QIAGEN N.V.

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The Netherlands

Interim Financial Report for the Period from January 1, 2009 to June 30, 2009

QIAGEN N.V.

INTERIM REPORT FOR THE PERIOD ENDED JUNE 30, 2009

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QIAGEN N.V. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands except par value and share data)	June 30, 2009 US$	December 31, 2008 US$
Assets	(unaudited)	
Current Assets:		
Cash and cash equivalents	391,962	334,939
Trade accounts receivable	167,082	158,440
Inventories	120,110	108,563
Income taxes receivable	15,436	14,441
Prepaid expenses and other current assets	53,888	56,097
Total current assets	748,478	672,480
Non-Current Assets:		
Property, plant and equipment	277,543	274,070
Goodwill	1,183,357	1,166,391
Intangible assets	726,198	739,641
Non-current available-for-sale assets	4,175	4,175
Deferred income taxes	127,919	118,165
Investments in equity-accounted investees	8,212	7,767
Other non-current assets	5,763	7,826
Total non-current assets	2,333,167	2,318,035
Total assets	3,081,645	2,990,515
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current financial debts	27,016	27,016
Current finance lease obligations	3,063	2,984
Trade accounts payable	38,646	48,836
Provisions	5,472	5,547
Income taxes payable	23,409	14,288
Accrued expenses and other current liabilities	154,215	152,074
Total current liabilities	251,821	250,745
Non-Current Liabilities:		
Non-current financial debts	866,876	859,597
Non-current finance lease obligations	28,439	29,718
Deferred income taxes	264,797	265,249
Other non-current liabilities	11,389	6,575
Total non-current liabilities	1,171,501	1,161,139
Shareholders' Equity Attributable to Equity Holders of the Parent:		
Common shares, EUR 0,01 par value: Authorized--410.000.000 shares Issued and outstanding--198,997,637 and 197,839,113 shares in 2009 and 2008, respectively	2,228	2,212
Share premium	1,134,003	1,117,390
Retained earnings	495,033	440,692
Other reserves	(5,677)	(2,162)
Cumulative foreign currency translation adjustments	32,736	20,499
Total shareholders' equity attributable to equity holders of the parent	1,658,323	1,578,631
Total liabilities and shareholders' equity	3,081,645	2,990,515

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

QIAGEN N.V. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENTS
(UNAUDITED)

(in thousands except per share data)	Six months ended June 30, 2009 US$	Six months ended June 30, 2008 US$
Revenues	461,089	424,994
Cost of sales	(155,140)	(135,694)
Gross profit	305,949	289,300
Operating Expenses:		
Research and development	(45,877)	(33,212)
Sales and marketing	(123,039)	(118,239)
General and administrative, business integration, relocation, restructuring and related costs	(48,430)	(58,809)
Other income	1,326	1,965
Other expense	(1,330)	(1,034)
Total operating expenses	(217,350)	(209,329)
Income from operations	88,599	79,971
Non-Operating Income (Expense):		
Financial income	1,801	5,302
Financial expense	(20,523)	(24,954)
Foreign currency losses, net	4,752	(1,356)
Gain from investments in equity-accounted investees	302	789
Other non-operating expense	(2,703)	0
Total non-operating income (expense)	(16,371)	(20,219)
Income before income taxes	72,228	59,752
Income taxes	(17,887)	(12,670)
Profit for the period	54,341	47,082
Profit attributable to		
Equity holders of the parent	54,341	46,966
Minority interest	0	116
	54,341	47,082
Weighted average number of common shares		
- basic	198,998	196,229
- diluted	201,283	200,100
Earnings per common share		
- basic	0.27	0.24
- diluted	0.27	0.23

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

QIAGEN N.V. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(in thousands)	Six months ended June 30, 2009 US$	Six months ended June 30, 2008 US$
Profit for the period	**54,341**	**47,082**
Net gain / (loss) on available-for-sale financial assets	311	(1,284)
Income Tax	(93)	385
Net gain / loss on cash-flow hedges	(5,333)	966
Income Tax	1,600	(290)
Foreign currency translation differences	12,237	28,642
Other comprehensive Income for the period, net of tax	**8,722**	**28,419**
Total comprehensive income for the period, net of tax	**63,063**	**75,501**
Total comprehensive income attributable to:		
Equity holders of the parent	63,063	75,385
Minority interest	0	116
	63,063	**75,501**

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

QIAGEN N.V. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

(in thousands except for number of shares)	Common Shares Shares	Common Shares Amount US$	Share Premium US$	Retained Earnings US$	Other Reserves US$	Foreign Currency Translation Adjustments US$	Minority Interest US$	Total US$
BALANCE - January 1, 2008	**195,335,076**	**2,175**	**1,099,110**	**347,683**	**2,124**	**74,896**	**553**	**1,526,541**
Profit for the period	0	0	0	46,966	0	0	116	47,082
Other comprehensive income (loss)	0	0	0	0	(223)	28,642	0	28,419
Total comprehensive Income (loss) for the period	**0**	**0**	**0**	**46,966**	**(223)**	**28,642**	**116**	**75,501**
Proceeds from subscription receivable	0	0	38	0	0	0	0	38
Issuance of common shares in connection with acquisitions	16,860	0	302	0	0	0	0	302
Common stock issuances under employee stock plans	1,166,673	18	8,021	0	0	0	0	8,039
Tax benefit of employee stock plans	0	0	(706)	0	0	0	0	(706)
Share-based payments	0	0	4,541	0	0	0	0	4,541
BALANCE - June 30, 2008	**196,518,609**	**2,193**	**1,111,306**	**394,649**	**1,901**	**103,538**	**669**	**1,614,256**
BALANCE - January 1, 2009	**197,839,113**	**2,212**	**1,117,390**	**440,692**	**(2,162)**	**20,499**	**0**	**1,578,631**
Profit for the period	0	0	0	54,341		0		54,341
Other comprehensive income (loss)	0	0	0	0	(3,515)	12,237	0	8,722
Total comprehensive Income (loss) for the period	**0**	**0**	**0**	**54,341**	**(3,515)**	**12,237**	**0**	**63,063**
Issuance of common shares in connection with acquisitions	79	0	1	0	0	0	0	1
Common stock issuances under employee stock plans	1,158,445	16	11,473	0	0	0	0	11,489
Tax benefit of employee stock plans	0	0	137	0	0	0	0	137
Share-based payments	0	0	5,002	0	0	0	0	5,002
BALANCE - June 30, 2009	**198,997,637**	**2,228**	**1,134,003**	**495,033**	**(5,677)**	**32,736**	**0**	**1,658,323**

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

QIAGEN N.V. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)	Six months ended June 30, 2009 US$	Six months ended June 30, 2008 US$
Cash Flows From Operating Activities:		
Net income	54,341	47,082
Adjustments to reconcile net income to net cash provided by operating activities, net of effects of businesses acquired:		
Depreciation and amortization	62,065	56,096
Capitalization of development expenses	(10,580)	(16,523)
Share based compensation	5,003	4,541
Deferred income taxes	(19,242)	(4,617)
(Gain) on sale of marketable securities	0	(780)
Other non cash items	9,258	13,083
Net changes in operating assets and liabilities:		
Accounts receivable	(6,677)	(9,574)
Inventories	(10,605)	(20,265)
Accounts payable	(9,930)	(4,134)
Accrued and other expenses	(4,641)	(1,988)
Other operating assets and liabilities	20,410	(5,691)
Net cash provided by operating activities	89,402	57,230
Cash Flows From Investing Activities:		
Purchases of property, plant and equipment	(22,816)	(15,595)
Proceeds from sale of equipment	78	377
Purchases of intangible assets	(3,844)	(4,612)
Purchases of investments	0	(4,175)
Sales of marketable securitities	0	2,313
Cash paid for acquisitions, net of cash acquired	(3,884)	(2,089)
Additional purchase price for previously acquired businesses	0	(337)
Loan to related party	0	(1,441)
Net cash used in investing activities	(30,466)	(25,559)
Cash Flows From Financing Activities:		
Principal payments on finance leases	(1,420)	(1,386)
Proceeds from subscription receivables	0	271
Issuance of common shares	11,489	8,039
Other financing activities	(115)	(533)
Net cash provided by (used in) financing activities	9,954	6,391
Effect of exchange rate changes on cash and cash equivalents	(11,867)	(4,452)
Net increase (decrease) in cash and cash equivalents	57,023	33,610
Cash and Cash Equivalents, beginning of period	334,939	348,468
Cash and Cash Equivalents, end of period	391,962	382,078

