment (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Cash flow hedge

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognized in equity. Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously included in equity are included in the initial measurement of the asset or liability. Otherwise, amounts recorded in equity are transferred to the income statement and classified as income or expense in the same period in which the forecasted transaction affects the income statement.

When a hedging instrument no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives that do not qualify for hedge accounting

Certain derivatives transactions do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the income statement as part of the financial result. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

2.23 Financial Debts

Financial debts are recognized initially at fair value of the proceeds received, net of transaction costs incurred. In subsequent periods, financial debts are stated at amortized cost using the effective yield method; any difference between the proceeds and the redemption value is recognized in the income statement in the period of the borrowings. Financial debts are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. When convertible bonds are issued, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible bond; this amount is recorded as a liability on the amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option, which is recognized and included in shareholders' equity; the value of the conversion option is not changed in subsequent periods.

Financial liabilities are derecognized when the obligations under the liabilities are discharged or cancelled or expire.

Where existing financial liabilities are replaced by other liabilities from the same lender on substantially different terms, or the terms of existing liabilities are substantially modified, such exchanges or modifications are treated as a derecognition of the original liabilities and the recognition of new liabilities, and the difference in the respective carrying amounts is recognized in the income statement.

2.24 Segment Reporting

The Group's primary reporting format for segment reporting is geographical segments and the secondary reporting format is business segment. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments. The risk and return of the Group's operations are primarily determined by the geographical location of the operations. This is reflected by the Group's organizational structure and internal financial reporting system.

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. The consumables business segment and the instruments business segment have been identified as the Companies business segments. The consumables business segment makes up for more than 90% of the revenues of the Group, for more than 90 % of the combined result of the Group and for more than 90% of the total assets of the Group as of December 31, 2007 and 2006, respectively. Accordingly, the consumables business segment is considered to be the dominant business segment and any secondary segment reporting is omitted in accordance with materiality considerations.

2.25 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 2006 and 2007 such eliminations primarily related to non-cash impacts from the convertible bonds.

3. 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.

Basic Earnings Per Share (US$)	2007	2006
Total net income attributable to equity holders of the parent	74.371.000	73.313.000
Weighted average number of common shares used to compute basic net income per common share	168.457.000	149.504.000
Basic earnings per share	0,44	0,49

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 2007, share equivalents of 3.716.000 common shares (2006: 2.635.000 common shares) arising from stock options granted to employees and directors were included in calculating diluted earnings per share. In 2007, 2.207.000 outstanding stock options (2006: 3.309.000 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 2007 and 2006, the effect of the convertible bonds was excluded from calculating diluted earnings per share as it was antidilutive.

Diluted Earnings Per Share

(US$)	2007	2006
Total net income (adjusted) attributable to equity holders of the parent	74.371.000	73.313.000
Weighted average number of common shares used to compute diluted net income per common share	172.173.000	152.139.000
Diluted earnings per share	0,43	0,48

4. Acquisitions

4.1 Acquisitions in 2007

On July 9, 2007, the Company completed the acquisition of eGene, Inc. pursuant to which eGene, Inc. (eGene) became a wholly-owned subsidiary of QIAGEN North American Holdings, Inc. eGene is an early-stage company located in Irvine, California, that has developed and is commercializing a patented sample separation and analysis technology based on capillary electrophoresis. Under the terms of the agreement, eGene shareholders received US$ 0,65 in cash and 0,0416 common shares of QIAGEN stock per share of eGene common stock. The aggregate purchase consideration amounts to approximately US$ 30,6 million, consisting of approximately US$ 14,6 million in cash, including direct acquisition costs of approximately US$ 599.000 and net of US$ 202.000 cash acquired, and 873.911 QIAGEN common shares valued at US$ 16,0 million. As of December 31, 2007, 3.467 shares of the purchase price were remaining to be issued.

On June 3, 2007, the Company and Digene Corporation announced a merger agreement, under which QIAGEN would acquire Digene Corporation (Digene) in a transaction consisting of 55% cash and 45% QIAGEN common shares and would combine the Company's leading portfolio of sample and assay technologies, including a broad panel of molecular diagnostic tests, with Digene's leadership in human papillomavirus (HPV)-targeted molecular diagnostic testing, creating a global leader in molecular diagnostics outside blood screening and viral load monitoring. In July 2007, the Company successfully completed its exchange offer and, through a short-form merger under Delaware law, the Company acquired all other Digene shares. Following the completion of the merger, Digene became a wholly owned subsidiary of QIAGEN's subsidiary QIAGEN North American Holdings, Inc. and was subsequently renamed QIAGEN Gaithersburg, Inc.

Net of US$ 17,5 million in cash acquired, the aggregate purchase consideration amounted to approximately US$ 1,5 billion and consisted of approximately US$ 856,0 million in cash, including direct acquisition costs of approximately US$ 19,4 million, 39,6 million QIAGEN common shares valued at US$ 660,8 million and US$ 33,2 million in exchanged equity awards. The estimated fair value of common shares was determined using a price of US$ 16,68 per share, The fair value of stock options assumed was calculated using a Black-Scholes-Merton valuation model with the following assumptions: expected life ranging from 0,73 to 1.46 years, risk-free interest rate ranging from 4,67% to 4,75%, expected volatility ranging from 26,5% to 26,9% and no dividend yield.

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 statements of operations 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 deferred tax assets acquired with the acquisition of Digene and the determinations of the final accrual amounts for the restructuring in connection with the acquisition of Digene.

The preliminary allocation is as follows:

Preliminary Purchase Price Allocation (US$ '000)	eGene	Digene	Total
Purchase Price			
Stock issued or to be issued	15.967	660.831	676.798
Cash, including direct cost	14.812	856.032	870.844
Exchanged equity awards	0	33.212	33.212
Cash acquired	(202)	(17.534)	(17.736)
	30.577	1.532.541	1.563.118
Preliminary Allocation			
Working capital	(2.973)	198.777	195.804
Fixed and other non-current assets	234	40.341	40.575
Product technology and know-how	12.400	252.000	264.400
Patented technology	0	138.000	138.000
In-process R&D	900	25.000	25.900
Customer relationships	700	93.000	93.700
Tradenames	0	21.000	21.000
Goodwill	24.834	948.361	973.195
Deferred tax liability on fair value of intangible assets acquired	(4.960)	(153.231)	0 (158.191)
Liabilities assumed	(558)	(30.707)	(31.265)
	30.577	1.532.541	1.563.118

The amortization periods for intangible assets acquired are 10 years for product technology and in-process R&D, 12 years for patented technology, 10 and 12 years for customer relationships and 12 years for tradenames.

In 2007 acquisition related intangible amortization in the amount of US$ 24,0 million is included in cost of sales (2006: US$ 6,1 million which in prior year were included in R&D expenses; in order to correspond to the current year presentation this amount has been reclassified to cost of sales) and acquisition related intangible amortization in the amount of US$ 7,7 million is included in S&M expenses (2006: US$ 2,1 million).

The following tables state the carrying amounts of each class of the acquired assets and liabilities at the acquisition date for eGene and Digene:

eGene - Carrying Values and Fair Values at Acquisition Date

(US$)	Fair Value	Carrying Value
Current Assets		
Cash and cash equivalents	202.000	202.000
Trade accounts receivable	435.000	435.000
Inventories	663.000	663.000
Other current assets	20.000	20.000
Non-Current Assets		
Property, plant and equipment	211.000	211.000
Intangible assets	14.000.000	1.138.000
Other non-current assets	23.000	23.000
	15.554.000	2.692.000
Current Liabilities		
Line of credit	558.000	558.000
Trade accounts payable	1.079.000	1.079.000
Other current liabilities	3.013.000	3.013.000
Non-Current Liabilities		
Deferred income taxes	4.960.000	0
	9.610.000	4.650.000

Digene - Carrying Values and Fair Values at Acquisition Date

(US$)	Fair Value	Carrying Value
Current Assets		
Cash and cash equivalents	17.534.000	17.534.000
Marketable securities	196.547.000	196.569.000
Trade accounts receivable	30.445.000	30.445.000
Inventories	13.418.000	10.924.000
Other current assets	4.179.000	12.496.000
Non-Current Assets		
Property, plant and equipment	39.407.000	41.799.000
Intangible assets	529.000.000	8.866.000
Other non-current assets	934.000	17.784.000
	831.464.000	336.417.000
Current Liabilities		
Trade accounts payable	13.646.000	13.646.000
Finance lease obligations	1.789.000	1.789.000
Other current liabilities	30.377.000	50.106.000
Non-Current Liabilities		
Finance lease obligations	21.855.000	21.855.000
Deferred income taxes	153.231.000	0
Other non-current liabilities	6.114.000	6.114.000
	227.012.000	93.510.000

4.2 Acquisitions in 2006

During 2006, the Company completed seven acquisitions which individually were not significant to the overall consolidated financial statements. The aggregate purchase price of these 2006 acquisitions, net of cash acquired was US$ 88,3 million, including the issuance of 125.000 shares of QIAGEN common stock valued at US$ 1,8 million (determined based on the published price of the shares at the date of exchange).

- In the fourth quarter of 2006, the Company completed the acquisition of Genaco Biomedical Products, Inc., located in Huntsville, Alabama, USA. Genaco is an early-stage company applying a proprietary PCR-based multiplexing technology, Tem-PCR, to develop TemplexTM molecular diagnostic tests. Multiplexing is a rapidly emerging segment in molecular diagnostics and is also highly synergistic with the Company's portfolio of qPCR-based molecular diagnostic assays which in the segment of infectious disease diagnostics is considered to be the broadest in the world. The Company also acquired former distributors PhileKorea Technology Inc., located in Daejeon, South Korea, and ATC Health Products Ltd., located in Ankara, Turkey.

- In the second quarter of 2006, the Company completed the acquisitions of Gentra Systems, Inc., located in Minneapolis, Minnesota, USA, Singapore-based Research Biolabs Pte. Ltd. and Research Biolabs Sdn Bhd, located in Malaysia. Gentra is a leading developer, manufacturer and supplier of non-solid phase nucleic acid purification products, providing both consumables and automated platforms. The acquisition expanded the Company's position as a leading provider of preanalytical and molecular diagnostics solutions to research and diagnostic customers. The acquisition of Research Biolabs, previously our distributor, expanded the Company's direct presence in one of the most dynamic regions of the Company's global business. Research Biolabs currently has sales and marketing teams in Singapore, Malaysia and Indonesia, and will also support market development in Thailand and Vietnam.

- During the first quarter of 2006, the Company completed two acquisitions: PG Biotech Co. Ltd. (PG Biotech) is a leading developer, manufacturer and supplier of polymerase chain reaction (PCR)-based molecular diagnostic kits in China. The acquisition supported the Company's position as a leading provider of molecular diagnostics solutions to OEM partners and customers in the rapidly growing Asian markets. The Company also acquired certain assets and operations from Diatech s.r.l., Jesi, Italy, which distributes products produced by artus, which we acquired in 2005, in Italy.

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 statements of operations from their respective dates of acquisition. The allocation of the purchase price was based on estimates of the fair value of the net assets acquired.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the date of acquisition. Using the results of independent and internally prepared appraisals, the purchase prices for the 2006 and acquisitions have been allocated as follows:

2006 Acquisitions (US$)	Total
Purchase price	
Cash (including direct costs)	90.454.000
Stock issued (125.000 common shares)	1.847.000
Cash acquired	(4.017.000)
	88.284.000
Allocation	
Working capital	6.256.000
Property, plant and equipment and other non-current assets	5.580.000
Developed technology	26.600.000
In-process R&D	2.200.000
Customer relationships	10.887.000
Tradenames	2.000.000
Non-compete agreements	1.525.000
Goodwill	48.324.000
Liabilities assumed	(3.233.000)
Deferred tax liabilities	(11.855.000)
	88.284.000

The amortization periods for intangible assets acquired are between 10 and 14 years for developed technology and in-process R&D, between 8 and 10 years for customer relationships, between 5 and 10 years for tradenames and between 3 and 4 years for non-compete agreements.

