QIAGEN N.V.

Annual Report 2000

QIAGEN

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QIAGEN is the world's leading provider of innovative technologies for separating, purifying, and handling DNA and RNA — the genetic blueprints of life. Since 1984, QIAGEN has successfully developed, produced, and marketed an ever-increasing range of proprietary products for academic, industrial, and clinical research.

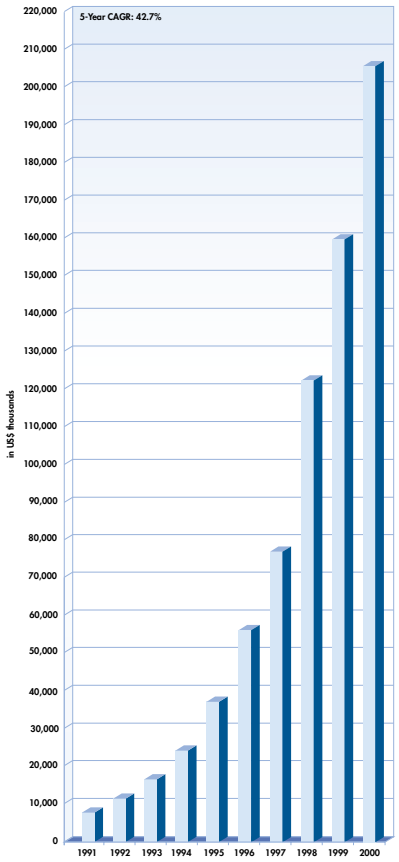
The new millennium began with the completion of a tremendous scientific undertaking — the sequencing of the entire human genome. However this by no means represents the finish point. The task ahead is to identify and characterize each of the estimated 30,000 genes encoded within the human genome. Such analysis will eventually lead to an increased range of therapeutic strategies, and is expected to shift disease management from a diagnosis and treatment approach to one of prediction and prevention. Genome sequencing of clinically important bacteria, parasites, and fungi, as well as of plants and animals will similarly lead to new infectious disease, agricultural, and veterinary management. We are entering a life science revolution.

This life science revolution will fuel commercial markets such as DNA sequencing, genomics, microarray analysis for gene and drug discovery, DNA- and RNA-based molecular diagnostics, and genetic vaccination and gene therapy. These markets share a crucial prerequisite — highly pure DNA and RNA.

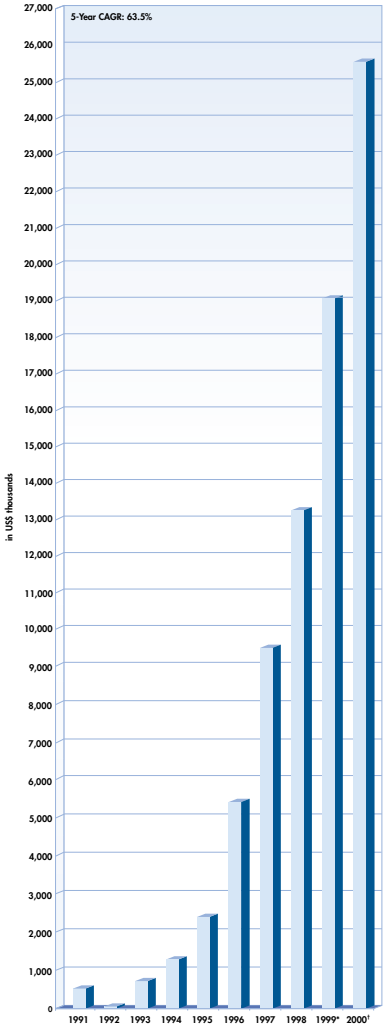
QIAGEN is uniquely positioned to take full advantage of the wealth of commercial opportunities presented by the life science revolution. Already a leader in the research market, in 2000 QIAGEN strengthened its position in genomics, molecular diagnostics, and gene therapy markets through innovative new products, new automated laboratory processes, strategic alliances with commercial players, and the acquisition of Operon Technologies, Inc. Our tradition of innovation, quality, and service is generating exciting new opportunities, and will continue to be the key factor for growth and success of the Company's core business — the separation, purification, and handling of nucleic acids.

Financial Highlights

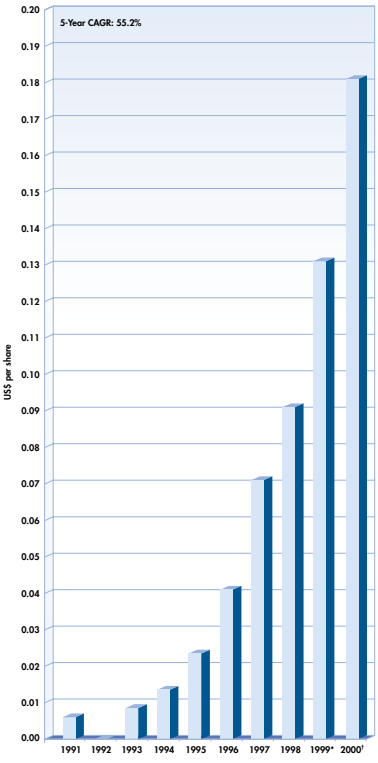
Net Sales



Net Income



Diluted Earnings per Share



** Excluding the effect of purchased in-process research and development related to the acquisition of Rapigene, Inc.*

† Excluding the effect of one-time charges related to the acquisition of Operon Technologies, Inc.

Report of the Supervisory Board

QIAGEN Supervisory Board with
QIAGEN Management Board

From left to right, standing:
Dr. H. Hornef; Mr. Peer M. Schatz; Dr. Metin Colpan; Prof. Dr. jur. Carsten P. Claussen (Special Advisor and Honorary Chairman); Mr. Erik Hornnaess; Prof. Dr. Manfred Karobath.

From left to right, sitting:
Dr. Franz A. Wirtz; Prof. Dr. Detlev H. Riesner; Mr. Jochen Walter.

Dear Fellow Shareholders,

The Supervisory Board exercised supervision over the Management Board's policies and business conduct throughout the financial year. Acting in the best interests of the Company and its business, the Supervisory Board monitored the Company's activities, including its strategic, economic, and market developments, R&D investments, acquisitions and alliances, and human resources management. Information on the Company's activities was communicated by the Management Board to the Supervisory Board through regular meetings and business reports.

The Audit and Compensation Committees, which are composed of members of the Supervisory Board, have monitored various Company issues according to the Netherlands Committee on Corporate Governance, and have fulfilled their legal purposes. The Supervisory Board has no major changes to report regarding the recommendations of the Netherlands Committee on Corporate Governance described in the Company's 1997 Annual Report.

QIAGEN N.V. is a limited liability company incorporated under the laws of the Netherlands. All Company operations are carried out according to Dutch Corporation Law, U.S. Federal Securities Law and Regulations, and the laws of the German capital market, in particular the Börsengesetz and the Wertpapierhandelsgesetz. The common shares of the Company are registered and traded in the United States on the Nasdaq National Market and in Germany on the Neuer Markt division of the Frankfurt Stock Exchange. The majority of the Company's shares are believed to be held by shareholders in the United States and in Europe, particularly Germany.

The Supervisory Board congratulates the Management Board on a successful 2000. It was certainly an exciting year for QIAGEN.

The Company practices non-distribution of net income, as is common among relatively young, fast-growing companies with significant future growth potential in rapidly growing fields. This policy benefits shareholders by increasing share value, and we believe it to be in line with shareholders' taxation preferences.

In this Annual Report the financial statements for the year 2000 are presented, as prepared by the Management Board. These statements have been audited by Arthur Andersen LLP (Independent Public Accountants) and examined and approved by the Supervisory Board. We recommend that shareholders adopt these financial statements, including allocation of profits to retained earnings, at the Annual General Meeting.

The term of office of the members of the Supervisory Board expires as of the close of the Annual General Meeting of shareholders of QIAGEN N.V. to be held on June 13, 2001. Mr. E. Hornnaess, Prof. Dr. D. Riesner, Mr. J. Walter, Dr. F. Wirtz, Prof. Dr. M. Karobath, and Dr. H. Hornef will stand for re-election. Prof. Dr. C. P. Claussen has agreed to continue to serve as Special Advisor and Honorary Chairman.

The Supervisory Board proposes that the Managing Directors Dr. Metin Colpan, Chief Executive Officer, and Mr. Peer M. Schatz, Chief Financial Officer, be re-elected as members of the Management Board at the Annual General Meeting on June 13, 2001.

Hilden, Germany, April 2001
Prof. Dr. Detlev Riesner
Chairman of the Supervisory Board

Letter from the Management Board

To Our Shareholders,

We are very pleased to report that 2000 was another successful year for QIAGEN, both for our customers and our shareholders. We introduced over 20 new products and continued our 15-year growth momentum, with net sales increasing 29% to $204.0 million. Consolidated net income grew by 45% to $20.1 million over 1999. Diluted earnings per share increased 40% to $0.14 in 2000.

QIAGEN's growth is based on the systematic development of innovative new products and services, backed up by our powerful sales, service, and support network. Our continually expanding technology platform, the excellence of our R&D team, and the commitment of our dynamic and enthusiastic workforce are the cornerstones of our success. In 2000, QIAGEN launched over 20 new products and introduced the fourth generation of our BioRobot® series of workstations. We also acquired Operon Technologies, Inc., allowing us to leverage our strengths in the rapidly growing genomics field. In addition, 2000 saw the opening of our ninth sales and marketing subsidiary, in Milan, Italy, which will further drive the Company's growth in the European market.

QIAGEN believes that the completion of the sequencing of the entire human genome in 2000 heralds a life science revolution. This research is fueling commercial markets such as genomics, molecular diagnostics, drug discovery, and gene therapy — markets we are actively entering as the leading supplier of nucleic acid separation, purification, and handling technologies.

Our technology leadership and our focus on one of the largest segments of the life science industry have put QIAGEN in a unique and strong position, from which the future looks bright.

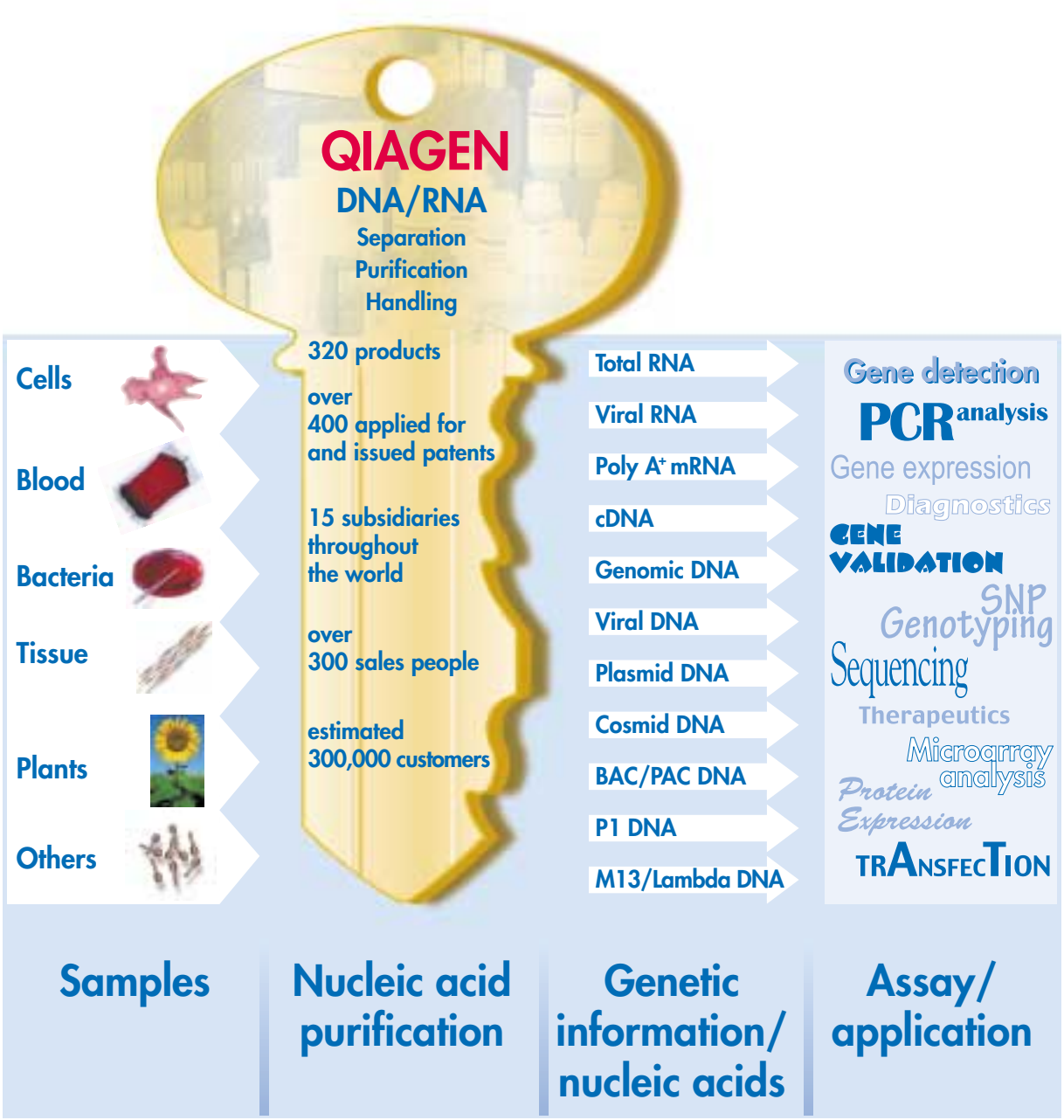
Thank you for your interest in QIAGEN, and we look forward to reporting future successes.

Dr. Metin Colpan
Chief Executive Officer

Mr. Peer M. Schatz
Chief Financial Officer

QIAGEN — Keys to the Life Science Revolution

In 2000 a tremendous scientific undertaking — the sequencing of the entire human genome — was completed. The life science industry is now entering a new era, where the accelerating fields of genomics, molecular diagnostics, drug discovery, and gene therapy are creating new, innovative therapeutics and diagnostics based on genetic information. Genetic information is encoded by nucleic acids. QIAGEN's technologies give access to these nucleic acids, providing efficient methods for their separation, purification, and handling so that they can be analyzed. QIAGEN's products are therefore the keys to the life science revolution.



Life science research is increasing our understanding of disease and radically changing the way diseases are diagnosed and drugs are developed and manufactured. This research could provide drugs for diseases where no cure and/or only limited treatment is currently available, including cancer, Alzheimer's disease, and infectious diseases such as HIV. It could also provide personalized therapies designed for individual patients as well as more effective management of infectious diseases. In addition, an integrated understanding of gene function and protein interactions will allow new and exciting applications and technologies based on DNA and RNA, the nucleic acids fundamental to life.

These developments are based on genetic information. The keys to unlock the power of genetic information are tools for the separation, purification, and handling of nucleic acids. Nucleic acid purification is therefore essential for the life science revolution, and indeed has become one of the largest market segments for life science-enabling technologies.

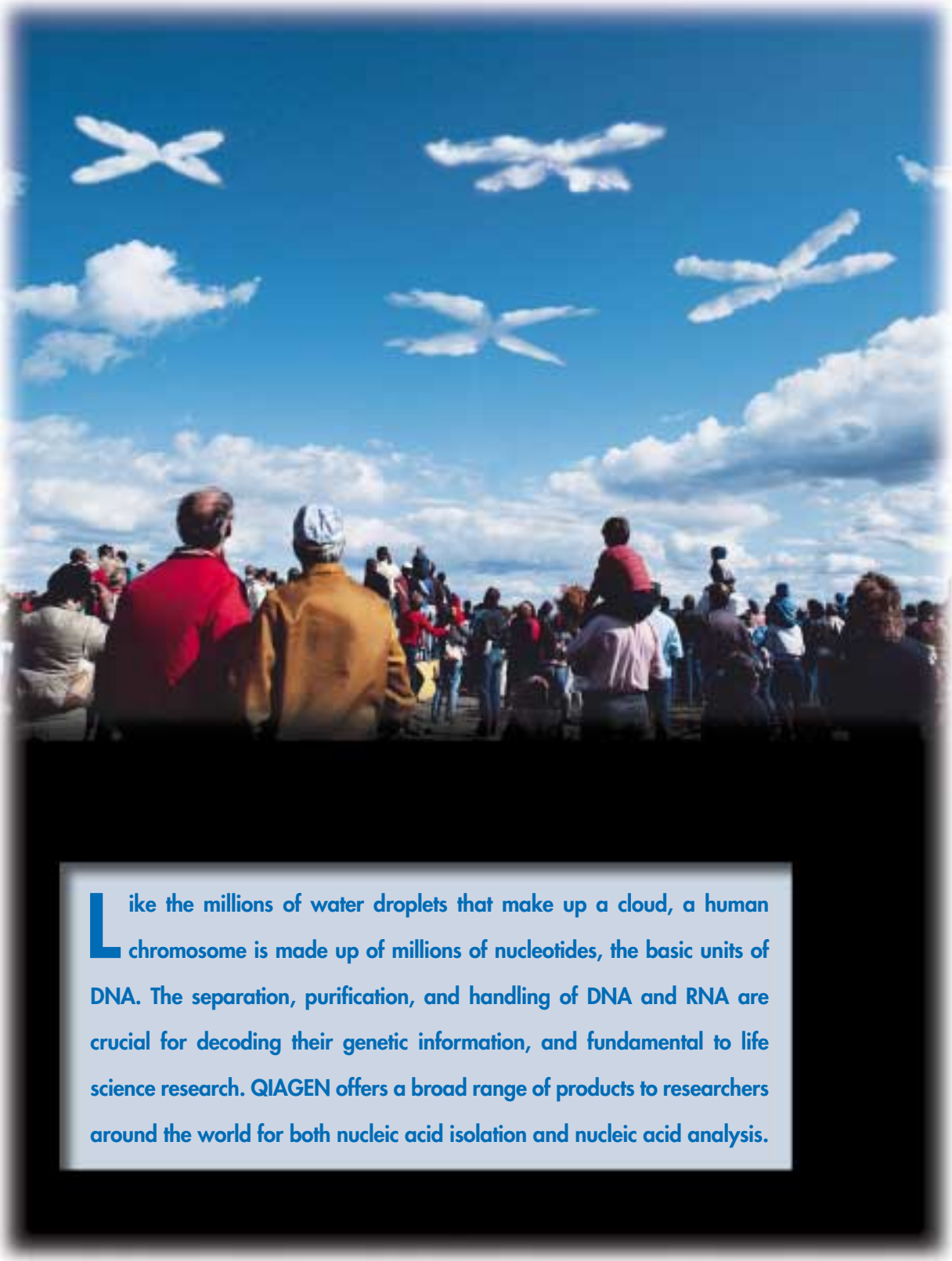
QIAGEN's core competence and business is the separation, purification, and handling of nucleic acids. The company has attained market leadership through an unmatched technology portfolio for these applications.