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

SELECTED EXPLANATORY NOTES TO
THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2009

(unaudited)

1. Basis of Presentation

The interim condensed consolidated financial statements include the accounts of QIAGEN N.V. (the Company), a company incorporated in The Netherlands, and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. All amounts are presented in U.S. dollars, unless otherwise indicated. Investments in companies where the Company exercises significant influence over the operations but does not have control are accounted for using the equity method. All other investments are accounted for under the cost method.

The interim condensed consolidated financial statements for the period ended June 30, 2009 are in compliance with International Accounting Standards (IAS) 34. As permitted by IAS 34, it has been decided to publish a condensed version compared to the condensed consolidated financial statements at December 31, 2008. All IFRSs issued by the International Accounting Standards Board (IASB), effective at the time of preparing this Interim Report and applied by QIAGEN, have been adopted for use in the EU by the European Commission. During the six-month period ended June 30, 2009 the following new standards were adopted:

IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures are presented in Note 4, and the liquidity risk disclosures are not significantly impacted by the amendments.

IAS 1 Revised Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

In the opinion of the management, the interim financial report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the net assets, financial position and results of operations of the Group.

The results of operations for an interim period are not necessarily indicative of results that may be expected for any other interim period or for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended December 31, 2008.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2008.

2. Share-Based Payments

Stock-Based Payments

The Company issues share-based awards under the QIAGEN N.V. Amended and Restated 2005 Stock Plan. The Company had approximately 17.0 million common shares reserved and available for issuance under this Plan at June 30, 2009.

In connection with the acquisition of Digene Corporation in the third quarter of 2007, the Company assumed three additional equity incentive plans. No new grants will be made under these plans, and a total of 4.7 million common shares of the Company had been reserved for issuances under these plans of which 0.6 million shares remain reserved and available for issuance as of June 30, 2009.

Stock Options

Generally, granted stock options vest over a three-year period. To date, the exercise price of all granted options has been set at the closing market price on the grant date or a premium above the closing market price on the grant date. The Company utilizes the Black-Scholes-Merton valuation model for estimating the fair value of its granted stock options. The Company estimates the forfeiture rate based on historical forfeiture experience. For the six-month period ended June 30, 2009, the estimated weighted average forfeiture rate was 8.1%.

During the six-month periods ended June 30, 2009 and 2008, the Company granted options to purchase 484,314 and 366,226 common shares, respectively. Following are the weighted average assumptions used in valuing the stock options granted to employees during the three and six-month periods ended June 30, 2009 and 2008:

	Six Months Ended June 30,	
	2009	**2008**
Stock price volatility	**40.40%**	38.40%
Risk-free interest rate	**2.13%**	3.03%
Expected life (in years)	**5.01**	5.35
Dividend rate	**0%**	0%

A summary of the status of the Company's employee stock options as of June 30, 2009 and changes during the six months then ended is presented below:

Stock Options	**Number of Shares**	**Weighted Average Exercise Price**	**Weighted Average Contractual Term**	**Aggregate Intrinsic Value**
Outstanding at December 31, 2008	**10,274,996**	**$ 14.26**		
Granted	**484,314**	**$ 16.87**		
Exercised	**(1,122,995)**	**$ 10.23**		
Forfeited and cancelled	**(114,474)**	**$ 24.91**		
Outstanding at June 30, 2009	**9,521,841**	**$ 14.74**	**4.49**	**$ 51,838,020**
Exercisable at June 30, 2009	**8,545,014**	**$ 14.39**	**3.97**	**$ 50,401,394**
Vested and expected to vest at June 30, 2009	**9,425,655**	**$ 14.71**	**4.43**	**$ 51,727,095**

The weighted average grant-date fair value of options granted during the six months ended June 30, 2009 was $6.33 (six months ended June 30, 2008: $8.33). For the six months ended June 30, 2009, options to purchase 1,122,995 common shares (six months ended June 30, 2008: 827,536 common shares) were exercised. The total intrinsic value of options exercised during the six months ended June 30, 2009 was $7.6 million (six months ended June 30, 2008: $9.9 million).

The unrecognized share-based compensation expense related to employee stock option awards was approximately $4.7 million as of June 30, 2009 and is expected to be recognized over a weighted average period of approximately 2.04 years.

Restricted Stock Units

Restricted stock units represent rights to receive common shares at a future date. There is no exercise price and no monetary payment is required for receipt of restricted stock units or the shares issued in settlement of the award. Generally, restricted stock units vest over a ten-year period. The fair market value at the time of the grant is amortized to expense on a ratable basis over the period of vesting. 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. At June 30, 2009, there was $39.5 million remaining in unrecognized compensation cost related to these awards, which is expected to be recognized over a weighted average period of 3.56 years.

A summary of the Company's restricted stock units as of June 30, 2009 is presented below:

Restricted Stock Units	Restricted Stock Units	Weighted Average Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2008	**1,908,161**		
Granted	**1,496,904**		
Released	**(35,450)**		
Forfeited and cancelled	**(33,238)**		
Outstanding at June 30, 2009	**3,336,377**	**3.56**	**$ 62,023,248**
Vested and expected to vest at June 30, 2009	**2,772,895**	**3.32**	**$ 51,548,116**

Compensation Expense

Total share-based compensation expense for the six months ended June 30, 2009 and 2008 is comprised of the following:

	Six Months Ended June 30,	
Compensation Expense (in thousands)	2009	2008
Cost of sales	**$ 454**	$ 540
Research and development	**968**	1,049
Sales and marketing	**1,205**	1,429
General and administrative, integration and other	**2,376**	1,523
Share-based compensation expense before taxes	**5,003**	4,541
Income tax benefit	**(1,551)**	(1,489)
Net share-based compensation expense	**$ 3,452**	$ 3,052

No compensation cost was capitalized in inventory in 2009 or 2008 as the amounts were not material.

3. Net Income per Common 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 period.

Basic Earnings Per Share (in thousands)	Six months ended June 30, 2009	2008
Total net income attributable to equity holders of the parent	54.341	46.966
Weighted average number of common shares used to compute basic net income per common share	198.386	196.229
Basic earnings per share	0,27	0,24

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 the six months ended June 30, 2009, share equivalents of 2,285,000 common shares (2008: 3,871,000 common shares) arising from stock options granted to employees and directors were included in calculating diluted earnings per share. In the six months ended June 30, 2009, 3,551,000 outstanding stock options (2008: 1,318,000 stock options) were not considered in the calculation as they were antidilutive.

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 the six months ended June 30, 2008 and 2007, the effect of the convertible bonds was excluded from calculating diluted earnings per share as it was antidilutive.

Diluted Earnings Per Share (in thousands)	Six months ended June 30, 2009	2008
Total net income (adjusted) attributable to equity holders of the parent	54.341	46.966
Weighted average number of common shares used to compute diluted net income per common share	200.671	200.100
Diluted earnings per share	0,27	0,23

4. Derivatives and Hedging and Fair Value Measurements

Derivatives and Hedging

In the ordinary course of business, the Company uses derivative instruments, including swaps, forwards and/or options, to manage potential losses from foreign currency exposures and variable rate debt. The principal objective of such derivative instruments is to minimize the risks and/or costs associated with global financial and operating activities. The Company does not utilize derivative or other financial instruments for trading or other speculative purposes. The Company recognizes all derivatives as either assets or liabilities on the balance sheet, measures those instruments at fair value and recognizes the change in fair value in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures.