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

Carrying Values and Fair Values at Acquisition Date (US$)	Fair Value	Carrying Value
Working Capital		
Marketable securities	500.000	500.000
Trade accounts receivable	9.679.000	9.679.000
Inventories	3.646.000	3.646.000
Other receivables	3.775.000	3.775.000
Prepaid expenses	160.000	160.000
Trade accounts payable	(3.255.000)	(3.255.000)
Provisions and accrued expenses	(838.000)	(838.000)
Other liabilities	(6.478.000)	(5.593.000)
Income taxes payable	(933.000)	(933.000)
	6.256.000	7.141.000
Property, plant and equipment and other non-current assets	5.580.000	5.580.000

4.3 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, 2007 and 2006, pro forma net sales would have been US$ 760,3 million and US$ 643,4 million and pro forma net income would have been US$ 68,0 million and US$ 57,8 million, pro forma basic net income per common share would have been US$ 0,40 and US$ 0,39, and pro forma diluted net income per common share would have been US$ 0,39 and US$ 0,38, 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 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 2007 and 2006.

4.4 Acquisition, Integration and Related Costs

During 2007, we recorded costs of US$ 15,0 million related to the integration of recently acquired subsidiaries in North America and Asia. These expenses relate primarily to the severance and other costs associated with the integrations. An amount of US$ 2,9 million relates to R&D expenses, an amount of 2,7 million to S&M expenses and an amount of 9,4 million to G&A expenses. During 2007, a total of US$ 2,8 million was expensed to acquisition-related costs within cost of sales. As we further integrate the acquired companies, we expect to continue to incur acquisition, integration and related costs in 2008.

Costs related to acquisition and integration activities during 2006 totaled US$ 6,1 million, including US$ 1,0 million in severance and employee-related costs, US$ 2,5 million of costs related to acquisition integrations and US$ 2,6 million for the impairment of assets.

5. Revenues

Revenues

(US$)	2007	2006
Product sales	646.404.000	462.823.000
Royalty and license income	3.370.000	2.955.000
	649.774.000	465.778.000

6. Government Grants

The Company has received cost grants and investment grants. In 2007 the Company recorded income from Government grants in the amount of US$ 1.790.000 (2006: US$ 795.000). As of December 31, 2007, liabilities in the amount of US$ 1.670.000 (December 31, 2006: US$ 456.000) are recorded with respect to grants which have been received but for which not all conditions have been met.

7. Relocation and Restructuring Costs

Relocation and restructuring costs amount to US$ 696.000 in 2007 (2006: US$ 4.943.000). These costs are primarily related to the restructuring of acquired businesses located in Norway and North America. The entire amount relates to G&A expenses. With respect to changes in the provision for relocation and restructuring for the year ended December 31, 2007, reference is made to 22. 'Provisions'.

8. Financial Income (Expense), Net

Financial Income (Expense), Net

(US$)	2007	2006
Financial income	19.540.000	16.424.000
Financial expense	(40.253.000)	(21.227.000)
Foreign currency gains (losses), net	2.019.000	(660.000)
	(18.694.000)	(5.463.000)

The increase in financial expense in 2007 as compared to 2006 is primarily due to the interest expense on the new term loan obtained in July 2007.

Reference is made to note 31. 'Additional Information for Financial Instruments' with respect to financial income and expense related to financial instruments.

9. Other Income / Other Expense

Other income and other expense include income and expense resulting from transactions that are outside the core Group business such as non-operating unrealized losses and losses on disposal of available-for-sale equity investments, donations to charitable and other foundations etc.

10. Personnel Costs

Personnel costs amounted to US$ 187,2 million in 2007 (2006: US$ 133,0 million). As of December 31, 2007, there were 2.662 employees within the Group (December 31, 2006: 1.954).

Personnel Costs

(US$)	2007	2006
Salaries and wages	123.809.000	87.797.000
Social security	25.906.000	19.082.000
Other	37.481.000	26.165.000
	187.196.000	133.044.000

11. Income Taxes

Major components of income tax expense for the years ended December 31, 2007 and 2006, are:

Income tax provision

(US$)	2007	2006
Current income tax		
Current income tax charge	30.775.000	21.690.000
Adjustment in respect of current income tax of previous years	(3.806.000)	51.000
Deferred income tax		
Relating to origination and reversal of temporary differences	404.000	8.441.000
Relating to changes in tax rates	(4.093.000)	199.000
	23.280.000	30.381.000

The applicable statutory income tax rate in The Netherlands decreased from 29,6% in 2006 to 25,5% in 2007 due to changes in the tax laws. 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, 2007 and 2006, is as follows:

Reconciliation of income tax expense

('000 US$)	2007	2006
Accounting profit before tax	97.700	103.694
At Dutch statutory income tax rate of 25,5% (2006: 29,6%)	24.914	30.693
Income from tax rate differences	9.755	6.916
Income taxes related to changes in tax rates	(4.093)	199
Income tax impact from permanent differences	(3.825)	(1.944)
Income tax impact related to Stock Option Plan (stock price fluctuations)	(3.644)	(6.390)
Other	173	907
	23.280	30.381

The effective income tax rate amounts to 23,8% in 2007 (29,3% in 2006).

Certain countries benefit from tax holidays which represent a tax exemption period aimed to attract foreign investment in certain tax jurisdictions. These agreements include programs that reduce up to 100% of taxes in years covered by the agreements. The Company's tax holidays expire at various dates through 2011.

The Company conducts business globally and, as a result, files numerous consolidated and separate income tax returns in The Netherlands, Germany, Switzerland and the U.S. federal jurisdiction, as well as in various other state and foreign jurisdictions. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The Company's tax years since 2001 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, 2007 and 2006, relates to the following:

Deferred taxes (US$)	Dec. 31, 2007	Dec. 31, 2006	Change
Deferred tax assets			
NOL carryforward	44.984.000	8.861.000	36.123.000
Accrued liabilities	17.375.000	4.937.000	12.438.000
Inventories	7.027.000	5.618.000	1.409.000
Allowance for bad debts	795.000	625.000	170.000
Currency Revaluation	531.000	0	531.000
Depreciation and amortization	2.576.000	288.000	2.288.000
Tax credits	4.396.000	618.000	3.778.000
Finance lease	674.000	749.000	(75.000)
Intangibles	1.917.000	4.767.000	(2.850.000)
Equity awards	32.940.000	15.643.000	17.297.000
Other	1.655.000	532.000	1.123.000
Gross deferred income tax asset	114.870.000	42.638.000	
Deferred tax liabilities			
Accrued liabilities	(1.413.000)	(1.775.000)	362.000
Inventories	(817.000)	(542.000)	(275.000)
Allowance for bad debts	(15.000)	(221.000)	206.000
Currency Revaluation	(2.384.000)	(4.894.000)	2.510.000
Depreciation and amortization	(7.778.000)	(9.950.000)	2.172.000
Finance lease	(378.000)	0	(378.000)
Intangibles	(225.269.000)	(26.297.000)	(198.972.000)
Bifircation of convertible debt	(20.755.000)	(23.449.000)	2.694.000
Unremitted profits earnings	(1.055.000)	0	(1.055.000)
Other	(1.071.000)	(416.000)	(655.000)
Gross deferred income tax liability	(260.935.000)	(67.544.000)	
Net deferred tax assets (liabilities)	(146.065.000)	(24.906.000)	
Change in deferred taxes			
thereof deferred income tax provision	3.689.000	(8.640.000)	
thereof booked during purchase accounting	(121.422.000)	(10.766.000)	
thereof booked through equity	(3.426.000)	138.000	
	(121.159.000)	(19.268.000)	

The net deferred tax asset and liability are reflected on the Company's consolidated balance sheets at December 31, 2007 and 2006, as follows:

Deferred taxes
(US$)

	Dec. 31, 2007	Dec. 31, 2006
Deferred tax assets	126.282.000	37.223.000
Deferred tax liabilities	(272.347.000)	(62.129.000)
Net deferred tax assets (liabilities)	(146.065.000)	(24.906.000)

As of December 31, 2006, the Company had net operating losses (NOL) carryforwards in The Netherlands totaling approximately US$ 7,9 million which were utilized in 2007.

At December 31, 2007, the Company had US$ 129,6 million and US$ 142,7 million of U.S. federal and state NOL carryforwards, respectively. These amounts include US$ 5,4 million related to deductions for equity awards. These net operating losses have, for the most part, been acquired in our recent acquisitions and a portion of these NOL's are subject to limitations under Section 382 of the Internal Revenue Code. As of December 31, 2007 and 2006, the Company had other foreign NOL carryforwards totaling approximately US$ 39,6 million and US$ 27,0 million, respectively. These NOL's were primarily generated from acquisitions and operating losses from the Company's subsidiaries. A portion of these NOL's, approximately US$ 19,7 million at December 31, 2007, expire in various years through 2020. 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$ 14,4 million and US$ 10,7 million as of December 31, 2007 and 2006, respectively, no deferred tax assets were recognized as the future utilization was not probable. In case these NOL carryforwards could be used in future periods, deferred tax assets of US$ 13,8 million would reduce goodwill of an acquired business.

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, 2007, the Company had deferred income tax liabilities of approximately US$ 1,1 million for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries. It is not practicable to determine the amount of income tax payable in the event we repatriated all undistributed foreign earnings.

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.

12. Cash and Cash Equivalents

Cash and Cash Equivalents

(US$)	Dec. 31, 2007	Dec. 31, 2006
Cash at bank and on hand	122.261.000	324.812.000
Short-term bank deposits	226.207.000	106.059.000
	348.468.000	430.871.000

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).

13. Available-For-Sale Financial Assets

Available-For-Sale Financial Assets

(US$)	Dec. 31, 2007	Dec. 31, 2006
Available-for-sale equity securities	6.313.000	6.801.000
Available-for-sale debt securities	0	52.782.000
Total available-for-sale financial assets	6.313.000	59.583.000
- thereof current available-for-sale financial assets	2.313.000	52.782.000
- thereof non-current available-for-sale financial assets	4.000.000	6.801.000

Available-For-Sale Financial Assets

(US$)	Cost Dec. 31, 2007	Gross unrealized gains Dec. 31, 2007	Gross unrealized losses Dec. 31, 2007	Dec. 31, 2007
Available-for-sale equity securities	5.413.000	900.000	0	6.313.000
Available-for-sale debt securities	0	0	0	0
	5.413.000	900.000	0	6.313.000

(US$)	Cost Dec. 31, 2006	Gross unrealized gains Dec. 31, 2006	Gross unrealized losses Dec. 31, 2006	Dec. 31, 2006
Available-for-sale equity securities	5.413.000	1.388.000	0	6.801.000
Available-for-sale debt securities	52.754.000	92.000	(64.000)	52.782.000
	58.167.000	1.480.000	(64.000)	59.583.000

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.

At December 31, 2007 and 2006, the Company held 289.096 shares in Coley Pharmaceutical Group, Inc. (CPG). At December 31, 2007, the shares in CPG have a fair market value of US$ 2,3 million and a cost of US$ 1,4 million (December 31, 2006: fair market value of US$ 2,8 million and a cost of US$ 1,4 million). In December 2007, CPG was acquired in a tender offer and as a result the Company tendered its shares in exchange for US$ 8 per share. Upon the exchange in January 2008, the Company received US$ 2,3 million in cash and recognized a gain of approximately US$ 800.000.

At December 31, 2006, the Company had investments in available-for-sale debt securities which are classified as current, as the Company's plan is generally not to hold its investments in such securities until maturity in order to take advantage of market conditions. Interest income from these investments amounted to US$ 1.876.000 in 2007 (2006: US$ 422.000).

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

For the years ended December 31, 2007 and 2006, proceeds from sales of available-for-sale equity and debt securities totaled US$ 299,0 million and US$ 20,0 million, respectively. There were no realized gains or losses during 2007 and 2006.

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.