The nucleic acid purification market is very large, but also very segmented. A broad array of technologies is therefore required for efficient isolation of different types of nucleic acids from different sample sources and for a wide range of applications. This segmentation amplifies the benefits of QIAGEN's broad technology portfolio, which is targeted to optimally address the market's needs. We are in the unique position of being able to combine and apply our technologies to create products that specifically address our customers' needs, without having to model these needs around solutions available from only one technology.

The company's strategic aim is to strengthen its core activities by developing new innovative products, integrating front-end preparation into automated systems, and providing exciting new technologies for the life science industry.



The Life Science Market



Like the millions of water droplets that make up a cloud, a human chromosome is made up of millions of nucleotides, the basic units of DNA. The separation, purification, and handling of DNA and RNA are crucial for decoding their genetic information, and fundamental to life science research. QIAGEN offers a broad range of products to researchers around the world for both nucleic acid isolation and nucleic acid analysis.

The life science research market represents the core of the life science sector, from which new market segments emerge. This market, which comprises academic and industrial customers, is strategically the most important market for QIAGEN. Here, new technologies, applications, and tools are developed and standardized before they enter the more commercial markets of genomics, molecular diagnostics, and gene therapy. As the leading provider of solutions to the research market for nucleic acid separation, purification, and handling, QIAGEN stands in a strong position to take advantage of opportunities provided by these rapidly growing markets as well as newly emerging market segments.

QIAGEN's success in this market is based on its broad technology platform from which new products are developed. The company works closely with scientists in the burgeoning life science industry to forge new market opportunities, and to develop and provide reliable and simple solutions for different applications as required by the people working at the forefront of this industry. In 2000, QIAGEN continued to expand its portfolio for the life science research market by launching over 20 innovative new products for nucleic acid purification, RNA stabilization, protein analysis, immunization, and DNA transfection.

New technologies routinely used in life science research, genomics, and molecular diagnostics require fast and efficient isolation of ultrapure nucleic acids using reliable technologies that can be integrated into automated laboratory processing and analysis systems. QIAGEN has developed the BioRobot® series of molecular biology workstations to address this need, the fourth generation of which was launched in 2000. The BioRobot 8000 is designed for laboratories at the leading edge of genomics and other molecular biology fields that process large numbers of samples, and allows rapid, high-throughput, walk-away nucleic acid purification and routine liquid-handling in 384-well formats.

A leading position as a brand-named company, the reputation for high-quality and innovative products and services, and flexibility in answering customers' special needs form a solid base for new products to succeed, and will contribute to QIAGEN's strong growth in the life science research market.



The Genomics Market

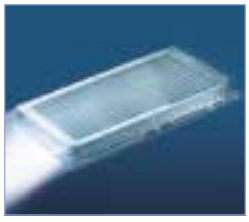
Genomics research seeks to use genetic information to accelerate the discovery of new drugs, diagnostics, and agricultural products. With many genomes now sequenced, and many more in progress, the next challenge is to harvest the information within these genomes. As a supplier of products that enable genomics strategies, such as sequencing, SNP, and microarray analysis, QIAGEN will benefit from the rapid expansion of the genomics market.

The genomics market is rapidly expanding as more and more genomes are sequenced. The push to identify each gene within each genome, elucidate gene function, and establish a link between particular DNA sequences and disease is creating enormous momentum in this market.

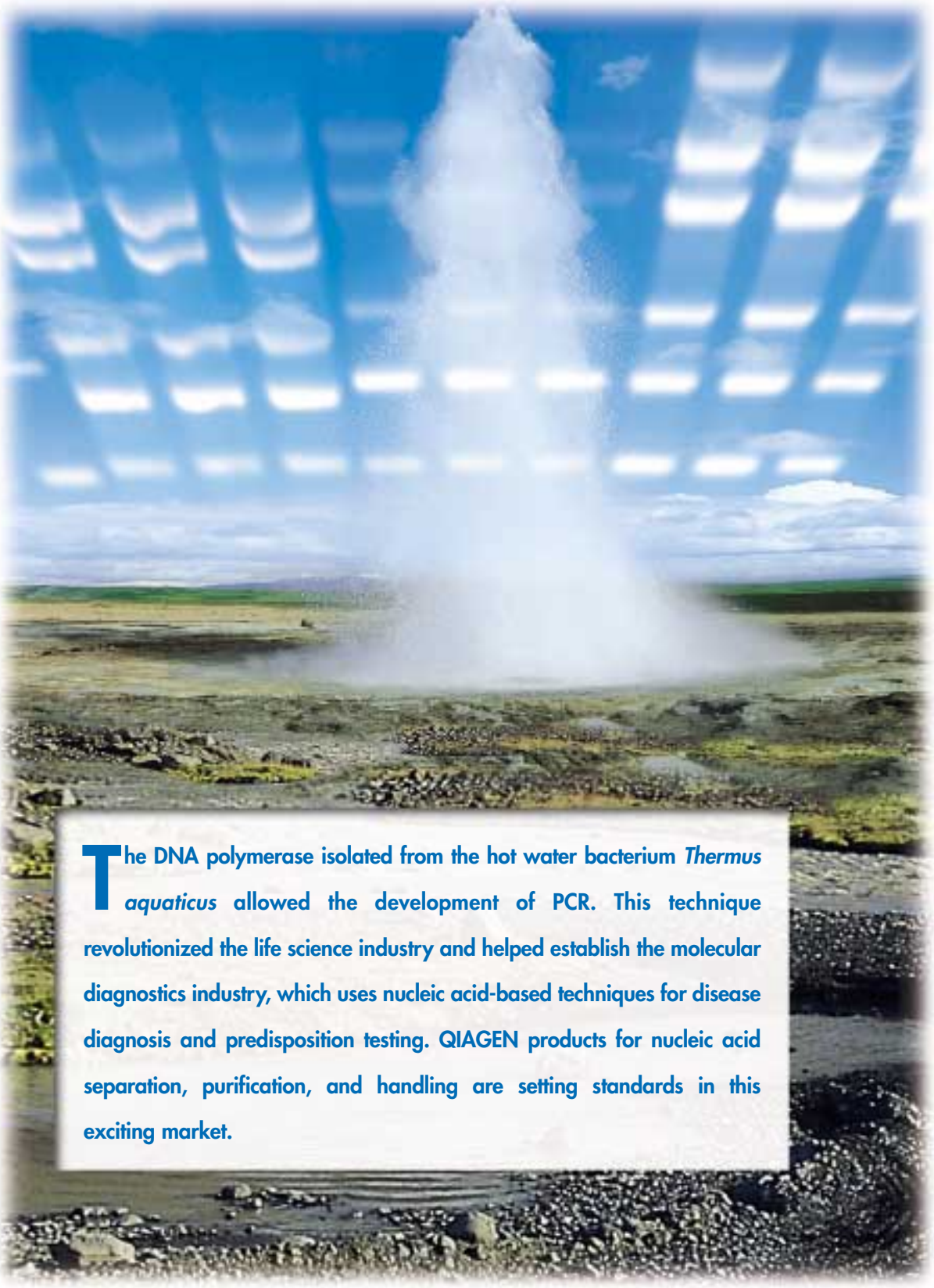
To broaden our product offering in the genomics market, in 2000 QIAGEN acquired Operon Technologies, Inc., a technology leader in high-throughput production of synthetic nucleic acids (oligonucleotides), microarray products, and complete genes. Operon is the world's leading supplier of these products, and has built an industry-wide reputation for unsurpassed quality, reliable service, and competitive pricing. Synthetic nucleic acids have become one of the fastest growing areas of nucleic acid research and genomics, with a wide range of recently developed methods and tools for these markets relying on their availability, including DNA sequencing, microarrays, and SNP analysis.

The combination of QIAGEN's technologies with select bioanalytical tools provides further market opportunities. During the last year, QIAGEN formed strategic alliances with several genomics companies, including Zeptosens AG and Luminex Corporation, to develop and commercialize new multi-analyte detection system technologies for applications in areas such as functional genomics, toxicology, and pharmacogenomics. QIAGEN Genomics, Inc. similarly formed several alliances in 2000 that strengthen its position as an enabling technology provider to the high-throughput SNP genotyping, gene-based drug discovery, and diagnostic development markets. Together these alliances add further breadth to the range of integrated solutions we offer to the genomics market, and increase the demand for QIAGEN's nucleic acid separation, purification, and handling technologies.

As the genomics and drug discovery markets expand, there will be an increased need for efficient methods to prepare and analyze samples. By combining QIAGEN's core expertise with leading proprietary technologies and automated systems, we are creating integrated front-end technology platforms and opening a wide field of opportunities in the global genomics and drug discovery markets for QIAGEN's core business.



The Molecular Diagnostics Market



The DNA polymerase isolated from the hot water bacterium *Thermus aquaticus* allowed the development of PCR. This technique revolutionized the life science industry and helped establish the molecular diagnostics industry, which uses nucleic acid-based techniques for disease diagnosis and predisposition testing. QIAGEN products for nucleic acid separation, purification, and handling are setting standards in this exciting market.

With the recent launch of the first generation of DNA- and RNA-based diagnostic tests by the diagnostic industry, ready-to-run assays are now available for identification of genetic disorders, such as cystic fibrosis, and detection of pathogens, including viruses such as HIV and microorganisms such as the tuberculosis bacterium. New generations of nucleic acid-based molecular diagnostics could similarly be used for the detection or identification of disease genes as well as specific populations of cells, such as cancer cells. Commercial applications for this technology include infectious disease screening in blood banks, HLA typing for bone marrow and organ transplantation, genetic testing for predisposition to cancer and other common diseases, and genetic "fingerprinting" of patients as well as of animals and plants.

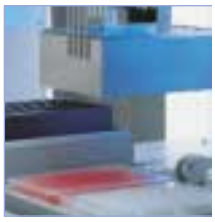
QIAGEN believes that the molecular diagnostic market represents a significant, emerging market. The success of nucleic acid-based molecular diagnostics will depend on the availability of nucleic acids purified from a variety of different samples, for example blood and tissue, and on the ability of automation to handle hundreds of samples concurrently.

Immediate stabilization of nucleic acids in clinical samples is essential for meaningful results in nucleic acid-based assays. In 2000, QIAGEN introduced the first in a series of planned products that allow stabilization of RNA within biological samples for reliable gene-expression and gene-profiling analysis. This new technology is especially important for the molecular diagnostics market.

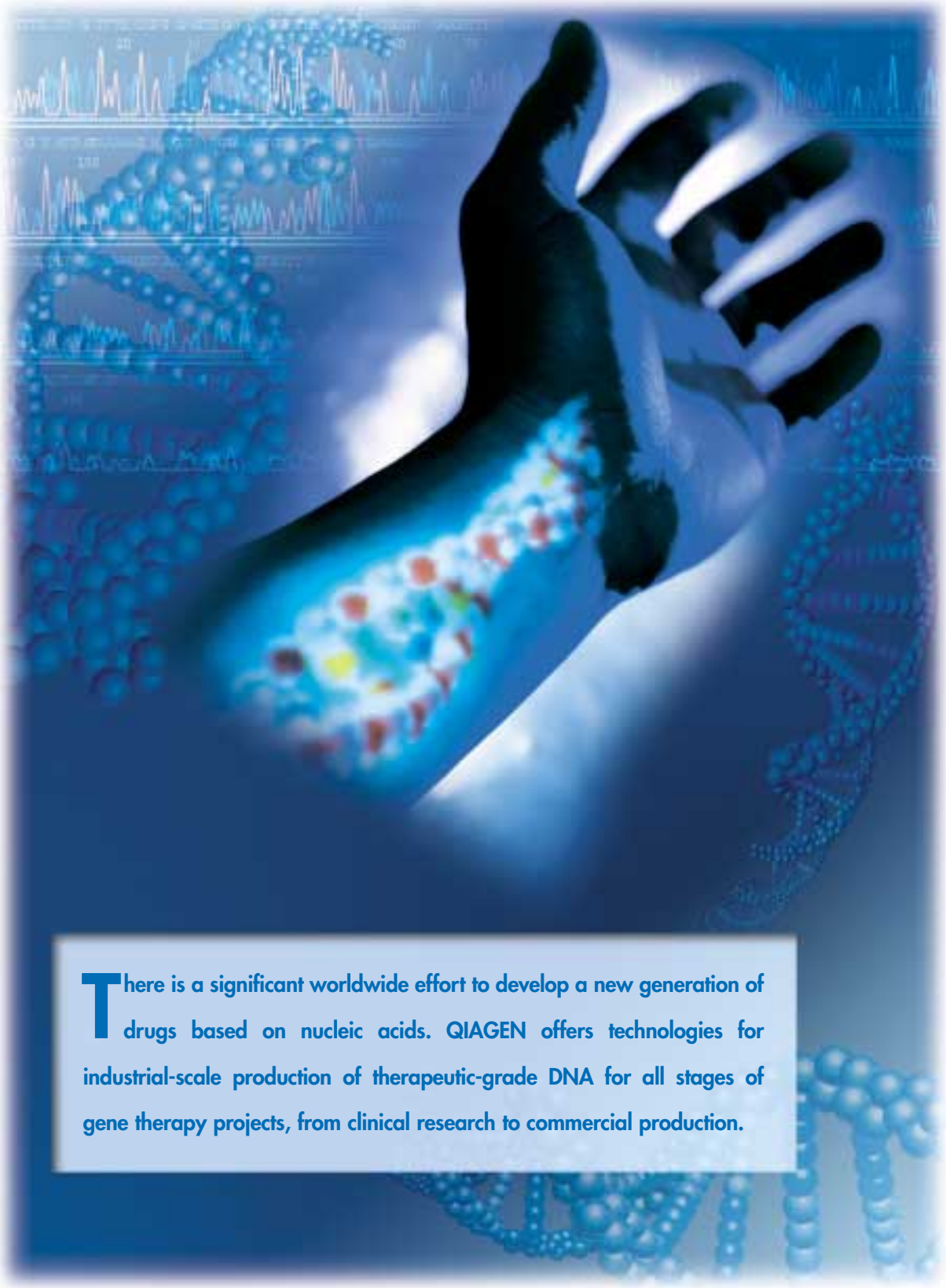
PreAnalytiX, a joint venture formed between QIAGEN and Becton, Dickinson and Company in 1999, has successfully developed its first integrated systems for collecting, stabilizing, and purifying nucleic acids for molecular diagnostics testing, which will be launched in early 2001. Through this venture, QIAGEN will be working towards providing clinical laboratories with the standardized, reliable procedures they need for sample processing.

QIAGEN believes that applications for its RNA stabilization and nucleic acid purification products will expand significantly as the molecular diagnostics market adopts nucleic acid-based testing.





The Gene Therapy Market



There is a significant worldwide effort to develop a new generation of drugs based on nucleic acids. QIAGEN offers technologies for industrial-scale production of therapeutic-grade DNA for all stages of gene therapy projects, from clinical research to commercial production.

Following the sequencing of the entire human genome, the task ahead is to identify genes and gene mutations responsible for many common diseases and conditions, such as cancer, coronary artery disease, asthma, and obesity. Scientists believe that this research, as well as genome sequencing projects for other organisms, will lead to the development of a new generation of drugs based on the delivery of non-mutated genes to prevent or cure disease, therapeutics which mimic the biological functions of genes, and genetic vaccination.

The development and commercialization of such drugs and vaccines will depend on the availability of large amounts of ultrapure nucleic acids of a quality suitable for therapeutic use in humans. QIAGEN offers contract manufacturing of plasmid DNA under non-cGMP conditions using its proprietary technology for ultrapure DNA purification and endotoxin removal. The purified plasmid DNA is suitable for all preclinical research, gene therapy research, and genetic vaccination research projects.

cGMP-grade, endotoxin-free plasmid DNA is required by the FDA and other regulatory agencies for any application involving use in humans. Through its alliance with DSM Biologics and Valentis, QIAGEN provides contract manufacturing of bulk quantity plasmid DNA under full cGMP conditions for use in clinical studies and for commercial production. The Company believes that the use in clinical testing of nucleic acids purified using its technologies and products will give it a strong position in the gene therapy market once genetic vaccination and gene therapy products become commercially available.



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SELECTED CONSOLIDATED FINANCIAL DATA

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

THE INFORMATION BELOW SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS (AND NOTES THEREON) AND "OPERATING AND FINANCIAL REVIEW AND PROSPECTS."

