QIAGEN

ANNUAL REPORT 2006

Sample & Assay Technologies

Consolidated Statement of Income Data

Year ended December 31

1,000 US$	2006	2005	2004	2003	2002
Net sales	465,778	398,395	380,629	351,404	298,607
Cost of sales	139,122	122,755	125,658	118,786	96,508
Cost of sales – acquisition- and restructuring-related	2,046	439	1,454	3,618	–
Gross profit	**324,610**	**275,201**	**253,517**	**229,000**	**202,099**
Operating Expenses:					
Research and development	41,560	35,780	34,351	31,068	27,438
Sales and marketing	115,942	94,312	87,506	83,005	75,086
General and administrative	48,574	40,123	41,715	41,894	41,716
Purchased in-process research and development	2,200	3,239	–	–	–
Acquisition, integration and related costs	6,061	3,213	572	–	2,848
Acquisition-related intangible amortization	8,220	3,697	1,416	1,096	1,053
Relocation and restructuring costs	1,452	–	3,817	3,048	10,773
Total operating expenses	**224,009**	**180,364**	**169,377**	**160,111**	**158,914**
Income from operations	**100,601**	**94,837**	**84,140**	**68,889**	**43,185**
Other income (expense), net	**5,467**	**2,427**	**(11,453)**	**(1,634)**	**(4,325)**
Income before provision for income taxes	106,068	97,264	72,687	67,255	38,860
Provision for income taxes	35,529	35,039	23,982	24,405	15,723
Minority (income) expense	–	–	–	–	(5)
Net income	**70,539**	**62,225**	**48,705**	**42,850**	**23,142**
US$ per share					
Diluted net income per common share	**0.46**	**0.41**	**0.33**	**0.29**	**0.16**
NUMBER OF SHARES					
Weighted average number of common shares used to compute diluted net income per common share	153,517	150,172	148,519	147,173	145,787

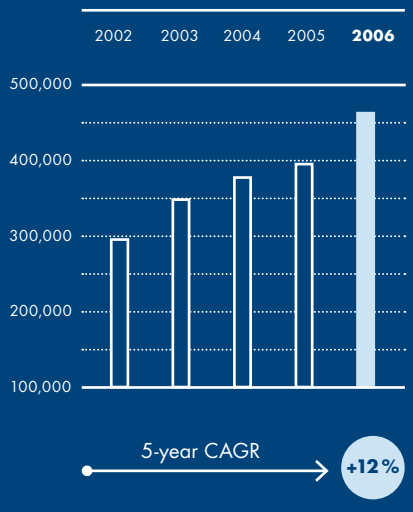
Consolidated Balance Sheet Data

As of December 31

1,000 US$	2006	2005	2004	2003	2002
Cash and cash equivalents	430,357	191,700	196,375	98,993	44,893
Working capital	566,660	278,586	299,029	163,583	111,554
Total assets	1,212,012	765,298	714,599	551,930	454,511
Total long-term liabilities, including current portion	536,738	230,086	234,138	131,095	112,331
Total shareholders' equity	566,165	450,457	400,376	334,786	263,031
Common shares	1,535	1,513	1,495	1,485	1,478
NUMBER OF SHARES					
Shares outstanding	150,168	148,456	147,020	146,218	145,534

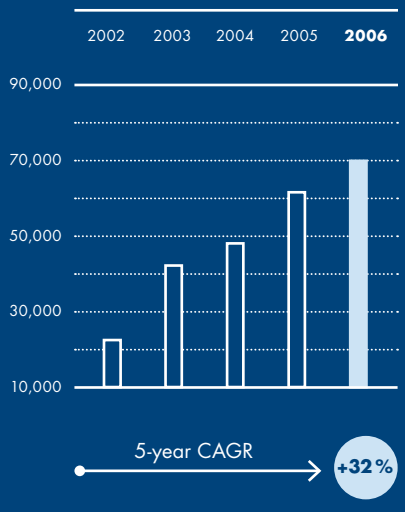
Net sales

1,000 US$



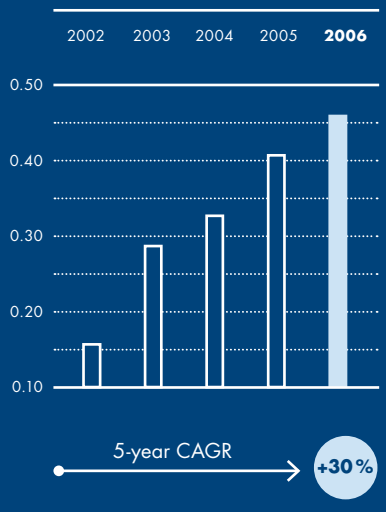
Net income

1,000 US$



Diluted earnings per share

US$ per share



CAGR = compound annual growth rate

Net sales including the synthetic DNA business unit, sold in Q2 2004

Consolidated Statement of Cash Flows Data

Year ended December 31

	2006	2005	2004	2003	2002
1,000 US$					
Net income	70,539	62,225	48,705	42,850	23,142
Net cash provided by operations activities	101,479	91,237	53,798	64,060	36,686
Net cash used in investing activities	165,472	98,501	51,149	14,057	64,792
Net cash provided by (used in) financing activities	303,160	2,955	95,623	(1,884)	6,123
Cash and cash equivalents beginning of the year	191,700	196,375	98,993	44,893	56,460
Cash and cash equivalents end of year	430,357	191,700	196,375	98,993	44,893
Depreciation and amortization	30,038	24,955	22,961	25,788	24,709
Purchases of property, plant and equipment	28,995	13,728	12,621	19,558	59,136
US$ per share					
Cash EPS (operating CF/diluted shares)	0.66	0.61	0.36	0.44	0.25
1,000 US$					
Free Cash flow (Net Cash provided by operations less capital expenditures)	72,484	77,509	41,177	44,502	(22,450)

Sample & Assay Technologies

QIAGEN is the world's leading provider of sample and assay technologies – tools that enable the handling, processing and preparation as well as the molecular analysis and testing of any biological sample. The Company is uniquely focused on what is one of the most exciting segments in the industrial revolution created by molecular biology.

The increasing demand for molecular testing procedures is fueling a growing need for sample and assay technologies in laboratories around the world in molecular diagnostics, applied testing and life science research.

QIAGEN's contributions and products are expanding the frontiers of science and healthcare every day and at the same time represent and are expanding their positions as strong standards. By extending our market and technology leadership and our expertise in providing technologies that can be leveraged across and adopted in all markets we serve, we are consequently building for future growth.

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Cover

Dear Shareholder,

For QIAGEN, 2006 was another very successful year. It was one more year in which we achieved and exceeded the targets we had set for ourselves and QIAGEN: to expand our leadership position in sample and assay technologies and to expand their use in existing and extend their use into new markets. We are proud to report that the execution of our strategy has also resulted in industry-leading financial performance. We achieved consolidated net sales of US$466 million for the year ending December 31, 2006 – a 17% increase in net sales compared to the previous period. Our innovation engine continues to deliver impressive performance and contributed 4% to our organic growth of 11%. Net income increased 13% to US$70.5 million from US$62.2 million and diluted earnings per share increased 12% to US$0.46 per share from US$0.41 per share in 2005. Excluding certain charges[1] adjusted net income increased 23% to US$85.3 million and adjusted diluted earnings per share increased 22% to US$0.56 per share in 2006.

Once again, we outperformed our industry and demonstrated that our commitment to focusing on an innovation strategy around sample and assay technologies is clearly delivering results. We executed well-prepared plans and roadmaps to address multiple markets with what we do best – providing solutions which allow processing and isolation of target analytes from biological samples and making them visible.

Our formula with which we execute our strategy is a blend of innovation-driven organic growth, catalytic acquisitions and active partnering.

To catalyze our organic initiatives, among our 2006 acquisitions were two companies through which we gained access to new opportunities in highly attractive markets. The acquisition of Gentra Systems, Inc. expanded our sample technology portfolio into the field of processing large-scale blood samples in the emerging biobanking and DNA archiving markets. By acquiring Genaco Biomedical Products, Inc., we now hold one of the most innovative assay technologies which provides a solution to the much sought after goal of multiplexing, a diagnostic approach which allows for screening multiple targets in one single test. Both companies' product lines are very much in our focus as they represent sample and assay technologies. They are also highly synergistic with our product portfolio and allow us to further leverage our capabilities in sample and assay technologies in our target markets, including research in life sciences, applied testing and molecular diagnostics.

The integration of acquisitions is always a challenge for any organization. We are very pleased to report that our significant attention to integrations yielded positive results. Since 2005, ten companies were added to QIAGEN which provided significant catalytic impacts and led to a 6 % contribution to our overall growth. We expect to continue this focused, strategy-driven acquisition strategy.

In 2006, we continued to establish and expand numerous partnerships, collaborations and license agreements. Our value to the molecular diagnostics and applied testing industries is growing tremendously. In the areas of pharmaceutical, biotechnology and biomedical research, QIAGEN today is a premium partner for solutions for discovery as well as the development of new drugs. This area has been a central point of our partnering and marketing efforts in 2006. Our products are used in over 100 clinical trials

[1] Charges in fiscal 2006 included amortization on acquisition-related intangibles of US$8.2 million (US$5.3 million net of tax), acquisition, integration and related costs of US$10.3 million (US$8.3 million net of tax), relocation and restructuring costs of US$1.5 million (US$1.0 million net of tax), as well as equity-based compensation cost according to SFAS 123R of US$325,000 (US$213,000 net of tax). Charges in fiscal 2005 had included amortization on acquisition-related intangibles of US$3.7 million (US$2.4 million net of tax) and acquisition, integration and related costs of US$6.9 million (US$4.6 million net of tax).

and our ability to provide to our customers a continuum from research tools to routine molecular diagnostics is a very significant value proposition in this new era of molecular testing-driven drug development, monitoring and personalized medicine.

Developing for and together with our customers gives us a competitive edge and fuels our powerful innovation engine. In 2006, we launched 67 exciting new products, which accounted for 4 % of our Company's net sales. We also finalized the development of QIAcube, a revolutionary platform which created a completely new dimension of utility and opportunities for our customers in laboratories worldwide. Introduced in early 2007, the QIAcube allows our customers to fully automate the processing of QIAGEN products which they use manually today. And there is so much more in our product pipeline yet to come: consumables, reagents, assays, instruments.

The innovative, standardized solutions which we provide enable our customers to achieve significant scientific breakthroughs and increase dissemination of molecular biology by facilitating its application. For example, in 2006, Craig C. Mello, Ph.D., and Andrew Z. Fire, Ph.D., earned the Nobel Prize in Medicine for their discoveries in RNA interference – a mechanism in molecular biology to "silence" genes. QIAGEN is a leading innovator supplier of RNAi assay technologies and it gives us great pride to have participated in their discoveries as a supplier to their laboratories.

A major step for QIAGEN is to leverage our well-established expertise and proven capabilities gained in life sciences research into the rapidly developing, but very specialized diagnostics and applied testing markets. Clinical laboratories are increasingly offering molecular diagnostic tests, allowing new diagnostic possibilities or replacing older technologies with state-of-the-art molecular methods which allow for faster, more reliable disease detection and treatments. QIAGEN is driving this trend by offering a portfolio of comprehensive sample and assay technologies for molecular diagnostics which is the broadest in the world. In 2007, we expect to further widen our panel and scope by seeking FDA approval in the United States for a range of products including two of our novel multiplexing assays and begin to add CE markings in Europe for all our panels. These regulatory clearances will allow us to offer more solutions for use in clinical applications.

A strategic goal for QIAGEN is to reinforce our global reach by addressing and further penetrating emerging and fast-growing markets including markets in Asia. In 2006, we significantly strengthened our presence in Asia. We developed our extensive network of distributors, established a new subsidiary in Korea, and

set up our Asian headquarters in Shenzen, China. We invested heavily and doubled our headcount in this region to 340. Our strategy in Asia, which was recognized by Frost & Sullivan's renowned Competitive Strategy Leadership Award, is clearly delivering results. This year, the region is set to contribute 10 % of QIAGEN's net sales which will add to the substantial growth delivered by our other regions – North America, Europe and the rest of the world.

We believe that our growth strategy offers considerable value to our shareholders and employees. We also understand that all areas of our business require adequate investments if we want to achieve our goals. In 2006, we invested significantly into the development of dedicated sales channels, with a strong focus on the molecular diagnostics and applied testing segments – a step which we are convinced will yield reasonable results in the very near future. We will further invest in technological expertise, in research and development capabilities as well as in QIAGEN's greatest source of its success: its employees. Responses from internal and external surveys and awards which we received in the United States and in Germany for being an employer of choice prove that these investments are well acknowledged and promise high returns.

I would like to thank you, our shareholder, for the trust and support you continue to give us. In 2006, we celebrated the tenth anniversary of our listing on NASDAQ. In this decade, the share price increased ten-fold; in 2006 alone, our share price on NASDAQ grew by 27 % and we outperformed the leading and relevant stock indices. We are committed to further creating sustainable value for you and our great Company.

I would also like to thank our more than 1,950 employees for their enthusiasm and dedication which makes our success possible. At QIAGEN, we are very proud of what we are doing, because our work helps to improve people's health and lives. And we believe that the best is yet to come.

We have built a great platform with which we can proudly step forward into 2007. It is up to us to take on our many opportunities.

Yours Sincerely,

Peer M. Schatz, Chief Executive Officer

QIAGEN – The Executive Committee

The Executive Committee, led by Peer M. Schatz as Chief Executive Officer, forms the most senior global management team responsible for decisions that have a material or global impact on QIAGEN's business, future, and employees. It merges over 70 years of QIAGEN experience with unique expert knowledge from the diagnostic and pharmaceutical industries.

Roland Sackers

Chief Financial Officer

Roland Sackers joined the Company in 1999 as Vice President Finance. Between 1995 and 1999, Mr. Sackers worked as an auditor with Arthur Andersen Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft. Since July 2004, Mr. Sackers is a member of the Supervisory Board of Operon Biotechnologies Inc.

Peer M. Schatz

Chief Executive Officer

Peer M. Schatz joined QIAGEN in 1993. Mr. Schatz was previously a partner in a private management buyout group in Switzerland and worked in finance and systems positions at Sandoz, Ltd., and Computerland AG as well as in finance, operations, management and sales positions in various start-up companies in the computer and software trading industry in Europe and the United States. Mr. Schatz is a member of the German Corporate Governance Commission.

Dr. Thomas Schweins

Vice President Marketing & Strategy

Dr. Thomas Schweins joined the Company in 2004 as Vice President Corporate Strategy. Prior to joining QIAGEN, he worked at the Boston Consulting Group, Düsseldorf, where he was a core team member of the Pharma/Health Care as well as the Corporate Development Practice Area. Prior to his latest position with BCG, Dr. Schweins worked three years as Technology Manager and later as Assistant to the Board with Hoechst/Aventis.

Bernd Uder

Senior Vice President Global Sales

Bernd Uder joined QIAGEN in 2001 as Vice President Sales & Marketing. Before joining QIAGEN, Mr. Uder gained wide experience in building up and coordinating worldwide distribution networks as Vice President European Biolab Sales & Marketing with Pharmacia and Vice President global e.business with Amersham Pharmacia Biotech.

Gerhard Sohn
Vice President
Global Human Resources

Gerhard Sohn joined QIAGEN in 2005 as Vice President Global Human Resources. He brings to QIAGEN twenty five years of experience in leading roles in human resources in global organizations. Gerhard Sohn joined QIAGEN from TNT Logistics, where he worked as Director Human Resources and was responsible for 4,200 employees.

Dr. Ulrich Schriek
Vice President Corporate
Business Development

Dr. Ulrich Schriek joined QIAGEN in 1997 and has been Vice President Corporate Business Development since 2000. Prior to joining QIAGEN, Dr. Schriek held several sales and marketing positions at Pharmacia Biotech, where he left as Global Marketing Director.

Dr. Joachim Schorr
Senior Vice President Global
Research & Development

Dr. Joachim Schorr joined the Company in 1992 as Project Manager and later had responsibilities as Group and Business Development Manager. In 1999, Dr. Schorr became Vice President Research & Development with the responsibility for the worldwide QIAGEN R&D activities. Before joining QIAGEN, Dr. Schorr worked for the pharmaceutical company Hoechst on the development of oral malaria vaccines and was awarded with the IHK research award in 1991.

Douglas Liu
Vice President
Global Operations

Douglas Liu joined the Company in 2005 as Vice President Global Operations. Mr. Liu has a twenty year track record of success in operations, strategic planning and R&D in molecular diagnostics, immunodiagnostics and other healthcare market segments. Before joining QIAGEN, Mr. Liu worked at Bayer Healthcare as Head of Operations for Nucleic Acid Diagnostics in the USA and in Strategic Planning and Consulting at Bayer AG, Leverkusen. Prior to these positions, Mr. Liu worked at Abbott Diagnostics and Chiron Diagnostics.

Dr. Michael Collasius
Vice President
Automated Systems

Dr. Michael Collasius joined QIAGEN in 1992 and was responsible for the integration and the development of QIAGEN's instrumentation business as General Manager of QIAGEN Instruments since its acquisition in 1998. During his time at QIAGEN, Dr. Collasius developed a series of automated systems for nucleic acid purification and handling.

QIAGEN's Common Share

QIAGEN's common shares, traded as global shares, are registered and traded in the United States on the NASDAQ Global Select Market – emanated from the NASDAQ National Market in July 2006 – since June 1996 and on the Frankfurt stock exchange in Germany since 1997, where its shares are traded in the Prime Standard segment, a premium segment created by the Frankfurt Stock Exchange in January 2003.

NASDAQ	
Market	NASDAQ
Segment	NASDAQ Global Select Market
Ticker	QGEN
ISIN	NL0000240000

German Stock Exchange	
Market	Frankfurt Stock Exchange
Segment	Prime Standard
Ticker	QIA
WKN	901626

Capitalization (Dec. 31, 2006)	
Market capitalization	US$2,323 million
Shares outstanding	153,517,000
Free float	approx. 87%

LISTING INFORMATION

We believe that the dual listing on NASDAQ and the Frankfurt Stock Exchange provides significant advantages for QIAGEN, our shareholders and our employees. Such advantages include increased visibility of QIAGEN in both Europe and the USA, which can positively impact sales and other aspects of our business. We also believe that our dual listing enlarges the trading market for our securities and thereby increases liquidity. This liquidity is also facilitated by the fact that the equity security traded on both exchanges is QIAGEN's common shares (Global Share Program).

TRADING INFORMATION

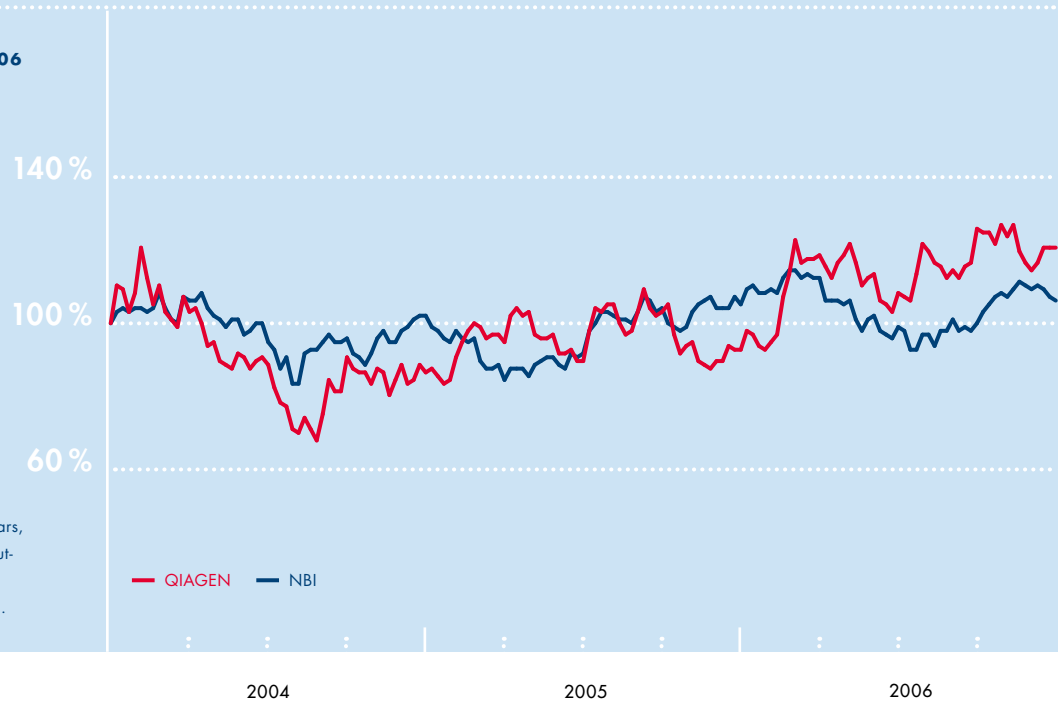
With a daily average trading volume of nearly 1.2 million shares during 2006 (more than 300,000 shares being traded on the NASDAQ, nearly 850,000 shares in the Prime Standard segment of the Frankfurt Stock Exchange and 50,000 shares on other German markets) QIAGEN common shares offered high liquidity. As of December 31, 2006, the free float, affecting the weighting of QIAGEN's common shares in various indexes, was approximately 87.4%. Members of the Managing Board and the Supervisory Board hold approximately 7.3% of the outstanding shares. We believe that the majority of QIAGEN's common shares are held by institutional investors in Europe and in the United States, and are nearly equally split between both markets.

10TH ANNIVERSARY ON NASDAQ

QIAGEN completed its Initial Public Offering on the NASDAQ National Market in New York on June 28, 1996. In the following decade, we experienced tremendous growth expanding from a supplier of tools for the isolation and preparation of nucleic acids into the world's leading provider of sample and assay technologies for biological sample processing and testing in life sciences, applied testing and molecular diagnostics. Our IPO on NASDAQ, the most important

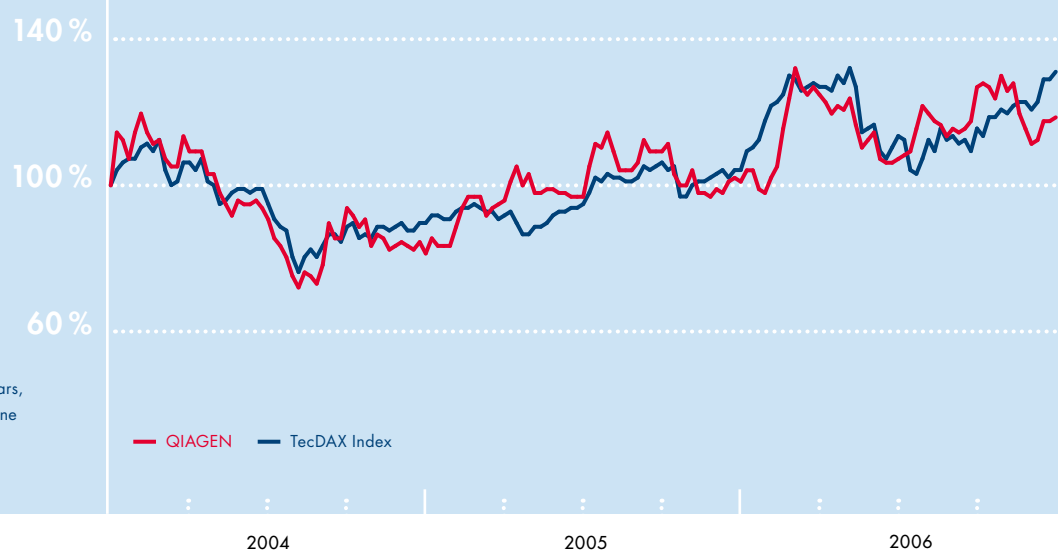
QIAGEN SHARE PRICE DEVELOPMENT

NASDAQ 2004 – 2006



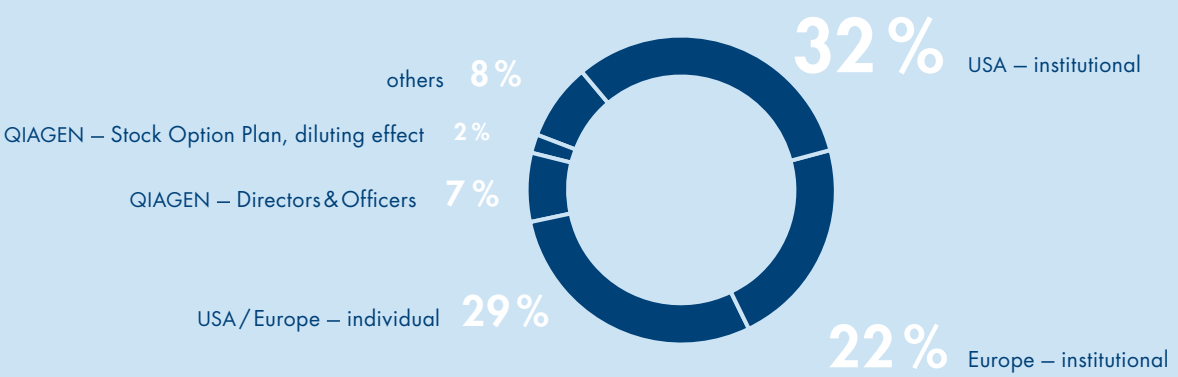
Over a period of three years, QIAGEN shares clearly out-performed the NASDAQ Biotechnology Index (NBI).

FRANKFURT STOCK EXCHANGE 2004 – 2006



Over a period of three years, QIAGEN shares were in line with the German TecDAX Index (TecDAX in Euro).

QIAGEN SHAREHOLDER STRUCTURE



Source: QIAGEN estimates

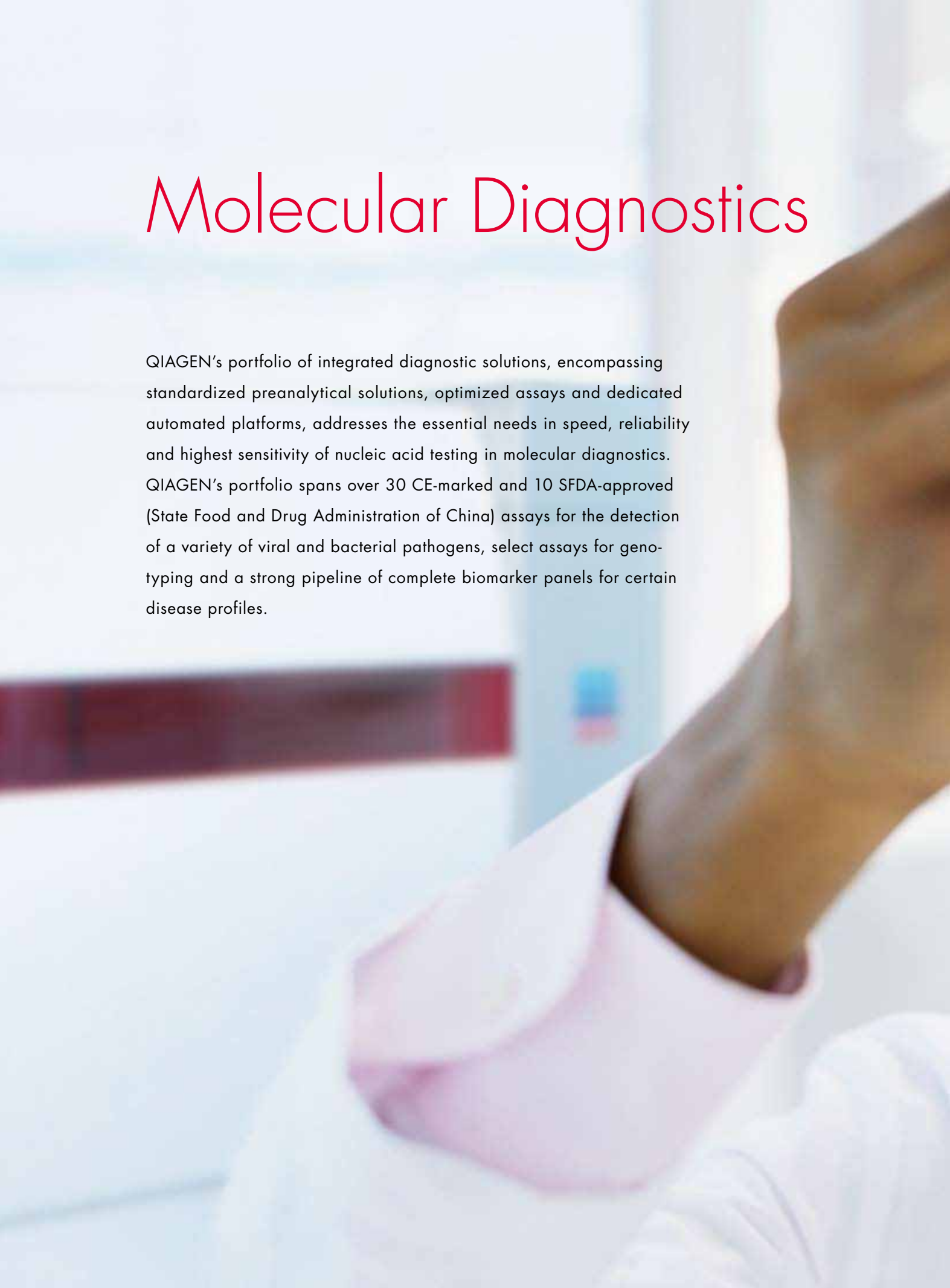
stock market for our industry, marked the beginning of an era of sustained shareholder value creation. During these last ten years, our share price increased more than tenfold and our market capitalization rose from US$185 million in 1996 to more than US$2 billion in 2006.

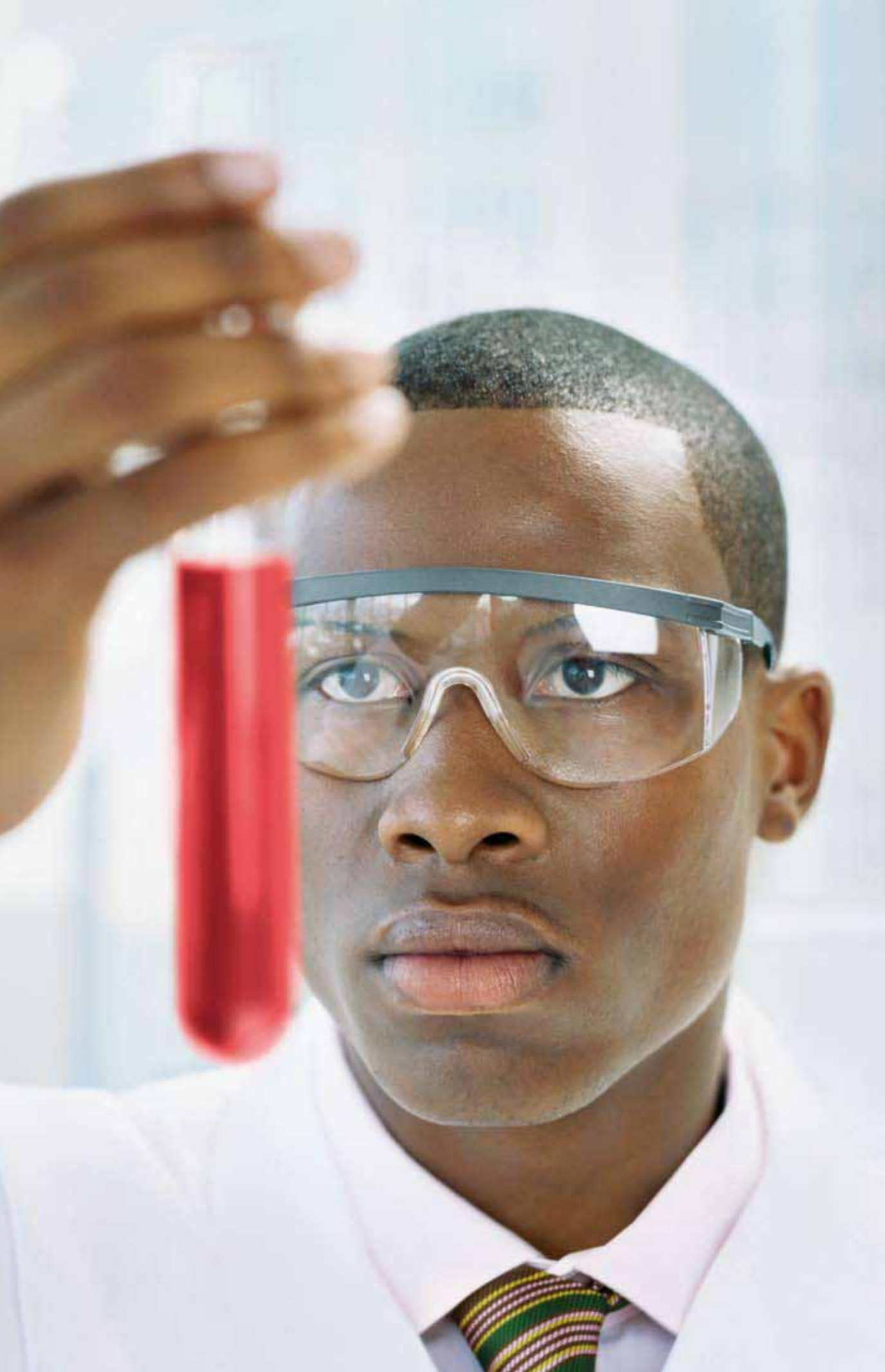
INVESTOR RELATIONS INFORMATION

QIAGEN is committed to ensuring that individual and institutional shareholders, analysts and journalists are provided with a regular flow of transparent, comprehensive and readily accessible information on our strategy, business and results. During 2006, QIAGEN's management presented at 23 national and international institutional conferences. More than 40 roadshows and in-house visits in Europe and the United States provided the opportunity for numerous direct discussions with investors and analysts. In 2006, QIAGEN shares were followed by more than 25 analysts from most major institutions and were recommended with a predominantly positive rating on the shares during the year.

Molecular Diagnostics

QIAGEN's portfolio of integrated diagnostic solutions, encompassing standardized preanalytical solutions, optimized assays and dedicated automated platforms, addresses the essential needs in speed, reliability and highest sensitivity of nucleic acid testing in molecular diagnostics. QIAGEN's portfolio spans over 30 CE-marked and 10 SFDA-approved (State Food and Drug Administration of China) assays for the detection of a variety of viral and bacterial pathogens, select assays for genotyping and a strong pipeline of complete biomarker panels for certain disease profiles.





Markets and Strategy – Leveraging Core Competencies into Multiple Markets

Discoveries in molecular biology over the last 50 years have changed our lives and resulted in significant advances in modern medicine. Our every-day vocabularies have been expanded with terms such as 'DNA', 'molecular diagnostics' and 'personalized medicine'. Powerful, new tools of molecular biology give researchers new and vast opportunities to understand life's processes. One outcome of this research is vital information that helps to cure and prevent diseases.

Molecular biology plays key roles in the high-resolution diagnosis of diseases, the availability of new treatments and the efforts to increase the effectiveness and efficiency of drugs. Modern biology is also addressing other important environmental and applied issues. Among these are: animal health and disease surveillance, agriculture, biodefense, food and quality control.

Each year about US$100 billion are spent to understand the molecular basis of life

Society is responding to the potential offered by these scientific advances by investing heavily to push the boundaries of discovery even further. Each year, private and public institutions worldwide spend approximately US$100 billion to advance our understanding of the molecular basis of life.

In conducting their molecular analysis of life, researchers from around the globe have specific requirements. To maintain scientific integrity, data needs to be of high quality, reproducible, and comparable. This can only be achieved by standardizing the techniques and procedures being used from sample preparation through to assays. Here, QIAGEN comes into play.

QIAGEN is considered the world's key leader in standards in Sample and Assay Technologies. We manufacture and sell more than 500 proprietary products globally, each designed with one goal in mind – making molecular biology easier.

WHAT ARE SAMPLE AND ASSAY TECHNOLOGIES?

Biological samples contain millions of different molecules, such as DNA, RNA or proteins. However, only a small proportion of this material is typically of interest to researchers. Sample technologies are used to collect samples and stabilize, extract and purify the molecule of interest. Assay technologies are then used to amplify and enrich this small amount of isolated material to make it visible, readable, and ready for interpretation. Sample and Assay Technologies operate in a highly synchronized manner.

One of the key factors for QIAGEN's success over the past two decades has been the recognition of our customers' needs early on and expediently acting on them. Customers consider our products industry standards to enable them to access and analyze content from any biological sample. We leverage our expertise and capabilities in providing technologies that can be easily adapted and used in all life science markets, as well as in molecular diagnostics and applied testing. This allows our investment in innovation to be returned as a multiple.

During 2006, we again expanded our activities to further increase our penetration in our core markets, through continuous innovation coupled with catalytic acquisitions of technology and product portfolios. The two most significant acquisitions we made last year, Gentra Systems, Inc., and Genaco Biomedical Products, Inc., provided innovative sample and assay technologies to our portfolio and future growth potential to our Company.

Minneapolis, Minnesota-based Gentra Systems, Inc. has developed and manufactured non-solid phase nucleic acid purification products for high volume blood samples (up to 10ml) used in bio- and blood banking as well as DNA archiving. The acquisition is highly synergistic with QIAGEN's sample technology product portfolio and broadens our value proposition for customers in areas such as molecular diagnostics, biobanking and translational medicine; areas expected to grow rapidly in the future.

Multiplexing assay technologies, a rapidly expanding segment in molecular diagnostics

Huntsville, Alabama-based Genaco Biomedical Products, Inc. provided QIAGEN with access to innovative multiplexing assay technologies, a rapidly expanding segment in molecular diagnostics. These technologies allow screening for multiple targets in one single PCR-based test and can be used, for example, when a patient presents symptoms that could be caused by one or more pathogens from a potential pool of dozens of causes. It complements perfectly our assay technologies portfolio, which confirms and quantifies the number of copies of the target analyte.

A further aspect of our strategy efforts in 2006 included a significant project around one of our strongest assets – our brand. The QIAGEN brand is considered one of the most powerful and positive brands in molecular biology. Our leadership in sample technologies including sample preparation and assay technologies such as PCR-based molecular biology tests is widely recognized. Our new company slogan, Sample and Assay Technologies reflects our focus and leadership.

The message behind this company slogan is simple – QIAGEN is highly focused and with its more than 20 years of experience in sample and assay technologies very committed to providing the best technologies for the most critical steps in the workflow of sample processing and analysis. QIAGEN's leadership in sample and assay technologies is widely recognized and represents the standard in life sciences, applied testing, and molecular diagnostics. Whether it's DNA, RNA or proteins – QIAGEN is committed to leadership in sample and assay technologies for their analysis.

We significantly upgraded our brand-based communication standards and started implementing the results from this effort in early 2007.

We also optimized our sales and distribution channels throughout the world by creating distinct sales and marketing channels for each of our markets. Although these markets are very different in terms of requested segment specific sales and marketing support, they often rely on similar sample and assay technologies and most of our products find their ways into multiple target markets. QIAGEN addresses the differentiated customer markets by offering unique and highly specific sales channels and infrastructures.

THE MOLECULAR DIAGNOSTICS MARKETS

Today, the molecular diagnostics markets are estimated to be about US$2.6 billion

The molecular diagnostics market is still relatively small with a market volume of approximately US$2.6 billion. This compares to the overall market for in vitro diagnostics, which was estimated at approximately US$23 billion in 2006. However, the molecular diagnostics market segments are growing with an estimated growth rate of approximately 20% per year. Molecular diagnostics is clearly one of the emerging markets in diagnostics with significant opportunities for future growth.

With almost 30% of our sales generated in molecular diagnostics markets, QIAGEN has grown to be one of the world's leading players in this sector, leveraging our core technologies and know-how. We operate throughout the value chain: from sample collection from the patient to diagnostic result. Our customers seek from QIAGEN products that allow:

Rapid result delivery ...	speed is crucial in molecular diagnostics as often therapy is needed as quickly as possible.
Specificity ...	elimination of any false negative or false positive results to avoid uncertainties in decisions on therapy.
Sensitivity ...	tests need to ensure they can detect down to low levels of pathogens.

In these terms, molecular testing – which is based on the detection and/or amplification of DNA or RNA – is often far superior to conventional methods, such as immunoassays. Although immunoassays are generally cost-effective, they suffer from a lack of sensitivity. For example, immunoassays cannot detect the presence of a pathogen before an appropriate amount of antibodies have been generated. Given that it takes the human body a certain amount of time to generate antibodies to a pathogen, these tests can only be performed weeks or even months after infection.

In the case of a human immunodeficiency virus (HIV), the initial detection limit using the classic method has traditionally ranged between six and twelve weeks post infection, depending on the degree of accuracy. However, with the advent of testing for the RNA of HIV, the time was shortened to a few days post infection. Another distinct advantage offered by molecular diagnostics over immunoassays is sensitivity. PCR allows for the billion-fold amplification of available genetic material, thereby allowing the detection of minute amounts and greatly increasing the sensitivity of the assay.

IMMUNO- AND MOLECULAR ASSAY

	IMMUNOASSAY	MOLECULAR ASSAY
Assay technology	Detection of antibodies against pathogens in an antibody antigen reaction	PCR-based detection of DNA / RNA of pathogens
Detection	Indirect	Direct
Sensitivity	Medium to low	High (only a couple of virus DNA / RNA copies needed)
Specificity	Low (> 75 %)	High (> 95 %)
Phatogen detectable after	Weeks – months	Days – Weeks

MOLECULAR DIAGNOSTICS SAMPLE TECHNOLOGIES

Before an assay can be performed, the sample being tested needs to be prepared appropriately. The quality of the sample preparation is extremely important for the quality of results in the following downstream analysis. QIAGEN's unparalleled range of integrated sample technologies are used as standards in the molecular diagnostics industry to ensure that a sample is processed and the target analyte isolated to the highest quality before entering the analysis phase. Our products are used, for instance, to prepare bacterial or viral DNA from a wide range of clinical samples or to stabilize RNA in freshly drawn blood or fresh tissue samples to stop rare analytes from degrading before they can be tested. Sometimes, QIAGEN products sail under a foreign flag. As an OEM (Original Equipment Manufacturer) partner, we develop integrated solutions for and together with more than 15 manufacturers from the pharmaceutical and diagnostics industries who integrate our products into products they market.

MOLECULAR DIAGNOSTICS ASSAY TECHNOLOGIES

Today, QIAGEN provides over 100 molecular biology tests with predefined targets

Today, QIAGEN has the broadest portfolio of assays in the molecular diagnostics industry. In addition to a leading portfolio of PCR reagent kits, QIAGEN provides a comprehensive portfolio of over 100 molecular biology tests with predefined targets. This portfolio includes, besides molecular biology tests for research use, 30 CE-IVD-marked tests for the European markets and 10 SFDA- (China's State Food and Drug Administration) approved tests for the Chinese markets.

QIAGEN's assay product offering covers an unmatched spectrum of real-time PCR tests for major bacteria and viral detection, including assays for the quantitative detection of Hepatitis A (HepA) and Hepatitis B Virus (HepB), Herpes Simplex Virus (HSV), and Human Immunodeficiency Virus (HIV). It also comprises molecular tests for niche pathogens such as the Epstein-Barr-Virus (EBV), the Parvovirus, the SARS-coronavirus and the Varicella Zoster Virus (VZV). Many of these assays are offered by no or only by very few other companies.

QIAGEN also provides molecular diagnostic tests based on multiplexing, a technology obtained through our Genaco acquisition and which is a highly synergistic addition to QIAGEN's offering for molecular diagnostics. There is a growing need for rapid, cost-effective solutions in this market. With the multiplexing approach, a patient sample can now be tested against a panel of multiple (up to 20) different pathogens or other targets to rapidly screen and determine the identity of an infection. In a second step, a highly sensitive and quantitative qPCR test can then be used to confirm the identity and quantify the amount of pathogens present in the sample.

Multiplexed molecular tests are widely adopted in genetic and HLA (Human Leukocyte Antigen) testing, which assesses donor/recipient compatibility in transplantations. Newer applications include testing for viral and bacterial panels, hospital-acquired infections and bacterial drug resistance mutations.

QIAGEN intends to seek regulatory approval for a number of multiplexing products. We believe that regulatory approval is essential to maximize the value of our novel multiplexing products for our customers.

THE APPLIED TESTING MARKETS

Applied testing is a highly segmented market. In our definition it includes every testing sector apart from human diagnostic testing, such as biodefense, forensics, veterinary, quality control, environmental and food testing. Around the globe, there is great interest in how molecular biology techniques affect everyday life, from knowing that food is safe to eat to being able to solve a crime. For many applications in applied testing, a solution is needed that can be used in practice by individuals of various scientific backgrounds and training levels.

Technologies and products in these markets need to be able to produce rapid results, be reliable and sensitive

The applied testing markets share many of the same characteristics observed in molecular diagnostics. Technologies and products in these markets need to be able to produce rapid results, be reliable and sensitive. At the same time, they need to be universal due to the diverse starting points of sample material. For example, monitoring the development of a specific infectious disease like an epizootic in livestock including cattle, pigs, sheep or poultry, requires the handling of different sample materials including blood, mucus, saliva, dung, and others. QIAGEN has by far the deepest know-how and experience and industry-proven sample and assay technologies for use in all applied testing markets.

APPLIED TESTING SAMPLE TECHNOLOGIES

High quality sample preparation is essential to the applied testing markets to ensure precise results can be achieved. Sample collection and processing are critical steps in analysis in applied testing. QIAGEN has extensive experience in processing complex samples which is a requirement in meeting the needs of the varied sectors within the applied testing markets.

APPLIED TESTING ASSAY TECHNOLOGIES

During 2006, QIAGEN made significant strides to broaden its test kit offering for veterinary applications, a market with a market size of approximately US$100 million and, as more applications

are introduced, a growth rate of more than 20% per year. We acquired a license to commercialize (outside the UK) a portfolio of selected PCR-based, veterinary molecular assays developed by the Veterinary Laboratories Agency (VLA). This initial portfolio consists of seven PCR-based assays for infectious veterinary diseases affecting livestock, such as cows and horses. VLA also helped to validate one QIAGEN assay for the detection of Mycobacterium paratuberculosis, the causative agent of Johne's Disease, a chronic infection of the small and large intestines usually in cattle, but also in sheep, goats and deer.

QIAGEN is also working with the University of Bern in Switzerland to help eradicate Bovine Viral Diarrhea (BVD) disease, the most common cattle disease worldwide. Infected animals must be detected with the highest possible sensitivity and specificity. The collaboration with the University of Bern has resulted in a real-time PCR-based test with significant improvement in all test parameters over existing detection methods.

We continue to work closely with governmental institutions to provide reagents needed for the test against biological warfare agents such as smallpox and anthrax. For example, with a partner, we have become part of a major US governmental defense program, which could further enhance the security of armed forces by enabling soldiers to analyze biological substances in the field.

THE LIFE SCIENCES RESEARCH AND DRUG DEVELOPMENT MARKET

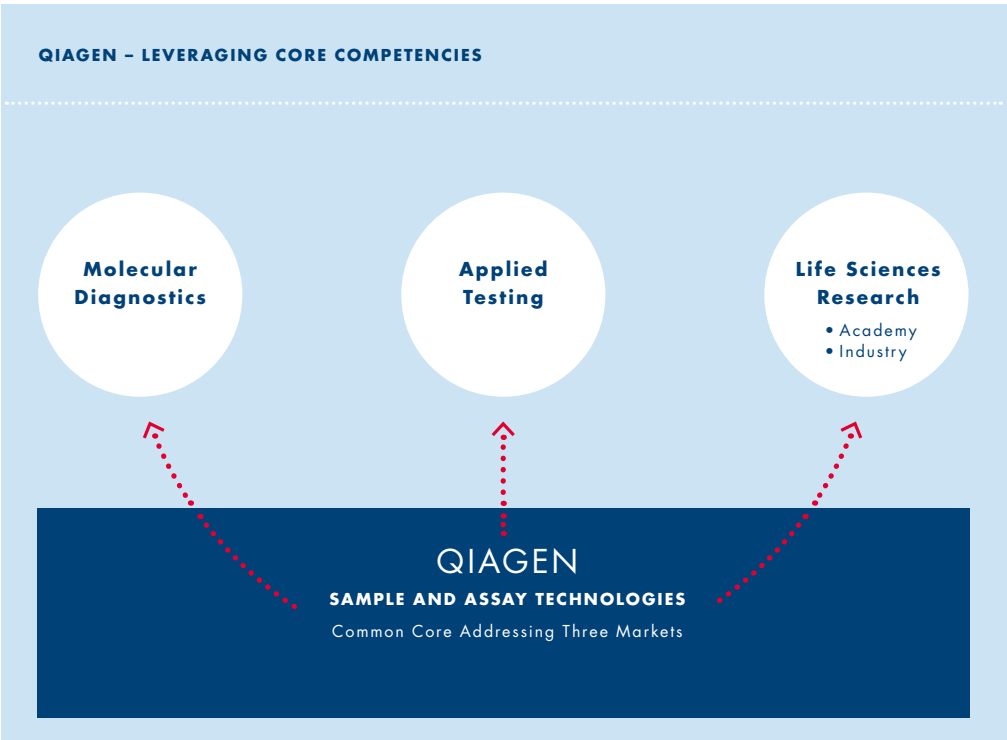
Life sciences research represents about 62% of QIAGEN's 2006 revenues. This segment has a number of subsegments: about 38% of QIAGEN's total revenues were generated in academia, thereof about 14% in biomedical research and about 24% in pharmaceutical and biotechnology research and development.

The life sciences research market = 45,000 academic and industrial research laboratories, with more than 390,000 researchers worldwide

The life sciences research market for nucleic acid and protein separation and purification products is comprised of an estimated 45,000 academic and industrial research laboratories, with more than 390,000 researchers from leading academic institutions, diagnostic laboratories as well as biotechnology and pharmaceutical companies. Based on estimates of the number of sample preparations being performed every year, we believe that the potential worldwide market for our nucleic acid purification products exceeds US$1 billion as the majority of the market currently still uses home-brew methodology. We also believe that an additional US$800 million is spent annually in this market on PCR enzymes and reagents.

QIAGEN is the world leader in developing and commercializing standard-setting sample and assay technologies for the research market. During 2007, we anticipate that the number of samples which have been "QIAGENized" will exceed one billion. This is a phenomenal achievement; one we are truly proud to have achieved. By creating standards early, the benefits to QIAGEN are multiplied downstream when these core technologies are translated into the high-growth molecular diagnostics and applied testing markets.

Academic research continues to be an important segment for QIAGEN and is key to our technology leadership. Another subsegment of life sciences research is focused on biomedical research



which is associated with hospitals and clinical trials for the development of drugs. QIAGEN is currently partnered on more than 100 clinical trial protocols. The third subsegment in life sciences research is pharmaceutical and biotechnology research. Here, we offer a highly attractive advantage of being the only independent supplier that can truly bridge pharmaceutical customers into diagnostics. We are actively partnering with key pharmaceutical companies around the world for the use of molecular techniques to advance drug development by improving patient selection into clinical trials and monitoring response rates.

The collection of pharmacogenomic data on patients in clinical trials reduces costs and time to market

The collection of pharmacogenomic and other molecular data on patients in clinical trials significantly reduces both overall costs and time to market, allowing pharmaceutical companies to increase the number of new pharmaceutical products and their approvals. It also helps to increase patients' safety in clinical trials by avoiding the experience of adverse reactions or severe side effects during medication. And finally: the pool of genetic information on patients collected in these trials can serve as a valuable tool to improve already existing therapies. Today, more than two million patients in hospitals in the United States alone are experiencing serious adverse drug reactions and generally only a fraction of prescribed therapies are effective in patients. Being able to preselect patients before starting a therapy could help to avoid side effects and increase the efficiency of medical treatment and lower the costs to our healthcare systems.

QIAGEN paves the way for more efficient drug development

Today, most drugs are being developed using QIAGEN products. For example, QIAGEN has been a partner to Merck & Co. for the past ten years during the research and clinical development of Merck & Co.'s recently launched Gardasil®, a vaccine against the Human Papilloma Virus (HPV). Approximately 20 million people in the United States are infected with HPV, a major cause of cervical cancer in women. Each year, around 3,700 women in the United States die from cervical cancer caused by HPV infections. Subtypes HPV-16 and HPV-18 account for approximately 70% of all cases of cervical cancers. QIAGEN assays were used to identify and classify the strains of HPV in women entered into the clinical trials of the vaccine and formed an integral part of the regulatory submission for Merck & Co. With our capabilities to develop products for molecular profiling of patients, our diagnostics-proven quality commitment, and our strong, long-lasting relationship to the pharmaceutical industry, QIAGEN paves the way for more efficient drug development. We enable translational research, which improves drug effectiveness and patient safety.

THE FUTURE

As we look at 2007 and beyond, QIAGEN expects a number of exciting new market introductions and launches. These include a further expansion of our sample and assay technology portfolio for research, applied testing and molecular diagnostics as well as a significant investment in clinical trials for a number of molecular diagnostic products. The pipeline of automated solutions for sample and assay technologies will continue to yield exciting products that build on such recent introductions as the QIAcube.

The pace of change is very rapid. In some cases, the future has already begun, based on transformative changes brought on by molecular diagnostics, and affected by overall healthcare trends.

Industry analysts predict that one day all laboratory tests, including molecular tests, will be completely automated, with all of the work performed by instruments and robots. The laboratory will come ever closer to consumers. Today, consumers are far more actively involved in healthcare decision-making processes than ever before. Their options will increase as consumer versions of molecular tests are developed. It will become as easy to perform a home diagnostic test as it is to take a temperature with a thermometer.

We believe, QIAGEN is well positioned to take advantage of these exciting growth opportunities in our target markets: Life sciences research, applied testing and molecular diagnostics.

Research and Development – Innovation for Growth

Continuous product innovation is a key driver of revenue growth for QIAGEN. This is why we spend between 8 and 10 % of our revenues each year on R & D, and currently employ over 320 scientists around the world. These are premium investment rates and compared to other companies in our industry reflect our commitment to excellence in research and development. In 2006, these investments resulted in the launch of 67 new products, of which 42 were sample-technology-related products and 25 were assay-technology-related products. Together they contributed approximately 4 % to QIAGEN's revenue growth in 2006.

QIAGEN's scientific and operational excellence in research and development draws on the combination of deep expertise of our highly trained scientists and our expanding collaborative networks. In bringing together chemistry, biology, and engineering capabilities with marketing, business development, and sales teams as well as certain customers, QIAGEN creates a working environment that encourages openness and the rapid exchange of new ideas while at the same time ensures high-performance discipline in development.

QIAGEN's R & D is highly focused on sample and assay technologies optimized as integrated solutions to provide highest reliability and convenience for our customers in molecular diagnostics, applied testing, and life sciences research markets. By leveraging expertise and market leadership in our core technologies we are able to quickly address emerging and rapidly growing markets.

Our scientists are pushing the frontiers of next generation science and thereby expanding our broad product and technology platform which spans all aspects of sample and assay technologies. Our development efforts have identified target needs in research in life sciences, applied testing, and molecular diagnostics markets. In 2006, we also took numerous steps to expand our development efforts by targeting regulated products and markets.

QIAGEN is a key participant in most areas of modern scientific advances

Researchers working at the cutting edge of science every day rely on QIAGEN sample preparation solutions to help push boundaries further. Through its in-house developments, partnering and its catalytic acquisitions, QIAGEN is a key participant in most areas of modern scientific advances.

Looking into the future, we believe that QIAGEN is well positioned to expand its leadership in sample and assay technologies – areas in which we are the unrivalled leader in terms of both investments and capabilities.


CRIME SCENE DO NO

Applied Testing

The applied testing markets share many of the same characteristics with the molecular diagnostics markets. Technologies and products in these markets need to be able to produce rapid results, be reliable and sensitive. Many of the applications heavily rely on complex sample technologies, due to the diverse sample materials used. QIAGEN has by far the deepest know-how and experience and the broadest portfolio of industry-proven sample and assay technologies that easily can be leveraged into the rapidly growing market segments in applied testing.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Susan Lee

DEVELOPING SAMPLE TECHNOLOGIES

The development of tools which enable laboratories to collect, store, extract, and process scarce target biological molecules such as DNA and proteins from samples and prepare such for subsequent analysis faces severe challenges. A cigarette butt found at a crime scene years after it was thrown away, for example, contains thousands of different substances and molecules but only very few genetic traces, which may be partly degraded and very difficult to read. In another example, one milliliter of blood might only contain three copies of virus DNA which need to be captured, extracted and purified – this can be compared to isolating three fish from the waters of the Atlantic Ocean.

QIAGEN has a long tradition at the forefront of developing sample-technology-related tools that enable the sample preparation and processing of nucleic acids and proteins from any biological sample. Our R & D efforts include continuous interactions with our customers to understand their requirements and ensure that effective and efficient solutions are provided.

EXAMPLE: SAMPLE TECHNOLOGIES IN EPIGENETICS

Epigenetics is one of the fastest growing areas of molecular biology research

Epigenetics, where scientists identify and interpret controlling influences on genes, is one of the fastest growing areas of molecular biology research holding great promise for disease research and the development of a wide variety of next generation molecular diagnostic tests. The key epigenetic variable is DNA methylation, a natural phenomenon where one of the DNA's bases, cytosine, exists in a normal and a chemically modified, methylated state, acting like an "on" and "off" switch for genes.

DNA methylation analysis is a complex and time consuming process where the sample processing steps presented extreme challenges. In 2006, QIAGEN launched the first complete solution for sample processing in epigenetics and opened the door to rapid dissemination of this key science. The EpiTect® Bisulfite Kit, developed in collaboration with Epigenomics AG, significantly simplifies the processing of methylated DNA, allowing researchers much faster and more reliable sample processing for subsequent analysis.

EXAMPLE: SAMPLE TECHNOLOGIES IN BIOMEDICAL TISSUE MANAGEMENT

As medical research is utilizing increasing amounts of biomedical tissue samples, new challenges emerge that need to be resolved, particularly the standardization of their processing. Data comparability and compatibility of processes within research networks worldwide are needs of increasing importance.