14. Trade Accounts Receivable

Trade Accounts Receivable

(US$)	Dec. 31, 2007	Dec. 31, 2006
Trade accounts receivable, gross	140.051.000	83.037.000
Provision for doubtful accounts	(3.344.000)	(2.608.000)
	136.707.000	80.429.000

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:

Trade Accounts Receivable

			Thereof past due but not impaired			
December 31, 2007 (US$)	Carrying amount	Thereof neither past due nor impaired	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days
Trade accounts receivable	136.707.000	87.811.000	25.518.000	8.062.000	5.676.000	9.640.000

			Thereof past due but not impaired			
December 31, 2006 (US$)	Carrying amount	Thereof neither past due nor impaired	Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days
Trade accounts receivable	80.429.000	47.934.000	19.119.000	4.623.000	3.329.000	5.424.000

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

Allowances On Trade Accounts Receivable

(US$)	2007	2006
Balance January 1	2.608.000	2.388.000
Additions (allowances recognized as expense)	1.807.000	378.000
Write-offs	(1.062.000)	(333.000)
Currency translation adjustments	(9.000)	175.000
Balance December 31	3.344.000	2.608.000

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

15. Inventories

Inventories

(US$)	Dec. 31, 2007	Dec. 31, 2006
Raw materials	26.855.000	22.376.000
Work in process	35.894.000	23.229.000
Finished goods	25.597.000	18.480.000
	88.346.000	64.085.000

Included in inventories as of December 31, 2007, are US$ 8,9 million (2006: US$ 7,2 million) of inventory provisions. The movement in inventory provisions was recorded as a write-down under cost of sales. During 2007 inventories in the amount of US$ 97,9 million have been recognized as cost of sales (2006: US$ 73,7 million).

16. Prepaid Expenses and Other Current Assets

Prepaid Expenses and Other Current Assets

(US$)	Dec. 31, 2007	Dec. 31, 2006
Prepaid expenses and prepayments	18.555.000	15.561.000
VAT	4.980.000	1.073.000
Escrow funds	0	1.500.000
Receivables against Operon Biotechnologies Inc.	0	871.000
Other	5.569.000	5.901.000
	29.104.000	24.906.000

17. Property, Plant and Equipment

Property, Plant and Equipment

(US$)	Total	Land and Buildings	Machinery and equipment	Furniture and office equipment	Leasehold improvements	Construction in process
Net book value						
Jan. 1, 2007	214.410.000	136.341.000	36.626.000	11.220.000	16.161.000	14.062.000
Cost						
Jan. 1, 2007	324.241.000	153.048.000	83.144.000	40.970.000	33.017.000	14.062.000
Additions	35.994.000	4.220.000	20.362.000	5.539.000	838.000	5.035.000
Additions from business combinations	38.939.000	28.914.000	7.644.000	1.719.000	139.000	523.000
Disposals	(11.431.000)	(1.339.000)	(6.239.000)	(1.723.000)	(2.130.000)	0
Transfers	0	25.485.000	687.000	3.328.000	(16.289.000)	(13.211.000)
Currency adjustments	24.518.000	12.275.000	6.348.000	3.062.000	1.400.000	1.433.000
Dec. 31, 2007	412.261.000	222.603.000	111.946.000	52.895.000	16.975.000	7.842.000
Accumulated depreciation						
Jan. 1, 2007	109.831.000	16.707.000	46.518.000	29.750.000	16.856.000	0
Additions	29.783.000	6.751.000	13.838.000	7.804.000	1.390.000	0
Disposals	(8.164.000)	(100.000)	(4.721.000)	(1.412.000)	(1.931.000)	0
Transfers	0	5.461.000	0	0	(5.461.000)	0
Currency adjustments	9.328.000	1.793.000	4.206.000	2.282.000	1.047.000	0
Dec. 31, 2007	140.778.000	30.612.000	59.841.000	38.424.000	11.901.000	0
Net book value						
Dec. 31, 2007	271.483.000	191.991.000	52.105.000	14.471.000	5.074.000	7.842.000

No property, plant and equipment was pledged as security against non-current financial debts at December 31, 2007 (December 31, 2006: US$ 81,8 million). The net carrying amount of property, plant and equipment under finance lease contracts amounts to US$ 10,5 million as of December 31, 2007 (December 31, 2006: US$ 10,7 million).

Construction on a new logistics facility in Germany began in August 2006 and was completed in 2007. The new facility cost approximately EUR 9,0 million (approximately US$ 13,1 million), and of the amount incurred, approximately US$ 170.000 represents capitalized interest.

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

The information for the comparative period is provided below:

Property, Plant and Equipment

(US$)	Total	Land and Buildings	Machinery and equipment	Furniture and office equipment	Leasehold improvements	Construction in process
Net book value						
Jan. 1, 2006	188.796.000	128.277.000	29.947.000	9.681.000	15.502.000	5.389.000
Cost						
Jan. 1, 2006	276.737.000	139.604.000	67.527.000	33.915.000	30.302.000	5.389.000
Additions	28.930.000	1.350.000	11.564.000	4.237.000	325.000	11.454.000
Additions from business combinations	3.000.000	1.003.000	1.830.000	105.000	62.000	0
Disposals	(6.740.000)	0	(4.540.000)	(1.055.000)	(1.015.000)	(130.000)
Transfers	0	1.087.000	1.905.000	485.000	0	(3.477.000)
Currency adjustments	22.314.000	10.004.000	4.858.000	3.283.000	3.343.000	826.000
Dec. 31, 2006	324.241.000	153.048.000	83.144.000	40.970.000	33.017.000	14.062.000
Accumulated depreciation						
Jan. 1, 2006	87.941.000	11.327.000	37.580.000	24.234.000	14.800.000	0
Additions	17.134.000	4.382.000	7.430.000	4.006.000	1.316.000	0
Disposals	(3.530.000)	0	(2.035.000)	(490.000)	(1.005.000)	0
Transfers	0	0	0	0	0	0
Currency adjustments	8.286.000	998.000	3.543.000	2.000.000	1.745.000	0
Dec. 31, 2006	109.831.000	16.707.000	46.518.000	29.750.000	16.856.000	0
Net book value						
Dec. 31, 2006	214.410.000	136.341.000	36.626.000	11.220.000	16.161.000	14.062.000

18. Goodwill

The changes in the carrying amount of goodwill for the year ended December 31, 2007, are as follows:

Goodwill

(US$)	Total
January 1, 2007	149.816.000
Goodwill acquired during the year	973.195.000
Purchase price adjustments for earn-out payments	3.875.000
Other goodwill adjustments	(17.851.000)
Foreign currency translation	11.339.000
December 31, 2007	1.120.374.000

With respect to additions to goodwill reference is made to 4. ‘Acquisitions’. In 2007, purchase adjustments primarily reflect adjustments to the acquired tax assets and liabilities along with final settlements of escrow accounts. In 2006, purchase adjustments represent the final allocation of purchase price and changes in our estimates of lease accruals for cancelled lease space.

The information for the comparative period is provided below:

Goodwill (US$)	Total
January 1, 2006	82.734.000
Goodwill acquired during the year	48.324.000
Purchase price adjustments for earn-out payments	12.626.000
Other goodwill adjustments	(958.000)
Foreign currency translation	7.090.000
December 31, 2006	149.816.000

In the fourth quarter of 2007, we performed our annual impairment assessment of goodwill (using data as of October 1, 2007) in accordance with the provisions of IAS 38. For the US$ 973.195.000 goodwill acquired in 2007 the purchase price allocation as of December 31, 2007, is preliminary and accordingly no impairment test was performed during 2007. 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 to seven 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 (8,65%) 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 (8,65%) 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, 2007. 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, 2007, to the cash generating units and key assumptions used for the value in use calculations is presented below:

Cash Generating Units
(US$)

	Carrying amount of goodwill	
Cash generating unit	Dec. 31, 2007	Dec. 31, 2006
HPV	939.757.000	0
IVD Assays	37.546.000	34.671.000
Electrophoresis	24.868.000	0
Whole Genome Amplification	23.700.000	21.418.000
Mag Attract	23.160.000	20.191.000
Multiplex Assays	18.140.000	14.768.000
Large Scale Sampling	16.160.000	24.275.000
Christalization	7.891.000	6.692.000
Amplification	7.849.000	7.849.000
PCR Diagnostics	6.052.000	5.639.000
Research Biolabs	5.575.000	5.033.000
siRNA	4.836.000	4.836.000
Tiangen	1.956.000	1.828.000
MSSP	1.627.000	1.458.000
QIAGEN KK	924.000	857.000
Molecular Diagnostics	333.000	301.000
	1.120.374.000	149.816.000

With respect to additions to goodwill reference is made to 4. 'Acquisitions'. In 2007, purchase adjustments primarily reflect adjustments to the acquired tax assets and liabilities along with final settlements of escrow accounts.

19. Intangible Assets

Intangible Assets

(US$)	Jan. 1, 2007	Additions	Additions from Business Combinations	Disposals	Currency Adjustments	Dec. 31, 2007
Cost						
Technology rights and patents	118.607.000	33.972.000	402.400.000	2.051.000	8.236.000	561.164.000
Computer software	28.685.000	7.443.000	0	217.000	1.737.000	37.648.000
Development expenses	32.481.000	13.481.000	25.900.000	0	3.460.000	75.322.000
Other intellectual properties	25.788.000	681.000	114.700.000	0	1.904.000	143.073.000
	205.561.000	55.577.000	543.000.000	2.268.000	15.337.000	817.207.000

	Jan. 1, 2007	Additions	Disposals	Currency Adjustments	Dec. 31, 2007
Accumulated amortization					
Technology rights and patents	23.266.000	30.032.000	333.000	1.898.000	54.863.000
Computer software	21.818.000	2.741.000	78.000	1.159.000	25.640.000
Development expenses	3.870.000	6.959.000	0	848.000	11.677.000
Other intellectual properties	2.636.000	7.404.000	0	227.000	10.267.000
	51.590.000	47.136.000	411.000	4.132.000	102.447.000

	Dec. 31, 2007	Dec. 31, 2006
Net book value		
Technology rights and patents	506.301.000	95.341.000
Computer software	12.008.000	6.867.000
Development expenses	63.645.000	28.611.000
Other intellectual properties	132.806.000	23.152.000
	714.760.000	153.971.000

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 2007 acquisition related intangible amortization in the amount of US$ 24,0 million is included in cost of sales (2006: US$ 6,1 million which in prior year were included in R&D expenses; in order to correspond to the current year presentation this amount has been reclassified to cost of sales) and acquisition related intangible amortization in the amount of US$ 7,7 million is included in S&M expenses (2006: US$ 2,1 million).

The amortization periods for intangible assets acquired in the business combinations in 2007 are 10 years for product technology and in-process R&D, 12 years for patented technology, between 10 and 12 years for customer relationships and 12 years for tradenames from the date of acquisition (July 2007).

The information for the comparative period is provided below:

Intangible Assets

(US$)	Jan. 1, 2006	Additions	Additions from Business Combinations	Disposals	Currency Adjustments	Dec. 31, 2006
Cost						
Technology rights and patents	78.152.000	6.841.000	27.471.000	226.000	6.369.000	118.607.000
Computer software	23.650.000	3.867.000	10.000	356.000	1.514.000	28.685.000
Development expenses	18.016.000	10.333.000	2.200.000	0	1.932.000	32.481.000
Other intellectual properties	10.226.000	2.653.000	12.034.000	0	875.000	25.788.000
	130.044.000	23.694.000	41.715.000	582.000	10.690.000	205.561.000

	Jan. 1, 2006	Additions	Disposals	Currency Adjustments	Dec. 31, 2006
Accumulated amortization					
Technology rights and patents	13.350.000	8.596.000	5.000	1.325.000	23.266.000
Computer software	17.247.000	3.566.000	111.000	1.116.000	21.818.000
Development expenses	1.697.000	1.920.000	0	253.000	3.870.000
Other intellectual properties	462.000	2.075.000	0	99.000	2.636.000
	32.756.000	16.157.000	116.000	2.793.000	51.590.000

	Dec. 31, 2006	Dec. 31, 2005
Net book value		
Technology rights and patents	95.341.000	64.802.000
Computer software	6.867.000	6.403.000
Development expenses	28.611.000	16.319.000
Other intellectual properties	23.152.000	9.764.000
	153.971.000	97.288.000

20. Investments in Equity-Accounted Investees

Investments in Equity-Accounted Investees (US$)	Ownership Percentage	Dec. 31, 2007	Dec. 31, 2006
PreAnalytiX GmbH	50,0%	4.555.000	2.623.000
QBM Cell Science	19,5%	504.000	546.000
Dx Pte. Ltd.	33,3%	747.000	0
		5.806.000	3.169.000

Gain (Loss) from Investments in Equity-Accounted Investees	2007	2006
PreAnalytiX GmbH	1.318.000	1.009.000
QBM Cell Science	(42.000)	(28.000)
Dx Assays Pte. Ltd.	0	0
	1.276.000	981.000

The Company has a 50% interest in a joint venture company, PreAnalytiX GmbH (PreAnalytiX). The investment is accounted for under the equity method. The Company has been a 50% joint venture partner in PreAnalytiX since November 1999, when the joint venture 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 30. 'Related Party Transactions'.