As of June 30, 2009, all derivatives that qualify for hedge accounting are cash-flow hedges. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported through other reserves and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. In 2009, the Company did not record any hedge ineffectiveness related to any cash-flow hedges in income (expense) and did not discontinue any cash-flow hedges. Derivatives, including those that are not designated as hedges, are classified in the operating section of the consolidated statements of cash flows, in the same category as the related consolidated balance sheet account.

Foreign Currency Derivatives

As a globally active enterprise, the Company is subject to risks associated with fluctuations in foreign currencies in its ordinary operations. This includes foreign currency-denominated receivables, payables, debt, and other balance sheet positions. The Company manages balance sheet exposure on a group-wide basis primarily using foreign exchange forward contracts and cross-currency swaps.

The Company has foreign currency forward contracts with an aggregate notional amount of $44.0 million, which qualify for hedge accounting as cash-flow hedges. The Company has determined that no ineffectiveness exists related to these derivatives. However, the differences between spot and forward rates were excluded from the assessment of hedge effectiveness and included in interest income as it effectively constitutes the difference in the interest rates of the respective currency pairs. The contracts mature in July 2011 and had fair market values at June 30, 2009 and December 31, 2008 of approximately $4.4 million and $3.1 million, respectively, which are included in other non-current liabilities in the accompanying consolidated balance sheets.

In addition, the Company was party to cross-currency swaps which qualified as cash-flow hedges with a notional amount of $120.0 million and $60.0 million as of June 30, 2009 and December 31, 2008, respectively, which mature in November 2012 and had fair market values of $13.3 million and $4.9 million at June 30, 2009 and December 31, 2008, respectively, which is included in other non-current liabilities in the accompanying consolidated balance sheets.

Undesignated Derivative Instruments

The Company is party to various foreign exchange forward and swap arrangements which had, at June 30, 2009, an aggregate notional value of approximately $106.8 million and a fair market value of $5.0 million, which is included in other liabilities, and which expire at various dates through March 2010. The transactions have been entered into to offset the effects from short-term balance sheet exposure to foreign currency exchange risk. Changes in the fair value of these arrangements have been recognized in other income and other expense.

The Company was party to various foreign exchange forward and swap arrangements which had, at December 31, 2008, an aggregate notional value of approximately $163.3 million and fair values of $0.3 million and $10.9 million, which are included in other assets and other liabilities, respectively, and which expired at various dates through March 2009. The transactions have been used to offset the effects from short-term balance sheet exposure to foreign currency exchange risk. Changes in the fair value of these arrangements have been recognized in other income and other expense.

Interest Rate Derivatives

The Company uses interest rate derivative contracts on certain borrowing transactions to hedge fluctuating interest rates. The Company has entered into interest rate swaps in which it agrees to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. During 2008, the Company entered into interest rate swaps which effectively fix the variable interest rates on $200.0 million of the Company's variable rate debt, which qualify for hedge accounting as cash-flow hedges. The Company has determined that no ineffectiveness exists related to these swaps. The swaps mature in October 2010 and 2011, and as of June 30, 2009 and December 31, 2008 had an aggregate fair value of $6.9 million and $6.8 million, respectively, recorded in other non-current liabilities in the accompanying consolidated balance sheets.

Fair Values of Derivative Instruments

The following table summarizes the location and fair value amounts of derivative instruments reported in the consolidated balance sheet as of June 30, 2009 and December 31, 2008:

Gains and Losses on Derivative Instruments

The following tables summarize the locations and gains on the Company's derivative instruments for the six-month period ended June 30, 2009:

Six-months ended June 30, 2009 (in thousands)	Gain/(loss) recognized in equity (other reserves)	Location of (gain) loss in income statement	(Gain) loss reclassified from equity (other reserves) into income	Loss recognized in income
Cash-flow hedges				
Interest rate contracts	$ (131)	Interest expense	$ —	n/a
Foreign exchange contracts	(12,071)	Other income/expense	7,177	n/a
Total	$ (12,202)		$ 7,177	n/a
Undesignated derivative instruments				
Foreign exchange contracts	n/a	Other income/ expense	n/a	$ (4,968)

The amounts noted in the table above do not include any adjustment for the impact of deferred income taxes.

Fair Value Measurements

The Company's assets and liabilities are measured at fair value according to a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs, such as quoted prices in active markets;

Level 2. Inputs, other than the quoted price in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company's assets and liabilities measured at fair value on a recurring basis consist of derivative contracts used to hedge currency and interest rate risk, which are classified in Level 2 of the fair value hierarchy and are shown in the table above. In determining fair value, both the counterparty credit risk and the Company's creditworthiness are considered. To determine the Company's credit risk we estimated the Company's credit rating by benchmarking the price of outstanding debt to publicly-available comparable data from rated companies. Using the estimated rating, the Company's credit risk was quantified by reference to publicly-traded debt with a corresponding rating.

There were no fair value adjustments in the quarter ended June 30, 2009 for nonfinancial assets or liabilities required to be measured at fair value on a nonrecurring basis.

The carrying value of the Company's cash and cash equivalents, trade accounts receivable, trade accounts payable and accrued expenses approximate their fair values because of the short maturities of those instruments. The carrying value of the Company's variable rate debt and finance leases approximate their fair values because of the short maturities and/or interest rates which are comparable to those available to the Company on similar terms. The fair values of the Company's convertible debt are stated under 5. 'Debt'.

5. Debt

The Company has eight separate lines of credit with aggregate borrowing availability of approximately $165.3 million with variable interest rates, of which insignificant amounts were utilized at June 30, 2009 and December 31, 2008.

During 2007, the Company signed a Syndicated Multi-Currency Term Loan and Revolving Credit Facilities Agreement with Deutsche Bank AG, Deutsche Bank Luxembourg S.A., and the lenders named in the agreement. The lenders made available to the Company an aggregate amount of $750 million in the form of a $500 million term loan, a $100 million bridge loan, and a $150 million revolving credit facility. Under the agreement, the $500 million term loan will mature in July 2012 with repayment beginning in July 2009. The $100 million bridge loan was utilized and repaid within the third quarter of 2007. The $150 million revolving credit facility will expire in July 2012. 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 patents to third parties and the maintenance of certain financial ratios. The Company was in compliance with these covenants at June 30, 2009. The fair value of the note payable approximated its carrying value at June 30, 2009.

In August 2004, the Company completed the sale of $150.0 million principal amount of 1.50% convertible unsubordinated notes (Notes) due 2024, through its subsidiary QIAGEN Finance (Luxembourg) S.A. Interest on the Notes is payable semi-annually in February and August. The Notes were issued at 100% of principal value, and are convertible into 11.5 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of $12.6449 per share, subject to adjustment. In November 2008, the Company issued 395,417 common shares upon the exercise of a portion of the subscription rights in connection the conversion of $5.0 million of the Notes. The Notes may be redeemed, in whole or in part, at QIAGEN's option on or after 7 years, at 100% of the principal amount provided the actual trading price of our common stock exceeds 120% of the conversion price for twenty consecutive trading days. In addition, the holders of the Notes may require QIAGEN to repurchase all or a portion of the outstanding Notes for 100% of the principal amount, plus accrued interest, on August 18, 2011, 2014 and 2019. Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Euro Finance (Luxembourg) S.A., the fair value of the Notes at June 30, 2009, was approximately $217.3 million. The effective interest rate of the Notes amounts to 5.20%. The Company has reserved 11.5 million shares of common stock for issuance in the event of conversion.