	Year Ended December 31,				
	2000	1999	1998	1997	1996
Consolidated Statement of Income Data:					
Net sales	**$ 204,031**	$ 158,155	$ 120,804	$ 75,370	$ 54,652
Cost of sales	**59,421**	45,836	38,141	20,421	14,876
Gross profit	**144,610**	112,319	82,663	54,949	39,776
Operating Expenses:					
Research and development	**22,212**	17,813	13,432	8,250	6,525
Sales and marketing	**54,147**	39,948	32,744	23,193	16,195
General and administrative	**28,026**	26,110	20,569	15,277	11,113
Acquisition costs	**5,353**	–	–	–	–
In-process research and development	**–**	5,100	–	–	–
Total operating expenses	**109,738**	88,971	66,745	46,720	33,833
Income from operations	**34,872**	23,348	15,918	8,229	5,943
Other income, net	**2,237**	1,640	2,885	5,235	2,668
Income before provision for income taxes and minority interest	**37,109**	24,988	18,803	13,464	8,611
Provision for income taxes	**16,967**	10,950	5,489	4,157	3,331
Minority interest	**36**	149	148	(31)	–
Net income	**$ 20,106**	$ 13,889	$ 13,166	$ 9,338	$ 5,280
Basic net income per common share[1]	**$ 0.14**	$ 0.10	$ 0.09	$ 0.07	$ 0.04
Diluted net income per common share[1]	**$ 0.14**	$ 0.10	$ 0.09	$ 0.07	$ 0.04
Weighted average number of common shares used to compute basic net income per common share	**141,185**	139,462	138,861	136,432	123,229
Weighted average number of common shares used to compute diluted net income per common share	**144,216**	141,331	140,445	138,760	125,085

	2000	1999	1998	1997	1996
Consolidated Balance Sheet Data:					
Cash and cash equivalents	**$ 21,534**	$ 12,393	$ 6,555	$ 4,451	$ 2,054
Working capital	**$ 97,940**	$ 57,275	$ 46,235	$ 38,936	$ 35,349
Total assets	**$ 230,261**	$ 154,331	$ 110,487	$ 82,025	$ 68,242
Total long-term liabilities, including current portion	**$ 25,221**	$ 17,930	$ 8,227	$ 7,821	$ 8,799
Total shareholders' equity	**$ 164,385**	$ 94,798	$ 74,156	$ 54,328	$ 48,638

[1] *Computed on the basis described for net income per common share in Note 4 of the "Notes to Consolidated Financial Statements".*

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 "BUSINESS FACTORS" BELOW.

Overview

QIAGEN N.V. (the Company) believes that it is the world's leading provider of innovative enabling technologies and products for the separation and purification of nucleic acids based on the nature of its products and technologies and as supported by independent market studies. The Company was established to develop, manufacture, and market a broad portfolio of proprietary technologies and products, which meet the needs of the academic and industrial research markets. QIAGEN's products enable customers to reliably and rapidly produce high purity nucleic acids without using hazardous reagents or expensive equipment.

On June 28, 2000, the Company acquired Operon Technologies, Inc. (Operon) of Alameda, California in a transaction that was accounted for as a pooling of interests. Operon manufactures and markets synthetic nucleic acids, DNA microarrays and synthetic genes. The synthetic nucleic acids are used in the analysis of nucleic acids purified from natural sources and will supplement the Company's current genomics and genetic analysis business.

In December 1999, the Company completed the purchase of Rapigene, Inc. (renamed QIAGEN Genomics, Inc.), a leader in the area of innovative, enabling technologies and services for single nucleotide polymorphism (SNP) analysis. In 1999, the Company also made several strategic equity investments in and alliances with businesses whose technologies are complementary to the Company's business.

Since 1996 the Company has had compound annual growth of approximately 37% in net sales and 147% in net income. Without the $5.4 million in acquisition costs related to Operon Technologies in 2000, compound annual growth of net income would have been approximately 159%. To date, the Company has funded its growth through internally generated funds, debt, the private sale of equity, and through proceeds from the sale of securities to the public. In 2000, before the $5.4 million charge related to the acquisition of Operon Technologies, Inc., the Company recorded $25.5 million of net income on $204 million of net sales.

Results of Operations

The following table sets forth certain income and expense items as a percentage of net sales for the periods indicated:

	2000	1999	1998
Net sales	**100.0%**	100.0%	100.0%
Cost of sales	**29.1**	29.0	31.6
Gross profit	**70.9**	71.0	68.4
Operating expenses:			
Research and development	**10.9**	11.3	11.1
Sales and marketing	**26.6**	25.3	27.1
General and administrative	**13.7**	16.5	17.0
Acquisition costs	**2.6**	–	–
In-process research and development	**–**	3.1	–
Income from operations	**17.1**	14.8	13.2
Other income	**1.1**	1.0	2.4
Income before provision for income taxes and minority interest	**18.2**	15.8	15.6
Provision for income taxes	**8.3**	6.9	4.5
Minority interest	**–**	0.1	0.1
Net income	**9.9%**	8.8%	11.0%

Excluding the acquisition costs of $5.4 million in 2000 related to Operon Technologies, the percentage for income from operations would have been 19.7% and net income would have been 12.5%. In 1999, without the $5.1 million charge for purchased in-process research and development, income from operations for that year would have been 17.9% and net income would have been 11.9%.

Fiscal Year Ended December 31, 2000 compared to 1999

Net Sales. In 2000, net sales increased 29% (or $45.9 million) to $204.0 million compared to $158.2 million in 1999. All subsidiaries reported increased sales over the prior period. The majority of the Company's sales continue to be attributable to the Company's consumable products, which experienced strong growth worldwide during the year. Net sales in the United States increased 34% (or $29.6 million) to $117.2 million in 2000 from $87.6 million in 1999. Outside the United States, net sales increased 23% (or $16.3 million) to $86.9 million in 2000 from $70.6 million in 1999. Net sales within and outside of the United States increased principally due to increased unit sales of consumable and instrumentation products.

The increase in sales within the U.S. was primarily due to increased sales at QIAGEN Inc. of approximately $22.6 million (31%) over the prior year. The increase in sales outside of the U.S. was led by increases at QIAGEN GmbH and QIAGEN K.K. of approximately $4.4 million (18%) and approximately 3.4 million (26%), respectively. In addition to obtaining new customer accounts, increases in consumable sales were also attributable to further leverage of the Company's sales force which, based on its size and focused presence, is increasingly able to identify and service customer needs. Additionally, the Company experienced very strong BioRobot® sales and sales from the Operon products.

While sales of consumable products continue to increase, the Company continues to expect, as disclosed in previous filings, a slower rate of sales growth for the range of products designed for large-scale plasmid DNA applications as their market matures. The Company continually introduces new products in order to extend the life of its existing product lines as well as to address new market opportunities. During 2000, the Company released over 20 new products including the BioRobot® 8000, for fully automated nucleic acid purification and liquid handling, a system for purification of DNA in low elution volumes, a complete RNA protection and isolation system and a kit for ultrafast purification of ultrapure plasmid DNA.

A significant portion of the Company's revenues is denominated in German marks. Compared to 1999, in 2000 the German mark, as measured by the average exchange rate for the period, depreciated against the U.S. dollar by 13.4%. If the same rates used for 1999 were applied to 2000, net sales in 2000 would have been higher and the related percentage growth would have been higher than the percentage calculated in reported net sales. See "Currency Fluctuations".

Gross Profit. Gross profit increased 29% in 2000 to $144.6 million or 70.9% of net sales for the year ended 2000 compared to $112.3 million or 71.0% of net sales in 1999. The absolute dollar increase is attributable to the increase in net sales. Gross profit is reduced by increased sales of instrumentation products, such as the QIAGEN BioRobot®, as they carry a lower gross margin than the Company's consumable products. The Company continues to develop additional instrumentation products that meet the needs of the molecular diagnostic and genomics markets and anticipates future increases in sales of instrumentation products.

Research and Development. During 2000, research and development expense increased 25% to $22.2 million (10.9% of net sales), up from $17.8 million (11.3% of net sales) in 1999. During the first quarter of 1999, construction was completed on a new research and development facility, which was further expanded as of January 2000 and, as a result, operating costs related to the facility were higher in 2000. Additionally, QIAGEN Genomics, Inc., which was purchased on December 31, 1999, incurred $2.6 million in research and development costs in fiscal 2000. The increase in research and development expenses over the prior year are also due to the increased personnel costs related to hiring of new research and development personnel. At December 31, 2000, the Company employed 230 research and development personnel. The increase in research and development personnel, the expansion of the German research facility along with the new U.S. facility under construction demonstrates the Company's strong commitment to expanding research and development activities. The Company remains committed to these research and development efforts and anticipates that research and development expenses will continue to increase.

Sales and Marketing. Sales and marketing expenses increased 36% in 2000 to $54.1 million (26.5% of net sales) from $39.9 million (25.3% of net sales) in 1999. The increase in sales and marketing expenses is primarily attributable to increases in costs associated with marketing materials, such as publications and promotional items, and personnel. During 2000, the Company increased its sales force by approximately 30%. Sales and marketing expenses attributed to the Company's new subsidiaries QIAGEN Genomics, Inc. and QIAGEN SpA totaled $1.1 million for the year ended December 31, 2000. The Company anticipates that selling and marketing costs will continue to increase along with continued growth in sales of the Company's products.

General and Administrative. General and administrative costs increased 7% in 2000 to $28.0 million (13.7% of net sales) from $26.1 million (16.5% of net sales) in 1999. The absolute dollar increase is primarily attributable to the general and administrative costs at the Company's five new subsidiaries. Further, this increase represents increased costs required to support the Company's administrative infrastructure that is growing to accommodate the Company's continued growth. The decrease in general and administrative costs as a percent of sales is primarily due to economies of scale.

Acquisition Costs. On June 28, 2000, the Company acquired Operon Technologies, Inc. in Alameda, California. In connection with the acquisition, which was accounted for as a pooling of interests, the Company incurred costs of $5.4 million. These costs include approximately $3.9 million of finders' fees for the investment banker chosen by the shareholders of Operon. This fee was not paid for by the Company, but by the Operon shareholders. However, in accordance with the accounting rules for a pooling of interests transaction, this expense is reflected in the current year financial statements. The acquisition costs also include approximately $1.0 million in Netherlands capital tax, which is based on the amount of capital raised in share issuances.

In-Process Research and Development. On December 31, 1999, the Company acquired Rapigene, Inc., subsequently renamed QIAGEN Genomics, Inc., in a transaction accounted for as a purchase. Independent appraisers utilizing proven valuation procedures and techniques allocated a portion of the purchase price as in-process research and development. The Company recorded a charge of $5.1 million for purchased in-process research and development in the fourth quarter of 1999. This charge represents the estimated fair value of the purchased in-process research and development based on risk-adjusted cash flows related to the in-process research and development projects. At the date of acquisition, the development of these projects had not yet reached technological feasibility and the research and development in progress had no alternative future use. Accordingly, the Company expensed these costs.

Other Income (Expense). Other income increased to $2.2 million in 2000 from $1.6 million in 1999. This increase was mainly due to increased interest income on marketable securities, partially offset by an increase in foreign currency transaction losses.

During 1999, the Company entered into three equity investments in new start-up companies. In that year, a total of $637,000 was recorded as the equity loss from these investments. In 2000 these losses totaled $870,000. Given the newness of the ventures, the Company anticipates that these investments will continue to generate losses at least during the next several years. The Company intends to continue to make strategic investments in complementary businesses as the opportunities arise. Accordingly, the Company may continue to record losses on equity investments in start-up companies based on the Company's ownership interest in such companies.

The Company received a total of $1.2 million in 2000 for research and development grants from European and German state and federal government institutions compared to $1.1 million in 1999. The Company's research and development activities are principally carried out in Germany, and the Company expects to continue to apply for such research and development grants in the future.

Interest expense increased to $1.6 million in 2000 compared to $1.3 million in 1999. This increase is primarily due to interest expense on the Company's new research and development facility, which carries higher principal and interest costs than the former facility alone. In January 2000, the Company began recording lease payments on the expansion of the research and development facility, thus lease-related interest expense in 2000 exceeded 1999 amounts.

Interest income increased to $3.0 million in 2000 from $1.6 million in 1999. Interest income is derived mainly from the Company's investment of funds in investment grade, interest-bearing marketable securities. As of December 31, 2000, the Company had approximately $37.3 million invested in such securities.

In 2000 the Company incurred losses on foreign currency transactions of $231,000 compared with a gain of $420,000 in 1999. Income from foreign currency transactions reflects net effects from 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 German mark, the British pound, the Swiss franc, the French franc, the U.S. dollar, the Australian dollar, the Canadian dollar, the Japanese yen and the euro. See "Currency Fluctuations".

Other miscellaneous income increased to $651,000 in 2000 from $333,000 in 1999 primarily due to increased handling fees paid to QIAGEN N.V. for stock options exercises.

Provision for Income Taxes. The Company's effective tax rate increased to 45.7% in 2000 from 43.8% in 1999. The increase is due to the lack of a tax benefit associated with the acquisition costs in 2000 along with increased taxable income at foreign subsidiaries in 2000 compared to 1999. Without the acquisition costs in 2000, the Company's effective tax rate would have been 40%. The tax rate in 1998 was high due to the lack of a tax benefit for the in-process research and development charge. The effective tax rate excluding the in-process research and development charge would have been 36.4% in 1999.

Minority Interest. The Company has a 60 percent interest in its Japanese subsidiary, QIAGEN K.K and until June 30, 2000 the Company also had an interest in Rosys Instruments, Inc. (Rosys Inc.) which was 50 percent owned by QIAGEN Instruments AG. The financial position and results of operations of these subsidiaries are included in the Company's consolidated financial statements. The minority interest in income of QIAGEN K.K. and Rosys Inc. decreased to $36,000 in 2000 from $149,000 in 1999, as shown in the consolidated statements of income. This decrease is primarily due to the sale of Rosys Inc.

Fiscal Year Ended December 31, 1999 compared to 1998

Net Sales. Net sales increased 31% (or $37.4 million) to $158.2 million in 1999 compared to $120.8 million in 1998. Net sales in the United States increased 29% (or $19.6 million) to $87.6 million in 1999 from $68.0 million in 1998. Outside the United States, net sales increased 34% (or $17.8 million) to $70.6 million in 1999 from $52.8 million in 1998. Net sales within and outside of the United States increased principally due to increased unit sales of consumable and instrumentation products. Outside of the United States, net sales were also affected by the Company's Japanese subsidiary that continued the strong performance it demonstrated in 1998, its first year of operation. During 1999, QIAGEN K.K. reported an increase of 90% (or $6.9 million) to $14.6 million in net sales from $7.7 million in the prior year.

The Company continually introduces new products in order to extend the life of its existing product lines as well as to address new market opportunities. In 1999, the Company introduced more than 24 new products, including systems to automate RNA purification on the BioRobot 9604, hardware to isolate genomic DNA on the BioRobot 9600, and both a protocol for magnetic isolation of proteins and a kit for Ni-NTA resin isolation of proteins on the BioRobot 3000. Additionally, the product line for the fast removal of dye-terminators from sequencing reactions was extended to address the high-throughput market, and QIAGEN's enzyme portfolio now includes a one-step method for doing RT-PCR reactions. The Company also experienced significant growth in unit sales of its instrumentation products in 1999.

In 1999, the German mark, as measured by the average exchange rate for the year, depreciated against the U.S. dollar by 4.2% as compared to 1998. If the same rates used for 1998 were applied to 1999, net sales in 1999 would have been higher, and the growth of net sales would have exceeded the percentage calculated in reported net sales. See "Currency Fluctuations".

Gross Profit. Gross profit increased 36% to $112.3 million (71.0% of net sales) in 1999 from $82.7 million (68.4% of net sales) in 1998. The absolute dollar increase in gross profit is attributable to the increase in net sales. The increase in gross profit as a percentage of net sales primarily reflects improvements in inventory management and manufacturing processes offset by higher licensing fees associated with some of the Company's newer products. Also, increased sales of instrumentation products, such as the QIAGEN BioRobot, reduced the overall reported gross profit, as they carry a lower gross margin than the Company's consumable products.

The Company continued its efforts to improve inventory management and manufacturing processes through substantial investments in automated and interchangeable production equipment and integrated production planning systems at its German manufacturing facility. In addition, QIAGEN had successfully implemented GMP manufacturing capacities that are principally utilized to manufacture products suitable for application in diagnostic procedures. Also during 1999, the Company evaluated the inventory management and manufacturing processes at QIAGEN Instruments AG (formerly Rosys AG), to take steps to improve cost control and efficiency.

Research and Development. Research and development expenses increased 33% to $17.8 million (11.3% of net sales) in 1999 from $13.4 million (11.1% of net sales) in 1998. The increased research and development expenditures reflects the Company's focus on discovering and developing new products and technologies to be used in the separation and purification of nucleic acids. These research and development costs primarily represent the personnel costs related to retaining employees for research and development efforts. At December 31, 1999, there were 213 employees dedicated to research and development activities, compared to 142 employees at December 31, 1998 (an increase of 50%). During the first quarter of 1999, construction was completed on a new research and development facility. The Company leases the facility, which carries a higher leasing cost than the former facility.

Sales and Marketing. Sales and marketing expenses increased 22% to $39.9 million (25.3% of net sales) in 1999 from $32.7 million (27.1% of net sales) in 1998. The increase in sales and marketing expenses reflects the Company's planned expansion of its sales force and advertising efforts in connection with the sale of its existing products and the introduction of new products. Such efforts contributed to the Company's growth in net sales during 1999. Increased sales and marketing costs are primarily associated with personnel, commissions, advertising, publications and other promotional items. As a percentage of net sales, sales and marketing expenses decreased, reflecting the Company's increasing economies of scale in this area.

General and Administrative. General and administrative expenses increased 27% to $26.1 million (16.5% of net sales) in 1999 from $20.6 million (17.0% of net sales) in 1998. The Company experienced increased general and administrative costs related to growth of the Company's administrative infrastructure to accommodate increased sales. As a percentage of net sales, general and administrative costs decreased, representing economies of scale.

Other Income (Expense). Other income decreased to $1.6 million in 1999 compared to $2.9 million in 1998. The decrease was mainly attributable to losses from equity method investments and decreased research and development grant income.

