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

FORM 20-F

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

or

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2000

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 0-28564
QIAGEN N.V.
(exact name of registrant as specified in its charter)

The Netherlands
(Jurisdiction of incorporation or organization)

Spoorstraat 50
5911 KJ Venlo
The Netherlands
011-31-77-320-8400
(Address of principal executive offices)

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

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

Title of class:

Common Shares, par value EUR .01 per share

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

The number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2000 was 141,693,500.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark which financial statement item the registrant has elected to follow.

☐ Item 17 ☒ Item 18

Exhibit Index located on sequential page 87.

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

The Company's name together with its logo is registered as a trademark in The Netherlands, the United States and a number of other countries: QIAGEN®. Other trademarks registered in the United States – inter alia: QIA*express*®, QIAwell®, QIAEX®, QIAprep®, QIAscreen®, QIAamp®, QIAclean®, QIAquick®, Oligotex®, RNeasy®, BIOROBOT®, ENDOFREE®, R.E.A.L.®, PolyFect®, SuperFect®, DNeasy®, UltraFect®, Catrimox®, TGGE®, TurboFilter®, and ROSYS®. Registered trademarks in countries outside of the United States: EFFECTENE™, QIA™, DyeEx™, HiSpeed™, Omniscript™, Sensiscript™, Targetene™, TransMessenger™, MagAttract™, DirectPrep™, InhibitEX™, DoubleTag™, ImmunEasy™, QIABRANE™, HotStarTaq™, PECURA™, ImmunEasy™, QuantiScript™, UltraSens™, pAlliance™, MinElute™, and VARISPAN™. Trademarks registered only in Germany: ProofStart™, EverGene™, and ProofTaq™.

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

EXCHANGE RATES

QIAGEN publishes its financial statements in U.S. dollars. In this Annual Report on Form 20-F, references to "dollars" or "$" are to U.S. dollars, references to "German marks" and "DM" are to the currency of Germany and references to "guilders" or "NLG" are to Dutch guilders and references to the “euro” are to the European Monetary Union euro. Except as otherwise stated herein, all monetary amounts in this Annual Report on Form 20-F have been presented in U.S. dollars.

The exchange rates used for German marks and Dutch guilders were converted from the noon buying rates of the euro in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Board of New York. These rates at February 28, 2001, with regard to German marks and Dutch guilders, were approximately DM 2.1231 per $1, NLG 2.3923 per $1, EUR 1.0855 per $1.

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

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PART I

Item 1. Not applicable

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Item 3. Key Information

The selected consolidated financial data below should be read in conjunction with "Operating and Financial Review and Prospects" and the Consolidated Financial Statements, Notes thereto and other financial information included elsewhere in this Annual Report on Form 20-F. The selected consolidated statement of income data for each of the three fiscal years in the period ended December 31, 2000 and the consolidated balance sheet data at December 31, 2000 and 1999 are derived from the Consolidated Financial Statements of the Company which have been audited and reported upon by Arthur Andersen LLP, independent public accountants, and are included herein. The data presented as of and for the fiscal years ended December 31, 1997 and 1996, and the consolidated balance sheet data as of December 31, 1998, 1997 and 1996, is derived from audited consolidated financial statements not included herein.

1. Selected 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."

Consolidated Statement of Income Data:	**Year Ended December 31,**				
	2000	**1999**	**1998**	**1997**	**1996**
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

Consolidated Balance Sheet Data:	**December 31,**				
	2000	**1999**	**1998**	**1997**	**1996**

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

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

2. Risk Factors

This Annual Report and the documents incorporated herein by reference contain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the use of forward-looking terminology such as "may," "will," "could," "expect," "anticipate," "estimate," "continue" or other similar words. Reference is made in particular to the description of our plans and objectives for future operations, assumptions underlying such plans and objectives, and other forward-looking statements. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties which could cause actual results to differ materially from those described in the forward-looking statements. Factors which could cause such results to differ materially from those described in the forward-looking statements include those set forth in the risk factors below. When considering forward-looking statements, you should keep in mind that the risk factors could cause our actual results to differ significantly from those contained in any forward-looking statement.

An inability to manage our growth or the expansion of our operations could adversely affect our business

Our business has grown rapidly, with total net revenues increasing from $54.7 million in 1996 to $204 million in 2000. We have recently upgraded our operating and financial systems and expanded the geographic area of our operations, resulting in substantial growth in the number of our employees, as well as increased responsibility for both existing and new management personnel. The rapid expansion of our business and growth in personnel may place a strain on our management and operational systems. Our future operating results will depend on the ability of our management to continue to implement and improve our research, product development, sales and marketing and customer support programs, enhance our operational and financial control systems, and expand, train and manage our employee base. There can be no assurance that we will be able to manage our recent or any future expansion successfully, and any inability to do so could have a material adverse effect on our results of operations.