In May 2006, the Company completed the sale of $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 $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 June 30, 2009, was approximately $332.3 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.

6. Inventories

The components of inventories consist of the following as of June 30, 2009 and December 31, 2008:

(in thousands)	June 30, 2009	December 31, 2008
Raw materials	**$ 35,340**	$ 34,820
Work in process	**44,903**	36,305
Finished goods	**39,867**	37,438
Total inventories	**$ 120,110**	$ 108,563

7. Income Taxes

Fluctuations in the distribution of pre-tax income among the Company's operating subsidiaries can lead to fluctuations of the effective tax rate in the consolidated financial statements. The Company's operating subsidiaries are exposed to effective tax rates ranging from zero to approximately 42%. The provision for income taxes is based upon the estimated annual effective tax rates. In the six-month period ended June 30, 2009, the effective tax rate was 25% compared to the effective tax rate in the six-month period ended June 30, 2008 of 21%.

In the second quarter of 2009, the effective tax rate increased compared to the same period in 2008 primarily as a result of more income earned in higher tax jurisdictions this year compared to the same period last year. The overall increase in rate is partially offset by favorable discrete events in both the first and second quarter. The impact of discrete events to the rate for the six months ended June 30, 2009 was (4.3) %, and (5.3) % for the three months ended June 30, 2009. The predominant events creating these discrete items relate to post-merger restructuring associated with the Company's acquisition of Digene in 2007.

It is possible that approximately $1.2 million of the unrecognized tax benefits may be released during the next 12 months. This amount relates predominantly to transfer pricing. These matters are expected to be settled either in the course of ongoing negotiations or when the statutes of limitations expire. We cannot reasonably estimate the range of the potential outcomes of these matters.

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.

The Company has undistributed earnings in foreign subsidiaries. In some jurisdictions, the Company would be subject to tax upon repatriation of those earnings, in the form of dividends or otherwise. For those subsidiaries where the earnings are considered to be permanently reinvested, no provision for taxes has been made. In other cases, the Company has accrued for such taxes. It is not practicable to determine the amount of income tax payable in the event the Company repatriated all of its undistributed foreign earnings.

8. Provisions

(in thousands)	Jan. 1, 2009	Utilization	Reversal	Additions	Currency Adjustments	June 30, 2009
Warranty	$ 2,724	$ (560)	$ 0	$ 1,555	$ 43	$ 3,763
Acquisition and related costs	2,823	(1,457)	0	344	0	1,709
	$ 5,547	$ (2,017)	$ 0	$ 1,899	$ 43	$ 5,472

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 reserve as of June 30, 2009 appropriately reflects the estimated cost of such warranty obligations.

9. Commitments and Contingencies

Contingent Acquisition-Related Obligations

Pursuant to the purchase agreements for certain acquisitions, the Company could be required to make additional contingent cash payments totaling up to $38.5 million based on the achievement of certain revenue and operating results milestones as follows: $3.9 million in 2009, $15.2 million in 2010, $3.7 million in 2011, $4.0 million in 2012, and $11.7 million payable in any 12-month period from now until 2012 based on the accomplishment of certain revenue targets, the launch of certain products or the grant of certain patent rights.

Preacquistion Contingencies

In connection with the acquisition of Corbett in the third quarter of 2008, an amount was paid into an escrow account to cover preacquistion contingencies assumed in the acquisition. The escrow amounts are recorded as an asset in prepaid and other expenses and amount to $23.7 million and $25.1 million as of June 30, 2009 and December 31, 2008, respectively. Correspondingly, $23.7 million and $25.1 million for preacquistion contingencies are recorded as a liability under accrued and other liabilities as of June 30, 2009 and December 31, 2008, respectively.

Litigation

From time to time, QIAGEN may be party to legal proceedings incidental to its business. As of June 30, 2009, certain claims, suits or legal proceedings arising out of the normal course of business have been filed or were pending against QIAGEN or its subsidiaries. These matters have arisen in the ordinary course and conduct of business, as well as through acquisition.

As a result of the third quarter 2007 acquisition of Digene Corporation and the third quarter 2008 acquisition of Corbett, QIAGEN is now involved in various claims and legal proceedings, including those related to protection of its owned and licensed intellectual property. Although it is not possible to predict the outcome of such litigation, based on the facts known to QIAGEN and after consultation with legal counsel, management believes that such litigation will not have a material adverse effect on QIAGEN's financial position or results of operations.

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

In December 2006, Digene filed for arbitration with the International Centre for Dispute Resolution of the American Arbitration Association in New York against F. Hoffmann-LaRoche Ltd. and Roche Molecular Systems, Inc. (collectively Roche) for breach of contract of a 1990 Cross License Agreement between Digene and Roche for rights to certain HPV patents. Digene alleged that Roche had breached this license agreement by entering into a Supply and Purchase Agreement with Gen-Probe, Inc. (Gen-Probe) in violation of the terms of the Cross License Agreement. On July 13, 2007, the arbitration Panel granted Gen-Probe's request to intervene as a respondent in the arbitration. On April 1, 2009, the Arbitration panel granted an interim award denying QIAGEN's breach of contract claims and

consequently also the damages. On April 15, 2009, Roche and Gen-Probe filed motions for reimbursement of attorneys' fees. On August 12, 2009, the arbitration panel issued a total award of $6.3 million, including administrative and arbitrator fees, and on August 13, 2009, the Company filed a petition in the Supreme Court of the State of New York to vacate or modify the award of the arbitrators. QIAGEN will vigorously pursue this matter.

Corbett v. Montreal Biotechnologies, Inc.

On February 19, 2009, M.H. Montreal Biotechnologies, Inc. (MBI) sued QIAGEN, Inc. and Corbett Life Sciences PTY Ltd (Corbett) in the Circuit Court for Montgomery County, Maryland, seeking monetary damages. MBI claims that QIAGEN, Inc. intentionally interfered with MBI's contractual relations with Corbett, intentionally interfered with MBI's contractual and business relations with its customers, and engaged in unfair competition. Separately, MBI contends that Corbett breached its contract with MBI, breached the implied covenant of good faith and fair dealing, and also engaged in unfair competition. The case is still in an early stage and QIAGEN, Inc. and Corbett will vigorously pursue the matter.

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

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

10. Segment and Related Information

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 segments is shown in the tables below.

Net sales are attributed to countries based on the location of the Company's subsidiary generating the sale. QIAGEN operates manufacturing facilities in Germany, Switzerland, China, Australia and the United States that supply products to other countries. The sales from these manufacturing operations to other countries are included in the Net Sales of the countries in which the manufacturing locations are based. The intercompany portions of such net sales of a reportable segment are excluded through the intersegment elimination to derive consolidated net sales. No single customer represents more than ten percent of consolidated net sales.

(in thousands)	**Six Months Ended June 30,**	
Net Sales	**2009**	**2008**
Americas	**$ 518,658**	$ 470,048
Germany	**176,427**	169,446
Switzerland	**56,038**	36,091
Asia	**60,129**	42,060
All other	**109,044**	92,453
Corporate	**100**	780
Subtotal	**920,396**	810,878
Intersegment Elimination	**(459,307)**	(385,884)
Total	**$ 461,089**	$ 424,994

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

(in thousands) Intersegment Sales	Six Months Ended June 30, 2009	2008
Americas	**$ (285,594)**	$ (254,538)
Germany	**(106,499)**	(100,136)
Switzerland	**(49,801)**	(29,452)
Asia	**(5,620)**	(1,553)
All other	**(11,793)**	(205)
Total	**$ (459,307)**	$ (385,884)

The Company evaluates performance based on several factors, of which the primary financial measure is operating income excluding other income and other expense. The Corporate segment operating loss is primarily general and administrative expenses, including share-based compensation costs. The intersegment elimination represents primarily the elimination of intercompany profit.