As of December 31, 2007, total assets of PreAnalytix amount to US$ 12,3 million (December 31, 2006: US$ 7,5 million) and shareholders' equity amounts to US$ 11,0 million (December 31, 2006: US$ 7,0 million). In 2007 the Company generated revenues of US$ 7,8 million (2006: US$ 7,8 million) and net income of US$ 3,3 million (2006: US$ 3,2 million).

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%.

As of December 31, 2007, total assets of QBM Cell Science amount to US$ 383.000 (December 31, 2006: US$ 576.000) and shareholders' equity amounts to US$ 317.000 (December 31, 2006: US$ 578.000). In 2007 the Company recorded revenues of US$ 303.000 (2006: US$ 523.000) and a net loss of US$ 396.000 (2006: net loss of US$ 37.000).

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. Dx Assays expects to be one of the first centers in Singapore for assay development in which molecular diagnostics for infectious and genetic diseases will be developed. The center is expected to be fully operational by early 2008.

21. Financial Debts

Financial Debts

(US$)	Dec. 31, 2007	Dec. 31, 2006
US$ 500,0 million note payable bearing interest at LIBOR plus 0,7% or 5,545% at December 31, 2007, due on July 12, 2012, with payments beginning in 2009	500.000.000	0
US$ 300,0 million 3,25% convertible bond 2006/2026 bearing interest at a rate of 3,25%	248.350.000	241.768.000
US$ 150,0 million 1,5% convertible bond 2004/2024 bearing interest at a rate of 1,50%	128.738.000	124.231.000
EUR 30,0 million note payable bearing interest at EURIBOR plus 0,75% - repaid in 2007	0	39.591.000
EUR 5,0 million note payable bearing interest at EURIBOR plus 0,75% - repaid in 2007	0	6.599.000
Total financial debts, non-current and current	877.088.000	412.189.000
Less current portion of financial debts	2.044.000	8.642.000
Total non-current financial debts	875.044.000	403.547.000
Breakdown by maturities - carrying values		
2007	0	8.642.000
2008	2.044.000	13.197.000
2009	25.000.000	6.599.000
2010	50.000.000	6.599.000
2011	158.519.000	136.602.000
2012	394.000.000	0
Thereafter	247.525.000	240.550.000
	877.088.000	412.189.000
Breakdown by maturities - payments due for nominal amounts and future interest		
2007	0	20.444.000
2008	39.725.000	26.552.000
2009	64.078.000	19.464.000
2010	87.045.000	19.118.000
2011	257.801.000	174.544.000
2012	370.101.000	9.750.000
Thereafter	303.656.000	303.656.000
	1.122.406.000	573.528.000
Total amount of secured financial debts	500.000.000	39.591.000
Unused lines of credit for short-term financing	165.300.000	12.400.000

During 2007, the Company repaid debt of EUR 5,0 million, which was originally due in June 2008, and a note payable of EUR 30,0 million, which was due in annual installments through June 2011.

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 an aggregate amount of US$ 750 million in the form of (1) a US$ 500 million term loan, (2) a US$ 100 million bridge loan, and (3) a US$ 150 million revolving credit facility. Under the agreement, the US$ 500 million term loan will mature in five years from the date of the agreement with an amortization schedule commencing on the second anniversary of the loan agreement, and the US$ 100 million bridge loan matured in six months from the date of the agreement. The US$ 150 million revolving credit facility expires in five years from the date of the agreement. 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, 2007.

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 seven separate lines of credit amounting to US$ 164,4 million with variable interest rates, US$ 4.000 of which was utilized at December 31, 2007. There were no current borrowings outstanding at December 31, 2007 and 2006. Interest expense on line of credit and current borrowings was US$ 0 for the years ended December 31, 2007 and 2006.

Interest expense on non-current debt was US$ 37,9 million for the year ended December 31, 2007 (2006: US$ 19,9 million).

Convertible Bond 2004/2024

(US$)	Dec. 31, 2007	Dec. 31, 2006
Face value of convertible bond issued in August 2004	150.000.000	150.000.000
Transaction costs	(3.300.000)	(3.300.000)
Equity conversion component	(35.584.000)	(35.584.000)
Liability component on initial recognition in August 2004	111.116.000	111.116.000
Accrued interest expense	17.622.000	13.115.000
	128.738.000	124.231.000

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 11,9 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. 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 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, 2007, was approximately US$ 277,8 million (December 31, 2006: US$ 200,0 million). The effective interest rate of the Notes amounts to 5,20%. The Company has reserved 11,9 million shares of common stock for issuance in the event of conversion.

Convertible Bond 2006/2026

(US$)	Dec. 31, 2007	Dec. 31, 2006
Face value of convertible bond issued in August 2004	300.000.000	300.000.000
Transaction costs	(4.788.000)	(4.788.000)
Equity conversion component	(60.561.000)	(60.561.000)
Liability component on initial recognition in May 2006	234.651.000	234.651.000
Accrued interest expense	13.699.000	7.117.000
	248.350.000	241.768.000

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, 2007, was approximately US$ 395,2 million (December 31, 2006: US$ 316.5 million). The effective interest rate of the Notes amounts to 7,3%. The Company has reserved 15,0 million shares of common stock for issuance in the event of conversion.

22. Provisions

Provisions

(US$)	Jan. 1, 2007	Utilization	Reversal	Additions	Currency Adjustments	Dec. 31, 2007
Warranty	1.413.000	(775.000)	(155.000)	1.078.000	60.000	1.621.000
Acquisition and related costs	3.278.000	(3.278.000)	0	4.093.000	0	4.093.000
Relocation and restructuring costs	326.000	(326.000)	0	0	0	0
	5.017.000	(4.379.000)	(155.000)	5.171.000	60.000	5.714.000

The Company warrants its products against defects in materials and workmanship for a period of one year. A provision for estimated future warranty costs 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.

23. Accrued Expenses and Other Current Liabilities

Accrued Expenses and Other Current Liabilities

(US$)	Dec. 31, 2007	Dec. 31, 2006
Payroll and related accrued liabilities	29.086.000	15.150.000
Royalties	15.720.000	9.392.000
Professional and other fees	9.223.000	1.897.000
Deferred revenue	8.934.000	5.562.000
Accrued change in control payments related to acquisition	6.741.000	0
Sales and other taxes	2.662.000	2.123.000
Management bonuses	2.054.000	727.000
Other liabilities	17.187.000	20.318.000
	91.607.000	55.169.000

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

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

The Company records provisions for sales and other taxes when the exposure item becomes probable and reasonably estimable.

Accrued expenses and other current liabilities are non-interest bearing and have an average term of six months.

24. Shareholders' Equity

Shareholders' Equity

(US$)	Dec. 31, 2007	Dec. 31, 2006
Common shares, EUR 0,01 par value: Authorized--410.000.000 shares Issued and outstanding - 195.335.076 shares in 2007 and 150.167.540 shares in 2006	2.175.000	1.535.000
Share premium	1.099.110.000	327.226.000
Retained earnings	347.683.000	273.312.000
Other reserves	2.124.000	1.114.000
Cumulative foreign currency translation adjustments	74.896.000	40.733.000
Total shareholders' equity attributable to equity holders of the parent	1.525.988.000	643.920.000
Minority interest	553.000	0
Total equity	1.526.541.000	643.920.000

Other Reserves

Other Reserves (US$)	Total	Cash Flow Hedges	Marketable Securities
January 1, 2006	1.096.000	(1.873.000)	2.969.000
Unrealized loss on cash flow hedges	(539.000)	(539.000)	0
Realized loss on cash flow hedges	2.122.000	2.122.000	0
Unrealized loss on marketable securities	(1.565.000)	0	(1.565.000)
December 31, 2006	1.114.000	(290.000)	1.404.000
Unrealized gain on cash flow hedges	903.000	903.000	0
Realized loss on cash flow hedges	611.000	611.000	0
Unrealized loss on marketable securities	(503.000)	0	(503.000)
Realized gain on marketable securities	(1.000)	0	(1.000)
December 31, 2007	2.124.000	1.224.000	900.000

25. Retained Earnings

At the Annual General Meeting of Shareholders on June 26, 2008, 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.

26. Share-Based Payments

On April 30, 1996, the Company adopted the QIAGEN N.V. 1996 Employee, Director and Consultant Stock Option Plan and 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, incentive stock options, as well as for 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, the options vest over a three-year period. During 2004 and 2005 the Company accelerated the vesting of certain options. 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. The settlement of the Plan is accomplished by the issuance of common stock to the bearers of the options. In this respect the Company has approximately 18,1 million shares of common stock reserved and available for issuance under this plan at December 31, 2007.

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 1,8 million shares of common stock reserved and available for issuance under these plans at December 31, 2007.

Stock Options

During the years ended December 31, 2007 and 2006, 379.598 and 201.500 stock options were granted, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes-Merton option pricing model with the following assumptions used for the grants: weighted average risk-free interest rates of 4,27% and 4,74% and a weighted average expected life of 5,47 years and 6,00 years for the years ended December 31, 2007 and 2006, respectively. The weighted average expected volatility which was determined based on market volatility for QIAGEN shares was 38%, and 43% for the years ended December 31, 2007 and 2006, respectively. It is assumed that no dividends would be issued during the option term. For the year ended December 31, 2007, the estimated forfeiture rate was 5% (2006: 9%).

Information regarding the Plan as of December 31, 2007 and 2006, and changes during the years then ended is summarized as follows:

Stock Options (US$)	Stock Options	Weighted Average Exercise Price
January 1, 2006	13.585.295	12,75
Granted	201.500	15,55
Exercised	(1.586.676)	6,93
Forfeited	(483.580)	16,51
December 31, 2006	11.716.539	13,43
Assumed in acquisition	4.139.854	9,24
Granted	379.598	17,01
Exercised	(4.551.655)	9,29
Forfeited	(321.695)	15,16
December 31, 2007	11.362.641	13,63
Exercisable at December 31, 2007	10.865.363	13,49

In connection with the acquisition of Digene Corporation, the Company assumed Digene's equity plans and exchanged Digene's stock options into 4,139,854 stock options in the Company's common stock.

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, 2007 and 2006 and 2005 was US$ 6,97 and US$ 7,52, respectively. The total intrinsic value of options exercised during the years ended December 31, 2007 and 2006 were US$ 42,0 million and US$ 12,0 million, respectively.

At December 31, 2007 and 2006, options were exercisable with respect to 10,9 million and 11,5 million common shares at a weighted average price of US$ 13,49 and US$ 13,40 per share, respectively. The options outstanding at December 31, 2007, expire in various years through 2017.

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. 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 5.1%. At December 31, 2007, there was US$ 16,2 million remaining in unrecognized compensation cost related to these awards, which is expected to be recognized over a weighted average period of 3,85 years. The weighted average grant date fair value of restricted stock units granted during the year ended December 31, 2007, was US$ 16,63.

A summary of the Company's restricted stock units as of December 31, 2007, is presented below:

Restricted Stock Units	Restricted Stock Units
January 1, 2007	0
Assumed in acquisition	857.445
Granted	864.855
Released	(127.273)
Forfeited	(9.469)
December 31, 2007	1.585.558

In connection with the acquisition of Digene Corporation, the Company assumed Digene's equity plans and exchanged Digene's awards into 857.445 restricted stock units of the Company's common stock.

Compensation Expense

Share-based compensation expense for the years ended December 31, 2007 and 2006 totaled approximately US$ 9,8 million and US$ 326.000, respectively.

27. 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$ 9,8 million in 2007 and US$ 9,1 million in 2006.