Interest income was $1.6 million for both 1999 and 1998. Interest income is derived primarily from the Company's investment of funds, primarily from its June 1996 public offering of stock, in investment grade marketable securities. At December 31, 1999, investments in marketable securities totaled $32.0 million.

Interest expense increased to $1.3 million in 1999 compared to $1.1 million in 1998. The increase is partially due to increased interest expense on the Company's capital leases, which increased to approximately $12.2 million at December 31, 1999 from $6.3 million at December 31, 1998. These leases are primarily for the Company's new research and development facility, which carries higher principal and interest costs than the former facility.

Research and development grant income decreased to $1.1 million in 1999 from $1.8 million in 1998. Research and development income came from German state and federal government grants as most of the Company's research and development activities are conducted in Germany. The Company anticipates continuing to apply for research and development grants in the future.

Income from foreign currency transactions decreased to $420,000 in 1999 from $575,000 in 1998. Income from foreign currency transactions reflects net effects from conducting business in currencies other than the U.S. dollar. While the increase in value of the U.S. dollar had a negative effect on net sales translated from German marks and other currencies into U.S. dollars, the Company recorded income from foreign currency transactions and liabilities denominated in currencies other than the U.S. dollar, mainly the German mark. See "Currency Fluctuations".

Other miscellaneous income (expense) increased to $333,000 in 1999 from expenses of $36,000 in 1998.

Provision for Income Taxes. The Company's effective tax rate increased to 43.8% in 1999 from 29.2% in 1998. The increase is primarily due to the lack of a tax benefit associated with the purchased in-process research and development charge recorded in 1999. In 1998, the rate was lower due to certain realized tax benefits that reduced taxable income for several of the Company's foreign subsidiaries in 1998.

Minority Interest. The Company had a 60 percent interest in its Japanese subsidiary, QIAGEN K.K. and a 50 percent interest in Rosys Instruments, Inc. (Rosys, Inc.), a subsidiary of QIAGEN Instruments AG. The financial position and results of operations of these subsidiaries are included in the Company's consolidated financial statements. The Company's minority interest in income of QIAGEN K.K. and Rosys, Inc. increased to $149,000 in 1999 from $148,000 in 1998, as shown in the consolidated statements of income.

Liquidity and Capital Resources

To date, the Company has funded its business primarily through internally generated funds, debt, and the private and public sales of equity. For the years ended December 31, 2000 and 1999, the Company generated net cash from operating activities of approximately $38.9 million and $27.3 million, respectively. Cash provided by operating activities increased in 2000 over the prior year primarily due to increases in tax benefits on non-qualified stock option exercises as well as accounts payable and accrued liabilities, offset by increases in accounts receivable, deferred income taxes and inventories.

Cash used in investing activities increased to $45.0 million in 2000 compared to $25.6 million in 1999. This increase was mainly due to purchases of property and equipment in connection with the construction of the Company's new U.S. research and manufacturing facility, expansion of the Company's production operations and the completion of a new German research and development facility.

Financing activities provided $14.8 million in cash in 2000, an increase from the $4.4 million provided in 1999. This cash provided by financing is primarily due to proceeds from long-term debt and the issuance of common shares, as a result of a private placement of 616,000 shares for net proceeds of $16.3 million plus the exercise of options under the Company's stock option plan, partially offset by the repayment of a note payable related to the acquisition of Rapigene Inc. in December of 1999.

As of December 31, 2000 and 1999, the Company had cash and cash equivalents of approximately $21.5 million and $12.4 million, respectively, and working capital of approximately $97.9 million and $57.3 million, respectively. As of December 31, 2000, the Company had marketable securities of approximately $37.3 million, which were purchased in part with proceeds from the Company's June 1996 initial public offering and other stock issuances and also with cash from operations. The Company has credit lines totaling approximately $10 million, of which approximately $8.6 million was available as of December 31, 2000. The Company also carries $11.3 million of long-term debt that consists primarily of a note payable due in March 2009 at an interest rate subsidized by a German government-related institution, and capital lease obligations of $12.8 million due through 2018.

At December 31, 2000, the Company had three facilities under construction. The Company's new research and manufacturing facility is expected to be completed in 2002 and has to date been financed with intercompany loans. Intercompany loans will continue to fund the estimated costs to complete of $51.0 million along with bank loans. Construction on two new German facilities commenced in October 2000, with estimated completion by May 2002. The estimated cost for these facilities is approximately DM 76.4 million (approximately $36.7 million) and will be financed with bank loans.

The Company believes that funds from operations, together with the proceeds from its public and private sales of equity, and uses of financing as needed, will be sufficient to fund the Company's planned operations during the coming year. The functional currencies of the Company and its subsidiaries generally are their respective local currencies 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 dollar are translated into dollar equivalents at exchange rates as follows: (1) assets and liabilities at period-end rates, (2) income statement accounts at average exchange rates for the period, and (3) components of shareholders' equity at historical rates. Translation gains or losses are recorded in shareholders' equity and transaction gains and losses are reflected in net income. The net gain (loss) on foreign currency transactions for 2000, 1999 and 1998, was $(231,000), $420,000 and $575,000, respectively, and is included in other income.

New European Currency

On January 1, 1999, several member countries of the European Union adopted the euro as the common legal currency. The conversion rates between the existing sovereign currencies (the legacy currencies) and the euro were fixed on that date. During the three-year transition period, the legacy currencies as well as the euro will be acceptable as legal tender. The Company has wholly-owned subsidiaries located in several of the participating countries.

The adoption of the euro may create technical as well as strategic challenges. The Company has been preparing for the introduction of the euro by assessing its information systems requirements and in April 2001 will under go the SAP R/3 system conversion necessary to accommodate the new currency. Further, the Company is in the process of developing and implementing solutions to address other issues presented by the introduction of the euro, such as the impact on currency risk, derivatives and other financial instruments; events of noncompliance by third parties; and implications on pricing and marketing strategies. The cost of these efforts is not expected to be material.

Because of the numerous uncertainties associated with the euro conversion, there can be no assurance that all problems will be foreseen and corrected or that the conversion to the euro will not have a material impact on the Company's operations or financial condition. Additionally, the competitive impact from the introduction of the euro is not known at this time.

Business Factors

This report contains forward-looking statements that are subject to certain risks and uncertainties. These statements include statements regarding (i) the Company's ability to maintain its relationships with its customers and its broad range of products, (ii) the Company's ability to stay abreast of technological developments and to develop and introduce new products, (iii) the size, nature, and development of the Company's markets and potential markets, (iv) the Company's ability to penetrate and expand these markets and trends in the demand for the Company's existing and new products, (v) the Company's ability to increase its production efficiency as a result of expansion in its production capacity and to manage growth and its international operations, (vi) the integration of strategic acquisitions and complementary business investments, (vii) variability of operating results, and (viii) the Company's liquidity (including the effects of currency fluctuations). 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. The Company cautions 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 the Company's expansion of operations, including the acquisition of new companies; management of growth, international operations, and dependence on key personnel; intense competition; variability in the Company's operating results from quarter to quarter; technological change; the Company's ability to develop and protect proprietary products and technologies and to enter into collaborative commercial relationships; the Company's future capital requirements; general economic conditions and capital market fluctuations; and uncertainties as to the extent of future government regulation of the Company's business. As a result, the Company's future development efforts involve a high degree of risk. For further information, refer to the more specific risks and uncertainties discussed throughout this Annual Report.

Qualitative and Quantitative Disclosure about Market Risk

The Company's 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 the Company's 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. The Company does not use financial instruments for trading or other speculative purposes.

Currency Fluctuations. The Company operates on an international basis. A significant portion of its revenues and expenses are incurred in currencies other than the U.S. dollar. The German mark is the most significant such currency, with others including the British pound, Japanese yen, French franc, Swiss franc, the euro and Canadian and Australian dollars. Fluctuations in the value of the currencies in which the Company conducts its 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, the Company cannot predict the effect of exchange rate fluctuations upon future operating results. However, because the Company has substantial expenses as well as revenues in each of its principal functional currencies, the exposure of its financial results to currency fluctuations is reduced. The Company seeks to mitigate what it believes to be a significant portion of the remaining risk through hedging transactions. In general terms, appreciation of the U.S. dollar against the Company's other foreign currencies, such as occurred in 1999 and 2000 with respect to the German mark, will decrease reported net sales. However, this impact normally will be at least partially offset in results of operations by gains or losses from foreign currency transactions.

Currency Hedging. 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 sell foreign currencies in exchange for U.S. dollars at predetermined exchange rates. The principle 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. At December 31, 2000, the notional amount of foreign currency exchange options was $4.6 million. The functional currency was the euro, with a notional weighted exchange rate of 0.9715.

Interest Rate Risk. Interest income earned on the Company's investment portfolio is affected by changes in the relative levels of market interest rates. The Company only invests in high-grade investment securities. For the year ended December 31, 2000, the weighted average interest rate on the Company's marketable securities portfolio was 5.75% to 6.78%. To limit the potential impact of interest rate changes on borrowings, the majority of short and long-term debt is maintained at fixed rates. Borrowings against lines of credit are at variable interest rates. At December 31, 2000, $885,000 was outstanding against the lines of credit. Because most investments and borrowings at December 31, 2000 were at fixed rates, a hypothetical adverse 10% movement in market interest rates would not have materially impacted the Company's financial statements.

Foreign Currency Exchange Rate Risk. The Company's principal production and manufacturing facility is located in Germany and intercompany sales of inventory expose the Company 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 Company's German subsidiary. Payment for intercompany purchases of inventory is required within 30 days from invoice date. The delay between the date the German subsidiary records revenue and the date when the payment is received from the purchasing subsidiaries exposes the Company to foreign exchange risk. The exposure results primarily from those transactions between Germany and the U.S.

The foreign currency exchange rate risk is partially offset by transactions of the German subsidiary denominated in U.S. dollars. Hedging instruments include foreign currency put options that are purchased to protect the existing and/or anticipated receivables resulting from intercompany sales from Germany to the U.S. These options give the Company the right, but not the obligation, to sell foreign currencies in exchange for U.S. dollars at predetermined exchange rates. Management does not believe that the Company's exposure to foreign currency exchange rate risk is material.

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2000	1999
Assets		
Current Assets:		
Cash and cash equivalents	**$ 21,534,000**	$ 12,393,000
Marketable securities	**37,273,000**	32,020,000
Notes receivable	**2,382,000**	1,994,000
Note receivable from related party	**617,000**	–
Accounts receivable, net of allowance for doubtful accounts of $972,000 and $1,078,000 in 2000 and 1999, respectively	**32,799,000**	22,374,000
Income taxes receivable	**1,779,000**	221,000
Inventories	**28,899,000**	23,023,000
Prepaid expenses and other	**4,451,000**	3,253,000
Deferred income taxes	**10,782,000**	4,998,000
Total current assets	**140,516,000**	100,276,000
Long-Term Assets:		
Property, plant and equipment, net	**70,833,000**	40,731,000
Long-term marketable securities	**6,316,000**	–
Intangible assets, net of accumulated amortization of $2,734,000 and $1,433,000 in 2000 and 1999, respectively	**7,117,000**	8,722,000
Other assets	**5,479,000**	4,602,000
Total long-term assets	**89,745,000**	54,055,000
Total Assets	**$ 230,261,000**	$ 154,331,000

The accompanying notes are an integral part of these consolidated balance sheets.

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, 2000	1999
Liabilities and Shareholders' Equity		
Current Liabilities:		
Lines of credit	**$ 885,000**	$ 975,000
Short-term debt	**5,325,000**	4,819,000
Current portion of long-term debt	**1,071,000**	569,000
Current portion of capital lease obligations	**1,043,000**	1,098,000
Note payable	**–**	12,000,000
Accounts payable	**16,658,000**	11,390,000
Accrued liabilities	**15,664,000**	10,271,000
Income taxes payable	**1,706,000**	1,690,000
Deferred income taxes	**224,000**	189,000
Total current liabilities	**42,576,000**	43,001,000
Long-Term Liabilities:		
Long-term debt, net of current portion	**10,273,000**	4,596,000
Capital lease obligations, net of current portion	**11,744,000**	11,094,000
Deferred income taxes	**549,000**	50,000
Other	**541,000**	523,000
Total long-term liabilities	**23,107,000**	16,263,000
Minority interest in consolidated subsidiaries	**193,000**	269,000
Commitments and Contingencies (Note 14)		
Shareholders' Equity:		
Common shares, 0.01 EUR par value Authorized—260,000,000 shares Issued and outstanding—141,693,500 shares in 2000 and 139,960,076 shares in 1999	**1,443,000**	1,428,000
Additional paid-in capital	**103,061,000**	57,733,000
Retained earnings	**60,311,000**	40,205,000
Accumulated other comprehensive loss	**(430,000)**	(4,568,000)
Total shareholders' equity	**164,385,000**	94,798,000
Total Liabilities and Shareholders' Equity	**$230,261,000**	$154,331,000

The accompanying notes are an integral part of these consolidated balance sheets.

QIAGEN N.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	2000	1999	1998
Net sales	**$ 204,031,000**	$ 158,155,000	$ 120,804,000
Cost of sales	**59,421,000**	45,836,000	38,141,000
Gross profit	**144,610,000**	112,319,000	82,663,000
Operating Expenses:			
Research and development	**22,212,000**	17,813,000	13,432,000
Sales and marketing	**54,147,000**	39,948,000	32,744,000
General and administrative	**28,026,000**	26,110,000	20,569,000
Acquisition costs	**5,353,000**	–	–
In-process research and development	**–**	5,100,000	–
Total operating expenses	**109,738,000**	88,971,000	66,745,000
Income from operations	**34,872,000**	23,348,000	15,918,000
Other Income (Expense):			
Interest income	**3,026,000**	1,576,000	1,575,000
Interest expense	**(1,551,000)**	(1,306,000)	(1,112,000)
Research and development grants	**1,212,000**	1,116,000	1,811,000
Sale of patents	**–**	138,000	–
Gain (loss) on foreign currency transactions, net	**(231,000)**	420,000	575,000
Loss from equity method investees	**(870,000)**	(637,000)	–
Other miscellaneous income, net	**651,000**	333,000	36,000
Total other income	**2,237,000**	1,640,000	2,885,000
Income before provision for income taxes and minority interest	**37,109,000**	24,988,000	18,803,000
Provision for income taxes	**16,967,000**	10,950,000	5,489,000
Minority interest	**36,000**	149,000	148,000
Net income	**$ 20,106,000**	$ 13,889,000	$ 13,166,000
Basic net income per common share	**$ 0.14**	$ 0.10	$ 0.09
Diluted net income per common share	**$ 0.14**	$ 0.10	$ 0.09

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	
	Shares	Amount	Capital	Earnings	Loss	Total
BALANCE AT DECEMBER 31, 1997	**136,571,078**	**$ 2,373,000**	**$ 40,131,000**	**$ 16,301,000**	**$ (4,475,000)**	**$ 54,330,000**
Net income	–	–	–	13,166,000	–	13,166,000
Unrealized loss, net on marketable securities	–	–	–	–	(160,000)	(160,000)
Translation adjustment	–	–	–	–	2,234,000	2,234,000
Comprehensive income	–	–	–	–	–	15,240,000
Exercise of stock options	465,266	7,000	932,000	–	–	939,000
Tax benefit in connection with nonqualified stock options	–	–	2,793,000	–	–	2,793,000
Acquisition of QIAGEN Instruments AG	1,996,960	30,000	3,975,000	(3,151,000)	–	854,000
BALANCE AT DECEMBER 31, 1998	**139,033,304**	**2,410,000**	**47,831,000**	**26,316,000**	**(2,401,000)**	**74,156,000**
Net income	–	–	–	13,889,000	–	13,889,000
Unrealized loss, net on marketable securities	–	–	–	–	(7,000)	(7,000)
Translation adjustment	–	–	–	–	(2,160,000)	(2,160,000)
Comprehensive income	–	–	–	–	–	11,722,000
Conversion of par value to 0.01 EUR	–	(993,000)	993,000	–	–	–
Exercise of stock options	926,772	11,000	2,672,000	–	–	2,683,000
Tax benefit in connection with nonqualified stock options	–	–	6,237,000	–	–	6,237,000
BALANCE AT DECEMBER 31, 1999	**139,960,076**	**1,428,000**	**57,733,000**	**40,205,000**	**(4,568,000)**	**94,798,000**
Net income	–	–	–	20,106,000	–	20,106,000
Unrealized gain, net on marketable securities	–	–	–	–	6,133,000	6,133,000
Translation adjustment	–	–	–	–	(1,995,000)	(1,995,000)
Comprehensive income	–	–	–	–	–	24,244,000
Exercise of stock options	1,117,424	10,000	4,458,000	–	–	4,468,000
Private sale of stock	616,000	5,000	16,284,000	–	–	16,289,000
Finders' fees paid by Operon Shareholders	–	–	3,850,000	–	–	3,850,000
Tax benefit in connection with nonqualified stock options	–	–	20,736,000	–	–	20,736,000
BALANCE AT DECEMBER 31, 2000	**141,693,500**	**$ 1,443,000**	**$ 103,061,000**	**$ 60,311,000**	**$ (430,000)**	**$ 164,385,000**