In the fall of 2006, QIAGEN introduced its new Biomedical Tissue Management System which addresses these needs for standardization and streamlines the integration of the individual steps in clinical sample processing and analysis. This new portfolio of products is tailored to the sample processing needs in tissue banks which are proving to be invaluable resources for cutting edge strategies in academic and pharmaceutical / biotechnology research.

EXAMPLE: SAMPLE PREPARATION IN BIOBANKING

The acquisition of Gentra Systems, Inc. significantly increased QIAGEN's sample technology capabilities in the biobanking-related markets. The transaction added four consumable product lines in nucleic acid purification and two automation platforms which primarily address large sample volume processing such as used for blood samples in clinical research biobanks and molecular diagnostics. Traditionally, biobanking was a confined market niche, mostly targeting population genetics studies. QIAGEN believes that the growing trends towards increased translational medicine and biomedical research are creating a renewed focus on blood- and tissue-based biobanking, thereby creating new opportunities and potential future growth.

EXAMPLE: SAMPLE PREPARATION FOR PROTEINS

QIAGEN products are used to identify proteins and to evaluate their role in biological processes

QIAGEN has one of the broadest and arguably the most advanced portfolio of sample technologies for proteins. We invested significantly in internal research and acquired technologies to develop a leading suite of sample technologies for protein fractionation, crystallography and mass spectrometry. Our products are used to identify proteins and to evaluate their role in biological processes in the areas of proteomics, drug discovery, and biomarker identification.

Our customers for these products are primarily in life sciences research in academia and the pharmaceutical and biotechnology industries and some products, such as the sample technologies for mass spectrometry, are also showing promise in protein-based diagnostics.

EXAMPLE: SAMPLE PREPARATION IN SYSTEMS BIOLOGY

Systems Biology – to understand the complexity of a biological system as a whole

The move by researchers to understand the complexity of a system as a whole rather than the individual components continues to gain momentum. For each analysis, the combination of data on various molecules in a sample is vitally important to begin to understand the interactions of biology. This discipline, known as Systems Biology, is an extremely important field of development in the industry. To address the needs of researchers in Systems Biology, QIAGEN's automated and integrated solutions help to simplify this complicated process by allowing the preparation of several analytes simultaneously from the same biological sample.

In comparative studies, for example, where DNA, RNA, and proteins need to be obtained from a limited amount of tissue, the use of separate procedures to purify each of these biomolecules makes sample preparation very complex and time-consuming.

QIAGEN's AllPrep product line overcomes this bottleneck by allowing the purification of DNA, RNA and protein from the same tissue sample in one procedure. In addition, as a sample such as tissue does not have to be split for separate purification procedures, maximum yields of DNA, RNA, and protein can now be achieved from the same sample for more comprehensive analyses – thereby saving precious samples.

AUTOMATION OF SAMPLE TECHNOLOGIES

QIAGEN maintains a significant investment in research and development in the area of automation technologies for sample and assay technologies. Our engineers work very closely with our other scientists. The result of this very active collaboration which is leveraged by a significant network of external partners is QIAGEN's cutting-edge portfolio of instruments for life sciences research, clinical research, applied testing and in vitro diagnostic laboratories. Our automated solutions target the automation of our proprietary sample and assay technologies and are available to suit our customers' application requirements and daily throughput needs.

QIAcube – our most recent innovation in automation of sample technologies

Our most recent innovation in automation of sample technologies, QIAcube, is currently being rolled out to laboratories around the globe. QIAcube already received several prestigious industry awards and accolades such as the red dot design award or the New Product Award (NPA) Designation of the Association for Laboratory Automation (ALA). QIAcube is a novel, comprehensive solution which brings a new level of convenience, ease of use and safety to our customers at a fraction of the price of instruments previously available. It is a fully automated, small footprint bench-top system that makes DNA, RNA, and protein processing routine and automates the same QIAGEN consumable products used in manual formats throughout the world and which today represent absolute standards.

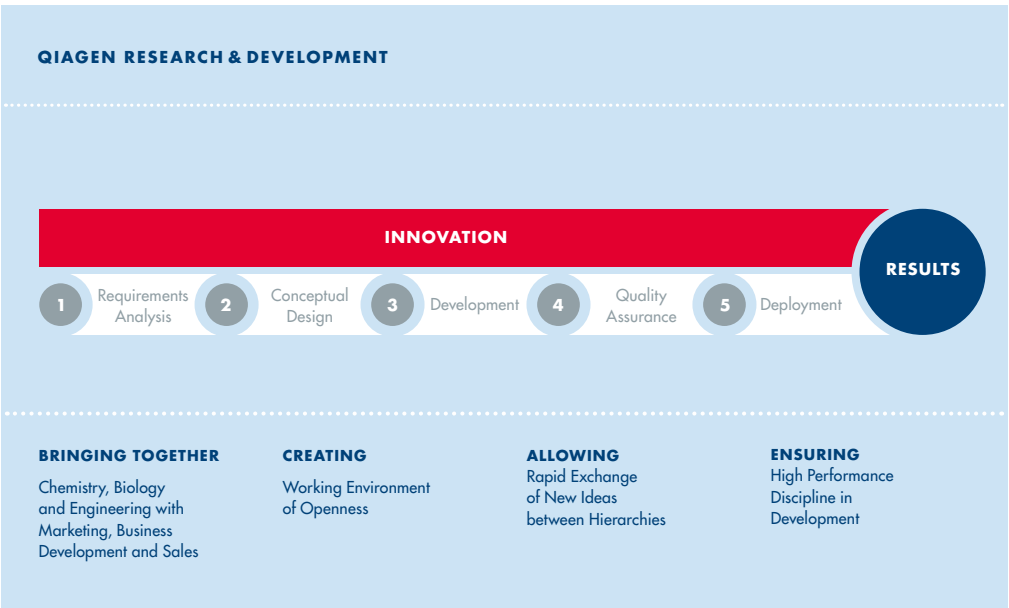
A further example, the BioRobot EZ1 workstation, is a simple to use, affordable system for purifying DNA and RNA (1-6 samples). Since its introduction, we have experienced rapid uptake into laboratories that conduct purification on a daily basis or for long-term research projects. During 2006, QIAGEN introduced several new applications for the EZ1 workstation, including the EZ1 Virus Mini Kit v2.0 for highly sensitive viral nucleic acid isolation.

DEVELOPING ASSAY TECHNOLOGIES

Assay technologies in molecular biology are testing procedures which make molecular targets, such as protein or nucleic acid information, visible. The solutions provided by QIAGEN can be separated into two categories. In the first category, we develop and offer advanced PCR, RT-PCR, and real-time consumable kits in open formats. These reagent kits can be used by customers in all our key markets. Our customers use these open platforms of PCR reagents to amplify target sequences of DNA or RNA of their choice. Our open kits are perceived to have strong, technology-leading positions and are targeted for use in a lot of different applications, including the detection of a specific gene expression or genotyping information in life sciences and clinical research as well as the development of home-brew tests in applied testing and molecular diagnostics.

QIAGEN's Fast Cycling PCR kits enable ultra-rapid DNA amplification in as little as 20 minutes

A number of such open assay technology solutions were introduced by QIAGEN in 2006. One of the most exciting innovations in this area is QIAGEN's Fast Cycling PCR line. Across all markets, customers ask for products not only guaranteeing the highest levels of reliability, but also a maximum of speed. QIAGEN's Fast Cycling PCR kits were introduced by QIAGEN in 2006 and enable ultra-rapid DNA amplification in as little as 20 minutes, cutting the time compared to conventional PCR kits by up to 60%. These standardized kits can be used on any thermal cycler, while still demonstrating specific and sensitive detection of low-copy targets. This is vital for many research



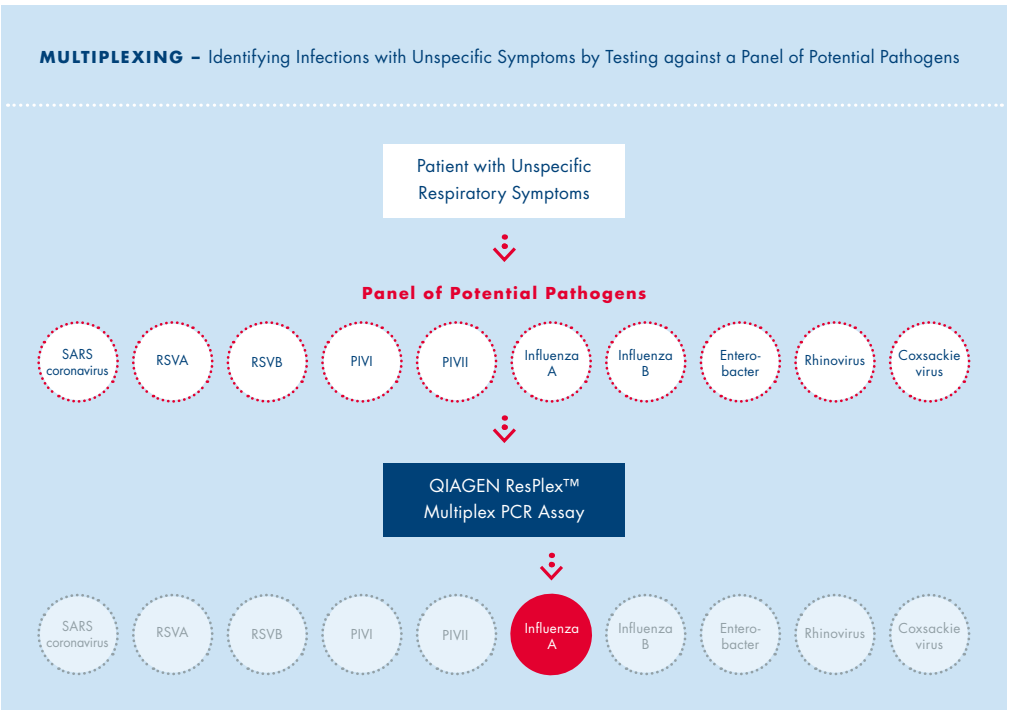
applications, for instance in drug development, but also in fields like biodefense, where rapid pathogen detection allows earlier response.

In the second category, QIAGEN develops specific ("preprogrammed") and highly sensitive molecular assays with predefined targets such as the RNA or the DNA of a specific virus, i.e. influenza, HIV or HBV. These assays allow customers to reliably determine and in most cases to quantify specific targets such as pathogens.

QIAGEN today provides the broadest portfolio of such molecular assays. These assays are often offered in regulated formats and subject to clearance in the countries offered.

Our expertise in the design of molecular diagnostics assays is widely recognized and our assay solutions are incorporated and marketed by many companies. Our primary bases for assay development are in Hamburg and Hilden, both Germany, and Shenzhen, China.

QIAGEN is pushing the frontiers of molecular diagnostics on many fronts and in 2006 created an exciting new capability and leadership in multiplexing assay technologies. In an ideal world, molecular analysis would be performed on one sample by one assay performed on one instrument. The result, obtained very quickly, would then provide all relevant information. For example, in molecular diagnostics, the result would allow a physician to initiate the correct treatment for a particular disease in a time frame that allows treatment to be successful. QIAGEN is moving ever closer to that goal by providing complete, integrated sample and multiplexed assay technology solutions that are standardized and enable the whole process to be robust and less prone to operator's error.



SARS
Severe Acute Respiratory Syndrome

RSVA / RSVB
Respiratory Syncytial Virus Type A / B

PIVI / PIVII
Parainfluenza Virus Type I / II

Multiplexing tests simultaneously probe a panel of up to 20 different pathogens

Key to achieving this goal is the concept of using a single assay to identify the underlying cause of a disease, which may in fact be due to not only one but several different pathogens or disease indicators. This concept is known as multiplexing. Traditional assays normally detect one to three molecular targets, one of which is a control. Through the acquisition of Genaco Biomedical Products, Inc. in 2006, QIAGEN gained access to an innovative multiplexing technology, now called QIAplex, and a number of tests targeting viral and bacterial infections. These tests work by simultaneously probing a panel of up to 20 different pathogen types and subtypes that together represent molecular targets of likely causes of a particular disease.

The panels allow the identification of molecular targets or pathogens following "themes", not individual molecular targets and therefore significantly simplify the diagnostic strategy for a doctor or clinician. In a second step, a highly sensitive and quantitative qPCR test from our artus assay portfolio, the broadest selection of molecular assays in the industry, can then be used to confirm the identity and quantify the amount of targets present in the sample.

EXAMPLE: ASSAY TECHNOLOGIES FOR BIOMARKERS

The role of biomarkers to indicate the presence of a disease is rapidly gaining traction. More and more specific proteins are found which reveal relevant disruptions in a flow of information within a biological system that account for diseases. Customers from the academic research and the pharmaceutical industry are increasingly focusing on the co-development and co-validation of biomarker assays with therapeutics. Biomarker assays help to improve drug development efficiency

by improving patient selection and clinical trial outcomes and therewith accelerate time-to-market cycles for new drugs, and reduce clinical trial costs. In some cases, biomarker development may lead to companion diagnostic products that will be utilized as a prerequisite for therapeutic intervention. QIAGEN actively promotes both, its closed and its open assay-technology-based consumable kits in this area.

EXAMPLE: ASSAY TECHNOLOGIES FOR RNA INTERFERENCE

One of the most exciting areas in scientific research which emerged in recent years is RNA interference (RNAi). Also known as gene silencing, the technique prevents the normal action of genes. In recognition of the significance of this breakthrough, the Nobel Assembly awarded Andrew Z. Fire, Ph. D., and Craig C. Mello, Ph. D., the Nobel Prize in Physiology or Medicine for 2006.

This breakthrough paved the way for further discoveries showing that the mechanism can also be found throughout nature, in plants, animals, and humans. RNAi is now widely used in research to determine the function of genes and identify potential drug targets. Encouraging results from early clinical studies indicate that, in the future, RNAi might be used as therapeutics.

QIAGEN provides highquality RNAi solutions to enable biomedical research and drug discovery

QIAGEN is a leading RNAi technology supplier, providing high-quality RNAi solutions to enable biomedical research and drug discovery. In 2006, we introduced FlexiPlate siRNA, the world's first product line for fully customized sets of small interfering RNAs (siRNAs). These siRNAs are short RNA molecules that act to silence specific genes. Previously, biologists had to rely on predefined sets of siRNAs, which often were not flexible enough to meet researchers' needs. QIAGEN's FlexiPlate siRNA provides a new dimension of flexibility by allowing users to determine not only the exact RNAi assay, but also precisely the amount of siRNAs needed for their individual requirements. This product introduction builds on QIAGEN's existing capabilities in the field. Since 2002, with the launch of the worldwide first RNAi set for cancer, we have led the RNAi technology field with pioneering product launches, including the world's first siRNA sets covering the whole human and mouse genome.

REGULATORY AFFAIRS

Throughout the R&D process we ensure that the assays are developed to the highest international regulatory standards. Our customers expect the uppermost quality products and look for the validation that comes with the seal of regulatory approval. Complementing an initiative started in 2004, in 2006, QIAGEN once again placed significant resources into regulatory affairs. We now have regulatory and clinical affairs departments based in the United States, Europe and China.

In the near term, the Genaco acquisition provided QIAGEN with several multiplex products that are nearing a submission for regulatory approval. We are in the process of completing clinical studies so that 510(k) applications to the US Food and Drug Administration (FDA) can be submitted for the H5N1 avian flu assay and StaphPlex™, a test for bacterial infections. Submission of additional ResPlex™ products and a panel focused on hospital-acquired infection (HAI) to the FDA for regulatory approvals are planned in 2008. Throughout 2007 and 2008, we will be seeking CE marking for a number of infectious disease panels.

QIAGEN – TECHNOLOGY AND INNOVATION LEADER

COMBINING

Chemistry, Biology and Engineering with Innovation Management makes QIAGEN the Technology and Innovation Leader

PRODUCT & DEVELOPMENT INNOVATION

QIAGEN has a well-established, cross-functional innovation culture that fosters an open working climate both within the Company and with customers, producing exceptional results.

In recognition of this creative environment, QIAGEN in 2006 introduced the Innovation Award, a reward scheme for employees to address the most promising product, application, technology idea or concept. Any individual or team employed at QIAGEN can apply. Entries are judged by an internal and external panel on a number of criteria, including customer value, potential, economic impact, and the chance of implementation, strategic fit, and IP potential.

We have always believed that the interaction with our customers and responding to their needs result in high levels of creativity

Innovation doesn't occur in isolation. We have always believed that the interaction with our customers and responding to their needs result in high levels of creativity. Many and very important collaborations with academia and leading companies in the pharmaceutical and diagnostics industries support our internal resources. Each collaboration provides vital resources and expertise that we are able to leverage during the innovation process, often resulting in first-of-a-kind product solutions. As a company with a flexible R&D organizational structure, the ability to quickly retool and refocus our development efforts allows us to address new technologies and emerging markets rapidly and efficiently.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Life Science Research

QIAGEN is the world leader in developing and commercializing standard-setting sample and assay technologies for the life science research markets. During 2007, we anticipate that the number of samples which have been "QIAGENized" will exceed the barrier of one billion. Academic, biomedical, pharmaceutical and biotechnology research are expanding the frontiers of science every day. QIAGEN has a unique position as a partner to the pharmaceutical industry and is actively cooperating with key pharmaceutical companies around the globe to advance drug development by improving patient selection into clinical trials and monitoring response rates and subsequently to push towards personalized medicine.

Business Overview

DESCRIPTION OF OUR BUSINESS

We believe that we are the world's leading provider of innovative technologies and products for preanalytical sample preparation and linked molecular assay solutions. This belief is based on the nature of our products and technologies and on our United States and European market shares as supported by independent market studies. We operate exclusively in life-sciences-related industries, and develop, manufacture and market a broad portfolio of proprietary technologies and products, which meet the needs of markets including academic and industrial research, applied testing and molecular diagnostics.

Our products standardize workflows and enable customers to reliably and rapidly process samples from collection through to purification of the target molecule, such as nucleic acids or proteins, without using hazardous reagents or expensive equipment.

We have developed or acquired a core set of technologies to provide a comprehensive approach to preanalytical sample processing. These technologies can be used alone or in combination to achieve the best solution for a given application. In particular, our proprietary technologies for magnetic-particle-based purification, solid-phase anion-exchange purification and selective adsorption to silica particles or membranes significantly enhance nucleic acid purification, the most difficult, critical, and labor intensive step in nucleic acid isolation. We believe that our technologies represent substantial advances in the speed, reliability, and ease of use of nucleic acid separation and purification procedures and the purity and yield of the resulting nucleic acids. We believe that we are the world's leading provider in the business of sample preparation with a market share of approximately 70%.

OUR PRODUCTS

We offer over 500 products for a variety of applications in the handling, separation, purification, and subsequent use of nucleic acids and proteins. These sample and assay technologies enable our customers to efficiently pursue their research and commercial goals. The main categories of our products include:

- CONSUMABLES: We offer most of our sample and assay consumable products, which account for about 90% of our business, in kit form to maximize customer convenience and reduce user error. These kits contain our proprietary disposable sample processing devices and/or other proprietary technologies, all necessary reagents and buffers, and a technical handbook that includes a detailed protocol and background information. Each kit includes devices and reagents for a specified number of preparations ranging from one to thousands. Each kit is covered by our quality guarantee. Major applications for our consumable products are plasmid deoxyribonucleic acid, or DNA purification; ribonucleic acid, or RNA stabilization and purification; genomic and viral nucleic acid purification; nucleic acid transfection; PCR amplification; reverse transcription; DNA cleanup after PCR and sequencing; DNA cloning and protein purification. In 2005, we began offering validated PCR assays which allow PCR-based detection of viral, bacterial and parasite, human and animal pathogens as well as pharmacogenomic genotyping. The majority of assays are validated with either manual QIAamp sample preparation or automated MagAttract sample preparation from QIAGEN and CE-labeled according to the IvD-Directive in the EU. During 2006, we developed and launched 67 new products including innovative sample and assay technologies for research in the areas of epigenetics, gene expression, micro RNA, proteomics, RNAi and molecular diagnostics.

- INSTRUMENTATION: Our BioRobot systems offer walk-away automation of sample and assay technologies in low, medium or high-throughput scale, as well as reaction set-up and other laboratory tasks. We also sell instruments to our OEM partners. In early 2007, we launched the QIAcube, a novel sample processing platform incorporating novel and proprietary technologies which allow users in research in life sciences, applied testing and molecular diagnostics to fully automate the processing of almost all our consumable products. The QIAcube received the distinguished New Product Award or NPA Designation of the Association for Laboratory Automation or ALA in February, 2007.

- OTHER: A very small part of our business revenues comes from custom services, siRNA synthesis, whole genome amplification services, DNA sequencing, and non-cGMP DNA production on a contract basis. We also sell and/or license technology.

RESEARCH AND DEVELOPMENT

Our product development efforts are focused on expanding our existing products and developing innovative new products in selected areas where we have expertise and have identified substantial unmet market needs. We intend to maintain our technology leadership position through investments in product improvements, product extensions, and innovative new approaches. We believe that improvements in instrumentation will strengthen our leadership position in the automation of preanalytical processing applications and generate an increased demand for our consumable products.

Our research and development organization is matrix-structured and is overseen by our Senior Vice President Research & Development. We conduct most of our research and development activities in Germany, Switzerland, and the United States. Our organization structure allows us flexibility to refocus our product development efforts as new technologies or markets emerge. Our total number of research and development employees at December 31, 2006, was 332. Our total research and development expenses in 2006, 2005 and 2004 were approximately US$41.6 million, US$35.8 million, and US$34.4 million, respectively.

SALES AND MARKETING

We market our products in more than 40 countries worldwide. We have subsidiaries throughout the world in the markets that we believe have the greatest sales potential. We have established a network of highly experienced marketing personnel and employ a dedicated field sales force of over 700 people, who sell our products and provide direct support to customers. A significant number of our marketing and sales staff are experienced scientists with academic degrees in molecular biology or related areas. We also have specialized independent distributors and importers serving more than 40 countries.

Our marketing strategy is focused on providing high-quality products that offer customers unique advantages, coupled with a commitment to technical excellence and customer service. We have developed a range of marketing tools designed to provide customers with direct access to technical support and inform them of new product offerings. One such tool is our technical service hotline, which allows existing or potential customers to discuss, via phone and e-mail, a wide range of technical questions regarding our products and related molecular biology procedures with Ph.D. and M.Sc. scientists in our technical service group, who provide this advice and training. Frequent communication with customers enables us to identify market needs, to gain early insight into new developments and business opportunities, and to respond with new products. We also distribute several publications, including our annual catalog, to existing and potential customers worldwide, providing new product information, product updates, and articles contributed by customers and by our scientists about existing and new applications for our products. In addition, we advertise in leading scientific journals such as Science, and hold numerous scientific seminars, in which our scientists present technical information at leading academic and industrial research institutes worldwide. We conduct direct mail campaigns to announce new products or offer special sales promotions, and also offer a personalized bi-monthly electronic newsletter for our worldwide customers that provides helpful hints and information for molecular biology applications. Our web site (www.qiagen.com) contains a full online product catalog and online ordering system, various support tools and resources. Some information is available on our website in French and German to support these local markets. We also have a Japanese language site (www.qiagen.co.jp).

In addition to keeping our customers informed of new product offerings, we also offer an inventory consignment program. The QIAcabinet is a storage cabinet owned by us and placed in customer laboratories at their request. The QIAcabinet is stocked with our products, offering customers the convenience of immediate access, thereby reducing product reorder procedures and shipping costs. We monitor cabinet inventory and bill the customers at regular intervals as the products are used. We believe that our QIAcabinet helps us maintain our competitive position, while also reducing distribution costs and increasing our visibility in the laboratory.

PRINCIPAL MARKETS

From our inception, we have believed that nucleic acids and proteins would play an increasingly important role in molecular biology and that major new commercial uses of nucleic acids would be developed. We have been supplying customers with proprietary products for the processing of nucleic acids since 1986. Customers include major academic institutions and governmental laboratories such as the United States National Institutes of Health, or NIH, as well as leading pharmaceutical and biotechnology companies. In addition, fundamental de-

velopments in recent years have created significant new opportunities for us in the emerging markets of nucleic-acid-based molecular diagnostics, and applied testing such as forensics, veterinary diagnostics, genetically modified organisms, or GMO, and other food testing. In response to these opportunities, we are currently targeting our products and marketing activities to each of these markets.

RESEARCH MARKET

The worldwide research market for nucleic acid and protein separation and purification products is comprised of an estimated 45,000 academic and industrial research laboratories with more than 400,000 researchers from leading academic institutions, diagnostics companies and laboratories, biotechnology companies, and pharmaceutical companies. A substantial portion of this market continues to utilize traditional, labor-intensive methods for nucleic acid separation and purification, and we estimate that 15% of all molecular biology research time is spent on such processes. We recognized early on the opportunity to replace the traditional methods with reliable, fast, and high-quality nucleic acid separation and purification technologies and products. We concentrated our product development and marketing efforts on this market and now offer over 500 nucleic acid sample processing products to customers. We also offer a broad and innovative portfolio for the expression, purification and fractionation of proteins. We believe that we are the technology leader in this growing research market and that we are well positioned to increase sales and expand our share of the research market as laboratories continue to convert from traditional methods to new technologies such as ours. Based on estimates of the number of sample preparations being performed each year, we believe that the potential worldwide research market for our nucleic acid purification products exceeds US$1 billion, as the majority of the market currently uses home-brew methodology. In addition, we believe that an additional US$800 million is spent annually in this market on PCR enzymes and reagents. We have expanded our product base for PCR amplification and reverse transcription and continue to develop products for the PCR-related market segment. In 2005, we were one of the first companies to enter into a broad licensing agreement with Applied Biosystems Group regarding real-time PCR technology. This agreement enhances our value as a leading supplier of a broad range of real-time PCR technologies. These real-time PCR technologies are optimized for use with our market- and technology-leading preanalytical solutions. Our PCR reagent portfolio is also a critical component for ready-to-use real-time PCR assays which we offer and which are linked to our innovative RNAi assay offering.

NUCLEIC-ACID-BASED MOLECULAR DIAGNOSTICS MARKET

We believe that the molecular diagnostics market represents a significant market for nucleic acid separation and purification products. We believe that the advent of PCR and other amplification technologies has made the prospect of nucleic-acid-based molecular diagnostics feasible. Nucleic-acid-based molecular diagnostics have fundamental advantages over traditional diagnostic technologies such as immunoassays in terms of specificity and sensitivity. This new generation of molecular diagnostics can be used, for example, to detect or identify micro-organisms, cancer cells, bacteria, and viruses (including HIV) by searching for their nucleic acid sequences. In order to prove that a disease is present in a patient, the unique sequence of the target nucleic acid causing the disease must be known, and the sequence in the sample must be amplified to facilitate detection. Potential commercial applications for nucleic-acid-based molecular diagnostics include infectious disease diagnostics in bio banks, HLA typing for bone marrow and organ transplantation, genetic testing for predisposition to cancers and other common diseases, and genetic "fingerprinting" of humans, animals and plants.

The success of nucleic-acid-based molecular diagnostics will depend on the ability to analyze purified nucleic acid samples from a variety of specimens, including blood, tissue, body fluids and stool, and on automation so that hundreds of samples can be handled concurrently. Other key factors will be the convenience, versatility, and reliability of the nucleic acid separation and purification procedures. Our BioRobot series has been developed to handle low-, medium-, and high-throughput nucleic acid sample preparation and handling tasks in molecular biology laboratories, clinical laboratories, blood banks, forensic and genomics projects. Nucleic acid samples purified on our instruments are ready for use in the demanding and sensitive downstream assays performed in molecular diagnostic applications. We offer closed and open assay technologies. The open platforms, such as RT-PCR or Endpoint PCR, contain PCR reagents. Closed platforms, diagnostics with predefined targets, include multiplexing and other pathogen detection assays. In order to broadly address the molecular diagnostics market, in May 2005, we acquired artus, subsequently renamed QIAGEN Hamburg GmbH, which offers a broad range of real-time

PCR assays for viral and bacterial pathogen detection that are complementary to our sample preparation kits. The majority of these assays are validated with either manual QIAamp sample preparation or automated MagAttract sample preparation and CE-labeled according to the EU-IvD-D. Assays are marketed directly to end customers by our sales channels and selected assays are marketed by major diagnostic partners with access to customers complementary to our customers. All assays are PCR-licensed for human diagnostic and veterinary diagnostic purposes and provide all features such as controls, ready-to-use reagents and comprehensive technical documentation needed in a routine diagnostic testing environment. In addition, we intend to enter into partnerships or other agreements with established companies in the molecular diagnostics market in order to broaden the distribution of our products.

APPLIED TESTING MARKET

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

SEASONALITY

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

REVENUE BY GEOGRAPHIC REGION

The table below sets forth total revenue during each of the past three fiscal years by geographical market, which includes revenue from all our product and service offerings. It is not practicable to provide a detail of revenues by category of activity. Net sales are attributed to countries based on the location of the subsidiary making the sale as certain subsidiaries have international distribution. Additional information with respect to operations by geographic region can be found in Note 21 to our consolidated financial statements included in our Form 20-F enclosed with this Annual Report.

REVENUE BY GEOGRAPHIC REGION

Net Sales

US$	2006	2005	2004
North America [1]	318,865,000	285,242,000	284,393,000
Germany [1]	220,325,000	187,381,000	163,841,000
Switzerland [1]	40,044,000	36,957,000	37,936,000
Asia [1]	49,875,000	35,266,000	41,563,000
Rest of World [1]	109,025,000	88,924,000	74,117,000
Corporate [1]	525,000	985,000	65,000
Subtotal	**738,659,000**	**634,755,000**	**601,915,000**
Intersegment elimination [2]	**(272,881,000)**	**(236,360,000)**	**(221,286,000)**
Total	**465,778,000**	**398,395,000**	**380,629,000**

[1] Includes net sales to affiliates.
[2] Represents intercompany sales between affiliates, which are accounted for by a formula based on local list prices and are eliminated in consolidation.

INTELLECTUAL PROPERTY, PROPRIETARY RIGHTS AND LICENSES

We do not depend on any individual patent or technologies owned or licensed by us. We are however significantly dependent in the aggregate on technology that we own or license. Therefore, we consider the protection of our proprietary technologies and products for the separation and purification of nucleic acids as the key to the success of our business. We rely on a combination of patents, licenses and trademarks to establish and protect our proprietary rights in our technologies and products. We currently own 89 issued patents in the United States, 56 issued patents in Germany and 327 issued patents in other major industrialized countries, and have 452 pending patent applications. Worldwide, we own 472 granted patents. Our policy is to file patent applications in Western Europe, the United States and Japan. US patents have a term of 17 years from the date of issue for patents issued from applications submitted prior to June 8, 1995, and 20 years from the date of filing of the application in the case of patents issued from applications submitted on or after June 8, 1995. Patents in most other countries have a term of 20 years from the date of filing the patent application. We intend to aggressively prosecute and enforce our patents and otherwise protect our proprietary technologies. We also rely on trade secrets, know-how, continuing technological innovation and licensing opportunities to develop and maintain our competitive position.

Our practice is to require employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of their relationships with us. These agreements provide that all confidential information developed by or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties, subject to a right to publish certain information in scientific literature in certain circumstances and to other specific exceptions. In the case of our employees, the agreements provide that all inventions conceived by the individual in the course of their employment will be our exclusive property.

Additional information with respect to risks related to our reliance on patents and proprietary rights can be found in "Risk Factors" included in Item 3 of our Form 20-F enclosed with this Annual Report.

COMPETITION

We believe that our primary competition involves traditional separation and purification methods, such as phenol extraction, cesium chloride density gradient centrifugation, and precipitation. These methods utilize widely available reagents and other chemicals supplied by companies such as Sigma-Aldrich Corp. and Roche Diagnostics GmbH (Applied Sciences Division). We compete with such methods through our innovative technologies and products, which offer a comprehensive solution for nucleic acid collection, pretreatment, separation and purification needs and provide significant advantages over traditional methods with respect to speed, reliability, convenience, and ease of use.

We also experience, and expect to continue to experience, competition in different segments of our business from other companies providing sample preparation products in kit form and assay solutions. These competitors include: Promega Corp., Invitrogen Corp., Millipore Corp., Roche Diagnostics, and Macherey-Nagel GmbH for nucleic acid separation and purification; Applied Biosystems, Invitrogen Corp. and Promega Corp. for assay solutions; Invitrogen Corp. and Promega Corp. for transfection reagents, Sigma-Aldrich Corp. and Fisher Scientific for protein fractionation products. We believe that our proprietary technologies and products offer significant advantages over competitors' products with regard to purity, speed, reliability, and ease of use.

We believe that our competitors do not have the same comprehensive approach to preanalytical solutions, including nucleic acid sample processing, and therefore cannot provide the broad range of technologies and depth of products and services that we offer. With our complete range of manual and fully automated solutions, we believe we offer the value of standardization of procedures and therefore more reliable results. We also believe that our integrated strategic approach of sample and assay technologies gives us a competitive advantage. The quality of sample preparation – a field in which we have a unique market and leadership position – is a key prerequisite for reliable molecular assay solutions which increasingly are being applied in emerging markets such as applied testing and molecular diagnostics.

Our continued future success will rely in large part on our ability to maintain our technological advantage over competing products, expand our market presence and preserve customer loyalty. There can

be no assurance that we will be able to compete effectively against our past, present or future competitors or that developments by others will not render our technologies or products noncompetitive.

SUPPLIERS

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. Raw materials generally include chemicals, raw separation media, biologics, plastics and packaging. Raw materials are generally readily available at competitive, stable prices from a number of suppliers. Certain raw materials are produced under our specifications, so we closely monitor stock levels to maintain adequate supplies. We believe we maintain inventories of raw materials at a sufficient level to ensure reasonable customer service levels and to guard against normal volatility in availability.

FISCAL YEAR ENDED DECEMBER 31, 2006, COMPARED TO 2005

NET SALES

In 2006, net sales increased 17% to US$465.8 million from US$398.4 million in 2005. In 2006, net sales in North America increased 12%, net sales in Europe increased 17% and net sales in Asia increased 41%, primarily driven by China. The increase in sales was primarily the result of an increase in our consumables products sales which experienced a growth rate of 17% in 2006 as compared to 2005. The increase in consumable sales includes organic growth and sales from our recently acquired businesses. During 2006, sales from our instrumentation products increased 19% compared to 2005. Sales of our other offerings, primarily services, which represented 1% of our 2006 net sales, decreased 16% in 2006 as compared to 2005.

We regularly introduce new products in order to extend the life of our existing product lines as well as to address new market opportunities. During 2006, we introduced more than 67 new products including innovative sample and assay technologies for research in the areas of epigenetics, gene expression, micro RNA, proteomics, RNAi, and molecular diagnostics.

A significant portion of our revenues is denominated in euros. Changes in exchange rates can affect the growth rate of net sales. For the year ended December 31, 2006, using identical foreign exchange rates for both years, net sales would have increased approximately 17% as compared to the reported increase of 17% for the year ended December 31, 2006. Additional information regarding currency impacts can be found under Item 11 "Quantitative and Qualitative Disclosures About Market Risk" which is included in our Form 20-F enclosed with this Annual Report.

GROSS PROFIT

Gross profit was US$324.6 million or 70% of net sales in the year ended December 31, 2006 as compared to US$275.2 million or 69% of net sales in 2005. The absolute dollar increase in 2006 compared to 2005 is attributable to the increase in net sales. The gross margin of 70% in 2006 as compared to the gross margin of 69% in 2005 primarily reflects the impact of our consumable sales. Our consumable products have a higher gross margin than our instrumentation products and fluctuations in the sales levels of these products can result in fluctuation in our gross margin during a quarter when compared to the gross margin of another quarter. During 2006 and 2005, instrumentation sales represented approximately 10% of our total sales. In connection with our acquisitions in 2006 and 2005, we expensed US$2.0 million and US$439,000, respectively, of inventory to cost of sales which will be replaced with products integrating newly acquired technologies.

RESEARCH AND DEVELOPMENT

Research and development expenses increased 16% to US$41.6 million (9% of net sales) in 2006 compared with US$35.8 million (9% of net sales) in 2005. Using identical foreign exchange rates for both years, research and development expenses would have increased approximately 15%. Our recent acquisitions of new technologies, notably those acquired via the acquisitions of artus and 5-Prime, have resulted in an increase in our research and development costs. As we continue to expand our research activities and product development capabilities, additional expense will be incurred related to research and development facility costs and the employees engaged in our research and development efforts. Additionally, our research and development costs are expected to increase as we incur costs in connection with obtaining 510(k) and CE approval of our artus and Genaco assays. We have a strong commitment to research and development and anticipate that research and development expenses will increase, perhaps significantly.

SALES AND MARKETING

Sales and marketing expenses increased 23% to US$115.9 million (25% of net sales) in 2006 from US$94.3 million (24% of net sales) in 2005. Using identical foreign exchange rates for each year, sales and marketing expenses would have increased approximately 22%. 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 2006 includes expenses related to creating separate sales organizations addressing customers in industrial and academic research, applied testing, and molecular diagnostics as well as to sales organizations in our newly acquired or established subsidiaries. We anticipate that sales and marketing costs will increase along with new product introductions and continued growth in sales of our products.

GENERAL AND ADMINISTRATIVE

General and administrative expenses increased 21% to US$48.6 million (10% of net sales) in 2006 from US$40.1 million (10% of net sales) in 2005. Using identical foreign exchange rates for both years, general and administrative expenses would have increased approximately 21%. General and administrative expenses primarily represent the costs required to support our administrative infrastructure which, except for the period following our restructuring, have continued to expand along with our growth. The increase in general and administrative expenses in 2006 includes expenses related to our newly acquired subsidiaries.

ACQUISITION-RELATED INTANGIBLE AMORTIZATION

Acquisition-related intangible amortization relates to intangible assets acquired in our business acquisitions. During 2006, the amortization expense on acquisition-related intangibles increased to US$8.2 million from US$3.7 million in 2005. The increase in expense is the result of an increase in the amount of intangibles acquired in our recent business acquisitions. During 2006, we completed seven acquisitions which have increased our intangible assets subject to amortization. We therefore expect that our acquisition-related intangible amortization will increase as a result of the recent acquisitions as well as by any future acquisitions.

ACQUISITION, INTEGRATION AND RELATED COSTS

In connection with our acquisitions, we recorded charges in 2006 of US$2.2 million for purchased in-process research and development and US$2.0 million related to inventory which needed to be replaced with products suitable to the newly acquired technologies. Costs related to acquisition and integration activities during 2006 totaled US$6.1 million and included US$1.0 million in severance and employee-related costs, US$2.5 million of costs related to acquisition integrations and US$2.6 million for the impairment of assets.

In connection with our acquisitions, we recorded charges in 2005 of US$3.2 million for purchased in-process research and development and US$439,000 related to inventory which needed to be replaced with products suitable to the newly acquired technologies. Costs related to acquisition and integration activities during 2005 totaled US$3.2 million, including US$2.1 million related to the impairment of fixed and other assets as a result of the acquisition.

RELOCATION AND RESTRUCTURING COSTS

Relocation and restructuring costs recorded in 2006 are related to the restructuring of acquired businesses located in Norway and North America for which a restructuring was not contemplated at the time of acquisition. We expect that restructuring charges related to the 2006 closures and relocations will total approximately US$2.0 million, of which US$1.5 million have been recorded as of December 31, 2006. These costs consisted primarily of relocation and severance costs of US$669,000, lease and facility costs of US$181,000 and other costs of US$601,000.

OTHER INCOME (EXPENSE)

Other income was US$5.5 million in 2006 compared to other expense of US$2.4 million in 2005. This increase in income was mainly due to higher interest income and gain from equity method investees, partially offset by higher interest expense, lower research and development grant income and a lower loss on foreign currency transactions.

In 2006, research and development grant income from European as well as German state and federal government grants decreased to US$795,000 from US$1.4 million in 2005. We conduct significant research and development activities in Germany and expect to continue to apply for such research and development grants in the future.

We recorded a loss from foreign currency transactions of US$660,000 in 2006 as compared to a loss of US$157,000 in 2005. The loss from foreign currency transactions reflects the net effect of conducting business in currencies other than the US dollar. QIAGEN N.V.'s functional currency is the US dollar and its subsidiaries' functional currencies are the euro, the British pound, the Swedish krone, the Swiss franc, the US dollar, the Australian dollar, the Canadian dollar, the Japanese yen, the Malaysian ringgit, the Chinese yuan, the Korean won, the Turkish lira and the Norwegian krone. Additional information regarding currency impacts can be found under Item 11 "Quantitative and Qualitative Disclosures About Market Risk" which is included in our Form 20-F enclosed with this Annual Report.

For the year ended December 31, 2006, interest income increased to US$16.4 million from US$7.6 million in 2005. Interest income is derived mainly from interest-bearing cash accounts and investments. The increase in interest income in 2006 over 2005 was primarily the result of an increase in amounts invested during the year along with an increase in interest rates. At December 31, 2006, we had US$430.4 million in cash and cash equivalents compared to US$191.7 million at December 31, 2005. As of December 31, 2006, we had US$52.8 million invested in marketable securities, compared to US$15.0 million in auction rate at December 31, 2005.

Interest expense increased to US$11.9 million in 2006 compared to US$5.9 million in 2005. Interest costs relate primarily to our long-term borrowings from QIAGEN Finance and the new borrowings from Euro Finance along with the long-term debt related to our facility construction.

In 2006, we recorded a net gain from equity method investees of US$1.3 million compared to a loss of US$1.1 million in 2005. The gain/loss primarily represents our share of profits/losses from our equity investment in PreAnalytiX. As previously disclosed, we intend to continue to make strategic investments in complementary businesses as the opportunities arise. Accordingly, we may record losses on equity investments based on our ownership interest in such companies.

Other miscellaneous expense was US$360,000 in 2006 compared to other miscellaneous income of US$741,000 in 2005. This increase in miscellaneous expense was primarily due to 2006 losses on the disposition of property and equipment.

PROVISION FOR INCOME TAXES

Our effective tax rate decreased to 34% in 2006 from 36% in 2005. Our operating subsidiaries are exposed to effective tax rates ranging from approximately 0% to approximately 62%. Fluctuations in the distribution of pretax income among these entities can lead to fluctuations of the effective tax rate in our consolidated financial statements.

FOREIGN CURRENCY

QIAGEN N.V.'s functional currency is the US dollar and our subsidiaries' functional currencies are the local currency of the respective countries in which they are headquartered, in accordance with Statement of Financial Accounting Standard No. 52, "Foreign Currency Translation". All amounts in the financial statements of entities whose functional currency is not the US dollar are translated into US dollar equivalents at exchange rates as follows: (1) assets and liabilities at period-end rates, (2) income statement accounts at average exchange rates for the period, and (3) components of shareholders' equity at historical rates. Translation gains or losses are recorded in shareholders' equity and transaction gains and losses are reflected in net income. The net loss on foreign currency transactions in 2006, 2005 and 2004 was US$660,000, US$157,000, and US$67,000, respectively, and is included in other income.

LIQUIDITY AND CAPITAL RESOURCES

To date, we have funded our business primarily through internally generated funds, debt and the private and public sales of equity. Our primary use of cash has been to support continuing operations and our capital expenditure requirements including acquisitions. As of December 31, 2006 and 2005, we had cash and cash equivalents of US$430.4 million and US$191.7 million, respectively, and investments in current marketable securities of US$52.8 million and US$15.0 million, respectively. Cash and cash equivalents are primarily held in euros and US dollars, other than those cash balances maintained in the local currency of subsidiaries to meet local working capital needs. At December 31, 2006, cash and cash equivalents had increased by US$238.7 million over December 31, 2005, primarily due to cash provided by operating activities of US$101.5 million and financing activities of US$303.2 million, offset by cash used in investing activities of US$165.5 million. Marketable securities consist of fixed and floating rate debt instruments. As of December 31, 2006 and 2005, we had working capital of US$566.7 million and US$278.6 million, respectively.

OPERATING ACTIVITIES

For the years ended December 31, 2006 and 2005, we generated net cash from operating activities of US$101.5 million and US$91.2 million, respectively. Cash provided by operating activities increased in 2006 compared to 2005 primarily due to increases in net income and accounts payable, partially offset by an increase in inventories and a decrease in accrued liabilities. Since we rely heavily on cash generated from operating activities to fund our business, a decrease in demand for our products or significant technological advances of competitors would have a negative impact on our liquidity.

INVESTING ACTIVITIES

Approximately US$165.5 million of cash was used in investing activities during 2006, compared to US$98.5 million during 2005. Investing activities during 2006 consisted principally of purchases of property and equipment and cash paid for acquisitions and the purchase of intangible assets. In the third quarter of 2006, we began construction of a new logistics center located in Germany. The new facility will occupy approximately 48,000 square feet and will cost an estimated EUR 9.0 million, of which EUR 6.4 million (approximately US$8.2 million) had been incurred through December 31, 2006. The new logistics facility along with future expansions and acquisitions may result in increased investing activities compared to prior periods.

FINANCING ACTIVITIES

Financing activities provided US$303.2 million in cash for the year ended December 31, 2006, compared to US$3.0 million for the same period in 2005. Cash provided during the period was primarily due to the proceeds received from a long-term loan payable to Euro Finance, the issuance of common shares as a result of stock option exercises, tax benefits from stock-based compensation and proceeds received in connection with an agreement to issue shares to QIAGEN Finance, partially offset by capital lease payments and the repayment of debt.

We have credit lines totaling US$12.4 million at variable interest rates, none of which was utilized as of December 31, 2006. We also have capital lease obligations, including interest, in the amount of US$12.8 million, and carry US$496.1 million of long-term debt.

We have two notes payable that are the long-term borrowings of the proceeds from the issuance of US$150.0 million senior unsubordinated convertible notes, with a 1.5% coupon due in 2024 through QIAGEN Finance, which was established for this purpose. The net proceeds of the convertible debt were loaned by QIAGEN Finance to our consolidated US and Swiss subsidiaries. The long-term notes payable to QIAGEN Finance have an effective interest rate of 1.95% and are due in August 2011. The convertible notes issued by QIAGEN Finance are convertible into shares of our common stock at a conversion price of US$12.6449 subject to adjustment. We also have a note payable of EUR 30.0 million, (approximately US$39.6 million at December 31, 2006) which bears interest at a variable interest rate of EURIBOR plus 0.75% and is due in annual payments of EUR 5.0 million through June 2011 and a note payable of EUR 5.0 million (approximately US$6.6 million at December 31, 2006) which is due in June 2008.

In May 2006, we completed the offering of US$300.0 million of 3.25% senior convertible notes (2006 Notes) due in 2026 through the new unconsolidated subsidiary QIAGEN Euro Finance (Luxembourg) S.A. (Euro Finance). The net proceeds of the 2006 Notes were loaned by Euro Finance to consolidated subsidiaries. At September 30, 2006, US$300.0 million is included in long-term debt for the amount of 2006 Notes proceeds payable to Euro Finance. These long-term notes payable to EUR Finance have an effective interest rate of 4.2% and are due in May 2013. 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 stock at the option of the holder upon the occurrence of certain events at a price of US$20.00 per share, subject to adjustment. QIAGEN N.V. has an agreement with Euro Finance to issue shares to the investors in the event of conversion. This subscription right, along with the related receivable, is recorded at fair value in the equity of QIAGEN N.V. as paid-in capital. The 2006 Notes cannot be called for the first seven 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.

In connection with the first quarter 2006 acquisition of PG Biotech, we acquired approximately US$3.1 million in short-term debt. The debt was due and paid in April 2006.

We believe that funds from operations, existing cash and cash equivalents, together with the proceeds from our public and private sales of equity and convertible notes, and availability of financing facilities as needed, will be sufficient to fund our planned operations and expansion during the coming year.

CURRENCY HEDGING

In the ordinary course of business, we purchase financial instruments with which we intend to hedge foreign currency fluctuations with the principal objective of minimizing the risks and/or costs associated with global financial and operating activities. Generally, we hedge a majority of the anticipated cash flow that we expect to exchange into other currencies, subject to our short-term financing needs. We do not utilize financial instruments for trading or other speculative purposes.

At December 31, 2006, these foreign currency instruments consisted of options, which give us the right, but not the obligation, to purchase foreign currencies in exchange for US dollars at predetermined exchange rates. These options are marked to market through our statements of income and are not designated as effective hedges according to the provisions of SFAS 133. At December 31, 2006, we did not have any significant foreign currency exchange option holdings.

During 2005, our German and Swiss subsidiaries entered into forward arrangements which qualify for hedge accounting as cash flow hedges of foreign-currency-denominated liabilities. At December 31, 2006, these forward contracts totaled US$44.0 million as a hedge to currency risk on intercompany loans. The contracts mature in July 2011 and at December 31, 2006 and 2005 had fair market values of approximately US$2.8 million and US$663,000 million, respectively, which are included in other long-term liabilities in the accompanying consolidated balance sheets. During 2006, we also entered into two additional forward arrangements which qualify as cash flow hedges of foreign-currency-denominated liabilities. At December 31, 2006, we held a contract for Canadian dollars 8.0 million which matured in February 2007 and had a fair market value of US$126,000 at December 31, 2006. Additionally we held a contract for Japanese yen 200.0 million which matures in April 2007 and had a fair market value of US$190,000 at December 31, 2006. The fair values of these forwards are included in prepaid and other assets at December 31, 2006. During 2005, we also entered into a forward arrangement which qualified as a cash flow hedge of 9.0 million Canadian dollars. This contract matured in February 2006 and had a fair market value of US$377,000 at December 31, 2005, which was included in accrued and other liabilities at December 31, 2005.

The gain or loss on the change in the fair values of the derivatives are included in earnings to the extent they offset the earnings impact of changes in the fair values of the hedged obligations. Any difference is deferred in accumulated comprehensive income, a component of shareholders' equity. These contracts effectively fix the exchange rate at which the intercompany loans will be settled in, so that gains or losses on the forward contracts offset the losses or gains from changes in the value of the underlying intercompany loans.

CONTRACTUAL OBLIGATIONS

As of December 31, 2006, our future contractual cash obligations are as follows:

CONTRACTUAL OBLIGATIONS

1,000 US$	Total	2007	2008	2009	2010	2011	Thereafter
Long-term debt	496,190	6,599	13,197	6,599	6,599	163,196	300,000
Capital lease obligations	17,992	1,488	1,563	1,534	1,550	1,491	10,366
Operating leases	23,422	8,396	6,426	3,833	2,975	1,652	140
Purchase obligations	25,119	13,810	9,355	172	172	172	1,438
License and royalty payments	3,175	635	413	413	413	413	888
Total contractual cash obligations	**565,898**	**30,928**	**30,954**	**12,551**	**11,709**	**166,924**	**312,832**

In addition to the above and pursuant to the purchase agreements acquisitions, we could be required to make additional contingent cash payments totaling up to US$44.6 million based on revenue and other milestones in 2007 and beyond.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The preparation of our financial statements in accordance with accounting principles generally accepted in the United States requires management to make assumptions that affect the reported amounts of assets, liabilities and disclosure of contingencies as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Critical accounting policies are those that require the most complex or subjective judgments often as a result of the need to make estimates about the effects of matters that are inherently uncertain. Thus, to the extent that actual events differ from management's estimates and assumptions, there could be a material impact to the financial statements. In applying our critical accounting policies, at times we used accounting estimates that either required us to make assumptions about matters that were highly uncertain at the time the estimate was made or it is reasonably likely that changes in the accounting estimate may occur from period to period that would have a material impact on the presentation of our results of operations, financial position or cash flows. Our critical accounting policies are those related to revenue recognition, accounts receivable, investments, goodwill and other intangibles, and income taxes. We reviewed the development, selection, and disclosure of our critical accounting policies and estimates with the Audit Committee of our Supervisory Board.

REVENUE RECOGNITION

We recognize revenue in accordance with SEC Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements" (SAB 104). SAB 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed and determinable; and (4) collectibility is reasonably assured. Determination of criteria (3) and (4) could require management's judgments regarding the fixed nature of the fee charged for services rendered and products delivered and the collectibility of those fees. Should changes in conditions cause management to determine that these criteria are not met for certain future transactions, revenue recognized for any reporting period could be adversely affected.

ACCOUNTS RECEIVABLE

Our accounts receivable are unsecured, and we are at risk to the extent such amounts become uncollectible. We continually monitor accounts receivable balances, and provide for an allowance for doubtful accounts at the time collection becomes questionable based on payment history or age of the receivable. Since a significant portion of our customers are funded through academic or government funding arrangements, past history may not be representative of the future. As a result, we may have write-offs of accounts receivable in excess of previously estimated amounts or may in certain periods increase or decrease the allowance based on management's current estimates.

INVESTMENTS

We have equity investments accounted for under the cost method. We periodically review the carrying value of these investments for permanent 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. Estimating the fair value of these nonmarketable equity investments in life science companies is inherently subjective, and if actual events differ from management's assumptions, it could require a write-down of the investment that could materially impact our financial position and results of operations.

In addition, generally accepted accounting principles require different methods of accounting for an investment depending on the level of control that we exert. Assessing the level of control involves subjective judgments. If management's assumptions with respect to control differ in future periods and we therefore have to account for these investments under a method other than the cost method, it could have a material impact to our financial statements.

GOODWILL AND OTHER INTANGIBLE ASSETS

We account for acquisitions under the purchase method of accounting, typically resulting in goodwill. Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," requires us to assess goodwill for impairment at least annually in the absence of an indicator of possible impairment and immediately upon

an indicator of possible impairment. The statement requires estimates of the fair value of our reporting units. If we determine that the fair values are less than the carrying amount of goodwill recorded, we must recognize an impairment in our financial statements. Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the reporting units and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty, and as additional information becomes known, we may change our estimate.

At December 31, 2006, goodwill and intangible assets totaled US$160.1 million and US$118.5 million, respectively, and were included in the following segments as shown in the table below.

In the fourth quarter of 2006, we performed our annual impairment assessment of goodwill (using data as of October 1, 2005) in accordance with the provisions of SFAS No. 142. In testing for potential impairment, we measured the estimated fair value of our reporting units based upon discounted future operating cash flows using a discount rate reflecting our estimated average cost of funds. Differences in assumptions used in projecting future operating cash flows and cost of funds could have a significant impact on the determination of impairment amounts. In estimating future cash flows, we used our internal budgets. Our budgets were based on recent sales data for existing products, planned timing of new product launches or capital projects, and customer commitments related to new and existing products. These budgets also included assumptions of future production volumes and pricing. We concluded that no impairment existed. Even if our estimates of projected future cash flows were too high by 10%, there would be no impact on the reported value of goodwill at December 31, 2006.

Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the reporting units and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty, and as additional information becomes known, we may change our estimates.

SHARE-BASED COMPENSATION

Our stock plan, the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan), allows for the granting of stock rights, incentive stock options, as well as for nonqualified options, stock grants and stock-based awards. Effective January 1, 2006, we adopted the provisions of FASB Statement No. 123 (revised 2004), "Share-Based Payment," (SFAS 123(R)) and SEC Staff Accounting Bulletin No. 107, "Share-Based Payment," (SAB 107), using the modified prospective transition method. Under the modified prospective transition method, compensation cost recognized in 2006 includes compensation cost for all equity-based payments granted prior to but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123 and compensation cost for all equity-based payments granted subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R).

GOODWILL AND OTHER INTANGIBLE ASSETS

US$	Goodwill	Intangibles
North America	61,959,000	45,632,000
Germany	55,504,000	51,296,000
Switzerland	–	71,000
Asia	13,689,000	12,345,000
Rest of World	28,989,000	6,124,000
Corporate	–	3,024,000
Total	**160,141,000**	**118,492,000**

We use the Black-Scholes-Merton valuation model for estimating the fair value of our stock option grants. Option valuation models, including Black-Scholes-Merton, require the input of highly subjective assumptions, including the risk-free rate of interest, expected dividend yield, expected volatility, and the expected life of the award. While there were no significant stock options or other share awards granted during the year ended December 31, 2006, we anticipate that the adoption will have a greater impact in future periods and changes in the assumptions used can materially affect the grant date fair value of an award.

INCOME TAXES

The calculation of our tax provision is complex due to the international operations and multiple taxing jurisdictions in which we operate. We have significant deferred tax assets due to net operating losses (NOL). The utilization of NOLs is not assured and is dependent on generating sufficient taxable income in the future. Although management believes it is more likely than not that we will generate sufficient taxable income to utilize all NOL carryforwards, evaluating the NOLs related to our newer subsidiaries requires us to make estimates that we believe are reasonable, but may also be highly uncertain given that we do not have direct experience with such subsidiaries or their products and thus the estimates also may be subject to significant changes from period to period as we gain that experience. To the extent that our estimates of future taxable income are insufficient to utilize all available NOLs, a valuation allowance will be recorded in the provision for income taxes in the period the determination is made, and the deferred tax assets will be reduced by this amount, which could be material. In the event that actual circumstances differ from management's estimates, or to the extent that these estimates are adjusted in the future, any changes to the valuation allowance could materially impact our financial position and results of operations.

The above listing is not intended to be a comprehensive list of all our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles in the United States, with limited or no need for management's judgment. There are also areas in which management's judgment in selecting available alternatives may or may not produce a materially different result. See our audited consolidated financial statements and notes thereto in Item 18 of our Form 20-F (enclosed with this Annual Report), which contain a description of accounting policies and other disclosures required by generally accepted accounting principles in the United States.

Further detailed financial information on the Company can be found in our Form 20-F, which is an integrated part of this Annual Report.

If the Form 20-F insert is missing from this Annual Report, it can be requested from the Company or can be downloaded from the investor relations section of QIAGEN's homepage under www.qiagen.com.