Minimum future obligations under finance and operating leases at December 31, 2007, are as follows:

Finance and Operating Leases (US$)	Finance Leases	Operating Leases
2008	4.952.000	8.940.000
2009	4.952.000	5.872.000
2010	4.953.000	4.116.000
2011	4.985.000	2.845.000
2012	5.055.000	1.584.000
Thereafter	22.883.000	3.144.000
	47.780.000	26.501.000
Less: amount representing interest	(11.994.000)	
	35.786.000	
Less: current portion	(2.769.000)	
	33.017.000	

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 20% 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$ 15,7 million and US$ 9,4 million at December 31, 2007 and 2006, respectively. Royalty expense relating to these agreements amounted to US$ 37,1 million and US$ 24,0 million for the years ended December 31, 2007 and 2006, 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, 2007, the Company had commitments with several vendors to purchase certain products, and for future minimum guaranteed royalties. They are as follows:

Purchase and Royalties Commitments (US$)	Purchase Commitments	Royalty Commitments
2008	26.366.000	4.368.000
2009	5.751.000	4.451.000
2010	190.000	1.046.000
2011	190.000	611.000
2012	190.000	458.000
Thereafter	1.402.000	842.000
	34.089.000	11.776.000

Contingent Consideration Commitments

Pursuant to the purchase agreements for certain acquisitions, as discussed in detail under 4. ‘Acquisitions’ the Company could be required to make additional contingent cash payments totaling up to US$ 27,1 million based on the achievement of certain revenue and operating results milestones as follows: US$ 10,1 million in 2008, US$ 4,0 million in 2009, and US$ 12,0 million payable in any 12 month period from now until 2010 if revenues exceed a certain amount and US$ 1,0 million payable upon the grant of certain patent rights.

In the prior year (December 31, 2006) the potential contingent cash payments for acquisitions were as follows: US$ 20,9 million in 2007, US$ 6,7 million in 2008, US$ 4,0 million in 2009, and US$ 12,0 million payable in any 12 month period from now until 2010 if revenues exceed a certain amount and US$ 1,0 million payable upon the grant of certain patent rights.

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, or if the executive is terminated for reasons other than cause, as defined in those agreements. At December 31, 2007, the commitment under these agreements totaled US$ 15,3 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, 2007 and 2006, appropriately reflect the estimated cost of such warranty obligations.

Litigation

From time to time, the Company may be party to legal proceedings incidental to its business. As of December 31, 2007, certain claims, suits or legal proceedings arising out of the normal course of business have been filed or were pending against the Company or its subsidiaries. These matters have arisen in the ordinary course and conduct of the Company's business, as well as through acquisition.

As a result of the acquisition of Digene, the Company is now involved in various claims and legal proceedings of a nature considered normal to the business including 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 the Company and after consultation with legal counsel, management believes that such litigation will not have a material adverse effect on its financial position or results of operations.

Digene Corporation v. Third Wave Technologies, Inc.

On January 11, 2007, Digene filed a patent infringement action against Third Wave Technologies, Inc. (Third Wave) in the United States District Court for the Western District of Wisconsin. In this action, Digene alleges that Third Wave is infringing one or more claims of United States Patent No. 5,643,715 (the '715 patent), of which Digene is the exclusive licensee. On February 28, 2007, Third Wave filed an answer to Digene's complaint, in which Third Wave denied infringing the claims of the '715 patent. Third Wave further asserted counterclaims against Digene alleging violations of federal antitrust laws pursuant to Sections 1 and 2 of the Sherman Act, the Clayton Act, and the Robinson-Patman Act. In response, on April 5, 2007, Digene filed a reply denying all of Third Wave's counter claims. A claim construction hearing was held on June 22, 2007 and the court issued two opinions construing the asserted claims. In light of the court's construction of the claims at issue, Digene believes that it cannot meaningfully pursue its infringement action against Third Wave at the district court level. On October 19, 2007, Digene filed a Motion for Summary Judgment, seeking judgment against Third Wave's antitrust claims. The Court granted Digene's Motion on January 11, 2008, dismissing all of Third Wave's antitrust counterclaims. On February 25, 2008, Third Wave withdrew the only remaining claim on the issue of exceptional case. The Court entered final judgment on February 29, 2008. Both QIAGEN and Third Wave have filed separate appeals to the Federal Circuit. QIAGEN expects its opening brief to be due on May 13, 2008. QIAGEN intends to vigorously pursue its patent infringement claim on appeal, and defend itself against any appeal by Third Wave.

Digene Corporation v. Ventana Medical Systems, Inc. and Beckman Coulter, Inc.

On November 19, 2001, Digene filed a patent infringement action against Ventana Medical Systems, Inc. (Ventana) in the United States District Court for the District of Delaware. Digene alleged that Ventana infringed one or more claims of United States Patent No. 4,849,331 (the '331 patent) and United States Patent No. 4,849,332 (the '332 patent). On September 25, 2002, Ventana publicly announced the acquisition of Beckman Coulter, Inc.'s (Beckman) human Papillomavirus business. On December 10, 2002, Beckman was added as a co-defendant in the infringement action. Subsequently, Beckman filed a motion seeking to compel arbitration and the court granted its request. As a matter of judicial economy, the Court stayed the proceedings against Ventana pending the outcome of the arbitration between Digene and Beckman. On July 27, 2006, an American Arbitration Association (AAA) panel upheld Digene's contractual rights relating to various HPV materials and intellectual property. The AAA panel further found that Beckman's sale of certain HPV materials and its attempted assignment of certain HPV patent rights to Ventana was impermissible.

On August 10, 2006, Digene filed a motion to lift the stay of the proceedings against Ventana. The Court granted this motion on August 15, 2006. On August 26, 2006, Digene filed a motion for preliminary injunction to enjoin Ventana from making, using, offering for sale, selling, licensing or otherwise distributing products which infringe the claims of the '332 patent. A hearing on Digene's motion for preliminary injunction was held on February 22, 2007, and on May 9, 2007, that motion was denied. The Court, however, noted that there remained a substantial question as to whether Ventana had a license from Beckman to the relevant HPV patents. On June 12, 2007, the court dismissed Beckman from Digene's patent infringement action against Ventana. Despite the fact that the patents at issue in this litigation expired in May and June 2007, the patent infringement litigation against Ventana was continued, and trial was set to begin on December 17, 2007.

On October 15, 2007 the parties filed a stipulation of partial dismissal as to Counts III, V, VI, and VII of the Second Amended Complaint. The court entered the order on the same date. The litigation with Ventana proceeded based upon patent infringement of Digene's 331 and 332 patents (HPV 35). However, on December 15, 2007, the parties agreed to terms of a mutual settlement of all claims to be finalized on or before December 31, 2007. A stipulation of dismissal was filed with the Court on January 4, 2008 and the case was officially closed on the same day.

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

There is a pending arbitration filed by Digene against F. Hoffmann-LaRoche Ltd. and Roche Molecular Systems, Inc. (collectively Roche) in December of 2006 for breach of contract of a 1990 Cross License Agreement between Digene and Roche for rights to certain HPV patents. Digene claims that Roche has breached this license agreement by entering into an alleged Supply and Purchase Agreement with Gen-Probe, Inc. (Gen-Probe) in violation of the terms of the Cross License Agreement which has a prohibition against further sublicensing. On July 13, 2007, the arbitration Panel granted Gen-Probe's request to intervene as a respondent in the arbitration. On August 27, 2007, Digene filed its First Amended Demand for Arbitration to include claims against both Roche and Gen-Probe. Thereafter, on September 6, 2007 both Roche and Gen-Probe filed their Statement of Defense denying the allegations and asserting counterclaims against Digene. Roche alleges that Digene interfered with its business relations and violated Digene's duties of good faith and fair dealing owed to Roche under the license agreement by bringing this lawsuit. Digene has denied Roche's claims while asserting Roche's counterclaims fail to state a cause of action. Gen-Probe contends that the Purchase and Supply Agreement with Roche is not made invalid by the prohibition on sublicenses contained in the Digene/Roche Cross License Agreement. The parties have served discovery requests (requests for production of documents and things). The parties are evaluating discovery and following up on supplementation of requests.

On October 13, 2007, Roche and Gen-Probe filed a Motion for Summary Judgment (the Motion) alleging that the Purchase and Supply Agreement with Roche does not violate the CLA and that they are entitled to judgment as a matter of law. QIAGEN filed its response to the Motion on November 30, 2007 and a hearing was held on January 17, 2008 in New York. On January 29, 2008, the Panel denied that motion and found that genuine issues of material fact exist with respect to each of the claims on which Roche and Gen-Probe sought summary disposition. On February 29, 2008, QIAGEN filed a motion requesting leave to file a Second Amended Arbitration Demand adding two new causes of action against Roche. Digene's new counts relate to a claim that Roche intentionally interfered with Digene's business relationship with Gen-Probe and a Declaration of Rights declaring that Roche does not have the rights in the 1990 Cross License it purports to have because the transaction in which Roche allegedly obtained those rights was invalid. On March 11, 2008, Gen-Probe filed its own motion to Amend its Statement of Defense and Counterclaims seeking to change the caption of the case to reflect Digene's merger with QIAGEN and to add QIAGEN as a party to the arbitration. Both motions are currently being briefed and no decision has been rendered as of this date. The trial before the panel is scheduled for October 27, 2008, to November 14, 2008. QIAGEN intends to vigorously pursue this case.

28. 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 plan acquired with the acquisition of Digene Corporation, was US$ 1,4 million and US$ 881.000 for the years ended December 31, 2007 and 2006, respectively. The Company also has a defined contribution plan which covers certain executives. The Company makes matching contributions up to an established maximum. In 2007 and 2006, matching contributions to the plan totaled approximately US$ 390.000 and US$ 295.000, respectively.

The Company has four defined benefit, non-contributory retirement or termination plans that cover certain employees in Germany, France, Japan and Italy. These defined benefit plans provide benefits to covered individuals satisfying certain age and service requirements. For certain plans, the Company calculates the vested benefits to which employees are entitled if they separate immediately. The benefits accrued on a pro-rata basis during the employees' employment period are based on the individuals' salaries, adjusted for inflation. The liability under the defined benefit plans was US$ 2,1 million at December 31, 2007, and US$ 1,7 million at December 31, 2006. Due to the insignificance of the defined benefit plans on the total assets the Company did not disclose all required information.

29. Related Party Transactions

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

The Company has a 50% interest in a joint venture company, PreAnalytiX GmbH, which is accounted for under the equity method. Amounts due to/from PreAnalytiX GmbH at year end are summarized as follows:

PreAnalytiX GmbH

(US$)	Dec. 31, 2007	Dec. 31, 2006
Accounts receivable	670.000	20.000
Accounts payable	(116.000)	(219.000)
	554.000	(199.000)

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 less the amount received as member of the Supervisory Board. During 2007 and 2006, the Company paid approximately US$ 471.000 and US$ 524.000, respectively, to Dr. Colpan for scientific consulting services under this agreement.

Compensation of Directors and Officers

The tables below state the amounts earned on an accrual basis by Directors and Officers in 2007. 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 2007 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.

Year Ended December 31, 2007	Annual Compensation (US$)			
Name	Fixed Salary	Variable Cash Bonus	Other*	Total
Peer M. Schatz	1.059.000	437.000	11.000	1.507.000
Roland Sackers	452.000	162.000	53.000	667.000
Dr. Joachim Schorr	291.000	122.000	27.000	440.000
Bernd Uder	311.000	121.000	20.000	452.000

* 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 or other reimbursements or payments that in total did not exceed the lesser of US$ 50.000 or 10% of the total salary and bonus reported in 2007 for the officer.

Year ended December 31, 2007	Long-Term Compensation		
Name	Defined Contribution Benefit Plan	Stock Options	Restricted Stock Units
Managing Board:			
Peer M. Schatz	US$ 80.000	114.551	318.175
Roland Sackers	US$ 72.000	35.019	97.285
Dr. Joachim Schorr	US$ 25.000	17.049	47.355
Bernd Uder	US$ 47.000	17.276	47.986

The information for the comparative period is as follows:

Year Ended December 31, 2006	Annual Compensation (US$)			
Name	Fixed Salary	Variable Cash Bonus	Other*	Total
Peer M. Schatz	942.000	373.000	1.000	1.316.000
Roland Sackers	377.000	128.000	157.000	662.000
Dr. Joachim Schorr	259.000	104.000	38.000	401.000
Bernd Uder	276.000	104.000	10.000	390.000

* Amounts include, among others, inventor bonus and expatriate fringe pay. Does not include the reimbursement of certain expenses relating to travel incurred at the request of the Company or other reimbursements or payments that in total did not exceed the lesser of US$ 50.000 or 10% or the total salary and bonus reported for the officer.