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,		
	2000	1999	1998
Cash Flows from Operating Activities			
Net income	**$ 20,106,000**	$13,889,000	$13,166,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**10,455,000**	8,561,000	6,266,000
Finders' fees paid by Operon shareholders	**3,850,000**	–	–
In-process research and development	**–**	5,100,000	–
Tax benefit on non-qualified stock options	**20,736,000**	6,237,000	2,793,000
Provision for losses on accounts receivable	**189,000**	381,000	279,000
Deferred income taxes	**(5,378,000)**	(1,297,000)	(656,000)
(Gain) loss on disposition of property and equipment	**(55,000)**	(29,000)	96,000
Loss on sale of marketable securities	**–**	11,000	80,000
Loss on sale of investment	**30,000**	–	–
Loss on equity method investees	**870,000**	637,000	–
Minority interest	**36,000**	149,000	148,000
Net changes in operating assets and liabilities: (Increase) decrease in:			
Notes receivable	**(1,270,000)**	(909,000)	(790,000)
Accounts receivable	**(11,947,000)**	(5,394,000)	(4,413,000)
Income taxes receivable	**(1,682,000)**	(100,000)	(820,000)
Inventories	**(6,587,000)**	(3,885,000)	(3,193,000)
Prepaid expenses and other	**(1,305,000)**	(354,000)	112,000
Other assets	**(1,600,000)**	(72,000)	(268,000)
Increase (decrease) in:			
Accounts payable	**6,096,000**	2,147,000	(1,096,000)
Accrued liabilities	**5,924,000**	3,398,000	1,691,000
Income taxes payable	**323,000**	(1,007,000)	(298,000)
Other	**81,000**	(151,000)	(235,000)
Net cash provided by operating activities	**38,872,000**	27,312,000	12,862,000

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

	Years Ended December 31,		
	2000	1999	1998
Cash Flows from Investing Activities			
Purchases of property and equipment	**(39,445,000)**	(13,746,000)	(11,567,000)
Proceeds from sale of property and equipment	**385,000**	98,000	28,000
Purchases of intangible assets	**(433,000)**	(32,000)	(2,825,000)
Purchases of investments	**(568,000)**	(3,618,000)	(457,000)
Purchases of marketable securities	**(28,796,000)**	(37,173,000)	(19,950,000)
Sales of marketable securities	**23,647,000**	28,808,000	21,758,000
Other	**184,000**	37,000	271,000
Net cash used in investing activities	**(45,026,000)**	(25,626,000)	(12,742,000)
Increase (decrease) in lines of credit	**(90,000)**	20,000	(1,781,000)
Proceeds from short-term debt	**935,000**	475,000	6,967,000
Repayment of short-term debt	**(1,000)**	(1,250,000)	(2,454,000)
Principal payments on capital leases	**(1,144,000)**	(1,430,000)	(1,199,000)
Proceeds from long-term debt	**7,857,000**	4,363,000	150,000
Repayment of long-term debt	**(1,474,000)**	(463,000)	(969,000)
Repayment of acquisition note payable	**(12,000,000)**	–	–
Issuance of common shares	**20,757,000**	2,683,000	939,000
Net cash provided by financing activities	**14,840,000**	4,398,000	1,653,000
Effect of exchange rate changes on cash and cash equivalents	**455,000**	(246,000)	331,000
Net increase in cash and cash equivalents	**9,141,000**	5,838,000	2,104,000
Cash and cash equivalents, beginning of year	**12,393,000**	6,555,000	4,451,000
Cash and cash equivalents, end of year	**$ 21,534,000**	$ 12,393,000	$ 6,555,000

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

QIAGEN N.V. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2000

1. Description of Business

QIAGEN N.V. and Subsidiaries (the Company) operates exclusively in the life sciences industry developing, producing and distributing biotechnology products, primarily for the separation, purification and handling of nucleic acids (DNA/RNA) as well as manufacturing and marketing synthetic nucleic acids, DNA microarrays and synthetic genes and services for single nucleotide polymorphism (SNP) analyses and other genomic applications. The Company's products are used in biological research by universities and research institutions as well as in genome sequencing, diagnostic and therapeutic industries.

At December 31, 2000, the Company consisted of the Netherlands parent company (QIAGEN N.V.) and its wholly-owned subsidiaries, QIAGEN GmbH in Hilden, Germany; QIAGEN Ltd. in Crawley, England; QIAGEN AG in Basel, Switzerland; QIAGEN S.A. in Courtaboeuf Cedex, France; QIAGEN Pty. Ltd. in Clifton Hill, Australia; QIAGEN Inc. in Mississauga, Canada; QIAGEN Instruments AG (formerly Rosys AG) in Hombrechtikon, Switzerland, QIAGEN SpA in Milan, Italy; Operon GmbH in Hilden, Germany; and QIAGEN North American Holdings, Inc. (QNAH) in Valencia, California, United States. QNAH was established on February 24, 2000, and during fiscal 2000 ownership of QIAGEN Inc. in Valencia, California; QIAGEN Genomics, Inc. (formerly Rapigene, Inc.) in Bothell, Washington; QIAGEN Sciences, Inc. in Germantown, Maryland; and Operon Technologies, Inc. in Alameda, California was transferred from QIAGEN N.V. to QNAH. The Company also had a 60 percent interest in QIAGEN K.K. in Tokyo, Japan. For the years ended December 31, 1999 and 1998, and through June 30, 2000, the Company had a 50 percent interest in Rosys Inc., a subsidiary of QIAGEN Instruments AG, in New Castle, Delaware that was disposed of in the current year.

The Company's products are sold throughout the world, primarily in the United States and in Europe. Similar to most companies in this line 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.

2. Summary of Significant Accounting Policies

a. 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 and majority owned subsidiaries, after elimination of all significant intercompany accounts and transactions.

b. 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.

c. Reclassification

Certain prior year balances have been reclassified to conform to the current year presentation.

d. 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.

e. Marketable Securities

The Company accounts for marketable securities in accordance with Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." All investments are classified as available-for-sale and are stated at fair value. Changes in market values are reflected as unrealized gains and losses, calculated on the specific identification method, directly in shareholders' equity within accumulated other comprehensive income. Interest income is accrued when earned.

f. Credit Risk

The Company's accounts receivable are unsecured and the Company is at risk to the extent such amounts become uncollectible. As of December 31, 2000 and 1999, no single customer represented more than ten percent of accounts receivable. For the years ended December 31, 2000, 1999 and 1998, no single customer represented more than ten percent of consolidated net sales.

g. Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market and consist of materials, labor and overhead.

The components of inventories consist of the following as of December 31, 2000 and 1999:

	2000	1999
Raw materials	**$ 10,381,000**	$ 7,368,000
Work in process	**5,652,000**	6,065,000
Finished goods	**12,866,000**	9,590,000
Total inventories	**$ 28,899,000**	$ 23,023,000

h. Property, Plant and Equipment

Property, plant and equipment are stated at cost and are summarized as follows as of December 31, 2000 and 1999:

	2000	1999
Land and buildings	**$ 24,760,000**	$ 18,031,000
Machinery and equipment	**24,762,000**	15,297,000
Computer software	**5,301,000**	4,463,000
Furniture and office equipment	**18,334,000**	18,938,000
Leasehold improvements	**3,746,000**	3,259,000
Construction in progress	**24,776,000**	4,618,000
	101,679,000	64,606,000
Less: Accumulated depreciation and amortization	**(30,846,000)**	(23,875,000)
Property, plant and equipment, net	**$ 70,833,000**	$ 40,731,000

Depreciation is computed using the straight-line and declining balance methods over the following estimated useful lives: buildings for ten to twenty-five years; machinery and equipment for two to six years; computer software for one to five years; furniture and office equipment for two and one-half to ten years; and leasehold improvements are computed on a straight-line basis over the lesser of the remaining life of the lease or the estimated useful life. For the years ended December 31, 2000, 1999 and 1998 depreciation expense totaled $9,025,000, $7,762,000 and $5,802,000.

The Company has a policy of capitalizing expenditures that materially increase assets' useful lives and charges ordinary maintenance and repairs to operations as incurred. When property or equipment are disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is included in operations. Repairs and maintenance expenses were $1,709,000, $1,366,000 and $532,000 in fiscal years 2000, 1999 and 1998, respectively.

At December 31, 2000, construction in progress includes construction and overhead costs of $13.2 million directly related to the construction of the Company's new research and manufacturing facility, QIAGEN Sciences, Inc. located in Germantown, Maryland.

i. Revenue Recognition

Revenue from product sales is recognized when products are shipped. Revenue from instrumentation equipment is not recognized until title passes to the customer, either upon shipment or customer acceptance. Revenue from service contracts, which account for less than 10 percent of total consolidated net sales, is deferred and recognized over the term of the contract.

j. Shipping and Handling Income and Costs

The Company accounts for income and costs related to shipping and handling activities in accordance with the Emerging Issues Task Force Issue No. 00-10 "Accounting for Shipping and Handling Revenues and Costs." Income from shipping and handling is included with revenue from product sales. Associated costs of shipping and handling are included in sales and marketing expenses. For the years ended December 31, 2000, 1999 and 1998, shipping and handling costs totaled $6,803,000, $5,174,000 and $3,811,000, respectively.

k. Warranty

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

l. Statements of Cash Flows

Non-cash investing and financing activities, which are excluded from the consolidated statements of cash flows, are as follows:

	Years ended December 31,		
	2000	1999	1998
Equipment purchased through capital leases	**$ 2,525,000**	$ 8,525,000	$ 1,594,000
Cash paid for interest	**$ 1,417,000**	$ 1,971,000	$ 1,204,000
Cash paid for income taxes	**$ 2,487,000**	$ 6,400,000	$ 4,190,000

In connection with the acquisition of Rapigene, Inc. on December 31, 1999, a note payable of $12.0 million was issued for the fair value of assets acquired and liabilities assumed and incurred which totaled $12,581,000 and $581,000, respectively.

m. Foreign Currency Translation

The Company's reporting currency is the United States dollar. The subsidiaries' functional currencies are the German mark, the United States dollar, the British pound, the Swiss franc, the French franc, the Australian dollar, the Canadian dollar, the Japanese yen, and the euro.

Balance sheets 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 loss in the accompanying consolidated balance sheets.

n. Fair Value of Financial Instruments

The carrying value of the Company's cash and cash equivalents, 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 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.

o. Financial Instruments

In the ordinary course of business, the Company purchases foreign currency exchange options to manage potential losses from foreign currency exposures. These options give the Company the right, but not the requirement, to sell 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. Premiums to purchase foreign exchange options are recorded as prepaid assets and amortized over the life of the option or immediately if the option is exercised. Amortization is included in other expense.

At December 31, 2000 and 1999, the Company had options outstanding to purchase German marks of $4.6 million and $12.3 million, respectively. At December 31, 2000 the options, which expire in January and February 2001, had a fair market value of approximately $6,000. At December 31, 1999 the options had a fair market value of approximately $1,000 and expired at various dates through June 2000.

p. Authoritative Pronouncements

In June 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." Under the statement, every derivative is recorded on the balance sheet as either an asset or liability measured at its fair value. Changes in the derivative's fair value will be recognized in earnings unless specific hedge accounting criteria are met. SFAS No. 137 amended the statement to delay the effective date. The Company adopted this standard on January 1, 2001 with no material impact on the Company's financial position or results of operations.

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements" summarizing the SEC's views in applying generally accepted accounting principles to various revenue recognition issues. Management believes that its revenue recognition practices are in conformity with SAB No. 101.

In March 2000, the FASB issued Interpretation (FIN) No. 44, "Accounting for Certain Transactions involving Stock Compensation," an interpretation of Accounting Principles Board Opinion (APB) No. 25. FIN No. 44 clarifies (a) the definition of "employee" for purposes of applying APB No. 25, (b) the criteria for determining whether a plan qualifies as a non-compensatory plan, (c) the accounting consequence of various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination. FIN No. 44 was generally effective July 1, 2000, but is applicable for certain transactions dating back to December 1998. The adoption of FIN No. 44 did not have a significant impact on the Company's financial position or results of operations.

3. Stock Split and Par Value Currency Conversion

The Company effected a four-for-one stock split during fiscal 2000 and a two-for-one stock split and par value currency conversion in fiscal 1999.

To effect the four-for-one stock split, on June 16, 2000 the shareholders of the Company approved the amendment of the Company's Articles of Association to increase the number of authorized shares of common stock from 65 million to 260 million. The Company's Board of Supervisory Directors and Managing Board approved the split in May 2000.

Common shareholders of record on July 3, 2000 received three additional shares for each share held on that date. The additional shares were distributed and the stock split was effective on July 13, 2000.

On June 18, 1999, the shareholders of the Company approved the amendment of the Company's Articles of Association to increase the number of authorized shares of common stock from 32.5 million to 65 million, which was required to effect the two-for-one stock split that the Company's Board of Supervisory Directors and Managing Board approved in May 1999. Common shareholders of record on July 2, 1999 received one additional share for each share held on that date. The additional shares were distributed and the stock split was effective on July 16, 1999. Additionally, the Articles of Association were amended to convert the par value of the common shares from 0.03 NLG to 0.01 EUR.

To reflect the conversion of the par value from 0.03 NLG to 0.01 EUR during 1999, common stock was decreased and additional paid-in capital was increased by $993,000.

All share data and per share amounts presented have been restated to reflect the two-for-one and four-for-one stock splits.

4. Net Income per Common Share

The following schedule summarizes the information used to compute earnings per common share:

	Years ended December 31,		
	2000	1999	1998
Weighted average number of common shares used to compute basic net income per common share	**141,185,000**	139,462,000	138,861,000
Dilutive effect of stock options	**3,031,000**	1,869,000	1,584,000
Weighted average number of common shares used to compute diluted net income per common share	**144,216,000**	141,331,000	140,445,000

For the years ended December 31, 2000, 1999 and 1998, stock options to purchase 864,000, 591,000 and 986,000 shares, respectively, were excluded from the dilutive effect of stock options as such options were antidilutive.

5. Acquisitions

On June 28, 2000, the Company completed the acquisition of Operon Technologies, Inc. (Operon) of Alameda, California, pursuant to an agreement and plan of merger with Operon Technologies dated as of June 9, 2000. Under the agreement, Operon shareholders received 2,392,432 shares of QIAGEN common stock for all outstanding shares of Operon stock. The Company also assumed outstanding Operon options, which were exercisable for an additional 422,024 Company shares. Operon Technologies manufactures and markets synthetic nucleic acids, DNA microarrays and synthetic genes. The synthetic nucleic acids are used in the analysis of nucleic acids purified from natural sources and will supplement the Company's current genomics and genetic analysis business. Subsequent to the acquisition, the Company transferred ownership of Operon to the Company's United States holding company, QNAH. The acquisition of Operon was accounted for as a pooling of interests in accordance with Accounting Principles Board (APB) Opinion No. 16 and related Securities and Exchange Commission pronouncements. In connection with the acquisition, the Company incurred costs of $5.4 million. These costs include approximately $3.9 million of finders' fees for the investment banker chosen by the shareholders of Operon. This fee was not paid for by the Company, but by the Operon shareholders. However, in accordance with the accounting rules for a pooling of interests transaction, this expense is reflected in the current year financial statements. The acquisition costs also include approximately $1.0 million in Netherlands capital tax, which is based on the amount of capital raised in share issuances. The prior periods financial data of the Company have been restated to include the results of operations, financial position and cash flows of Operon, as though it had always been consolidated.

On December 31, 1999, QIAGEN N.V. completed the acquisition of the shares of Rapigene, Inc., an indirect wholly- owned subsidiary of Celltech Group plc. This acquisition was made by issuing a $12.0 million note payable, which was subsequently paid in January 2000. The acquired company, renamed QIAGEN Genomics, Inc., is a leader in the area of innovative, enabling technologies and services for single nucleotide polymorphism (SNP) analyses as well as other genomic applications. The acquisition, accounted for as a purchase under APB Opinion No. 16, included the purchase of all of the stock of Rapigene, Inc. which, including acquisition costs, resulted in a total purchase price of $12.1 million. A portion of the purchase price has been allocated to the assets acquired and liabilities assumed based on the estimated fair market value at December 31, 1999. Independent appraisers utilizing proven valuation procedures and techniques identified portions of the purchase price, including intangible assets. These intangible assets include acquired in-process research and development, developed technology and know-how, and goodwill. As a result of the appraisal, $3.2 million was allocated to developed technology and know-how and approximately $1.5 million was allocated to goodwill, after purchase accounting adjustments, to be amortized, using the straight-line method, over seven and ten years, respectively. A charge of $5.1 million for purchased in-process research and development was included in the Company's fourth quarter 1999 results. This charge represents the estimated fair value based on risk-adjusted cash flows related to the in-process research and development projects. At the date of acquisition, the development of these projects had not yet reached technological feasibility and the research and development in progress had no alternative future uses. The results of operations of the acquired company are included in the consolidated results for the Company from the date of acquisition.

The following unaudited pro forma consolidated data summarize the operations for the periods indicated as if the acquisition had been completed on January 1, 1998. The pro forma data excludes the $5.1 million for purchased in-process research and development. These pro forma amounts are intended for informational purposes only and are not necessarily indicative of the results of operations that would have occurred had the purchase been made at the beginning of the periods presented or of the future results of the combined operations.

	Years ended December 31,	
	1999	1998
Net Sales	**$ 158,612,000**	$ 121,103,000
Net Income	**$ 15,422,000**	$ 10,399,000
Basic Earnings per Share	**$ 0.11**	$ 0.07
Diluted Earnings per Share	**$ 0.11**	$ 0.07

On May 28, 1998, QIAGEN N.V. acquired 100 percent of the shares of Rosys Instruments AG (Rosys) (a corporation located in Hombrechtikon, Switzerland and subsequently renamed QIAGEN Instruments AG) in a transaction that was accounted for as a pooling of interests. Rosys, founded in 1990, develops, produces and markets innovative liquid handling robotic systems. Rosys has been an OEM supplier of instrumentation products and robotics technologies for QIAGEN's BioRobot product lines since 1994. Rosys' robotic systems combine flexible multi-channel pipetting with transport of microtiter plates and other devices to provide reliable tube-to-plate and plate-to-plate transfer for a wide variety of applications. The Company issued 1,996,960 common shares in exchange for all outstanding shares of Rosys. The accompanying consolidated financial statements and footnotes include the financial position and results of operations of the acquired company.