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31

US$	2006	2005	2004
Net sales	465,778,000	398,395,000	380,629,000
Cost of sales	139,122,000	122,755,000	125,658,000
Cost of sales – acquisition and restructuring	2,046,000	439,000	1,454,000
Gross profit	**324,610,000**	**275,201,000**	**253,517,000**
Operating expenses			
Research and development	41,560,000	35,780,000	34,351,000
Sales and marketing	115,942,000	94,312,000	87,506,000
General and administrative	48,574,000	40,123,000	41,715,000
Purchased in-process research and development	2,200,000	3,239,000	–
Acquisition, integration and related costs	6,061,000	3,213,000	572,000
Acquisition-related intangible amortization	8,220,000	3,697,000	1,416,000
Relocation, restructuring and related costs	1,452,000	–	3,817,000
Total operating expenses	**224,009,000**	**180,364,000**	**169,377,000**
Income from operations	**100,601,000**	**94,837,000**	**84,140,000**
Other income (expense)			
Interest income	16,359,000	7,552,000	2,887,000
Interest expense	(11,918,000)	(5,940,000)	(5,101,000)
Research and development grants	795,000	1,380,000	1,608,000
Loss on foreign currency transactions, net	(660,000)	(157,000)	(67,000)
Gain (loss) from equity method investees	1,251,000	(1,149,000)	(2,243,000)
Other miscellaneous (expense) income, net	(360,000)	741,000	(8,537,000)
Total other income (expense)	**5,467,000**	**2,427,000**	**(11,453,000)**
Income before provision for income taxes	106,068,000	97,264,000	72,687,000
Provision for income taxes	35,529,000	35,039,000	23,982,000
Net income	**70,539,000**	**62,225,000**	**48,705,000**
Basic net income per common share	0.47	0.42	0.33
Diluted net income per common share	0.46	0.41	0.33
Shares used in computing basic net income per common share	149,504,000	147,837,000	146,658,000
Shares used in computing diluted net income per common share	**153,517,000**	**150,172,000**	**148,519,000**

The accompanying notes to these financial statements along with the unqualified Report of Independent Registered Public Accounting Firm, and the unqualified Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting can be found in the Company's Form 20-F enclosed with this Annual Report.

CONSOLIDATED BALANCE SHEETS – ASSETS

As of December 31

US$	2006	2005
Current assets		
Cash and cash equivalents	430,357,000	191,700,000
Marketable securities	52,782,000	15,000,000
Notes receivable	4,247,000	4,283,000
Accounts receivable, net of allowance for doubtful accounts of US$4,167,000 and US$2,388,000 in 2006 and 2005, respectively	80,429,000	63,538,000
Income taxes receivable	2,901,000	4,161,000
Inventories, net	64,085,000	53,653,000
Deferred income taxes	18,627,000	11,617,000
Prepaid expenses and other	29,763,000	26,305,000
Total current assets	**683,191,000**	**370,257,000**
Long-term assets		
Property, plant and equipment, net	221,277,000	195,199,000
Goodwill	160,141,000	93,914,000
Intangible assets, net of accumulated amortization of US$25,904,000 and US$13,813,000 in 2006 and 2005, respectively	118,492,000	74,566,000
Deferred income taxes	2,409,000	6,346,000
Other assets	26,502,000	25,016,000
Total long-term assets	**528,821,000**	**395,041,000**
Total assets	**1,212,012,000**	**765,298,000**

CONSOLIDATED BALANCE SHEETS – LIABILITIES AND SHAREHOLDERS' EQUITY

As of December 31

US$	2006	2005
Current liabilities		
Current portion of long-term debt	6,599,000	5,921,000
Current portion of capital lease obligations	823,000	995,000
Accounts payable	23,806,000	15,934,000
Accrued and other liabilities (of which US$8,1 million due to related parties in 2006 and 2005)	66,197,000	52,707,000
Income taxes payable	13,746,000	14,935,000
Deferred income taxes	5,360,000	1,179,000
Total current liabilities	**116,531,000**	**91,671,000**
Long-term liabilities		
Long-term debt, net of current portion (of which US$450.0 million in 2006 and US$150.0 million in 2005 due to related parties)	489,592,000	191,447,000
Capital lease obligations, net of current portion	12,009,000	11,101,000
Deferred income taxes	21,705,000	17,570,000
Other	6,010,000	3,052,000
Total long-term liabilities	**529,316,000**	**223,170,000**
Commitments and contingencies		
Shareholders' equity		
Common shares, .01 EUR par value: Authorized – 260,000,000 shares Issued and outstanding – 150,167,540 shares in 2006 and 148,455,864 shares in 2005	1,535,000	1,513,000
Additional paid-in capital	178,656,000	157,796,000
Retained earnings	344,739,000	274,200,000
Accumulated other comprehensive income	41,235,000	16,948,000
Total shareholders' equity	**566,165,000**	**450,457,000**
Total liabilities and shareholders' equity	**1,212,012,000**	**765,298,000**

The accompanying notes to these financial statements along with the unqualified Report of Independent Registered Public Accounting Firm, and the unqualified Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting can be found in the Company's Form 20-F enclosed with this Annual Report.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31

US$	2006	2005	2004
Cash Flows From Operating Activities			
Net income	70,539,000	62,225,000	48,705,000
Adjustments to reconcile net income to net cash provided by operating activities, net of effects of businesses acquired:			
Depreciation and amortization	30,038,000	24,955,000	22,961,000
Noncash acquisition and restructure costs	4,745,000	2,114,000	—
Purchased in-process research and development	2,200,000	3,239,000	—
Tax effect from nonqualified stock options, net	(7,385,000)	3,169,000	775,000
Provision for losses on accounts receivable	378,000	54,000	128,000
Deferred income taxes	5,210,000	(2,202,000)	(10,474,000)
Loss on disposition of synthetic DNA business unit	—	—	9,796,000
(Gain) loss on disposition of property and equipment	1,262,000	(97,000)	159,000
(Gain) loss on sale of marketable securities	—	507,000	(481,000)
(Gain) loss on equity method investees	(1,251,000)	1,149,000	2,243,000
Share-based compensation	326,000	—	—
Other	500,000	(123,000)	—
Net changes in operating assets and liabilities:			
(Increase) decrease in:			
Notes receivable	346,000	(33,000)	1,109,000
Accounts receivable	(3,621,000)	(131,000)	(4,193,000)
Income taxes receivable	(5,385,000)	1,897,000	(368,000)
Inventories	(4,202,000)	3,764,000	2,019,000
Prepaid expenses and other	1,238,000	(9,778,000)	(5,282,000)
Other assets	(1,662,000)	934,000	(5,213,000)
Increase (decrease) in:			
Accounts payable	2,720,000	(4,711,000)	599,000
Accrued and other liabilities	1,523,000	422,000	2,450,000
Income taxes payable	525,000	5,592,000	(13,009,000)
Other	3,435,000	(1,709,000)	1,874,000
Net cash provided by operating activities	**101,479,000**	**91,237,000**	**53,798,000**

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended December 31

US$	2006	2005	2004
Cash Flows From Investing Activities			
Purchases of property, plant and equipment	(28,995,000)	(13,728,000)	(12,621,000)
Proceeds from sale of equipment	1,256,000	1,738,000	1,584,000
Purchases of intangible assets	(6,358,000)	(15,276,000)	(3,493,000)
Purchases of investments	—	(4,981,000)	—
Collection of note receivable in connection with disposed synthetic DNA business unit	652,000	757,000	—
Net proceeds from disposition of synthetic DNA business unit	—	—	16,087,000
Purchases of marketable securities	(56,606,000)	(40,445,000)	(37,963,000)
Sales of marketable securities	20,000,000	55,430,000	14,860,000
Investment in unconsolidated subsidiary	(42,000)	—	(125,000)
Cash paid for acquisitions, net of cash acquired	(95,379,000)	(81,996,000)	(29,478,000)
Net cash used in investing activities	**(165,472,000)**	**(98,501,000)**	**(51,149,000)**
Cash Flows From Financing Activities			
Repayment of lines of credit	—	(67,000)	—
Proceeds from debt	295,022,000	6,299,000	150,077,000
Repayments of debt	(9,825,000)	(10,638,000)	(58,471,000)
Principal payments on capital leases	(745,000)	(1,053,000)	(1,115,000)
Proceeds from subscription receivable	317,000	455,000	—
Excess tax benefits from stock-based compensation	7,385,000	—	—
Issuance of common shares	11,006,000	7,959,000	5,132,000
Net cash provided by financing activities	**303,160,000**	**2,955,000**	**95,623,000**
Effect of exchange rate changes on cash and cash equivalents	(510,000)	(366,000)	(890,000)
Net increase (decrease) in cash and cash equivalents	238,657,000	(4,675,000)	97,382,000
Cash and cash equivalents, beginning of year	191,700,000	196,375,000	98,993,000
Cash and cash equivalents, end of year	**430,357,000**	**191,700,000**	**196,375,000**
Supplemental Cash Flow Disclosures:			
Cash paid for interest	24,289,000	5,238,000	3,664,000
Cash paid for taxes	36,384,000	21,582,000	27,755,000
Noncash Investing and Financing Activities			
Note receivable in connection with disposition of assets	—	—	6,189,000
Equipment acquired through capital leases	175,000	—	—
Acquisition:			
Issuance of common stock	**1,848,000**	**—**	**—**

The accompanying notes to these financial statements along with the unqualified Report of Independent Registered Public Accounting Firm, and the unqualified Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting can be found in the Company's Form 20-F enclosed with this Annual Report.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

US$	Common Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
Balance at December 31, 2003	**146,217,518**	**1,485,000**	**140,039,000**	**163,270,000**	**29,992,000**	**334,786,000**
Net income	—	—	—	48,705,000	—	48,705,000
Unrealized loss, net on hedging contracts	—	—	—	—	(500,000)	(500,000)
Unrealized gain, net on marketable securities	—	—	—	—	47,000	47,000
Realized gain, net on marketable securities	—	—	—	—	(481,000)	(481,000)
Translation adjustment	—	—	—	—	11,617,000	11,617,000
Comprehensive income	—	—	—	—	—	59,388,000
Exercise of stock options	802,689	10,000	5,122,000	—	—	5,132,00
Tax benefit in connection with nonqualified stock options, net of reclass related to vested stock options	—	—	775,000	—	—	775,000
Option vesting accelerated in connection with sale of synthetic DNA business unit	—	—	295,000	—	—	295,000
Balance at December 31, 2004	**147,020,207**	**1,495,000**	**146,231,000**	**211,975,000**	**40,675,000**	**400,376,000**
Net income	—	—	—	62,225,000	—	62,225,000
Unrealized loss, net on hedging contracts	—	—	—	—	(1,372,000)	(1,372,000)
Unrealized gain, net on marketable securities	—	—	—	—	2,800,000	2,800,000
Realized loss, net on marketable securities	—	—	—	—	507,000	507,000
Translation adjustment	—	—	—	—	(25,662,000)	(25,662,000)
Comprehensive income	—	—	—	—	—	38,498,000
Exercise of stock options	1,435,657	18,000	7,941,000	—	—	7,959,000
Tax benefit in connection with nonqualified stock options	—	—	3,169,000	—	—	3,169,000
Proceeds from subscription receivable	—	—	455,000	—	—	455,000
Balance at December 31, 2005	**148,455,864**	**1,513,000**	**157,796,000**	**274,200,000**	**16,948,000**	**450,457,000**
Net income	—	—	—	70,539,000	—	70,539,000
Unrealized loss, net on hedging contracts	—	—	—	—	(539,000)	(539,000)
Realized loss, net on hedging contracts	—	—	—	—	2,122,000	2,122,000
Unrealized loss, net on marketable securities	—	—	—	—	(1,565,000)	(1,565,000)
Transition adjustment	—	—	—	—	24,473,000	24,473,000
Comprehensive income	—	—	—	—	—	95,030,000
Transition adjustment to pension liability upon adoption of new accounting standard, net of deferred tax	—	—	—	—	(204,000)	(204,000)
Stock issued for acquisition	125,000	2,000	1,846,000	—	—	1,848,000
Exercise of stock options	1,586,676	20,000	10,986,000	—	—	11,006,000
Tax benefit on stock options	—	—	7,385,000	—	—	7,385,000
Share-based compensation	—	—	326,000	—	—	326,000
Proceeds from subscription receivable	—	—	317,000	—	—	317,000
BALANCE AT DECEMBER 31, 2006	**150,167,540**	**1,535,000**	**178,656,000**	**344,739,000**	**41,235,000**	**566,165,000**

The accompanying notes to these financial statements along with the unqualified Report of Independent Registered Public Accounting Firm, and the unqualified Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting can be found in the Company's Form 20-F enclosed with this Annual Report.

Directors and Senior Management

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

Our Supervisory Directors and Managing Directors, and their ages as of February 1, 2007, are as follows:

MANAGING DIRECTORS

NAME	AGE	POSITION
Peer M. Schatz	41	Managing Director, Chief Executive Officer
Roland Sackers	38	Managing Director, Chief Financial Officer
Dr. Joachim Schorr	46	Managing Director, Senior Vice President Research and Development
Bernd Uder	49	Managing Director, Senior Vice President Sales and Marketing

SUPERVISORY BOARD MEMBERS

NAME	AGE	POSITION
Prof. Dr. Detlev H. Riesner	65	Chairman of the Supervisory Board, Supervisory Director and Chairman of the Selection and Appointment Committee
Dr. Heinrich Hornef	75	Deputy Chairman of the Supervisory Board, Supervisory Director, Chairman of the Audit Committee and Member of the Selection and Appointment Committee
Dr. Metin Colpan	52	Supervisory Director
Jochen Walter	59	Supervisory Director and Member of the Audit Committee until the last Annual General Meeting in June 2006
Dr. Franz A. Wirtz	74	Supervisory Director, Chairman of the Compensation Committee and Member of the Audit Committee
Erik Hornnaess	69	Supervisory Director, Member of the Audit Committee and Member of the Compensation Committee
Prof. Dr. Manfred Karobath	66	Supervisory Director and Member of the Compensation Committee

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

The following is a brief summary of the background of each of the Supervisory Directors, Managing Directors and the Honorary Chairman.

PEER M. SCHATZ

joined QIAGEN in 1993 and has been Chief Executive Officer since January 1, 2004. Between 1993 and 2003 he was Chief Financial Officer and became a Managing Director in 1998. Mr. Schatz was previously a partner in a private management buyout group in Switzerland and worked in finance and systems positions in Sandoz, Ltd. and Computerland AG, as well as in finance, operations, management and sales positions in various start-up companies in the computer and software trading industry in Europe and the United States. Mr. Schatz graduated from the University of St. Gallen, Switzerland, with a Master's degree in Finance in 1989 and obtained an M.B.A. in Finance from the University of Chicago Graduate School of Business in 1991. Mr. Schatz also serves in the capacities of Vice Chairman and Audit Committee Chairman of Evotec AG and as director to Mulligan BioCapital AG, acted as a member of the Advisory Board (Börsenrat) of the Frankfurt Stock Exchange through 2004, and also serves as a member of the German Corporate Governance Commission.

ROLAND SACKERS

joined QIAGEN in 1999 as Vice President Finance and has been Chief Financial Officer and Deputy Managing Director since 2004. In 2006, Mr. Sackers became a Managing Director. Between 1995 and 1999, he acted as an auditor with Arthur Andersen Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft. Mr. Sackers graduated from the Westfälische Wilhelms-Universität Münster, Germany, with a M.B.A. Until 2006, he was a member of the supervisory board and audit committee of IBS AG. Since July 2004, Mr. Sackers has been a member of the board of directors of Operon Biotechnologies, Inc.

DR. JOACHIM SCHORR

joined QIAGEN in 1992 and has been Senior Vice President Research & Development since January 1, 2004. He became a Managing Director in 2004. Initially, Dr. Schorr served QIAGEN as Project Manager and later had responsibilities as Business Unit Manager. In 1999, Dr. Schorr became Vice President Research & Development with the responsibility for the world-wide QIAGEN R & D activities. Before joining QIAGEN, Dr. Schorr worked for the pharmaceutical company Hoechst AG on the development of oral malaria vaccines and was awarded with the IHK research award in 1991. Dr. Schorr holds a Ph.D. in Molecular Biology and Virology from the University of Cologne, Germany. Dr. Schorr is a co-founder of Coley Pharmaceuticals, EnPharma Pharmaceuticals and QBM Cell Sciences and is currently a member of the supervisory board of QBM Cell Sciences.

BERND UDER

joined QIAGEN in 2001 as Vice President Sales & Marketing and became a Managing Director and Senior Vice President Sales & Marketing in 2004. With completion of the restructuring of QIAGEN's sales and marketing organization, Bernd Uder became Senior Vice President Global Sales in 2005. Before joining QIAGEN, Mr. Uder gained wide experience in building up and coordinating world-wide distribution networks as Vice President European Biolab Sales & Marketing with Pharmacia and Vice President global e.business with Amersham Pharmacia Biotech. Today, Mr. Uder is responsible for the extension and the improvement of efficiencies of QIAGEN's global distribution network.

PROFESSOR DR. DETLEV H. RIESNER
is a co-founder of QIAGEN. He has been on our Supervisory Board since 1984 and was appointed Chairman of the Supervisory Board in 1999. Professor Riesner has held the Chair of Biophysics at the Heinrich-Heine-University in Düsseldorf, Germany, since 1980. In 1996, he was also appointed to the position of Vice President of Research, and in 1999, he was nominated Director of Technology at the University of Düsseldorf. Prior to that, he was Professor of Biophysical Chemistry at the Darmstadt Institute of Technology and, from 1975 to 1977, Lecturer of Biophysical Chemistry at Hannover Medical School. He has held guest professorships at the Institute of Microbiology, Academia Sinica, Beijing, China, and the Department of Neurology at the University of California, San Francisco, USA. He received his M.S. in Physics from Hannover Institute of Technology and his Ph.D. from the University of Braunschweig, with post-graduate work at Princeton University. Professor Riesner is either a member of the supervisory board or a director of New Lab Bioquality AG, Erkrath, Germany, AC Immune S.A., Lausanne, Switzerland, and Neuraxo GmbH, Düsseldorf, Germany. Professor Riesner is also a member of the scientific advisory boards of the RiNA network, Berlin, Germany, the Friedrich-Loeffler-Institut, Isle of Riems, Germany, and PrioNet, Canada.

DR. HEINRICH HORNEF
has been on our Supervisory Board since 2000 and was appointed Deputy Chairman of the Supervisory Board and Audit Committee Chairman in 2001. He also serves as a chairman on the supervisory board of Heidelberg Innovation GmbH, a biotechnology and life-science venture capital company in Heidelberg, Germany. He was chairman of the supervisory board of the pharmaceutical company Merck KGaA in Darmstadt, Germany, until December 2003 and a member of the supervisory board until March 2004, as well as a member of the partners' counsel of E. Merck in Darmstadt, Germany, until June 2004. Prior to his retirement in December 1996, Dr. Hornef served as CFO of Boehringer Mannheim GmbH (1973-1991), as CFO of the Berlin-based Treuhandanstalt, the privatization agency in East-Germany (1992-1994), and as president of its successor organization, BvS (1995-1996).

DR. METIN COLPAN
is a co-founder of QIAGEN and was Chief Executive Officer and a Managing Director from 1985 through 2003. Dr. Colpan obtained his Ph.D. and M.Sc. in Organic Chemistry and Chemical Engineering from the Darmstadt Institute of Technology in 1983. Prior to founding QIAGEN, Dr. Colpan was an Assistant Investigator at the Institute for Biophysics at the University of Düsseldorf. Dr. Colpan has had wide experience in separation techniques, and in the separation and purification of nucleic acids in particular, and has filed many patents in the field. Dr. Colpan currently serves as a supervisory board member of GenPat77 Pharmacogenetics AG, GPC Biotech AG and Morphosys AG, each in Munich, Germany. Until 2006, he was a member of the supervisory board of Ingenium Pharmaceuticals AG in Munich, Germany.

DR. FRANZ A. WIRTZ
has been a member of our Supervisory Board since 1989. Dr. Wirtz was managing director of Grünenthal GmbH, Aachen, Germany, a large, private pharmaceutical company from 1962-1997 and a member of its advisory board from 1998-2001. He is Vice Chairman of Paion AG, Aachen, and Vice Chairman of Dasgip AG, Jülich, two young German biotech companies. For ten years Dr. Wirtz was treasurer of the German pharmaceutical industry association. Dr. Wirtz holds a doctorate degree in chemistry from the Rheinisch-Westfälische Technische Hochschule in Aachen where he became an honorary citizen in 2001.

ERIK HORNNAESS

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

PROFESSOR DR. MANFRED KAROBATH

has been a member of our Supervisory Board since 2000. Dr. Karobath studied medicine, and from 1967 to 1980 he worked first in the Dept. of Biochemistry of the University of Vienna and, after a stage as post-doctoral fellow, he joined the Dept. of Psychiatry where he became professor of biological Psychiatry. In 1980, he joined Sandoz Pharma in Basel, first, in drug discovery, and later, he became Senior Vice President and head of R&D. In 1992, Prof. Dr. Karobath joined Rhone Poulenc Rorer ("RPR") as President of R&D and Executive Vice President, and later, he became a member of the boards of directors of RPR, Pasteur Mérieux Connought, Centeon and Rhone Poulenc Pharma. He has received several scientific awards and has published 92 scientific papers. Dr. Karobath also serves as a member of the board of directors of Coley Pharmaceutical Group.

PROFESSOR DR. JUR. CARSTEN P. CLAUSSEN

was Chairman of our Supervisory Board from 1988 to June 1999 and was appointed as a Special Advisor and Honorary Chairman in 1999. This position is not required by Dutch law, and Professor Claussen is no longer a voting member of the Supervisory Board. For many years he has pursued a career in private banking. Between 1976 and 1987, Professor Claussen was a member of the executive board of Norddeutsche Landesbank, Hanover, and Chairman of the Hannover Stock Exchange. Since 1987, he has been a lawyer in Düsseldorf and senior advisor to IKB Deutsche Industriekreditbank, Düsseldorf. At present, he is a partner in the law firm of Hoffmann Liebs and Partner and specializes in corporate law and capital market transactions. He is chairman of the board of TON ART AG, Düsseldorf; Flossbach&v. Storch Vermögensmanagement AG, Cologne; and WAS Worldwide Analytical Systems AG, Kleve, Germany, and is a member of other boards. Professor Claussen received his Ph.D. in law from the University of Cologne, Germany.

COMPENSATION OF DIRECTORS AND OFFICERS

The tables below state the amounts earned on an accrual basis by Directors and Officers in 2006. The variable component is based on performance relative to personal goals and corporate goals agreed to by the Supervisory Board.

The compensation granted to the members of the Managing Board in 2006 consisted of a fixed salary and other variable components. Variable compensation includes one-time and annual payments linked to business performance (bonuses) as well as long-term incentives containing risk elements, including, but not limited to, stock options or other equity-based compensation and pension plans. The variable part of the compensation is designed to strengthen the Board members' commitment to QIAGEN and its objectives.

COMPENSATION OF DIRECTORS AND OFFICERS

Year ended December 31, 2006

	Annual Compensation			
US$	**Fixed Salary**	**Variable Cash Bonus**	**Other[1]**	**Total**
Peer M. Schatz	942,000	373,000	1,000	1,316,000
Roland Sackers	377,000	128,000	157,000	662,000
Dr. Joachim Schorr	259,000	104,000	38,000	401,000
Bernd Uder	276,000	104,000	10,000	390,000

[1] Amounts include, among others, inventor bonus and expatriate fringe pay. Does not include the reimbursement of certain expenses relating to travel incurred at the request of QIAGEN or other reimbursements or payments that in total did not exceed the lesser of US$50,000 or 10% or the total salary and bonus reported for the officer.

The Supervisory Board compensation for 2006 consists of fixed compensation for Board members, an additional amount for Chairman and Deputy Chairman, and committee membership fees. Supervisory Directors receive variable compensation, which is determined annually by the Compensation Committee pursuant to a formula based on growth of adjusted Earnings per Share provided that such remuneration will not exceed EUR 5,000 per year. We did not pay any agency or advisory service fees to members of the Supervisory Board other than US$524,000 to Dr. Colpan for his scientific consulting services.

SUPERVISORY BOARD

US$	**Fixed Salary**	**Chairman/ Deputy-Chairman Committee**	**Meeting Attendance**	**Committee Membership**	**Variable Cash Bonus**	**Total**
Prof. Dr. Detlev H. Riesner	15,000	15,000	6,000	2,500	7,000	45,500
Dr. Heinrich Hornef	15,000	10,000	11,000	5,000	7,000	48,000
Dr. Metin Colpan	15,000	—	5,000	—	7,000	27,000
Jochen Walter [1]	15,000	—	5,000	2,500	7,000	29,500
Dr. Franz A. Wirtz	15,000	5,000	8,000	3,750	7,000	38,750
Erik Hornnaess	15,000	—	10,000	5,000	7,000	37,000
Prof. Dr. Manfred Karobath	15,000	—	4,500	2,500	7,000	29,000

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

Board members also receive a variable component, in the form of share-based compensation. Stock options granted to the Managing and Supervisory Boards must have an exercise price that is higher than the market price at the time of grant. During 2006, no options or other share-based compensation were granted to the members of the Managing and Supervisory Board.

Year ended December 31, 2006

	Long-Term Compensation	
US$	**Defined Contribution Benefit Plan**	**Stock Options**
Peer M. Schatz	73,000	—
Roland Sackers	63,000	—
Dr. Joachim Schorr	23,000	—
Bernd Uder	23,000	—

The following table sets forth the vested and unvested options of our officers and directors as of February 1, 2007:

US$	**Total Vested Options**	**Total Unvested Options**	**Expiration Dates**	**Exercise Prices**
Peer M. Schatz	2,399,876	—	1/2008 to 12/2015	4.590 to 20.563
Roland Sackers	375,925	—	9/2009 to 12/2015	8.940 to 20.563
Dr. Joachim Schorr	241,444	—	10/2011 to 12/2015	8.940 to 17.900
Bernd Uder	192,607	—	3/2011 to 12/2015	8.940 to 20.563
Prof. Dr. Detlev H. Riesner	90,667	—	1/2010 to 12/2015	6.018 to 20.563
Dr. Heinrich Hornef	76,000	—	1/2010 to 12/2015	11.985 to 20.563
Dr. Metin Colpan	1,128,150	—	2/2007 to 12/2015	3.219 to 20.563
Dr. Franz A. Wirtz	128,000	—	1/2008 to 12/2015	5.625 to 20.563
Erik Hornnaess	122,300	—	1/2008 to 12/2015	5.625 to 20.563
Prof. Dr. Manfred Karobath	90,000	—	1/2010 to 12/2015	6.018 to 20.563

During 2005 and 2004, certain stock options were accelerated as discussed under "Stock Plan" included in our Form 20-F enclosed with this Annual Report.

The Supervisory Board has established an Audit Committee, a Compensation Committee and a Selection and Appointment Committee, which are comprised of the following members:

Name of Supervisory Director	**Independent**	**Member of Audit Committee**	**Member of Compensation Committee**	**Member of Selection and Appointment Committee**
Prof. Dr. Detlev H. Riesner	●			○
Dr. Heinrich Hornef	●	○		●
Prof. Dr. Manfred Karobath	●		●	
Dr. Franz A. Wirtz	●	●	○	
Erik Hornnaess	●	●	●	

● Member ○ Chairman

AUDIT COMMITTEE

The Audit Committee operates pursuant to a charter approved by the Supervisory Board and available online at www.qiagen.com. The Audit Committee consists of three members, Dr. Hornef (Chairman), Mr. Hornnaess and Dr. Wirtz, and meets at least quarterly. The Audit Committee members are appointed by the Supervisory Board and serve for a term of one year. We believe that all members of our Audit Committee meet the independence requirements as set forth in the Sarbanes Oxley Act of 2002 and the Marketplace Rules of the NASDAQ. The Audit Committee is responsible together with the Managing Board for proposal of the independent registered public accounting firm to the Supervisory Board, which proposes the appointment of the independent registered public accounting firm to the Annual General Meeting. The independent registered public accounting firm audits the consolidated financial statements and local books and records of QIAGEN and its subsidiaries, and the Audit Committee is further responsible for preapproving the fees for such services. Additionally, the Audit Committee reviews the performance of the independent registered public accounting firm with management, discussing on a quarterly basis the scope and results of the reviews and audits with the independent registered public accounting firm; discusses our financial accounting and reporting principles and policies and the adequacy of our internal accounting, financial and operating controls and procedures with the independent registered public accounting firm and management; considers and approves any recommendations regarding changes to our accounting policies and processes; reviews with management and the independent registered public accounting firm our quarterly earnings reports prior to their release to the press; and reviews the quarterly and annual reports (reported on Forms 6-K and 20-F) to be furnished to or filed with the Securities and Exchange Commission and the Deutsche Boerse.

COMPENSATION COMMITTEE

The Compensation Committee operates pursuant to a charter approved by the Supervisory Board and available online at www.qiagen.com. The Compensation Committee consists of three members, Dr. Wirtz (Chairman), Professor Karobath and Mr. Hornnaess. Members are appointed by the Supervisory Board and serve for a term of one year. We believe that all of the members of the Compensation Committee meet the independence requirements set forth in the Marketplace Rules of the NASDAQ. The Compensation Committee reviews and approves all equity-based compensation, reviews and approves the annual salaries, bonuses and other benefits of executive officers, and reviews general policies relating to employee compensation and benefits.

SELECTION AND APPOINTMENT COMMITTEE

The Selection and Appointment Committee operates pursuant to a charter approved by the Supervisory Board and available online at www.qiagen.com. The current members of the Selection and Appointment Committee are Prof. Dr. Detlev H. Riesner (Chairman) and Dr. Heinrich Hornef. The Selection and Appointment Committee prepares the selection criteria and appointment procedures for members of our Supervisory Board and the Managing Board; periodically evaluates the scope and composition of the Managing Board and Supervisory Board and proposes the profile of the Supervisory Board in relation thereto. Additionally, the Committee periodically evaluates the functioning of individual members of the Managing Board and Supervisory Board and reports the results thereof to the Supervisory Board and proposes the (re-)appointments of members of our Managing Board and Supervisory Board. The Committee prepares and submits to the Supervisory Board on an annual basis a report of its deliberations and findings.

To our Shareholders

The Supervisory Board thanks QIAGEN's Managing Board and employees for their contributions to QIAGEN's success in 2006.

The Supervisory Board exercised supervision over the Managing Board's policies and business conduct throughout the financial year. Acting in the best interests of the Company and its business and consistent with past practice, the Supervisory Board monitored the Company's activities, including its strategic, economic, and market developments, R&D investments, acquisitions and alliances, and the human resources management. In particular and as requested by the Dutch Corporate Governance Code, the Supervisory Board discussed the corporate strategy, the risks of the business and the result of the assessment by the Managing Board of the structure and operation of the internal risk management and control systems as well as any significant changes thereto. Further, the Supervisory Board discussed its own functioning and that of its individual members as well as the functioning of the Managing Board and the performance of its individual members in the absence of the members of the Managing Board. Through its Compensation Committee, the Supervisory Board executed and monitored compliance with the Company's Remuneration Policy approved by the Annual General Meeting held on June 14, 2005. The Remuneration Policy and the various aspects of the compensation of the Managing Board are summarized in the Remuneration Report and published on the Company's website. Information on the Company's activities was communicated by the Managing Board to the Supervisory Board through regular meetings and business reports. Further detailed information on the composition of the Supervisory Board, the independence of its members and their remuneration as well as other information on the Supervisory Board can be found in QIAGEN's Form 20-F, which is integral to this Annual Report.

QIAGEN N.V. is a company under the laws of the Netherlands and has an international network of subsidiaries. The Supervisory Board follows the principle of increasing shareholder value to further represent the interests of all shareholders and has always placed the highest standards on its Corporate Governance principles. Since 1997, QIAGEN has endorsed the 40 recommendations made in the report of the Netherlands' Committee on Corporate Governance, which was replaced by the Dutch Corporate Governance Code effective January 1, 2004. It is the Company's policy to follow the guidelines of Good Practice of

Corporate Governance as described in the Code although some minor deviations may result from effects such as legal requirements imposed on QIAGEN or industry standards. QIAGEN is also subject to the rules regarding Corporate Governance set by NASDAQ, where the Company's common shares have been listed since 1996. In addition, QIAGEN has adopted the standards set by the Corporate Governance Code of Germany, where the Company's common shares have been listed since 1997. QIAGEN provides detailed updates regarding compliance with the German and the Dutch Corporate Governance Code in the chapter on "Corporate Governance" in this Annual Report.

QIAGEN N.V. is a limited liability company incorporated under the laws of the Netherlands. All Company operations are carried out in accordance with Dutch Corporate Law, US Federal Securities Law and Regulations, and the laws of the German capital market, in particular the Wertpapierhandelsgesetz. The common shares of the Company are registered and traded in the United States of America on the NASDAQ Global Select Market emanated from the NASDAQ National Market in July 2006 and in Germany on the Frankfurt Stock Exchange. Since January 1, 2003, QIAGEN's common shares are accepted for trading in the Prime Standard segment, a premium segment created by Deutsche Börse AG in late 2002. Shareholders in the United States and in Europe hold the majority of the Company's shares. The Company has used its funds to fuel internal growth and to finance acquisitions. The Supervisory Board proposes to retain 2006 earnings to address these goals. We strongly believe that this policy of increasing shareholder value benefits our shareholders.

In this Annual Report, the financial statements for the year 2006 are presented as prepared by the Managing Board, audited by Ernst & Young LLP (Independent Registered Public Accounting Firm), and examined and approved by the Supervisory Board. We recommend that the Annual General Meeting adopts these financial statements, including allocation of profits to retained earnings.

Venlo, The Netherlands, April 2007

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

The Dutch Corporate Governance Code

In the Netherlands, the Dutch Corporate Governance Code (the "Code") became effective on January 1, 2004. The Code is applicable to QIAGEN N.V. (in the following also referred to as the "Company"), as it is a publicly listed company under the laws of the Netherlands with a registered seat in Venlo, The Netherlands. The Code contains a set of principles and a number of best practice provisions, creating a set of standards governing the conduct of the members of the Managing Board and the Supervisory Board and shareholders.

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

CORPORATE STRUCTURE

QIAGEN is a 'Naamloze Vennootschap' ("N.V."), a Dutch limited liability company similar to a 'Corporation' (Inc.) in the United States. QIAGEN has a two-tier board structure. QIAGEN is managed by a Managing Board under the supervision of a Supervisory Board. It is in the interest of QIAGEN and all its stakeholders that each Board performs its functions appropriately and that there is a clear division of responsibilities between the Managing Board, the Supervisory Board, the Annual General Meeting and the external auditor in a well-functioning system of checks and balances.

MANAGING BOARD

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

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

Resolutions to enter into transactions under which members of the Managing Board could have a conflict of interest with QIAGEN that are of material significance to QIAGEN and/or the relevant member of the Managing Board require the approval of the Supervisory Board. QIAGEN has not entered into any such transactions in 2006.

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

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

The remuneration of the members of the Managing Board will, with due observance of the Remuneration Policy, be determined by the Supervisory Board, on a proposal by its Compensation Committee. The current Remuneration Policy was adopted by the Annual General Meeting on June 14, 2005. Details on this Policy, which has been drafted taking into account the principles and best practice provisions of the Code, are published on the Company's website at www.qiagen.com.

SUPERVISORY BOARD

The Supervisory Board supervises the policies of the Managing Board, the general course of QIAGEN's affairs and the business enterprises which it operates. The Supervisory Board assists the Managing Board by providing advice relating to the business activities of QIAGEN. In discharging its duties, the Supervisory Board takes into account the interests of QIAGEN, its enterprise and all parties involved in QIAGEN, including shareholders and other stakeholders. The Supervisory Board is responsible for the quality of its own performance. In this respect, the Supervisory Board conducts a self-evaluation on an annual basis.

Resolutions to enter into transactions under which members of the Supervisory Board could have a conflict of interest with QIAGEN that are of material significance to QIAGEN and/or the relevant member of the Supervisory Board require the approval of the Supervisory Board

plenum. In 2006, neither QIAGEN nor its Supervisory Board members have entered into any such transactions.

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

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

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

The Supervisory Board has appointed an Audit Committee, a Compensation Committee and a Selection and Appointment Committee from among its members and can appoint other committees as deemed beneficial. The Supervisory Board has approved charters pursuant to which each of the committees operate. The charters are published on QIAGEN's website.

Among other things, the Audit Committee's primary duties and responsibilities are to serve as an independent and objective party to monitor QIAGEN's accounting and financial reporting process and internal control system, be directly responsible for the proposal of the external auditor to the Supervisory Board which proposes the appointment of the external auditor to the Annual General Meeting. Further, the Audit Committee is responsible for the compensation and oversight of QIAGEN's external auditor and to provide an open avenue of communication among the external auditor as well as the Management Board and the Supervisory Board. QIAGEN's internal audit department operates under the direct responsibility of the Audit Committee. The Audit Committee consists of three members: Dr. Hornef (Chairman), Dr. Wirtz, and Mr. Hornnaess. The Audit Committee members are appointed by the Supervisory Board and serve for a term of one year. The Supervisory Board has designated Dr. Hornef as "financial expert" as that term is defined in the provision III.3.2 and III 5.7 of the Code. The Audit Committee met seven times in fiscal year 2006, whereof one meeting took place together with the external auditor and without the members of the Managing Board. Further, the Audit Committee had several telephone conferences with and without the external auditor. Among other things, the Audit Committee discussed the selection of the external auditor to audit the consolidated financial statements and accounting and records of QIAGEN and its subsidiaries, along with the preapproval of the fees for such services. Further, it reviewed QIAGEN's compliance with policies such as the Code of Conduct; discussed the performance of the external auditor with management; discussed on a quarterly basis the scope and results of the reviews and audits with the external auditor; and discussed QIAGEN's financial accounting and reporting principles and policies and the adequacy of QIAGEN's internal accounting, financial and operating controls and procedures with the external auditor and management. The Audit Committee considered and approved any recommendations regarding changes to QIAGEN's accounting policies and processes, reviewed with management and the external auditor QIAGEN's quarterly reports prior to their release to the press; and reviewed the quarterly and annual reports (reported on Forms 6-K and 20-F) to be filed with or furnished to the Securities and Exchange Commission in the United States and the Deutsche Börse in Germany. The Audit Committee performs a self-evaluation of its activities on an annual basis.

The Compensation Committee's primary duties and responsibilities include, among other things, the preparation of a proposal for the Supervisory Board concerning the Remuneration Policy for the Managing Board to be adopted by the Annual General Meeting, the preparation of a proposal concerning the individual compensation of members of the Managing Board to be adopted by the Supervisory Board and the preparation of the Remuneration Report on the compensation policies for the Managing Board to be adopted by the Supervisory Board. The Remuneration Report comprises a report on the way in which the Remuneration Policy was implemented in the most recent financial year and comprises an outline of the Remuneration Policy going forward.

The Compensation Committee consists of three members: Dr. Wirtz (Chairman), Professor Karobath, and Mr. Hornnaess. Members are appointed by the Supervisory Board and serve for a term of one year. The Compensation Committee met fourteen times in fiscal year 2006. It reviewed, approved and made recommendations on QIAGEN's compensation and benefits policies, practices and procedures to ensure that legal and fiduciary responsibilities of the Supervisory Board and the Managing Board are carried out. Further, the Compensation Committee approved stock right or stock option grants on a monthly basis.

Inter alia, the Selection and Appointment Committee is primarily responsible for the preparation of selection criteria and appointment procedures for members of QIAGEN's Supervisory Board and Managing Board as well as the periodic evaluation of the scope and composition of the Managing Board and the Supervisory Board and the functioning of their individual members. The Selection and Appointment Committee is chaired by Professor Riesner with Mr. Hornef acting as Deputy Chairman. The other members are individually involved on a case-by-case basis. The Selection and Appointment Committee met four times in fiscal year 2006. Qualifications and profiles of candidates for potential members of the Supervisory Board positions were discussed and proposed to the Supervisory Board and candidates for key functions within QIAGEN were evaluated.

SHAREHOLDERS

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

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

The notice convening an Annual General Meeting accompanied by the agenda for that meeting shall be sent no later than on the fifteenth day prior to the meeting. QIAGEN informs the Annual General Meeting by means of explanatory notes to the agenda of all facts and circumstances relevant to the proposed resolutions.

THE AUDIT OF FINANCIAL REPORTING

The external auditor is appointed at the Annual General Meeting, based on a nomination drawn up by the Supervisory Board. The external auditor is invited to attend the meeting of the Supervisory Board at which the financial statements shall be approved and is furthermore invited to attend the Annual General Meeting at which the financial statements are adopted and may be questioned by the Annual General Meeting on its statement on the fairness of our annual accounts.

RISK MANAGEMENT

The Company has identified various risk factors for its business which are set forth in detail in the 2006 Form 20-F. 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 func-

tional experts to evaluate and attempt to mitigate and manage its business risks. These groups and their respective main areas of focus are shown in the table below.

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

As a publicly listed company in the United States, QIAGEN is subject to Section 404 of the Sarbanes Oxley Act. The Company has enacted internal controls and procedures over its financial reporting in 2006 as described in more detail in item 15 of QIAGEN's 2006 Annual Report on Form 20-F. In its report on its audit of the Company's internal controls over financial reporting the external auditor Ernst & Young expressed the opinion that QIAGEN has maintained effective internal control over financial reporting as of December 31, 2006, under the applied criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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

WHISTLEBLOWER POLICY AND CODE OF CONDUCT

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

ANTI-TAKEOVER MEASURES

In 2004, the Company granted an option to a Foundation (Stichting) which allows the Foundation to acquire preference shares from the Company if (i) a person has (directly or indirectly) acquired or has expressed the intention to acquire more than 20% of our issued share capital, or (ii) a person holding at least a 10% interest in the share capital has been designated as a hostile person by our Supervisory

RISK MANAGEMENT – GROUPS AND FUNCTIONS

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

Board. The option enables the Foundation to acquire such number of preference shares as equals the number of our outstanding common shares at the time of the relevant exercise of the right less one share. When exercising the option and exercising its voting rights on such shares, the Foundation must act in the interest of the Company and the interests of the Company's stakeholders.

COMPLY OR EXPLAIN

The Company's corporate governance structure and compliance with the Code is the joint responsibility of the Managing Board and the Supervisory Board. They are accountable for this to the Annual General Meeting.

Nonapplication of a specific best practice provision is not in itself considered objectionable by the Code and may well be justified because of particular circumstances relevant to a company. Pursuant to the Decree of December 23, 2004, on the adoption of further regulations regarding the contents of the Annual Report, however, we disclose in our Annual Report the application of the principles and best practice provisions of the Code. To the extent we do not apply certain principles and best practice provisions or do not intend to apply these in the current or the subsequent financial year, we state the reasons therefore.

In this chapter, we will therefore indicate which specific provisions of the Code we do not apply and why. QIAGEN is positively disposed towards the Code and applies nearly all best practice provisions. However, a few best practice provisions we prefer not to apply due to the international character of our Company and to the fact – acknowledged by the Commission that drafted the Code – that existing contractual agreements between QIAGEN and individual members of the Managing Board cannot be set aside at will.

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

   The members of the Managing Board are appointed annually for the period beginning on the date following the Annual General Meeting up to and including the date of the Annual General Meeting held in the following year. The employment agreements of Peer M. Schatz and Roland Sackers with the Company have an indefinite term, but can be terminated with three months' notice by the Managing Director and with six months' notice by the Company. These agreements were entered into before the Code became applicable and their term was not renegotiated as this was not considered to be in the interest of the Company. All members of the Managing Board have additional employment agreements with other QIAGEN affiliates which have a term deviating from the term set forth in the employment agreements with the Company.

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

   From time to time, the members of our Managing Board are granted options to acquire QIAGEN common shares with an exercise price that is higher than the market price as of the grant date (as determined by reference to an organized trading market or association). Since the holder cannot realize any value from these options unless the value of QIAGEN's common shares is increased above the exercise price, increasing shareholder value in that quantifiable manner is the "performance criteria" that must be fulfilled for these options.

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

   Since QIAGEN is a company which is not listed in the Netherlands we do not see a conflict with potential trades by Managing Board members in securities in Dutch listed companies. Further, QIAGEN is subject to several rules in Germany and the United States regard-

ing the ownership and transactions by Managing Board members in QIAGEN shares the compliance of which we consider sufficient.

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

   QIAGEN has granted stock options to the members of its Supervisory Board as a remuneration component since its establishment. This practise is in compliance with international business practise in our industry and we consider the grant of stock options or stock rights as an important incentive to attract individuals with the required skills and expertise to serve on our Supervisory Board.

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

   See our statement to best practice provision II.2.6 above.

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

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

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

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

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

In QIAGEN's 2001 Annual Report, the Managing Board and the Supervisory Board of QIAGEN N.V. declared their intention to disclose in QIAGEN's future Annual Reports the Company's compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Law (AktG) or state the deviations recorded in the period. QIAGEN N.V. is a company organized under the laws of the Netherlands and subject to laws, rules and regulations in the Netherlands and in addition is listed at the NASDAQ. As such, QIAGEN's compliance with the German Corporate Governance Code is dependent on such Code's compatibility with these foreign laws, rules, regulations and customs, which QIAGEN is subject to. QIAGEN hereby declares compliance with the German Corporate Governance Code with the following exceptions:

1. ITEM 2.2.1 PARAGRAPH 1

The Management Board submits to the General Meeting the Annual Financial Statements and the Consolidated Financial Statements. The General Meeting resolves on the appropriation of net income and the discharge of the acts of the Management Board and of the Supervisory Board. It elects the shareholders' representatives to the Supervisory Board and, as a rule, the auditors.

Under Dutch law, there are no specific requirements with respect to shareholders' representatives in the Supervisory Board. According to the Dutch Corporate Governance Code (the "Dutch Code"), the composition of the Supervisory Board shall be such that the members are able to act critically and independently of one another and the Management Board and any particular interests. A member of the Supervisory Board shall be deemed not to be independent if he or she, among other things, holds at least 10% of the shares in the company.

2. ITEM 2.2.1 PARAGRAPH 2

Furthermore, the General Meeting resolves on the Articles of Association, the purpose of the company, amendments to the Articles of Association and essential corporate measures such as, in particular, intercompany agreements and transformations, the issuing of new shares and, in particular, of convertible bonds and bonds with warrants, and the authorization to purchase own shares.

Pursuant to QIAGEN's Articles of Association and as customary for a Dutch company, the Supervisory Board shall have the power to resolve upon the issue of shares and to determine the price and further terms and conditions of such share issue, if and in so far as the Supervisory Board has been designated by the General Meeting of Shareholders, hereinafter referred to as the Annual General Meeting, as the authorized „orgaan" (Dutch for 'corporate body') for this purpose. At the Annual General Meeting in 2004, the Supervisory Board was authorized to do so for a period of five years.

3. ITEM 2.2.2

When new shares are issued, shareholders, in principle, have pre-emptive rights corresponding to their share of the equity capital.

Pursuant to QIAGEN's Articles of Association and as customary for a Dutch company, the Supervisory Board shall have the power to limit or exclude any pre-emptive rights to which shareholders shall be entitled, but only if and in so far as it has been granted such authority by the Annual General Meeting, and provided further that the Supervisory Board can only exercise such authority if at that time it also has authority to resolve upon the issue of shares. At the Annual General Meeting of shareholders in 2004, the Supervisory Board was granted such authority for a period of five years.

4. ITEM 4.2.3 PARAGRAPH 3

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

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

5. ITEM 4.2.5

Disclosure shall be made in a Compensation Report which as part of the Corporate Governance Report describes the compensation system for Management Board members in a generally understandable way.

The presentation of the concrete form of a stock option plan or comparable schemes for components with long-term incentive effect and risk character shall include the value thereof. In the case of pension plans, the allocation to accrued pension liabilities or pension funds shall be stated each year.

In accordance with Dutch law, the compensation of the Managing Board members is determined by the Supervisory Board in accordance with the Company's Remuneration Policy as adopted by the Annual General Meeting on June 14, 2005. The Compensation Committee of the Supervisory Board issues a Remuneration Report on an annual basis which describes in detail the various compensation components, how the Remuneration Policy was implemented in the most recent year and comprises an outline of the Remuneration Policy going forward. The Remuneration Report is published on the Company's website.

Further, as a company which is listed in the United States, QIAGEN follows the obligations stated by the SEC to give a detailed discussion and analysis on Directors' and Officers' compensation in its 2006 Form 20-F report and its 2006 proxy statements. The value of granted stock options is set forth in the 2006 Form 20-F report and in the Remuneration Report.

6. ITEM 5.1.2 PARAGRAPH 1

The Supervisory Board appoints and dismisses the members of the Management Board. Together with the Management Board, it shall ensure that there is a long-term succession planning. The Supervisory Board can delegate preparations for the appointment of members of the Management Board to a committee, which also determines the conditions of the employment contracts including compensation.

Pursuant to QIAGEN's Articles of Association and as customary for a Dutch corporation, the Managing Directors shall be appointed by the Annual General Meeting after the joint meeting of the Supervisory Board and the Managing Board – hereinafter referred to as the „Joint Meeting" – has made a binding nomination for each vacancy. According to the Dutch Corporate Governance Code, the Selection and Appointment Committee of the Supervisory Board is responsible for the preparation and selection criteria and appointment procedures for the members of the Managing Board.

7. ITEM 5.4.3 PARAGRAPH 1

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

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

8. ITEM 6.2

As soon as the company becomes aware of the fact that an individual acquires, exceeds or falls short of 5, 10, 25, 50 or 75% of the voting rights in the company by means of a purchase, sale or any other manner, the Management Board will disclose this fact without delay.

QIAGEN is organized under the laws of the Netherlands and as such, its shareholders and the Company itself are not subject to § 21 and § 22 of the German Wertpapierhandelsgesetz ("WpHG") which regulate such reporting requirements. However, pursuant to § 26 WpHG, QIAGEN is obliged to report any voting right changes of which it is informed pursuant to laws of other European Union countries. Holders of common shares may be subject to reporting obligations under the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) ("FMSA") which entered into force as of January 1, 2007. Under the FMSA, any person who, directly or indirectly, acquires or disposes of an interest in the capital and/or the voting rights of QIAGEN must give written notice of such acquisition or disposal if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person meets, exceeds or falls below one of the following thresholds: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% of QIAGEN´s issued and outstanding share capital. Notification must be given to the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten – AFM) without delay. The AFM will publish all disclosures made public by means of an advertisement in a newspaper distributed throughout the Netherlands as well as on its public website (www.afm.nl).

United States shareholders holding over 5% of QIAGEN's shares are required to submit filings under Schedules 13D or 13G. In addition, United States institutional investment managers having equity assets under management of US$100 million or more are required to file a Form 13-F on a quarterly basis with the SEC listing the shares over which they have control. QIAGEN discloses any relevant information from these sources in its Annual Report on Form 20-F.

9. ITEM 6.5

Any information which the company discloses abroad in line with corresponding capital market law provisions shall also be disclosed domestically without delay.

QIAGEN, from time to time, makes filings with the Netherlands Authority for the Financial Markets (AFM), the Securities and Exchange Commission in the United States of America (SEC) and regulatory bodies in Germany. These links are also available on QIAGEN's website:
http://www.qiagen.com
http://www.autoriteit-fm.nl
http://www.SEC.gov

10. ITEM 7.1.1 LAST SENTENCE

For corporate law purposes (calculation of dividend, shareholder protection), Annual Financial Statements will be prepared according to national regulations (German Commercial Code), which also form the basis for taxation.

As QIAGEN is a limited liability company organized under the laws of the Netherlands, for corporate law purposes (calculation of dividend, shareholder protection), the Annual Financial Statements will be prepared according to IFRS.

Financial Calendar / Investor Relations Contacts

FINANCIAL CALENDAR

FEB	12, 2007	Publication of quarterly results 4/06 and year-end results 2006
MAY	7, 2007	Publication of quarterly results 1/07
JUN	20, 2007	Annual General Meeting
AUG	6, 2007	Publication of quarterly results 2/07
NOV	5, 2007	Publication of quarterly results 3/07

INVESTOR RELATIONS

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IMPRINT

Concept and design:
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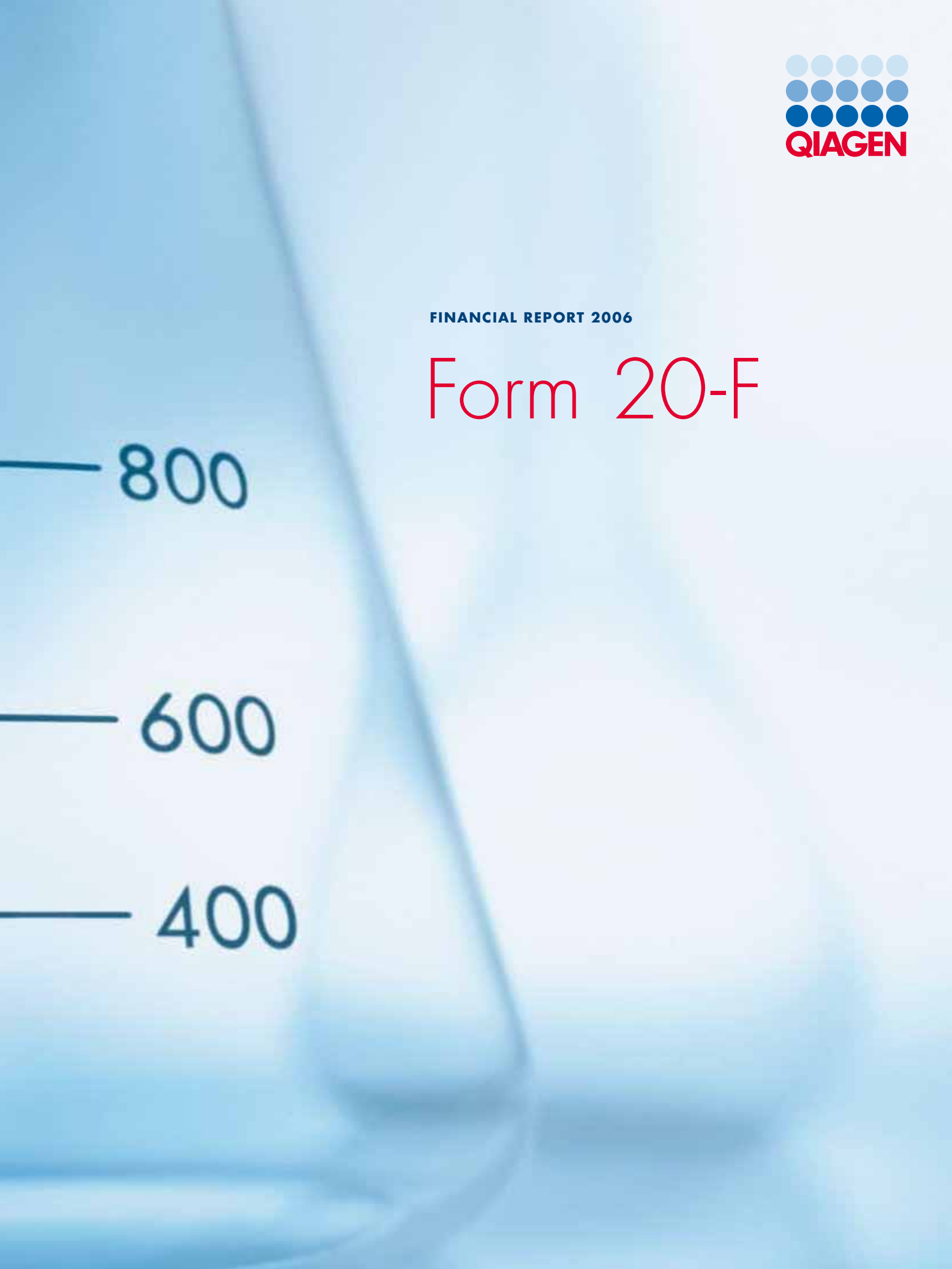
Photography:
Michael Dannenmann, Düsseldorf,
Getty Images, Corbis



QIAGEN

FINANCIAL REPORT 2006

Form 20-F

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

or

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

or

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

Commission File Number 0-28564

QIAGEN N.V.

(Exact name of Registrant as specified in its charter)

n/a

(Translation of Registrant's name in English)

The Netherlands

(Jurisdiction of incorporation or organization)

Spoorstraat 50
5911 KJ Venlo
The Netherlands
011-31-77-320-8400

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of class:	**Name of each exchange on which registered:**
Common Shares, par value EUR .01 per share	**NASDAQ Stock Market LLC**

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

The number of outstanding common shares as of December 31, 2006 was 150,167,540.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ☐ Yes ☒ No

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections. Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☒ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Unless the context otherwise requires, references herein to "we," "us," "our," the "Company" or to "QIAGEN" are to QIAGEN N.V. and its consolidated subsidiaries.

Our name together with our logo is registered as a trademark in the United States and a number of other countries: QIAGEN®. Other trademarks registered in the United States and in other countries include, alias among others: QIAexpress®, QIAwell®, QIAEX®, QIAprep®, QIAamp®, QIAquick®, Oligotex®, RNeasy®, BIOROBOT®, ENDOFREE®, R.E.A.L.®, PolyFect®, SuperFect®, DNeasy®, UltraFect®, TurboFilter®, HotStarTaq®, EFFECTENE®, QIA®, DyeEx®, Omniscript®, Sensiscript®, HiSpeed®, Targetene®, TransMessenger®, MagAttract®, DirectPrep®, InhibitEX®, DoubleTag®, QuantiScript®, UltraSens®, pAlliance®, MinElute®, EverGene®, ProofStart®, FlexiGene®, QuantiTect®, DNAprotect®, RNAprotect® and LiquiChip®, CryoCell®, LabelStar®, EasyXpress® RNAiFect® BioSprint® Registered trademarks in countries outside of the United States include: QIABRANE™, ProofTaq™, Easylabel™, BioSprint™, AllPrep™, Qproteome™, FastLane™, GeneGlobe™, LyseBlue™, CompactPrep™, TurboCapture™, CoralLoad™, EpiTect™, NEXTAL™ and EASYXTAL™.