(in thousands) Income (Loss) from operations	Six Months Ended June 30, 2009	2008
Americas	**$ 39,119**	$ 56,635
Germany	**49,545**	40,380
Switzerland	**1,774**	(1,543)
Asia	**3,225**	1,009
All other	**11,225**	12,072
Corporate	**(10,065)**	(3,415)
Subtotal	**94,823**	105,138
Intersegment Elimination	**(6,220)**	(26,098)
Total	**$ 88,603**	$ 79,040

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

Assets (in thousands)	June 30, 2009	December 31, 2008
Americas	**$ 3,512,432**	$ 3,002,657
Germany	**515,346**	498,004
Switzerland	**131,911**	127,947
Asia	**105,124**	97,573
All other	**324,343**	280,099
Corporate	**1,117,158**	909,492
Subtotal	**5,706,314**	4,915,772
Intersegment Elimination	**(2,624,669)**	(1,925,257)
Total	**$ 3,081,645**	$ 2,990,515

11. Related Party Transactions

From time to time, we have transactions with companies in which we hold interests all of which are individually and in sum immaterial except for certain transactions as discussed below.

During 2007, the Company made an initial investment of $747,000 in Dx Assays Pte Ltd. In the first quarter of 2008, the Company made a $1.4 million loan to Dx Assays which bears interest at 15% and is due in March 2013.

In 2004, the Company 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 consulting services, subject to adjustment.

12. Subsequent Events

Based on the Company's review through August 31, 2009, the date on which the financial statements were available to be issued, no events or transactions have occurred subsequent to June 30, 2009 that would have a material impact on the financial statements as presented. On July 2, 2009, Operon Biotechnologies, Inc. commenced arbitration against QIAGEN Sciences, Inc. asserting a breach of a supply agreement between the parties and seeking monetary damages, and in response on August 13, 2009, the Company filed a petition with the Supreme Court of the State of New York to vacate or modify the award.

13. Responsibility Statement of the Management Board

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

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

In view of all of the above, the Managing Board confirms that, to its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the annual report includes a fair review of the position at the balance sheet date and the development and performance of the business during the financial year together with a description of the principal risks and uncertainties that the Company faces.

Venlo, August 31, 2009

QIAGEN N.V.

Peer M. Schatz	Roland Sackers	Bernd Uder	Joachim Schorr
CEO	CFO	VP Sales & Marketing	VP Research & Development

INTERIM MANAGEMENT REPORT

FOR THE PERIOD FROM JANUARY 1, 2009, TO JUNE 30, 2009

(unaudited)

Neither the condensed set of financial statements nor the interim management report of this half-yearly financial report have been audited, nor has the interim management report been subject to an auditor's review.

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 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 “may,” “will,” “could,” “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. 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 risks described in the risk factors, or other risks not currently known to us or considered immaterial, could cause our actual results to differ significantly from those contained in any forward-looking statement.

In addition to the other information set forth in this Report, you should carefully consider the risk factors which have been discussed in detail in our Annual Report for the year ended December 31, 2008, which could materially affect our business, financial condition or future results of operations. The risks described in our Annual Report are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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 leading global provider of innovative sample and assay technologies and products. Sample technologies are used to isolate DNA, RNA and proteins from any biological sample, such as blood or tissue. Assay technologies are then used to make such isolated 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 sample and assay products, including automated solutions. We sell these products to molecular diagnostics laboratories, academic researchers, pharmaceutical and biotechnology companies, and applied testing customers for purposes, such as forensics, animal or food testing, and pharmaceutical process control. These products enable our customers to efficiently pursue their research and commercial goals that require the use of nucleic acids.

We market our products in more than 40 countries throughout the world. We have established subsidiaries in the markets that we believe have the greatest sales potential, including countries throughout Europe, Asia, the Americas, Australia and Canada. We also have specialized independent distributors and importers. We employ more than 3,100 people in over 30 locations worldwide.

Since 2003, we have had a compound annual growth rate of approximately 21% in net sales. We have funded our growth through internally generated funds, debt, and private and public sales of equity securities. In recent years, we have made a number of strategic acquisitions and disposals expanding and focusing our technology and product offerings. These transactions include:

- On March 1, 2009, we acquired a molecular diagnostics distribution business in China and Hong Kong for a purchase price of $2.4 million and potential milestone payments amounting to a maximum of $0.2 million.
- In October 2008, we acquired all assets to the Biosystems Business from Biotage AB, a publicly listed developer, manufacturer and distributor of products for genetic analysis and medicinal chemistry headquartered in Uppsala, Sweden. The assets acquired also include the purchase of the remaining 17.5% of the outstanding stock of Corbett Life Science Pte. Ltd. (Corbett).
- In July 2008, we acquired 82.5% of Corbett Life Science Pty. Ltd. (Corbett), a privately-held developer, manufacturer, and distributor of life sciences instrumentation headquartered in Sydney, Australia. Corbett is best known for having developed the world's first rotary real-time PCR cycler system – the Rotor-Gene™ – a system used to detect real-time polymerase chain reaction (PCR) reactions which make specific sequences of DNA and RNA targets visible through amplification and quantifiable through real-time measurement of such amplification. The addition of this proprietary PCR detection technology extends our molecular testing solution portfolio and enhances our options to offer sample and assay technology solutions spanning from sample to result.
- In February 2008, we acquired a business unit from Diagnostic Technology Pty. Ltd., located in Belrose, Australia, which relates to the distribution of products in Australia, New Zealand, Singapore and Malaysia. In May 2008, we established QIAGEN Mexico via the acquisition of certain assets of our former life science distributor Quimica Valaner. In July 2008 we acquired the minority interest of our Brazilian subsidiary, QIAGEN Brasil Biotecnologia Ltda. The establishment of QIAGEN Mexico represents our commitment to expanding our presence in Latin America.
- 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 combined 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), 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.

On a consolidated basis, operating income increased to $88,6 million in the six-month period ended June 30, 2009 from $80,0 million in the same period of 2008. Our financial results include the contributions of our recent acquisitions, as well as the costs related to the acquisitions and integrations and costs related to the relocation and closure of our facilities in North America. Our results also reflect the benefits of our previous restructuring efforts, which have contributed to improved profitability as we continue to manage our operating costs.

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

The following table sets forth operating income by segment. Further segment information can be found in Note 10 to the accompanying financial statements.

(in thousands) Income (Loss) from operations	Six Months Ended June 30, 2009	2008
Americas	**$ 39,119**	$ 56,635
Germany	**49,545**	40,380
Switzerland	**1,774**	(1,543)
Asia	**3,225**	1,009
All other	**11,225**	12,072
Corporate	**(10,065)**	(3,415)
Subtotal	**94,823**	105,138
Intersegment Elimination	**(6,220)**	(26,098)
Total	**$ 88,603**	$ 79,040

In the three- and six-month periods ended June 30, 2009, compared to the same periods in 2008, operating income by segment primarily reflects an increase in sales partially offset by the impact of foreign currency exchange rates.

Second Quarter and Six Months Ended June 30, 2009 compared to 2008

Net Sales

In the six-month period ended June 30, 2009, net sales increased by 8 % to $461.1 million compared to $425.0 million in the same period of 2008.

The uncertainties of the current global financial crisis represent a risk for the Company, and while we expect continued growth in our consumables and instrumentation businesses, such future growth may be lower than our historical growth and future growth could be adversely effected.

A significant portion of our revenues is denominated in euros and currencies other than the United States dollar. Changes in currency exchange rates can affect net sales, potentially to a significant degree. When calculated by translating the local currency, actual results in the current period using the average exchange rates from the previous year's respective period instead of the current period, net sales were negatively impacted by $18.1 million and $36.9 million of currency effects in the three and six months ended June 30, 2009.