6. Comprehensive Income

On January 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 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 adoption of SFAS No. 130 had no impact on total shareholders' equity. 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, and

unrealized gains and losses from available-for-sale marketable securities. The following table is a summary of the components of accumulated other comprehensive loss:

	2000	1999
Net unrealized gain on marketable securities	**$ 5,966,000**	$ (167,000)
Foreign currency translation adjustments	**(6,396,000)**	(4,401,000)
Accumulated other comprehensive loss	**$ (430,000)**	$ (4,568,000)

7. Marketable Securities

At December 31, 2000 and 1999 the following investments are classified as current, as the Company's plan is generally not to hold its investments until maturity to take advantage of market conditions.

The contractual maturities of corporate debt securities at December 31, 2000 and 1999 are as follows:

	2000		1999	
Maturities due:	**Cost**	**Fair Value**	Cost	Fair Value
Within one year	**$ 3,530,000**	**$ 3,492,000**	$ 3,849,000	$ 3,849,000
One to five years	**15,768,000**	**15,762,000**	10,301,000	10,188,000
Five to ten years	**16,536,000**	**16,532,000**	16,537,000	16,498,000
Over ten years	**1,500,000**	**1,487,000**	1,500,000	1,485,000
	$ 37,334,000	**$ 37,273,000**	$ 32,187,000	$ 32,020,000

Marketable securities maturing within one year consist of commercial paper and corporate securities. Marketable securities maturing after one year consist of corporate securities. At December 31, 2000, the Company recognized previously unrealized gains of $146,000 and unrealized losses of $40,000. At December 31, 1999, the Company recognized unrealized losses of $143,000 and unrealized gains of $136,000. Unrealized gains and losses, net of any realized amounts are included in other comprehensive income or loss.

For the years ended December 31, 2000, 1999 and 1998, proceeds from sales of available-for-sale securities totaled $23.6 million, $28.8 million and $21.8 million, respectively, and gross realized losses during 1999 and 1998 calculated on the specific identification method, totaled $11,000 and $80,000, respectively. There were no realized gains or losses during 2000.

During 1997, the Company purchased a four-percent investment in a start-up company, Genome Pharmaceuticals Corporation AG (GPC), for $289,000. In November 2000, GPC completed an IPO and the Company's investment was converted to 224,000 shares of GPC common stock and reclassified as a long-term marketable security. At December 31, 2000, the company recognized an unrealized gain of approximately $6.0 million on these shares. The Company intends to hold these shares for more than one year.

8. Investments

In November of 1999, QIAGEN AG entered a joint venture agreement for the formation of PreAnalytiX to develop, manufacture and market integrated systems for the collection, stabilization, and purification of nucleic acids for molecular diagnostic testing. QIAGEN AG has a 50 percent interest (CHF 1,504,800, approximately $929,000 at December 31, 2000) which is accounted for under the equity method. For the years ended December 31, 2000 and 1999, QIAGEN AG recorded losses from this equity investment of CHF 1,410,000 (approximately $835,000) and CHF 496,000 (approximately $330,000), respectively. At December 31, 1999, QIAGEN GmbH had receivables from PreAnalytiX in the amount of $288,000. There was no amount receivable at December 31, 2000.

In November 1999, the Company had purchased an investment in ENPharma L.P., a limited partnership established to license, market and develop intellectual property for CAD 250,000, (approximately $171,000 at December 31, 1999). During 2000, the Company sold its 12.3 percent interest in ENPharma L.P. to an employee for book value, approximately $100,000. As the investment in the limited partnership exceeded 3 percent, it had been accounted for under the equity method up to the date of the sale and the Company had recorded losses from this equity investment of $35,000 and $34,000 for the years ended December 31, 2000 and 1999, respectively.

In June of 1999, the Company acquired 15.6 percent of the voting rights of Zeptosens AG for $1.7 million. During 2000, the Company's interest was diluted to 12.5 percent of the voting rights. Zeptosens is focused on developing and commercializing bioanalytical technologies for use in life sciences as well as in food and environmental analysis. The investment is accounted for under the cost method. At December 31, 2000, QIAGEN N.V. had a note receivable from Zeptosens in the amount of $617,000, which was collected in January 2001.

On September 23, 1998, the Company acquired an investment in Ingenium Biopharmaceuticals AG. At December 31, 2000, the Company's investment totaled $511,000 representing a 1.4 percent interest. The investment is accounted for under the cost method.

In 1998, QIAGEN GmbH entered a joint venture agreement for the formation of QE-Diagnostiksysteme GmbH, a company that will focus on developing and providing enabling technologies for the molecular diagnostic industry. At December 31, 2000, QIAGEN GmbH had a 50 percent interest (DM 500,000, approximately $240,000) which is accounted for under the equity method. QE-Diagnostiksysteme began operations during 1999 and the Company recorded a loss from the equity investment of DM 500,000. The Company does not anticipate recording any further equity pick-up until such time as the net income of QE-Diagnostiksysteme exceeds previous losses. At December 31, 2000, QIAGEN GmbH had receivables from QE-Diagnostiksysteme GmbH in the amount of $86,000.

On March 20, 1997, the Company sold certain research and licensing agreements valued at $500,000 to a newly founded company, Coley Pharmaceutical Group, Inc. (Coley) (formerly CpG ImmunoPharmaceuticals, Inc.), for 2,040 shares of its preferred stock. In May of 2000 and in June of 1999, the Company invested an additional $500,000 and $499,000, respectively, bringing the Company's total interest to 9.5 percent. At December 31, 2000, the Company had receivables from Coley in the amount of $65,000. There was no amount receivable at December 31, 1999. The investment is accounted for under the cost method.

The Company periodically reviews the carrying value of these investments for impairment, considering factors such as the most recent stock transactions and book value from the most recent financial statements. These investments are included in other assets in the accompanying consolidated balance sheets.

9. Intangible Assets

In January 2000, the Company entered a collaboration agreement with Zeptosens AG for the manufacture and marketing of products, which are expected to be launched in 2001. The Company has purchased licensing rights for approximately $397,000.

In February 1998, the Company purchased patent and licensing rights from a research corporation (Coley) for approximately $259,000.

All patents and licensing rights are being amortized straight line over periods of three to seven years. The Company recognized amortization expense relating to patents and licensing rights of $450,000, $384,000 and $343,000 for the years ended December 31, 2000, 1999 and 1998, respectively. The cost of intangible assets is evaluated periodically and adjusted, if necessary, if later events and circumstances indicate that a permanent decline in value below the current unamortized historical cost has occurred.

The Company recorded identified intangible assets in connection with the purchase of QIAGEN Genomics, Inc. on December 31, 1999. These intangible assets were capitalized and consist of developed technology and know-how, and goodwill. Based on the appraisal, $3.2 million was allocated to developed technology and know-how and approximately $1.5 million was allocated to goodwill, after purchase accounting adjustments, to be amortized straight line over seven and ten years, respectively. During 2000, the Company recorded amortization expense of $607,000 on these intangibles. At each balance sheet date, the Company evaluates the realizability of goodwill

based upon the Company's undiscounted cash flows from QIAGEN Genomics, Inc. Goodwill is adjusted, if necessary, if such analysis indicates that a permanent decline in value below the current unamortized cost has occurred.

In connection with its formation, QIAGEN K.K. (the Company's 60 percent owned subsidiary in Japan), entered into a business transfer agreement with its minority shareholder. Pursuant to the agreement, the minority shareholder agreed to transfer to QIAGEN K.K. certain intangible assets, such as certain "know-how" and marketing information relating to the sale of the Company's products, in exchange for 330 million Japanese Yen (approximately $2.9 million at December 31, 1999). The Company made the payment of 330 million Japanese Yen on August 31, 1998, and capitalized the intangible assets, which are being amortized straight-line over seven years. During 2000, 1999 and 1998, the Company recorded amortization expense relating to these intangible assets of approximately $373,000, $415,000 and $121,000, respectively.

10. Income Taxes

Under SFAS 109, deferred income tax assets or liabilities are computed based on the temporary difference between the financial statement and income tax bases of assets and liabilities using the enacted marginal income tax rate in effect for the year in which the differences are expected to reverse. Deferred income tax expenses or credits are based on the changes in the deferred income tax assets or liabilities from period to period.

The Company has recorded a net deferred tax asset of $10,009,000 at December 31, 2000. Realization is dependent on generating sufficient taxable income in the future. Although realization is not assured, management believes it is more likely than not that all of the deferred tax asset will be realized.

The components of the net deferred tax asset at December 31, 2000 and 1999 are as follows:

	2000	1999
Deferred tax asset:		
Allowance for bad debts	**$ 205,000**	$ 259,000
Commission accrual	**102,000**	215,000
Vacation accrual	**306,000**	164,000
Warranty accrual	**128,000**	93,000
Accrued liabilities	**275,000**	592,000
Depreciation and amortization	**534,000**	–
Net operating loss carryforward	**5,775,000**	507,000
Inventories	**3,616,000**	2,791,000
Deferred revenues	**213,000**	–
Capitalized start-up costs	**546,000**	–
United States state income taxes	**90,000**	240,000
Capital leases	**374,000**	371,000
Other	**30,000**	358,000
	12,194,000	5,590,000
Deferred tax liability:		
Depreciation and amortization	**(142,000)**	(162,000)
Inventory	**(262,000)**	(269,000)
Accrued liabilities	**(367,000)**	(183,000)
Intangibles	**(1,175,000)**	(77,000)
Other	**(239,000)**	(140,000)
	(2,185,000)	(831,000))
Net deferred tax assets	**$ 10,009,000**	$ 4,759,000

Deferred tax assets and liabilities are reflected on the Company's consolidated balance sheets at December 31, 2000 and 1999 as follows:

	2000	1999
Current deferred tax asset	**$10,782,000**	$ 4,998,000
Current deferred tax liabilities	**(224,000)**	(189,000)
Non-current deferred tax liabilities	**(549,000)**	(50,000)
Net deferred tax assets	**$10,009,000**	$ 4,759,000

As of December 31, 2000, the Company has a net operating loss (NOL) carryforward of approximately $11.8 million. This NOL was generated primarily from the exercise of employee stock options and operating losses that were acquired with the purchase of Rapigene, Inc. (now QIAGEN Genomics, Inc.). Federal tax laws limit the NOLs from QIAGEN Genomics, Inc. These NOLs will expire in various years through 2020. In addition, the Company has California NOLs equal to approximately $5 million. These NOLs expire at various times through 2005.

As of December 31, 2000 and 1999, the Company also has a net operating loss (NOL) carryforward of CHF 2.1 million (approximately $1.3 million at December 31, 2000) and CHF 3.2 million (approximately $2.0 million). This NOL was acquired with the acquisition of Rosys (now QIAGEN Instruments, AG), and expires in various years through 2004.

The change in net deferred tax assets differs from the deferred tax provision to the extent of tax deductions obtained for non-qualified stock options in excess of the current year income tax liability, which was offset by an entry to additional paid-in capital.

The provisions for income taxes for the years ended December 31, 2000, 1999 and 1998 are as follows:

		Years Ended December 31,		
		2000	1999	1998
Current	- United States federal taxes	$ 4,165,000	$ 4,675,000	$ 2,714,000
	- United States state taxes	1,184,000	1,086,000	724,000
	- Non-United States taxes	12,849,000	6,558,000	2,740,000
		18,198,000	12,319,000	6,178,000
Deferred	- United States federal taxes	(987,000)	(207,000)	158,000
	- United States state taxes	(210,000)	(52,000)	18,000
	- Non-United States taxes	(34,000)	(1,110,000)	(865,000)
		(1,231,000)	(1,369,000)	(689,000)
Total provision for income taxes		$16,967,000	$ 10,950,000	$ 5,489,000

Differences between the provision for income taxes and income taxes at the United States statutory federal income tax rate for the years ended December 31, 2000, 1999 and 1998 are as follows:

	Years Ended December 31,					
	2000		1999		1998	
	Amount	**Percent**	Amount	Percent	Amount	Percent
Income taxes at United States statutory federal rate	**$ 12,617,000**	**34.0%**	$ 8,496,000	34.0%	$ 6,393,000	34.0%
United States state income taxes, net of federal income tax effect	**320,000**	**0.9%**	449,000	2.0%	511,000	2.7%
Non-United States taxes at rates greater than (less than) United States statutory federal rate	**1,670,000**	**4.5%**	111,000	0.4%	(1,381,000)	(7.3%)
Nondeductible acquisition costs	**2,142,000**	**5.8%**	–	–	–	–
Nondeductible goodwill amortization	**60,000**	**0.1%**	–	–	–	–
Nondeductible purchased in-process research & development	**–**	**–**	2,008,000	8.0%	–	–
Other items, net	**158,000**	**0.4%**	(164,000)	(0.6%)	(34,000)	(0.2%)
Total provision for income taxes	**$ 16,967,000**	**45.7%**	$ 10,950,000	43.8%	$ 5,489,000	29.2%

11. Accrued Liabilities

Accrued liabilities at December 31, 2000 and 1999 consist of the following:

	2000	1999
Payroll and related accruals	**$ 3,996,000**	$ 2,580,000
Management bonuses	**482,000**	231,000
Warranty	**605,000**	519,000
Unbilled services	**2,433,000**	2,144,000
Sales and other taxes	**1,855,000**	682,000
Deferred revenue	**904,000**	338,000
Royalties	**3,949,000**	2,865,000
Rent contract	**218,000**	195,000
Checks in excess of cash balance	**665,000**	–
Other	**557,000**	717,000
Total accrued liabilities	**$ 15,664,000**	$ 10,271,000

12. Lines of Credit and Debt

The Company has seven separate lines of credit amounting to $10.0 million with interest rates ranging from 7.15 percent to 9.5 percent, of which $885,000 was utilized at December 31, 2000. Some of the lines of credit, $6.0 million, may be called without notice, and the availability of total credit is reduced by approximately $497,000 due to guarantees made by a bank against one of the credit facilities. At December 31, 2000, the Company had two short-term bank loans of totaling approximately $5.3 million due in January and March 2001 at interest rates of 1.6 percent and 6.0 percent. Interest expense on short-term borrowings was $138,000, $324,000 and $560,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

	2000	1999
Notes Payable:		
6.75% note due in semi-annual payments with a final payment due in December 2000	$ –	$ 236,000
Note payable bearing interest at 1.75% over the bank reference rate (10.25% at December 31, 2000), due in 2002. Note was repaid in January 2000	–	810,000
Note payable bearing interest at Prime Rate (8.5% to 9.5% during fiscal 2000), due in monthly payments of $17,000 with a final payment due in January 2004	**625,000**	–
Note payable bearing interest at Prime Rate (8.5% to 9.5% during fiscal 2000), due in monthly payments of $23,000 with a final payment due in January 2005	**1,119,000**	–
3.75% note due in semi-annual payments of DM 500,000 (approximately $240,000 at December 31, 2000) beginning in September 2001 with a final payment due in March 2009	**9,600,000**	4,119,000
Total long-term debt	**11,344,000**	5,165,000
Less current portion of long-term debt	**1,071,000**	569,000
Long-term portion of long-term debt	**$ 10,273,000**	$4,596,000

Future principal maturities of long-term debt as of December 31, 2000 are as follows:

Year ending December 31,	
2001	**$ 1,071,000**
2002	**1,672,000**
2003	**1,672,000**
2004	**1,506,000**
2005	**1,223,000**
Thereafter	**4,200,000**
	$ 11,344,000

Interest expense on long-term debt was $565,000, $127,000 and $48,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

13. Stock Options

On April 30, 1996, the Company adopted the QIAGEN N.V. 1996 Employee, Director and Consultant Stock Option Plan (the Option Plan). The Option Plan allows for incentive stock options, as well as for non-qualified options, generally with terms of 10 years, subject to earlier termination in certain situations. The options vest over a three-year period. The exercise price of the options is determined by the Board or by the Compensation Committee, but in the case of an incentive stock option, the exercise price may not be less than 100 percent of the fair market value at the date of grant. The Company has reserved 18,968,000 shares of common stock for issuance under this plan.

In connection with the acquisition of Operon (see Note 5), the Company exchanged 422,024 QIAGEN options for all of the outstanding options of Operon. These exchanged options vest over four years.

Information regarding the Option Plan as of December 31, 1998, 1999 and 2000, and changes during the years then ended is summarized as follows:

	Option Shares	Weighted Average Exercise Price
December 31, 1997	4,317,495	$ 2.47
Granted	1,441,911	6.71
Exercised	(465,266)	2.09
Forfeited	(283,046)	3.64
December 31, 1998	5,011,094	$ 3.67
Granted	2,761,289	9.66
Exercised	(926,772)	3.01
Forfeited	(340,319)	6.37
December 31, 1999	6,505,292	$ 6.17
Granted	1,898,562	37.22
Exercised	(1,117,424)	4.23
Forfeited	(285,413)	16.59
December 31, 2000	**7,001,017**	**$ 14.47**

At December 31, 2000 and 1999, 3,269,928 and 2,540,667 options were exercisable at a weighted average price of $4.63 and $2.70 per share, respectively. The weighted average fair value of options granted during 2000, 1999 and 1998 was $28.38, $4.46 and $3.64, respectively. The options outstanding at December 31, 2000 expire in various years through 2010.