This Annual Report on Form 20-F may also contain trade names or trademarks of companies other than QIAGEN.

EXCHANGE RATES

QIAGEN publishes its financial statements in U.S. dollars. In this Annual Report on Form 20-F, references to "dollars" or "$" are to U.S. dollars, and references to "EUR" or the "euro" are to the European Monetary Union euro. Except as otherwise stated herein, all monetary amounts in this Annual Report on Form 20-F have been presented in U.S. dollars.

The exchange rate used for the euro was the noon buying rate of the euro in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Board of New York. This rate at March 15, 2007, was $1.3249 per EUR 1.

For information regarding the effects of currency fluctuations on our results, see Item 5 "Operating and Financial Review and Prospects."

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PART I

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PART I

Item 1. Identity of Directors, Senior Management and Advisors

Not applicable.

Item 2. Offer Statistics and Expected Timetables

Not applicable.

Item 3. Key Information

The selected consolidated financial data below should be read in conjunction with "Operating and Financial Review and Prospects" and the Consolidated Financial Statements, notes thereto and other financial information included elsewhere in this Annual Report on Form 20-F. The selected consolidated statements of income data for the years ended December 31, 2006, 2005 and 2004 and the consolidated balance sheet data at December 31, 2006 and 2005 are derived from the Consolidated Financial Statements of QIAGEN which have been audited by Ernst & Young LLP, an independent registered public accounting firm, and are included herein. The selected consolidated statements of income data presented for the years ended December 31, 2003 and 2002, and the consolidated balance sheet data as of December 31, 2004, 2003 and 2002, is derived from audited consolidated financial statements not included herein.

Selected Financial Data

The information below should be read in conjunction with the consolidated financial statements (and notes thereto) and "Operating and Financial Review and Prospects."

	Years ended December 31,				
	2006	**2005**	**2004**	**2003**	**2002**
Consolidated Statement of Income Data: (amounts in thousands, except per share data)					
Net sales	**$465,778**	$398,395	$380,629	$351,404	$298,607
Cost of sales	**139,122**	122,755	125,658	118,786	96,508
Cost of sales—acquisition and restructuring related	**2,046**	439	1,454	3,618	—
Gross profit	**324,610**	275,201	253,517	229,000	202,099
Operating Expenses:					
Research and development	**41,560**	35,780	34,351	31,068	27,438
Sales and marketing	**115,942**	94,312	87,506	83,005	75,086
General and administrative	**48,574**	40,123	41,715	41,894	41,716
Purchased in-process research and development	**2,200**	3,239	—	—	—
Acquisition, integration and related costs	**6,061**	3,213	572	—	2,848
Acquisition related intangible amortization	**8,220**	3,697	1,416	1,096	1,053
Relocation and restructuring costs	**1,452**	—	3,817	3,048	10,773
Total operating expenses	**224,009**	180,364	169,377	160,111	158,914
Income from operations	**100,601**	94,837	84,140	68,889	43,185
Other income (expense), net	**5,467**	2,427	(11,453)	(1,634)	(4,325)
Income before provision for income taxes and minority interest	**106,068**	97,264	72,687	67,255	38,860
Provision for income taxes	**35,529**	35,039	23,982	24,405	15,723
Minority (income) expense	**—**	—	—	—	(5)
Net income	**$ 70,539**	$ 62,225	$ 48,705	$ 42,850	$ 23,142
Basic net income per common share(1)	**$ 0.47**	$ 0.42	$ 0.33	$ 0.29	$ 0.16
Diluted net income per common share(1)	**$ 0.46**	$ 0.41	$ 0.33	$ 0.29	$ 0.16
Weighted average number of common shares used to compute basic net income per common share	**149,504**	147,837	146,658	145,832	144,795
Weighted average number of common shares used to compute diluted net income per common share	**153,517**	150,172	148,519	147,173	145,787

(1) Computed on the basis described for net income per common share in Note 3 of the "Notes to Consolidated Financial Statements."

	As of December 31,				
	2006	2005	2004	2003	2002
Consolidated Balance Sheet Data: (amounts in thousands)					
Cash and cash equivalents	**$ 430,357**	$191,700	$196,375	$ 98,993	$ 44,893
Working capital	**$ 566,660**	$278,586	$299,029	$163,583	$111,554
Total assets	**$1,212,012**	$765,298	$714,599	$551,930	$454,511
Total long-term liabilities, including current portion	**$ 536,738**	$230,086	$234,138	$131,095	$112,331
Total shareholders' equity	**$ 566,165**	$450,457	$400,376	$334,786	$263,031
Common shares	**$ 1,535**	$ 1,513	$ 1,495	$ 1,485	$ 1,478
Shares outstanding	**150,168**	148,456	147,020	146,218	145,534

Risk Factors

Note regarding Forward-Looking Statements and Risk Factors

Our future operating results may be affected by various risk factors, many of which are beyond our control. Certain of the statements included in this Annual Report and the documents incorporated herein by reference may be forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, including statements regarding potential future net sales, gross profit, net income and liquidity. These statements can be identified by the use of forward-looking terminology such as "believe," "hope," "plan," "intend," "seek," "may," "will," "could," "should," "would," "expect," "anticipate," "estimate," "continue" or other similar words. Reference is made in particular to the description of our plans and objectives for future operations, assumptions underlying such plans and objectives, and other forward-looking statements. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. We caution investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors. Factors which could cause such results to differ materially from those described in the forward-looking statements include those set forth in the risk factors below. As a result, our future development efforts involve a high degree of risk. When considering forward-looking statements, you should keep in mind that the risk factors could cause our actual results to differ significantly from those contained in any forward-looking statement.

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 $216.8 million in 2000 to $465.8 million in 2006. In 2002, we opened a research and manufacturing facility in Germantown, Maryland and manufacturing and administration facilities in Germany. Additionally, we have made several acquisitions and are likely to make more. 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 2003 and 2004 as part of a restructuring of our U.S operations, we relocated certain administrative, sales and marketing functions to our Maryland facility. Our earlier expansion of facilities in Maryland and Germany added production capacity and increased fixed costs. These higher fixed costs will continue to be a cost of production in the future, and until we more fully utilize the additional capacity of the facilities, our gross profit will be negatively impacted. We have also upgraded our operating and financial systems and expanded the geographic area of our operations, resulting in the hiring of new employees, as well as increased responsibility for both existing and new management personnel. The rapid expansion of our business and addition of new personnel may place a strain on our management and operational systems.

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

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, 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 would 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 obtaining of regulatory approvals or other clearances;
- diversion of resources from our existing business and technologies;
- inability to generate revenues to offset associated acquisition costs;
- inability to maintain uniform standards, controls, and procedures;
- inability to maintain relationships with employees and customers as a result of any integration of new management personnel;
- issuance of dilutive equity securities;
- incurrence or assumption of debt;
- additional expenses associated with future amortization or impairment of acquired intangible assets or potential businesses; or
- assumption of liabilities or exposure to claims against acquired entities.

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

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

The market for certain of our products and services is only about fifteen years old. Rapid technological change and frequent new product introductions are typical in this market. Our future success will depend in part on continuous, timely development and introduction of new products that address evolving market requirements. We believe successful new product introductions provide a significant competitive advantage because customers make an investment of time in selecting and learning to use a new product, and are reluctant to switch thereafter. To the extent that we fail to introduce new and innovative products, we may lose market share to our competitors, which will be difficult or impossible to regain. An inability, for technological or other reasons, to successfully develop and introduce new products could reduce our growth rate or otherwise damage 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 life sciences research, 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 product relative to competitive products;
- scientists' opinions of the products' utility;

- citation of the product in published research;
- regulatory trends; and
- general trends in life sciences research, applied markets and molecular diagnostics.

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

Our 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, 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.

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, 2006, we owned 89 issued patents in the United States, 56 issued patents in Germany and 327 issued patents in other major industrialized countries. In addition, at December 31, 2006, we had 452 pending patent applications and we intend to file applications for additional patents as our products and technologies are developed. However, 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.

Certain of our products incorporate patents and technologies that are licensed from third parties. 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.

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.

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.

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.

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.

Competition in the Life Sciences market could reduce sales.

Our primary competition stems from traditional separation, purification and handling methods ("traditional" or "home-brew" methods) that utilize widely available reagents and other chemicals. The success of our business depends in part on the continued conversion of current users of such traditional methods to our nucleic acid separation and purification 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 pre-analytical products and other products we offer. The markets for certain of our products are very competitive and price sensitive. Other life science research 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 preanalytical 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 will suffer.

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

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

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

A significant portion of our sales have been to researchers, universities, government laboratories and private foundations whose funding is dependent upon grants from government agencies such as the U.S. National Institutes of Health (NIH) and similar domestic and international agencies. Although the level of research funding has increased during the past several years, we cannot assure you that this trend will continue. Government funding of research and development is subject to the political process, which is inherently fluid and unpredictable. The predictability of our revenues may be adversely affected if our customers delay purchases as a result of uncertainties surrounding the approval of government or industrial budget proposals. Also, government proposals to reduce or eliminate budgetary deficits have sometimes included reduced allocations to the NIH and other government agencies that fund research and development activities. A reduction in government funding for the NIH or other government research agencies could seriously and negatively impact our business.

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

Our customers within the scientific research markets typically do not keep a significant inventory of QIAGEN products and consequently require overnight delivery of purchases. As such, we heavily rely on air cargo carriers such as DHL, FedEx and Panalpina. If overnight services are suspended or delayed and other delivery carriers cannot provide satisfactory services, customers may suspend a significant amount of work requiring nucleic acid purification. If there are no adequate delivery alternatives available, sales levels could be negatively affected.

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

We buy materials for our products from many suppliers, and are not dependent on any one supplier or group of suppliers for our business as a whole. However, key components of certain products, including certain instrumentation components and chemicals, are available only from a single source. If supplies from these vendors were delayed or interrupted for any reason, we may not be able to obtain these materials timely or in sufficient quantities or qualities in order to produce certain products and our sales levels could be negatively affected.

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

Our long-term business strategy has included entering into strategic alliances and marketing and distribution arrangements with academic, corporate and other partners relating to the development, commercialization, marketing and distribution of certain of our existing and potential products. There can be no assurance that we will continue to be able to negotiate such collaborative arrangements on acceptable terms, or that any such relationships will be scientifically or commercially successful. In addition, there can be no assurance that we will be able to maintain such relationships or that our collaborative partners will not pursue or develop competing products or technologies, either on their own or in collaboration with others.

Doing business internationally creates certain risks for our business.

Our business involves operations in several countries outside of the United States. Our consumable manufacturing facilities are located in Germany, China, Canada and the United States, and our instrumentation facility is located in Switzerland. We also have established sales subsidiaries in the United States, Germany, Japan, the United Kingdom, France, Switzerland, Australia, Canada, Austria, The Netherlands, Sweden, and Italy. In addition, our products are sold through independent distributors serving more than 40 other countries. We operate U.S. facilities in West Chester, Pennsylvania (sales and research and development), Valencia, California (customer service and technical service), Germantown, Maryland and San Francisco, California (manufacturing and research and development). Conducting and launching operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. We have invested heavily in computerized information systems in order to manage more efficiently the widely dispersed components of our operations. We use SAP as our business information system to integrate most of our North American, European, and Japanese subsidiaries.

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

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

During 2006 and 2005 we began expanding our business in emerging markets in Asia and we expect to continue to focus on growing our business in these regions. In addition to the currency and international operation risks described above, our international operations are subject to a variety of risks including risks arising out of the economy, the political outlook and the language and cultural barriers in countries where we have operations or do business. In many of these emerging markets, we may be faced with several risks that are more significant than in the other countries in which we have a history of doing business. These risks include economies that may be dependent on only a few products and are therefore subject to significant fluctuations,

weak legal systems which may affect our ability to enforce contractual rights, possible exchange controls, unstable governments, privatization actions or other government actions affecting the flow of goods and currency. In conducting our business we move products from one country to another and may provide services in one country from a subsidiary located in another country. Accordingly, we are vulnerable to abrupt changes in customs and tax regimes that may have significant negative impacts on our financial condition and operating results.

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

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

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

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

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

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

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

We currently anticipate that our short-term capital requirements will be satisfied by the results of operations. However, we have outstanding loan facilities at December 31, 2006 of approximately $496 million, of which $6.6 million is due in June 2008, $39.6 million is due in annual installments from June 2006 through June 2011, $150.0 million which will become due in August 2011, and $300.0 million which will become due in May 2013. To the extent that our existing resources are insufficient to fund our activities, we may need to raise funds through public or private debt or equity financings. No assurance can be given that such additional funds will be available or, if available, can be obtained on terms acceptable to us. If adequate funds are not available, we may have to reduce expenditures for research and development, production or marketing, which could have a material adverse effect on our business. To the extent that additional capital is raised through the sale of equity or convertible securities, the issuance of such securities could result in dilution to our shareholders.

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.

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.

Changing government regulations may adversely impact our business.

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 in the world. Sales volumes of certain of our products in development may be dependent on commercial sales by us or by our customers of diagnostic and pharmaceutical products, which will require pre-clinical studies and clinical trials and other regulatory clearance. Such trials will be subject to extensive regulation by governmental authorities in the United States, including the Food and Drug Administration (FDA), international agencies and agencies in other countries with comparable responsibilities. These trials involve substantial uncertainties and could impact customer demand for our products. In addition, certain of our products, especially products intended for use in in-vitro diagnostics applications, are dependent on regulatory or other clearance. For example, since the European Union Directive 98/79/EC on in vitro diagnostic medical devices, or EU-IvD-D, went into effect on December 7, 2003, all products and kits which are used for in vitro diagnostic applications and which are sold after this date have to be compliant with this European 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 new 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.

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.

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 payers are increasingly seeking to contain health care 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, of QIAGEN itself, could be adversely affected.

Our business exposes us to potential liability.

The marketing and sale of our products and services for certain applications entail a potential risk of product liability, and, although we are not currently subject to any material product liability claims**,** there can be no assurance that product liability claims will not be brought against us. Further, there can be no assurance that our products will not be included in unethical, illegal or inappropriate research or applications, which may in turn put

us at risk of litigation. We currently carry product liability insurance coverage, which is limited in scope and amount, but which we believe is currently appropriate for our purposes. There can be no assurance, however, that we will be able to maintain such insurance at reasonable cost and on reasonable terms, or that such insurance will be adequate to protect us against any or all potential claims or losses.

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

We were incorporated under Dutch law as a public limited liability company (*naamloze venootschap)* and we are organized as a holding company. Currently, our material assets are the outstanding shares of our subsidiaries. We, therefore, are dependent upon payments, dividends and distributions from our subsidiaries for funds to pay our operating and other expenses and to pay future cash dividends or distributions, if any, to holders of our common shares. The lending arrangements entered into by QIAGEN GmbH limits the amount of distributions that can be made by QIAGEN GmbH to QIAGEN N.V. during the period the borrowings are outstanding. This facility will expire in June 2011. 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.

Risks Related to Our Common Shares

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 past two fiscal years, the closing price of our common shares has ranged from a high of $16.15 to a low of $10.56 on the NASDAQ National Market System, and a high of EUR 13.09 to a low of EUR 8.20 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.

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

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

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. As of December 31, 2006, we had outstanding 150,167,540 common shares plus 11.7 million additional shares subject to outstanding stock options, of which 11.5 million were then exercisable. A total of approximately 17.7 million common shares are reserved and available for issuances under our stock plan, including those shares subject to outstanding stock options. The resale of common shares issued in connection with the exercise of certain stock options are subject to some restrictions. All of our outstanding common shares are freely saleable except shares held by our affiliates, which are subject to certain limitations on resale. Additionally, holders of notes issued by QIAGEN Finance (Luxembourg) S.A. and QIAGEN Euro Finance (Luxembourg) S.A. are entitled to convert their notes into approximately 26.9 million common shares, subject to adjustments in certain cases.

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

Our Articles of Association, or Articles, provide that our shareholders may only suspend or dismiss our managing and supervisory directors against their wishes with a vote of two-thirds of the votes cast representing more than 50% of the outstanding 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 representing more than 50% of the outstanding 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 shares by issuing preference shares. Pursuant to these provisions and pursuant to the resolution adopted by our general meeting on June 16, 2004, our Supervisory Board is authorized to issue preference shares or grant rights to subscribe for preference shares if (i) a person has (directly or indirectly) acquired or has expressed a desire to acquire, more than 20% of our issued share capital, or (ii) a person holding at least a 10% interest in our share capital has been designated as a hostile person by our 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 also granted an option to a 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. See "Description of Share Capital—Preference Shares."

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, 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.

Item 4. Information on the Company

History and Development of the Company

We began operations as a German company in 1986. On April 29, 1996, we were incorporated as QIAGEN N.V., a public limited liability company (*naamloze vennnootschap*) under Dutch law as a holding company for our wholly owned subsidiaries. Our legal seat is in Venlo, The Netherlands. As a holding company, we conduct our business through our subsidiaries located throughout Europe, Japan, Australia, North America and East Asia. Our principal executive office is located at Spoorstraat 50, 5911 KJ Venlo, The Netherlands, and our telephone number is +31-77-320-8400. Our website is *www.qiagen.com.*

Since 1986, we have developed and marketed a broad range of proprietary products for the academic and industrial research markets as well as for the applied testing market, which includes forensics, veterinary diagnostics, genetically modified organisms, or GMO, and other food testing, and molecular diagnostics markets. We have experienced significant growth in the past, with a five year compound annual growth through December 31, 2006 of approximately 12% in net sales and 16% in net income, as reported under U.S. GAAP. In the last five years we have made a number of strategic acquisitions and have also restructured some of our key operations. Significant events in the development of our business in 2006 include:

- In the fourth quarter of 2006, we completed the acquisition of Genaco Biomedical Products, Inc., located in Huntsville, Alabama. Genaco is an early-stage company applying a proprietary assay technology called multiplexing, a diagnostic approach which allows for screening multiple targets in one single test. Multiplexing is a rapidly emerging segment in molecular diagnostics and which we believe is highly synergistic with our portfolio of qPCR-based molecular diagnostic assays considered by some to be the broadest in the world in the segment of infectious disease diagnostics. The Genaco solutions together with our sample and assay technologies support PCR-based, multiplexed testing in

clinical research, applied testing and molecular diagnostics. In the fourth quarter of 2006, we also acquired former distributors PhileKoreaTechnology Inc., located in Daejeon, Korea and ATC Health Products Ltd., located in Ankara, Turkey.

- In the second quarter of 2006, we completed the acquisitions of Gentra Systems, Inc., located in Minneapolis, Minnesota, Singapore-based Research Biolabs Pte. Ltd. and Research Biolabs Sdn Bhd, located in Malaysia. Gentra is a leading developer, manufacturer and supplier of non-solid phase nucleic acid purification products, providing both consumables and automated platforms. The acquisition expands our position as a leading provider of sample and assay solutions to research customers from life sciences, molecular diagnostics and applied testing. The acquisition of Research Biolabs, previously our distributor, expands our direct presence in one of the most dynamic regions of our global business. Research Biolabs currently has sales and marketing teams in Singapore, Malaysia and Indonesia, and will also support market development in Thailand and Vietnam.
- During the first quarter of 2006, we completed two acquisitions. We acquired PG Biotech Co. Ltd. (PG Biotech) a leading developer, manufacturer and supplier of polymerase chain reaction, or PCR,-based molecular diagnostic kits in China. The acquisition is intended to support our position as a leading provider of molecular diagnostics solutions to OEM partners and customers in the rapidly growing Asian markets. We also acquired certain assets and operations from Diatech s.r.l., Jesi, Italy, which distributes in Italy products produced by artus, which we acquired in 2005.

Business Overview

Description of Our Business

We believe that we are the world's leading provider of innovative technologies and products for preanalytical sample preparation and linked molecular assay solutions. This belief is based on the nature of our products and technologies and on our United States and European market shares as supported by independent market studies. We operate exclusively in life sciences-related industries, and develop, manufacture and market a broad portfolio of proprietary technologies and products, which meet the needs of markets including academic and industrial research, applied testing and molecular diagnostics.

Our products standardize workflows and enable customers to reliably and rapidly process samples from collection through to purification of the target molecule, such as nucleic acids or proteins, without using hazardous reagents or expensive equipment.

We have developed or acquired a core set of technologies to provide a comprehensive approach to pre-analytical sample processing. These technologies can be used alone or in combination to achieve the best solution for a given application. In particular, our proprietary technologies for magnetic particle-based purification, solid-phase anion-exchange purification and selective adsorption to silica particles or membranes significantly enhance nucleic acid purification, the most difficult, critical, and labor intensive step in nucleic acid isolation. We believe that our technologies represent substantial advances in the speed, reliability, and ease of use of nucleic acid separation and purification procedures and the purity and yield of the resulting nucleic acids. We believe that we are the world's leading provider in the business of sample preparation with a market share of approximately 70%.

Our Products

We offer over 500 products for a variety of applications in the handling, separation, purification, and subsequent use of nucleic acids and proteins. These sample and assay technologies enable our customers to efficiently pursue their research and commercial goals. The main categories of our products include:

- *Consumables:* We offer most of our sample and assay consumable products, which account for about 90% of our business, in kit form to maximize customer convenience and reduce user error. These kits

contain our proprietary disposable sample processing devices and/or other proprietary technologies, all necessary reagents and buffers, and a technical handbook that includes a detailed protocol and background information. Each kit includes devices and reagents for a specified number of preparations ranging from one to thousands. Each kit is covered by our quality guarantee. Major applications for our consumable products are plasmid deoxyribonucleic acid, or DNA, purification; ribonucleic acid, or RNA, stabilization and purification; genomic and viral nucleic acid purification; nucleic acid transfection; PCR amplification; reverse transcription; DNA cleanup after PCR and sequencing; DNA cloning and protein purification. In 2005, we began offering validated PCR assays which allow PCR-based detection of viral, bacterial and parasite, human and animal pathogens as well as pharmacogenomic genotyping. The majority of assays are validated with either manual QIAamp sample preparation or automated MagAttract sample preparation from QIAGEN and CE-labeled according to the IvD-Directive in EU. During 2006, we developed and launched 67 new products including innovative sample and assay technologies for research in the areas of epigenetics, gene expression, micro RNA, proteomics, RNAi and molecular diagnostics.

- *Instrumentation:* Our BioRobot systems offer walk-away automation of sample and assay technologies in low, medium or high throughput scale, as well as reaction set-up and other laboratory tasks. We also sell instruments to our OEM partners. In early 2007, we launched the QIAcube, a novel sample processing platform incorporating novel and proprietary technologies which allow users in research in life sciences, applied testing and molecular diagnostics to fully automate the processing of almost all our consumable products. The QIAcube received the distinguished New Product Award, or NPA, Designation of the Association for Laboratory Automation, or ALA, in February, 2007.
- *Other:* A very small part of our business revenues comes from custom services, siRNA synthesis, whole genome amplification services, DNA sequencing, and non-cGMP DNA production on a contract basis. We also sell and/or license technology.

Research and Development

Our product development efforts are focused on expanding our existing products and developing innovative new products in selected areas where we have expertise and have identified substantial unmet market needs. We intend to maintain our technology leadership position through investments in product improvements, product extensions, and innovative new approaches. We believe that improvements in instrumentation will strengthen our leadership position in the automation of pre-analytical processing applications and generate an increased demand for our consumable products.

Our research and development organization is matrix structured and is overseen by our Senior Vice President of Research & Development. We conduct most of our research and development activities in Germany, Switzerland and the United States. Our organization structure allows us flexibility to refocus our product development efforts as new technologies or markets emerge. Our total number of research and development employees at December 31, 2006 was 332. Our total research and development expenses in 2006, 2005 and 2004 were approximately $41.6 million, $35.8 million, and $34.4 million, respectively.

Sales and Marketing

We market our products in more than 40 countries throughout the world. We have subsidiaries throughout the world in the markets that we believe have the greatest sales potential. We have established a network of highly experienced marketing personnel and employ a dedicated field sales force of over 700 people, who sell our products and provide direct support to customers. A significant number of our marketing and sales staff are experienced scientists with academic degrees in molecular biology or related areas. We also have specialized independent distributors and importers serving more than 40 countries.

Our marketing strategy is focused on providing high-quality products that offer customers unique advantages, coupled with a commitment to technical excellence and customer service. We have developed a

range of marketing tools designed to provide customers with direct access to technical support and inform them of new product offerings. One such tool is our technical service hotline, which allows existing or potential customers to discuss, via phone and e-mail, a wide range of technical questions regarding our products and related molecular biology procedures with Ph.D. and M.Sc. scientists in our technical service group, who provide this advice and training. Frequent communication with customers enables us to identify market needs, to gain early insight into new developments and business opportunities, and to respond with new products. We also distribute several publications, including our annual catalog, to existing and potential customers worldwide, providing new product information, product updates, and articles contributed by customers and by our scientists about existing and new applications for our products. In addition, we advertise in leading scientific journals such as *Science,* and hold numerous scientific seminars, in which our scientists present technical information at leading academic and industrial research institutes worldwide. We conduct direct mail campaigns to announce new products or offer special sales promotions, and also offer a personalized bi-monthly electronic newsletter for our worldwide customers that provides helpful hints and information for molecular biology applications. Our web site (*www.qiagen.com*) contains a full on-line product catalog and online ordering system, various support tools and resources. Some information is available on our website in French and German to support these local markets. We also have a Japanese language site (*www.qiagen.co.jp*). The information contained in, or that can be accessed through, our website is not part of this Annual Report.

In addition to keeping our customers informed of new product offerings, we also offer an inventory consignment program. The QIAcabinet is a storage cabinet owned by us and placed in customer laboratories at their request. The QIAcabinet is stocked with our products, offering customers the convenience of immediate access, thereby reducing product reorder procedures and shipping costs. We monitor cabinet inventory and bill the customers at regular intervals as the products are used. We believe that our QIAcabinet helps us maintain our competitive position, while also reducing distribution costs and increasing our visibility in the laboratory.

Principal Markets

From our inception, we have believed that nucleic acids and proteins would play an increasingly important role in molecular biology and that major new commercial uses of nucleic acids would be developed. We have been supplying customers with proprietary products for the processing of nucleic acids since 1986. Customers include major academic institutions and governmental laboratories such as the United States National Institutes of Health, or NIH, as well as leading pharmaceutical and biotechnology companies. In addition, fundamental developments in recent years have created significant new opportunities for us in the emerging markets of nucleic acid-based molecular diagnostics, and applied testing such as forensics, veterinary diagnostics, testing of GMO and other food testing. In response to these opportunities, we are currently targeting our products and marketing activities to each of these markets.

Research Market

The worldwide research market for nucleic acid and protein separation and purification products is comprised of an estimated 45,000 academic and industrial research laboratories with more than 400,000 researchers from leading academic institutions, diagnostics companies and laboratories, biotechnology companies and pharmaceutical companies. A substantial portion of this market continues to utilize traditional, labor intensive methods for nucleic acid separation and purification, and we estimate that 15 percent of all molecular biology research time is spent on such processes. We recognized early on the opportunity to replace the traditional methods with reliable, fast, and high-quality nucleic acid separation and purification technologies and products. We concentrated our product development and marketing efforts on this market and now offer over 500 nucleic acid sample processing products to customers. We also offer a broad and innovative portfolio for the expression, purification and fractionation of proteins. We believe that we are the technology leader in this growing research market and that we are well positioned to increase sales and expand our share of the research market as laboratories continue to convert from traditional methods to newer technologies such as ours. Based on estimates of the number of sample preparations being performed each year, we believe that the potential

worldwide research market for our nucleic acid purification products exceeds $1 billion, as the majority of the market currently uses home-brew methodology. In addition, we believe that an additional $800 million is spent annually in this market on PCR enzymes and reagents. We have expanded our product base for PCR amplification and reverse transcription and continue to develop products for the PCR-related market segment. In 2005 we were one of the first companies to enter into a broad licensing agreement with Applied Biosystems Group regarding real-time PCR technology. This agreement enhances our value as a leading supplier of a broad range of real-time PCR technologies. These real-time PCR technologies are optimized for use with our market- and technology-leading preanalytical solutions. Our PCR reagent portfolio is also a critical component for ready-to-use real-time PCR assays which we offer and which are linked to our innovative RNAi assay offering.

Nucleic Acid-Based Molecular Diagnostics Market

We believe that the molecular diagnostics market represents a significant market for nucleic acid separation and purification products. We believe that the advent of PCR and other amplification technologies has made the prospect of nucleic acid-based molecular diagnostics feasible. Nucleic acid-based molecular diagnostics have fundamental advantages over traditional diagnostic technologies such as immunoassays in time specificity and sensitivity. This new generation of molecular diagnostics can be used, for example, to detect or identify micro-organisms, cancer cells, bacteria and viruses (including HIV) by searching for their nucleic acid sequences. In order to prove that a disease is present in a patient, the unique sequence of the target nucleic acid causing the disease must be known, and the sequence in the sample must be amplified to facilitate detection. Potential commercial applications for nucleic acid-based molecular diagnostics include infectious disease diagnostics in bio banks, HLA typing for bone marrow and organ transplantation, genetic testing for predisposition to cancers and other common diseases, and genetic "fingerprinting" of humans, animals and plants.

The success of nucleic acid-based molecular diagnostics will depend on the ability to analyze purified nucleic acid samples from a variety of specimens, including blood, tissue, body fluids and stool, and on automation so that hundreds of samples can be handled concurrently. Other key factors will be the convenience, versatility, and reliability of the nucleic acid separation and purification procedures. Our BioRobot series has been developed to handle low-, medium-, and high-throughput nucleic acid sample preparation and handling tasks in molecular biology laboratories, clinical laboratories, blood banks, forensic projects, and genomics projects. Nucleic acid samples purified on our instruments are ready for use in the demanding and sensitive downstream assays performed in molecular diagnostic applications. We offer closed and open assay technologies. The open platforms, such as RT-PCR or Endpoint PCR, contain PCR reagents. Closed platforms, diagnostics with predefined targets, include Multiplexing and other pathogen detection assays. In order to broadly address the molecular diagnostics market, in May 2005 we acquired artus, subsequently renamed QIAGEN Hamburg GmbH, which offers a broad range of real-time PCR assays for viral and bacterial pathogen detection that are complementary to our sample preparation kits. The majority of these assays are validated with either manual QIAamp sample preparation or automated MagAttract sample preparation and CE-labeled according to the EU-IvD-D. Assays are marketed directly to end customers by our sales channels and selected assays are marketed by major diagnostic partners with access to customers complementary to our customers. All assays are PCR-licensed for human diagnostic and veterinary diagnostic purposes and provide all features such controls, ready-to-use reagents and comprehensive technical documentation needed in a routine diagnostic testing environment. In addition, we intend to enter into partnerships or other agreements with established companies in the molecular diagnostics market in order to broaden the distribution of our products.

Applied Testing Market

We believe that emerging applied testing markets such as forensics, veterinary and food, offer great opportunities for standardized sample preparation and assay solutions. Successes in crime cases due to DNA analyses, public debates about GMO and food safety as well as bioterrorism risks, have increased the value of the use of molecular based methods. These methods are performed by well trained researchers in fully equipped laboratories as well as by less trained personnel calling for easy-to-use, reproducible and standardized methods.

Our manual DNA and RNA purification methods and the automated solutions on BioRobot EZ1, BioSprint 15 and 96, as well as our amplification enzymes and quantitative assays address the needs in these markets. We market a range of assays to end users in applied testing markets such as veterinary diagnostics and biodefense laboratories.

Seasonality

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

Revenue by Geographic Region

The table below sets forth total revenue during each of the past three fiscal years by geographical market, which includes revenue from all our product and service offerings. It is not practicable to provide a detail of revenues by category of activity. Net sales are attributed to countries based on the location of the subsidiary making the sale as certain subsidiaries have international distribution. See Note 21 to our consolidated financial statements included in "Item 18. Financial Statements" for additional information with respect to operations by geographic region.

Net Sales	**2006**	**2005**	**2004**
North America*	**$ 318,865,000**	$ 285,242,000	$ 284,393,000
Germany*	**220,325,000**	187,381,000	163,841,000
Switzerland*	**40,044,000**	36,957,000	37,936,000
Asia*	**49,875,000**	35,266,000	41,563,000
Rest of World*	**109,025,000**	88,924,000	74,117,000
Corporate*	**525,000**	985,000	65,000
Subtotal	**738,659,000**	634,755,000	601,915,000
Intersegment Elimination+	**(272,881,000)**	(236,360,000)	(221,286,000)
Total	**$ 465,778,000**	$ 398,395,000	$ 380,629,000

* Includes net sales to affiliates.

\+ Represents intercompany sales between affiliates, which are accounted for by a formula based on local list prices and eliminated in consolidation.

Intellectual Property, Proprietary Rights and Licenses

We do not depend on any individual patent or technologies owned or licensed by us. We are however significantly dependent in the aggregate on technology that we own or license. Therefore, we consider the protection of our proprietary technologies and products for the separation and purification of nucleic acids as the key to the success of our business. We rely on a combination of patents, licenses and trademarks to establish and protect our proprietary rights in our technologies and products. We currently own 89 issued patents in the United States, 56 issued patents in Germany and 327 issued patents in other major industrialized countries, and have 452 pending patent applications. Worldwide, we own 472 granted patents. Our policy is to file patent applications in Western Europe, the United States and Japan. U.S. patents have a term of 17 years from the date of issue for patents issued from applications submitted prior to June 8, 1995, and 20 years from the date of filing of the application in the case of patents issued from applications submitted on or after June 8, 1995. Patents in most

other countries have a term of 20 years from the date of filing the patent application. We intend to aggressively prosecute and enforce our patents and otherwise protect our proprietary technologies. We also rely on trade secrets, know-how, continuing technological innovation and licensing opportunities to develop and maintain our competitive position.

Our practice is to require employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of their relationships with us. These agreements provide that all confidential information developed by or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties, subject to a right to publish certain information in scientific literature in certain circumstances and to other specific exceptions. In the case of our employees, the agreements provide that all inventions conceived by the individual in the course of their employment will be our exclusive property.

See "Risk Factors" included in Item 3 above for details regarding risks related to our reliance on patents and proprietary rights.

Partnerships, Alliances and Acquisitions

Our strategy includes the use of strategic alliances to augment our product development efforts with complementary technologies and to leverage our marketing and distribution capabilities with respect to select market opportunities. In order to expand our business, we also intend to continue to pursue strategic investments in or acquisitions of complementary businesses and technologies as the opportunities arise. We currently develop integrated solutions for and together with 15 manufacturers from pharma and diagnostics, including Roche Diagnostics, Abbott Laboratories and Bayer.

Competition

We believe that our primary competition involves traditional separation and purification methods, such as phenol extraction, cesium chloride density gradient centrifugation, and precipitation. These methods utilize widely available reagents and other chemicals supplied by companies such as Sigma-Aldrich Corp. and Roche Diagnostics GmbH (Applied Sciences Division). We compete with such methods through our innovative technologies and products, which offer a comprehensive solution for nucleic acid collection, pre-treatment, separation and purification needs and provide significant advantages over traditional methods with respect to speed, reliability, convenience, and ease of use.

We also experience, and expect to continue to experience, competition in different segments of our business from other companies providing sample preparation products in kit form and assay solutions. These competitors include: Promega Corp., Invitrogen Corp., Millipore Corp., Roche Diagnostics, and Macherey-Nagel GmbH for nucleic acid separation and purification; Applied Biosystems, Invitrogen Corp. and Promega Corp for assay solutions; Invitrogen Corp. and Promega Corp. for transfection reagents, Sigma-Aldrich Corp. and Fisher Scientific for protein fractionation products. We believe that our proprietary technologies and products offer significant advantages over competitors' products with regard to purity, speed, reliability, and ease-of-use.

We believe that our competitors do not have the same comprehensive approach to pre-analytical solutions, including nucleic acid sample processing and therefore cannot provide the broad range of technologies and depth of products and services that we offer. With our complete range of manual and fully automated solutions, we believe we offer the value of standardization of procedures and therefore more reliable results. We also believe that our integrated strategic approach of sample and assay technologies gives us a competitive advantage. The quality of sample preparation—a field in which we have a unique market and leadership position—is a key prerequisite for reliable molecular assay solutions which increasingly are being applied in emerging markets such as applied testing and molecular diagnostics.

Our continued future success will rely in large part on our ability to maintain our technological advantage over competing products, expand our market presence and preserve customer loyalty. There can be no assurance that we will be able to compete effectively against our past, present or future competitors or that developments by others will not render our technologies or products non-competitive.

Suppliers

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. Raw materials generally include chemicals, raw separation media, biologics, plastics and packaging. Raw materials are generally readily available at competitive, stable prices from a number of suppliers. Certain raw materials are produced under our specifications, so we closely monitor stock levels to maintain adequate supplies. We believe we maintain inventories of raw materials at a sufficient level to ensure reasonable customer service levels, and to guard against normal volatility in availability.

Government Regulations

We are not subject to direct regulation other than regulation generally applicable to businesses pursuant to various laws and regulations in effect in the different jurisdictions in which we operate, including laws and regulations applicable to environmental matters, such as the handling and disposal of hazardous wastes. Our research and development activities involve the controlled use of small amounts of hazardous materials, chemicals and radioactive compounds. Although we believe that our safety procedures for handling and disposing of such materials comply with the standards prescribed by applicable regulations, such as the United States Occupational Safety and Health Administration's, or OSHA, Hazard Communication and Occupational Exposure to Hazardous Chemicals in Laboratories standards, 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.

We also comply with the OSHA Bloodborne Pathogens standard and the Center for Disease Control/ National Institutes of Health Biosafety in Microbiological and Biomedical Laboratories standards for the handling of biological materials as well as comply with the United States Department of Transportation and International Air Transport Association regulations for the shipping of our kits which contain materials classified as hazardous. There are other federal, state and local laws and regulations applicable to our business, including those of the United States Environmental Protection Agency and the Maryland Department of the Environment. However, we do not expect that compliance with governmental regulations to which we are subject will have a material effect on our capital expenditures, earnings or competitive positions.

Sales volumes of certain of our products in development may be dependent on commercial sales by our customers of diagnostic and pharmaceutical products, which will require preclinical studies and clinical trials and other regulatory requirements. Trials will be subject to extensive regulation by governmental authorities in the United States, including the Food and Drug Administration, or FDA, and equivalent agencies in other countries, and involve substantial uncertainties. In addition, certain of our products, especially products intended for use in in-vitro diagnostics applications, are dependent on regulatory or other clearance. For example, as of December 7, 2003, all in vitro diagnostic products sold in the European Union had to bear the CE mark, which indicates compliance with the requirements of the EU-IvD-D. We also expect to seek FDA approvals in 2007. Our failing to obtain such clearance or approvals can significantly damage our business in such segments.

Organizational Structure

QIAGEN N.V. is the holding company for 37 consolidated subsidiaries, the majority of which have the primary function of the distribution of our products and services on a regional basis. Certain subsidiaries also have research and development or production activities. A listing of our significant subsidiaries, all of which are wholly owned, and their jurisdiction of incorporation, is included in Exhibit 8.1 to this Annual Report.

Description of Property

Our production and manufacturing facilities for consumables products are located in Germany, the United States and China. Our instrument production facility is located in Switzerland. Over the last several years, we have made investments in automated and interchangeable production equipment to increase our production capacity and improve efficiency. For Good Manufacturing Practice, or GMP, production, special areas were built in our facilities in Germany at Hilden and Erkrath. Our production and manufacturing operations are highly integrated and benefit from sophisticated inventory control. We have also installed and continue to expand production-planning systems that are included in our integrated information and control system based on the business software package SAP R/3 from SAP AG. Worldwide, we use SAP software to integrate our material operating subsidiaries. Our production management personnel are highly qualified and many have engineering degrees.

The consumable products manufactured at QIAGEN GmbH and QIAGEN Hamburg GmbH, both in Germany, and QIAGEN Sciences, Inc. in Maryland are produced under ISO 9001: 2000, ISO 13485:2003 for Medical Devices, and ISO 13485:2003 CMDCAS. QIAGEN Hamburg GmbH also has been certified under the EC Directive 98/79/EC for medical devices. QIAGEN Instruments AG in Switzerland, which produces the majority of our instrumentation product line, is also ISO 9001 : 2000 and 13485:2003 certified. Our certifications form part of our ongoing commitment to provide our customers high quality, state-of-the-art sample and assay technologies and to the development of our Total Quality Management system.

Our facilities in Hilden, Germany currently occupy a total of approximately 530,000 square feet, some of which is leased pursuant to separate contracts expiring between the years 2006 and 2018. In two separate transactions between July 1997 and February 1998, we purchased a parcel of land directly adjacent to our existing German facilities, measuring approximately 549,000 square feet. During 2003, we completed a 115,000 square foot production facility and a 149,000 square foot administration building on this land at a cost of EUR 55.4 million (approximately $69.8 million). During 2005, we purchased our leased cGMP production facilities in Germany and began the planning for a new logistics center in Hilden. Construction on the new facility began in August 2006 and be completed by the second quarter of 2007. The new logistics center will occupy approximately 61,000 square feet and will cost an estimated EUR 9.0 million, of which EUR 6.4 million (approximately $8.2 million) had been incurred at December 31, 2006.

We increased our production capacity with the establishment of a manufacturing and research facility in the United States. In 1999, QIAGEN Sciences, Inc. purchased an 18-acre site for approximately $3.2 million in Germantown, Maryland. Construction began in March 2000, and in November 2000 QIAGEN Sciences exercised the option to purchase an additional adjacent lot of approximately 6 acres for $1.2 million. The purchase of this additional lot allows for future expansion of up to 400,000 square feet of additional facility space. Construction was financed primarily by intercompany loans and long-term bank debt. Early in 2002, construction on the manufacturing portion of the facility was completed at a cost of approximately $57.5 million. The 200,000 square foot Maryland facility consists of several buildings in a campus-like arrangement and is intended to accommodate over 300 employees. Construction of siRNA/RNA research and development lab and production space, as well as additional office space, was completed in the first quarter of 2003 at a cost of approximately $3.9 million. QIAGEN Sciences is integrated with our other North American and European subsidiaries through our SAP business information systems and utilizes production-planning, quality management and inventory management modules from SAP in order to increase efficiency.

Our corporate headquarters are located in leased office space in Venlo, The Netherlands. Other subsidiaries throughout the world lease small amounts of space. Capital expenditures for property, plant and equipment totaled $29.0 million, $13.7 million, and $12.6 million for the years ended December 31, 2006, 2005 and 2004.

We believe that our existing and planned production and distribution facilities can support our anticipated production needs for the next 36 months. Our production and manufacturing operations are subject to various federal, state, and local laws and regulations including environmental regulations. We believe we do not have any material issues relating to these laws and regulations.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

This section contains a number of forward-looking statements. These statements are based on current management expectations, and actual results may differ materially. Among the factors that could cause actual results to differ from management's expectations are those described in "Risk Factors" above, and "Business Factors" below.

Business Factors

This report contains forward-looking statements that are subject to certain risks and uncertainties. These statements can be identified by the use of forward-looking terminology such as "believe," "hope," "plan," "intend," "seek," "may,' "will," "could," "should," "would," "expect," "anticipate," "estimate," "continue" or other similar words. 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, including, but not limited to, the following: risks associated with our expansion of operations, including the acquisition of new companies; variability in our operating results from quarter to quarter; management of growth, international operations, and dependence on key personnel; intense competition; technological change; our ability to develop and protect proprietary products and technologies and to enter into collaborative commercial relationships; our future capital requirements; general economic conditions and capital market fluctuations; and uncertainties as to the extent of future government regulation of our business. As a result, our future development efforts involve a high degree of risk. For further information, refer to the more specific risks and uncertainties discussed under the caption "Risk Factors" in Item 3 and throughout this Form 20-F.

Results of Operations

Overview

We believe that we are the leading provider of innovative technologies and products for preanalytical sample preparation and linked molecular assay solutions, based on the nature of our products and technologies and on our United States and European market shares as supported by independent market studies. We have developed a comprehensive portfolio of more than 500 proprietary consumable products and automated solutions for sample collection, and nucleic acid and protein handling, separation, and purification. We also supply diagnostic kits, tests, and assays for human and veterinary molecular diagnostics. Our products are sold to academic research markets, and to leading pharmaceutical and biotechnology companies as well as to diagnostics laboratories. We also provide purification and testing solutions to applied testing markets such as forensics, animal and food testing, and pharmaceutical process control. We employ more than 1,900 people worldwide. We sell our products through a dedicated sales force and a global network of distributors in more than 40 countries.

Since 2001, we have had compound annual growth rate of approximately 13% in net sales and 24% in net income based on reported U.S. GAAP results. We have funded our growth through internally generated funds, debt, and private and public sales of equity securities. In recent years, we have made a number of strategic acquisitions and disposals expanding and focusing our technology and product offerings.

These transactions include:

- In the fourth quarter of 2006, we completed the acquisition of Genaco Biomedical Products, Inc., located in Huntsville, Alabama. Genaco is an early-stage company applying a proprietary PCR-based

multiplexing technology, Tem-PCR, to develop Templex™ molecular diagnostic tests. Multiplexing is a rapidly emerging segment in molecular diagnostics and is also highly synergistic with our portfolio of qPCR-based molecular diagnostic assays which in the segment of infectious disease diagnostics is considered to be the broadest in the world. In the fourth quarter of 2006, we also acquired former distributors PhileKorea Technology Inc., located in Daejeon, Korea, and ATC Health Products Ltd., located in Ankara, Turkey.

- In the second quarter of 2006, we completed the acquisitions of Gentra Systems, Inc., located in Minneapolis, Minnesota, Singapore-based Research Biolabs Pte. Ltd., and Research Biolabs Sdn Bhd, located in Malaysia. Gentra is a leading developer, manufacturer, and supplier of non-solid phase nucleic acid purification products, providing both consumables and automated platforms. The acquisition expands our position as a leading provider of preanalytical and molecular diagnostics solutions to research and diagnostic customers. The acquisition of Research Biolabs, previously our distributor, expands our direct presence in one of the most dynamic regions of our global business. Research Biolabs currently has sales and marketing teams in Singapore, Malaysia and Indonesia, and will also support market development in Thailand and Vietnam.
- During the first quarter of 2006, we completed two acquisitions. PG Biotech Co. Ltd. (PG Biotech) is a leading developer, manufacturer, and supplier of polymerase chain reaction (PCR)-based molecular diagnostic kits in China. The acquisition will support QIAGEN's position as a leading provider of molecular diagnostics solutions to OEM partners and customers in the rapidly growing Asian markets. We also acquired certain assets and operations from Diatech s.r.l., Jesi, Italy, which distributes products produced by artus, which we acquired in 2005, in Italy.
- At the end of the fourth quarter of 2005, we completed the acquisition of Eppendorf AG's reagent business which includes the Eppendorf "5-Prime" nucleic acid sample preparation and PCR reagent product lines and related intellectual property. The acquisition adds to our core strategic focus, represents an attractive addition to our portfolio of preanalytical and nucleic acid amplification consumables and adds a very promising pipeline of proprietary technologies for nucleic acid handling, separation, purification, and amplification.
- During the third quarter of 2005, we completed three acquisitions. We acquired Tianwei Times, located in Beijing, China, which is a leading developer, manufacturer and supplier of nucleic acid sample preparation consumables in China. We acquired substantially all assets of Tianwei Times through our new wholly owned subsidiary Tiangen Biotech Beijing Co. Ltd. (Tiangen). The Tiangen acquisition expands QIAGEN's position as the leading supplier for products and technologies for preanalytical sample preparation in the rapidly growing market in China. In August, we acquired the business of LumiCyte, Inc., which has developed and recently initiated marketing of the first products based on its proprietary STS- (Surface Tension Segmented) Biochip sample preparation solution for MALDI (Matrix-Assisted Laser Desorption/Ionization)-Mass Spectrometry (MS), and SuNyx GmbH which has developed and recently initiated marketing of its proprietary platforms for sample preparation of peptide and protein samples for analysis on Liquid Chromatography (LC)-MALDI Mass Spectrometry.
- During the second quarter of 2005, we completed the acquisition of two companies. We acquired artus Gesellschaft für molekularbiologische Diagnostik und Entwicklung mbH (artus), subsequently renamed QIAGEN Hamburg GmbH, which is located in Hamburg, Germany, and is an established leader in PCR-based molecular diagnostic tests for pathogenic, genotyping and pharmacogenomic testing. We also acquired Nextal Biotechnology, Inc. (Nextal), subsequently renamed QIAGEN Canada, Inc., which is located in Canada and is a fast-growing provider of proprietary sample preparation tools which make protein crystallization more accessible.
- Also during the second quarter of 2005, we acquired the world-wide, exclusive rights and licenses to manufacture and market the complete portfolio of RNAture's nucleic acid isolation products from Hitachi Chemical Research Center, Inc. In combination with our consumable and automation technologies, the RNAture solutions have the potential to provide a new dimension of value to our customers in high-throughput gene expression analysis and siRNA in research and drug development.

- In September 2004, we completed the acquisition of key assets of Molecular Staging, Inc. (MSI) of New Haven, Connecticut. MSI was a privately held company which had developed a range of proprietary products and services based on its Multiple Displacement Amplification (MDA) and Rolling Circle Amplification (RCA) technology. The key application of MDA is whole genome amplification (WGA) which is designed to eliminate limitations created by the scarce quantities of DNA samples available for customers to perform an increasing number of analyses. The technology portfolio acquired from MSI adds a new dimension of customer benefit and is in our core focus on pre-analytical solutions. The primary reason for the acquisition was to enable us to provide customers a solution for overcoming the limitations of scarce DNA samples.
- In June 2004, we sold a significant portion of our synthetic DNA business unit to a group of investors since the market dynamics and strategic directions this business were becoming different in nature compared to our core focus. We retained all rights and activities in our leading siRNA business including ownership of our proprietary TOM-amidite chemistry.

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

In December 2003, we committed to a relocation and restructure plan to more fully utilize our North American Headquarters in Germantown, Maryland, and to discontinue certain products. This plan was completed in 2004. In 2006, we closed our facilities in Oslo, Norway and Fremont, California, and commenced the relocation and closure of a facility in Canada.

In 2006, on a consolidated basis, operating income increased to $100.6 million, compared to $94.8 million in 2005. Our financial results include the contributions of our recent acquisitions, as well as the costs related to the acquisitions and integrations, including charges for purchased in-process research and development, and costs related to the relocation and closure of our facilities in Norway, Canada and Fremont, California. 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.

In 2005, on a consolidated basis, operating income increased to $94.8 million, compared to $84.1 million in 2004. The increase in operating income is primarily the result of increased sales and lower operating costs as a result of our restructuring efforts, partially offset by acquisition related costs and costs related to our restructuring and relocation efforts. In June 2004, we sold a significant portion of our synthetic DNA business unit. Accordingly, the first six months in 2005 do not include any sales of synthetic DNA and related products or operating costs related to the former business unit. Our overall performance in 2005 also reflects a delay in the purchases of certain of our OEM partners whose anticipated product launches included our instrument and consumable products. These unforeseen delays in our partners' product launches resulted in a decrease in the sales of our instrument products in 2005. However, since our instrument products carry a lower gross margin than our consumable products, the lower instrumentation sales resulted in a higher gross margin in 2005. Therefore, we still achieved a strong operating margin.

In 2004, on a comparative basis, sales increased primarily as the result of an increase in our consumables products sales, which experienced very solid growth in 2004 compared to 2003. During 2004, we continued our plans to realign certain operating functions in line with our focus on streamlining and strengthening our operations. Further, on a comparative basis, operating income during 2004 was negatively impacted by the currency impact of the stronger euro, since a significant portion of our production and operations is based in Germany, along with lower gross margins from instrumentation sales. After the sale of a significant portion of our synthetic DNA business unit, our gross margin is no longer negatively impacted by such products and as a result, our reported gross margin in 2004 increased to 67% compared to 65% for the same period in 2003.

We manage our business based on the locations of our subsidiaries. Therefore, reportable segments are based on the geographic locations of our subsidiaries. Our reportable segments include our production, manufacturing and sales facilities located throughout the world. In addition, the Corporate segment includes our holding company located in The Netherlands and two subsidiaries located in Germany which operate only in a corporate support function. The reportable segments derive revenues from our entire product and service offerings. Our Luxembourg subsidiaries, QIAGEN Finance (Luxembourg) S.A., or QIAGEN Finance, and QIAGEN Euro Finance (Luxembourg) S.A., or Euro Finance, which were established as the financing vehicles for the issuance of convertible debt, are not consolidated.

The following tables set forth operating income by segment for the years ended December 31. Further segment information can be found in Note 21 in the accompanying financial statements.

Operating Income (Loss)	2006	2005	2004
North America	$ 31,414,000	$36,095,000	$39,381,000
Germany	53,956,000	43,279,000	28,668,000
Switzerland	(1,558,000)	(305,000)	1,492,000
Asia	8,302,000	7,182,000	8,206,000
Rest of World	15,594,000	14,136,000	10,485,000
Corporate	(6,550,000)	(3,959,000)	(3,455,000)
Subtotal	101,158,000	96,428,000	84,777,000
Intersegment Elimination	(557,000)	(1,591,000)	(637,000)
Total	$100,601,000	$94,837,000	$84,140,000

In 2006, operating income in North American decreased compared to 2005. North America experienced an increase in consumable sales. However, operating expenses in North America were higher as a result of the operating costs of 5-Prime, acquired in December 2005, and Gentra and Genaco, both acquired in 2006. Additionally, operating costs were higher in 2006 than in 2005 due to the acquisitions and integrations costs of recent acquisitions.

In Germany, operating income was higher in 2006 primarily due to increased consumable sales which carry a higher gross margin, and sales of our newer acquired German company QIAGEN Hamburg GmbH, formerly artus, partially offset by increased operating costs from the new subsidiary and acquisition related operating costs. QIAGEN Hamburg was acquired in the second quarter of 2005 and is now fully integrated into the QIAGEN group.

The operating loss in Switzerland was higher primarily due to an increase in research and development costs in 2006 as compared to 2005.

Fiscal Year Ended December 31, 2006 compared to 2005

Net Sales

In 2006, net sales increased 17% to $465.8 million from $398.4 million in 2005. In 2006, net sales in North America increased 12%, net sales in Europe increased 17% and net sales in Asia increased 41%, primarily driven by China. The increase in sales was primarily the result of an increase in our consumables products sales which experienced a growth rate of 17% in 2006 as compared to 2005. The increase in consumable sales includes organic growth and sales from our recently acquired businesses. During 2006, sales from our instrumentation products increased 19% compared to 2005. Sales of our other offerings, primarily services, which represented 1% of our 2006 net sales, decreased 16% in 2006 as compared to 2005.

We regularly introduce new products in order to extend the life of our existing product lines as well as to address new market opportunities. During 2006, we introduced more than 67 new products including innovative

sample and assay technologies for research in the areas of epigenetics, gene expression, micro RNA, proteomics, RNAi, and molecular diagnostics.

A significant portion of our revenues is denominated in euros. Changes in exchange rates can affect the growth rate of net sales. For the year ended December 31, 2006, using identical foreign exchange rates for both years, net sales would have increased approximately 17% as compared to the reported increase of 17% for the year ended December 31, 2006.

Gross Profit

Gross profit was $324.6 million or 70% of net sales in the year ended December 31, 2006 as compared to $275.2 million or 69% of net sales in 2005. The absolute dollar increase in 2006 compared to 2005 is attributable to the increase in net sales. The gross margin of 70% in 2006 as compared to the gross margin of 69% in 2005 primarily reflects the impact of our consumable sales. Our consumable products have a higher gross margin than our instrumentation products and fluctuations in the sales levels of these products can result in fluctuation in our gross margin during a quarter when compared to the gross margin of another quarter. During 2006 and 2005, instrumentation sales represented approximately 10% of our total sales. In connection with our acquisitions in 2006 and 2005, we expensed $2.0 million and $439,000, respectively, of inventory to cost of sales which will be replaced with products integrating newly acquired technologies.

Research and Development

Research and development expenses increased 16% to $41.6 million (9% of net sales) in 2006 compared with $35.8 million (9% of net sales) in 2005. Using identical foreign exchange rates for both years, research and development expenses would have increased approximately 15%. Our recent acquisitions of new technologies, notably those acquired via the acquisitions of artus and 5-Prime, have resulted in an increase in our research and development costs. As we continue to expand our research activities and product development capabilities, additional expense will be incurred related to research and development facility costs and the employees engaged in our research and development efforts. Additionally, our research and development costs are expected to increase as we incur costs in connection with obtaining 510(k) and CE approval of our artus and Genaco assays. We have a strong commitment to research and development and anticipate that research and development expenses will increase, perhaps significantly.

Sales and Marketing

Sales and marketing expenses increased 23% to $115.9 million (25% of net sales) in 2006 from $94.3 million (24% of net sales) in 2005. Using identical foreign exchange rates for each year, sales and marketing expenses would have increased approximately 22%. 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 2006 includes expenses related to creating separate sales organizations addressing customers in industrial and academic research, applied testing and molecular diagnostics, as well as to sales organizations in our newly acquired or established subsidiaries. We anticipate that sales and marketing costs will increase along with new product introductions and continued growth in sales of our products.

General and Administrative

General and administrative expenses increased 21% to $48.6 million (10% of net sales) in 2006 from $40.1 million (10% of net sales) in 2005. Using identical foreign exchange rates for both years, general and administrative expenses would have increased approximately 21%. General and administrative expenses primarily represent the costs required to support our administrative infrastructure which, except for the period following our restructuring, have continued to expand along with our growth. The increase in general and administrative expenses in 2006 includes expenses related to our newly acquired subsidiaries.