Year Ended December 31, 2006	Long-Term Compensation (US$)	
Name	Defined Contribution Benefit Plan	Stock Options
Peer M. Schatz	73.000	—
Roland Sackers	63.000	—
Dr. Joachim Schorr	23.000	—
Bernd Uder	23.000	—

The Supervisory Board compensation for 2007 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 UD$ 15.000
- Additional compensation payable to members holding the following positions:
- Chairman of the Supervisory Board US$ 10.000
- Vice Chairman of the Supervisory Board US$ 5.000
- Fee payable to each member of a committee US$ 2.500
- Additional fee payable to a Chairman of a Committee US$ 5.000

Members of the Supervisory Board also receive US$ 1.000 for attending the Annual General Meeting and US$ 1.000 for attending each meeting of the Supervisory Board (not to exceed US$ 5.000 in the aggregate). Members of the Audit Committee receive US$ 1.000 for attending each meeting of the Audit Committee (not to exceed US$ 5.000 in the aggregate).

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$ 471.000 to Dr. Colpan for his scientific consulting services, including travel reimbursement.

(US$) Name	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Committee Membership	Variable Cash Bonus	Total
Supervisory Board:						
Prof. Dr. Detlev H. Riesner	15.000	15.000	6.000	2.500	7.300	45.800
Dr. Heinrich Hornef*	7.500	5.000	6.000	2.500	3.700	24.700
Dr. Metin Colpan	15.000	—	5.000	—	7.300	27.300
Dr. Franz A. Wirtz*	7.500	2.500	4.500	2.500	3.700	20.700
Erik Hornnaess	15.000	5.000	10.000	6.250	7.300	43.550
Prof. Dr. Manfred Karobath	15.000	—	5.000	2.500	7.300	29.800
Dr. Werner Brandt	7.500	2.500	6.500	1.250	3.700	21.450
Heino von Prondzynski	7.500	—	4.500	1.250	3.700	16.950

* Dr. Heinrich Hornef and Dr. Franz A. Wirtz decided not to seek another term as Supervisory Board members. Dr. Werner Brandt and Mr. Heino von Prondzynski replaced Dr. Hornef and Dr. Wirtz on the Supervisory Board following our 2007 Annual General Meeting of Shareholders.

The information for the comparative period is as follows:

(US$) Name	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Committee Membership	Variable Cash Bonus	Total
Supervisory Board:						
Prof. Dr. Detlev H. Riesner	15.000	15.000	6.000	2.500	7.000	45.500
Dr. Heinrich Hornef	15.000	10.000	11.000	5.000	7.000	48.000
Dr. Metin Colpan	15.000	—	5.000	—	7.000	27.000
Jochen Walter*	15.000	—	5.000	1.250	7.000	28.250
Dr. Franz A. Wirtz	15.000	5.000	8.000	3.750	7.000	38.750
Erik Hornnaess	15.000	—	10.000	5.000	7.000	37.000
Prof. Dr. Manfred Karobath	15.000	—	4.500	2.500	7.000	29.000

* Mr. Jochen Walter was a member of our Supervisory Board from 1988 until 2006 during which time he served on the Audit Committee from 1996 until 2006.

Board members also receive a variable component, in the form of share-based compensation. Stock options granted to the Supervisory Board must have an exercise price that is higher than the market price at the time of grant. During 2007, the following options or other share-based compensation were granted to the members of the Supervisory Board.

Year ended December 31, 2007	2007 Grants	
Name	Stock Options	Restrictive Stock Units
Prof. Dr. Detlev H. Riesner	1.942	5.387
Dr. Heinrich Hornef	-	6.734
Dr. Metin Colpan	1.942	5.387
Dr. Franz A. Wirtz	-	6.734
Erik Hornnaess	1.942	5.387
Prof. Dr. Manfred Karobath	1.942	5.387
Dr. Werner Brandt	-	-
Heino von Prondzynski	-	-

During 2006, no options were granted to the members of the Managing and Supervisory Board.

The following table sets forth the vested and unvested options of officers and directors:

Name	Total Vested Options	Total Unvested Options	Expiration Dates	Exercise Prices (US$)	Total Unvested Stock Awards
Peer M. Schatz	2.359.876	114.551	5/2009 to 2/2017	4.590 to $20.563	318.175
Roland Sackers	347.598	23.346	9/2009 to 2/2017	10.610 to $20.563	97.285
Dr. Joachim Schorr	201.444	17.049	10/2011 to 2/2017	8.940 to $17.900	47.355
Bernd Uder	120.000	17.276	3/2011 to 2/2017	11.985 to $20.563	47.986
Prof. Dr. Detlev H. Riesner	90.667	1.942	1/2010 to 4/2017	6.018 to $20.563	5.387
Dr. Metin Colpan	976.150	1.942	5/2009 to 4/2017	6.018 to $20.563	5.387
Erik Hornnaess	112.000	1.942	1/2009 to 4/2017	6.018 to $20.563	5.387
Prof. Dr. Manfred Karobath	90.000	1.942	1/2010 to 4/2017	6.018 to $20.563	5.387

The information for the comparative period is as follows:

Name	Total Vested Options	Total Unvested Options	Expiration Dates	Exercise Prices (US$)
Peer M. Schatz	2.399.876	—	1/2008 to 12/2015	4,590 to $20,563
Roland Sackers	375.925	—	9/2009 to 12/2015	8,940 to $20,563
Dr. Joachim Schorr	241.444	—	10/2011 to 12/2015	8,940 to $17,900
Bernd Uder	192.607	—	3/2011 to 12/2015	8,940 to $20,563
Prof. Dr. Detlev H. Riesner	90.667	—	1/2010 to 12/2015	6,018 to $20,563
Dr. Heinrich Hornef	76.000	—	1/2010 to 12/2015	11,985 to $20,563
Dr. Metin Colpan	1.128.150	—	2/2007 to 12/2015	3,219 to $20,563
Dr. Franz A. Wirtz	128.000	—	1/2008 to 12/2015	5,625 to $20,563
Erik Hornnaess	122.300	—	1/2008 to 12/2015	5,625 to $20,563
Prof. Dr. Manfred Karobath	90.000	—	1/2010 to 12/2015	6,018 to $20,563

30. Risks and Use of Derivative Financial Instruments

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, such as occurred in 2006 and 2007 with respect to the euro, 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 Group hedges these risks in full. On account of these hedging activities, QIAGEN was not exposed to any significant currency risks in the area of financing at the reporting date.

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 only exposed to currency risks from specific currency derivatives. These are currency derivatives that are part of an effective cash flow hedge for hedging payment fluctuations resulting from exchange rate movements in accordance with IAS 39. Exchange rate fluctuations of the currencies on which these transactions are based affect the hedging reserve in shareholders' equity and the fair value of these hedging transactions.

If the U.S. dollar had gained (lost) 10 percent against other major currencies (Euro, Swiss Franc, Canadian dollar) at December 31, 2007, the hedging reserve in shareholders' equity and the fair value of the hedging transactions would have been US$ 586.000 lower (higher).

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, 2007, we had US$ 348,5 million in cash and cash equivalents and US$ 2,3 million in marketable equity securities. 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 2007 earnings by approximately US$ 224.000.

At December 31, 2007, we had US$ 875,0 million in long-term debt, of which US$ 500,0 million was at a variable rate. A hypothetical adverse 10% movement in market interest rates would decrease 2007 earnings by approximately US$ 1,8 million, based on the period-end interest rate.

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, 2007 and 2006, we had cash and cash equivalents of US$ 348,5 million and US$ 430,9 million, respectively, and investments in current marketable securities of US$ 2,3 million and US$ 52,8 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. At December 31, 2007, cash and cash equivalents had decreased by US$ 82,4 million over December 31, 2006 primarily due to cash provided by operating activities of US$ 96,3 million and financing activities of US$ 483,2 million, offset by cash used in investing activities of US$ 659,7 million. As of December 31, 2007 and 2006, we had working capital of US$ 465,2 million and US$ 553,2 million, respectively.

We have credit lines totaling US$ 165,3 million at variable interest rates. We also have capital lease obligations, including interest, in the amount of US$ 35,8 million, and carry US$ 950,0 million of 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, 2007 and 2006, the Company held 289.096 shares in Coley Pharmaceutical Group, Inc. (CPG). At December 31, 2007, the shares in CPG have a fair market value (stock price) of US$ 2,3 million and a cost of US$ 1,4 million (December 31, 2006: fair market value of US$ 2,8 million and a cost of US$ 1,4 million). In December 2007, CPG was acquired in a tender offer and as a result the Company tendered its shares in exchange for US$ 8 per share. Upon the exchange in January 2008, the Company received US$ 2,3 million in cash and recognized a gain of approximately US$ 800.000.

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.

Derivatives

During 2004, the Company entered into forward arrangements which qualify for hedge accounting as cash flow hedges of foreign currency denominated liabilities. At December 31, 2007 and 2006, these forward contracts totaled US$ 44,0 million as a hedge to currency risk on intercompany loans. The contracts mature in July 2011 and have fair market values of approximately US$ (5,1) million, which are included in other non-current liabilities in the accompanying consolidated balance sheet at December 31, 2007. At December 31, 2006, the contracts had fair market values of approximately US$ (2,8) million and US$ 61.000, which are included in other non-current assets in the accompanying consolidated balance sheet at December 31, 2006.

In addition in 2007 and 2006, the Company had forward arrangements which qualify as cash flow hedges of foreign currency denominated liabilities. At December 31, 2007, the Company held a contract for CAD 5,0 million which matures in February 2008 and had a fair market value of US$ 788.000 at December 31, 2007, included in other liabilities. Additionally, the Company held a contract for JPY 160,0 million which matures in March 2008 and had a fair market value of US$ 63,000 at December 31, 2007, which is included in prepaid and other assets at December 31, 2007.

At December 31, 2006, the Company held a contract for CAD 8.0 million which matured in February 2007 and had a fair market value of US$ 126.000 at December 31, 2006. Additionally the Company held a contract for JPY 200,0 million which matured in April 2007 and had a fair market value of US$ 190.000 at December 31, 2006. The fair values of these forwards are included in prepaid and other assets at December 31, 2006.

The gain or loss on the change in the fair values of the derivatives are included in earnings to the extent they offset the earnings impact of changes in the fair values of the hedged obligations. Any difference is deferred in other reserves, a component of shareholders' equity. These contracts effectively fix the exchange rate at which the intercompany loans will be settled, so that gains or losses on the forward contracts offset the losses or gains from changes in the value of the underlying intercompany loans. The Company has determined that no ineffectiveness exists related to these derivatives. Unrealized gains which have been recorded in equity amount to US$ 903.000 in 2007 (unrealized losses of US$ 539.000 in 2006). Realized losses recorded through the income statement amount to US$ 612.000 in 2007 and to US$ 2.122.000 in 2006.

In the ordinary course of business, the Company purchases foreign currency exchange options to manage potential losses from foreign currency exposures. These options give the Company the right, but not the requirement, to purchase foreign currencies in exchange for U.S. dollars at predetermined exchange rates. The principal objective of such options is to minimize the risks and/or costs associated with global financial and operating activities. The Company does not utilize financial instruments for trading or other speculative purposes. The fair market values of these options totaled approximately EUR 1,0 million (US$ 1,5 million) at December 31, 2007, and were not significant at December 31, 2006. The 2007 options expired in January 2008 and a loss of US$ 1,4 million was realized.