Information about stock options outstanding at December 31, 2000 is summarized as follows:

Range of Exercise Prices	Number Outstanding at 12/31/00	Weighted Average Remaining Contract Life	Weighted Average Exercise Price	Number Exercisable at 12/31/00	Weighted Average Exercise Price
$ 0.97 – $ 3.22	1,872,863	5.81 Years	$ 1.99	1,839,325	$ 1.99
$ 3.22 – $ 8.61	1,288,260	7.39 Years	$ 6.71	828,720	$ 6.39
$ 8.61 – $ 9.00	1,469,496	8.38 Years	$ 8.76	426,287	$ 8.76
$ 9.00 – $ 34.59	1,236,088	9.08 Years	$ 21.23	175,596	$ 13.92
$ 34.59 – $ 49.75	1,134,310	9.50 Years	$ 43.90	–	$ 0.00
$ 0.97 – $ 49.75	7,001,017	7.82 Years	$ 14.47	3,269,928	$ 4.63

The Company has elected to adopt SFAS No. 123 for disclosure purposes only and applies APB Opinion No. 25 and related interpretations in accounting for its employee stock options. No compensation cost was recognized relating to options for the years ended December 31, 2000, 1999 and 1998. Had compensation cost for the stock options awarded under the Option Plan been determined based on the fair value at the dates of grant consistent with the methodology of SFAS No. 123, the Company's net income and basic and diluted earnings per share would have reflected the following pro forma amounts:

	2000	1999	1998
Pro forma net income	$ 6,970,000	$ 10,178,000	$ 11,053,000
Pro forma basic net income per share	$ 0.05	$ 0.07	$ 0.08
Pro forma diluted net income per share	$ 0.05	$ 0.07	$ 0.08

The fair value of each option grant is estimated on the date of grant using the Black-Scholes multiple option pricing model with the following assumptions used for the grants: weighted average risk-free interest rates of 6.25 percent, 5.40 percent and 5.27 percent and a weighted average expected life of six years for the years ended December 31, 2000, 1999 and 1998, respectively. The weighted average expected volatility was 84 percent for the year ended December 31, 2000 and 45 percent for the years ended December 31, 1999 and 1998. It is assumed that no dividends would be issued during the option term.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. Option value models also require the input of highly subjective assumptions such as expected option life and expected stock price volatility. Because the Company's stock-based compensation plans have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, the Company believes that the existing option valuation model does not necessarily provide a reliable single measure of the fair value of awards from this plan.

14. Commitments and Contingencies

a. Lease Commitments

The Company leases facilities and equipment under operating lease arrangements expiring in various years through 2018. Certain facility and equipment leases constitute capital leases. The accompanying consolidated financial statements include the assets and liabilities arising from these capital lease obligations.

Minimum future obligations under capital and operating leases at December 31, 2000 are as follows:

	Capital Leases	Operating Leases
2001	$1,844,000	$ 5,656,000
2002	1,759,000	4,818,000
2003	1,511,000	3,366,000
2004	1,218,000	2,698,000
2005	1,099,000	1,601,000
Thereafter	12,138,000	1,456,000
	19,569,000	$19,595,000
Less: Amount representing interest	(6,782,000)	
	12,787,000	
Less: Current portion	(1,043,000)	
	$11,744,000	

Rent expense under noncancelable operating lease agreements was $5,555,000, $3,760,000 and $2,071,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

b. Purchase Commitments

At December 31, 2000, the Company had commitments with several vendors to purchase certain products during 2001 at a total cost of approximately $1,920,000. The Company also had a commitment with one other vendor to purchase products during 2001 at a total cost of approximately $1,514,000.

c. Commitments

At December 31, 2000, QIAGEN Sciences, Inc. (Sciences) had contract commitments totaling $26.9 million related to the construction of a 190,000 square foot facility located in Germantown, Maryland. The new facility construction is expected to be completed in 2002, with the first manufacturing activities initiated in the second quarter of 2002. At December 31, 2000, construction and overhead costs of approximately $13.2 million had been incurred with estimated costs to complete of $51.0 million.

In November 2000, Sciences exercised the option to purchase an additional parcel of land for $1.2 million. At December 31, 2000, Sciences paid an earnest money deposit of $45,000, and paid the remaining purchase price in February 2001.

Between July 1997 and February 1998, QIAGEN purchased land adjacent to the Company's German facilities. The Company plans to use this land for an additional production facility and an administrative building. Construction on these facilities commenced in October 2000, with estimated completion by May 2002 for the administrative building and October 2002 for the production facility. The estimated cost for these facilities is approximately DM 76.4 million (approximately $36.7 million).

In October 1998, the Company announced that it had signed a five-year supply agreement with Abbott Laboratories (Abbott). According to the agreement, the Company will supply Abbott with various proprietary nucleic acid sample purification and preparation products. Under the terms of this agreement, Abbott has committed to certain purchases of the Company's products over the term of the contract. The Company has committed to certain expansions of its production capacity and product quality and will receive payments for such achievements.

d. Contingencies

The price of the intangible assets purchased by QIAGEN K.K., discussed in Note 9, was calculated based on the estimated net revenues of QIAGEN K.K. for the years ending December 31, 1998, 1999 and 2000. If actual net revenues were in excess of the estimated net revenues, QIAGEN K.K. would make an adjustment payment to the minority shareholder. If actual net revenues were below the estimated net revenues, QIAGEN K.K. would receive a refund from the minority shareholder. For the year ended December 31, 2000, a refund of approximately $167,000 is due to QIAGEN K.K. For the years ended December 31, 1999 and 1998, no significant adjustments were required.

The Company is a party to legal proceedings incidental to its business. 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.

During the normal course of business, the Company is subject to audit by taxing authorities for varying periods in various tax jurisdictions. Such matters may involve substantial amounts, and if these were to be ultimately resolved unfavorably to the full amount of their maximum potential exposure, an event not currently anticipated, it is possible that such an event could have a material adverse effect on the Company's position and results of operations.

15. Employee Benefits

In September 1992, QIAGEN Inc. adopted the QIAGEN Inc. Employees 401(k) Savings Plan (the Plan). The purpose of the Plan is to provide retirement benefits to all eligible employees, which include employees of QIAGEN Inc., QIAGEN Sciences, Inc. and QIAGEN Genomics, Inc. Matching contributions and profit sharing contributions may be made to the Plan at the discretion of the Board of Directors. In 2000, 1999 and 1998, total matching contributions to the Plan were approximately $600,000, $226,000 and $161,000, respectively.

Operon adopted a defined contribution plan effective January 1, 1994, benefiting substantially all Operon employees. Operon may make matching contributions at the discretion of the Board of Directors. In 2000, 1999 and 1998 matching contributions to the plan totaled approximately $108,000, $74,000 and $26,000, respectively.

As of December 31, 2000, QIAGEN GmbH has deferred compensation plans for two employees (one officer, one employee). The present value of the future compensation obligation of $171,000, $173,000 and $174,000 has been accrued in the accompanying consolidated financial statements at December 31, 2000, 1999 and 1998, respectively.

During 1999, QIAGEN K.K. established a retirement allowance for one officer. The employee is entitled to a lump sum distribution based on a formula tied to years of service. As such an allowance of $187,000 and $145,000 has been accrued in the accompanying consolidated financial statements at December 31, 2000 and 1999, respectively.

16. Licensing Agreements

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 ten 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 $3,949,000 and $2,865,000 at December 31, 2000 and 1999, respectively. Royalty expense relating to these agreements amounted to $7,804,000, $5,656,000, and $2,651,000 for the years ended December 31, 2000, 1999 and 1998, 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.

17. Related Party Transactions

In connection with its formation, QIAGEN K.K. entered into a service agreement with its minority shareholder. Pursuant to the agreement, the minority shareholder will provide services such as stock keeping, order processing, and packing and shipping. As compensation for services provided, QIAGEN K.K. will pay the minority shareholder a service fee equal to seven percent of the net revenues of QIAGEN K.K. For the years ended December 31, 2000, 1999 and 1998, QIAGEN K.K. expensed to sales and marketing expense approximately $1,146,000, $857,000 and $537,000, respectively, in service fees, of which $96,000, $85,000 and $53,000 is included in accrued liabilities at the end of the respective year.

18. Segment and Related Information

The Company operates exclusively in the life sciences industry generating revenue from the sale of products and services for the separation and purification of nucleic acids. Reportable segments are based on the geographic locations of the subsidiaries.

The Company's reportable segments include the Company's production and manufacturing facilities in Germany, United States and Switzerland, and distribution subsidiaries in the United States, Switzerland, Japan, the United Kingdom and Other Countries (consisting of the Company's subsidiaries in Canada, France, Australia, and Italy). The Company's holding company is located in the Netherlands.

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:

	2000	1999	1998
Net Sales			
Germany	**$ 99,408,000**	$ 79,603,000	$ 62,371,000
United States	**119,925,000**	90,018,000	69,909,000
Switzerland	**23,490,000**	15,243,000	15,681,000
Japan	**18,374,000**	14,609,000	7,675,000
United Kingdom	**12,004,000**	10,051,000	8,534,000
Other Countries	**15,484,000**	10,297,000	7,156,000
Subtotal	**288,685,000**	219,821,000	171,326,000
Intersegment Elimination	**(84,654,000)**	(61,666,000)	(50,522,000)
Total	**$ 204,031,000**	$ 158,155,000	$ 120,804,000

Net sales are attributed to countries based on the location of the Company's subsidiary. During 2000, 1999 and 1998, no single customer represented more than ten percent of consolidated net sales. United States export sales did not exceed ten percent of consolidated net sales during fiscal 2000, 1999 or 1998.

	2000	1999	1998
Intersegment Sales			
Germany	**$ (70,359,000)**	$ (54,932,000)	$ (41,479,000)
United States	**(2,744,000)**	(2,402,000)	(1,919,000)
Switzerland	**(11,496,000)**	(4,332,000)	(7,124,000)
Other Countries	**(55,000)**	–	–
Total	**$ (84,654,000)**	$ (61,666,000)	$ (50,522,000)

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

	2000	1999	1998
Operating Income (Loss)			
Germany	$ 23,157,000	$ 10,524,000	$3,480,000
United States	6,807,000	9,843,000	11,184,000
Switzerland	4,742,000	1,308,000	2,070,000
Japan	2,137,000	1,496,000	405,000
United Kingdom	2,431,000	2,102,000	1,751,000
Other Countries	1,288,000	758,000	792,000
The Netherlands	(482,000)	(1,596,000)	(1,360,000)
Subtotal	40,080,000	24,435,000	18,321,000
Intersegment elimination	(5,208,000)	(1,087,000)	(2,404,000)
Total	$ 34,872,000	$ 23,348,000	$15,918,000

The Netherlands component of operating income (loss) is primarily general and administrative expenses. The intersegment elimination represents the elimination of intercompany profit.

	2000	1999	1998
Depreciation and Amortization			
Germany	**$ 5,482,000**	$ 4,909,000	$ 3,591,000
United States	**3,965,000**	2,418,000	2,005,000
Switzerland	**269,000**	229,000	197,000
Japan	**454,000**	627,000	150,000
United Kingdom	**103,000**	146,000	161,000
Other Countries	**80,000**	82,000	78,000
The Netherlands	**102,000**	150,000	84,000
Total	**$ 10,455,000**	$ 8,561,000	$ 6,266,000

	2000	1999
Assets		
Germany	**$ 82,389,000**	$62,249,000
United States	**111,605,000**	40,740,000
Switzerland	**15,758,000**	15,843,000
Japan	**13,746,000**	10,956,000
United Kingdom	**4,515,000**	3,586,000
Other Countries	**6,628,000**	5,456,000
The Netherlands	**113,981,000**	81,056,000
Subtotal	**348,622,000**	219,886,000
Intersegment Elimination	**(118,361,000)**	(65,555,000)
Total	**$ 230,261,000**	$154,331,000

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

At December 31, 2000 and 1999, the investment in equity method investees totaled ($247,000) and $633,000 for Switzerland and at December 31, 1999, the investment in equity method investees totaled $137,000 for the Netherlands. These investments are included in the asset amounts presented above.

	2000	1999	1998
Capital Expenditures			
Germany	**$ 14,096,000**	$ 8,601,000	$ 9,217,000
United States	**24,188,000**	4,247,000	1,865,000
Switzerland	**552,000**	640,000	224,000
Japan	**266,000**	108,000	97,000
United Kingdom	**78,000**	77,000	77,000
Other Countries	**263,000**	73,000	87,000
The Netherlands	**2,000**	–	–
Total	**$ 39,445,000**	$ 13,746,000	$ 11,567,000

	2000	1999
Long-Lived Assets		
Germany	**$ 39,542,000**	$ 30,723,000
United States	**35,816,000**	14,625,000
Switzerland	**979,000**	1,609,000
Japan	**2,469,000**	2,782,000
United Kingdom	**155,000**	195,000
Other Countries	**406,000**	239,000
The Netherlands	**10,378,000**	3,882,000
Total	**$ 89,745,000**	$ 54,055,000

19. Subsequent Event

In January 2001, QIAGEN N.V. purchased the 40 percent ownership of QIAGEN K.K. held by the minority shareholder for JPY 4,000,000 (approximately $35,000).

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of QIAGEN N.V. and Subsidiaries:

We have audited the accompanying consolidated balance sheets of QIAGEN N.V. (a Netherlands company) and Subsidiaries as of December 31, 2000 and 1999, 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, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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 financial position of QIAGEN N.V. and Subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Los Angeles, California
February 15, 2001

For Dutch statutory purposes we hereby include the QIAGEN N.V. Annual Accounts for the year 2000 based on Dutch Generally Accepted Accounting Standards.

QIAGEN N.V.
ANNUAL ACCOUNTS
FOR THE YEAR 2000
TOGETHER WITH AUDITORS' REPORT

BALANCE SHEET AT DECEMBER 31, 2000

(After proposed appropriation of income)
(Currency – Thousands of US Dollars)

ASSETS				
		2000		1999
FIXED ASSETS:				
Intangible fixed assets	**USD**	**6,186**	USD	6,925
Tangible fixed assets		**8**		12
Financial fixed assets		**107,452**		64,694
		113,646		71,631
CURRENT ASSETS:				
Accounts receivable				
Group companies		**5,247**		3,824
Prepaid and deferred expenses		**459**		579
		5,706		4,403
Securities		**37,273**		32,020
Cash		**7,961**		4,862
		50,940		41,285
	USD	**164,586**	USD	112,916

SHAREHOLDERS' EQUITY AND LIABILITIES				
		2000		1999
SHAREHOLDERS' EQUITY:				
Issued and paid-in capital	**USD**	**1,443**	USD	1,428
Additional paid-in capital		**103,061**		57,733
Retained earnings		**64,840**		45,138
Cumulative translation adjustment		**(6,396)**		(4,401)
		162,948		99,898
SHORT-TERM LIABILITIES:				
Accounts payable				
Group companies		**349**		336
Note payable		**–**		12,000
Accounts payable and accrued liabilities		**1,289**		682
		1,638		13,018
	USD	**164,586**	USD	112,916

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2000

(Currency – Thousands of US Dollars)

	2000	1999
INCOME/(LOSS) AFTER TAXES	**USD 307**	USD (112)
INCOME FROM SUBSIDIARIES	**19,289**	19,101
Net income	**19,596**	18,989

NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2000

(Currency – Thousands of US Dollars)

1. General

The company was incorporated on April 29, 1996 and has its legal seat in Venlo. The description of the company's activities and the group structure, as included in the notes to the consolidated financial statements, also apply to the company-only financial statements. The consolidated financial statements are included in this annual report. The consolidated financial statements are prepared in accordance with US generally accepted accounting principles, which for the group in certain respects differs significantly from Dutch Generally Accepted Accounting Principles. The reconciliation of shareholders' equity and net income under United States Generally Accepted Accounting Principles and Dutch Generally Accepted Accounting Principles is described in note 9.

In 2000, the company entered into a business combination with Operon Technologies Inc. (See the notes to the consolidated financial statements for more information). Management decided to account the business combination as a pooling of interests in both the US GAAP financial statements and Dutch GAAP financial statements. As a consequence, prior period equity and investments have been restated to include the Operon investments.

This report serves as statutory reporting for the company in order to comply with Dutch financial reporting requirements.

2. Accounting Principles

a. General

The accounting principles as described in the notes to the consolidated financial statements also apply to the company-only financial statements, unless indicated otherwise.

In accordance with article 402 Book 2 of the Netherlands Code the statement of income is presented in abbreviated form.

b. Financial fixed assets

The investments in subsidiary companies are stated at the net asset value of the subsidiaries if influence of significance can be exercised over the subsidiaries' operational and financial activities. The net asset value is determined on the basis of the accounting principles as applied by the company.

The other investments are stated at acquisition cost or, in case of a permanent impairment of the value of the investments, at lower net realizable value.

Loans receivable are stated at face value.

c. Intangible fixed assets

Goodwill originating from the acquisition of investments represents the difference of the net asset value and the acquisition cost of the investments at the time of the acquisition. The goodwill is amortized on a straight-line basis over a period of 10 years.

3. Financial Fixed Assets

The movement in financial fixed assets is as follows:

a) Investment in subsidiary companies		
Balance January 1, 2000	USD	61,105
Acquisitions		379
Translation loss		(1,995)
Net result		19,289
Costs Operon		3,850
Tax benefit stock options		20,736
Balance December 31	USD	103,364
b) Other investments		
Balance January 1	USD	3,589
Acquisitions		568
Write off		(69)
Sale of interest		(102)
Balance December 31	USD	3,986
c) Loans receivable	USD	102
Total financial fixed assets December 31	USD	107,452

4. Intangible Fixed Assets

The movement in intangible fixed assets is as follows:

	Goodwill	Licenses and Patents	Total
Balance January 1	USD 6,610	USD 315	USD 6,925
Amortization	661	78	739
Balance December 31	5,949	237	6,186
Original cost	6,610	548	7,158
Accumulated amortization	661	311	972
Balance December 31	USD 5,949	USD 237	USD 6,186

5. Tangible Fixed Assets

Tangible fixed assets consist of furniture and office equipment. The depreciation charge for the year amounts to USD 6.

6. Cash and Securities

Securities consist of interest bearing securities. No restrictions on usage of cash and securities exist.

7. Shareholders' Equity

The authorized share capital consists of 260 million ordinary shares, 40 million financing preference shares and 300 million preference shares. All shares have a par value of Euro 0.01 (one Euro cent). As of December 31, 2000, 141,693,500 ordinary shares have been issued and fully paid-up.