Acquisition Related Intangible Amortization

Acquisition related intangible amortization relates to intangible assets acquired in our business acquisitions. During 2006, the amortization expense on acquisition related intangibles increased to $8.2 million from $3.7 million in 2005. The increase in expense is the result of an increase in the amount of intangibles acquired in our recent business acquisitions. During 2006, we completed seven acquisitions which have increased our intangible assets subject to amortization. We therefore expect that our acquisition related intangible amortization will increase as a result of the recent acquisitions, as well as by any future acquisitions.

Acquisition, Integration and Related Costs

In connection with our acquisitions, we recorded charges in 2006 of $2.2 million for purchased in-process research and development and $2.0 million related to inventory which needed to be replaced with products suitable to the newly acquired technologies. Costs related to acquisition and integration activities during 2006 totaled $6.1 million and included $1.0 million in severance and employee related costs, $2.5 million of costs related to acquisition integrations and $2.6 million for the impairment of assets.

In connection with our acquisitions, we recorded charges in 2005 of $3.2 million for purchased in-process research and development and $439,000 related to inventory which needed to be replaced with products suitable to the newly acquired technologies. Costs related to acquisition and integration activities during 2005 totaled $3.2 million, including $2.1 million related to the impairment of fixed and other assets as a result of the acquisition.

Relocation and Restructure Costs

Relocation and restructuring costs recorded in 2006 are related to the restructuring of acquired businesses located in Norway and North America for which a restructuring was not contemplated at the time of acquisition. We expect that restructuring charges related to the 2006 closures and relocations will total approximately $2.0 million, of which $1.5 million has been recorded as of December 31, 2006. These costs consisted primarily of relocation and severance costs of $669,000, lease and facility costs of $181,000 and other costs of $601,000.

Other Income (Expense)

Other income was $5.5 million in 2006 compared to other expense of $2.4 million in 2005. This increase in income was mainly due to higher interest income and gain from equity method investees, partially offset by higher interest expense, lower research and development grant income and a lower loss on foreign currency transactions.

In 2006, research and development grant income from European Union as well as German state and federal government grants decreased to $795,000 from $1.4 million in 2005. We conduct significant research and development activities in Germany, and expect to continue to apply for such research and development grants in the future.

We recorded a loss from foreign currency transactions of $660,000 in 2006 as compared to a loss of $157,000 in 2005. The loss from foreign currency transactions reflects the net effect of conducting business in currencies other than the U.S. dollar. QIAGEN N.V.'s functional currency is the U.S. dollar and its subsidiaries' functional currencies are the euro, the British pound, the Swedish krone, the Swiss franc, the U.S. dollar, the Australian dollar, the Canadian dollar, the Japanese yen, the Malaysian ringgit, the Chinese yuan, the Korean won, the Turkish lira and the Norwegian krone. See Currency Fluctuations under Item 11 "Quantitative and Qualitative Disclosures About Market Risk."

For the year ended December 31, 2006, interest income increased to $16.4 million from $7.6 million in 2005. Interest income is derived mainly from interest bearing cash accounts and investments. The increase in

interest income in 2006 over 2005 was primarily the result of an increase in amounts invested during the year along with an increase in interest rates. At December 31, 2006, we had $430.4 million in cash and cash equivalents compared to $191.7 million at December 31, 2005. As of December 31, 2006, we had $52.8 million invested in marketable securities, compared to $15.0 million in auction rate at December 31, 2005.

Interest expense increased to $11.9 million in 2006 compared to $5.9 million in 2005. Interest costs relate primarily to our long-term borrowings from QIAGEN Finance and the new borrowings from Euro Finance along with the long-term debt related to our facility construction.

In 2006, we recorded a net gain from equity method investees of $1.3 million compared to a loss of $1.1 million in 2005. The gain/loss primarily represents our share of profits/losses from our equity investment in PreAnalytiX. As previously disclosed, we intend to continue to make strategic investments in complementary businesses as the opportunities arise. Accordingly, we may record losses on equity investments based on our ownership interest in such companies.

Other miscellaneous expense was $360,000 in 2006 compared to other miscellaneous income of $741,000 in 2005. This increase in miscellaneous expense was primarily due to 2006 losses on the disposition of property and equipment.

Provision for Income Taxes

Our effective tax rate decreased to 34% in 2006 from 36% in 2005. Our operating subsidiaries are exposed to effective tax rates ranging from approximately 0% to approximately 62%. Fluctuations in the distribution of pre-tax income among these entities can lead to fluctuations of the effective tax rate in our consolidated financial statements.

Fiscal Year Ended December 31, 2005 compared to 2004

Net Sales

In 2005, net sales increased 5% to $398.4 million from $380.6 million in 2004. Net sales in the United States decreased to $165.2 million in 2005 from $167.4 million in 2004, and net sales outside the United States increased to $233.2 million in 2005 from $213.2 million in 2004.

The increase in sales was primarily the result of an increase in our consumables products sales, which experienced a growth rate of 13%, partially offset by a decrease in our instrument product sales of 2% in 2005 as compared to 2004. During 2005, we experienced slower performance under some of our OEM contracts where our OEM partners delayed product launches, that include our instruments and consumable products, resulting in lower sales, primarily of instruments, in 2005. Additionally, as we continued to focus on our core business, sales of our other offerings, primarily services, which represented 2% of our 2005 net sales, decreased 21% in 2005 as compared to 2004.

In the second quarter of 2004, we sold a significant portion of our synthetic DNA business unit. Accordingly, net sales in 2005 in the United States, Germany and Japan did not include any sales of the synthetic DNA products, which were included in net sales of the first six months of 2004. Outside of the United States, net sales continued to be favorably affected by growth at our newer subsidiaries located in Sweden and The Netherlands, which reported an increase in sales of $9.2 million in 2005. Our recent acquired subsidiaries contributed approximately $9.6 million to the increase in 2005 net sales. Prior to the establishment and acquisitions of these newer subsidiaries, other subsidiaries reported sales to these regions. These increases were partially offset by the lower sales of QIAGEN Instruments AG, located in Switzerland, which reported a decrease in sales in 2005 of 6% ($1.7 million). In 2004, Switzerland had recorded a $1.0 million license of software to Operon Biotechnologies, Inc.

A significant portion of our revenues is denominated in euros. Changes in exchange rates can affect the growth rate of net sales. For the year ended December 31, 2005, using identical foreign exchange rates for both years, net sales would have increased approximately 5% as compared to the reported increase of 5% for the year ended December 31, 2005.

Gross Profit

Gross profit was $275.2 million or 69% of net sales in the year ended December 31, 2005 as compared to $253.5 million or 67% of net sales in 2004. The absolute dollar increase is attributable to the increase in net sales partially offset by the currency impact of the stronger euro. The 2004 gross profit includes sales of our synthetic DNA business unit, a significant portion of which was sold at the end of the second quarter in 2004. Accordingly, the second half of 2004 does not include any sales of synthetic DNA and related products, which carried a lower gross profit than our consumables products, thus the reported gross profit in 2005 is higher than 2004. Further, the increase in gross profit as a percentage of net sales is also attributable to the increase in net sales of consumable products, partially offset by the currency impact of the stronger euro. In connection with acquisitions, we expensed $439,000 and $1.5 million in 2005 and 2004, respectively, of inventory to cost of sales which will be replaced with products integrating newly acquired technologies.

Research and Development

Research and development expenses increased 9% to $35.8 million (10% of net sales) in 2005 compared with $34.4 million (9% of net sales) in 2004. Using identical foreign exchange rates for both years, research and development expenses would have increased approximately 9%. Our recent acquisitions of new technologies, notably those acquired via the acquisitions of artus and Nextal during the second quarter of 2005, have resulted in an increase in our research and development costs. The increase in research and development expenses is also attributable to the currency impact of the stronger euro, and was partially offset by the sale of our former synthetic DNA business unit in the second quarter of 2004.

Sales and Marketing

Sales and marketing expenses increased 8% to $94.3 million (24% of net sales) in 2005 from $87.5 million (23% of net sales) in 2004. Using identical foreign exchange rates for each year, sales and marketing expenses would have increased approximately 8%. Sales and marketing costs 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 2005 includes expenses related to our recently acquired subsidiaries, QIAGEN Hamburg and Nextal, along with our new sales subsidiaries established in Sweden and The Netherlands.

General and Administrative

General and administrative expenses decreased 4% to $40.1 million (10% of net sales) in 2005 from $41.7 million (11% of net sales) in 2004. Using identical foreign exchange rates for both years, general and administrative expenses would have decreased approximately 4%. General and administrative expenses primarily represent the costs required to support our administrative infrastructure which, until our recent restructuring, continued to expand along with our growth. General and administrative expenses were lower in 2005 as a result of our relocation and restructuring efforts, including the sale of our synthetic DNA business unit, which we sold at the end of June 2004.

Acquisition, Integration and Related Costs

In connection with acquisitions, we recorded a charge of $3.2 million in 2005 for purchased in-process research and development. Costs related to the acquisitions of 2005 included $439,000 related to inventory which needed to be replaced with products suitable to the newly acquired technologies. In connection with the

acquisition of artus and 5-Prime, we expensed costs of approximately $3.2 million, which included $2.1 million related to the impairment of fixed and other assets as a result of the acquisition and included costs related to the integration of $273,000.

Costs related to the acquisition of MSI in the third quarter of 2004 included a $1.5 million write-down of inventories, which were replaced with products integrating newly acquired technologies, and $572,000 related to the impairment of other assets as a result of the acquisition.

Relocation and Restructure Costs

In 2004, we completed the relocation of certain functions from our subsidiary in Valencia, California to Germantown, Maryland where our North American Headquarters is located. We recognized approximately $3.8 million in operating expenses in 2004 related to employee relocation and severance costs in connection with the relocation plan. In 2003 we expensed approximately $3.6 million to cost of sales for the write-down of inventories and approximately $1.5 million to operating expenses related to relocating employees, severance for employees not relocating and the write-off of investments. These restructuring and relocation activities were completed in 2004 at a total cost of approximately $8.9 million. Additionally, in 2003 approximately $1.6 million of mainly lease related costs were incurred to complete the closure of the QIAGEN Genomics site in Bothell, Washington. At December 31, 2005, the remaining accrued liability was $119,000 which was paid during the first part of 2006.

Other Income (Expense)

Other income was $2.4 million in 2005 compared to other expense of $11.5 million in 2004. This decrease in expense was primarily due to the sale of the majority of our synthetic DNA business unit in 2004. As a result we recorded a net loss related to the sale of $9.8 million in the second quarter of 2004.

In 2005, research and development grant income from European Union as well as German state and federal government grants decreased to $1.4 million from $1.6 million in 2004. We conduct significant research and development activities in Germany, and expect to continue to apply for such research and development grants in the future.

We recorded a loss from foreign currency transactions of $157,000 in 2005 as compared to a loss of $67,000 in 2004. The loss from foreign currency transactions reflects net effects from conducting business in currencies other than the U.S. dollar. See Currency Fluctuations under Item 11 “Quantitative and Qualitative Disclosures About Market Risk.”

In 2005, interest income increased to $7.6 million from $2.9 million in 2004. Interest income is derived mainly from interest bearing cash accounts and investments, primarily auction rate securities. The increase in interest income in 2005 over 2004 was the result of an increase in amounts invested during the year and an increase in interest rates. As of December 31, 2005, we had $15.0 million invested in such securities. The weighted average interest rate on the marketable securities portfolio was 3.42% in 2005, compared to 1.27% to 1.45% in 2004.

Interest expense increased to $5.9 million in 2005 compared to $5.1 million in 2004. Interest costs relate primarily to our long-term borrowings of the proceeds from the convertible debt offering along with the long-term debt related to our facility construction.

In 2005, we recorded net losses from equity method investees of $1.1 million compared to $2.2 million in 2004. The loss primarily represents our share of losses from our equity investment in PreAnalytiX and the lower loss in 2005 as compared to 2004 is a result of PreAnalytiX’s lower net loss due to new product sales.

Other miscellaneous income was $741,000 in 2005 compared to other miscellaneous expense of $8.5 million in 2004. This decrease in miscellaneous expense was primarily due to the sale of the majority of our

synthetic DNA business unit in 2004. As a result we recorded a net loss related to the sale of $9.8 million in the second quarter of 2004.

Provision for Income Taxes

Our effective tax rate increased to 36% in 2005 from 33% in 2004. Our operating subsidiaries are exposed to effective tax rates ranging from zero to approximately 43%. Fluctuation in the distribution of pre-tax income among these entities can lead to fluctuations of the effective tax rate in our consolidated financial statements. Further, we received tax benefits in 2004 related to the revaluation of deferred taxes in The Netherlands, the United States, and Norway.

Foreign Currency

QIAGEN N.V.'s functional currency is the U.S. dollar and our subsidiaries' functional currencies are the local currency of the respective countries in which they are headquartered, in accordance with Statement of Financial Accounting Standard No. 52, "Foreign Currency Translation." All amounts in the financial statements of entities whose functional currency is not the U.S. dollar are translated into U.S. dollar equivalents at exchange rates as follows: (1) assets and liabilities at period-end rates, (2) income statement accounts at average exchange rates for the period, and (3) components of shareholders' equity at historical rates. Translation gains or losses are recorded in shareholders' equity, and transaction gains and losses are reflected in net income. The net loss on foreign currency transactions in 2006, 2005 and 2004 was $660,000, $157,000, and $67,000, respectively, and is included in other income.

Liquidity and Capital Resources

To date, we have funded our business primarily through internally generated funds, debt and the private and public sales of equity. Our primary use of cash has been to support continuing operations and our capital expenditure requirements including acquisitions. As of December 31, 2006 and 2005, we had cash and cash equivalents of $430.4 million and $191.7 million, respectively, and investments in current marketable securities of $52.8 million and $15.0 million, respectively. Cash and cash equivalents are primarily held in euros and U.S. dollars, other than those cash balances maintained in the local currency of subsidiaries to meet local working capital needs. At December 31, 2006, cash and cash equivalents had increased by $238.7 million over December 31, 2005 primarily due to cash provided by operating activities of $101.5 million and financing activities of $303.2 million, offset by cash used in investing activities of $165.5 million. Marketable securities consist of fixed and floating rate debt instruments. As of December 31, 2006 and 2005, we had working capital of $566.7 million and $278.6 million, respectively.

Operating Activities. For the years ended December 31, 2006 and 2005, we generated net cash from operating activities of $101.5 million and $91.2 million, respectively. Cash provided by operating activities increased in 2006 compared to 2005 primarily due to increases in net income and accounts payable, partially offset by an increase in inventories and a decrease in accrued liabilities. Since we rely heavily on cash generated from operating activities to fund our business, a decrease in demand for our products or significant technological advances of competitors would have a negative impact on our liquidity.

Investing Activities. Approximately $165.5 million of cash was used in investing activities during 2006, compared to $98.5 million during 2005. Investing activities during 2006 consisted principally of purchases of property and equipment and cash paid for acquisitions and the purchase of intangible assets. In the third quarter of 2006, we began construction of a new logistics center located in Germany. The new facility will occupy approximately 48,000 square feet and will cost an estimated EUR 9.0 million, of which EUR 6.4 million (approximately $8.2 million) had been incurred through December 31, 2006. The new logistics facility along with future expansions and acquisitions may result in increased investing activities compared to prior periods.

Financing Activities. Financing activities provided $303.1 million in cash for the year ended December 31, 2006, compared to $3.0 million for the same period in 2005. Cash provided during the period was primarily due to the proceeds received from a long-term loan payable to Euro Finance, the issuance of common shares as a result of stock option exercises, tax benefits from stock based compensation and proceeds received in connection with an agreement to issue shares to QIAGEN Finance, partially offset by capital lease payments and the repayment of debt.

We have credit lines totaling $12.4 million at variable interest rates, none of which was utilized as of December 31, 2006. We also have capital lease obligations, including interest, in the amount of $12.8 million, and carry $496.1 million of long-term debt.

We have two notes payable are the long-term borrowings of the proceeds from the issuance of $150.0 million senior unsubordinated convertible notes, with a 1.5% coupon due in 2024 through QIAGEN Finance, which was established for this purpose. The net proceeds of the convertible debt were loaned by QIAGEN Finance to our consolidated U.S. and Swiss subsidiaries. The long-term notes payable to QIAGEN Finance have an effective rate of 1.95% and are due in August 2011. The convertible notes issued by QIAGEN Finance are convertible into shares of our common stock at a conversion price of $12.6449 subject to adjustment. We also have a note payable of EUR 30.0 million, (approximately $39.6 million at December 31, 2006) which bears interest at a variable interest rate of EURIBOR plus 0.75% is due in annual payments of EUR 5.0 million through June 2011 and a note payable of EUR 5.0 million (approximately $6.6 million at December 31, 2006) which is due in June 2008.

In May 2006, we completed the offering of $300.0 million of 3.25% senior convertible notes (2006 Notes) due in 2026 through a new unconsolidated subsidiary QIAGEN Euro Finance (Luxembourg) S.A. (Euro Finance). The net proceeds of the 2006 Notes were loaned by Euro Finance to consolidated subsidiaries. At September 30, 2006, $300.0 million is included in long-term debt for the amount of 2006 Notes proceeds payable to Euro Finance. These long-term notes payable to EUR Finance have an effective interest rate of 4.2% and are due in May 2013. 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 stock at the option of the holder upon the occurrence of certain events at a price of $20.00 per share, subject to adjustment. QIAGEN N.V. has an agreement with Euro Finance to issue shares to the investors in the event of conversion. This subscription right, along with the related receivable, is recorded at fair value in the equity of QIAGEN N.V. as paid-in capital. 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.

In connection with the first quarter 2006 acquisition of PG Biotech, we acquired approximately $3.1 million in short-term debt. The debt was due and paid in April 2006.

We believe that funds from operations, existing cash and cash equivalents, together with the proceeds from our public and private sales of equity and convertible notes, and availability of financing facilities as needed, will be sufficient to fund our planned operations and expansion during the coming year.

Currency Hedging

In the ordinary course of business, we purchase financial instruments with which we intend to hedge foreign currency fluctuations with the principal objective of minimizing the risks and/or costs associated with global financial and operating activities. Generally, we hedge a majority of the anticipated cash flow that we expect to exchange into other currencies, subject to our short-term financing needs. We do not utilize financial instruments for trading or other speculative purposes.

At December 31, 2006, these foreign currency instruments consisted of options, which give us the right, but not the obligation, to purchase foreign currencies in exchange for U.S. dollars at predetermined exchange rates. These options are marked to market through our statements of income and are not designated as effective hedges according to the provisions of SFAS 133. At December 31, 2006, we did not have any significant foreign currency exchange option holdings.

During 2005, our German and Swiss subsidiaries entered into forward arrangements which qualify for hedge accounting as cash flow hedges of foreign currency denominated liabilities. At December 31, 2006, these forward contracts totaled $44.0 million as a hedge to currency risk on intercompany loans. The contracts mature in July 2011 and at December 31, 2006 and 2005 had fair market values of approximately $2.8 million and $663,000 million, respectively, which is included in other long-term liabilities in the accompanying consolidated balance sheets. During 2006, we also entered into two additional forward arrangements which qualify as cash flow hedges of foreign currency denominated liabilities. At December 31, 2006, we held a contract for Canadian dollars 8.0 million which matures in February 2007 and had a fair market value of $126,000 at December 31, 2006. Additionally we held a contract for Japanese yen 200.0 million which matures in April 2007 and had a fair market value of $190,000 at December 31, 2006. The fair values of these forwards are included in prepaid and other assets at December 31, 2006. During 2005, we also entered into a forward arrangement which qualifies as a cash flow hedge of $9.0 million Canadian dollars. This contract matured in February 2006 and had a fair market value of $377,000 at December 31, 2005, which is included in accrued and other liabilities at December 31, 2005.

The gain or loss on the change in the fair values of the derivatives are included in earnings to the extent they offset the earnings impact of changes in the fair values of the hedged obligations. Any difference is deferred in accumulated comprehensive income, a component of shareholders' equity. These contracts effectively fix the exchange rate at which the intercompany loans will be settled in, so that gains or losses on the forward contracts offset the losses or gains from changes in the value of the underlying intercompany loans.

Contractual Obligations

As of December 31, 2006, our future contractual cash obligations are as follows:

Contractual obligations (in thousands)	Total	2007	2008	2009	2010	2011	Thereafter
Long-term debt	$496,190	$ 6,599	$13,197	$ 6,599	$ 6,599	$163,196	$300,000
Capital lease obligations	17,992	1,488	1,563	1,534	1,550	1,491	10,366
Operating leases	23,422	8,396	6,426	3,833	2,975	1,652	140
Purchase obligations	25,119	13,810	9,355	172	172	172	1,438
License and royalty payments	3,175	635	413	413	413	413	888
Total contractual cash obligations	$565,898	$30,928	$30,954	$12,551	$11,709	$166,924	$312,832

In addition to the above and pursuant to purchase agreements for several of our recent acquisitions, we could be required to make additional contingent cash payments totaling up to $44.6 million based on revenue and other milestones in 2007 and beyond.

Critical Accounting Policies, Judgments and Estimates

The preparation of our financial statements in accordance with accounting principles generally accepted in the United States requires management to make assumptions that affect the reported amounts of assets, liabilities and disclosure of contingencies as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Critical accounting policies are those that require the most complex or subjective judgments often as a result of the need to make estimates about the effects of matters that

are inherently uncertain. Thus, to the extent that actual events differ from management's estimates and assumptions, there could be a material impact to the financial statements. In applying our critical accounting policies, at times we used accounting estimates that either required us to make assumptions about matters that were highly uncertain at the time the estimate was made or it is reasonably likely that changes in the accounting estimate may occur from period to period that would have a material impact on the presentation of our results of operations, financial position or cash flows. Our critical accounting policies are those related to revenue recognition, accounts receivable, investments, goodwill and other intangibles, and income taxes. We reviewed the development, selection, and disclosure of our critical accounting policies and estimates with the Audit Committee of our Supervisory Board.

Revenue Recognition. We recognize revenue in accordance with SEC Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements" (SAB 104). SAB 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed and determinable; and (4) collectibility is reasonably assured. Determination of criteria (3) and (4) could require management's judgments regarding the fixed nature of the fee charged for services rendered and products delivered and the collectibility of those fees. Should changes in conditions cause management to determine that these criteria are not met for certain future transactions, revenue recognized for any reporting period could be adversely affected.

Accounts Receivable. Our accounts receivable are unsecured, and we are at risk to the extent such amounts become uncollectible. We continually monitor accounts receivable balances, and provide for an allowance for doubtful accounts at the time collection becomes questionable based on payment history or age of the receivable. Since a significant portion of our customers are funded through academic or government funding arrangements, past history may not be representative of the future. As a result, we may have write-offs of accounts receivable in excess of previously estimated amounts or may in certain periods increase or decrease the allowance based on management's current estimates.

Investments. We have equity investments accounted for under the cost method. We periodically review the carrying value of these investments for permanent 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. Estimating the fair value of these non-marketable equity investments in life science companies is inherently subjective, and if actual events differ from management's assumptions, it could require a write-down of the investment that could materially impact our financial position and results of operations.

In addition, generally accepted accounting principles require different methods of accounting for an investment depending on the level of control that we exert. Assessing the level of control involves subjective judgments. If management's assumptions with respect to control differ in future periods and we therefore have to account for these investments under a method other than the cost method, it could have a material impact to our financial statements.

Goodwill and Other Intangible Assets. We account for acquisitions under the purchase method of accounting, typically resulting in goodwill. Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," requires us to assess goodwill for impairment at least annually in the absence of an indicator of possible impairment and immediately upon an indicator of possible impairment. The statement requires estimates of the fair value of our reporting units. If we determine that the fair values are less than the carrying amount of goodwill recorded, we must recognize an impairment in our financial statements. Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the reporting units and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty, and as additional information becomes known, we may change our estimate.

At December 31, 2006, goodwill and intangible assets totaled $160.1 million and $118.5 million, respectively, and were included in the following segments:

	Goodwill	Intangibles
North America	**$ 61,959,000**	**$ 45,632,000**
Germany	**55,504,000**	**51,296,000**
Switzerland	**—**	**71,000**
Asia	**13,689,000**	**12,345,000**
Rest of World	**28,989,000**	**6,124,000**
Corporate	**—**	**3,024,000**
Total	**$160,141,000**	**$118,492,000**

In the fourth quarter of 2006, we performed our annual impairment assessment of goodwill (using data as of October 1, 2005) in accordance with the provisions of SFAS No. 142. In testing for potential impairment, we measured the estimated fair value of our reporting units based upon discounted future operating cash flows using a discount rate reflecting our estimated average cost of funds. Differences in assumptions used in projecting future operating cash flows and cost of funds could have a significant impact on the determination of impairment amounts. In estimating future cash flows, we used our internal budgets. Our budgets were based on recent sales data for existing products, planned timing of new product launches or capital projects, and customer commitments related to new and existing products. These budgets also included assumptions of future production volumes and pricing. We concluded that no impairment existed. Even if our estimates of projected future cash flows were too high by 10%, there would be no impact on the reported value of goodwill at December 31, 2006.

Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the reporting units and the effects of changes in circumstances affecting these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty, and as additional information becomes known, we may change our estimates.

Share-Based Compensation. Our stock plan, the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan), allows for the granting of stock rights, incentive stock options, as well as for non-qualified options, stock grants and stock based awards. Effective January 1, 2006, we adopted the provisions of FASB Statement No. 123 (revised 2004), "Share-Based Payment," (SFAS 123(R)) and SEC Staff Accounting Bulletin No. 107, "Share-Based Payment," (SAB 107), using the modified prospective transition method. Under the modified prospective transition method, compensation cost recognized in 2006 includes compensation cost for all equity-based payments granted prior to but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123 and compensation cost for all equity-based payments granted subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R).

We use the Black-Scholes-Merton valuation model for estimating the fair value of our stock option grants. Option valuation models, including Black-Scholes-Merton, require the input of highly subjective assumptions, including the risk-free rate of interest, expected dividend yield, expected volatility, and the expected life of the award. While there were no significant stock options or other share awards granted during the year ended December 31, 2006, we anticipate that the adoption will have a greater impact in future periods and changes in the assumptions used can materially affect the grant date fair value of an award.

Income Taxes. The calculation of our tax provision is complex due to the international operations and multiple taxing jurisdictions in which we operate. We have significant deferred tax assets due to net operating losses (NOL). The utilization of NOL's is not assured and is dependent on generating sufficient taxable income in the future. Although management believes it is more likely than not that we will generate sufficient taxable income to utilize all NOL carryforwards, evaluating the NOL's related to our newer subsidiaries requires us to

make estimates that we believe are reasonable, but may also be highly uncertain given that we do not have direct experience with such subsidiaries or their products and thus the estimates also may be subject to significant changes from period to period as we gain that experience. To the extent that our estimates of future taxable income are insufficient to utilize all available NOL's, a valuation allowance will be recorded in the provision for income taxes in the period the determination is made, and the deferred tax assets will be reduced by this amount, which could be material. In the event that actual circumstances differ from management's estimates, or to the extent that these estimates are adjusted in the future, any changes to the valuation allowance could materially impact our financial position and results of operations.

The above listing is not intended to be a comprehensive list of all our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles in the United States, with limited or no need for management's judgment. There are also areas in which management's judgment in selecting available alternatives may or may not produce a materially different result. See our audited consolidated financial statements and notes thereto in Item 18 of this Form 20-F which contain a description of accounting policies and other disclosures required by generally accepted accounting principles in the United States.

Authoritative Pronouncements

In September of 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Post-retirement Plans," an amendment of SFAS No. 87, 88, 106, and 132(R). SFAS No. 158 makes numerous changes related to the accounting for pension and postretirement benefit plans. The most significant change is that the funded status of all post-retirement plans will be recorded on the balance sheet. The difference between a plan's funded status and its current balance sheet position will be recognized, net of taxes, as a component of shareholders' equity. SFAS No. 158 is effective for fiscal years ending after December 15, 2006. The adoption of SFAS No. 158 resulted in an increase to the pension liability of $333,000, deferred taxes of $129,000, and a net increase in the loss of accumulated other comprehensive income of $204,000 in the consolidated balance sheet for the year ending December 31, 2006.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 provides guidance for using fair value to measure assets and liabilities and only applies when other standards require or permit the fair value measurement of assets and liabilities. It does not expand the use of fair value measurement. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. We will adopt this standard as required on January 1, 2008 and management are currently assessing the effect SFAS No. 157 will have on our results of operations, financial condition and liquidity.

In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" (SAB 108). The intent of SAB 108 is to reduce diversity in practice on the method companies use to quantify financial statements misstatements, including the effect of prior year uncorrected errors. SAB 108 establishes an approach that requires quantification of financial statement errors using both an income statement and cumulative balance sheet approach. SAB 108 is effective for fiscal years ending after November 15, 2006. The adoption of SAB 108 did not have a significant impact on our results of operations, financial condition or liquidity as of and for the year ended December 31, 2006.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109" (FIN 48), to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim period, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We adopted FIN 48 as of January 1, 2007. The cumulative effect of adopting FIN 48 will be recorded in retained earnings. We estimate that the cumulative effect adjustment to retained earnings will be in the range of

approximately $2 million to $7 million to increase reserves for uncertain tax positions. The amount is subject to revision as management completes its analysis. In addition, we expect that the adoption of FIN 48 may result in greater volatility in our effective tax rate.

In June 2006, the FASB ratified the Emerging Issues Task Force (EITF) consensus on EITF Issue No. 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)." EITF Issue No. 06-3 states that the classification of taxes as gross or net is an accounting policy decision that is dependent on type of tax and that similar taxes are to be presented in a similar manner. EITF Issue No. 06-3 is effective for reporting periods beginning after December 15, 2006. We adopted this consensus as required on January 1, 2007 without a material impact on our results of operations, financial condition or liquidity.

In February 2006, the FASB issued Statement of Financial Accounting Standards No. 155, "Accounting for Certain Hybrid Financial Instruments," (SFAS 155) which amends Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS 133) and Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," (SFAS 140). SFAS 155 simplifies the accounting for certain derivatives embedded in other financial instruments by allowing them to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS 155 also clarifies and amends certain other provisions of SFAS 133 and SFAS 140. SFAS 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event occurring in fiscal year beginning after September 15, 2006. We adopted this consensus as required on January 1, 2007 without a material impact on our results of operations, financial condition or liquidity.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." This new standard replaces APB Opinion No. 20, "Accounting Changes," and FASB SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements." Among other changes, SFAS No. 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented on the new accounting principle, unless it is impracticable to do so. SFAS No. 154 also provides that (1) a change in method of depreciating or amortizing a long-lived nonfinancial asset be accounted for as a change in estimate (prospectively) that was effected by a change in accounting principle, and (2) correction of errors in previously issued financial statements should be termed a "restatement." The new standard is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. We adopted this statement on January 1, 2006 without a material effect.

Item 6. Directors, Senior Management and Employees

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

Our Supervisory Directors and Managing Directors, and their ages as of February 1, 2007, are as follows:

Managing Directors:

Name	Age	Position
Peer M. Schatz	41	Managing Director, Chief Executive Officer
Roland Sackers	38	Managing Director, Chief Financial Officer
Dr. Joachim Schorr	46	Managing Director, Senior Vice President, Research and Development
Bernd Uder	49	Managing Director, Senior Vice President, Sales and Marketing

Supervisory Board Members:

Name	Age	Position
Prof. Dr. Detlev H. Riesner	65	Chairman of the Supervisory Board, Supervisory Director and Chairman of the Selection and Appointment Committee
Dr. Heinrich Hornef	75	Deputy Chairman of the Supervisory Board, Supervisory Director, Chairman of the Audit Committee and Member of the Selection and Appointment Committee
Dr. Metin Colpan	52	Supervisory Director
Jochen Walter	59	Supervisory Director and Member of the Audit Committee until the last Annual General Meeting of Shareholders in June 2006
Dr. Franz A. Wirtz	74	Supervisory Director, Chairman of the Compensation Committee and member of the Audit Committee
Erik Hornnaess	69	Supervisory Director, Member of the Audit Committee and Member of the Compensation Committee
Prof. Dr. Manfred Karobath	66	Supervisory Director and Member of the Compensation Committee

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

The following is a brief summary of the background of each of the Supervisory Directors, Managing Directors and the Honorary Chairman. Supervisory Directors and Managing Directors are appointed annually for the period beginning on the day following the Annual General Meeting up to and including the date of the Annual General Meeting held in the following fiscal year.

Peer M. Schatz joined QIAGEN in 1993 and has been Chief Executive Officer since January 1, 2004. Between 1993 and 2003 he was Chief Financial Officer and became a Managing Director in 1998. Mr. Schatz was previously a partner in a private management buyout group in Switzerland and worked in finance and systems positions in Sandoz, Ltd. and Computerland AG, as well as in finance, operations, management and sales positions in various start-up companies in the computer and software trading industry in Europe and the United States. Mr. Schatz graduated from the University of St. Gall, Switzerland, with a Master's degree in Finance in 1989 and obtained an M.B.A. in Finance from the University of Chicago Graduate School of Business in 1991. Mr. Schatz also serves in the capacities of Vice Chairman and Audit Committee Chairman of Evotec AG and as director to Mulligan BioCapital AG, acted as a member of the Advisory Board (Börsenrat) of the Frankfurt Stock Exchange through 2004, and also serves as a member of the German Corporate Governance Commission.

Roland Sackers joined QIAGEN in 1999 as Vice President Finance and has been Chief Financial Officer and Deputy Managing Director since 2004. In 2006, Mr. Sackers became a Managing Director. Between 1995 and 1999, he acted as an auditor with Arthur Andersen Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft. Mr. Sackers graduated from the Westfälische Wilhelms-Universität Münster, Germany with an M.B.A. Until 2006, he was a member of the supervisory board and Audit Committee of IBS AG. Since July 2004, Mr. Sackers has been a member of the board of directors of Operon Biotechnologies, Inc.

Dr. Joachim Schorr joined QIAGEN in 1992 and has been Senior Vice President Research & Development since January 1, 2004. He became a Managing Director in 2004. Initially, Dr. Schorr served QIAGEN as Project Manager and later had responsibilities as Business Unit Manager. In 1999, Dr. Schorr became Vice President Research & Development with the responsibility for the world-wide QIAGEN R&D activities. Before joining

QIAGEN, Dr. Schorr worked for the pharmaceutical company Hoechst AG on the development of oral malaria vaccines and was awarded with the IHK research award in 1991. Dr. Schorr holds a Ph.D. in Molecular Biology and Virology from the University of Cologne. Dr. Schorr is a co-founder of Coley Pharmaceuticals, EnPharma Pharmaceuticals and QBM Cell Sciences and is currently a member of the supervisory board of QBM Cell Sciences.

Bernd Uder joined QIAGEN in 2001 as Vice President Sales & Marketing and became a Managing Director and Senior Vice President Sales & Marketing in 2004. With completion of the restructuring of QIAGEN's Sales & Marketing organization, Bernd Uder became Senior Vice President Global Sales in 2005. Before joining QIAGEN, Mr. Uder gained wide experience in building up and coordinating world-wide distribution networks as Vice President European Biolab Sales & Marketing with Pharmacia and Vice President global e.business with Amersham Pharmacia Biotech. Today, Mr. Uder is responsible for the extension and the improvement of efficiencies of QIAGEN's global distribution network.

Professor Dr. Detlev H. Riesner is a co-founder of QIAGEN. He has been on our Supervisory Board since 1984 and was appointed Chairman of the Supervisory Board in 1999. Professor Riesner has held the Chair of Biophysics at the Heinrich-Heine-University in Düsseldorf since 1980. In 1996, he was also appointed to the position of Vice President of Research, and in 1999, he was nominated Director of Technology at the University of Düsseldorf. Prior to that, he was Professor of Biophysical Chemistry at the Darmstadt Institute of Technology and, from 1975 to 1977, Lecturer of Biophysical Chemistry at Hannover Medical School. He has held guest professorships at the Institute of Microbiology, Academia Sinica, Beijing, and the Department of Neurology at the University of California, San Francisco. He received his M.S. in Physics from Hannover Institute of Technology and his Ph.D. from the University of Braunschweig, with post-graduate work at Princeton University. Professor Riesner is either a member of the supervisory board or a director of New Lab Bioquality AG, Erkrath, AC Immune S.A., Lausanne and Neuraxo GmbH, Düsseldorf. Professor Riesner is also a member of the scientific advisory boards of the RiNA network, Berlin, the Friedrich-Loeffler-Institut, Isle of Riems, and PrioNet, Canada.

Dr. Heinrich Hornef has been on our Supervisory Board since 2000 and was appointed Deputy Chairman of the Supervisory Board and Audit Committee Chairman in 2001. He also serves as a chairman on the supervisory board of Heidelberg Innovation GmbH, a biotechnology and life-science venture capital company in Heidelberg, Germany. He was chairman of the supervisory board of the pharmaceutical company Merck KGaA, in Darmstadt, Germany until December 2003 and a member of the supervisory board until March 2004, as well as a member of the partners' counsel of E. Merck, in Darmstadt, Germany until June 2004. Prior to his retirement in December 1996, Dr. Hornef served as CFO of Boehringer Mannheim GmbH (1973-1991), as CFO of the Berlin-based Treuhandanstalt, the privatization agency in East-Germany (1992-1994), and as president of its successor organization, BvS (1995-1996).

Dr. Metin Colpan is a co-founder of QIAGEN and was Chief Executive Officer and a Managing Director from 1985 through 2003. Dr. Colpan obtained his Ph.D. and M.Sc. in Organic Chemistry and Chemical Engineering from the Darmstadt Institute of Technology in 1983. Prior to founding QIAGEN, Dr. Colpan was an Assistant Investigator at the Institute for Biophysics at the University of Düsseldorf. Dr. Colpan has had wide experience in separation techniques, and in the separation and purification of nucleic acids in particular, and has filed many patents in the field. Dr. Colpan currently serves as a supervisory board member of GenPat77 Pharmacogenetics AG, GPC Biotech AG and Morphosys AG, each in Munich, Germany. Until 2006, he was a member of the supervisory board of Ingenium Pharmaceuticals AG in Munich, Germany.

Dr. Franz A. Wirtz has been a member of our Supervisory Board since 1989. Dr. Wirtz was managing director of Grünenthal GmbH, Aachen, Germany, a large, private pharmaceutical company from 1962-1997 and a member of its advisory board from 1998-2001. He is Vice Chairman of Paion AG, Aachen and Vice Chairman of Dasgip AG, Jülich, two young German biotech companies. For ten years Dr. Wirtz was treasurer of the German pharmaceutical industry association. Dr. Wirtz holds a doctorate degree in chemistry from the Rheinisch-Westfälische Technische Hochschule in Aachen where he became an honorary citizen in 2001.

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

Professor Dr. Manfred Karobath has been a member of our Supervisory Board since 2000. Dr. Karobath studied medicine, and from 1967 to 1980 he worked first in the Dept. of Biochemistry of the University of Vienna and, after a stage as postdoctoral fellow, he joined the Dept. of Psychiatry where he became professor of biological Psychiatry. In 1980, he joined Sandoz Pharma in Basel, first, in drug discovery, and later, he became Senior Vice President and head of R&D. In 1992, Prof. Dr. Karobath joined Rhone Poulenc Rorer ("RPR") as President of R&D and Executive Vice President, and later, he became a member of the boards of directors of RPR, Pasteur Mérieux Connought, Centeon and Rhone Poulenc Pharma. He has received several scientific awards and has published 92 scientific papers. Dr. Karobath also serves as a member of the board of directors of Coley Pharmaceutical Group.

Professor Dr. jur. Carsten P. Claussen was Chairman of our Supervisory Board from 1988 to June 1999 and was appointed as a Special Advisor and Honorary Chairman in 1999. This position is not required by Dutch law, and Professor Claussen is no longer a voting member of the Supervisory Board. For many years he has pursued a career in private banking. Between 1976 and 1987, Professor Claussen was a member of the executive board of Norddeutsche Landesbank, Hannover, and Chairman of the Hannover Stock Exchange. Since 1987, he has been a lawyer in Düsseldorf and senior advisor to IKB Deutsche Industriekreditbank, Düsseldorf. At present, he is a partner in the law firm of Hoffmann Liebs and Partner and specializes in corporate law and capital market transactions. He is Chairman of the Board of TON ART AG, Düsseldorf; Flossbach & v. Storch Vermögensmanagement AG, Cologne; and WAS Worldwide Analytical Systems AG, Cleve and is a member of other boards. Professor Claussen received his Ph.D. in law from the University of Cologne.

Compensation of Directors and Officers

The tables below state the amounts earned on an accrual basis by Directors and Officers in 2006. The variable component is based on performance relative to personal goals and corporate goals agreed to by the Supervisory Board.

The compensation granted to the members of the Managing Board in 2006 consisted of a fixed salary and other variable components. Variable compensation includes one-time and annual payments linked to business performance (bonuses), as well as long-term incentives containing risk elements, including, but not limited to, stock options or other equity-based compensation and pension plans. The variable part of the compensation is designed to strengthen the Board members' commitment to QIAGEN and its objectives.

Year ended December 31, 2006	**Annual Compensation**			
Name	**Fixed Salary**	**Variable Cash Bonus**	**Other (1)**	**Total**
Peer M. Schatz	$942,000	$373,000	$ 1,000	$1,316,000
Roland Sackers	$377,000	$128,000	$157,000	$ 662,000
Dr. Joachim Schorr	$259,000	$104,000	$ 38,000	$ 401,000
Bernd Uder	$276,000	$104,000	$ 10,000	$ 390,000

(1) Amounts include, among others, inventor bonus and expatriate fringe pay. Does not include the reimbursement of certain expenses relating to travel incurred at the request of QIAGEN or other reimbursements or payments that in total did not exceed the lesser of $50,000 or 10% or the total salary and bonus reported for the officer.

The Supervisory Board compensation for 2006 consists of fixed compensation for Board members, an additional amount for Chairman and Vice Chairman, and committee membership fees. Supervisory Directors receive variable compensation, which is determined annually by the Compensation Committee pursuant to a formula based on growth of adjusted Earnings per Share provided that such remuneration will not exceed EUR 5,000 per year. We did not pay any agency or advisory service fees to members of the Supervisory Board other than $524,000 to Dr. Colpan for his scientific consulting services.

Name	Fixed Salary	Chairman/ Vice-Chairman Committee	Meeting Attendance	Committee Membership	Variable Cash Bonus	Total
Supervisory Board:						
Prof. Dr. Detlev H. Riesner	$15,000	$15,000	$ 6,000	$2,500	$7,000	$45,500
Dr. Heinrich Hornef	$15,000	$10,000	$11,000	$5,000	$7,000	$48,000
Dr. Metin Colpan	$15,000	—	$ 5,000	—	$7,000	$27,000
Jochen Walter (1)	$15,000	—	$ 5,000	$2,500	$7,000	$29,500
Dr. Franz A. Wirtz	$15,000	$ 5,000	$ 8,000	$3,750	$7,000	$38,750
Erik Hornnaess	$15,000	—	$10,000	$5,000	$7,000	$37,000
Prof. Dr. Manfred Karobath	$15,000	—	$ 4,500	$2,500	$7,000	$29,000

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

Board members also receive a variable component, in the form of share-based compensation. Stock options granted to the Managing and Supervisory Boards must have an exercise price that is higher than the market price at the time of grant. During 2006, no options or other share-based compensation were granted to the members of the Managing and Supervisory Board.

Year ended December 31, 2006	Long-Term Compensation	
Name	Defined Contribution Benefit Plan	Stock Options
Peer M. Schatz	$73,000	—
Roland Sackers	$63,000	—
Dr. Joachim Schorr	$23,000	—
Bernd Uder	$23,000	—

The following table sets forth the vested and unvested options of our officers and directors as of February 1, 2007:

Name	Total Vested Options	Total Unvested Options	Expiration Dates	Exercise Prices
Peer M. Schatz	2,399,876	—	1/2008 to 12/2015	$ 4.590 to $20.563
Roland Sackers	375,925	—	9/2009 to 12/2015	$ 8.940 to $20.563
Dr. Joachim Schorr	241,444	—	10/2011 to 12/2015	$ 8.940 to $17.900
Bernd Uder	192,607	—	3/2011 to 12/2015	$ 8.940 to $20.563
Prof. Dr. Detlev H. Riesner	90,667	—	1/2010 to 12/2015	$ 6.018 to $20.563
Dr. Heinrich Hornef	76,000	—	1/2010 to 12/2015	$11.985 to $20.563
Dr. Metin Colpan	1,128,150	—	2/2007 to 12/2015	$ 3.219 to $20.563
Dr. Franz A. Wirtz	128,000	—	1/2008 to 12/2015	$ 5.625 to $20.563
Erik Hornnaess	122,300	—	1/2008 to 12/2015	$ 5.625 to $20.563
Prof. Dr. Manfred Karobath	90,000	—	1/2010 to 12/2015	$ 6.018 to $20.563

During 2005 and 2004, certain stock options were accelerated as discussed further below under "Stock Plan."

The Supervisory Board has established an Audit Committee, a Compensation Committee and a Selection and Appointment Committee, which are comprised of the following members:

Name of Supervisory Director	Independent	Member of Audit Committee	Member of Compensation Committee	Member of Selection and Appointment Committee
Prof. Dr. Detlev Riesner	✓			✓ (Chairman)
Dr. Heinrich Hornef	✓	✓ (Chairman)		✓
Prof. Dr. Manfred Karobath	✓		✓	
Dr. Franz Wirtz	✓	✓	✓ (Chairman)	
Erik Hornnaess	✓	✓	✓	

Audit Committee

The Audit Committee operates pursuant to a charter approved by the Supervisory Board and available online at *www.qiagen.com*. The Audit Committee consists of three members, Dr. Hornef (Chairman), Mr. Hornnaess and Dr. Wirtz, and meets at least quarterly. The Audit Committee members are appointed by the Supervisory Board and serve for a term of one year. We believe that all members of our Audit Committee meet the independence requirements as set forth in the Sarbanes-Oxley Act of 2002 and the Marketplace Rules of the NASDAQ. The Audit Committee is responsible together with the Managing Board for the proposal of the independent registered public accounting firm to the Supervisory Board, which proposes the appointment of the independent registered public accounting firm to the General Meeting of Shareholders. The independent registered public accounting firm audits the consolidated financial statements and local books and records of QIAGEN and its subsidiaries, and the Audit Committee is further responsible for pre-approving the fees for such services. Additionally, the Audit Committee reviews the performance of the independent registered public accounting firm with management, discussing on a quarterly basis the scope and results of the reviews and audits with the independent registered public accounting firm; discusses our financial accounting and reporting principles and policies and the adequacy of our internal accounting, financial and operating controls and procedures with the independent registered public accounting firm and management; considers and approves any

recommendations regarding changes to our accounting policies and processes; reviews with management and the independent registered public accounting firm our quarterly earnings reports prior to their release to the press; and reviews the quarterly and annual reports (reported on Forms 6-K and 20-F) to be furnished to or filed with the Securities and Exchange Commission and the Deutsche Boerse.

Compensation Committee

The Compensation Committee operates pursuant to a charter approved by the Supervisory Board and available online at *www.qiagen.com*. The Compensation Committee consists of three members, Dr. Wirtz (Chairman), Professor Karobath and Mr. Hornnaess. Members are appointed by the Supervisory Board and serve for a term of one year. We believe that all of the members of the Compensation Committee meet the independence requirements set forth in the Marketplace Rules of the NASDAQ. The Compensation Committee reviews and approves all equity based compensation, reviews and approves the annual salaries, bonuses and other benefits of executive officers, and reviews general policies relating to employee compensation and benefits.

Selection and Appointment Committee

The Selection and Appointment Committee operates pursuant to a charter approved by the Supervisory Board and available online at *www.qiagen.com*. The current members of the Selection and Appointment Committee are Prof. Dr. Detlev H. Riesner (Chairman) and Dr. Heinrich Hornef. The Selection and Appointment Committee prepares the selection criteria and appointment procedures for members of our Supervisory Board and the Managing Board; periodically evaluates the scope and composition of the Managing Board and Supervisory Board and proposes the profile of the Supervisory Board in relation thereto. Additionally, the Committee periodically evaluates the functioning of individual members of the Managing Board and Supervisory Board and reports the results thereof to the Supervisory Board and proposes the (re-)appointments of members of our Managing Board and Supervisory Board. The Committee prepares and submits to the Supervisory Board on an annual basis a report of its deliberations and findings.

Employment Contracts

We have entered into employment contracts with our Managing Directors. These contracts are listed as Exhibits under Item 19.

We have not entered into contracts with any member of the Supervisory Board that provide for benefits upon a termination of the service of the member. We entered into a consulting agreement with Dr. Colpan pursuant to which Dr. Colpan is paid a fee of EUR 2,750 per day (approximately $3,600 at the December 31, 2006 exchange rate) for consulting services.

Employees

As of December 31, 2006, we employed 1,954 individuals, 17% of whom worked in research and development, 38% in sales, 25% in production/logistics, 7% in marketing and 14% in administration.

Country	Research and Development	Sales	Production	Marketing	Administration	Total
United States and Canada	23	239	125	20	54	**461**
Europe	295	290	288	94	167	**1,134**
Asia	14	199	69	18	40	**340**
Rest of World	0	14	0	1	4	**19**
12/31/2006	**332**	**742**	**482**	**133**	**265**	**1,954**

At December 31, 2005 and 2004, we employed 1,589 and 1,322 individuals, respectively. None of our employees is represented by a labor union or subject to a collective bargaining agreement. Management believes that its relations with its employees are good.

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

Share Ownership

The following table sets forth certain information as of February 1, 2007 concerning the ownership of Common Shares by our Directors and Officers. In preparing the following table, we have relied on information furnished by such persons.

Name and Country of Residence	Shares Beneficially Owned (1) Number	Percent Ownership (2)
Peer M. Schatz, Germany	1,482,064(3)	1.0%
Roland Sackers, Germany	0(4)	*
Dr. Joachim Schorr, Germany	0(5)	*
Bernd Uder, Germany	0(6)	*
Prof. Dr. Detlev H. Riesner, Germany	2,104,136(7)	1.4%
Dr. Heinrich Hornef, Germany	0(8)	*
Dr. Metin Colpan, Germany	6,442,025(9)	4.3%
Dr. Franz A. Wirtz, Germany	950,000(10)	0.6%
Erik Hornnaess, Spain	10,000(11)	*
Professor Dr. Manfred Karobath, UK	0(12)	*

* Indicates that the person beneficially owns less than 1% of the Common Shares issued and outstanding as of February 1, 2007.

(1) The number of Common Shares issued and outstanding as of February 1, 2007 was 150,194,991. The persons and entities named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them and have the same voting rights with respect to Common Shares.

(2) Does not include Common Shares subject to options held by such persons at February 1, 2007 and exercisable within 60-days thereafter. See footnotes below for such information on options exercisable at February 1, 2007 and within 60-days thereafter.

(3) Does not include 2,399,876 shares issuable upon the exercise of options to purchase Common Shares at an exercise price from $4.590 to $20.563 per share. Options expire in increments during the period between January 2008 and December 2015.

(4) Does not include 375,925 shares issuable upon the exercise of options to purchase Common Shares at an exercise price from $8.940 to $20.563 per share. Options expire in increments during the period between September 2009 and December 2015.

(5) Does not include 241,444 shares issuable upon the exercise of options to purchase Common Shares at an exercise price from $8.940 to $17.900 per share. Options expire in increments during the period between October 2011 and December 2015.

(6) Does not include 192,607 shares issuable upon the exercise of options to purchase Common Shares at an exercise price from $8.940 to $20.563 per share. Options expire in increments during the period between March 2011 and December 2015.

(7) Does not include 90,667 shares issuable upon the exercise of options to purchase Common Shares at an exercise price ranging from $6.018 to $20.563 per share. Options expire in increments during the period between January 2010 and December 2015. Prof. Riesner also has the option to purchase 82,302 common shares through Thomé Asset Management & Controlling. Includes 2,104,136 shares held by Riesner Verwaltungs GmbH, of which Professor Riesner is the sole stockholder.

(8) Does not include 76,000 shares issuable upon the exercise of options to purchase Common Shares at an exercise price from $11.985 to $20.563 per share. Options expire in increments during the period between January 2010 and December 2015.
(9) Does not include 1,128,150 shares issuable upon the exercise of options to purchase Common Shares at an exercise price ranging from $3.219 to $20.563 per share. Options expire in increments during the period between February 2007 and December 2015. Includes 5,188,000 shares held by CC Verwaltungs GmbH, of which Dr. Colpan is the sole stockholder and 800,000 shares held by Colpan GbR. Dr. Colpan also has the option to purchase 612,397 common shares through Thomé Asset Management & Controlling.
(10) Does not include 128,000 shares issuable upon the exercise of options to purchase Common Shares at an exercise price ranging from $5.625 to $20.563 per share. Options expire in increments during the period between January 2008 and December 2015.
(11) Does not include 122,300 shares issuable upon the exercise of options to purchase Common Shares at an exercise price ranging from $5.625 to $20.563 per share. Options expire in increments during the period between January 2008 and December 2015.
(12) Does not include 90,000 shares issuable upon the exercise of options to purchase Common Shares at an exercise price ranging from $6.018 to $20.563 per share. Options expire in increments during the period between January 2010 and December 2015.

Stock Plan

During 2005, we adopted the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan) which was approved by our shareholders on June 14, 2005. Pursuant to the Plan, stock rights, which include options to purchase our Common Shares, stock grants and stock based awards, may be granted to employees and consultants of QIAGEN and its subsidiaries and to Supervisory Directors. An aggregate of 20,000,000 Common Shares have been reserved for issuance pursuant to the Plan, subject to certain antidilution adjustments. Options granted pursuant to the Plan may either be incentive stock options within the meaning of Section 422 of the United States Internal Revenue Code of 1986, as amended (the Code), or non-qualified stock options. The Plan is administered by the Compensation Committee of the Supervisory Board, which selects participants from among eligible employees, consultants and directors and determines the number of shares subject to the option, the length of time the option will remain outstanding, the manner and time of the option's exercise, the exercise price per share subject to the option and other terms and conditions of the option consistent with the Plan. The Compensation Committee's decisions are subject to the approval of the Supervisory Board. The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control. A "Change of Control" means the occurrence of a merger or consolidation of QIAGEN, whether or not approved by the Board of Directors, other than a merger or consolidation which would result in the voting securities of QIAGEN outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or the parent of such corporation) at least 50% of the total voting power represented by the voting securities of QIAGEN or such surviving entity or parent of such corporation, as the case may be, outstanding immediately after such merger or consolidation, or the stockholders of QIAGEN approve an agreement for the sale or disposition by QIAGEN of all or substantially all of QIAGEN's assets.

The Compensation Committee has the power, subject to Supervisory Board approval, to interpret the Plan and to adopt such rules and regulations (including the adoption of "sub plans" applicable to participants in specified jurisdictions) as it may deem necessary or appropriate. The Compensation Committee or the Supervisory Board may at any time amend the Plan in any respect, subject to Supervisory Board approval, and except that (i) no amendment that would adversely affect the rights of any participant under any option previously granted may be made without such participant's consent and (ii) no amendment shall be effective prior to shareholder approval to the extent such approval is required to ensure favorable tax treatment for incentive stock options or to ensure compliance with Rule 16b-3 under the United States Securities Exchange Act of 1934, as amended (the Exchange Act) at such times as any participants are subject to Section 16 of the Exchange Act.

The following table sets forth the total amount of options to purchase Common Shares outstanding under the Plan, the range of expiration dates of such options and the prices (in U.S. dollars) at which such options may be exercised, as of February 1, 2007. The exercise price of each of these options is the fair market value of the Common Shares as of the date of grant or a premium above fair market value.

	Outstanding Options	Expiration Dates	Exercise Price of Shares
2005 Plan	11,673,811	2/2007 to 12/2016	$1.060 to $49.75

During the fourth quarters of 2005 and 2004 and considering the new accounting implications of SFAS No. 123(R), our Supervisory Board approved the acceleration of the vesting of 1.2 million and 829,000 stock options, respectively. The 2005 acceleration applied to certain in-the-money options and to options held by Supervisory and Managing Board members. Under the accounting guidance of APB 25 and FASB Interpretation No. 44 "Accounting for Certain Transactions Involving Stock Compensation—An Interpretation of APB Opinion No. 25," the 2005 acceleration of vesting did not result in compensation expense as these options, after applying an estimate of the termination of services, had a de minimis intrinsic value. The 2004 acceleration applied to stock options that had a price greater than or equal to the fair market value of our common shares (out-of-the-money) as of the close of day that the plan was approved by the Supervisory Board, or $10.62. The accelerated options were given a sales restriction, such that any shares held through the exercise of an accelerated option could not be sold, prior to the original vesting date. Under the accounting guidance of APB 25, the 2004 acceleration of vesting did not result in any compensation expense as these options had no intrinsic value. The accelerations, however, allowed us to avoid recording approximately $2.8 million, after tax, of future compensation expense that would have been required to be recognized under SFAS No. 123(R). Upon adoption of SFAS No. 123(R) on January 1, 2006, we did not have any stock-based compensation expense from these accelerated options. The Supervisory Board took the action based on its belief that it is in the best interest of our shareholders and QIAGEN as it will reduce reported compensation expense in future periods. We have worked with equity based compensation plan experts to evaluate its stock-based compensation plans and incentive strategies in light of the provisions of SFAS No. 123(R). Our aim is to implement an equity based compensation plan structure that will give employees a long-term incentive arrangement while minimizing compensation expense.

Options granted to members of the Supervisory Board and the Managing Board must have an exercise price that is higher than the market price at the time of grant. Generally, each of the options has a term of ten years, subject to earlier termination in the event of death, disability or other termination of employment. The vesting and exercisability of certain of these options will be accelerated in the event of a Change of Control, as discussed above. As of February 1, 2007, options to purchase 4.8 million Common Shares were held by the officers and directors of QIAGEN, as a group.