We regularly introduce new products in order to extend the life of our existing product lines as well as to address new market opportunities. In 2009 to date, we launched 39 new products in the area of sample & assay technologies, including a novel PAXgene Blood miRNA kit for use in cancer, biomarker and miRNA research and the QIAamp Circulating Nucleic Acid kit for sample preparation in prenatal or other circulating nucleic acid research. In addition QIAGEN launched a number of assay technologies including a next generation CE marked mutation profiling KRAS as well as a BRAF test for use in cancer treatments and a test for epigenetic methylation analysis based on pyrosequencing technology. Further new products included a suite of fast multiplex real-time PCR kits for gene expression analysis and siRNA validation.

Gross Profit

Gross profit for the six-month period ended June 30, 2009 was $305.9 million (66% of net sales), as compared to $289.3 million (68% of net sales) for the same period in 2008. The absolute dollar increase in 2009 compared to 2008 is attributable to the increase in net sales. Our sample and assay products have a higher gross margin than our instrumentation products, and fluctuations in the sales levels of these products can result in fluctuations in our gross margin during a quarter when compared to the gross margin of another quarter. The gross margin in second quarter of 2009, as compared to the comparable 2008 period, reflects an increase in instrumentation sales as well as an increase in amortization of acquisition-related intangible assets.

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 $13.2 million in the second quarter of 2009, as compared to $11.9 million in the comparable 2008 period. The increase in amortization expense is the result of an increase in intangibles acquired in our recent business combinations, namely Corbett, which was acquired in July 2008. We expect that our acquisition-related intangible amortization will continue to increase as a result of new acquisitions.

Research and Development

Research and development expenses increased by 38% to $45.9 million (10% of net sales) in the six-month period ended June 30, 2009 compared to $33.2 million (8% of net sales) in the same period of 2008. Our business combinations, along with the acquisition of new technologies, have resulted in an increase in our research and development costs. As we continue to discover, develop and acquire new products and technologies, we will incur additional expense related to research and development facilities, licenses and employees engaged in our research and development efforts. Additionally, our research and development costs are expected to increase as a result of seeking regulatory approvals, including US FDA Pre-Market Approval (PMA), US FDA 510(k) and EU CE approval of certain assays or instruments. We have a strong commitment to research and development and anticipate that absolute research and development expenses will continue to increase, perhaps significantly.

Sales and Marketing

Sales and marketing expenses increased by 4% to $123.0 million (27% of net sales) in the six-month period ended June 30, 2009 from $118.2 million (28% of net sales) in the same period of 2008. 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 the second quarter of 2009, as compared to the same period of 2008, is primarily due to our acquisition of Corbett in July of 2008. 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, but we expect sales and marketing costs will remain, for the most part, consistent as a percentage of overall revenue.

General and Administrative, Business Integration, Relocation, Restructuring and Related Costs

During the six-month period ended June 30, 2009, we recorded general and administrative, business integration, relocation, restructuring and related costs of $48.4 million, as compared to $58.8 million in the same period of 2008. The decrease in these expenses in the second quarter of 2009 is primarily the result of lower integration costs in 2009 partially offset by an increase of general and administrative expenses related to our new businesses acquired in 2008, which have expanded our presence primarily in Australia. While we have continued to incur integration costs for businesses acquired in 2008, such costs totaled approximately $2.6 million in the second quarter of 2009, as compared to $9.3 million in the same period of 2008. Included in these costs is $2.6 million in 2008 for legal costs related to litigation assumed in connection with the acquisitions of Digene and Corbett. In connection with the integration of the acquired companies, we aim to improve efficiency in general and administrative operations. Additionally, when calculated by translating the local currency actual results in the current period using the average exchange rates from the previous year's respective period instead of the current period, general and administrative, integration costs decreased by $2.1 million due to currency impacts in the second quarter of 2009, as compared to the same period of 2008. As we further integrate the acquired companies, we expect to continue to incur additional business integration costs in 2009. 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.

Non-Operating Income (Expense)

Non-operating expense was $16.4 million in the six-month period ended June 30, 2009 as compared to non-operating expense of $20.2 million in the same period of 2008. This decrease in expense in the six-month period was mainly due to lower financial expense, a gain on foreign currency transactions, partially offset by lower financial income and higher other non-operating expense.

For the six-month period ended June 30, 2009, financial income decreased to $1.8 million from $5.3 million in the same period of 2008. The decrease in financial income was due to a decrease in the amount of investments along with a decline in interest rates.

Financial expense decreased to $20.5 million in the six-month period ended June 30, 2009 compared to $25.0 million in the same period of 2008. Financial expense primarily relates to our non-current financial debts. The decrease in financial expense is primarily due to a decrease in the interest expense on our term loan as a result of a decreasing LIBOR rate.

Other non-operating expense of $2.7 million relates to losses from the write-off of non-operating assets.

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 the six-month period ended June 30, 2009, the effective tax rate was 25% compared to the effective tax rate in the six-month period ended June 30, 2008 of 21%.

Liquidity and Capital Resources

To date, we have funded our business primarily through internally generated funds, debt and private and public sales of equity. Our primary use of cash has been to support continuing operations and our investing activities, including capital expenditure requirements and acquisitions. As of June 30, 2009 and December 31, 2008, we had cash and cash equivalents of $392.0 million and $335.0 million, respectively. Cash and cash equivalents are primarily held in U.S. dollars, euros and Australian dollars, other than those cash balances maintained in the local currency of subsidiaries to meet local working capital needs. At June 30, 2009, cash and cash equivalents had increased by $57.0 million from December 31, 2008 primarily due to cash provided by operating activities of $89.4 million and financing activities of $10.0 million, offset by cash used in investing activities of $30.5 million.

Operating Activities. For the periods ended June 30, 2009 and 2008, we generated net cash from operating activities of $89.4 million and $57.2 million, respectively. Cash provided by operating activities increased in the first half of 2009 compared to the same period of 2008 primarily due to increases in net income. The increase in net income is primarily attributable to our sales growth. Because we rely heavily on cash generated from operating activities to fund our business, a decrease in demand for our products, longer collection cycles or significant technological advances of competitors would have a negative impact on our liquidity.

Investing Activities. Approximately $30.5 million of cash was used in investing activities during the period ended June 30, 2009, compared to $25.6 million for the period ended June 30, 2008. Investing activities during the first half of 2009 consisted principally of cash paid for purchases of property and equipment and intangible assets as well as cash paid for acquisitions. During the second quarter of 2009, we expanded our direct presence in Asia via the acquisition of our molecular diagnostic distribution business. The purchase price consisted of upfront payments in the amount of approximately $ 2.4 million. Investing activities during the first half of 2008 consisted principally of purchases of property and equipment, intangibles and cash paid for acquisitions as well as for purchases of investments and loans to related parties, partially offset by the sale of marketable securities.

In January 2009, we purchased land adjacent to our facility in Hilden, Germany for EUR 2.5 million (approximately $3.2 million) and are in the planning stage to further expand the German facilities for research and development and production space beginning in July 2009 and continuing through 2010 at an estimated cost of EUR 33.0 million. In addition, we are planning for expansions at our Germantown, USA facility for production and administrative space, construction on which is expected to begin in late 2009 and continue through 2011 at an estimated cost of $29.0 million. We anticipate that we will be able to fund such expansions with cash generated by our operating activities.

In connection with certain acquisitions, we could be required to make additional contingent cash payments totaling up to $38.5 million based on the achievement of certain revenue and operating results milestones as follows: $3.9 million in 2009, $15.2 million in 2010, $3.7 million in 2011, $4.0 million in 2012 and $11.7 million payable in any 12 month period from now until 2012 if certain criteria are met. If paid, these contingent payments will be accounted for as additional cash paid for acquisitions.

Financing Activities. Financing activities provided $10.0 million in cash for the six months ended June 30, 2009, compared to $6.4 million provided in the six months ended June 30, 2008. Cash provided during the 2009 period was primarily due to the issuance of common shares in connection with our equity compensation plans and tax benefits from stock-based compensation, partially offset by finance lease payments.