The movement in shareholders' equity is as follows:

	Issued and paid-in capital	Additional paid-in capital	Retained earnings	Cumu-lative transaction adjustment	Total
Balance January 1, 2000	USD 1,428	USD 57,733	USD 45,138	USD (4,401)	USD 99,898
Net income	–	–	19,596	–	19,596
Unrealized gain, net on marketable securities	–	–	106	–	106
Translation adjustment	–	–	–	(1,995)	(1,995)
Exercise of stock options	10	4,458	–	–	4,468
Private sale of stock	5	16,284	–	–	16,289
Finders' fees paid by Operon Shareholders	–	3,850	–	–	3,850
Tax benefit in connection with nonqualified stock options	–	20,736	–	–	20,736
Balance December 31, 2000	USD 1,443	USD 103,061	USD 64,840	USD (6,396)	USD 162,948

8. Statutory and Supervisory Directors

The company has two statutory directors and six supervisory directors, who received a total remuneration of USD 790 in their capacity.

9. Reconciliation of Dutch GAAP -US GAAP

The reconciliation of shareholders' equity and net income according to Dutch generally accepted accounting principles (Dutch GAAP) and United States Generally Accepted Accounting Principles (US GAAP) (as presented in the attached consolidated financial statements) is shown below:

	Shareholders' equity as of December 31, 2000	Net Income 2000
Reflected in accordance with Dutch Gaap	USD 162,948	USD 19,596
Reconciling items:		
Goodwill	(4,590)	510
Marketable securities	6,026	–
Reflected in accordance with United States Generally Accepted Accounting Principles	USD 164,384	USD 20,106

OTHER INFORMATION

1. Auditors' Report

Introduction

We have audited the financial statements of QIAGEN N.V., Venlo, The Netherlands, for the year 2000. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in The Netherlands. 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 audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as of December 31, 2000 and of the result for the year then ended in accordance with accounting principles generally accepted in The Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of The Netherlands Civil Code.

Eindhoven, The Netherlands,

February 15, 2001

OTHER INFORMATION

2. Statutory Profit Appropriation

Statutory profit appropriation is mentioned in Article 40 of the Articles of Association and can be summarized as follows:

1. Out of the profits remaining after distribution on the preference shares, if any, such amounts shall be allocated to reserve as the Supervisory Board shall decide.
2. Insofar as the profit is not distributed or allocated to reserve (to the preference shares and the financing preference shares, if any) upon application of the previous paragraphs of this article, it shall be at the free disposal of the general meeting, with the proviso that no further dividend will be distributed on the preference shares and the financing preference shares.
3. The Company can only declare distributions insofar as its "eigen vermogen" (shareholders' equity) exceeds the amount of the paid-up and called portion of the share capital, plus the "wettelijke" (statutory) reserves.
4. The Board of Management may, with the approval of the Supervisory Board, decide to pay an interim dividend provided always that paragraph 3 of this Article is complied with and the profit so permits. Interim dividends may be distributed on one class of shares only.
5. Dividends (including interim dividends for the purpose of this and the next paragraph) shall be made payable at the Company's offices 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 of the Company are listed on a stock exchange, as from a date determined by the Supervisory Board.
6. Dividends that have not been claimed within five years and two days of becoming payable shall be forfeited and shall accrue to the benefit of the company.

EXECUTIVE OFFICERS AND SUPERVISORY DIRECTORS

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. The Supervisory Directors, Managing Directors and executive officers of the Company, and their ages as of March 15, 2001, are as follows:

Name	Age	Position
Dr. Metin Colpan	45	Managing Director, Chief Executive Officer
Peer M. Schatz	35	Managing Director, Chief Financial Officer
Prof. Dr. Detlev H. Riesner (1)	59	Chairman of the Supervisory Board, Supervisory Director
Jochen Walter (2)	53	Supervisory Director
Dr. Franz A. Wirtz (1)	68	Supervisory Director
Erik Hornnaess	63	Supervisory Director
Dr. Heinrich Hornef (2)	69	Supervisory Director
Prof. Dr. Manfred Karobath	59	Supervisory Director

Prof. Dr. jur Carsten P. Claussen was appointed as Special Advisor and Honorary Chairman in 1999 and is no longer a voting member of the Supervisory Board.

(1) Member of the Compensation Committee.
(2) Member of the Audit Committee.

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

Dr. Metin Colpan is a co-founder of the Company and has been Chief Executive Officer and a Managing Director since 1985. 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 GPC Biotech AG and Ingenium Pharmaceuticals AG, each in Munich, Germany, and Omnitron in Düsseldorf, Germany. The Company has obtained a key man life insurance policy on the life of Dr. Colpan in the amount of DM 1.5 million.

Peer M. Schatz joined the Company as Chief Financial Officer in 1993 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 director and vice chairman to Evotec Biosystems AG and Mulligan BioCapital AG.

Professor Dr. Detlev H. Riesner is a co-founder of QIAGEN. He has been on the Company's Supervisory Board since 1984 and was appointed Chairman of the Supervisory Board in 1999. Professor Riesner has held the Chair of Biophysics at the Heinrich-Heine-University in Düsseldorf since 1980. 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 also a member of the supervisory board or a director of New Lab Bioquality AG, Erkrath; Therascope AG, Heidelberg; and Javexx GmbH, Cologne.

Jochen Walter joined the Supervisory Board of QIAGEN in 1988. Since 1985, Mr. Walter has been the Managing Director of RBS GmbH (previously called Innovatives Düsseldorf), a venture capital company that is the management company for S-Kapitalbeteiligungsgesellschaft Düsseldorf, mbH. Since 1968, he has been involved in a wide range of management positions in commercial banking. Mr. Walter holds a diploma in banking management from the Banking Institute in Bonn. Mr. Walter currently serves in the capacities of supervisory board member of TRAPO AG, Rhein Biotech N.V., Martel GmbH, NETEC AG and RBB Management AG; management board member of BVK Bundesverband Deutscher Kapitalbeteiligungsgesellschaften-German Venture Capital Association e.V.; and general manager to Kapitalbeteiligungsgesellschaft Düsseldorf, mbH. He has also served in the capacities of supervisory board member of Isotopen-Technik Dr. Sauerwein GmbH, and Sauerweinsystem-Technik; advisory board member of RBB Regionale Beteiligungs-u. Beratungsgesellschaft der Sparkasse, der Oberlausitz/Niederschlesien u. der Sächsischen Schweiz mbH; and management director of Kapitalbeteiligungsgesellschaft Düsseldorf, mbH.

Dr. Franz A. Wirtz has been a member of QIAGEN's Supervisory Board since 1989. Dr. Wirtz is a Director of Grünenthal GmbH, Aachen, Germany, a large, private pharmaceutical company and of IDEA AG and of Atugen AG, two young German biotech companies. For 10 years Dr. Wirtz was treasurer of the German Pharmaceutical Industry Association. Dr. Wirtz holds a doctorate degree in Chemistry from the Institute of Technology in Aachen.

Erik Hornnaess has been a member of the Supervisory Board since 1998. Mr. Hornnaess worked for Astra Pharmaceuticals, Sweden from 1965 until 1979 in various management positions in Sweden, Australia, 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 Alpharma (ALO), New Jersey, AXIS-SHIELDS Group, Scotland, CARDION GmbH, Germany, RADIOMETER A/S, Denmark, EPICEPT INC., New Jersey, and MEDITRON A/S, Norway. He also serves on the advisory board of TVM (Techno Venture Management), Munich. 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 Ph.D. from the Harvard Business School.

Dr. Heinrich Hornef is chairman of the supervisory boards of the pharmaceutical company Merck KGaA in Darmstadt, Germany and M.phasys GmbH, Tübingen. He also serves as deputy chairman on the board of Heidelberg Innovation GmbH, a biotechnology and life-science venture capital company in Heidelberg, Germany, as a board member of Kali & Salz GmbH, Kassel, and as a member of the Beirat of Deutsche Bank AG. 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 privatisation agency in East-Germany (1992-1994), and as president of its successor-organisation BvS (1995-1996).

Professor Dr. Manfred Karobath studied medicine and worked from 1967 to 1980, 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, Switzerland. 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 an executive board member of Coley Pharmaceutical Group, as chairman and executive board member of IDEA AG and as deputy chairman and executive board member of CARDION AG.

Professor Dr. jur. Carsten P. Claussen was Chairman of the Supervisory Board of the Company from 1988 to June 1999 and was appointed as a Special Advisor and Honorary Chairman in 1999. Professor Claussen is no longer a voting member of the Supervisory Board. For many years he has pursued a career in private banking. Between 1976 and 1987, Professor Claussen was a member of the Executive Board of Norddeutsche Landesbank, Hannover, and Chairman of the Hannover Stock Exchange. Since 1987 he has been a lawyer in Düsseldorf and senior advisor to IKB Deutsche Industriekreditbank, Düsseldorf. At present he is a partner in the law firm of Hoffmann Liebs Fritsch Ruhe and specializes in corporate law and capital market transactions. He is Chairman of the Board of TON ART AG, Düsseldorf; Flossbach & v. Storch Vermögensmanagement, Cologne, and WAS Worldwide Analytical Systems AG, Cleves and is a member of other boards. Professor Claussen received his Ph.D. in law from the University of Cologne.

Audit and Compensation Committees

The Supervisory Board appoints the members of the Audit Committee and Compensation Committee. Each committee consists of two members, who each serve for a term of one year. The Audit Committee reviews internal accounting procedures and consults with and reviews the services provided by the independent auditors. Mr. Walter and Dr. Hornef are members of this committee. The Compensation Committee reviews and approves all stock option grants and reviews general policies relating to employee compensation and benefits. Professor Riesner and Dr. Wirtz are members of this committee.

Market Information

The Company approved a four-for-one stock split during fiscal 2000 and a two-for-one stock split and par value currency conversion in fiscal 1999.

To effect the four-for-one stock split, on June 16, 2000, the shareholders of the Company approved the amendment of the Company's Articles of Association to increase the number of authorized shares of common stock from 65 million to 260 million. The Company's Board of Supervisory Directors and Managing Board approved the split in May 2000. Common shareholders of record on July 3, 2000 received three additional shares for each share held on that date. The additional shares were distributed and the stock split was effective on July 13, 2000.

On June 18, 1999, the shareholders of the Company approved the amendment of the Company's Articles of Association to increase the number of authorized shares of common stock from 32.5 million to 65 million, which was required to effect the two-for-one stock split that the Company's Board of Supervisory Directors and Managing Board approved in May 1999. Common shareholders of record on July 2, 1999 received one additional share for each share held on that date. The additional shares were distributed and the stock split was effective on July 16, 1999.

Since June 27, 1996, the Common Shares have been quoted on the NASDAQ National Market under the symbol QGENF. The following table sets forth the annual high and low closing sale since June 27, 1996, 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 the Common Shares on the NASDAQ National Market. All share prices prior to July 13, 2000 have been restated to reflect the stock splits.

Annual	High ($)	Low ($)
1996 (since June 27, 1996)	3.906	1.875
1997	7.375	3.031
1998	9.500	5.234
1999	20.875	8.188
2000	57.375	18.813

Quarterly 1999:	High ($)	Low ($)
First Quarter	9.781	8.188
Second Quarter	9.906	8.500
Third Quarter	10.938	8.203
Fourth Quarter	20.875	11.250

Quarterly 2000:	High ($)	Low ($)
First Quarter	55.500	18.813
Second Quarter	48.938	29.250
Third Quarter	57.375	44.000
Fourth Quarter	45.938	29.500

2001:		
First Quarter (through February 28, 2001)	35.375	23.125

Monthly:	High ($)	Low ($)
September 2000	48.438	44.000
October 2000	45.938	34.750
November 2000	43.750	29.500
December 2000	39.250	34.375
January 2001	35.375	23.125
February 2001	34.531	27.500

Since September 25, 1997, the Common Shares have been traded officially on the Frankfurt Stock Exchange, Neuer Markt under the symbol QIA. The following table sets forth the annual high and low closing sale prices since September 25, 1997 fiscal 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 the Common Shares on the Neuer Markt. Prior to January 1, 1999 trades on the Neuer Markt were denominated in German marks. In connection with the adoption of the euro by Germany on January 1, 1999, trades on the Neuer Markt, as of January 1, 1999, are denominated in euros. The conversion rate between the German mark and the euro was fixed on January 1, 1999 at 1.95583 German marks per euro. Share prices prior to July 13, 2000 have been restated to reflect the stock splits.

Annual	High (DM)	Low (DM)
1997 (since September 25, 1997)	10.813	8.813
1998	17.200	9.138

Annual	High (EUR)	Low (EUR)
1999	20.750	7.125
2000	60.400	17.650

Quarterly 1999:	High (EUR)	Low (EUR)
First Quarter	8.063	7.125
Second Quarter	9.188	7.638
Third Quarter	10.450	7.875
Fourth Quarter	20.750	10.150

Quarterly 2000:	High (EUR)	Low (EUR)
First Quarter	57.500	17.650
Second Quarter	61.250	33.750
Third Quarter	60.400	48.125
Fourth Quarter	53.800	33.950

2001:		
First Quarter (through February 28, 2001)	38.250	22.700

Monthly:	High (EUR)	Low (EUR)
September 2000	54.400	50.100
October 2000	53.800	40.800
November 2000	49.500	33.950
December 2000	44.400	37.000
January 2001	37.950	22.700
February 2001	38.250	29.400

SHAREHOLDER INFORMATION

Corporate Headquarters

QIAGEN N.V.
Spoorstraat 50
5911 KJ Venlo
The Netherlands
Phone (+31) 77-320-8400
Fax (+31) 77-320-8409

Independent Public Accountants

Arthur Andersen LLP
633 West Fifth Street
Los Angeles, CA 90071
USA

General Legal Counsel

USA
Mintz Levin Cohn Ferris Glovsky and Popeo pc
One Financial Center
Boston, MA 02111

The Netherlands
De Brauw Blackstone Westbroek
Tripolis 300
Burgerweeshuispad 301
Postbus 75084
1070 AB Amsterdam

Germany
Freshfields Bruckhaus Deringer
Freiligrathstraße 1
40479 Düsseldorf

Registrar and Transfer Agent

American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038
USA
Phone (+1) 212-936-5100

Stockholder Inquiries

Communications concerning transfer requirements, lost certificates, and change of address should be directed to the transfer agent. All other inquiries should be directed to:
Investor Relations
QIAGEN N.V.
Spoorstraat 50
5911 KJ Venlo
The Netherlands
Phone (+31) 77-320-8400
Fax (+31) 77-320-8409

Annual Meeting

The Company expects to hold its Annual General Meeting of Stockholders on Wednesday, June 13, 2001 at 10:30 a.m. in Venlo, The Netherlands.

Information via Internet

Internet World Wide Web users can access QIAGEN N.V.'s Annual Report and other financial information at the QIAGEN homepage at: www.qiagen.com

SEC Form 20-F

A copy of the Company's Annual Report or Form 20-F filed with the United States Securities and Exchange Commission is available without charge upon written request to:

Corporate Controller
QIAGEN N.V.
Spoorstraat 50
5911 KJ Venlo
The Netherlands
Phone (+31) 77-320-8400
Fax (+31) 77-320-8409

QIAGEN Around the World

QIAGEN Contact Info

The Netherlands
QIAGEN N.V.
Spoorstraat 50 • 5911 KJ Venlo
Phone (+31) 77-320-8400 • Fax (+31) 77-320-8409

Australia
QIAGEN Pty Ltd (ABN 75 072 382 944)
PO Box 25 • Clifton Hill • Victoria 3068
Phone (+61) 3-9489-3666 • Fax (+61) 3-9489-3888

Canada
QIAGEN Inc.
2900 Argentia Road • Unit 23 • Mississauga
Ontario • L5N 7X9
Phone (+1) 800-572-9613 • Fax (+1) 800-713-5951

France
QIAGEN S.A.
3 avenue du Canada • LP 809 • 91974 Courtaboeuf Cedex
Phone (+33) 1-60-920-920 • Fax (+33) 1-60-920-925

Germany
QIAGEN GmbH
Max-Volmer-Straße 4 • 40724 Hilden
Phone (+49) 2103-29-11710 • Fax (+49) 2103-29-21710
e-mail: qiagen@qiagen.com

Italy
QIAGEN S.p.A.
Via Grosio, 10/10 • 20151 Milano
Phone (+39) 2-33-43-04-11 • Fax (+39) 2-33-43-04-26

Japan
QIAGEN K.K.
Forefront Tower II • 13-1, Kachidoki 3 Chome
Chuo-ku, Tokyo 104-0054
Phone (+81) 3-5547-0811 • Fax (+81) 3-5547-0818

Switzerland
QIAGEN AG
Auf dem Wolf 39 • 4052 Basel
Phone (+41) 61-319-30-30 • Fax (+41) 61-319-30-33

United Kingdom
QIAGEN Ltd.
Boundary Court • Gatwick Road • Crawley
West Sussex, RH10 9AX
Phone (+44) 1293-422-900 • Fax (+44) 1293-422-922

USA
QIAGEN Inc.
28159 Avenue Stanford • Valencia • CA 91355
Phone (+1) 800-426-8157 • Fax (+1) 800-718-2056

QIAGEN Genomics, Inc.
1725 220th Street S.E., Suite 104 • Bothell, WA 98021 • USA
Phone (+1) 425-398-3140 • Fax (+1) 425-398-3160

QIAGEN Sciences
19825 Executive Park Circle • Germantown, MD 20874 • USA
Phone (+1) 301-972-5454 • Fax (+1) 301-972-6870

Operon
Operon Technologies Inc.
1000 Atlantic Avenue, Suite 108 • Alameda, CA 94501 • USA
Phone (+1) 800-688-2248 • Fax (+1) 510-865-5255

Operon Europe
Operon GmbH • Nattermannallee 1 • 50829 Köln • Germany
Phone (+49) 221-17090-0 • Fax (+49)-221-17090-100

QIAGEN on the Internet
Homepage: **www.qiagen.com**
e-mail: **qiagen@qiagen.com**
ir@qiagen.com