Exemptions from Certain NASDAQ Corporate Governance Rules

Exemptions from the NASDAQ corporate governance standards are available to foreign private issuers such as QIAGEN when those standards are contrary to a law, rule or regulation of any public authority exercising jurisdiction over such issuer or contrary to generally accepted business practices in the issuer's country of domicile. In connection with QIAGEN's initial public offering, NASDAQ granted QIAGEN exemptions from certain corporate governance standards that are contrary to the laws, rules, regulations or generally accepted business practices of The Netherlands. These exemptions and the practices followed by QIAGEN are described below:

- QIAGEN is exempt from NASDAQ's quorum requirements applicable to meetings of ordinary shareholders. In keeping with the law of The Netherlands and generally accepted business practices in The Netherlands, QIAGEN's Articles of Association provide that there are no quorum requirements generally applicable to meetings of shareholders.

- QIAGEN is exempt from NASDAQ's requirements regarding the solicitation of proxies and provision of proxy statements for meetings of shareholders. QIAGEN does furnish proxy statements and solicit proxies for meetings of shareholders. However, the laws of The Netherlands do not provide for a "record date" to be fixed in advance of a meeting of shareholders. As a result, the holder of the shares on the day of the meeting may vote the shares at the meeting. QIAGEN's transfer agent has implemented procedures to check votes by proxy for validity on the day of the meeting.
- QIAGEN is exempt from NASDAQ's requirements that shareholder approval be obtained prior to the establishment of, or material amendments to, stock option or purchase plans and other equity compensation arrangements pursuant to which options or stock may be acquired by directors, officers, employees or consultants. QIAGEN is also exempt from NASDAQ's requirements that shareholder approval be obtained prior to certain issuances of stock resulting in a change of control, occurring in connection with acquisitions of stock or assets of another company or issued at a price less than the greater of book or market value other than in a public offering. QIAGEN's Articles of Association do not require stockholder approval prior to the establishment of a stock plan. The Articles of Association also permit shareholders to grant the Supervisory Board general authority to issue shares without further shareholder approval. QIAGEN's stockholders have granted the Supervisory Board general authority to issue up to a maximum of our authorized capital without further shareholder approval. QIAGEN plans to seek shareholder approval of stock plans and stock issuances only where required under the law of The Netherlands or under QIAGEN's Articles of Association.

Item 7. Major Shareholders and Related Party Transactions

The following table sets forth certain information as of December 31, 2006, concerning the ownership of Common Shares of each holder of greater than five percent ownership. None of these holders have any different voting rights than other holders of our Common Shares.

Name and Country of Residence	Shares Beneficially Owned Number	Percent Ownership (1)
FMR Corp. United States	18,425,233(2)	12.27%

(1) The percentage ownership was calculated based on 150,167,540 Common Shares issued and outstanding as of December 31, 2006.

(2) Of the 18,425,233 shares attributed to FMR Corp., it has sole voting power over 9,863,533 shares and sole dispositive power of all 18,425,233 shares. Such voting and dispositive power is also attributable to Edward C. Johnson III by virtue of his position, Chairman, and ownership interests in FMR Corp, and to members of Mr. Johnson's family by virtue of their ownership interests in FMR Corp. This information is based solely on the Schedule 13G filed jointly by FMR Corp., Edward C. Johnson III, and Fidelity Management and Research Company with the Securities and Exchange Commission on February 15, 2007, which reported ownership as of December 31, 2006. At December 31, 2005, FMR Corp. beneficially owned 19,391,037 shares representing 13.06% if the total Common Shares issued and outstanding at that time.

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

Control of Registrant

To our knowledge, we are not directly or indirectly owned or controlled by another corporation, by any foreign government, or by any other natural or legal person. As of February 1, 2007, the officers and directors of QIAGEN as a group beneficially owned 10,988,225 Common Shares or 7.3% of the then outstanding Common Shares.

Related Party Transactions

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

We have a 50% interest in a joint venture company, PreAnalytiX GmbH, which is accounted for under the equity method. During 2005, the loans of both joint venture partners were converted to additional capital and each joint venture partner made an additional investment of approximately $2.9 million. As of December 31, 2006 and 2005, we had accounts receivable from PreAnalytix of $20,000 and $359,000, and accounts payable to PreAnalytix of $219,000 and $960,000, respectively.

In 2004, we sold a significant portion of our synthetic DNA business unit to Operon Biotechnologies, Inc. (OBI) and agreed to provide certain transition services for a period of six months. We currently have a 16% ownership interest in OBI and hold one board seat. We also have a Manufacturing and Supply Agreement with OBI, wherein we granted to OBI an exclusive license to manufacture and supply certain RNA products to us. At December 31, 2005, we had prepaid amounts of $2.0 million related to orders we placed under this agreement. During the years ended December 31, 2006 and 2005, we sold to OBI certain, products technology and licenses for $1.1 million and $645,000, respectively. As of December 31, 2006 and 2005, we had a loan receivable from OBI of $5.2 million and $6.3 million, accounts receivable from OBI of $236,000 and $35,000, and accounts payable to OBI of $898,000 and $265,000, respectively.

We have a 100% interest in QIAGEN Finance (Luxembourg) S.A. (QIAGEN Finance) and QIAGEN Euro Finance (Luxembourg) S.A. (Euro Finance), which were established for the purpose of issuing convertible debt. As discussed in Note 6, QIAGEN Finance and Euro Finance are variable interest entities with no primary beneficiary, thus they are not consolidated. Accordingly, the convertible debt is not included in the consolidated statements of QIAGEN N.V., though we do report the full obligation of the debt through its liabilities to QIAGEN Finance and Euro Finance. As of December 31, 2006 and 2005, we had loans payable to QIAGEN Finance of $150.0 million, amounts due to QIAGEN Finance of $3.4 million and amounts receivable from QIAGEN Finance of $2.9 million and $2.4 million, respectively. As of December 31, 2006, we had a loan payable to Euro Finance of $300.0 million, amounts due to Euro Finance of $4.7 million and amounts receivable from Euro Finance of $1.9 million.

In 2004 we 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. During 2006 and 2005 we paid approximately $524,000 and $447,000, respectively, to Dr. Colpan for scientific consulting services under this agreement.

Item 8. Financial Information

See Item 18.

Legal Proceedings

We are not a party to any material litigation in any court, and management is not aware of any contemplated proceeding by any individual, company or government authority against us.

Statement of Dividend Policy

We have not paid any dividends on our Common Shares since our inception and do not intend to pay any dividends on our Common Shares in the foreseeable future. We intend to retain our earnings, if any, for the development of our business.

Item 9. The Listing of QIAGEN's Common Shares

Effective July 3, 2006, our common shares began trading on the NASDAQ Global Select Market under the symbol QGEN. Previously, since February 15, 2005, our common shares had been quoted on the NASDAQ National Market under the symbol QGEN. Prior to that, since June 27, 1996, our common shares had been quoted on the NASDAQ National Market under the symbol QGENF. The following table sets forth the annual high and low closing sale prices for the last five years, the quarterly high and low closing sale prices for the last two fiscal years, and the monthly high and low closing sale prices for the last six months of our common shares on the NASDAQ National Market.

	High ($)	Low ($)
Annual		
2002	20.81	4.51
2003	12.85	5.20
2004	15.61	8.74
2005	13.77	10.56
2006	16.15	11.72

	High ($)	Low ($)
Quarterly 2005:		
First Quarter	12.70	10.56
Second Quarter	13.36	11.41
Third Quarter	13.77	11.43
Fourth Quarter	13.60	10.76

	High ($)	Low ($)
Quarterly 2006:		
First Quarter	15.42	11.72
Second Quarter	15.35	12.83
Third Quarter	15.85	13.42
Fourth Quarter	16.15	14.24
Quarterly 2007:		
First Quarter (through March 15, 2007)	17.91	15.32

	High ($)	Low ($)
Monthly:		
September 2006	15.85	14.06
October 2006	16.15	15.19
November 2006	16.00	14.24
December 2006	15.38	14.32
January 2007	17.27	15.32
February 2007	17.91	16.39

Since September 25, 1997, our common shares were traded officially on the Frankfurt Stock Exchange, Neuer Markt under the symbol QIA and with the security code number 901626. As of January 1, 2003, the trading of our common shares was transferred from the Neuer Markt segment of the Frankfurt Stock Exchange to the Prime Standard Segment of the Frankfurt Stock Exchange. The Neuer Markt segment was discontinued in 2004. The following table sets forth the annual high and low closing sale prices for the last five years, the quarterly high and low closing sale prices for the last two fiscal years, and the monthly high and low closing sale prices for the last six months of our common shares on the Neuer Markt or the Prime Standard, as applicable.

	High (EUR)	Low (EUR)
Annual		
2002	23.45	4.46
2003	12.23	4.93
2004	12.40	7.15
2005	11.43	8.20
2006	13.09	9.55

	High (EUR)	Low (EUR)
Quarterly 2005:		
First Quarter	9.62	8.20
Second Quarter	10.35	9.35
Third Quarter	11.21	9.56
Fourth Quarter	11.43	9.19

	High (EUR)	Low (EUR)
Quarterly 2006:		
First Quarter	13.09	9.55
Second Quarter	12.13	10.28
Third Quarter	12.35	10.58
Fourth Quarter	12.80	10.81
Quarterly 2007:		
First Quarter (through March 15, 2007)	13.95	11.67

	High (EUR)	Low (EUR)
Monthly:		
September 2006	12.35	11.06
October 2006	12.80	12.01
November 2006	12.55	10.90
December 2006	11.69	10.81
January 2007	11.67	13.37
February 2007	13.95	12.32

Item 10. Additional Information

Memorandum and Articles of Association

We are registered in the commercial register of the Chamber of Commerce and Industries (*Kamer van Koophandel*), Limburg-Noord, under the entry number "12036979." Set forth is a summary of certain provisions of our Articles of Association, as amended on June 14, 2005, or the Articles, and Dutch law, where applicable. Furthermore a Dutch Corporate Governance Code, or Code, has been published on December 9, 2003 including principles of good corporate governance and best practice provisions. The Code contains the principles and concrete provisions which the persons involved in a listed company (including management board members and

supervisory board members) and stakeholders should observe in relation to one another. A listed company should explain in its annual report whether, and if so why and to what extent, it does not comply with the best practice provisions of the Code. The Code has been taken into account in the summary below.

Such summary does not purport to be complete and is qualified in its entirety by reference to the Articles, Dutch Law and the Code.

Our Objects

Our objects are found in Article 2 of the Articles. Our objects include, without limitation, the performance of activities in the biotechnology industry, as well as incorporating, acquiring, participating in, financing, managing and having any other interest in companies or enterprises of any nature, raising and lending funds and such other acts as may be conducive to our business.

Managing Directors

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

Furthermore, the Supervisory Board shall determine the salary, the bonus, if any, and the other compensation terms and conditions of employment of the Managing Directors within the scope of the remuneration policy. The remuneration policy of the Managing Board has been adopted in our annual general meeting on June 14, 2005.

Under Dutch law, in the event that there is a conflict of interest between a Managing Director and us, we are represented by the Supervisory Board. However, the general meeting should at all times in an event of a conflict of interest be given the opportunity to appoint a person who is authorized to represent QIAGEN in such event. According to the Code any conflict of interest or apparent conflict of interest between the company and Managing Directors should be avoided. Decisions to enter into transactions under which Managing Directors would have conflicts of interest that are material significance to the company and/or to the relevant Managing Director require the approval of the Supervisory Board.

Supervisory Directors

The Supervisory Board shall be responsible for supervising the policy pursued by the Managing Board and our general course of affairs. Under our Articles, the Supervisory Directors are required to serve our interests and our business and the interest of all stakeholders (which includes but is not limited to our shareholders) in fulfilling their duties. The Supervisory Board shall consist of such number of members as the Joint Meeting may from time to time determine, with a minimum of three members. The Supervisory Directors shall be appointed by the General Meeting upon the Joint Meeting having made a binding nomination for each vacancy. If during a financial year a vacancy occurs in the Supervisory Board, the Supervisory Board may appoint a Supervisory

Director who will cease to hold office at the next Annual General Meeting. Under Dutch law and the Code, a Supervisory Director must excuse him or herself in the case of any conflict of interest. Decisions to enter into transactions under which a Supervisory Director would have a conflict of interest that are of material significance to QIAGEN and/or to the Supervisory Director concerned, require the approval of the Supervisory Board.

Under Dutch law and the Code the General Meeting determines the compensation of the members of the Supervisory Board upon the proposal of the compensation committee. Any shares held by a Supervisory Director in the company on whose board he sits should be long term investments.

Under our Articles, the General Meeting may suspend or dismiss a Supervisory Director at any time. This is different from the provisions of many American corporate statutes, including the Delaware General Corporation Law, which provides that directors may vote to fill vacancies in the board of directors of a corporation.

Liability of Managing Directors and Supervisory Directors

Under Dutch law, as a general rule, Managing Directors are not liable for obligations we incur. Under certain circumstances, however, they may become liable, either towards QIAGEN (internal liability) or to others (external liability), although some exceptions are described below.

Liability Towards QIAGEN

Failure of a Managing or Supervisory Director to perform his or her duties does not automatically lead to liability. Liability is only incurred in the case of a clear, indisputable shortcoming about which no reasonably judging business-person would have any doubt. In addition, the Managing or Supervisory Director must be deemed to have been grossly negligent. Managing Directors and Supervising Directors are jointly and severally liable for failure of the Managing Board and Supervisory Board as a whole, respectively, but an individual Managing or Supervisory Director will not be held liable if he or she is determined not to have been responsible for the mismanagement and has not been negligent in preventing its consequences.

Liability for Misrepresentation in Annual Accounts

Managing and Supervisory Directors are also jointly and severally liable to any third party for damage suffered as a result of misrepresentation in the annual accounts, annual report or interim statements of QIAGEN, although a Managing or Supervisory Director will not be held liable if found not to be personally responsible for the misrepresentation. Moreover, a Managing or Supervisory Director may be found to be criminally liable if he deliberately publishes false annual accounts or deliberately allows the publication of such false annual accounts.

Tort Liability

Under Dutch law, there can be liability if one has committed a tort (*onrechtmatige daad*) against another person. Although there is no clear definition of "tort" under Dutch law, breach of a duty of care towards a third party is generally considered to be a tort. Therefore, a Dutch corporation may be held liable by any third party under the general rule of Dutch laws regarding tort claims. In exceptional cases, Managing Directors and Supervisory Directors have been found liable on the basis of tort under Dutch common law, but it is generally difficult to hold a Managing or Supervisory Director personally liable for a tort claim. Shareholders cannot base a tort claim on any losses which derive from and coincide with losses we suffered. In such cases, only we can sue the Managing or Supervisory Directors.

Criminal Liability

Under Dutch law, if a legal entity has committed a criminal offence, criminal proceedings may be instituted against the legal entity itself as well as against those who gave order to or were in charge of the forbidden act. As a general rule, it is held that a Managing Director is only criminally liable if he played a reasonably active role in the criminal act.

Indemnification

Article 27 of our Articles provide that we shall indemnify every person who is or was a Managing Director or Supervisory Directors against all expenses (including attorneys' fees) judgments, fines and amounts paid in settlement with respect to any threatened pending or completed action, suit or proceeding as well as against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of an action or proceeding, if such person acted in good faith and in a manner he reasonably could believe to be in or not opposed to our best interests. An exception is made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for gross negligence or willful misconduct in the performance of his duty to us.

Classes of Shares

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

Common Shares

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

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

Financing Preference Shares

No Financing Preference Shares are outstanding. If issued, Financing Preference Shares will be issued in registered form only. No share certificates are issued for Financing Preference Shares. Financing Preference Shares must be fully paid up upon issue. The preferred dividend rights attached to Financing Preference Shares are described under "Dividends" below. We have no present plans to issue any such Financing Preference Shares.

Preference Shares

No Preference Shares are outstanding. If issued, Preference Shares will be issued in registered form only. No share certificates are issued for Preference Shares. Only 25% of the par value thereof is required to be paid upon subscription for Preference Shares. The obligatory payable part of the nominal amount (call) must be equal for each Preference Share. The Managing Board may, subject to the approval of the Supervisory Board, resolve on which day and up to which amount a further call must be paid on Preference Shares which have not yet been paid up in full. The preferred dividend rights attached to Preference Shares are described under "Dividends" below.

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. If our Supervisory Board opposes an intended take-over of our Company and Preference Shares are issued, the nature of the Preference Shares is such that the

bidder may as a result withdraw its bid. Alternatively, the bidder could enter into negotiations with our Managing Board and/or Supervisory Board and agree on a higher offer price for our shares. There are currently no Preference Shares outstanding. Preference Shares may only be issued in the event that (i) in the opinion of the Supervisory Board, any person who did not acquire shares at our incorporation, shall, alone or pursuant to a mutual arrangement for co-operation jointly with one or more other persons, directly or indirectly, have acquired or given notice of an intent to acquire (beneficial) ownership of an amount of Common Shares or Financing Preference Shares, which in aggregate equals 20% or more of our share capital then outstanding in the form of Common Shares and Financing Preference Shares; (ii) the Supervisory Board shall declare any person to be an "adverse person" upon a determination that such person, alone or together with its affiliates or associates, has become the (beneficial) owner of an amount of Common Shares or Financing Preference Shares which the Supervisory Board determines to be substantial (which amount shall in no event be less than 10% of the shares then outstanding), and a determination that (a) such ownership is intended to cause or pressure us to enter into transactions intended to provide such person with short-term financial gain under circumstances that would not be in the interest of QIAGEN and our shareholders or (b) such ownership is reasonably likely to cause a material adverse impact on our business prospects.

On August 2, 2004 we entered into an agreement, or Option Agreement, with Stichting Preferente Aandelen QIAGEN ("SPAQ"). Pursuant to the Option Agreement SPAQ was granted an option to acquire such a number of Preference Shares as are equal to the total number of all outstanding ordinary shares minus one in our share capital at the time of the relevant exercise of the right. The right to acquire Preference Shares is granted subject to the conditions referred to in the previous paragraph.

SPAQ was incorporated on August 2, 2004. Its principal office is located at Spoorstraat 50, 5911 KJ Venlo, The Netherlands. Its statutory objectives are to protect the interest of QIAGEN and its enterprise and the enterprises of companies which are linked to QIAGEN. SPAQ shall attempt to accomplish its objectives by way of acquiring Preference Shares in the share capital of QIAGEN and to exercise the voting rights in the interest of QIAGEN and its stakeholders.

The board of SPAQ shall consist of at least two directors. Upon incorporation of SPAQ two members have been appointed. A board member shall be appointed by the board SPAQ. Board resolutions will be adopted by unanimity of the votes cast. SPAQ will be represented either by the board or by the chairman of the board.

Pre-emptive Rights

Under the Articles, existing holders of Common Shares will have pre-emptive rights in respect of future issuances of Common Shares in proportion to the number of Common Shares held by them, unless limited or excluded as described below. Holders of Common Shares shall not have pre-emptive rights in respect of future issuances of Financing Preference Shares or Preference Shares. Holders of Financing Preference Shares and Preference Shares shall not have pre-emptive rights in respect of any future issuances of share capital. Pre-emptive rights do not apply with respect to shares issued against contributions other than in cash or shares issued to our employees or one of our group companies. Under the Articles, the Supervisory Board has the power to limit or exclude any pre-emptive rights to which shareholders may be entitled provided that it has been authorized by the General Meeting to do so. The authority of the Supervisory Board to limit or exclude pre-emptive rights can only be exercised if at that time the authority to issue shares is in full force and effect. The authority to limit or exclude pre-emptive rights may be extended in the same manner as the authority to issue shares. If there is no designation of the Supervisory Board to limit or exclude pre-emptive rights in force, the General Meeting shall have authority to limit or exclude such pre-emptive rights, but only upon the proposal of the Supervisory Board.

Resolutions of the General Meeting (i) to limit or exclude pre-emptive rights or (ii) to designate the Supervisory Board as the corporate body that has authority to limit or exclude pre-emptive rights, require a majority of at least two-thirds of the votes cast in a meeting of shareholders if less than 50% of the issued share

capital is present or represented. For these purposes, issuances of shares include the granting of rights to subscribe for shares, such as options and warrants, but not the issue of shares upon exercise of such rights.

Acquisition of our Own Shares

We may acquire our own shares, subject to certain provisions of Dutch law and the Articles, if (i) shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up and called up capital and any reserves required by Dutch law or the Articles and (ii) we and our subsidiaries would not thereafter hold shares with an aggregate par value exceeding one-tenth of our issued share capital. Shares that we hold in our own capital or shares held by one of our subsidiaries may not be voted. The Managing Board, subject to the approval of the Supervisory Board, may effect our acquisition of shares in our own capital. Our acquisitions of shares in our own capital may only take place if the General Meeting has granted to the Managing Board the authority to effect such acquisitions. Such authority may apply for a maximum period of 18 months and must specify the number of shares that may be acquired, the manner in which shares may be acquired and the price limits within which shares may be acquired. On June 22, 2006 the General Meeting resolved to extend the authorization of the Managing Board in such manner that the Managing Board may cause us to acquire shares in our own share capital for an 18-month period from the date until December 22, 2007, without limitation against a price between one Euro cent (Euro 0.01) and one hundred ten percent (110%) of the price for such shares on a stock market, or, with respect to preference and finance preference shares, against a price between one Euro cent (Euro 0.01) and three times the issuance price and in accordance with applicable provisions of Dutch law and our Articles.

Capital Reduction

Subject to the provisions of Dutch law and the Articles, the General Meeting may, upon the proposal of the Supervisory Board, resolve to reduce the issued share capital by (i) canceling shares or (ii) reducing the par value of shares through an amendment of the Articles. Cancellation with repayment of shares or partial repayment on shares or release from the obligation to pay up may also be made or given exclusively with respect to Common Shares, Financing Preference Shares or Preference Shares.

Annual Accounts

We have a calendar fiscal year. Dutch law requires that within five months after the end of our fiscal year, unless the General Meeting has extended this period by a maximum period of six months on account of special circumstances, the Managing Board must submit to the shareholders a report with respect to such fiscal year, including our financial statements for such year prepared under International Financial Reporting Standards and accompanied by a report of an independent accountant. The annual report is submitted to the annual General Meeting for adoption.

Dividends

Subject to certain exceptions, dividends may only be paid out of profits as shown in our annual financial statements as adopted by the General Meeting. Distributions may not be made if the distribution would reduce shareholders' equity below the sum of the paid-up capital and any reserves required by Dutch law or the Articles.

Out of profits, dividends must first be paid on any outstanding Preference Shares (the "Preference Share Dividend") in a percentage (the "Preference Share Dividend Percentage") of the obligatory amount (call) paid up on such shares as at the beginning of the fiscal year in respect of which the distribution is made. The Preference Share Dividend Percentage is equal to the Average Main Refinancing Rates during the financial year for which the distribution is made. Average Main Refinancing Rate shall be understood to mean the average value on each individual day during the financial year for which the distribution is made of the Main Refinancing Rates prevailing on such day. Main Refinancing Rate shall be understood to mean the rate of the Main Refinancing

Operation as determined and published from time to time by the European Central Bank. If and to the extent that profits are not sufficient to pay the Preference Share Dividend in full, the deficit shall be paid out of the reserves, with the exception of any reserve, which was formed as share premium reserve upon the issue of Financing Preference Shares. If in any fiscal year the profit is not sufficient to make the distributions referred to above and if no distribution or only a partial distribution is made from the reserves referred to above, such that the deficit is not fully made good no further distributions will be made as described below until the deficit has been made good.

Out of profits remaining after payment of any dividends on Preference Shares, such amounts shall be kept in reserve as determined by the Supervisory Board. Out of any remaining profits not allocated to reserve, a dividend (the "Financing Preference Share Dividend") shall be paid on the Financing Preference Shares in a percentage (the "Financing Preference Share Dividend Percentage") over the par value, increased by the amount of share premium that was paid upon the first issue of Financing Preference Shares, which percentage is related to the average effective yield on the prime interest rate on corporate loans in the United States as quoted in the Wall Street Journal. If and to the extent that the profits are not sufficient to pay the Financing Preference Share Dividend in full, the deficit may be paid out of the reserves if the Managing Board so decides with the approval of the Supervisory Board, with the exception of the reserve which was formed as share premium upon the issue of Financing Preference Shares.

Insofar as the profits have not been distributed or allocated to reserves as specified above, they are at the free disposal of the General Meeting provided that no further dividends will be distributed on the Preference Shares or the Financing Preference Shares.

The General Meeting may resolve, on the proposal of the Supervisory Board, to distribute dividends or reserves, wholly or partially, in the form of QIAGEN shares.

Distributions as described above are payable as from a date to be determined by the Supervisory Board. The date of payment on Type I shares may differ from the date of payment on Type II shares. Distributions will be made payable at an address or addresses in The Netherlands to be determined by the Supervisory Board, as well as at least one address in each country where the shares are listed or quoted for trading. The Supervisory Board may determine the method of payment of cash distributions, provided that cash distributions in respect of Type II shares will, subject to certain exceptions, be paid in the currency of a country where our shares are listed or quoted for trading, converted at the close of business on a day to be determined for that purpose by the Supervisory Board.

Dutch law, making the declaration of dividends out of the profits that are at the free disposal of the General Meeting the exclusive right of the General Meeting, is different from the corporate law of most jurisdictions in the United States, which permit a corporation's board of directors to declare dividends.

Shareholder Meetings, Voting Rights and Other Shareholder Rights

The annual General Meeting is held within six months after the end of each fiscal year for the purpose of, among other things, adopting the annual accounts and filling of any vacancies on the Managing and Supervisory Boards.

Extraordinary General Meetings are held as often as deemed necessary by the Managing Board or Supervisory Board, or upon the request of one or more shareholders and other persons entitled to attend meetings jointly representing at least 40% of our issued share capital or by one or more shareholders jointly representing at least 10% of our issued share capital as provided for under the laws of The Netherlands.

General Meetings are held in Amsterdam, Haarlemmermeer (Schiphol Airport), Arnhem, Maastricht, Rotterdam, Venlo or The Hague. The notice convening a General Meeting must be given to the shareholders by

advertisement in at least one national daily newspaper published in The Netherlands no later than the fifteenth day prior to the meeting. The notice will contain the agenda for the meeting or state that the agenda can be obtained at the offices of the Company.

The agenda shall contain such subjects to be considered at the General Meeting, as the persons convening or requesting the meeting shall decide. One or more shareholders representing at least 10% of the issued share capital may request the Managing Board or Supervisory Board in writing, at least sixty days but not more than ninety days before the anniversary of the date on which the prior year's meeting was convened, to include certain subjects in the agenda. No valid resolutions can be adopted at a General Meeting in respect of subjects which are not mentioned in the agenda. Under Dutch law holders of shares representing solely or jointly at least one hundredth part of the issued share capital, or represents a value of at least EUR 50,000,000 may request the company not later than on the sixtieth day prior to the day of the general meeting to include certain subjects on the notice convening a meeting, provided that it is not detrimental to the vital interest of the company.

General Meetings are presided over by the chairman of the Supervisory Board or, in his absence, by any person nominated by the Supervisory Board.

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

Except for resolutions to be adopted by the meeting of holders of Preference Shares, our Articles do not allow the adoption of shareholders resolutions by written consent (or otherwise without holding a meeting).

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

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

Resolutions of the General Meeting in a meeting that has not been convened by the Managing Board and/or the Supervisory Board, or resolutions included on the agenda for the meeting at the request of shareholders, will be valid only if adopted with a majority of two-thirds of votes cast representing more than half the issued share capital, unless the Articles require a greater majority or quorum. Our Articles do not provide for shareholders to act by written consent outside of a General Meeting.

A resolution of the General Meeting to approve a legal merger or the sale of all or substantially all of our assets is valid only if adopted by a vote of at least two-thirds of the issued share capital, unless proposed by the Supervisory Board, in which case a simple majority of the votes cast shall be sufficient.

A shareholder shall upon request be provided, free of charge, with written evidence of the contents of the share register with regard to the shares registered in its name. Furthermore any shareholder shall, upon written request, have the right, during normal business hours, to inspect our share register and a list of our shareholders and their addresses and shareholdings, and to make copies or extracts therefrom. Such request must be directed to

our Managing Directors at our registered office in the Netherlands or at our principal place of business. Financial records and other company documents (other than made public) are not available in this manner for shareholder review but an extract of the minutes of the general meeting shall be made available.

According to Dutch law certain resolutions of the Managing Board regarding a significant change in the identity or nature of the company are subject to the approval of the general meeting. The following resolutions of the Managing Board acquire the approval of the general meeting in any event:

(i) The transfer of the enterprise or practically the entire enterprise to a third party;

(ii) To conclude or cancel any long lasting cooperation by the company or an affiliate (*dochtermaatschappij*) with any other legal person or company or as a fully liable general partner of a limited partnership or a general partnership, provided that such cooperation or the cancellation thereof is of essential importance to the company; and

(iii) To acquire or dispose of a participation interest in the capital of a company with a value of at least one-third of the sum of the assets according to the consolidated balance sheet with explanatory notes thereto according to the last adopted annual accounts of the company, by the company or an affiliate (*dochtermaatschappij*).

No Derivative Actions; Right to Request Independent Inquiry

Dutch law does not afford shareholders the right to institute actions on behalf of or in our interest. Shareholders holding at least one-tenth of our issued capital or EUR 225,000 in nominal amount of our shares may inform the Managing Board and the Supervisory Board of their objections as to the policy or the course of our affairs and, within a reasonable time thereafter, may request the Enterprises Division of the Court of Appeal in Amsterdam to order an inquiry into the policy and the course of our affairs by independent investigators. If such an inquiry is ordered and the investigators conclude that there has been mismanagement, the shareholders can request the Division to order certain measures such as a suspension or annulment of resolutions.

Liquidation Rights

In the event of our dissolution and liquidation, the assets remaining after payment of all debts and liquidation expenses will be distributed among registered holders of Common Shares in proportion to the par value of their Common Shares, subject to liquidation preference rights of holders of Preference Shares and Financing Preference Shares, if any.

Restrictions on Transfer of Preference Shares

The Supervisory board upon application in writing must approve each transfer of Preference Shares. If approval is refused, the Supervisory Board will designate prospective purchasers willing and able to purchase the shares, otherwise the transfer will be deemed approved.

Limitations on Rights to Own Securities

Other than with respect to usufructuaries and pledges who have no voting rights, our Articles do not impose limitations on rights to own securities.

Provisions which may Defer or Prevent a Change in Control

The Option Agreement and our Articles could, under certain circumstances, prevent a third party from obtaining a majority of the voting control of our shares by issuing Preference Shares. Pursuant to the Articles (and pursuant to the resolution adopted by our General Meeting on June 16, 2004), the Supervisory Board is authorized to issue Preference Shares if (i) a person has (directly or indirectly) acquired or has expressed a desire

to acquire, more than 20% of our issued capital or (ii) a person holding at least a 10% interest in us has been designated as a hostile person by the Supervisory Board. Under the Option Agreement, SPAQ could acquire preference shares subject to the provisions mentioned in this paragraph.

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.

On 21 April 2004, the Takeover Directive, or 13th Directive, was adopted by the EU. Upon implementation of the Directive in Dutch legislation, shareholders who obtain control of a company are obliged to make a mandatory offer to all other shareholders. It is expected that the Dutch legislator will set the threshold for a mandatory offer at the ability to exercise 30% of the voting rights in a Dutch public limited company (*naamloze vennootschap*) with a listing in Europe.

Ownership Threshold Requiring Disclosure

Our Articles do not provide an ownership threshold above which ownership must be disclosed.

Exchange Controls

There are currently no limitations either under the laws of The Netherlands or in our Articles, to the rights of shareholders from outside The Netherlands to hold or vote Common Shares. Under current foreign exchange regulations in The Netherlands, there are no material limitations on the amount of cash payments that we may remit to residents of foreign countries.

Obligation of Shareholders to Disclose Major Holdings

Holders of our ordinary shares or rights to acquire ordinary shares (which includes options and convertible bonds) may be subject to notification obligations under Chapter 5.3 of the Dutch Financial Markets Supervision Act, or the FMSA.

Under Chapter 5.3 FMSA any person whose direct or indirect interest (including potential interest, such as options and convertible bonds) in our capital or voting rights reaches or crosses a threshold percentage must notify the Netherlands Authority for the Financial Markets, or AFM: (a) immediately, if this is the result of an acquisition or disposal by it; (b) within 4 trading days after such reporting, if this is the result of a change in our share capital or votes reported in the AFM's public register. The threshold percentages are 5, 10, 15, 20, 25, 30, 40, 50, 60, 75 and 95 percent.

Furthermore persons holding 5 percent or more in our voting rights or capital interest must within 4 weeks after 31 December notify the AFM of any changes in the composition of their interest since their last notification.

The following instruments qualify as "shares": (i) shares, (ii) depositary receipts for shares (or negotiable instruments similar to such receipts), (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds), and (iv) options for acquiring the instruments under (i) or (ii). Among others the following shares and votes qualify as shares and votes "held" by a person: (i) those directly held by him; (ii) those held by his subsidiaries; (iii) shares held by a third party for such person's account and the votes such third party may exercise; (iv) the votes held by a third party if such person has concluded an oral or written agreement with such party which provides for a lasting common policy on voting; (v) the votes held by a third party if such person has concluded an oral or written agreement with such party which provides for a temporary and paid transfer of the shares; (vi) the votes which a person may exercise as a proxy but in his own discretion. Special rules apply to the attribution of the ordinary shares which are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of ordinary shares can also be

subject to a notification obligation if such person has, or can acquire, the right to vote on ordinary shares. If a pledgor or usufructuary acquires such voting rights, this may trigger a notification obligation for the holder of the ordinary shares.

Under section 5:48 of the FMSA, each of our managing and supervisory directors must without delay notify the AFM of any changes in his interest or potential interest in our capital or voting rights.

The AFM will publish all notifications on its public website (www.afm.nl).

Non-compliance with the notification obligations of Chapter 5.3 FMSA can lead to imprisonment or criminal fines, or administrative fines or other administrative sanctions. In addition, non-compliance with these notification obligations may lead to civil sanctions, including, without limitation, suspension of the voting rights attaching to our shares held by the offender for a maximum of three years, (suspension and) nullification of a resolution adopted by our general meeting of shareholders (if it is likely that such resolution would not have been adopted if the offender had not voted) and a prohibition for the offender to acquire our ordinary shares or votes for a period of not more than five years.

Taxation

The following is a general summary of certain material United States federal income and The Netherlands tax consequences to holders of our Common Shares (collectively, "U.S. Holders") who are (i) citizens or residents of the United States, (ii) entities subject to U.S. corporate tax, (iii) certain pension trusts and other retirement or employee benefits organizations established in the United States but generally exempt from U.S. tax, (iv) certain not-for-profit organizations established in the United States but generally exempt from U.S. tax, (v) United States regulated investment companies, United States real estate investment trusts, and United States real estate mortgage conduits, and (vi) partnerships or similar pass-through entities, estates, and trusts to the extent the income of such partnerships, similar entities, estates, or trusts is subject to tax in the United States as income of a resident in its hands or the hands of its partners, beneficiaries, or grantors. This summary does not discuss every aspect of such taxation that may be relevant to U.S. Holders. Therefore, all prospective purchasers of our Common Shares who would be U.S. Holders are advised to consult their own tax advisor with respect to the United States federal, state and local tax consequences, as well as the Netherlands tax consequences, of the ownership of our Common Shares. This summary is based upon the advice of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. with respect to tax consequences for U.S. Holders and Baker & McKenzie with respect to tax consequences under Netherlands law.

The statements of The Netherlands and United States tax laws set out below are based on the laws in force as of the date of this Annual Report on Form 20-F, and as a consequence are subject to any changes in United States or The Netherlands law, or in the double taxation conventions between the United States and The Netherlands, occurring after such date.

Netherlands Tax Considerations

The following describes the material tax consequences under Netherlands law of an investment in our Common Shares. Such description is based on current Netherlands law as interpreted under officially published case law, and is limited to the tax implications for an owner of our Common Shares who is not, or is not deemed to be, a resident of The Netherlands for purposes of the relevant tax codes (a "non-resident Shareholder" or "Shareholder").

Dividend Withholding Tax

General. Upon distribution of dividends, we would be obligated to withhold 25% dividend tax at source and to pay the amount withheld to The Netherlands tax authorities. The term "dividends" means income from

shares or other rights participating in profits, as well as income from other corporate rights that is subjected to the same taxation treatment as income from shares by the laws of The Netherlands. Dividends include dividends in cash or in kind, constructive dividends, certain repayments of capital qualified as dividends, interest on loans that are treated as equity for Netherlands corporate income tax purposes and liquidation proceeds in excess of, for Netherlands tax purposes, recognized paid-in capital. Stock dividends are also subject to withholding tax derived from our paid-in share premium which is recognized for Netherlands tax purposes.

No withholding tax applies on the proceeds resulting from the sale or disposition of our Common Shares to persons other than QIAGEN and our affiliates.

A Shareholder can be eligible for a reduction or a refund of Netherlands dividend withholding tax under a tax convention which is in effect between the country of residence of the Shareholder and The Netherlands. The Netherlands has concluded such conventions with, among others, the United States, Canada, Switzerland, Japan and all EU Member States. Under most of those conventions, Netherlands dividend withholding tax is reduced to 15% or a lower rate.

U.S. Shareholders. Under the Tax Convention between The Netherlands and the United States, or Convention, the withholding tax on dividends we pay to a resident of the United States (as defined in the Convention) who is entitled to the benefits of the Convention, may be reduced to 5% (in the case of a corporate U.S. Shareholder that holds 10% or more of the voting power of a Netherlands company) or 15% (in the case of other U.S. Shareholders), unless such U.S. shareholders have a permanent establishment in The Netherlands with which the shares are effectively connected.

On December 28, 2004, the protocol amending the Convention entered into force. The protocol provides, amongst other things, for a full exemption of Netherlands withholding tax for certain U.S. corporate shareholders owning at least 80% of QIAGEN voting power for a period of at least twelve months prior to the distribution, again provided such U.S. shareholders do not have a permanent establishment in The Netherlands with which the shares are effectively connected. The protocol generally will be effective for taxable periods beginning on or after January 1, 2005. The provisions of the protocol relating to withholding taxes will be effective for amounts paid or credited on or after February 1, 2005.

Dividends we pay to U.S. pension funds and U.S. tax exempt organizations may be eligible for an exemption from dividend withholding tax. The Netherlands and the United States have entered into a mutual agreement to clarify the entitlement of exempt pension funds to the benefits under the Convention.

Dividend Stripping. A refund, reduction, exemption, or credit of Netherlands dividend withholding tax on the basis of Netherlands tax law or on the basis of a tax treaty between The Netherlands and another state, will only be granted if the dividends are paid to the beneficial owner *("uiteindelijk gerechtigde")* of the dividends. A recipient of a dividend is not considered to be the beneficial owner of a dividend in an event of "dividend stripping," in which he has paid a consideration related to the receipt of such dividend. In general terms, "dividend stripping" can be described as the situation in which a foreign or domestic person (usually, but not necessarily, the original shareholder) has transferred his shares or his entitlement to the dividend distributions to a party that has a more favorable right to a refund or reduction of Netherlands dividend withholding tax than the foreign or domestic person. In these situations, the foreign or domestic person (usually the original shareholder) avoids Netherlands dividend withholding tax while retaining his "beneficial" interest in the shares and the dividend distributions, by transferring his shares or his entitlement to the dividend distributions.

Income Tax and Corporate Income Tax

General. A non-resident Shareholder will not be subject to Netherlands income tax with respect to dividends we distribute on our Common Shares or with respect to capital gains derived from the sale or disposition of our Common Shares, provided that:

(a) the non-resident Shareholder has not made an election for the application of the rules of The Netherlands 2001 Income Tax Act as they apply to residents of The Netherlands;

(b) the non-resident Shareholder does not carry on or have an interest in a business in The Netherlands through a permanent establishment or a permanent representative to which or to whom the Common Shares are attributable or deemed to be attributable;

(c) the non-resident Shareholder does not have a direct or indirect substantial or deemed substantial interest (*"aanmerkelijk belang,"* as defined in the Netherlands tax code) in our share capital or, in the event the Shareholder does have such a substantial interest, such interest is a "business asset"; and

(d) the non-resident Shareholder is not entitled to a share in the profits of an enterprise, to which our Common Shares are attributable and that is effectively managed in The Netherlands, other than by way of securities or through an employment contract.

In general terms, a substantial interest (*"aanmerkelijk belang"*) in our share capital does not exist if the Shareholder (individuals as well as corporations), alone or together with his partner, does not own, directly or indirectly, 5% or more of the nominal paid-in capital of, or any class of our shares, does not have the right to acquire 5% or more of the nominal paid-in capital of, or any class of our shares (including a call option) and does not have the right to share in our profit or liquidation revenue amounting to 5% or more of the annual profits or liquidation revenue.

There is no all-encompassing definition of the term "business asset"; whether this determination can be made in general depends on the facts presented and in particular on the activities performed by the Shareholder. If the Shareholder materially conducts a business activity, while the key interest of his investment in our Shares will not be his earnings out of the investment in our Shares but our economic activity, an investment in our Shares will generally be deemed to constitute a business asset, in particular if the Shareholder's involvement in our business will exceed regular monitoring of his investment in our Shares.

U.S. Shareholders. Pursuant to the Convention, the gain derived by a U.S. Shareholder from an alienation of our Common Shares constituting a substantial interest of the Shareholder in QIAGEN, not effectively connected or deemed connected with a permanent establishment or permanent representative of the Shareholder in The Netherlands, is not subject to Netherlands income tax or corporate income tax, provided that the gain from the alienation of our Common Shares is not derived by an individual Shareholder who has, at any time during the five-year period preceding such alienation, been a resident of The Netherlands according to Netherlands tax law and who owns, at the time of the alienation, either alone or together with close relatives, at least 25% of any class of our shares.

Gift and Inheritance Tax

A gift or inheritance of our Common Shares from a non-resident Shareholder will generally not be subject to a Netherlands gift and inheritance tax, provided that the Shareholder does not own a business which is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands to which or to whom our Common Shares are attributable. The Netherlands has concluded a tax convention with the United States based on which double taxation on inheritances may be avoided if the inheritance is subject to Netherlands and/or U.S. inheritance tax and the deceased was a resident of either The Netherlands or the United States.

United States Federal Income Tax Considerations

The following summarizes the material U.S. federal income tax consequences of the ownership of our Common Shares by an investor that purchases such Common Shares and that will hold the Common Shares as capital assets. This summary does not purport to be a complete analysis or listing of all potential tax considerations and does not address holders subject to special treatment under U.S. federal income tax laws (including insurance companies, tax-exempt organizations, regulated investment companies, financial institutions, broker dealers or holders that own, actually or constructively, 10% or more of our voting shares).

As used herein, references to a "U.S. Holder" are to a holder of our Common Shares that is (i) a citizen or resident of the United States, (ii) a corporation organized under the laws of the United States or any political subdivision thereof, or (iii) a person or entity otherwise subject to United States federal income taxation on a net income basis with respect to our Common Shares (including a non-resident alien or foreign corporation that holds, or is deemed to hold, our Common Shares in connection with the conduct of a U.S. trade or business); and references to a "non-U.S. Holder" are to a holder that is not a U.S. person for U.S. federal income tax purposes.

Taxation of Dividends

To the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, distributions, if any, made with respect to our Common Shares will be includable for U.S. federal income tax purposes in the income of a U.S. Holder as ordinary dividend income in an amount equal to the sum of any cash and the fair market value of any property that we distribute, before reduction for Netherlands withholding tax. During the years 2004-2010 such dividends will be eligible to be treated by U.S. Holder individuals as "qualified dividend income" subject to a maximum tax rate of 15 percent, if the shareholder receiving the dividend satisfies the holding period requirements, and if we are not treated for our taxable year in which the dividend is paid, or our preceding taxable year, as a passive foreign investment company (see "Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Status"). To the extent that such distribution exceeds our current or accumulated earnings and profits, it will be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted tax basis in our Common Shares and thereafter as taxable capital gain. Dividends generally will be treated as income from sources outside the United States and generally will be passive income (or, in the case of certain holders, "financial services income") for purposes of the foreign tax credit limitation. Dividends we pay will not be eligible for the dividends received deduction allowed to corporations in certain circumstances under the United States Internal Revenue Code of 1986, as amended (the Code). A U.S. Holder may elect annually to either deduct The Netherlands withholding tax (see "Taxation—Netherlands Tax Considerations—Dividend Withholding Tax") against their income or take the withholding taxes as a credit against their U.S. tax liability, subject to U.S. foreign tax credit limitation rules. If the dividends are qualified for the lower applicable capital gains rate (as discussed in the above paragraph), the amount of the dividend income taken into account for calculating the foreign tax credit limitation will be in general be limited to the gross amount of the dividend, multiplied by the reduced, divided by the highest rate of tax normally applicable to dividends, For the purposes of computing the foreign tax credit, dividends paid on our Common Shares will be treated as income from sources outside the United States, but generally will be grouped separately, together with other items of "passive" or financial services income. Recently enacted legislation (the American Jobs Creation Act of 2004, or the "Act") will modify the foreign tax credit limitation by reducing the number of classes of foreign source income to two for taxable years beginning after December 31, 2006. Under the Act, dividends paid on our Common Shares will generally constitute passive category income but could, in the case of certain US holders, constitute "general category income." The rules governing the foreign tax credit are complex. We urge you to consult with your own tax advisors regarding the availability of the foreign tax credit in your particular circumstances.

Dividends we pay in a currency other than the U.S. dollar will be included in the income of a U.S. Holder in a U.S. dollar amount based upon the exchange rate in effect on the date of receipt. A U.S. Holder will have a tax basis in such foreign currency for U.S. federal income tax purposes equal to its U.S. dollar value on the date of receipt. Any gain or loss on a subsequent disposition of such foreign currency (including a subsequent conversion

into U.S. dollars) will be ordinary income or loss. Such gain or loss will generally be income from sources within the U.S. for foreign tax credit limitation purposes.

A non-U.S. Holder generally will not be subject to U.S. federal income tax or withholding tax on distributions with respect to our Common Shares that are treated as dividend income for U.S. federal income tax purposes unless such dividends are effectively connected with the conduct of a trade or business within the United States by such non-U.S. Holder, (and are attributable to a permanent establishment maintained in the United States by such non-U.S. Holder, if an applicable income tax treaty so requires as a condition for such non-U.S. Holder to be subject to U.S. taxation on a net income basis in respect of income from our Common Shares), in which case the non-U.S. Holder generally will be subject to tax in respect of such dividends in the same manner as a U.S. Holder. Any such effectively connected dividends received by a non-United States corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. A non-U.S. Holder generally will not be subject to U.S. federal income tax or withholding tax on distributions with respect to our Common Shares that are treated as capital gain for U.S. federal income tax purposes unless such holder would be subject to U.S. federal income tax on gain realized on the sale or other disposition of our Common Shares, as discussed below.

Taxation of Capital Gains

Subject to the PFIC rules discussed below, upon the sale or other disposition of our Common Shares, a U.S. Holder will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the disposition of our Common Shares and the U.S. Holder's adjusted tax basis in our Common Shares. Such gain or loss generally will be subject to U.S. federal income tax. An individual U.S. Holder is generally subject to a maximum capital gains rate of 15% for our Common Shares held for more than a year. For U.S. federal income tax purposes, capital losses are subject to limitations on deductibility. Gain realized by a U.S. Holder on the sale or other disposition of our Common Shares generally will be treated as income from sources within the United States for purposes of the foreign tax credit limitation.

A non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on gain realized on the sale or other disposition of our Common Shares unless (i) the gain is effectively connected with a trade or business of the non-U.S. Holder in the United States (and is attributable to a permanent establishment maintained in the United States by such non-U.S. Holder, if an applicable income tax treaty so requires as a condition for such non-U.S. Holder to be subject to U.S. taxation on a net income basis in respect of gain from the sale or other disposition of our Common Shares) or (ii) such holder is an individual who is present in the United States for 183 days or more in the taxable year of the sale, and certain other conditions are met. Effectively connected gains realized by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

Passive Foreign Investment Company Status

We may be classified as a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes if certain tests are met. We will be a PFIC with respect to a U.S. Holder if for any taxable year in which the U.S. Holder held our Common Shares, either (i) 75% or more of our gross income for the taxable year is passive income; or (ii) the average value of our assets (during the taxable year) which produce or are held for the production of passive income is at least 50% of the average value of all assets for such year. Passive income means, in general, dividends, interest, royalties, rents (other than rents and royalties derived in the active conduct of a trade or business and not derived from a related person), annuities, and gains from assets which would produce such income other than sales of inventory. For the purpose of the PFIC tests, if a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated as owning its proportionate share of the assets of the other corporation, and as if it had received directly its proportionate share of the income of such other corporation. The effect of this special provision with respect to QIAGEN and our ownership of our subsidiaries is that we, for purposes of the income and assets tests described above, will be

treated as owning directly our proportionate share of the assets of our subsidiaries and of receiving directly our proportionate share of each of those companies' income, if any, so long as we own, directly or indirectly, at least 25% by value of the particular company's stock. Active business income of our subsidiaries will be treated as our active business income, rather than as passive income. Based on our current income, assets and activities, we do not believe that we are currently a PFIC. No assurances can be made, however, that the IRS will not challenge this position or that we will not subsequently become a PFIC.

A determination as to PFIC status is made annually (although an initial determination that we are a PFIC will generally be binding on a shareholder who does not make the qualified election discussed below with respect to the first year such shareholder holds or is deemed to hold our Common Shares). Whether we are a PFIC in any year and the tax consequences relating to PFIC status will depend on the composition of our income and assets. For example, we retain in our business a substantial amount of cash and cash equivalents, and such cash balances are considered by the IRS to be passive assets, even if held as working capital for an active business. Accurate predictions of the composition of our income are particularly difficult in light of the volatile nature of earnings patterns in technological industries. In addition, U.S. tax law is not entirely clear as to the proper classification of all types of income that we may realize or all types of assets that we may hold. We will, however, monitor our income and assets closely in order to make an annual determination as to whether we are a PFIC. Following the close of any tax year, we intend to promptly send a notice to all shareholders of record at any time during such year, if we determine that we are a PFIC.

If we are a PFIC, each of our direct and certain indirect shareholders that is a U.S. person ("U.S. Shareholders") either (i) may make an election to report currently its *pro rata* share of our ordinary earnings and net capital gain even if no distributions are actually received from us (the "qualified election"), or (ii) upon a disposition of our Common Shares, including a disposition pursuant to an otherwise tax-free reorganization, or receipt of an "excess distribution" (as defined in the Code), will be subject to tax (including an interest charge) generally as if the gain or distribution were earned ratably over the period in which our Common Shares were held and face other adverse tax consequences. Alternatively, under the "Taxpayer Relief Act of 1997," effective for taxable years of U.S. persons beginning after December 31, 1997, U.S. Shareholders may make a mark-to-market election with respect to our Common Shares under which the U.S. Shareholder would include in income each year an amount equal to the excess, if any, of the market value of our Common Shares as of the close of the taxable year over the U.S. Shareholder's adjusted basis in such stock. Under this election, the U.S. Shareholder would be allowed a deduction for the excess, if any, of the adjusted basis of our Common Shares over the market value of the shares as of the close of the taxable year but only to the extent of any net mark-to-market gains with respect to our Common Shares included by the shareholder for prior taxable years. The U.S. Shareholder's adjusted basis in our Common Shares would be adjusted to reflect the amounts included or deducted under this election. Amounts included in income pursuant to a mark-to-market election, as well as gain on the actual sale or other disposition of our Common Shares would be treated as ordinary income. Ordinary loss treatment would also apply to the deductible portion of any mark-to-market loss on our Common Shares, as well as to any loss realized on the actual sale or other disposition of our Common Shares to the extent that the amount of such loss did not exceed the net mark-to-market gains previously included with respect to such stock. An election to mark to market will apply to the taxable year for which made and all subsequent taxable years, unless our Common Shares cease to be treated as marketable stock or the Secretary of the Treasury consents to the revocation of such election.

A shareholder who makes a qualified election may recognize ordinary income or loss as a result of currency fluctuations between the dates of our deemed and actual distributions.

If we become a PFIC, each U.S. Shareholder would be required annually to file IRS Form 8621 (Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with such shareholder's timely filed income tax return and with the Internal Revenue Service, whether or not the qualified election (or, for tax years after 1997, the mark-to-market election) is made. A U.S. Shareholder choosing to make a qualified election must also include a shareholder election statement and the PFIC annual information statement that we

will provide (as described below) when filing IRS Form 8621 and its income tax return, and should send a copy of the shareholder election statement to the Internal Revenue Service. If we determine that we have become a PFIC, within two months after the end of each year we intend to supply the PFIC annual information statement necessary to make the qualified election for such year to each U.S. Shareholder of record at the end of such year. In such case, we also intend to supply the PFIC annual information statement to any shareholder or former shareholder who requests it.

Prospective purchasers of our Common Shares are urged to consult their tax advisors regarding the PFIC rules and their effect on an investment in our Common Shares, with particular regard to (i) the advisability of making the qualified election in the event that we notify the shareholders that we have become a PFIC in any taxable year, or (ii) the advisability of making the mark-to-market election provided in the tax law.

Backup Withholding and Information Reporting

In general, dividend payments, or other taxable distributions, paid within the United States or through certain U.S.-related financial intermediaries on our Common Shares will be subject to information reporting requirements and backup withholding tax at the rate of 28% for a non-corporate United States person and, who also:

- fails to provide an accurate taxpayer identification number;
- is notified by the Internal Revenue Service that the individual has failed to report all interest or dividends required to be shown on the Federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

Certain corporations and persons that are not United States persons may be required to establish their exemption from information reporting and backup withholding by certifying their status on Internal Revenue Service Form W-8 or W-9.

If a United States person sells our Common Shares to or through a United States office of a broker, the payment of the proceeds is subject to both United States backup withholding and information reporting unless the individual can certify that they are a non-U.S. person, under penalties of perjury, or they otherwise establish an exemption. If a United States person sells our Common Shares through a non-U.S. office of a non-U.S. broker and the sale proceeds are paid to the person outside the United States then information reporting and backup withholding generally will not apply to that payment. However, United States information reporting requirements, but not backup withholding, will apply to a payment of sales proceeds, even if that payment is made to the United States person outside the United States, if the person sells our Common Shares through a non-U.S. office of a broker that is a U.S. person or has certain other contacts with the United States.

An individual generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed the individual's income tax liability by filing a refund claim with the United States Internal Revenue Service.

Foreign Currency Issues

If dividends are paid in euros, the amount of the dividend distribution included in the income of a U.S. Holder will be the U.S. dollar value of the payments made in euros, determined at a spot, euro/U.S. dollar rate applicable to the date such dividend is includible in the income of the U.S. Holder, regardless of whether the payment is in fact converted into U.S. dollars. Generally, gain or loss (if any) resulting from currency exchange fluctuations during the period from the date the dividend is paid to the date such payment is converted into U.S. dollars will be treated as ordinary income or loss. We have never paid cash dividends on our share capital and do not intend to do so for the foreseeable future.

Documents on Display

Documents referred to in this Annual Report may be inspected at our principal executive office located at Spoorstraat 50, 5911 KJ Venlo, The Netherlands.

Item 11. 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 transactions. The overall objective of our risk management is to reduce the potential negative earnings effects from changes in interest and foreign exchange rates. Exposures are managed through operational methods and financial instruments. We do not use financial instruments for trading or other speculative purposes.

Interest Rate Risk

At December 31, 2006, we had $430.4 million in cash and cash equivalents and $52.8 million in marketable securities, of which $17.4 million was invested in fixed rate debt securities. Interest income earned on our cash investments and our floating rate note marketable securities is affected by changes in the relative levels of market interest rates. We only invest in high-grade investment securities. A hypothetical adverse 10% movement in market interest rates would decrease 2006 earnings by approximately $800,000.

Borrowings against lines of credit are at variable interest rates. We had no outstanding lines of credit at December 31, 2006. A hypothetical adverse 10 percent movement in market interest rates would not have materially impacted our financial statements.

At December 31, 2006, we had $496.1 million in long-term debt, of which $46.1 million was at a variable rate. A hypothetical adverse 10% movement in market interest rates would decrease 2006 earnings by approximately $124,000, based on the quarter-end interest rate, a loan balance consistent with that at quarter-end and a constant foreign exchange rate.

Currency Fluctuations

We operate on an international basis. A significant portion of our revenues and expenses are earned and incurred in currencies other than the U.S. dollar. The euro is the most significant such currency, with others including the British pound, Japanese yen, Swiss franc, Norwegian krone and Canadian and Australian dollars. Fluctuations in the value of the currencies in which we conduct our business relative to the U.S. dollar have caused and will continue to cause U.S. dollar translations of such currencies to vary from one period to another. Due to the number of currencies involved, the constantly changing currency exposures, and the potential substantial volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon future operating results. However, because we have substantial expenses as well as revenues in each of our principal functional currencies, the exposure of our financial results to currency fluctuations is reduced. In general terms, depreciation of the U.S. dollar against our other foreign currencies, such as occurred in 2006 with respect to the euro, will increase reported net sales. However, this impact normally will be at least partially offset in the results of operations by gains or losses from foreign currency transactions.

Currency Hedging

In the ordinary course of business, we purchase instruments with which we intend to hedge foreign currency fluctuations with the principal objective of minimizing the risks and/or costs associated with global financial and operating activities. Generally, we hedge a majority of the anticipated cash flow that we expect to exchange into other currencies, subject to our short-term financing needs. We do not utilize financial instruments for trading or other speculative purposes.

At December 31, 2006, these foreign currency instruments consisted of options, which give us the right, but not the obligation, to purchase foreign currencies in exchange for U.S. dollars at predetermined exchange rates. These options are marked to market through our statements of income and are not designated as effective hedges according to the provisions of SFAS 133. At December 31, 2006 and 2005, we did not have any significant foreign currency exchange option holdings.