We have credit lines totaling $165.3 million at variable interest rates, an insignificant amount of which was utilized as of June 30, 2009. We also have finance lease obligations, including interest, in the amount of $31.5 million, and carry $945.0 million of long-term debt, of which $25.0 million was due and repaid in July 2009.

During 2007, the Company signed a Syndicated Multi-Currency Term Loan and Revolving Credit Facilities Agreement with Deutsche Bank AG, Deutsche Bank Luxembourg S.A., and the lenders named in the agreement. The lenders made available to the Company an aggregate amount of $750 million in the form of a $500 million term loan, a $100 million bridge loan, and a $150 million revolving credit facility. Under the agreement, the $500 million term loan will mature in July 2012 with repayment beginning in July 2009. The $100 million bridge loan was utilized and repaid within the third quarter of 2007. The $150 million revolving credit facility will expire in July 2012. 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 patents to third parties and the maintenance of certain financial ratios. The Company was in compliance with these covenants at June 30, 2009. The fair value of the note payable approximated its carrying value at June 30, 2009.

In August 2004, the Company completed the sale of $150.0 million principal amount of 1.50% convertible unsubordinated notes (Notes) due 2024, through its subsidiary QIAGEN Finance (Luxembourg) S.A. Interest on the Notes is payable semi-annually in February and August. The Notes were issued at 100% of principal value, and are convertible into 11.5 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of $12.6449 per share, subject to adjustment. In November 2008, the Company issued 395,417 common shares upon the exercise of a portion of the subscription rights in connection the conversion of $5.0 million of the Notes. The Notes may be redeemed, in whole or in part, at QIAGEN's option on or after 7 years, at 100% of the principal amount provided the actual trading price of our common stock exceeds 120% of the conversion price for twenty consecutive trading days. In addition, the holders of the Notes may require QIAGEN to repurchase all or a portion of the outstanding Notes for 100% of the principal amount, plus accrued interest, on August 18, 2011, 2014 and 2019. Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Euro Finance (Luxembourg) S.A., the fair value of the Notes at June 30, 2009, was approximately $217.3 million. The effective interest rate of the Notes amounts to 5.20%. The Company has reserved 11.5 million shares of common stock for issuance in the event of conversion.

In May 2006, the Company completed the sale of $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 $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 June 30, 2009, was approximately $332.3 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.

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

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

Quantitative and Qualitative Disclosures about Market Risk

Our market risk relates primarily to interest rate exposures on cash, marketable securities and borrowings and foreign currency exposures on intercompany and third-party transactions. The overall objective of our risk management is to reduce the potential negative earnings effects from changes in interest and foreign currency exchange rates. Exposures are managed through operational methods and financial instruments. We do not use financial instruments for trading or other speculative purposes.

Our exposure to market risk from changes in interest rates and currency exchange rates has not changed materially from our exposure as discussed in our Annual Report for the year ended December 31, 2008.

Risks Related to Our Business and Risk Management

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

Risks Related to Our Business

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

Our business has grown rapidly, with total net revenues increasing from US$ 380,6 million in 2004 to US$ 893,0 million in 2008. Recently, we have made several acquisitions, including our acquisition of Corbett Life Science Pte. Ltd ("Corbett") in July 2008 and 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.

In January 2009 we purchased land adjacent to our facility in Germany and are in the planning stage to further expand the German facilities for research and development and production space beginning in 2009 and continuing through 2011. In addition, we are planning for expansions at our Germantown, Maryland facility for production and administrative space, construction on which may begin in late 2009 and continue through 2011. Such expansions increase fixed costs. These higher fixed costs will continue to be a cost of operations in the future, and until we fully utilize the additional capacity of the facilities, our gross profit and operating income will be negatively impacted. We also continue to upgrade our operating and financial systems and expand the geographic area of our operations, resulting in the hiring of new employees, as well as increased responsibility for both existing and new management personnel. The rapid expansion of our business and addition of new personnel may place a strain on our management and operational systems.

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

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

During the past several years we have acquired a number of companies, including our acquisition of Corbett in July 2008 and 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 Corbett and 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;
- generation of revenues to offset associated acquisition costs;
- implementation and maintenance of uniform standards and effective controls and procedures;
- maintenance of relationships with employees and customers and integration of new management personnel;
- issuance of dilutive equity securities;
- incurrence or assumption of debt;
- amortization or impairment of acquired intangible assets or potential businesses; and
- exposure to liabilities of and claims against acquired entities.

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

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

Rapid technological change and frequent new product introductions are typical in the markets we serve. Our future success will depend in part on continuous, timely development and introduction of new products that address evolving market requirements. We believe successful new product introductions provide a significant competitive advantage because customers make an investment of time in selecting and learning to use a new product and are reluctant to switch thereafter. To the extent that we fail to introduce new and innovative products, or such products are not accepted in the market, we may lose market share to our competitors which will be difficult or impossible to regain. An inability, for technological or other reasons, to successfully develop and introduce new products could reduce our growth rate or otherwise have an adverse effect on our business. In the past, we have experienced, and are likely to experience in the future, delays in the development and introduction of products. We cannot assure you that we will keep pace with the rapid rate of change in our markets or that our new products will adequately meet the requirements of the marketplace 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;
- opinions of the new products' utility;
- citation of the new product in published research;
- regulatory trends and approvals; and
- general trends in life sciences research, applied markets and molecular diagnostics.

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

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

Our results of operations could be materially affected by general conditions in the global economy and in the global financial markets. The global financial crisis has caused extreme volatility and disruptions in the capital and credit markets. Therefore, access to financing has been adversely affected for many borrowers. A severe or prolonged economic downturn could result in a variety of risks to our business, including:

- reductions or delays in planned improvements to the healthcare systems and research funding or cost-containment efforts by governments and private organizations that could lead to a reduction in future revenues, operating income and cash from operations;

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

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

Our success 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, 2008, we owned 151 issued patents in the United States, 96 issued patents in Germany and 510 issued patents in other major industrialized countries. In addition, at December 31, 2008, we had 799 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.

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

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

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

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

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

Following our acquisition of Digene Corporation, we believe that revenue from sales of our HPV test product may represent as much as 30% of our total revenues. While the ultimate decision to order that test is made by the patient in consultation with her physician, the test is performed by reference laboratories. At present, sales to a limited number of reference laboratories account for the majority of our revenues for that product. A significant reduction in sales of this product may have a significant adverse impact on our earnings. 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 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, either alone or in conjunction with Pap tests and the implementation of prophylactic HPV vaccinations. Pap tests have been the principal means of cervical cancer screening since the 1940s. Technological advances designed to improve quality control over sample collection and preservation and to reduce the Pap test's susceptibility to human error may increase physician reliance on the Pap test and solidify its market position as the most widely used screen for cervical cancer. Currently, approximately 60 million Pap tests are performed annually in the United States and we believe that 60 to 100 million are performed annually in the rest of the world.

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

Direct-to-consumer (DTC) awareness marketing programs including television advertisements 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.

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 or "home-brew" methods that utilize widely available reagents and other chemicals to perform sample and assay processing steps. We are also aware that a significant number of laboratory organizations and other companies are developing and using internally developed molecular tests. These tests, in particular if approved by the FDA or similar non-U.S. regulatory authorities, might offer an alternative to our products that could limit the laboratory customer base for our products. The success of our business depends in part on the continued conversion of current users of such traditional methods and home brew tests to our sample and assay technologies and products. There can be no assurance, however, as to how quickly such conversion will occur.

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

We believe that customers in the market for pre-analytical solutions and assay technologies display a significant amount of loyalty to their initial supplier of a particular product. Therefore, it may be difficult to generate sales to customers who have purchased products from competitors. To the extent we are unable to be the first to develop and supply new products, our competitive position may suffer.