We may have difficulty integrating potential acquisitions of technologies and businesses

We may acquire technologies, products or businesses to expand our existing and planned business. We may not be able to achieve the benefits expected from any potential acquisition in a reasonable time frame, or at all. Acquisitions would expose us to the risks associated with the:

- assimilation of new technologies, operations, sites and personnel;
- diversion of resources from our existing business and technologies;
- inability to generate revenues to offset associated acquisition costs;
- inability to maintain uniform standards, controls, and procedures;
- inability to maintain relationships with employees and customers as a result of any integration of new management personnel;
- issuance of dilutive equity securities;
- incurrence or assumption of debt; or
- additional expenses associated with amortization of acquired intangible assets or potential businesses.

Our failure to address these risks successfully could have a material adverse effect on our business.

We have risks relating to doing business internationally

Our business involves operations in several countries. Our current consumable and BioRobot production and manufacturing facilities are located in Germany and our instrumentation facility is located in Switzerland. We also operate U.S. facilities in Alameda, California (synthetic DNA production), Valencia, California (sales and distribution), and Bothell, Washington (single nucleotide polymorphism (SNP) analyses). We also have established sales subsidiaries in Japan, the United Kingdom, France, Switzerland, Australia, Canada and Italy. In addition, our products are sold through independent distributors serving more than 42 other countries.

Conducting operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. We have invested heavily in computerized information systems in order to manage more efficiently the widely dispersed components of our operations. In the past year, we have expanded our SAP business information system that integrates our North American and European subsidiaries.

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

Exchange rate fluctuations may adversely affect our business

Since we currently market our products in over 42 countries throughout the world, a significant portion of our business is conducted in currencies other than the U.S. dollar, our reporting currency. Foreign currency transaction gains and losses arising from normal business operations are credited to or charged against earnings in the period incurred. As a result, fluctuations in value relative to the U.S. dollar of the currencies in which we conduct our business have caused and will continue to cause foreign currency transaction gains and losses. Due to the number of currencies involved, the variability of currency exposures and the potential volatility of currency exchange rates, we cannot predict the effects of exchange rate fluctuations upon future operating results. While we engage in foreign exchange hedging transactions to manage our foreign currency exposure, there can be no assurance that our hedging strategy will adequately protect our operating results from the effects of future exchange rate fluctuations.

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

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

Our operating results may vary significantly

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

Our common shares may have a volatile public trading price

The market price of the common shares since our initial public offering in June 1996 has increased dramatically and been highly volatile. In addition to overall stock market fluctuations, factors which may have a significant impact on the market price of the common shares include:

- announcements of technological innovations or new products by us or our competitors;
- developments in our relationships with collaborative partners;
- quarterly variations in our operating results;
- changes in government regulations or patent laws;
- developments in patent or other proprietary rights;
- and general market conditions relating to the pharmaceutical and biotechnology industries.

The stock market has from time to time experienced extreme price and trading volume fluctuations that have particularly affected the market for technology-based companies and that have not necessarily been related to the operating performance of such companies. These broad market fluctuations may adversely affect the market price of our common shares.

Competitors may render some or all of our products or future products noncompetitive

Our primary competition stems from traditional separation and purification methods that utilize widely available reagents and other chemicals. The success of our business depends in part on the continued conversion of current users of such traditional methods to our nucleic acid-based separation and purification technologies and products. There can be no assurance, however, as to how quickly such conversion will occur. We also experience, and expect to continue to experience, increasing competition in various segments of our nucleic acid-based separation business from companies providing nucleic acid-based separation products in kit form. Many of such competitors have substantially greater financial, research and development, sales and marketing and personnel resources than we do and may have significantly more experience in developing, manufacturing, marketing and supporting new products. There can be no assurance that such companies will not develop products that are directly competitive with our current or planned products or that they will not be able to penetrate markets more rapidly than we can. To the extent that our sales depend on future sales of diagnostic or therapeutic products by our customers, we may also be adversely affected by the intense competition in the pharmaceutical and biotechnology industries. If QIAGEN is not able to maintain its technological advantage over competing products, to expand its market presence, to preserve customer loyalty and thus to compete effectively against its existing or future competitors, QIAGEN's financial condition and results of operations could be materially adversely affected.

Rapid technological change may render some or all of our technologies and products obsolete

Extensive research and technological change characterize our business environment, and new developments are expected to continue at a rapid pace. There can be no assurance that developments by others will not render our technologies and products uneconomical or obsolete.

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

Our success will depend to a large extent on our ability to develop proprietary products and technologies and to establish and protect our patent and trademark rights with respect thereto. We currently own 21 issued patents in the United States, 26 issued patents in Germany and 166 issued patents in other major industrialized countries. In addition, we have approximately 219 pending patent applications and we intend to file applications for additional patents as its products and technologies are developed. However, the patent positions of technology-based companies, including QIAGEN, involve complex legal and factual questions and may be uncertain, and the laws governing the scope of patent coverage and the periods of enforceability of patent protection are continuing to evolve. In addition, patent applications in the United States are maintained in secrecy until patents issue, and publication of discoveries in the scientific or patent literature tend to lag behind actual discoveries by several months. Therefore, no assurance can be given that patents will issue from any patent applications owned by or licensed to us or, if patents do issue, that the claims allowed will be sufficiently broad to protect our technology. In addition, no assurance can be given that any issued patents owned by or licensed to us will not be challenged, invalidated or circumvented, or that the rights granted thereunder will provide competitive advantages to us. There can be no assurance that any

confidentiality agreements between us and our employees, consultants, outside scientific collaborators and sponsored researchers and other advisors will provide meaningful protection for our trade secrets or adequate remedies in the event of unauthorized use or disclosure of such information.