During 2005, our German and Swiss subsidiaries entered into forward arrangements which qualify for hedge accounting as cash flow hedges of foreign currency denominated liabilities. At December 31, 2006, these forward contracts totaled $44.0 million as a hedge to currency risk on intercompany loans. The contracts mature in July 2011. The gain or loss on the change in the fair values of the derivatives are included in earnings to the extent they offset the earnings impact of changes in the fair values of the hedged obligations. Any difference is deferred in accumulated comprehensive income, a component of shareholders' equity. These contracts effectively fix the exchange rate at which the intercompany loans will be settled in, so that gains or losses on the forward contracts offset the losses or gains from changes in the value of the underlying intercompany loans.

During 2006, we also entered into two additional forward arrangements which qualify as cash flow hedges of foreign currency denominated liabilities. At December 31, 2006, we held a contract for CND 8.0 million which matures in February 2007. Additionally we held a contract for JPY 200.0 million which matures in April 2007.

At December 31, 2005, we held a contract for CND 9.0 million which matured in February 2006 and had a fair market value of $377,000 which is included in accrued and other liabilities at December 31, 2005.

Foreign Currency Exchange Rate Risk

We have significant production and manufacturing facilities located in Germany and Switzerland, and intercompany sales of inventory expose us to foreign currency exchange rate risk. Intercompany sales of inventory are generally denominated in the local currency of the subsidiary purchasing the inventory in order to centralize foreign currency risk with the manufacturing subsidiary. Payment for intercompany purchases of inventory is required within 30 days from invoice date. The delay between the date the manufacturing subsidiaries record revenue and the date when the payment is received from the purchasing subsidiaries exposes us to foreign exchange risk. The exposure results primarily from those transactions between the manufacturing subsidiaries and the U.S.

The foreign currency exchange rate risk is partially offset by transactions of the manufacturing subsidiary denominated in U.S. dollars. Hedging instruments include foreign currency put options that are purchased to protect the majority of the existing and/or anticipated receivables resulting from intercompany sales from the manufacturing subsidiary to the U.S. These options give us the right, but not the obligation, to purchase foreign currencies in exchange for U.S. dollars at predetermined exchange rates. Management does not believe that our exposure to foreign currency exchange rate risk is material.

Item 12. Description of Securities other than Equity Securities

Not Applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

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

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

Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company's system of internal controls over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2006. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based on our assessment under the COSO Internal Control-Integrated Framework, management believes that, as of December 31, 2006, our internal control over financial reporting is effective**.**

Ernst & Young LLP, the independent registered public accounting firm that audited the Company's consolidated financial statements for the year ended December 31, 2006, has issued an attestation report on management's assessment of our internal control over financial reporting which is included in this Annual Report on Form 20-F. This report appears on page F-3.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during 2006 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

The Board has designated Dr. Heinrich Hornef as an "audit committee financial expert" as that term is defined in the SEC rules adopted pursuant to the Sarbanes-Oxley Act. Dr. Hornef is "independent" as defined in the Marketplace Rules of the NASDAQ as applicable to Audit Committees.

Item 16B. Code of Ethics

QIAGEN has in place a Code of Conduct that applies to all Directors, officers and employees which qualifies as a code of ethics, as required by SEC and NASDAQ Marketplace Rules. The Code of Conduct applies to all of QIAGEN's employees, including our principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions. The full text of the Code of Conduct is available on our website at www.qiagen.com.

Item 16C. Principal Accountant Fees and Services

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee has adopted a pre-approval policy that requires the pre-approval of all services performed for us by Ernst & Young LLP. Additionally, the Audit Committee has delegated to the Committee Chairman full authority to approve any management request for pre-approval provided the Chairman presents any approval given at its next scheduled meeting. All audit related services, tax services and other services rendered by Ernst & Young LLP were pre-approved by the Audit Committee and are compatible with maintaining the auditor's independence.

At our 2006 Annual General Meeting of Shareholders held on June 22, 2006, our shareholders reappointed Ernst & Young LLP to serve as our auditors for the fiscal year ended December 31, 2006. Set forth below are the total fees billed (or expected to be billed), on a consolidated basis, by Ernst & Young LLP for providing audit and other professional services in each of the last two fiscal years:

	2006	2005
Audit fees	$1,219,000	$ 536,000
Audit related fees	438,000	155,000
Tax fees	196,000	145,000
All other fees	732,000	239,000
Total	$2,585,000	$1,075,000

Audit fees consist of fees and expenses billed for the annual audit and quarterly review of QIAGEN's consolidated financial statements. They also include fees billed for other audit services, which are those services that only the statutory auditor can provide, and include the review of documents filed with the Securities Exchange Commission. For the years ended December 31, 2006 and 2005, audit fees include $600,000 and $6,000, respectively, for the auditors' attestation on internal controls over financial reporting.

Audit-related fees consist of fees and expenses billed for assurance and related services that are related to the performance of the audit or review of QIAGEN's financial statements and include consultations concerning financial accounting and reporting standards; review of the opening balance sheets of newly acquired companies; and statutory audit of subsidiaries' financial statements.

Tax fees include fees and expenses billed for tax compliance services, including assistance on the preparation of tax returns and claims for refund; tax consultations, such as assistance and representation in connection with tax audits and appeals, tax advice related to mergers and acquisitions, transfer pricing, and requests for rulings or technical advice from taxing authorities; tax planning services; and expatriate tax compliance, consultation and planning services.

All other fees include fees and expenses billed for services such as information technology projects, transaction due diligence and cost segregation studies as allowed by the Sarbanes Oxley Act of 2002. For the year ended December 31, 2006, other fees includes approximately $364,000 related to transaction due diligence.

Item 16D. Exemptions From the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

PART III

Item 17. Financial Statements

See Item 18.

Item 18. Financial Statements

See pages F-1 through F-42 included herein.

(A) The following financial statements, together with the report of Ernst & Young LLP thereon, are filed as part of this annual report:

Item 19. Exhibits

1.1	Articles of Association as confirmed by notorial deed as of July 14, 2005 (English translation) (filed as Exhibit 4.1) (5)
2.1	Credit Contract for a Club Deal between QIAGEN GmbH, Deutsche Bank AG, Stadtsparkasse Dusseldorf, and IKB Deutsche Industriebank AG, dated July 12, 2004 (English Translation) (6)
2.2	Declaration by QIAGEN N.V. to Deutsche Bank Aktiengesellschaft dated July 12, 2004 (6)
2.3	Indenture between QIAGEN Finance (Luxembourg) S.A., QIAGEN N.V., Deutsche Trustee Company Limited, Deutsche Bank AG and Deutsche Bank Luxembourg S.A. dated August 18, 2004 (6)
2.4	Agreement In Connection With The Delivery Of Ordinary Shares In The Share Capital Of QIAGEN N.V. Pursuant To Convertible Notes Due 2024 Issued By QIAGEN Finance (Luxembourg) S.A. dated August 18, 2004 (6)
*2.5	Amendment to Agreement In Connection With The Delivery Of Ordinary Shares In The Share Capital Of QIAGEN N.V. Pursuant To Convertible Notes Due 2024 Issued By QIAGEN Finance (Luxembourg) S.A. dated July 1, 2006
*2.6	Indenture between QIAGEN Euro Finance (Luxembourg) S.A., QIAGEN N.V., Deutsche Trustee Company Limited, Deutsche Bank AG and Deutsche Bank Luxembourg S.A. dated May 16, 2006
*2.7	Agreement In Connection With The Delivery Of Ordinary Shares In The Share Capital Of QIAGEN N.V. Pursuant To Convertible Notes Due 2026 Issued By QIAGEN Euro Finance (Luxembourg) S.A. dated May 8, 2006
*2.8	Amendment to Agreement In Connection With The Delivery Of Ordinary Shares In The Share Capital Of QIAGEN N.V. Pursuant To Convertible Notes Due 2026 Issued By QIAGEN Euro Finance (Luxembourg) S.A. dated July 1, 2006
4.1	Lease between QIAGEN GmbH and Brixton Estate Deutschland GmbH dated March 14, 1997 (the "Albert-Einstein-Str. Lease" (Filed as Exhibit 10.1(a)) (1)

4.2	The "Albert-Einstein-Str. Lease" Contract Summary (Filed as Exhibit 10.1(b)) (1)
4.3	Master Agreement among Becton, Dickinson and Company, Becton Dickinson Sample Collection GmbH, QIAGEN AG, and QIAGEN N.V., dated August 5, 1999 (Filed as Exhibit 10.1) (2)
4.4	Lease Between QIAGEN GmbH and Gisantus Grundstucksverwaltungsgesellscharft mbH, dated January 13, 1997 (the "Max-Volmer-Strasse 4 Lease") (Filed as Exhibit 10.3) (2)
4.5	The "Max-Volmer-Strasse 4 Lease" Summary (Filed as Exhibit 10.3(a)) (2)
4.6	Consultancy Agreement between QIAGEN GmbH and Dr. Metin Colpan dated December 4, 2003 (6)
4.7	QIAGEN N.V. Amended and Restated Stock Plan (5)
4.8	Amendment No. 1 to the Consultancy Agreement between QIAGEN GmbH and Dr. Metin Colpan dated February 11, 2004 (7)
*8.1	List of Subsidiaries
*12.1	Certifications under Section 302; Peer M. Schatz, Managing Director and Chief Executive Officer
*12.2	Certifications under Section 302; Roland Sackers, Managing Director and Chief Financial Officer
*13.1	Certifications under Section 906; Peer M. Schatz, Managing Director and Chief Executive Officer and Roland Sackers, Managing Director and Chief Financial Officer
*15.1	Consent of Ernst & Young LLP

* Filed herewith.

(1) Incorporated by reference to Form 20-F Annual Report of QIAGEN N.V. filed with the Securities and Exchange Commission on May 21, 1998.

(2) Incorporated by reference to Form 20-F Annual Report of QIAGEN N.V. filed with the Securities and Exchange Commission on March 31, 2000.

(3) Incorporated by reference to Form 20-F Annual Report of QIAGEN N.V. filed with the Securities and Exchange Commission on March 31, 2003.

(4) Incorporated by reference to Form 20-F Annual Report of QIAGEN N.V. filed with the Securities and Exchange Commission on March 26, 2004.

(5) Incorporated by reference to Registration Statement of QIAGEN N.V. on Form S-8 filed with the Securities and Exchange Commission on August 10, 2005.

(6) Incorporated by reference to Form 20-F Annual Report of QIAGEN N.V. filed with the Securities and Exchange Commission on April 19, 2005.

(7) Incorporated by reference to Form 20-F Annual Report of QIAGEN N.V. filed with the Securities and Exchange Commission on April 19, 2005.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

QIAGEN N.V.

Dated: March 30, 2007

By: /s/ Peer M. Schatz

Peer M. Schatz, Chief Executive Officer

QIAGEN N.V. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Supervisory Board and Shareholders of QIAGEN N.V. and Subsidiaries

We have audited the accompanying consolidated balance sheets of QIAGEN N.V. and Subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, shareholders' equity and comprehensive income and cash flows for each of the three years in the period ended December 31, 2006. Our audits also included the financial statement schedule listed in the Index at Item 19(A). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of QIAGEN N.V. and Subsidiaries at December 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note 17 to the consolidated financial statements, QIAGEN N.V. changed its method of accounting for share-based compensation in 2006 upon adoption of Statement of Financial accounting Standards No. 123 (R), "Share-Based Payment."

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of QIAGEN N.V.'s internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 30, 2007 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

McLean, Virginia
March 30, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Supervisory Board and Shareholders of QIAGEN N.V. and Subsidiaries

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that QIAGEN N.V. maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). QIAGEN N.V.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that QIAGEN N.V. maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, QIAGEN N.V. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2006 consolidated financial statements of QIAGEN N.V. and our report dated March 30, 2007 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

McLean, Virginia
March 30, 2007

QIAGEN N.V. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	As of December 31,	
	2006	**2005**
Assets		
Current Assets:		
Cash and cash equivalents	**$ 430,357,000**	$191,700,000
Marketable securities	**52,782,000**	15,000,000
Notes receivable	**4,247,000**	4,283,000
Accounts receivable, net of allowance for doubtful accounts of $4,167,000 and $2,388,000 in 2006 and 2005, respectively	**80,429,000**	63,538,000
Income taxes receivable	**2,901,000**	4,161,000
Inventories, net	**64,085,000**	53,653,000
Deferred income taxes	**18,627,000**	11,617,000
Prepaid expenses and other	**29,763,000**	26,305,000
Total current assets	**683,191,000**	370,257,000
Long-Term Assets:		
Property, plant and equipment, net	**221,277,000**	195,199,000
Goodwill	**160,141,000**	93,914,000
Intangible assets, net of accumulated amortization of $25,904,000 and $13,813,000 in 2006 and 2005, respectively	**118,492,000**	74,566,000
Deferred income taxes	**2,409,000**	6,346,000
Other assets	**26,502,000**	25,016,000
Total long-term assets	**528,821,000**	395,041,000
Total assets	**$1,212,012,000**	$765,298,000

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

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND SHAREHOLDERS' EQUITY

	As of December 31,	
	2006	**2005**
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term debt	**$ 6,599,000**	$ 5,921,000
Current portion of capital lease obligations	**823,000**	995,000
Accounts payable	**23,806,000**	15,934,000
Accrued and other liabilities (of which $8.1 million due to related parties in 2006 and 2005, see Note 20)	**66,197,000**	52,707,000
Income taxes payable	**13,746,000**	14,935,000
Deferred income taxes	**5,360,000**	1,179,000
Total current liabilities	**116,531,000**	91,671,000
Long-Term Liabilities:		
Long-term debt, net of current portion (of which $450.0 million in 2006 and $150.0 million in 2005 due to related parties, see Note 20)	**489,592,000**	191,447,000
Capital lease obligations, net of current portion	**12,009,000**	11,101,000
Deferred income taxes	**21,705,000**	17,570,000
Other	**6,010,000**	3,052,000
Total long-term liabilities	**529,316,000**	223,170,000
Commitments and Contingencies (Note 18)		
Shareholders' Equity:		
Common shares, .01 EUR par value: Authorized—260,000,000 shares Issued and outstanding—150,167,540 shares in 2006 and 148,455,864 shares in 2005	**1,535,000**	1,513,000
Additional paid-in capital	**178,656,000**	157,796,000
Retained earnings	**344,739,000**	274,200,000
Accumulated other comprehensive income	**41,235,000**	16,948,000
Total shareholders' equity	**566,165,000**	450,457,000
Total liabilities and shareholders' equity	**$1,212,012,000**	$765,298,000

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

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years ended December 31,		
	2006	**2005**	**2004**
Net sales	**$465,778,000**	$398,395,000	$380,629,000
Cost of sales	**139,122,000**	122,755,000	125,658,000
Cost of sales—acquisition and restructuring	**2,046,000**	439,000	1,454,000
Gross profit	**324,610,000**	275,201,000	253,517,000
Operating Expenses:			
Research and development	**41,560,000**	35,780,000	34,351,000
Sales and marketing	**115,942,000**	94,312,000	87,506,000
General and administrative	**48,574,000**	40,123,000	41,715,000
Purchased in-process research and development	**2,200,000**	3,239,000	—
Acquisition, integration and related costs	**6,061,000**	3,213,000	572,000
Acquisition related intangible amortization	**8,220,000**	3,697,000	1,416,000
Relocation, restructuring and related costs	**1,452,000**	—	3,817,000
Total operating expenses	**224,009,000**	180,364,000	169,377,000
Income from operations	**100,601,000**	94,837,000	84,140,000
Other Income (Expense):			
Interest income	**16,359,000**	7,552,000	2,887,000
Interest expense	**(11,918,000)**	(5,940,000)	(5,101,000)
Research and development grants	**795,000**	1,380,000	1,608,000
Loss on foreign currency transactions, net	**(660,000)**	(157,000)	(67,000)
Gain (loss) from equity method investees	**1,251,000**	(1,149,000)	(2,243,000)
Other miscellaneous (expense) income, net	**(360,000)**	741,000	(8,537,000)
Total other income (expense)	**5,467,000**	2,427,000	(11,453,000)
Income before provision for income taxes	**106,068,000**	97,264,000	72,687,000
Provision for income taxes	**35,529,000**	35,039,000	23,982,000
Net income	**$ 70,539,000**	$ 62,225,000	$ 48,705,000
Basic net income per common share	**$ 0.47**	$ 0.42	$ 0.33
Diluted net income per common share	**$ 0.46**	$ 0.41	$ 0.33
Shares used in computing basic net income per common share	**149,504,000**	147,837,000	146,658,000
Shares used in computing diluted net income per common share	**153,517,000**	150,172,000	148,519,000

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

QIAGEN N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

	Common Shares		Additional Paid-In	Retained	Accumulated Other Comprehensive	Total Shareholders'
	Shares	Amount	Capital	Earnings	Income (Loss)	Equity
BALANCE AT DECEMBER 31, 2003	146,217,518	$1,485,000	$140,039,000	$163,270,000	$ 29,992,000	$334,786,000
Net income	—	—	—	48,705,000	—	48,705,000
Unrealized loss, net on hedging contracts	—	—	—	—	(500,000)	(500,000)
Unrealized gain, net on marketable securities	—	—	—	—	47,000	47,000
Realized gain, net on marketable securities	—	—	—	—	(481,000)	(481,000)
Translation adjustment	—	—	—	—	11,617,000	11,617,000
Comprehensive income	—	—	—	—	—	59,388,000
Exercise of stock options	802,689	10,000	5,122,000	—	—	5,132,000
Tax benefit in connection with nonqualified stock options, net of reclass related to vested stock options	—	—	775,000	—	—	775,000
Option vesting accelerated in connection with sale of synthetic DNA business unit	—	—	295,000	—	—	295,000
BALANCE AT DECEMBER 31, 2004	147,020,207	1,495,000	146,231,000	211,975,000	40,675,000	400,376,000
Net income	—	—	—	62,225,000	—	62,225,000
Unrealized loss, net on hedging contracts	—	—	—	—	(1,372,000)	(1,372,000)
Unrealized gain, net on marketable securities	—	—	—	—	2,800,000	2,800,000
Realized loss, net on marketable securities	—	—	—	—	507,000	507,000
Translation adjustment	—	—	—	—	(25,662,000)	(25,662,000)
Comprehensive income	—	—	—	—		38,498,000
Exercise of stock options	1,435,657	18,000	7,941,000	—	—	7,959,000
Tax benefit in connection with nonqualified stock options	—	—	3,169,000	—	—	3,169,000
Proceeds from subscription receivable	—	—	455,000	—	—	455,000
BALANCE AT DECEMBER 31, 2005	148,455,864	1,513,000	157,796,000	274,200,000	16,948,000	450,457,000
Net income	—	—	—	70,539,000	—	70,539,000
Unrealized loss, net on hedging contracts	—	—	—	—	(539,000)	(539,000)
Realized loss, net on hedging contracts	—	—	—	—	2,122,000	2,122,000
Unrealized loss, net on marketable securities	—	—	—	—	(1,565,000)	(1,565,000)
Translation adjustment	—	—	—	—	24,473,000	24,473,000
Comprehensive income	—	—	—	—		95,030,000
Transition adjustment to pension liability upon adoption of new accounting standard, net of deferred taxes	—	—	—	—	(204,000)	(204,000)
Stock issued for acquisition	125,000	2,000	1,846,000			1,848,000
Exercise of stock options	1,586,676	20,000	10,986,000	—	—	11,006,000
Tax benefit on stock options	—	—	7,385,000	—	—	7,385,000
Share-based compensation	—	—	326,000	—	—	326,000
Proceeds from subscription receivable	—	—	317,000	—	—	317,000
BALANCE AT DECEMBER 31, 2006	**150,167,540**	**$1,535,000**	**$178,656,000**	**$344,739,000**	**$ 41,235,000**	**$566,165,000**

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

QIAGEN N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,		
	2006	**2005**	**2004**
Cash Flows From Operating Activities:			
Net income	**$ 70,539,000**	$ 62,225,000	$ 48,705,000
Adjustments to reconcile net income to net cash provided by operating activities, net of effects of businesses acquired:			
Depreciation and amortization	**30,038,000**	24,955,000	22,961,000
Non-cash acquisition and restructure costs	**4,745,000**	2,114,000	—
Purchased in-process research and development	**2,200,000**	3,239,000	—
Tax effect from non-qualified stock options, net	**(7,385,000)**	3,169,000	775,000
Provision for losses on accounts receivable	**378,000**	54,000	128,000
Deferred income taxes	**5,210,000**	(2,202,000)	(10,474,000)
Loss on disposition of synthetic DNA business unit	**—**	—	9,796,000
(Gain) loss on disposition of property and equipment	**1,262,000**	(97,000)	159,000
(Gain) loss on sale of marketable securities	**—**	507,000	(481,000)
(Gain) loss on equity method investees	**(1,251,000)**	1,149,000	2,243,000
Share-based compensation	**326,000**	—	—
Other	**500,000**	(123,000)	—
Net changes in operating assets and liabilities:			
(Increase) decrease in:			
Notes receivable	**346,000**	(33,000)	1,109,000
Accounts receivable	**(3,621,000)**	(131,000)	(4,193,000)
Income taxes receivable	**(5,385,000)**	1,897,000	(368,000)
Inventories	**(4,202,000)**	3,764,000	2,019,000
Prepaid expenses and other	**1,238,000**	(9,778,000)	(5,282,000)
Other assets	**(1,662,000)**	934,000	(5,213,000)
Increase (decrease) in:			
Accounts payable	**2,720,000**	(4,711,000)	599,000
Accrued and other liabilities	**1,523,000**	422,000	2,450,000
Income taxes payable	**525,000**	5,592,000	(13,009,000)
Other	**3,435,000**	(1,709,000)	1,874,000
Net cash provided by operating activities	**101,479,000**	91,237,000	53,798,000
Cash Flows From Investing Activities:			
Purchases of property, plant and equipment	**(28,995,000)**	(13,728,000)	(12,621,000)
Proceeds from sale of equipment	**1,256,000**	1,738,000	1,584,000
Purchases of intangible assets	**(6,358,000)**	(15,276,000)	(3,493,000)
Purchases of investments	**—**	(4,981,000)	—
Collections of note receivable in connection with disposed synthetic DNA business unit	**652,000**	757,000	—
Net proceeds from disposition of synthetic DNA business unit	**—**	—	16,087,000
Purchases of marketable securities	**(56,606,000)**	(40,445,000)	(37,963,000)
Sales of marketable securities	**20,000,000**	55,430,000	14,860,000
Investment in unconsolidated subsidiary	**(42,000)**	—	(125,000)
Cash paid for acquisitions, net of cash acquired	**(95,379,000)**	(81,996,000)	(29,478,000)
Net cash used in investing activities	**(165,472,000)**	(98,501,000)	(51,149,000)

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

QIAGEN N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONTINUED)

	Years ended December 31,		
	2006	**2005**	**2004**
Cash Flows From Financing Activities:			
Repayment of lines of credit	**—**	(67,000)	—
Proceeds from debt	**295,022,000**	6,299,000	150,077,000
Repayments of debt	**(9,825,000)**	(10,638,000)	(58,471,000)
Principal payments on capital leases	**(745,000)**	(1,053,000)	(1,115,000)
Proceeds from subscription receivable	**317,000**	455,000	—
Excess tax benefits from stock based compensation	**7,385,000**	—	—
Issuance of common shares	**11,006,000**	7,959,000	5,132,000
Net cash provided by financing activities	**303,160,000**	2,955,000	95,623,000
Effect of exchange rate changes on cash and cash equivalents	**(510,000)**	(366,000)	(890,000)
Net increase (decrease) in cash and cash equivalents	**238,657,000**	(4,675,000)	97,382,000
Cash and cash equivalents, beginning of year	**191,700,000**	196,375,000	98,993,000
Cash and cash equivalents, end of year	**$430,357,000**	$191,700,000	$196,375,000
Supplemental Cash Flow Disclosures:			
Cash paid for interest	**$ 24,289,000**	$ 5,238,000	$ 3,664,000
Cash paid for taxes	**$ 36,384,000**	$ 21,582,000	$ 27,755,000
Noncash Investing and Financing Activities:			
Note receivable in connection with disposition of assets	**$ —**	$ —	$ 6,189,000
Equipment acquired through capital leases	**$ 175,000**	$ —	$ —
Acquisition:			
Issuance of common stock	**$ 1,848,000**	$ —	$ —

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

1. Description of Business

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

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States (GAAP) and include the accounts of the Company and its wholly owned subsidiaries other than those that are considered variable interest entities for which the Company is not the primary beneficiary. 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, and which the Company has determined that it is not the primary beneficiary, are accounted for using the equity method. All other investments are accounted for under the cost method.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingencies at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Risk

The Company buys materials for products from many suppliers, and is not dependent on any one supplier or group of suppliers for the business as a whole. However, key components of certain products, including certain instrumentation components and chemicals, are available only from a single source. If supplies from these vendors were delayed or interrupted for any reason, the Company may not be able to obtain these materials timely or in sufficient quantities in order to produce certain products and sales levels could be negatively affected. Additionally, the Company's 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 the Company's products are used could have a significant effect on the demand for our products.

Fair Value of Financial Instruments

The carrying value of the Company's cash and cash equivalents, notes receivable, accounts receivable, accounts payable and accrued liabilities approximate their fair values because of the short maturities of those instruments. The carrying value of the Company's variable rate debt and capital 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 notes payable to QIAGEN Finance and Euro Finance, further discussed in Note 16, were estimated by using available over-the-counter market information on the convertible bonds which were issued by QIAGEN Finance and Euro Finance, the values of which correlate to the fair value of the loan arrangements the Company has with QIAGEN Finance and Euro Finance which includes the notes payable, the guarantee and the warrant agreement (further discussed in Note 6).

Cash and Cash Equivalents, Marketable Securities and Investments

Cash and Cash Equivalents: Cash and cash equivalents consist of cash on deposit in banks and other cash invested temporarily in various instruments that are short-term and highly liquid, and having an original maturity of less than 90 days at the date of purchase.

Marketable Securities and Investments: The Company accounts for marketable securities in accordance with Statement of Financial Accounting Standard (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." All such investments are classified "available for sale" and stated at fair value, interest income is accrued when earned, and changes in market values are reflected as unrealized gains and losses, calculated on the specific identification method, as a component of accumulated other comprehensive income.

The Company also has investments in non-marketable securities issued by privately held companies. These investments are included in other long-term assets in the accompanying consolidated balance sheets and are accounted for using the equity or cost method of accounting.

Marketable securities and investments are evaluated at least quarterly, or sooner if impairment indicators are noted, to determine if declines in value are other-than-temporary. In making that determination, the Company considers all available evidence relating to the realizable value of a security. This evidence includes, but is not limited to, the following:

- adverse financial conditions of a specific issuer, segment, industry, region or other variables;
- the length of time and the extent to which the fair value has been less than cost; and
- the financial condition and near-term prospects of the issuer.

Temporary declines in value of investments classified as available-for-sale are netted with unrealized gains and reported as a separate component of shareholders' equity. A decline in fair value below amortized cost that is judged to be other-than-temporary is accounted for as a realized loss and the write down is included in the consolidated statements of income. Realized gains and losses on the sale of investments are determined on a specific identification basis.

Accounts Receivable

The Company's accounts receivable are unsecured and the Company is at risk to the extent such amounts become uncollectible. The Company continually monitors accounts receivable balances, and provides for an allowance for doubtful accounts at the time collection becomes questionable based on payment history or age of the receivable. Write-offs of accounts receivable totaled $333,000, $620,000 and $383,000 while provisions for

doubtful accounts which were charged to expense totaled $378,000, $54,000 and $128,000 for the years ended December 31, 2006, 2005 and 2004, respectively. For all years presented, no single customer represented more than ten percent of accounts receivable or consolidated net sales.

Inventories

Inventories are stated at the lower of cost, determined on a first-in, first-out basis, or market and include material, capitalized labor and overhead costs. Inventories consist of the following as of December 31, 2006 and 2005:

	2006	2005
Raw materials	**$22,376,000**	$18,200,000
Work in process	**23,229,000**	18,064,000
Finished goods	**18,480,000**	17,389,000
Total inventories	**$64,085,000**	$53,653,000

Property, Plant and Equipment

Property, plant and equipment, including equipment acquired under capital lease obligations, are stated at cost. Depreciation is computed using straight-line and declining balance methods over the estimated useful lives of the assets (one to 40 years). Amortization of leasehold improvements is computed on a straight-line basis over the lesser of the remaining life of the lease or the estimated useful life. The Company has a policy of capitalizing expenditures that materially increase assets' useful lives and charging ordinary maintenance and repairs to operations as incurred. When property or equipment is disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is included in other miscellaneous income (expense).

Acquired Intangibles and Goodwill

Acquired intangibles are carried at cost less accumulated amortization and consist of licenses to technology held by third parties and other intangibles assets acquired by the Company. Amortization is computed over the estimated useful life of the underlying patents, which has historically ranged from one to twenty years. SFAS No. 142 "Goodwill and Other Intangible Assets" (SFAS No. 142) requires purchased intangible assets other than goodwill to be amortized over their estimated useful lives unless these lives are determined to be indefinite. In accordance with SFAS No. 142, intangibles are assessed for recoverability considering the contract life and the period of time over which the intangible will contribute to future cash flow. The unamortized cost of intangible assets is evaluated periodically and adjusted, if necessary, if events and circumstances indicate that a permanent decline in value below the carrying amount has occurred.

Goodwill represents the difference between the purchase price and the estimated fair value of the net assets acquired arising from business combinations. In accordance with SFAS No. 142, goodwill is subject to impairment tests annually, or earlier if indicators of potential impairment exist, using a fair-value-based approach. For the years ended December 31, 2006, 2005 and 2004, no goodwill impairment charges have been required.

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or a group of assets may not be recoverable. The Company

considers a history of operating losses or a change in expected sales levels to be indicators of potential impairment. Assets are grouped and evaluated for impairment at the lowest level for which there are identified cash flows that are largely independent of the cash flows of other groups of assets. The Company deems an asset to be impaired if a forecast of undiscounted projected future operating cash flows directly related to the asset, including disposal value, if any, is less than its carrying amount. If an asset is determined to be impaired, the loss is measured as the amount by which the carrying amount of the asset exceeds fair value. The Company generally measures fair value by discounting projected future cash flows. Considerable judgment is necessary to estimate discounted future cash flows. Accordingly, actual results could differ from such estimates.

Revenue Recognition

The Company's revenues are reported net of sales and value added taxes, discounts and sales allowances, and are derived primarily from the sale of consumable and instrumentation products, and to a much lesser extent, from the sale of services and technology. The Company recognizes revenue in accordance with the Securities and Exchange Commission's Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements" (SAB 104). SAB 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed and determinable; and (4) collectibility is reasonably assured.

Consumable Products: Approximately 90% of total revenues represent sales of consumable products. Revenue from consumable product sales is generally recognized upon transfer of title consistent with the shipping terms, and when all of the criteria of SAB 104 are achieved. Per the Company's usual shipping terms, title and risk of loss pass to the customer upon delivery of product to the shipping location. The Company maintains a small amount of consignment inventory at certain customer locations. Revenues for the consumable products which are consigned in this manner are recognized upon consumption. The Company generally allows returns of consumable products if the product is returned in a timely manner and in good condition. Allowances for returns are provided for based upon the historical pattern of returns and Management's evaluation of specific factors that impact the risk of returns.

Instrumentation: Revenue from instrumentation equipment is generally recognized when title passes to the customer, upon either shipment, in the case of sales to distributors, or written customer acceptance in the case of sales to end users, after satisfying any installation and training requirements. For instrumentation equipment sales that contain other obligations, such as providing consumables, advanced training, extended warranty services or preventative maintenance contracts, revenue is allocated based on the relative fair values of the individual components. The price charged when the element is sold separately generally determines its fair value.

Warranty and Product Maintenance: Revenues for extended warranty services or product maintenance contracts are deferred and recognized on a straight-line basis over the contract period. The Company generally recognizes service revenues on a completed contract basis. For each of the years ended December 31, 2006, 2005 and 2004, revenues from the sale of all services constitute less than 10 percent of total net sales.

License Fees: License fees from research collaborations include payments for technology transfer and access rights. Non-refundable, up-front payments received in connection with collaborative research and development agreements are generally deferred and recognized on a straight-line basis over the contract period during which there is any continuing obligation.

Milestones: Payments for milestones are generally based on the achievement of substantive and at-risk performance criteria are recognized in full at such time as the specified milestone has been achieved according to the terms of the agreement.

Royalty Income: Royalties from licensees are based on reported sales of licensed products and revenues are calculated based on contract terms when reported sales are reliably measurable and collectibility is reasonably assured.

Research and Development

Research and product development costs are expensed as incurred. Research and development expenses consist primarily of salaries and related expenses, facility costs and amounts paid to contract research organizations, and laboratories for the provision of services and materials. Acquired in-process research and development is expensed if technological feasibility has not been demonstrated and there is no alternative use for the in-process technology.

Shipping and Handling Income and Costs

Shipping and handling costs charged to customers are recorded as revenue in the period that the related product sale revenue is recorded. Associated costs of shipping and handling are included in sales and marketing expenses. For the years ended December 31, 2006, 2005 and 2004, shipping and handling costs totaled $8.8 million, $8.5 million and $7.8 million, respectively.

Advertising Costs

The costs of advertising are expensed as incurred according to Statement of Position 93-7, "Reporting on Advertising Costs." Promotional materials, such as brochures and catalogues, are accounted for as prepaid supplies and expensed when they are no longer owned or expected to be used in the selling effort. Advertising costs expensed for the years ended December 31, 2006, 2005 and 2004 were $2.6 million, $1.9 million and $1.8 million, respectively.

Warranty

The Company warrants its products against defects in materials and workmanship generally for a period of one year. A provision for estimated future warranty costs is recorded at the time product revenue is recognized. The Company's product warranty obligations are included in accrued and other liabilities in the accompanying consolidated balance sheets. The changes in the carrying amount of warranty obligations are as follows:

BALANCE AT DECEMBER 31, 2004	$1,229,000
Provision charged to income	514,000
Usage	(280,000)
Adjustments to previously provided warranties, net	(51,000)
Currency translation	(80,000)
BALANCE AT DECEMBER 31, 2005	1,332,000
Provision charged to income	1,071,000
Usage	(823,000)
Adjustments to previously provided warranties, net	(223,000)
Currency translation	56,000
BALANCE AT DECEMBER 31, 2006	$1,413,000

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109 "Accounting for Income Taxes." The deferred tax assets and/or liabilities are determined by multiplying the differences between the financial reporting and tax reporting bases for assets and liabilities by the enacted tax rates expected to be in effect when such differences are recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

For the years ended December 31, 2006, 2005 and 2004, the Company has recorded tax contingencies based on when the exposure item becomes probable and reasonably estimable in accordance with SFAS No. 5, "Accounting for Contingencies." The Company establishes reserves for tax contingencies that reflect its best estimate of the deductions and credits that it may be unable to sustain, or that it could be willing to concede as part of a broader tax settlement. The tax contingency liability is based on the Company's estimate of whether additional taxes will be due in the future. Any additional taxes will be determined only upon the completion of current and future tax audits. The timing of such payments cannot be determined with any certainty, but the Company expects that they will not be made within one year.

Foreign Currency Translation

The Company's reporting currency is the U.S. dollar. The subsidiaries' functional currencies are the local currency of the respective country. Local subsidiary balance sheets which are prepared in their functional currencies are translated to the reporting currency at exchange rates in effect at the end of the accounting period except for shareholders' equity accounts, which are translated at rates in effect when these balances were originally recorded. Revenue and expense accounts are translated at a weighted average of exchange rates during the period. The cumulative effect of translation is included in accumulated other comprehensive income in the accompanying consolidated balance sheets.

Derivative Instruments

The Company enters into derivative financial instrument contracts only for hedging purposes and accounts for them in accordance with SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities," and its amendments. The purpose of the derivative instruments is to minimize the variability of cash flows associated with the anticipated transactions being hedged. As changes in foreign currency rates impact the value of anticipated transactions, the fair value of the forward contracts also changes, offsetting foreign currency rate fluctuations. Derivative instruments are recorded on the balance sheet at fair value. Changes in fair value of derivatives are recorded in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if so, depending on the type of hedge transaction.

Stock-Based Compensation

Prior to January 1, 2006, the Company accounted for its equity-based compensation plans under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (Opinion 25), and related interpretations, as permitted by FASB Statement No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123). Effective January 1, 2006, the Company adopted the provisions of FASB Statement No. 123 (revised 2004), "Share-Based Payment," (SFAS No. 123(R)) and SEC Staff Accounting Bulletin No. 107, "Share-Based Payment," (SAB 107), using the modified prospective transition method. Under the modified prospective transition method, compensation cost recognized in 2006 includes compensation cost for all share-based payments granted prior to but were not vested as of January 1, 2006, based on the grant date fair value estimated. Compensation cost for all share-based payments granted

subsequent to January 1, 2006 were recorded based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R). Results for prior periods have not been restated.

The Company utilizes the Black-Scholes-Merton valuation model for estimating the fair value of its stock options granted. Option valuation models, including Black-Scholes-Merton, require the input of highly subjective assumptions, and changes in the assumptions used can materially affect the grant date fair value of an award. These assumptions include the risk-free rate of interest, expected dividend yield, expected volatility, and the expected life of the award.

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

Dividend Yield—The Company has never declared or paid dividends on its common stock and does not anticipate declaring or paying any dividends in the foreseeable future.

Expected Volatility—Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period. The Company uses a combination of the historical volatility of its stock price and the implied volatility of market-traded options of the Company's stock to estimate the expected volatility assumption input to the Black-Scholes model in accordance with SFAS No. 123(R) and SAB 107. In prior periods, the Company relied solely on the historical volatility of its stock price for its volatility assumption input to the Black-Scholes model. The Company's decision to use a combination of historical and implied volatility is based upon the availability of actively traded options of its stock and its assessment that such a combination is more representative of future expected stock price trends. Since 2001, the Company's annual volatility has ranged from 75 percent in 2001 to 26 percent in 2005 with an average of 57 percent during the five year period.

Expected Life of the Option—This is the period of time that the options granted are expected to remain outstanding. The Company used SAB 107's simplified method for estimating the expected term of share-based awards granted in 2006.

Forfeiture Rate—This is the estimated percentage of options granted that are expected to be forfeited or cancelled on an annual basis before becoming fully vested. The Company estimated the forfeiture rate based on historical forfeiture experience. For the year ended December 31, 2006, the estimated forfeiture rate was nine percent.

Reclassifications

Certain reclassifications of prior year amounts in Note 14 regarding Income Taxes and Note 21 regarding Segments have been made to conform with the current year presentation.

Authoritative Pronouncements

In September of 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Post-retirement Plans," an amendment of SFAS No. 87, 88, 106, and 132(R). SFAS No. 158 makes numerous changes related to the accounting for pension and postretirement benefit plans. The most significant change is that the funded status of all post-retirement plans will be recorded on the balance sheet. The difference between a plan's funded status and its current balance sheet position will be recognized, net of taxes, as a component of shareholders' equity. SFAS No. 158 is effective for fiscal years ending after December 15, 2006. The adoption of SFAS No. 158 resulted in an increase to the pension liability of $333,000, deferred taxes of $129,000, and a net increase in the loss of accumulated other comprehensive income of $204,000 in the consolidated balance sheet for the year ending December 31, 2006.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 provides guidance for using fair value to measure assets and liabilities and only applies when other standards require or permit the fair value measurement of assets and liabilities. It does not expand the use of fair value measurement. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company will adopt this standard as required on January 1, 2008 and management is currently assessing the effect SFAS No. 157 will have on the Company's results of operations, financial condition and liquidity.

In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" (SAB 108). The intent of SAB 108 is to reduce diversity in practice on the method companies use to quantify financial statements misstatements, including the effect of prior year uncorrected errors. SAB 108 establishes an approach that requires quantification of financial statement errors using both an income statement and cumulative balance sheet approach. SAB 108 is effective for fiscal years ending after November 15, 2006. The adoption of SAB 108 did not have a significant impact on the Company's results of operations, financial condition and liquidity as of and for the year ended December 31, 2006.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109" (FIN 48), to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim period, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company adopted FIN 48 as of January 1, 2007. The cumulative effect of adopting FIN 48 will be recorded in retained earnings. The Company estimates that the cumulative effect adjustment to retained earnings will be in the range of approximately $2 million to $7 million to increase reserves for uncertain tax positions. The amount is subject to revision as management completes its analysis. In addition, the Company expects that the adoption of FIN 48 may result in greater volatility in the effective tax rate.

In June 2006, the FASB ratified the Emerging Issues Task Force (EITF) consensus on EITF Issue No. 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)." EITF Issue No. 06-3 states that the classification of taxes as gross or net is an accounting policy decision that is dependent on type of tax and that similar taxes are to be presented in a similar manner. EITF Issue No. 06-3 is effective for reporting periods beginning after December 15, 2006. The Company adopted this consensus as required on January 1, 2007 without a material impact on the Company's results of operations, financial condition or liquidity.

In February 2006, the FASB issued Statement of Financial Accounting Standards No. 155, "Accounting for Certain Hybrid Financial Instruments," (SFAS 155) which amends Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS 133) and Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," (SFAS 140). SFAS 155 simplifies the accounting for certain derivatives embedded in other financial instruments by allowing them to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS 155 also clarifies and amends certain other provisions of SFAS 133 and SFAS 140. SFAS 155 is effective for all financial instruments acquired, issued or subject to a remeasurement event occurring in fiscal year beginning after September 15, 2006. The Company adopted this consensus as required on January 1, 2007 without a material impact on the Company's results of operations, financial condition or liquidity.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." This new standard replaces APB Opinion No. 20, "Accounting Changes," and FASB SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements." Among other changes, SFAS No. 154 requires that a voluntary change in accounting principle be applied retrospectively with all prior period financial statements presented on the new accounting principle, unless it is impracticable to do so. SFAS No. 154 also provides that (1) a change in method of depreciating or amortizing a long-lived nonfinancial asset be accounted for as a change in estimate (prospectively) that was effected by a change in accounting principle, and (2) correction of errors in previously issued financial statements should be termed a "restatement." The new standard is effective for accounting changes and correction of errors made in fiscal years beginning after December 15, 2005. The Company adopted this statement on January 1, 2006 without a material effect.

3. Net Income per Common Share

The following schedule summarizes the information used to compute earnings per common share:

	Years ended December 31,		
	2006	**2005**	**2004**
Weighted average number of common shares used to compute basic net income per common share	**149,504,000**	147,837,000	146,658,000
Dilutive effect of stock options	**2,635,000**	2,269,000	1,861,000
Dilutive effect of outstanding warrant shares used to compute diluted net income per common share	**1,378,000**	66,000	—
	153,517,000	150,172,000	148,519,000
Outstanding stock options having no dilutive effect, not included in above calculation	**3,309,000**	5,235,000	5,430,000
Outstanding warrants having no dilutive effect, not included in above calculation	**22,071,000**	11,796,000	11,862,000

4. Acquisitions and Dispositions

During 2006, the Company completed seven acquisitions which individually were not significant to the overall consolidated financial statements. The aggregate purchase price of these 2006 acquisitions, net of cash acquired was $88.3 million, including the issuance of 125,000 shares of QIAGEN common stock valued at $1.8 million.

Under the purchase agreements, the Company could be required to make additional contingent cash payments totaling $47.5 million through 2010, of which $2.9 million was earned and accrued at December 31, 2006, through an increase to goodwill.

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

These acquisitions have been accounted for using the purchase method of accounting, and the acquired companies' results have been included in the accompanying financial statements from their respective dates of acquisition. Allocation of the purchase price for acquisitions was based on estimates of the fair value of the net assets acquired and, for acquisitions completed in 2006, is subject to adjustment upon finalization of the purchase price allocation. The Company has gathered no information that indicates the final purchase price allocations will differ materially from the preliminary estimates other than for the final determination of deferred tax assets acquired with the acquisitions of Gentra Systems, Inc and Genaco Biomedical Products, Inc. and the resolution of the final amount for the early termination of a lease obligation acquired with the acquisition of Gentra.

2006 Acquisitions

- In the fourth quarter of 2006, the Company completed the acquisition of Genaco Biomedical Products, Inc., located in Huntsville, Alabama. Genaco is an early-stage company applying a proprietary PCR-based multiplexing technology, Tem-PCR, to develop Templex™ molecular diagnostic tests. Multiplexing is a rapidly emerging segment in molecular diagnostics and is also highly synergistic with the Company's portfolio of qPCR-based molecular diagnostic assays which in the segment of infectious disease diagnostics is considered to be the broadest in the world. The Company also acquired former distributors PhileKorea Technology Inc., located in Daejeon, Korea and ATC Health Products Ltd., located in Ankara, Turkey.
- In the second quarter of 2006, the Company completed the acquisitions of Gentra Systems, Inc., located in Minneapolis, Minnesota, Singapore-based Research Biolabs Pte. Ltd. and Research Biolabs Sdn Bhd, located in Malaysia. Gentra is a leading developer, manufacturer and supplier of non-solid phase nucleic acid purification products, providing both consumables and automated platforms. The acquisition expands the Company's position as a leading provider of preanalytical and molecular diagnostics solutions to research and diagnostic customers. The acquisition of Research Biolabs, previously our distributor, expands the Company's direct presence in one of the most dynamic regions of the Company's global business. Research Biolabs currently has sales and marketing teams in Singapore, Malaysia and Indonesia, and will also support market development in Thailand and Vietnam.
- During the first quarter of 2006, the Company completed two acquisitions. PG Biotech Co. Ltd. (PG Biotech) is a leading developer, manufacturer and supplier of polymerase chain reaction (PCR)-based molecular diagnostic kits in China. The acquisition will support the Company's position as a leading provider of molecular diagnostics solutions to OEM partners and customers in the rapidly growing Asian markets. The Company also acquired certain assets and operations from Diatech s.r.l., Jesi, Italy, which distributes products produced by artus, which we acquired in 2005, in Italy.

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

	2006 Acquisitions
Purchase Price:	
Cash, including direct costs	**$ 90,454,000**
Stock issued	**1,847,000**
Cash acquired	**(4,017,000)**
	$ 88,284,000
Allocation:	
Working Capital	**$ 6,256,000**
Fixed and other long-term assets	**5,580,000**
Acquired intangible assets	**41,012,000**
Goodwill	**48,324,000**
Purchased in-process research and development expense	**2,200,000**
Deferred tax liability on fair value of identifiable intangible assets acquired	**(11,855,000)**
Liabilities assumed	**(3,233,000)**
	$ 88,284,000

Acquired intangible assets for 2006 acquisitions are as follows:

	2006 Acquisitions
Customer relationships	**$10,887,000**
Product technology	**26,600,000**
Trade name/license	**2,000,000**
Non-compete	**1,525,000**
	$41,012,000

Of the 2006 transaction costs, approximately $300,000 was accrued at December 31, 2006. Of the goodwill acquired in 2006, approximately $818,000 is expected to be tax deductible. The weighted average amortization periods for intangible assets acquired in 2006 are: 12 years for customer relationships; 11 years for product technology; nine years for trade name and license; and four years for non-compete agreements.

2005 Acquisitions

In May 2005, the Company acquired all of the outstanding capital stock of artus Gesellschaft für molekularbiologische Diagnostik und Entwicklung mbH (artus), an established leader in PCR-based molecular diagnostic tests for pathogenic, genotyping and pharmacogenomic testing. The Company believes that this acquisition is an excellent fit in its strategy to increase the Company's value as a partner to the molecular diagnostics industry. In addition to its leading position in preanalytical sample preparation in molecular diagnostics, the Company is now able to offer optimized and synchronized combinations of preanalytical sample preparation and diagnostic assay solutions to its partners in molecular diagnostics. By providing the opportunity for partners in molecular diagnostics to expand their portfolio by adding artus' validated assays, the Company intends to further contribute to accelerating the growth of molecular diagnostics by broadening the menu of tests available on today's diagnostic platforms. The purchase price, including direct acquisition costs and adjusted as

per the terms of the share purchase agreement, paid by the Company was approximately EUR 26.4 million (approximately $32.6 million at May 31, 2005) in cash. A total of EUR 9.3 million (approximately $11.5 million at May 31, 2005), of which EUR 2.7 million was considered as purchase price, was paid into escrow and will be released subject to certain milestones being met. During 2006, EUR 7.65 million of the escrow amount was released with EUR 6.3 million (approximately $7.6 million) recorded as additional purchase price resulting in an increase to goodwill.

During 2005, the Company completed five other acquisitions which were not individually significant to the overall consolidated financial statements. The aggregate purchase price of the 2005 acquisitions, net of cash acquired was $42.8 million. In 2006, pursuant to the acquisition agreements, an additional $1.6 million was paid and recorded as additional purchase price resulting in an increase to goodwill.

- At the end of the fourth quarter of 2005, we completed the acquisition of Eppendorf AG's reagent business which includes the Eppendorf "5-Prime" nucleic acid sample preparation and PCR reagent product lines and related intellectual property. The acquisition adds to our core strategic focus, represents an attractive addition to our portfolio of preanalytical and nucleic acid amplification consumables and adds a very promising pipeline of proprietary technologies for nucleic acid handling, separation, purification and amplification.
- During the third quarter of 2005, we completed three acquisitions. We acquired Tianwei Times, located in Beijing, China, which is a leading developer, manufacturer and supplier of nucleic acid sample preparation consumables in China. We acquired substantially all assets of Tianwei Times through our new wholly owned subsidiary Tiangen Biotech Beijing Co. Ltd. (Tiangen). The Tiangen acquisition expands QIAGEN's position as the leading supplier for products and technologies for preanalytical sample preparation in the rapidly growing market in China. In August we acquired the business of LumiCyte, Inc., which has developed and recently initiated marketing of the first products based on its proprietary STS- (Surface Tension Segmented) Biochip sample preparation solution for MALDI (Matrix-Assisted Laser Desorption/Ionization)-Mass Spectrometry (MS), and SuNyx GmbH which has developed and recently initiated marketing of its proprietary platforms for sample preparation of peptide and protein samples for analysis on Liquid Chromatography (LC)-MALDI Mass Spectrometry.
- During the second quarter of 2005, we acquired Nextal Biotechnology, Inc. (Nextal), subsequently renamed QIAGEN Canada, Inc., which is located in Canada and is a fast-growing provider of proprietary sample preparation tools which make protein crystallization more accessible.

The components of the purchase price allocation for 2005 acquisitions, as revised in 2006 for finalization of the purchase price allocation, are as follows:

	2005 Artus Acquisition	2005 Other Acquisitions
Purchase Price:		
Cash, including direct costs	$ 32,625,000	$43,038,000
Cash acquired	(1,334,000)	(514,000)
	$ 31,291,000	$42,524,000
Allocation:		
Working Capital	$ 4,097,000	$ (987,000)
Fixed and other long-term assets	322,000	4,239,000
Acquired intangible assets	24,500,000	21,197,000
Goodwill	23,801,000	18,989,000
Purchased in-process research and development expense	700,000	2,525,000
Deferred tax liability on fair value of identifiable intangible assets acquired	(5,800,000)	(3,403,000)
Liabilities assumed	(16,329,000)	(36,000)
	$31,291,0000	$42,524,000

Acquired intangible assets for 2005 acquisitions are as follows:

	2005 Artus Acquisition	2005 Other Acquisitions
Customer relationships	$ 3,400,000	$ 4,899,000
Product technology	11,100,000	16,173,000
Trade name/license	10,000,000	125,000
	$24,500,000	$21,197,000

Of the goodwill acquired in 2005, approximately $12.6 million is expected to be tax deductible. The weighted average amortization periods for intangible assets acquired in 2005 are: 14 years for customer relationships; 10 years for product technology; and 10 years for trade name and license.

Pro forma results

The following unaudited pro forma information assumes that the above acquisitions occurred at the beginning of the periods presented. For the years ended December 31, 2006 and 2005, pro forma net sales would have been $478.8 million and $447.5 million, pro forma net income would have been $82.2 million and $62.6 million, pro forma basic net income per common share would have been $0.55 and $0.42, and pro forma diluted net income per common share would have been $0.54 and $0.42, respectively. The 2006 pro forma data excludes a $2.0 million charge to cost of sales related to inventory, $6.1 million of acquisition and related costs and a $2.2 million charge for purchased in-process research and development. The 2005 pro forma data excludes the acquisition related costs including a $439,000 charge to cost of sales related to inventory, $3.2 million of acquisition and related costs and a $3.2 million charge for purchased in-process research and development. These unaudited pro forma results are intended for informational purposes only and are not necessarily indicative of the results of operations that would have occurred had the acquisitions been in effect at the beginning of the periods presented, or of future results of the combined operations.

Restructuring of Acquired Businesses

The Company has undertaken restructuring activities at acquired businesses. These activities, which were accounted for in accordance with EITF Issue No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination," (EITF Issue No. 95-3) have primarily included reductions in staffing levels and the abandonment of excess facilities. In connection with these restructuring activities, as part of the cost of acquisitions, the Company established reserves as detailed below, primarily for severance and excess facilities. In accordance with EITF Issue No. 95-3, the Company finalizes its restructuring plans no later than one year from the respective dates of the acquisitions. Upon finalization of restructuring plans or settlement of obligations for less than the expected amount, any excess reserves are reversed with a corresponding decrease in goodwill. Accrued acquisition expenses are included in accrued and other liabilities in the accompanying balance sheet.

The changes in accrued acquisition expenses for the 2005 and 2006 acquisitions are as follows:

	Accrual Balance 12/31/2005	Unused Amounts Reversed to Goodwill	Additional Amounts Accrued	Amounts Paid in Cash or Settled	Accrual Balance 12/31/2006
Severance and employee related	$1,011,000	$ (385,000)	$1,634,000	$(1,487,000)	$ 773,000
Lease and related costs	2,480,000	(1,068,000)	562,000	(7,000)	1,967,000
Other	—	—	543,000	(5,000)	538,000
	$3,491,000	$(1,453,000)	$2,739,000	$(1,499,000)	$3,278,000

Dispositions

In June 2004, the Company sold a significant portion of its synthetic DNA business unit to a group of investors, including a former member of management for $24.3 million, of which $17.8 million was paid in cash and the remainder is to be paid over a five year period ending in June 2009. The synthetic DNA business unit had operations located in the United States, Germany and Japan. The Company incurred a net loss related to the sale of such business of approximately $9.8 million, which was included in other miscellaneous expense in 2004. The net loss included net costs of $4.1 million on the transaction, severance costs of $2.7 million and lease termination and facility exit costs of $3.0 million.

5. Relocation and Restructure

In line with the Company's focus of streamlining and strengthening its operations, during 2004 the Company completed the realignment of certain operating functions, primarily in the United States, including the relocation of some of these functions to the Company's North American Headquarters in Germantown, Maryland, which opened in 2002. As discussed more fully in Note 4, in 2004 and 2005 restructuring costs were incurred in connection with the sale of the majority of the Company's synthetic DNA business unit and subsequent closure of the formerly used facility. Relocation and restructuring costs recorded in 2006 are primarily related to the restructuring of acquired businesses located in Norway and North America for which a restructuring was not contemplated at the time of acquisition. The Company expects that restructuring charges related to the 2006 closures and relocations will total approximately $2.0 million, of which $1.5 million has been expensed as of December 31, 2006.

Changes in the relocation and restructure accrual for the years ended December 31, 2006 and 2005 are as follows:

	Relocation, severance and employee related	Lease and facility	Inventory	Other	Total
ACCRUAL BALANCE AT DECEMBER 31, 2004	$ 983,000	$ 1,785,000	$ 76,000	$ 70,000	$ 2,914,000
Unused amounts reversed	(88,000)	(100,000)	—	—	(188,000)
Amounts paid in cash or settled	(840,000)	(1,621,000)	(76,000)	(70,000)	(2,607,000)
ACCRUAL BALANCE AT DECEMBER 31, 2005	55,000	64,000	—	—	119,000
Unused amounts reversed	(55,000)	(64,000)	—	—	(119,000)
Amounts accrued	665,000	172,000	—	120,000	957,000
Amounts paid in cash or settled	(386,000)	(172,000)	—	(73,000)	(631,000)
ACCRUAL BALANCE AT DECEMBER 31, 2006	$ 279,000	$ —	$ —	$ 47,000	$ 326,000

6. Variable Interest Entities

In December 2003, the Financial Accounting Standards Board (FASB) issued a revised Interpretation No. 46 (FIN 46R), "Consolidation of Variable Interest Entities," replacing the original interpretation issued in January 2003. This interpretation requires a company to consolidate a variable interest entity if it is designated as the primary beneficiary of that entity even if the company does not have a majority voting interest. A variable interest entity is generally defined as an entity with insufficient equity to finance its activities or where the owners of the entity lack the risk and rewards of ownership.

The Company has a 50% interest in a joint venture company, PreAnalytiX GmbH, for which neither joint venture partner is the primary beneficiary within the provisions of FIN 46R. Thus, the investment is accounted for under the equity method. QIAGEN AG has been a 50% joint venture partner in PreAnalytiX since November 1999, when the joint venture was formed. PreAnalytiX was formed to develop, manufacture and market integrated systems for the collection, stabilization and purification of nucleic acids for molecular diagnostic testing. At present, the Company's maximum exposure to loss as a result of its involvement with PreAnalytiX is limited to the Company's share of losses from the equity method investment itself. The joint venture entity reported net profit for the year ended December 31, 2006.