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

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

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

A significant portion of our sales have been to researchers, universities, government laboratories and private foundations whose funding is dependent upon grants from government agencies, such as the U.S. National Institutes of Health (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 may encounter delays in receipt, or limit in amount, of some European reimbursement approvals and public health funding, which will impact our ability to grow revenues in these markets.

Outside the U.S., third-party payors are often reluctant to reimburse healthcare providers for the use of medical tests that involve new technology or novel diagnostic information. In addition, third-party payors are increasingly limiting reimbursement coverage for medical diagnostic products and, in many instances, are exerting pressure on diagnostic product suppliers to reduce their prices. Because each third-party payor individually approves reimbursement, obtaining such approvals is a time-consuming and costly process that requires us to provide scientific and clinical support for the use of each of our products for which we seek reimbursement to each payor separately with no assurance that such approval will be obtained. This process can delay the broad market introduction of new products and could have a negative effect on our revenues and operating results. As a result, outside the U.S., third-party reimbursement may not be consistently available or financially adequate to cover the cost of our products. This could limit our ability to sell our products, cause us to reduce the prices of our products or otherwise adversely affect our operating results.

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

Our customers within the scientific research markets typically do not keep a significant inventory of QIAGEN products and consequently require overnight delivery of purchases. As such, we heavily rely on air cargo carriers such as DHL, UPS, 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 are delayed or interrupted for any reason, we may not be able to obtain these materials timely or in sufficient quantities or qualities in order to produce certain products, and our sales levels could be negatively affected.

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

Our long-term business strategy has included entering into strategic alliances and marketing and distribution arrangements with academic, corporate and other partners relating to the development, commercialization, marketing and distribution of certain of our existing and potential products. We may not continue to be able to negotiate such collaborative arrangements on acceptable terms, and such relationships may not be scientifically or commercially successful. In addition, we may not be able to maintain such relationships and our collaborative partners may 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, Sweden and the United States, and our instrumentation facilities are located in Switzerland and Australia. We also have established sales subsidiaries in numerous countries, including the United States, Germany, Japan, the United Kingdom, France, Switzerland, Australia, Canada, Austria, The Netherlands, Sweden, Italy, Hong Kong, Singapore, Turkey, Korea, Malaysia, China, Spain, Brazil and Mexico. In addition, our products are sold through independent distributors serving more than 40 other countries. Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. We have invested heavily in computerized information systems in order to manage more efficiently the widely dispersed components of our operations. We use SAP as our business information system to integrate most of our subsidiaries in the Americas, Europe and Japan.

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

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

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

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

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

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

Our senior management consists of an Executive Committee comprised of our most senior executives responsible for core functions, the Chairman of which is Mr. Peer Schatz, our Chief Executive Officer. The loss of Mr. Schatz or any of our Managing Directors could have a material adverse effect on us. Further, although we have not experienced any difficulties attracting or retaining key management and scientific staff, our ability to recruit and retain qualified skilled personnel will also be critical to our success. Due to the intense competition for experienced scientists from numerous pharmaceutical and biotechnology companies and academic and other research institutions, there can be no assurance that we will be able to attract and retain such personnel on acceptable terms. Our planned activities will also require additional personnel, including management, with expertise in areas such as manufacturing and marketing, and the development of such expertise by existing management personnel. The inability to recruit such personnel or develop such expertise by existing personnel could have a material adverse impact on our operations.

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

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

- marketing, sales and customer support efforts;
- research and development activities;
- expansion of our facilities;
- consummation of possible future acquisitions of technologies, products or businesses;
- demand for our products and services; and
- repayment of 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, 2008 of approximately US$ 500,0 million, of which US$ 25,0 million is 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, 2008, we also had additional long-term debt obligations of US$ 445,0 million, of which US$ 145,0 million becomes due in July 2011 and US$ 300,0 million becomes due in November 2012. Furthermore, as of December 31, 2008, we have finance lease obligations, including the current portion, of US$ 32,7 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. Such additional funds may not be available or, if available, may not be available 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, 2008, our consolidated balance sheet reflected approximately US$ 1,2 billion of goodwill and approximately US$ 740 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. The IFRS accounting rules 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.

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 products in development may be dependent on commercial sales by us or by purchasers of our diagnostic and pharmaceutical products, which will require pre-clinical studies, clinical trials and other regulatory clearance. Such trials will be subject to extensive regulation by governmental authorities in the United States, including the FDA, international agencies and agencies in other countries with comparable responsibilities. These trials involve substantial uncertainties and could impact customer demand for our products. In addition, certain products, especially our products intended for use in in vitro diagnostics applications, are dependent on regulatory or other clearance. For example, since the European Union Directive 98/79/EC on in vitro diagnostic medical devices, or EU-IvD-D, went into effect on December 7, 2003, all products and kits which are used for in vitro diagnostic applications must be compliant with this directive. In addition to high-risk products such as HIV testing systems (list A of Annex II of the directive) or blood glucose testing systems (list B of Annex II of the directive), 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. Certain of our HPV test products were the first to obtain approval for regulated applications for HPV testing in the United States and in many countries in Europe, which adds to our expense and increases the degree of regulatory review and oversight. The expense of submitting regulatory approval applications in multiple countries as compared to our available resources will impact the decisions we make about entering new markets.

Each medical device that we wish to distribute commercially in the United States will likely require either 510(k) clearance or pre-market approval from the FDA prior to marketing the device for in vitro-diagnostic use. Clinical trials related to our regulatory submissions take years to execute and are a significant expense. The 510(k) clearance pathway usually takes from three to twelve months, but can take longer. The pre-market approval pathway is much more costly, lengthy and uncertain and can take from one to three years, or even longer. It took more than four years to receive pre-market approval to offer our current generation HPV test product to test for the presence of HPV in women with equivocal Pap test results and pre-market approval to use our HPV Test as a primary adjunctive cervical cancer screening test to be performed in conjunction with the Pap test for women age 30 and older. The regulatory time span increases our costs to develop new products and increases the risk that we will not succeed in introducing or selling new products in the United States.

Our cleared or approved devices, including our diagnostic tests and related equipment, are subject to numerous post-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, product liability claims may be brought against us in the future. Further, there can be no assurance that our products will not be included in unethical, illegal or inappropriate research or applications, which may in turn put us at risk of litigation. We currently carry product liability insurance coverage, which is limited in scope and amount, but which we believe is currently appropriate for 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 the laws of The Netherlands 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 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$ 12,91 on the NASDAQ, and a high of EUR 16,24 to a low of EUR 10,04 on the Frankfurt Stock Exchange. In addition to overall stock market fluctuations, factors which may have a significant impact on the market price of 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, 2008, we had outstanding 197,8 million Common Shares plus 12,2 million additional shares reserved for issuance upon exercise or release of outstanding stock options and awards, of which 9,6 million were vested. A total of approximately 17,9 million Common Shares are reserved and available for issuances under our stock plans, including those shares subject to outstanding stock options and awards. 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 26,5 million Common Shares, subject to adjustments in certain cases.

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

Our Articles of Association, or Articles, provide that our shareholders may only suspend or dismiss our managing and supervisory directors against their wishes with a vote of two-thirds of the votes cast if such votes represent more than 50% of 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.

Related Party Transactions

From time to time, we have transactions with companies in which we hold interests all of which are individually and in sum immaterial except for certain transactions as discussed below.

During 2007, the Company made an initial investment of $747,000 in Dx Assays Pte Ltd. In the first quarter of 2008, the Company made a $1.4 million loan to Dx Assays which bears interest at 15% and is due in March 2013.

In 2004, the Company 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 consulting services, subject to adjustment.

The remuneration granted to the members of the Managing Board has not changed significantly in comparison to the remuneration granted in 2008 as stated in our Annual Report.