The fair values of derivative financial instruments, if all the instruments were closed out at year end, are as follows as of December 31, 2007 and 2006:

Derivative Financial Instruments

(US$)	Positive fair values Dec. 31, 2007	Negative fair values Dec. 31, 2007	Positive fair values Dec. 31, 2006	Negative fair values Dec. 31, 2006
Forward contracts	63.000	(5.861.000)	377.000	(2.818.000)

31. Additional Information for Financial Instruments

Carrying Amounts, Measurement in Accordance with IAS 39 and Fair Values

Carrying Amounts, Measurement in Accordance with IAS 39 and Fair Values (Dec. 31, 2007)

		Measurement in Accordance with IAS 39				
(US$)	Category	Carrying amount	Amortized cost	Cost	Fair value (through equity)	Fair value (through profit or loss)
Assets						
Cash and cash equivalents	LaR	348.468.000	348.468.000	0	0	0
Available-for-sale assets	AfS	6.313.000	0	4.000.000	2.313.000	0
Notes receivable	LaR	5.139.000	5.139.000	0	0	0
Trade accounts receivable	LaR	136.707.000	136.707.000	0	0	0
Hedges	N/A	63.000	0	0	63.000	0
Liabilities						
Financial debts	FLAC	(877.088.000)	(877.088.000)	0	0	0
Finance lease obligations	N/A	(35.786.000)	0	0	0	0
Trade accounts payable	FLAC	(40.378.000)	(40.378.000)	0	0	0
Hedges	N/A	(5.861.000)	0	0	1.035.000	(6.860.000)
Aggregated by category in accordance with IAS 39						
Loans and Receivables (LaR)		490.314.000	490.314.000	0	0	0
Available-for-Sales Financial Assets (AfS)		6.313.000	0	4.000.000	2.313.000	0
Financial Liabilities Measured at Amortized Cost (FLAC)		(917.466.000)	(917.466.000)	0	0	0

The information for the comparative period is provided below:

Carrying Amounts, Measurement in Accordance with IAS 39 and Fair Values (Dec. 31, 2006)

		Measurement in Accordance with IAS 39				
(US$)	Category	Carrying amount	Amortized cost	Cost	Fair value (through equity)	Fair value (through profit or loss)
Assets						
Cash and cash equivalents	LaR	430.871.000	430.871.000	0	0	0
Available-for-sale assets	AfS	59.583.000	0	4.000.000	55.583.000	0
Notes receivable	LaR	4.247.000	4.247.000	0	0	0
Trade accounts receivable	LaR	80.429.000	80.429.000	0	0	0
Other assets	LaR	4.235.000	4.235.000	0	0	0
Hedges	N/A	377.000	0	0	84.000	293.000
Liabilities						
Financial debts	FLAC	(412.189.000)	(412.189.000)	0	0	0
Finance lease obligations	N/A	(12.832.000)	0	0	0	0
Trade accounts payable	FLAC	(23.249.000)	(23.249.000)	0	0	0
Hedges	N/A	(2.818.000)	0	0	(511.000)	(2.307.000)
Aggregated by category in accordance with IAS 39						
Loans and Receivables (LaR)		519.782.000	519.782.000	0	0	0
Available-for-Sales Financial Assets (AfS)		59.583.000	0	4.000.000	55.583.000	0
Financial Liabilities Measured at Amortized Cost (FLAC)		(435.438.000)	(435.438.000)	0	0	0

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, 2007 and 2006, fair values of financial debts amount to US$ 1,173 billion and 562,7 million, respectively. The carrying amounts of all other financial assets and financial liabilities approximate their fair values.

As of December 31, 2007 and 2006, there are no significant concentrations of risks arising from financial instruments.

Net Results by Category

Net Results by Category (2007)

		Subsequent Measurement			
(US$)	From interest	At fair value	Allowances and impairments	From derecognition	Net result
Loans and Receivables (LaR)	15.857.000	0	(2.869.000)	0	12.988.000
Available-for-Sales Financial Assets (AfS)	1.876.000	0	0	(150.000)	1.726.000
Financial Liabilities Measured at Amortized Cost (FLAC)	(37.901.000)	0	0	0	(37.901.000)
	(20.168.000)	0	(2.869.000)	(150.000)	(23.187.000)

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:

Net Results by Category (2006)

(US$)	From interest	Subsequent Measurement: At fair value	Subsequent Measurement: Allowances and impairments	Subsequent Measurement: From derecognition	Net result
Loans and Receivables (LaR)	15.838.000	0	(711.000)	0	15.127.000
Available-for-Sales Financial Assets (AfS)	422.000		(2.100.000)	0	(1.678.000)
Financial Liabilities Measured at Amortized Cost (FLAC)	(19.900.000)	0	0	0	(19.900.000)
	(3.640.000)	0	(2.811.000)	0	(6.451.000)

32. 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 balance sheet.

The following table provides the shareholders' equity ratio as of December 31, 2007 and 2006:

Shareholders' Equity Ratio (US$)	Dec. 31, 2007	Dec. 31, 2006
Shareholders' Equity attributable to Equity Holders of the Parent	1.525.988.000	643.920.000
Total Assets	2.870.873.000	1.234.372.000

33. Segment Information

Primary Reporting Format – Geographical Segments

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. It is not practicable to provide a detail of revenues for each group of similar products and services offered by the Company.

Summarized financial information concerning the Company's reportable geographical segments is shown in the following tables:

Revenues

(US$)	2007	2006
North America	465.878.000	318.865.000
Germany	270.173.000	220.325.000
Switzerland	56.615.000	40.044.000
Asia	71.168.000	49.875.000
Rest of World	148.082.000	109.025.000
Corporate	350.000	525.000
	1.012.266.000	738.659.000
Intersegment elimination	(362.492.000)	(272.881.000)
	649.774.000	465.778.000

Revenues are attributed to countries based on the location of the Company's subsidiary. During 2007 and 2006, no single customer represented more than ten percent of consolidated revenues.

Intersegment Revenues

(US$)	2007	2006
North America	(155.052.000)	(115.924.000)
Germany	(162.149.000)	(129.438.000)
Switzerland	(42.637.000)	(26.518.000)
Asia	(1.876.000)	(784.000)
Rest of World	(778.000)	(188.000)
Corporate	0	(29.000)
	(362.492.000)	(272.881.000)

All intersegment sales are accounted for by a formula based on local list prices and manufacturing costs and are eliminated in consolidation.

Income (Loss) from Operations (Excluding Other Income and Other Expense)

(US$)	2007	2006
North America	38.905.000	29.714.000
Germany	69.426.000	59.276.000
Switzerland	3.735.000	2.600.000
Asia	5.920.000	8.485.000
Rest of World	21.885.000	15.572.000
Corporate	(20.916.000)	(6.550.000)
	118.955.000	109.097.000
Intersegment elimination	(2.662.000)	(557.000)
	116.293.000	108.540.000

The Corporate component of operating income (loss) is primarily general and administrative expenses and share-based compensation costs. The intersegment elimination represents primarily the elimination of intercompany profit.

Depreciation and Amortization

(US$)	2007	2006
North America	35.717.000	10.283.000
Germany	25.059.000	15.420.000
Switzerland	3.275.000	1.982.000
Asia	2.533.000	1.643.000
Rest of World	2.373.000	1.850.000
Corporate	585.000	780.000
	69.542.000	31.958.000

Assets

(US$)	Dec. 31., 2007	Dec. 31., 2006
North America	2.183.631.000	313.495.000
Germany	493.363.000	375.797.000
Switzerland	97.795.000	93.164.000
Asia	80.830.000	71.437.000
Rest of World	112.636.000	96.636.000
Corporate	1.871.230.000	1.366.254.000
	4.839.485.000	2.316.783.000
Intersegment elimination	(1.968.612.000)	(1.082.411.000)
	2.870.873.000	1.234.372.000

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

At December 31, 2007, for Switzerland, the net investment in equity-accounted investees was US$ 4,6 million (December 31, 2006: US$ 2,6 million). The Netherlands had a net investment in equity-accounted investees of US$ 1,3 million as of December 31, 2007 (December 31, 2006: US$ 546.000).

Capital Expenditures

(US$)	2007	2006
North America	6.381.000	4.206.000
Germany	19.938.000	20.638.000
Switzerland	3.445.000	2.211.000
Asia	2.875.000	804.000
Rest of World	1.822.000	1.130.000
Corporate	31.000	6.000
	34.492.000	28.995.000

Long-Lived Assets (Excluding Deferred Income Taxes)

(US$)	Dec. 31, 2007	Dec. 31, 2006
North America	1.702.501.000	189.575.000
Germany	336.699.000	269.442.000
Switzerland	12.255.000	9.323.000
Asia	33.080.000	30.484.000
Rest of World	37.237.000	31.363.000
Corporate	2.046.000	6.741.000
	2.123.818.000	536.928.000

Liabilities

(US$)	Dec. 31, 2007	Dec. 31, 2006
North America	816.590.000	45.150.000
Germany	77.029.000	112.604.000
Switzerland	13.054.000	14.122.000
Asia	12.312.000	9.185.000
Rest of World	413.727.000	400.809.000
Corporate	11.620.000	8.582.000
	1.344.332.000	590.452.000

Stock Option Expenses

(US$)	2007	2006
North America	(7.177.000)	(65.000)
Germany	(2.112.000)	(197.000)
Switzerland	(49.000)	(19.000)
Asia	(32.000)	(7.000)
Rest of World	(154.000)	(38.000)
Corporate	(322.000)	0
	(9.846.000)	(326.000)

Impairment Losses

(US$)	2007	2006
North America	0	(401.000)
Germany	0	(714.000)
Switzerland	(306.000)	(1.509.000)
Asia	0	0
Rest of World	0	0
Corporate	0	(2.121.000)
	(306.000)	(4.745.000)

Secondary Reporting Format – Business Segments

The consumables business segment and the instruments business segment have been identified as the Companies business segments. The consumables business segment makes up for more than 90% of the revenues of the Group, for more than 90% of the combined result of the Group and for more than 90% of the total assets of the Group as of December 31, 2007 and 2006, respectively. Accordingly, the consumables business segment is considered to be the dominant business segment and any secondary segment reporting is omitted in accordance with materiality considerations.

34. Subsequent Events

No events or transactions have occurred subsequently to December 31, 2007, that would have a material impact on the financial statements as presented.

35. Authorisation for Issue

The consolidated financial statements for the period ended December 31, 2007, were authorized for issue on April 29, 2008, by the Board of Directors.

36. List of Consolidated Companies

The following is a list of the Company's subsidiaries as of December 31, 2007, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary:

As of December 31, 2007					
Company	Country	Currency	Capital	Ownership	Activity
Genaco Biomedical Products, Inc.	USA	USD	5.000	100%	P/R&D/S
Gentra Systems, Inc.	USA	USD	161.000	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 (Luxembourg) S.A.	Luxemburg	USD	25.000	100%	Finance
QIAGEN Finance Deutschland 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 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
QIAGEN Vertriebsges. mbH	Austria	EUR	18.000	100%	S
Nextal Biotechnology Inc.	Canada	CAD	3.000	100%	P
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.

Venlo, The Netherlands, April 22, 2008

Peer M. Schatz
Chief Executive Officer

QIAGEN N.V.
COMPANY BALANCE SHEETS
(Before proposed appropriation of net income)

	Notes	December 31, 2007 US$	December 31, 2006 US$
Assets			
Fixed Assets			
Intangible fixed assets	(3)	48.005.000	43.131.000
Tangible fixed assets	(4)	30.000	10.000
Financial fixed assets	(5)	1.327.852.000	542.068.000
Total fixed assets		1.375.887.000	585.209.000
Current Assets			
Receivables	(6)	2.800.000	1.643.000
Cash		196.284.000	109.524.000
Total current assets		199.084.000	111.167.000
Total assets		1.574.971.000	696.376.000
Shareholders' Equity and Liabilities			
Shareholders' Equity:	(7)		
Common shares		2.175.000	1.535.000
Share premium		1.099.110.000	327.226.000
Retained earnings		239.258.000	176.524.000
Net income		74.371.000	73.313.000
Legal reserves		34.054.000	23.475.000
Other reserves		2.124.000	1.114.000
Cumulative foreign currency translation adjustments		74.896.000	40.733.000
Total shareholders' equity		1.525.988.000	643.920.000
Non-Current Liabilities:			
Non-current liabilities		0	0
Total non-current liabilities		0	0
Current liabilities			
Trade accounts payable		1.116.000	482.000
Payables to group companies		42.347.000	49.083.000
Accrued liabilities		5.520.000	2.891.000
Total current liabilities		48.983.000	52.456.000
Total shareholders' equity and liabilities		1.574.971.000	696.376.000

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

QIAGEN N.V.
COMPANY INCOME STATEMENTS

	Notes	Year ended December 31, 2007 US$	Year ended December 31 2006 US$
Net income from investments (after income tax)	(2)	56.302.000	59.124.000
Other income (after income tax)	(2)	18.069.000	14.189.000
Net income		74.371.000	73.313.000

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

QIAGEN N.V.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

DECEMBER 31, 2007

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. Intangible Fixed Assets

Intangible Fixed Assets

(US$)	Dec. 31, 2007	Dec. 31, 2006
Goodwill	44.892.000	39.627.000
Other intangible assets	3.113.000	3.504.000
	48.005.000	43.131.000

The changes in the carrying amount of goodwill for the year are as follows:

Goodwill

(US$)	Total
December 31, 2006	39.627.000
Additions	1.091.000
Foreign currency translation	4.174.000
December 31, 2007	44.892.000