The Company has a 100% interest in QIAGEN Finance (Luxembourg) S.A. (QIAGEN Finance), a company established for the purpose of issuing convertible debt in 2004. During the first quarter of 2006, the Company established QIAGEN Euro Finance (Luxembourg) S.A. (Euro Finance) for the purpose of issuing additional convertible debt. In August 2004, the Company issued $150.0 million of 1.5% Senior Convertible Notes (2004 Notes) due in 2024 through QIAGEN Finance. In May 2006, the Company completed the offering of $300.0 million 3.25% Senior Convertible Notes (2006 Notes) due in 2026 through Euro Finance. The proceeds of the 2004 and 2006 Notes were loaned to subsidiaries within the consolidated QIAGEN N.V. group. QIAGEN N.V. has guaranteed all of these Notes, and has agreements with each of QIAGEN Finance and Euro Finance to issue common shares to the investors in the event of conversion of any of the Notes. According to the provisions of FIN 46R, QIAGEN Finance and Euro Finance are variable interest entities. The Company is not the primary beneficiary, therefore neither is consolidated. Accordingly, the 2004 and 2006 convertible debt is not included in the consolidated statements of QIAGEN N.V., though QIAGEN N.V. does report the full obligation of the debt

through its liabilities to QIAGEN Finance and Euro Finance. QIAGEN N.V. accounts for its investments in QIAGEN Finance and Euro Finance as equity investments pursuant to APB No. 18, and accordingly records 100% of the profit or loss of QIAGEN Finance and Euro Finance in the gain or loss from equity method investees. At present, the Company's maximum exposure to loss as a result of its involvement with QIAGEN Finance and Euro Finance is limited to the Company's share of losses from the equity method investments.

7. Comprehensive Income

SFAS No. 130, "Reporting Comprehensive Income" requires that comprehensive income, which is the total of net income and all other non-owner changes in equity, be displayed in the financial statements. The components of the Company's comprehensive income or loss as presented in the Consolidated Statements of Shareholders' Equity include net income, unrealized gains and losses from foreign currency translation, forward contracts, pension liabilities and available-for-sale marketable securities. The following table is a summary of the components of accumulated other comprehensive income:

	2006	2005
Net unrealized gain on marketable securities, net of tax of $11,000 in 2006	**$ 1,404,000**	$ 2,969,000
Net unrealized (loss) on forward contracts, net of tax of $175,000 and $902,000 in 2006 and 2005, respectively	**(289,000)**	(1,872,000)
Transition adjustment upon adoption of FAS 158, net of tax of $129,000 in 2006	**(204,000)**	—
Foreign currency translation adjustments	**40,324,000**	15,851,000
Accumulated other comprehensive income	**$41,235,000**	$16,948,000

In September of 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Post-retirement Plans," an amendment of SFAS No. 87, 88, 106, and 132(R). SFAS No. 158 makes numerous changes related to the accounting for pension and postretirement benefit plans. The most significant change is that the funded status of all post-retirement plans will be recorded on the balance sheet. The difference between a plan's funded status and its current balance sheet position will be recognized, net of taxes, as a component of shareholders' equity. The adoption of SFAS No. 158 resulted in an increase to the pension liability of $333,000, deferred taxes of $129,000, and a net increase in the loss of accumulated other comprehensive income of $204,000 in the consolidated balance sheet for the year ending December 31, 2006.

8. Derivatives and Hedging

The Company accounts for its derivative instruments in accordance with SFAS No. 133 and related guidance which require that an entity recognize all derivatives as either assets or liabilities in the balance sheet, measure those instruments at fair value and recognize the change in fair value in earnings in the period of change unless the derivative qualifies as an effective hedge that offsets certain exposures. The gain or loss on the change in the fair values of the derivatives are included in earnings to the extent they offset the earnings impact of changes in the fair values of the hedged obligations. Any difference is deferred in accumulated comprehensive income, a component of shareholders' equity. At December 31, 2006 and 2005, the Company held contracts which effectively fix the exchange rate at which intercompany loans will be settled, so that gains or losses on the forward contracts offset the losses or gains from changes in the value of the underlying intercompany loans. The Company has determined that no ineffectiveness exists related to these derivatives.

During 2004, the Company entered into forward arrangements which qualify for hedge accounting as cash flow hedges of foreign currency denominated liabilities. At December 31, 2006 and 2005, these forward contracts totaled $44.0 million as a hedge to currency risk on intercompany loans. The contracts mature in July 2011 and had fair market values at December 31, 2006 and 2005 of approximately $2.8 million and $663,000, which is included in other long-term liabilities in the accompanying consolidated balance sheets.

During 2006, the Company also entered into two additional forward arrangements which qualify as cash flow hedges of foreign currency denominated liabilities. At December 31, 2006, the Company held a contract for Canadian dollars 8.0 million which matures in February 2007 and had a fair market value of $126,000 at December 31, 2006. Additionally the Company held a contract for Japanese yen 200.0 million which matures in April 2007 and had a fair market value of $190,000 at December 31, 2006. The fair values of these forwards are included in prepaid and other assets at December 31, 2006.

At December 31, 2005, the Company held a contract for Canadian dollars 9.0 million which matured in February 2006 and had a fair market value of $377,000 which is included in accrued and other liabilities at December 31, 2005.

In the ordinary course of business, the Company purchases foreign currency exchange options to manage potential losses from foreign currency exposures. These options give the Company the right, but not the obligation, to purchase foreign currencies in exchange for U.S. dollars at predetermined exchange rates. The principal objective of such options is to minimize the risks and/or costs associated with global financial and operating activities. The Company does not utilize financial instruments for trading or other speculative purposes. The fair market values of these options were not significant at December 31, 2006 and 2005. Gains or losses from changes in the fair market values are included in other miscellaneous income (expense), net.

9. Marketable Securities

At December 31, 2006, the Company had investments in marketable securities consisting of floating rate and fixed rate debt instruments which had a fair market value and cost of approximately EUR 40.0 million ($52.8 million at December 31, 2006).

At December 31, 2005, current marketable securities consisted of auction rate debt securities, issued by state and local government sponsored agencies. While these securities have long term maturities, their interest rates are reset approximately every 7-28 days through an auction process. As a result, the interest income from these securities is subject to market risk since the rate is adjusted to accommodate market conditions on each reset date. However, since the interest rates are reflective of current market conditions, the fair value of these securities typically does not fluctuate from par or cost. These securities are classified as current assets in the accompanying consolidated balance sheets since the Company may sell the securities at its discretion on the auction day without penalty or loss of principal.

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
2006 Maturities due:				
Within one year	$14,998,000	$38,000	$ (5,000)	$15,031,000
One to three years	37,756,000	54,000	(59,000)	37,751,000
	$52,754,000	$92,000	$(64,000)	$52,782,000
2005 Maturities due:				
Auction-rate Securities	$15,000,000	$ —	$ —	$15,000,000

The Company believes that the gross unrealized losses are temporary and related to the change in market interest rates since purchase. The decline is not related to any specific event. The Company anticipates full recovery of cost with respect to these investments at maturity or sooner in the event of a change in the market interest rate environment.

During 2005, the Company's former cost-method investment in Coley Pharmaceutical Group, Inc. (CPG) was reclassified as a long-term marketable security upon CPG's completed IPO. At December 31, 2006 and 2005, the Company held 289,096 shares in CPG with a fair market value of $2.8 million and $4.4 million, respectively and a cost of $1.4 million. The Company was restricted from selling the shares until February 2006. Long-term marketable securities are included in other long-term assets in the accompanying consolidated balance sheets.

For the years ended December 31, 2006, 2005 and 2004, proceeds from sales of available-for-sale securities totaled $20.0 million, $55.4 million and $14.9 million, respectively, and, calculated on the specific identification method, in 2005 there were realized losses of $507,000 and in 2004 a realized gain of $481,000. There were no realized gains or losses during 2006.

10. Prepaid Expenses and Other

Prepaid expenses and other current assets are summarized as follows as of December 31, 2006 and 2005:

	2006	2005
Prepaid expenses and prepayments	**$16,360,000**	$14,991,000
Escrow funds	**1,500,000**	3,908,000
VAT	**1,073,000**	958,000
Other	**10,830,000**	6,448,000
	$29,763,000	$26,305,000

11. Property, Plant and Equipment

Property, plant and equipment, including equipment acquired under capital lease obligations, are summarized as follows as of December 31, 2006 and 2005:

	Estimated useful life (in years)	2006	2005
Land	—	**$ 12,896,000**	$ 12,013,000
Buildings and improvements	1-40	**173,169,000**	157,893,000
Machinery and equipment	5-10	**83,146,000**	67,528,000
Computer software	1-5	**28,685,000**	23,650,000
Furniture and office equipment	2-10	**40,969,000**	33,914,000
Construction in progress	—	**14,062,000**	5,389,000
		352,927,000	300,387,000
Less: Accumulated depreciation and amortization		**(131,650,000)**	(105,188,000)
Property, plant and equipment, net		**$ 221,277,000**	$ 195,199,000

Amortization of assets acquired under capital lease obligations is included within accumulated depreciation and amortization above for the years ended December 31, 2006 and 2005, respectively. For the years ended December 31, 2006, 2005 and 2004 depreciation and amortization expense totaled $19.7 million, $19.0 million and $20.2 million, respectively. Repairs and maintenance expense was $4.5 million, $4.0 million and $4.5 million in fiscal years 2006, 2005 and 2004, respectively.

Construction on a new logistics facility in Germany began in August 2006 and will be completed by the second quarter in 2007. The new facility is estimated to cost approximately EUR 9.0 million, of which EUR 6.4 million (approximately $8.2 million) has been incurred and is included in construction in progress at December 31, 2006. Of the amount incurred, approximately $89,000 represents capitalized interest.

12. Investments

The Company has made strategic investments in certain companies that are accounted for using the equity or cost method of accounting. A summary of these investments as of December 31, 2006 and 2005 is as follows:

Company	Ownership Percentage	Equity Investments As of December 31,		Share of income (loss) For the years ended December 31,		
		2006	2005	2006	2005	2004
PreAnalytiX GmbH	50.00%	$2,623,000	$883,000	$1,009,000	$(1,079,000)	$(2,312,000)
QBM Cell Science	19.50%	$ 546,000	$574,000	$ (28,000)	$ 3,000	$ 18,000
QIAGEN Finance	100.00%	$ 169,000	$103,000	$ 66,000	$ (73,000)	$ 51,000
QIAGEN Euro Finance	100.00%	$ 248,000	—	$ 204,000	—	—

Company	Ownership Percentage	Cost Investment at December 31,	
		2006	2005
Operon Biotechnologies, Inc.	16.00%	$4,000,000	$4,000,000
Protedyne Corporation	3.11%	—	$2,121,000

For PreAnalytiX, the total assets amounted to $7.5 million and $4.1 million as of December 31, 2006 and 2005, respectively. The shareholders' equity for PreAnalytiX amounted to $7.0 million as of December 31, 2006 and $3.4 million as of December 31, 2005. In 2006, PreAnalytiX revenues totaled $7.8 million and $4.7 million in 2005. PreAnalytiX net income was $3.2 million and $97,000 in 2006 and 2005, respectively.

As of December 31, 2006 and 2005, total assets of QBM Cell Science totaled $576,000, and $522,000, respectively, and shareholders' equity amounted to $578,000 and $451,000, respectively. In 2006, QBM Cell Science recorded revenues of $523,000 and a net loss of $37,000. In 2005, a net loss of $107,000 was recorded.

The method of accounting for an investment depends on the extent of the Company's control. The Company monitors changes in circumstances that may require a reassessment of the level of control. The Company periodically reviews the carrying value of these investments for impairment, considering factors such as the most recent stock transactions and book values from the recent financial statements. The fair value of cost-method investments is estimated when there are identified events or changes in circumstances that may have an impact on the fair value of the investment. During 2006, in connection with the acquisition of Gentra, the Company's $2.1 million investment in Protedyne was fully impaired based on management's assessment of the recoverability of the invested amount. The impairment charge is included in acquisition, integration and related costs in the accompanying consolidated statement of income. The Company has a .073% cost-method investment in Ingenium Biopharmaceutical AG which has been fully impaired in a prior year.

13. Intangible Assets

The following sets forth the acquired intangible assets by major asset class as of December 31, 2006 and December 31, 2005:

		2006		2005	
	Weighted Average Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized Intangible Assets:					
Patent and license rights	9.6 years	$ 41,362,000	$(11,744,000)	$30,025,000	$ (8,488,000)
Developed technology	11.9 years	78,814,000	(11,690,000)	48,128,000	(4,862,000)
Customer base, Trademarks and non-compete agreements	11.6 years	24,220,000	(2,470,000)	10,226,000	(463,000)
		$144,396,000	$(25,904,000)	$88,379,000	$(13,813,000)
Unamortized Intangible Assets:					
Goodwill		$160,141,000		$93,914,000	

The changes in the carrying amount of goodwill, by segment, for the years ended December 31, 2006 and 2005, are as follows:

	Germany	North America	Asia	Other Countries	Total
BALANCE AT DECEMBER 31, 2004	$20,980,000	$ 5,478,000	$ 1,405,000	$28,400,000	$ 56,263,000
Goodwill acquired during the year	24,461,000	17,882,000	447,000		42,790,000
Purchase adjustment for earn-out	1,271,000	—	78,000	—	1,349,000
Purchase adjustments	(119,000)	—	—	(39,000)	(158,000)
Effect of foreign currency translation	(3,675,000)	342,000	(203,000)	(2,794,000)	(6,330,000)
BALANCE AT DECEMBER 31, 2005	42,918,000	23,702,000	1,727,000	25,567,000	93,914,000
Goodwill acquired during the year	—	40,610,000	6,896,000	818,000	48,324,000
Earn-out and milestone payments	7,358,000	—	4,768,000	500,000	12,626,000
Purchase adjustments	—	(2,355,000)	—	—	(2,355,000)
Effect of foreign currency translation	5,228,000	2,000	298,000	2,104,000	7,632,000
BALANCE AT DECEMBER 31, 2006	$55,504,000	$61,959,000	$13,689,000	$28,989,000	$160,141,000

Purchase adjustments represent the final allocation of purchase price and changes in our estimates of lease accruals for cancelled lease space.

Amortization expense on intangible assets totaled approximately $10.3 million, $5.9 million and $2.5 million, respectively, for the years ended December 31, 2006, 2005 and 2004. In connection with the acquisitions as more fully discussed in Note 4, $2.2 million of purchase price was allocated to in-process research and development and expensed during the year ended December 31, 2006.

Amortization of intangibles for the next five years is expected to be approximately:

	Amortization
Years ended December 31:	
2007	$13,298,000
2008	$13,173,000
2009	$12,771,000
2010	$12,301,000
2011	$11,920,000

14. Income Taxes

Income before income taxes for the years ended December 31, 2006, 2005 and 2004 consisted of:

	2006	2005	2004
Pretax income in The Netherlands	**$ 16,131,000**	$ 6,474,000	$ 6,585,000
Pretax income from foreign operations	**89,937,000**	90,790,000	66,102,000
	$106,068,000	$97,264,000	$72,687,000

The provisions for income taxes for the years ended December 31, 2006, 2005 and 2004 are as follows:

	2006	2005	2004
Current—The Netherlands	**$ 386,000**	$ 700,000	$ 164,000
—Foreign	**21,143,000**	31,552,000	26,383,000
	21,529,000	32,252,000	26,547,000
Deferred—The Netherlands	**376,000**	—	(1,246,000)
—Foreign	**13,624,000**	2,787,000	(1,319,000)
	14,000,000	2,787,000	(2,565,000)
Total provision for income taxes	**$35,529,000**	$35,039,000	$23,982,000

The Netherlands statutory income tax rate for the years ended December 31, 2006, 2005 and 2004 was 29.6%, 31.5% and 34.5%, respectively. The principal items comprising the differences between income taxes computed at The Netherlands statutory rate the effective tax rate for the years ended December 31, 2006, 2005 and 2004 are as follows:

	2006		2005		2004	
	Amount	Percent	Amount	Percent	Amount	Percent
Income taxes at The Netherlands statutory rate	**$31,396,000**	**29.6%**	$30,638,000	31.5%	$25,077,000	34.5%
Earnings of subsidiaries tax at different rates	**5,011,000**	**4.7**	5,508,000	5.7	1,488,000	2.0
Tax on non-deductible expenses	**(1,119,000)**	**(1.0)**	(1,534,000)	(1.6)	(1,600,000)	(2.2)
Other items, net	**241,000**	**0.2**	427,000	0.4	(983,000)	(1.3)
Total provision for income taxes	**$35,529,000**	**33.5%**	$35,039,000	36.0%	$23,982,000	33.0%

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

The Company has recorded a net deferred tax liability of $6.0 million and a net deferred tax liability of $786,000 at December 31, 2006 and 2005, respectively which are reflected on the Company's consolidated balance sheets at December 31, 2006 and 2005 as follows:

	2006	2005
Current deferred tax asset	**$ 18,627,000**	$ 11,617,000
Current deferred tax liabilities	**(5,360,000)**	(1,179,000)
Non-current deferred tax asset	**2,409,000**	6,346,000
Non-current deferred tax liabilities	**(21,705,000)**	(17,570,000)
Net deferred tax liabilities	**$ (6,029,000)**	$ (786,000)

The components of the net deferred tax liability at December 31, 2006 and 2005 are as follows:

	2006	2005
Deferred tax asset:		
Allowance for bad debts	**$ 625,000**	$ 690,000
Bonus/commission accrual	**592,000**	220,000
Vacation accrual	**381,000**	319,000
Warranty accrual	**455,000**	244,000
Accrued liabilities	**1,895,000**	1,479,000
Depreciation and amortization	**288,000**	317,000
Tax credits	**618,000**	744,000
Net operating loss carryforward	**19,553,000**	6,610,000
Inventories	**5,427,000**	3,911,000
Deferred revenues	**1,301,000**	1,212,000
Capitalized start-up costs	**76,000**	1,214,000
Capital leases	**749,000**	623,000
Intangibles	**4,691,000**	3,311,000
United States state income taxes	**313,000**	383,000
Other	**532,000**	1,136,000
Valuation allowance	**(10,692,000)**	(1,105,000)
	26,804,000	21,308,000
Deferred tax liability:		
Depreciation and amortization	**(9,950,000)**	(9,486,000)
Inventory	**(542,000)**	(407,000)
Allowance for bad debt	**(221,000)**	—
Accrued liabilities	**(691,000)**	(519,000)
Intangibles	**(15,145,000)**	(11,187,000)
Currency revaluation	**(4,894,000)**	—
United States state income taxes	**(1,017,000)**	(34,000)
Other	**(373,000)**	(461,000)
	(32,833,000)	(22,094,000)
Net deferred tax liabilities	**$ (6,029,000)**	$ (786,000)

As of December 31, 2006 and 2005, the Company had net operating loss carryforwards in The Netherlands totaling approximately $5.5 million and $5.6 million, respectively which expire in various years through 2011. As of December 31, 2006 and 2005, the Company had foreign NOL carryforwards totaling approximately $27.0 million and $15.8 million, respectively. These NOL's were primarily generated from the revaluation of liquid assets and operating losses from the Company's subsidiaries. A portion of these NOL's, approximately $4.5 million at December 31, 2006, expire in various years through 2013. The balance does not expire.

Deferred tax assets as of December 31, 2006 and 2005, relating primarily to net operating loss carryforwards have been reduced by a valuation allowance of approximately $10.7 million and $1.1 million, respectively, to a net amount that management believes is more likely than not to be realized. At December 31, 2006, $9.3 million of the Company's valuation allowance relates to deferred tax assets for which any subsequently recognized tax benefits will reduce goodwill of an acquired business. To the extent that future valuation allowances are required, the effect of the allowance will be recorded in the provision for income taxes in the period the determination is made.

At December 31, 2006 and 2005, there were no deferred income tax liabilities recognized for taxes that would be payable on the unremitted earnings of certain of the group's subsidiaries. The Company has either no liability to additional taxation should any amounts be remitted due to the availability of double taxation relief or such remittance is not expected to occur and the tax impact would be insignificant.

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

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

15. Accrued and Other Liabilities

Accrued and other liabilities at December 31, 2006 and 2005 consist of the following:

	2006	2005
Royalties	**$ 9,392,000**	$ 9,045,000
Payroll and related accruals	**16,376,000**	12,691,000
Deferred revenue	**6,432,000**	4,557,000
Sales and other taxes	**3,847,000**	4,056,000
Acquisition and related costs	**6,163,000**	5,203,000
Accrued interest on long-term debt, due to QIAGEN Finance	**3,410,000**	3,410,000
Accrued interest on long-term debt, due to QIAGEN Euro Finance	**4,695,000**	—
Professional and other fees	**1,923,000**	2,888,000
Warranty	**1,413,000**	1,332,000
Relocation and restructuring costs	**326,000**	119,000
Other	**12,220,000**	9,406,000
Total accrued liabilities	**$66,197,000**	$52,707,000

16. Lines of Credit and Debt

The Company has five separate lines of credit amounting to $12.4 million, with interest rates ranging from 6.19% to 7.75%, none of which was utilized at December 31, 2006 and 2005. There were no short-term borrowings outstanding at December 31, 2006 and 2005.

Long-term debt consists of the following:

	2006	2005
EUR 30.0 million note payable bearing interest at EURIBOR plus 0.75% (4.37% and 2.40% at December 31, 2006 and 2005, respectively), payments of EUR 5.0 million (approximately $6.6 million at December 31, 2006) due annually through June 2011	**$ 39,591,000**	$ 41,447,000
EUR 5.0 million note payable bearing interest at EURIBOR plus 0.75%, payment of EUR 5.0 million due in June 2008	**6,599,000**	5,921,000
Note payable to QIAGEN Euro Finance bearing interest at an effective rate of 4.2% due in May 2013	**300,000,000**	—
Notes payable to QIAGEN Finance bearing interest at an effective rate of 1.95% due in August 2011	**150,000,000**	150,000,000
Total long-term debt	**496,190,000**	197,368,000
Less current portion	**6,599,000**	5,921,000
Long-term portion	**$489,591,000**	$191,447,000

The loan agreement related to the note payable of EUR 30.0 million contains certain financial and non-financial covenants, including but not limited to restrictions on the encumbrance of land, restrictions on the transfer of any patents to third parties and the maintenance of certain financial ratios. The Company was in compliance with these covenants at December 31, 2006 and 2005.

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 unconsolidated subsidiary QIAGEN Finance. The net proceeds of the Notes were loaned by QIAGEN Finance to consolidated subsidiaries in the U.S. and Switzerland. At December 31, 2004, $150.0 million is included in long-term debt for the amount of Notes proceeds payable to QIAGEN Finance. These long-term notes payable to QIAGEN Finance have an effective interest rate of 1.95% and are due in August 2011. Interest on the Notes is payable semi-annually in February and August. The Notes were issued at 100% of principal value, and are convertible into 11.9 million shares of common shares at the option of the holder upon the occurrence of certain events at a price of $12.6449 per share, subject to adjustment. The Notes may be redeemed, in whole or in part, at QIAGEN's option on or after 7 years, at 100% of the principal amount provided the actual trading price of our common stock exceeds 120% of the conversion price for twenty consecutive trading days. In addition, the holders of the Notes may require QIAGEN to repurchase all or a portion of the Notes for 100% of the principal amount, plus accrued interest, on August 18, 2011, 2014 and 2019. Based on an estimation using available over-the-counter market information on the convertible bond issued by QIAGEN Finance, the fair value of the Notes at December 31, 2006 was approximately $200.0 million. The Company has reserved the 11.9 million shares of common stock for issuance in the event of conversion.

In May 2006, the Company completed the offering of $300.0 million of 3.25% senior convertible notes (2006 Notes) due in 2026 through a new unconsolidated subsidiary QIAGEN Euro Finance (Luxembourg) S.A. (Euro Finance). The net proceeds of the 2006 Notes were loaned by Euro Finance to consolidated subsidiaries of the Company. At September 30, 2006, $300.0 million is included in long-term debt for the amount of 2006 Notes

proceeds payable to Euro Finance. These long-term notes payable to EUR Finance have an effective interest rate of 4.2% and are due in May 2013. 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 stock at the option of the holder upon the occurrence of certain events at a price of $20.00 per share, subject to adjustment. QIAGEN N.V. has an agreement with Euro Finance to issue shares to the investors in the event of conversion. This subscription right, along with the related receivable, is recorded at fair value in the equity of QIAGEN N.V. as paid-in capital. 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, the fair value of the Notes at December 31, 2006 was approximately $316.5 million. The Company has reserved the 15.0 million shares of common stock for issuance in the event of conversion.

Future principal maturities of long-term debt as of December 31, 2006 are as follows:

Year ending December 31,	
2007	$ 6,599,000
2008	13,197,000
2009	6,599,000
2010	6,599,000
2011	163,196,000
Thereafter	300,000,000
	$496,190,000

Interest expense on long-term debt was $10.6 million, $3.8 million and $3.8 million for the years ended December 31, 2006, 2005 and 2004, respectively.

17. Share-Based Compensation

During 2005, the Company adopted the QIAGEN N.V. Amended and Restated 2005 Stock Plan (the Plan). The Plan allows for the granting of stock rights and incentive stock options, as well as non-qualified options, stock grants and stock based awards, generally with terms of up to 10 years, subject to earlier termination in certain situations. Generally, options granted prior to October 2004 vested over a three-year period. During 2004 and 2005, the Company accelerated the vesting of certain options. The vesting and exercisability of certain stock rights will be accelerated in the event of a Change of Control, as defined in the Plan. To date all grants have been at the market value on the grant date or at a premium above the closing market price on the grant date. The Company had approximately 17.7 million shares of common stock reserved and available for issuance under this plan at December 31, 2006.

During the years ended December 31, 2006 and 2005, the Company granted 201,500 and 2.7 million stock options, respectively. Following are the weighted-average assumptions used in valuing the stock options granted to employees for the years ended December 31:

	2006	2005
Stock price volatility	43%	52%
Risk-free interest rate	4.74%	4.02%
Expected life (in years)	6.00	4.26
Dividend rate	0%	0%
Forfeiture rate	9%	0%

A summary of the status of the Company's employee stock options as of December 31, 2006 and changes during the twelve months then ended is presented below:

All Employee Options	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2006	13,585,295	$12.743		
Granted	201,500	$15.554		
Exercised	(1,586,676)	$ 6.934		
Forfeited and cancelled	(483,580)	$16.511		
Outstanding at December 31, 2006	11,716,539	$13.427	5.99	$44,268,117
Exercisable at December 31, 2006	11,499,364	$13.395	5.92	$44,166,577
Vested and expected to vest at December 31, 2006	11,684,835	$13.422	.03	$44,261,299

The weighted-average grant-date fair value of options granted during years ended December 31, 2006, 2005 and 2004 was $7.52, $5.82 and $6.82, respectively. The total intrinsic value of options exercised during the years ended December 31, 2006 was $12 million.

As a result of adopting SFAS No. 123(R) on January 1, 2006, the Company's income before income taxes and net income for the year ended December 31, 2006, is approximately $326,000 and $214,000 lower, respectively, than if it had continued to account for share-based compensation under Opinion 25. The Company anticipates that the adoption will have a greater impact in future periods.

The unrecognized share based compensation expense related to employee stock option awards is approximately $701,000 and will be recognized over a weighted average period of approximately 1.7 years.

The following table illustrates the effect on net income and net income per share if the Company had applied the fair value recognition provisions of SFAS No. 123(R) to equity-based compensation for the years ended December 31, 2005 and 2004.

	2005	2004
Net income, as reported	$ 62,225,000	$ 48,705,000
Deduct: Total stock-based employee compensation expense determined under the fair value based method for all awards, net of related tax effects	(13,835,000)	(12,224,000)
Pro forma net income	$ 48,390,000	$ 36,481,000
Earnings per share:		
Basic—as reported	$ 0.42	$ 0.33
Basic—pro forma	$ 0.33	$ 0.25
Diluted—as reported	$ 0.41	$ 0.33
Diluted—pro forma	$ 0.32	$ 0.25

Prior to the adoption of SFAS 123(R), the Company presented all tax benefits of deductions resulting from the exercise of stock options as operating cash flows in the Consolidated Statement of Cash Flows. SFAS 123(R) requires the cash flows resulting from the tax benefits generated from tax deductions in excess of the compensation costs recognized for those options (excess tax benefits) to be classified as financing cash flows.

At December 31, 2006, 2005 and 2004, options were exercisable with respect to 11.5 million, 13.4 million and 9.5 million common shares at a weighted average price of $13.40, $12.81 and $13.39 per share, respectively. The options outstanding at December 31, 2006 expire in various years through 2016. Information about stock options outstanding at December 31, 2006 is summarized as follows:

Range of Exercise Prices	Weighted Number Outstanding at 12/31/06	Weighted Average Remaining Contract Life	Weighted Average Exercise Price	Number Exercisable at 12/31/06	Weighted Average Exercise Price
$ 1.060 - $ 6.018	1,751,672	4.92 Years	$ 5.394	1,751,672	$ 5.394
$ 6.024 - $ 8.940	1,289,563	4.17 Years	$ 8.283	1,289,563	$ 8.283
$ 9.000 - $10.430	1,312,244	6.60 Years	$10.155	1,296,569	$10.159
$10.610 - $11.750	1,233,310	7.96 Years	$11.344	1,233,310	$11.344
$11.850 - $11.985	1,181,469	8.35 Years	$11.968	1,181,469	$11.968
$12.110 - $13.150	1,171,411	7.68 Years	$12.786	1,171,411	$12.786
$13.280 - $15.480	1,473,714	5.89 Years	$14.830	1,423,714	$14.832
$15.810 - $20.563	1,278,561	4.89 Years	$18.885	1,127,061	$19.928
$20.800 - $47.750	994,925	3.80 Years	$33.453	994,925	$33.453
$49.750 - $49.750	29,670	3.58 Years	$49.750	29,670	$49.750
$ 1.060 - $49.750	11,716,539	5.99 Years	$13.427	11,499,364	$13.395

During the fourth quarters of 2005 and 2004, and considering the new accounting implications of SFAS No. 123(R), the Company accelerated the vesting of 1.2 million and 829,000 stock options, respectively. The 2005 acceleration applied to certain in-the-money options and to options held by Supervisory and Managing Board members. Under the accounting guidance of APB 25 and FASB Interpretation No. 44 "Accounting for Certain Transactions Involving Stock Compensation—An Interpretation of APB Opinion No. 25, "the 2005 acceleration of vesting did not result in any compensation expense as these options, after applying an estimate of the termination of services, had a de minimis intrinsic value. The 2004 acceleration applied to stock options that had a price greater than or equal to the fair market value of the Company's common shares (out-of-the-money) as of the close of day that the plan was approved by the Supervisory Board, or $10.62. The accelerated options were given a sales restriction, such that any shares held through the exercise of an accelerated option could not be sold, prior to the original vesting date. Under the accounting guidance of APB 25, the 2004 acceleration of vesting did not result in any compensation expense as these options had no intrinsic value. The accelerations, however, will allow the Company to avoid recording approximately $2.8 million, after tax, of future compensation expense that would have been required to be recognized under SFAS No. 123(R). Upon adoption of SFAS No. 123(R) on January 1, 2006, the Company did not have any stock-based compensation expense from these accelerated options. The Supervisory Board took the action based on its belief that it is in the best interest of the Company's shareholders and the Company as it will reduce reported compensation expense in future periods. The Company has worked with equity based compensation plan experts to evaluate its stock-based compensation plans and incentive strategies in light of the provisions of SFAS No. 123(R). The Company's aim is to implement an equity based compensation plan structure that will give employees a long-term incentive arrangement while minimizing compensation expense.

18. Commitments and Contingencies

Lease Commitments

The Company leases facilities and equipment under operating lease arrangements expiring in various years through 2011. Certain facility and equipment leases constitute capital leases expiring in various years through 2018. The accompanying consolidated financial statements include the assets and liabilities arising from these

capital lease obligations. Rent expense under operating lease agreements was $9.1 million, $7.5 million and $7.5 million for the years ended December 31, 2006, 2005 and 2004, respectively.

Minimum future obligations under capital and operating leases at December 31, 2006 are as follows:

	Capital Leases	Operating Leases
2007	$ 1,488,000	$ 8,396,000
2008	1,563,000	6,426,000
2009	1,534,000	3,833,000
2010	1,550,000	2,975,000
2011	1,491,000	1,652,000
Thereafter	10,366,000	140,000
	17,992,000	$23,422,000
Less: Amount representing interest	(5,160,000)	
	12,832,000	
Less: Current portion	(823,000)	
Long-term portion	$12,009,000	

Licensing and Purchase Commitments

The Company has licensing agreements with companies, universities and individuals, some of which require certain up-front payments. Royalty payments are required on net product sales ranging from one to 20 percent of covered products. Several of these agreements have minimum royalty requirements. The accompanying consolidated financial statements include accrued royalties relating to these agreements in the amount of $9.3 million and $9.0 million at December 31, 2006 and 2005, respectively. Royalty expense relating to these agreements amounted to $24 million, $21.8 million and $20.9 million for the years ended December 31, 2006, 2005 and 2004, respectively. Royalty expense is primarily recorded in cost of sales, with a small portion recorded as research and development expense depending on the use of the technology under license. Some of these agreements also have minimum raw material purchase requirements and requirements to perform specific types of research.

At December 31, 2006, the Company had commitments to purchase certain products, and for future minimum guaranteed royalties. They are as follows:

	Purchase Commitments	Royalty Commitments
2007	$13,810,000	$ 635,000
2008	9,355,000	413,000
2009	172,000	413,000
2010	172,000	413,000
2011	172,000	413,000
Thereafter	1,438,000	888,000
	$25,119,000	$3,175,000

Contingent Consideration Commitments

Pursuant to the purchase agreements for certain acquisitions, as discussed more fully in Note 4, the Company could be required to make additional contingent cash payments totaling up to $44.6 million based on the achievement of certain revenue and operating results milestones as follows: $16.9 million in 2007, $6.7 million in 2008, $4.0 million in 2009, and $17.0 million payable in any 12 month period from now until 2010 if revenues exceed a certain amount and $1.0 million payable upon the grant of certain patent rights.

Employment Agreements

Certain of our employment contracts contain provisions which guarantee the payments of certain amounts in the event of a change in control, as defined, or if the executive is terminated for reasons other than cause, as defined in those agreements. At December 31, 2006, the commitment under these agreements totaled $17.0 million.

Contingencies

From time to time, the Company may be party to legal proceedings incidental to its business. As of December 31, 2006 and 2005, certain claims, suits or complaints arising out of the normal course of business have been filed or were pending against the Company. Although it is not possible to predict the outcome of such litigation, based on the facts known to the Company and after consultation with legal counsel, management believes that such litigation will not have a material adverse effect on its financial position or results of operations.

In the ordinary course of business, the Company warrants to customers that its products are free of defect and will conform to published specifications. Generally, the applicable product warranty period is one year from the date of delivery of the product to the customer or of site acceptance, if required. Additionally, the Company typically provides limited warranties with respect to its services. From time to time, the Company also makes other warranties to customers, including warranties that its products are manufactured in accordance with applicable laws and not in violation of third party rights. The Company provides for estimated warranty costs at the time of the product sale. The Company believes its warranty reserves as of December 31, 2006 and 2005 appropriately reflect the estimated cost of such warranty obligations.

19. Employee Benefit Plans

The Company maintains various benefit plans, including defined contribution and defined benefit plans. The Company's U.S. defined contribution plan is qualified under Section 401(k) of the Internal Revenue Code, and covers substantially all U.S. employees. Participants may contribute a portion of their compensation not exceeding a limit set annually by the Internal Revenue Service. This plan includes a provision for the Company to match a portion of employee contributions. Total expense under the 401(k) plan was $881,000, $782,000 and $683,000 for the years ended December 31, 2006, 2005 and 2004, respectively. The Company also has a defined contribution plan which covers certain German executives. The Company makes matching contributions up to an established maximum. In 2006, 2005 and 2004, matching contributions to the plan totaled approximately $295,000, $82,000 and $82,000, respectively.

The Company has four defined benefit, non-contributory retirement or termination plans that cover certain employees in Germany, France, Japan and Italy. These defined benefit plans provide benefits to covered individuals satisfying certain age and service requirements. For certain plans, the Company calculates the vested benefits to which employees are entitled if they separate immediately as of December 2006, in compliance with

the Emerging Issues Task Force Issue No. 88-21, "Determination of Vested Benefit Pension Plan" (EITF 88-1). The benefits accrued on a pro-rata basis during the employees' employment period are based on the individuals' salaries, adjusted for inflation. The liability under the defined benefit plans was $2.0 million at December 31, 2006 and $1.3 million at December 31, 2005. The adoption of SFAS No. 158 resulted in an increase to the pension liability of $333,000 deferred taxes of $129,000, and an increase in the loss of accumulated other comprehensive income of $204,000 in the consolidated balance sheet for the year ending December 31, 2006.

20. Related Party Transactions

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

The Company has a 50% interest in a joint venture company, PreAnalytiX GmbH, which is accounted for under the equity method. During 2005, the loans of both joint venture partners were converted to additional capital and each joint venture partner made an additional investment of approximately $2.9 million. As of December 31, 2006 and 2005, the Company had accounts receivable from PreAnalytix of $20,000 and $359,000, and accounts payable to PreAnalytix of $219,000 and $960,000, respectively.

In 2004, the Company sold a significant portion of its synthetic DNA business unit to Operon Biotechnologies, Inc. (OBI) and agreed to provide certain transition services for a period of six months. The Company also has a Manufacturing and Supply Agreement with OBI, wherein QIAGEN granted to OBI an exclusive license to manufacture and supply certain RNA products to the Company. At December 31, 2005, the Company had prepaid amounts of $2.0 million related to orders placed under this agreement. During the years ended December 31, 2006 and 2005, the Company had sales to OBI of $1.1 million and $645,000, respectively. As of December 31, 2006 and 2005, the Company had a loan receivable from OBI of $5.2 million and $6.3 million, accounts receivable from OBI of $236,000 and $35,000, and accounts payable to OBI of $898,000 and $265,000, respectively.

The Company has a 100% interest in QIAGEN Finance (Luxembourg) S.A. (QIAGEN Finance) and QIAGEN Euro Finance (Luxembourg) S.A. (Euro Finance), which were established for the purpose of issuing convertible debt. As discussed in Note 6, QIAGEN Finance and Euro Finance are variable interest entities with no primary beneficiary, thus they are not consolidated. Accordingly, the convertible debt is not included in the consolidated statements of QIAGEN N.V., though QIAGEN N.V. does report the full obligation of the debt through its liabilities to QIAGEN Finance and Euro Finance. As of December 31, 2006 and 2005, the Company had loans payable to QIAGEN Finance of $150.0 million, amounts due to QIAGEN Finance of $3.4 million and amounts receivable from QIAGEN Finance of $2.9 million and $2.4 million, respectively. As of December 31, 2006, the Company has a loan payable to Euro Finance of $300.0 million amounts due to Euro Finance of $4.7 million and amounts receivable from Euro Finance of $1.9 million.

In 2004, QIAGEN entered into a consulting agreement with Dr. Metin Colpan, the Company's former Chief Executive Officer and current Supervisory Board member, pursuant to which Dr. Colpan shall be paid a fee of EUR 2,750 per day for consulting services, subject to adjustment. During 2006 and 2005 the Company paid approximately $524,000 and $447,000, respectively, to Dr. Colpan for scientific consulting services under this agreement.

21. 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. In 2006, considering recent acquisitions, the Company revised its segment presentation. 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.

The Company evaluates performance based on several factors, of which the primary financial measure is operating income. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2 of the Notes to Consolidated Financial Statements.

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

	2006	2005	2004
Net Sales			
North America	**$ 318,865,000**	$ 285,242,000	$ 284,393,000
Germany	**220,325,000**	187,381,000	163,841,000
Switzerland	**40,044,000**	36,957,000	37,936,000
Asia	**49,875,000**	35,266,000	41,563,000
Rest of World	**109,025,000**	88,924,000	74,117,000
Corporate	**525,000**	985,000	65,000
Subtotal	**738,659,000**	634,755,000	601,915,000
Intersegment Elimination	**(272,881,000)**	(236,360,000)	(221,286,000)
Total	**$ 465,778,000**	$ 398,395,000	$ 380,629,000

Net sales are attributed to countries based on the location of the Company's subsidiary. During 2006, 2005 and 2004, no single customer represented more than ten percent of consolidated net sales.

	2006	2005	2004
Intersegment Sales			
North America	**$(115,924,000)**	$(103,357,000)	$(103,739,000)
Germany	**(129,438,000)**	(107,882,000)	(90,220,000)
Switzerland	**(26,518,000)**	(25,058,000)	(24,592,000)
Asia	**(784,000)**	—	(2,596,000)
Rest of World	**(188,000)**	(15,000)	(74,000)
Corporate	**(29,000)**	(48,000)	(65,000)
Total	**$(272,881,000)**	$(236,360,000)	$(221,286,000)

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

	2006	2005	2004
Operating Income (Loss)			
North America	**$ 31,414,000**	$36,095,000	$39,381,000
Germany	**53,956,000**	43,279,000	28,668,000
Switzerland	**(1,558,000)**	(305,000)	1,492,000
Asia	**8,302,000**	7,182,000	8,206,000
Rest of World	**15,594,000**	14,136,000	10,485,000
Corporate	**(6,550,000)**	(3,959,000)	(3,455,000)
Subtotal	**101,158,000**	96,428,000	84,777,000
Intersegment Elimination	**(557,000)**	(1,591,000)	(637,000)
Total	**$100,601,000**	$94,837,000	$84,140,000

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

	2006	2005	2004
Depreciation and Amortization			
North America	**$10,074,000**	$ 6,538,000	$ 7,522,000
Germany	**14,070,000**	13,829,000	11,331,000
Switzerland	**1,638,000**	1,753,000	1,680,000
Asia	**1,626,000**	231,000	393,000
Rest of World	**1,850,000**	1,641,000	1,431,000
Corporate	**780,000**	963,000	604,000
Total	**$30,038,000**	$24,955,000	$22,961,000

	2006	2005
Assets		
North America	**$ 313,599,000**	$ 296,243,000
Germany	**352,173,000**	360,803,000
Switzerland	**93,134,000**	77,916,000
Asia	**71,580,000**	26,181,000
Rest of World	**103,205,000**	68,606,000
Corporate	**1,360,732,000**	254,493,000
Subtotal	**2,294,423,000**	1,084,242,000
Intersegment Elimination	**(1,082,411,000)**	(318,944,000)
Total	**$ 1,212,012,000**	$ 765,298,000

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

At December 31, 2006 and 2005, for Switzerland, the net investment in equity method investees was $2,623,000 and $883,000, respectively. The Netherlands had a net investment in equity method investees of $963,000 and $677,000 as of December 31, 2006 and 2005, respectively.

	2006	2005	2004
Capital Expenditures			
North America	**$ 4,206,000**	$ 3,258,000	$ 2,592,000
Germany	**20,638,000**	8,093,000	8,048,000
Switzerland	**2,211,000**	1,468,000	1,040,000
Asia	**804,000**	232,000	191,000
Rest of World	**1,130,000**	671,000	722,000
Corporate	**6,000**	6,000	28,000
Total	**$28,995,000**	$13,728,000	$12,621,000

	2006	2005
Long-Lived Assets		
North America	**$189,680,000**	$130,077,000
Germany	**245,818,000**	201,879,000
Switzerland	**9,293,000**	8,884,000
Asia	**30,627,000**	4,434,000
Rest of World	**38,843,000**	32,111,000
Corporate	**12,151,000**	11,310,000
Total	**$526,412,000**	$388,695,000

SCHEDULE II

QIAGEN N.V. AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

	Balance at Beginning of Year	Foreign Exchange and Other	Provision Charged to Expense	Write-Offs	Balance at End of Year
Year Ended December 31, 2004:					
Allowance for doubtful accounts	$3,046,000	$ (144,000)	$128,000	$(383,000)	$2,647,000
Year Ended December 31, 2005:					
Allowance for doubtful accounts	$2,647,000	$ 307,000	$ 54,000	$(620,000)	$2,388,000
Year Ended December 31, 2006:					
Allowance for doubtful accounts	$2,388,000	$1,734,000	$378,000	$(333,000)	$4,167,000

Exhibit 8.1

LIST OF SUBSIDIARIES

The following is a list of the Registrant's subsidiaries as of December 31, 2006, other than certain subsidiaries that did not in the aggregate constitute a significant subsidiary.

Company Name	Jurisdiction of Incorporation
QIAGEN BV	The Netherlands
QIAGEN Deutschland Holding GmbH	Germany
QIAGEN GmbH	Germany
QIAGEN Finance (Deutschland) GmbH	Germany
QIAGEN Hamburg GmbH	Germany
QIAGEN, Inc. (Canada)	Canada
QIAGEN, Inc. (USA)	California
QIAGEN Instruments AG	Switzerland
QIAGEN KK	Japan
QIAGEN Ltd.	UK
QIAGEN North American Holding Inc.	California
QIAGEN NV	Netherlands
QIAGEN Pty. Ltd.	Australia
QIAGEN S.A.	France
QIAGEN Sciences, Inc.	Maryland
QIAGEN Shared Services, Inc.	Maryland
QIAGEN SpA	Italy
QIAGEN Vertriebsges. mbH	Austria
Genaco Biomedical Products, Inc.	USA
Gentra Systems, Inc.	USA
Nextal Biotechnology Inc.	Canada
Shenzhen PG Biotech Co. Ltd.	China

Exhibit 12.1

CERTIFICATION UNDER SECTION 302

I, Peer M. Schatz, certify that:

1. I have reviewed this annual report on Form 20-F of QIAGEN N.V;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 30, 2007

/s/ Peer M. Schatz

Peer M. Schatz
Managing Director and Chief Executive Officer

Exhibit 12.2

CERTIFICATION UNDER SECTION 302

I, Roland Sackers, certify that:

1. I have reviewed this annual report on Form 20-F of QIAGEN N.V;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 30, 2007

/s/ Roland Sackers

Roland Sackers
Managing Director and Chief Financial Officer

Exhibit 13.1

CERTIFICATIONS UNDER SECTION 906

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of QIAGEN N.V., does hereby certify, to such officer's knowledge, that:

The Annual Report for the year ended December 31, 2006 (the "Form 20-F") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 30, 2007

/s/ Peer M. Schatz
Peer M. Schatz
Managing Director and Chief Executive Officer

Dated: March 30, 2007

/s/ Roland Sackers
Roland Sackers
Managing Director and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-7166, 333-107491, 333-12372 and 333-127393) pertaining to the QIAGEN N.V. 1996 Employee, Director and Consultant Stock Option Plan and the QIAGEN N.V. Amended and Restated 2005 Stock Plan of our reports dated March 30, 2007, with respect to the consolidated financial statements and schedule of QIAGEN N.V., QIAGEN N.V.'s assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting of QIAGEN N.V., included in the Annual Report (Form 20-F) for the year ended December 31, 2006.

/s/ ERNST & YOUNG LLP

McLean, Virginia
March 30, 2007

The Form 20-F

The Form 20-F is an integral part of this Annual Report. It contains detailed financial information on the Company as well as other information, including information on the markets and risks and on QIAGEN's directors, management and advisors. It also contains a summary of the Company's Code of Ethics and descriptions on securities other than equity securities, information on controls and procedures.

If the Form 20-F insert is missing from this Annual Report, it can be requested from the Company or can be downloaded from the Company's homepage www.qiagen.com in the Investor Relations section.

Disclaimers and Trademarks

Registered names, trademarks, etc. used in this document, even when not specifically marked as such, are not to be considered unprotected by law.

DISCLAIMER

In this annual report, QIAGEN is using the term molecular diagnostics. The use of this term is in reference to certain countries, such as the United States, limited to products subject to regulatory framework. Current QIAGEN molecular diagnostics products are 34 EU CE IVD assays, six EU CE IVD sample preparation products, one 510k PAX RNA product, nine China SFDA IVD assays, and 98 general purpose reagents.

QIAGEN Instruments (BioRobot product line, QIAcube, BioSprint) are intended for laboratory use. No claim or representation is intended for its use to provide information for the diagnosis, prevention, or treatment of a disease.

The BioRobot MDx DSP system is intended for in-vitro diagnostic use in Europe.

The BioRobot MDx DSP system is not available in all countries; please inquire.

siRNA technology licensed to QIAGEN is covered by various patent applications, owned by the Massachusetts Institute of Technology, the Carnegie Institute of Washington, Alnylam Corporation, and others.

Multiplex PCR Kits: Certain specific embodiments of the process of multiplex PCR may be covered by patents of third parties in certain countries and may require a license.

Qproteome GlycoArray Analysis technology is subject to the proprietary rights of Procognia Ltd. and sold under license.

TRADEMARKS

Our name together with our logo is registered as a trademark in the United States and a number of other countries: QIAGEN®.

Other trademarks registered in the United States and in other countries include, inter alia: QIAexpress®, QIAwell®, QIAEX®, QIAprep®, QIAamp®, QIAquick®, Oligotex®, RNeasy®, BIOROBOT®, ENDOFREE®, R.E.A.L.®, PolyFect®, SuperFect®, DNeasy®, UltraFect®, TurboFilter®, HotStarTaq®, EFFECTENE®, QIA®, DyeEx®, Omniscript®, Sensiscript®, HiSpeed®, Targetene®, TransMessenger®, MagAttract®, DirectPrep®, InhibitEX®, DoubleTag®, QuantiScript®, UltraSens®, pAlliance®, MinElute®, EverGene®, ProofStart®, FlexiGene®, QuantiTect®, DNAprotect®, RNAprotect®, LiquiChip®, CryoCell®, LabelStar®, EasyXpress®, RNAiFect®, and BioSprint®.

Registered trademarks in countries outside the United States include: QIABRANE™, ProofTaq™, Easylabel™, BioSprint™, AllPrep™, Qproteome™, FastLane™, GeneGlobe™, LyseBlue™, CompactPrep™, TurboCapture™, CoralLoad™, EpiTect™, NEXTAL™, and EASYXTAL™.

This Annual Report may also contain trade names or trademarks of companies other than QIAGEN.

This Annual Report, in addition to historical information, contains certain forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. Such statements may involve significant risks and uncertainties and actual results could differ materially from those expressed or implied herein. Please refer to the section entitled "Risk Factors" under Item 3 of our Form 20-F for the year ended December 31, 2006, which accompanies and is part of this Annual Report, for a discussion related to forward-looking statements contained in this Annual Report.

Glossary

AMINO ACIDS The 'building blocks' (subunits) of proteins.

AVIAN FLU "Avian influenza" (also known as bird flu, avian flu, influenza virus A flu, type A flu, genus A flu) is caused by an influenza A virus (subtype H5N1). It is hosted by birds, but may infect several species of mammals.

BIOMARKER Refers to e.g. proteins which indicate a relevant biological condition (e.g., disease or predisposition to a disease).

BIOMEDICAL RESEARCH Involves thorough investigation of any matter related to the domain of living or biological systems. Usually biomedical denotes a greater stress on problems related to human health and diseases.

CE MARK The CE mark (officially CE marking) is a mandatory safety mark on many products placed on the single market in the European Economic Area (EEA).

CLINICAL TRIAL Research studies. The most commonly performed clinical trials evaluate new drugs, medical devices, biologics, or other interventions to patients in strictly scientifically controlled settings, and are required for Food and Drug Administration approval of new therapies.

DNA Deoxyribonucleic acid. Macromolecule with a double helix structure built up from the four bases adenine, guanine, cytosine, and thymine. DNA transmits genetic information.

DNA METHYLATION Type of chemical modification of DNA that can be inherited without changing the DNA sequence.

DNA SEQUENCING The process used to obtain the sequential arrangement of nucleotides in the DNA.

DRUG METABOLISM Drug metabolism is the chemical alteration of a drug by the body.

DRUG TARGET Target for clinically relevant or therapeutic molecules used to fight genetic disorders and disease.

EPIGENOMICS The genome-wide study of the distribution of methylated and unmethylated nucleoside residues within the genome.

FDA The Food and Drug Administration (FDA) is an agency of the United States Department of Health and Human Services and is responsible for regulating food, dietary supplements, drugs, biological medical products, blood products, medical devices, radiation-emitting devices, veterinary products, and cosmetics in the United States.

FUNCTIONAL GENOMICS Study of the functions of genes.

GENE EXPRESSION Transfer of genetic information to its active form, usually from DNA via RNA (transcription) into protein (translation).

GENE EXPRESSION PROFILING Determines which genetic information has been transferred to its active form.

GENE INTERACTION The collaboration of several different genes in the production of one phenotypic character.

GENE SILENCING Repression of gene expression – especially using the recently discovered mechanism of RNAi (RNA interference). siRNA duplexes can be designed to target and repress expression of specific genes.

GENE THERAPY Use of DNA to replace or modify the function of faulty genes in a living organism in order to cure or prevent disease and genetic disorders.

GENETIC MODIFICATION (GM) Genetic engineering, and the now-deprecated gene splicing are terms for the process of manipulating genes, usually outside the organism's normal reproductive process.

GENOME The entire genetic information of an organism. In most organisms consists of DNA, in some viruses can consist of RNA.

GENOMIC DNA A representative sample of all the DNA in a genome.

GENOMICS The scientific study of genes and their role in an organism's structure, growth, health, disease (and / or resistance to disease, etc.).

GENOTYPING Genetic fingerprinting, DNA testing, DNA typing, and DNA profiling - Study or testing of variations in the genetic information among different individuals.

HIGH-THROUGHPUT SCREENING Testing of large numbers of samples per day, often simultaneously.

MASS SPECTROMETRY Analytical technique used to measure the composition of a sample by generating a mass spectrum representing the masses of sample components.

MESSENGER RNA (mRNA) RNA molecules that acts as messenger of the genetic information encoded by a gene (DNA) produced by the process of transcription. Serves as the template for protein synthesis during translation and frequently has a tail of adenine-residues (poly-A+ mRNA).

METABOLIC ENZYME A protein that catalyzes biochemical reactions in processes for the synthesis, modification, and breakdown of molecules (e.g. drugs) within a living organism. The metabolic enzyme pattern differs within individuals and provides a basis for the research of individual drug responses in patients.

METABOLIC MARKERS A molecular marker associated with a metabolic function.

METABOLIC PROFILING The measurement of biochemical intermediates within a tissue in order to describe the functioning of metabolic pathways.

METABOLISM The entire set of enzyme-catalyzed transformations of organic nutrient molecules (to sustain life) in living cells. Conversion of food and water into nutrients that can be used by the body's cells, and the use of those nutrients by those cells (to sustain life, grow, etc.).

METABOLOMICS The scientific study of an organism's metabolic response to an environmental stimulus or a genetic modification.

MICROARRAY Array of many macromolecules spotted onto a solid phase to allow interactions with target molecules in solution. For example, DNA oligonucleotides spotted onto a chip interact with target RNA molecules that hybridize to reveal the presence of certain species of RNA molecules in a mixed population.

MICROFLUIDIC ASSAYS Assays performed on an extremely small scale using very small flow systems of liquids.

MOLECULAR BIOLOGY The study of life processes at the molecular level, typically through the study of nucleic acids and proteins.

MOLECULAR DIAGNOSTICS The use of DNA, RNA, and proteins to test for specific states of health or disease.

NUCLEIC ACID Single or double-stranded polynucleotide. RNA or DNA.

NUCLEUS Small, membrane-bound compartment of cells containing DNA and the nucleolus.

NUTRIGENOMICS The application of genetic information (genomics, proteomics and metabolomics) to human nutrition, especially the relationship between nutrition and health.

PATHOGEN A pathogen or infectious agent is a biological agent that causes disease or illness to its host.

PCR Polymerase chain reaction. The sequence-specific amplification of DNA molecules using heat-stable polymerase enzymes.

PHARMACOGENETICS The study of the association between genetics and response to drug therapy to select "the right medicine for the right patient".

PHARMACOGENOMICS Refers to the entire spectrum of genes that determine drug behavior and sensitivity. By analyzing the whole genome, pharmacogenomics is concerned with genetic effects on drugs themselves and with the genetic variances that contribute to the variable effects of drugs in different individuals.

PHARMACOKINETICS The study of the pharmacological effects between drugs and living structures (e.g., tissues, organs).

POLYMERASES An enzyme that catalyzes the production of a nucleic acid strand by using an existing strand as a template – used in PCR and RT-PCR.

PROTEIN EXPRESSION The translation and post-translational processing of proteins.

PROTEOME The entire set of proteins that an organism can produce.

PROTEOMICS The scientific study of an organism's proteins and their role in an organism's structure, growth, health, disease (and/or the organism's resistance to disease, etc.).

REAL-TIME RT-PCR Reverse-transcriptase polymerase chain reaction in real time. A technique which converts RNA molecules into DNA molecules and then monitors their amplification by PCR. Often used to measure the amount of a specific RNA molecule in a sample.

RNA Ribonucleic acid. Includes many types of biologically relevant molecules, especially mRNA (messenger RNA) which is copied from DNA and encodes proteins.

RNAi RNA Interference, is one methodology to cause gene silencing.

RT-PCR Reverse-transcriptase polymerase chain reaction. A technique that transcribes RNA molecules into DNA molecules, which are then amplified by PCR.

SARS Severe acute respiratory syndrome is an atypical pneumonia, caused by the SARS coronavirus (SARS CoV), a novel coronavirus.

siRNA Short interfering RNA, a specific short sequences of double-stranded RNA (dsRNA) of less than 30 base pairs.

SYSTEMS BIOLOGY Combination of analytical results of various analytes to understand basic biological principles and interactions on a cellular level.

THERANOSTICS The developments of diagnostic tests that can identify which patients are most suited for a drug and provide feedback on how well the drug is working.

TOXICOGENOMICS A form of analysis for toxicology and toxin-determination analogous to DNA-testing in the forensic identification of individuals.

TRANSFECTION Introducing DNA into eukaryotic cells, such as animal cells.

TRANSLATIONAL MEDICINE Translational medicine is a branch of medical research that attempts to more directly connect basic research to patient care.

X-RAY CRYSTALLOGRAPHY Technique in which the pattern produced by the diffraction of X-rays through the closely spaced lattice of atoms in a crystal is recorded and then analyzed to reveal the nature of that lattice.

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