The movements of other intangible assets for the year are as follows:

Other intangible assets (US$)	Jan. 1, 2007	Additions	Disposals	Dec. 31, 2007
Cost				
Patent rights and licenses	5.456.000	440.000	0	5.896.000
Computer software	1.601.000	0	0	1.601.000
	7.057.000	440.000	0	7.497.000

	Jan. 1, 2007	Additions	Disposals	Dec. 31, 2007
Accumulated depreciation				
Patent rights and licenses	2.432.000	511.000	0	2.943.000
Computer software	1.121.000	320.000	0	1.441.000
	3.553.000	831.000	0	4.384.000

	Dec. 31, 2007	Dec. 31, 2006
Net book value		
Patent rights and licenses	2.953.000	3.024.000
Computer software	160.000	480.000
	3.113.000	3.504.000

For the comparative period the movements are as follows:

Other intangible assets (US$)	Jan. 1, 2006	Additions	Disposals	Dec. 31, 2006
Cost				
Patent rights and licenses	5.454.000	2.000	0	5.456.000
Computer software	1.601.000	0	0	1.601.000
	7.055.000	2.000	0	7.057.000

	Jan. 1, 2006	Additions	Disposals	Dec. 31, 2006
Accumulated depreciation				
Patent rights and licenses	1.931.000	501.000	0	2.432.000
Computer software	801.000	320.000	0	1.121.000
	2.732.000	821.000	0	3.553.000

	Dec. 31, 2006	Dec. 31, 2005
Net book value		
Patent rights and licenses	3.024.000	3.523.000
Computer software	480.000	800.000
	3.504.000	4.323.000

4. Tangible Fixed Assets

Tangible Fixed Assets

(US$)	Jan. 1, 2007	Additions	Disposals	Dec. 31, 2007
Cost				
Furniture and office equipment	48.000	31.000	0	79.000
	48.000	31.000	0	79.000

	Jan. 1, 2007	Additions	Disposals	Dec. 31, 2007
Accumulated depreciation				
Furniture and office equipment	38.000	11.000	0	49.000
	38.000	11.000	0	49.000

	Dec. 31, 2007	Dec. 31, 2006
Net book value		
Furniture and office equipment	30.000	10.000
	30.000	10.000

For the comparative period the movements are as follows:

Tangible Fixed Assets

(US$)	Jan. 1, 2006	Additions	Disposals	Dec. 31, 2006
Cost				
Furniture and office equipment	42.000	6.000	0	48.000
	42.000	6.000	0	48.000

	Jan. 1, 2006	Additions	Disposals	Dec. 31, 2006
Accumulated depreciation				
Furniture and office equipment	36.000	2.000	0	38.000
	36.000	2.000	0	38.000

	Dec. 31, 2006	Dec. 31, 2005
Net book value		
Furniture and office equipment	10.000	6.000
	10.000	6.000

5. Financial Fixed Assets

Financial Fixed Assets

(US$)	Dec. 31, 2007	Dec. 31, 2006
Investments in subsidiary companies	823.191.000	537.815.000
Participating interests	3.564.000	3.348.000
Loans receivable	501.097.000	905.000
	1.327.852.000	542.068.000

Financial Fixed Assets

(US$)	Investments in subsidiary companies	Participating interests	Loans receivable	Total
Balance as of January 1, 2006	399.021.000	7.078.000	0	406.099.000
Additions / disposals	132.195.000	(3.702.000)	905.000	129.398.000
Dividends received	(78.422.000)	0	0	(78.422.000)
Share of net profit	59.152.000	(28.000)	0	59.124.000
Translation adjustments	25.869.000	0	0	25.869.000
Balance as of December 31, 2006	537.815.000	3.348.000	905.000	542.068.000
Additions / disposals	260.529.000	258.000	500.192.000	760.979.000
Dividends received	(65.776.000)	0	0	(65.776.000)
Share of net profit	56.344.000	(42.000)	0	56.302.000
Translation adjustments	34.279.000	0	0	34.279.000
Balance as of December 31, 2007	823.191.000	3.564.000	501.097.000	1.327.852.000

At December 31, 2007, the Company's investments comprise (exclusive of insignificant investments and participating interests):

Name	Registered office	% owned
Subsidiary companies:		
• QIAGEN BV	Venlo, The Netherlands	100%
• QIAGEN Deutschland Holding GmbH*	Hilden, Germany	100%
• QIAGEN Euro Finance (Luxembourg) S.A.	Luxembourg	100%
• QIAGEN Finance (Luxembourg) S.A.	Luxembourg	100%
• QIAGEN Inc. (Canada)****	Mississauga, Canada	100%
• QIAGEN Instruments AG	Hombrechtikon, Switzerland	100%
• QIAGEN KK	Tokyo, Japan	100%
• QIAGEN Ltd.	Crawley, England	100%
• QIAGEN Pty. Ltd.	Victoria, Australia	100%
• QIAGEN S.A.	Courtaboeuf Cedex, France	100%
• QIAGEN SpA**	Milan, Italy	100%
• QIAGEN NAH Inc.***	Valencia, United States	100%
• QIAGEN Vertriebsgesellschaft mbH****	Vienna, Austria	100%
• Shenzen PG Biotech Co. Ltd.	Shenzen, China	100%

* and subsidiaries QIAGEN GmbH, QIAGEN Finance Deutschland GmbH and QIAGEN Hamburg GmbH (all 100 % owned).

** 75 % owned by QIAGEN N.V. and 25 % owned by QIAGEN GmbH.

*** and subsidiaries eGene Inc., Genaco Biomedical Products Inc., Gentra Systems Inc., QIAGEN Gaithersburg Inc., QIAGEN Inc. (USA), QIAGEN Sciences Inc. and QIAGEN Shared Services, Inc. (all 100 % owned).

**** and subsidiary Nextal Biotechnology Inc. (Canada) (100 % owned).

6. Receivables

Receivables

(US$)	Dec. 31, 2007	Dec. 31, 2006
Marketable securities	0	0
Receivables	107.000	128.000
Prepaid expenses and other	2.693.000	1.515.000
	2.800.000	1.643.000

7. Shareholders' Equity

Shareholders' Equity

(US$ '000)

	Common Shares US$	Share Premium US$	Retained Earnings US$	Net Income US$	Legal Reserves US$	Cumulative Foreign Currency Other Reserves US$	Translation Adjustments US$	Total US$
December 31, 2006	1.535	327.226	176.524	73.313	23.475	1.114	40.733	643.920
Appropriation of prior year net income	-	-	73.313	(73.313)	-	-	-	-
Income and expense directly recognized in equity	-	-	-	-	-	1.010	34.163	35.173
Profit for the year	-	-	-	74.371	-	-	-	74.371
Allocation to legal reserves	-	-	(10.579)	-	10.579	-	-	-
Share issue for acquisitions	575	709.373	-	-	-	-	-	709.948
Subscription receivable	-	675	-	-	-	-	-	675
Stock options	65	61.836	-	-	-	-	-	61.901
December 31, 2007	2.175	1.099.110	239.258	74.371	34.054	2.124	74.896	1.525.988

Legal reserves in the amount of US$ 34.054.000 (2006: US$ 23.475.000) were set up in connection with capitalized development expenses.

8. Employee information

The average number of employees during the year was six (2006: five).

9. Remuneration of Directors and Officers

The tables below state the amounts earned on an accrual basis by Directors and Officers in 2007. 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 2007 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.

Year Ended December 31, 2007	Annual Compensation (US$)		
Name	Fixed Salary	Variable Cash Bonus	Total
Peer M. Schatz	212.000	71.000	283.000
Roland Sackers	104.000	41.000	145.000
Dr. Joachim Schorr	31.000	14.000	45.000
Bernd Uder	29.000	14.000	43.000

The information for the comparative period is as follows:

Year Ended December 31, 2006	Annual Compensation (US$)		
Name	Fixed Salary	Variable Cash Bonus	Total
Peer M. Schatz	188.000	69.000	257.000
Roland Sackers	95.000	38.000	133.000
Dr. Joachim Schorr	28.000	9.000	37.000
Bernd Uder	26.000	9.000	35.000

The Supervisory Board compensation for 2007 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 UD$ 15.000
- Additional compensation payable to members holding the following positions:
- Chairman of the Supervisory Board US$ 10.000
- Vice Chairman of the Supervisory Board US$ 5.000
- Fee payable to each member of a committee US$ 2.500
- Additional fee payable to a Chairman of a Committee US$ 5.000

Members of the Supervisory Board also receive US$ 1.000 for attending the Annual General Meeting and US$ 1.000 for attending each meeting of the Supervisory Board (not to exceed US$ 5.000 in the aggregate). Members of the Audit Committee receive US$ 1.000 for attending each meeting of the Audit Committee (not to exceed US$ 5.000 in the aggregate).

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.

(US$) Name	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Committee Membership	Variable Cash Bonus	Total
Supervisory Board:						
Prof. Dr. Detlev H. Riesner	15.000	15.000	6.000	2.500	7.300	45.800
Dr. Heinrich Hornef*.....	7.500	5.000	6.000	2.500	3.700	24.700
Dr. Metin Colpan	15.000	—	5.000	—	7.300	27.300
Dr. Franz A. Wirtz*	7.500	2.500	4.500	2.500	3.700	20.700
Erik Hornnaess	15.000	5.000	10.000	6.250	7.300	43.550
Prof. Dr. Manfred Karobath.....	15.000	—	5.000	2.500	7.300	29.800
Dr. Werner Brandt.....	7.500	2.500	6.500	1.250	3.700	21.450
Heino von Prondzynski	7.500	—	4.500	1.250	3.700	16.950

* Dr. Heinrich Hornef and Dr. Franz A. Wirtz decided not to seek another term as Supervisory Board members. Dr. Werner Brandt and Mr. Heino von Prondzynski replaced Dr. Hornef and Dr. Wirtz on the Supervisory Board following our 2007 Annual General Meeting of Shareholders..

The information for the comparative period is as follows:

(US$) Name	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Committee Membership	Variable Cash Bonus	Total
Supervisory Board:						
Prof. Dr. Detlev H. Riesner	15.000	15.000	6.000	2.500	7.000	45.500
Dr. Heinrich Hornef	15.000	10.000	11.000	5.000	7.000	48.000
Dr. Metin Colpan	15.000	—	5.000	—	7.000	27.000
Jochen Walter*.....	15.000	—	5.000	1.250	7.000	28.250
Dr. Franz A. Wirtz	15.000	5.000	8.000	3.750	7.000	38.750
Erik Hornnaess	15.000	—	10.000	5.000	7.000	37.000
Prof. Dr. Manfred Karobath.....	15.000	—	4.500	2.500	7.000	29.000

* Mr. Jochen Walter was a member of our Supervisory Board from 1988 until 2006 during which time he served on the Audit Committee from 1996 until 2006.

Board members also receive a variable component, in the form of share-based compensation. Stock options granted to the Supervisory Board must have an exercise price that is higher than the market price at the time of grant. During 2007, the following options or other share-based compensation were granted to the members of the Supervisory Board.

Year ended December 31, 2007	2007 Grants	
Name	Stock Options	Restrictive Stock Units
Prof. Dr. Detlev H. Riesner	1.942	5.387
Dr. Heinrich Hornef	-	6.734
Dr. Metin Colpan	1.942	5.387
Dr. Franz A. Wirtz	-	6.734
Erik Hornnaess	1.942	5.387
Prof. Dr. Manfred Karobath	1.942	5.387
Dr. Werner Brandt	-	-
Heino von Prondzynski	-	-

During 2006, no options were granted to the members of the Supervisory Board.

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 RMB 30.000.000 at December 31, 2007.

Venlo, The Netherlands, April 22, 2008

Peer M. Schatz
Chief Executive 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

No events or transactions have occurred subsequently to December 31, 2007, that would have a material impact on the financial statements as presented.

Responsibility Statement of the Management Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Venlo, April 22, 2008

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 (as set out on pages F-1 to F-80) financial statements 2007 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 consolidated balance sheet as at December 31, 2007, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at December 31, 2007, the company income statement for the year then ended and the notes.

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 directors' 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, 2007, 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, 2007, 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 e of the Netherlands Civil Code, we report, to the extent of our competence, that the managing board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, April 22, 2008

for Ernst & Young Accountants

/s/ W.J. Spijker