The biotechnology industry has been characterized by extensive litigation regarding patents and other intellectual property rights. We are aware that patents have been applied for and/or issued to third parties claiming technologies for the separation and purification of nucleic acids that are closely related to those used by us. From time to time we receive inquiries requesting confirmation that we do not infringe upon patents of third parties. We endeavor to follow developments in this field, and we do not believe that our technologies and/or products infringe upon any proprietary rights of third parties. However, there can be no assurance that our activities will not be challenged by third parties and, if so challenged, that we will prevail. In addition, the patent and proprietary rights of others could require us to alter our products or processes, pay licensing fees or cease certain activities, and there can be no assurance that we will be able to license any technologies that we may require on acceptable terms. In addition, litigation, including proceedings that may be declared by the U.S. Patent and Trademark Office or the International Trade Commission, may be necessary for us to respond to any assertions of infringement, enforce our patent rights and/or determine the scope and validity of our proprietary rights or those of third parties. Litigation could involve substantial cost to us, and there can be no assurance that we would prevail in any such proceedings.

Certain of our products incorporate patents and technologies that are licensed from third parties. These licenses impose various commercialization, sublicensing and other obligations on us. Our failure to comply with these requirements could result in the conversion of the applicable license from being exclusive to non-exclusive in nature or, in some cases, termination of the license.

We also rely on trade secrets and proprietary know-how, which we seek to protect through confidentiality agreements with our employees and consultants. There can be no assurance that these agreements will not be breached, that we would have adequate remedies for any breach or that our trade secrets will not otherwise become known or be independently developed by competitors.

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

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

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

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

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

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

To the extent that our existing resources are insufficient to fund our activities, we may need to raise funds through public or private financings of debt or equity securities. No assurance can be given that such additional financings will be available or, if available, can be obtained on terms acceptable to us. If adequate funds are not available, we may have to reduce expenditures for research and development, production or marketing, which could

have a material adverse effect on our business. To the extent that additional capital is raised through the sale of equity, the issuance of such securities could result in dilution to our shareholders.

Changing government regulations may adversely impact our business

QIAGEN and our customers operate in a highly regulated environment characterized by continuous changes in the governing regulatory framework. Genetic research activities as well as products commonly referred to as "genetically engineered" - such as certain food and therapeutic products - are subject to governmental regulation in most developed countries, especially in the major markets for pharmaceutical and diagnostic products (i.e., the European Union, the United States, and Japan). In the recent past, several highly publicized scientific successes (most notably in the areas of genomic research and "cloning") have stirred a public debate in which ethical, philosophical and religious arguments have been raised against an unlimited expansion of genetic research and the use of products developed thereby. As a result of this debate, some key countries might increase the existing regulatory barriers; this, in turn, could adversely affect the demand for our products and prevent us from fulfilling our growth expectations. Furthermore, there can be no assurance that any future changes of applicable regulations will not require further expenditures or an alteration, suspension or liquidation of our operations in certain areas, or even in their entirety.

Additionally, we are subject to various laws and regulations generally applicable to businesses in the different jurisdictions in which we operate, including laws and regulations applicable to the handling and disposal of hazardous substances. We do not expect compliance with such laws to have a material effect on our capital expenditures, earnings or competitive position. Although we believe that our procedures for handling and disposing of hazardous materials comply with the standards prescribed by applicable regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages that result, and any such liability could have a material adverse effect on us.

Sales volumes of certain of our products in development may be dependent on commercial sales by our customers of diagnostic and pharmaceutical products, which will require pre-clinical studies and clinical trials. Such trials will be subject to extensive regulation by governmental authorities in the United States and other countries and could impact customer demand for our products.

Risk of price controls is a threat to our profitability

The ability of many of our customers to successfully market their products depends in part on the extent to which reimbursement for the costs of these products is available from governmental health administrations, private health insurers and other organizations. Governmental and other third party payers are increasingly seeking to contain health care costs and to reduce the price of medical products and services. Therefore, the biotech industry as a whole is exposed to the potential risk of price controls by these entities. If there are no adequate reimbursement levels, the commercial success of our customers - and, hence, of QIAGEN itself - could be adversely affected.

Our business exposes us to potential product liability

The marketing and sale of nucleic acid-based products and services for certain applications entail a potential risk of product liability, and there can be no assurance that product liability claims will not be brought against us. We currently carry product liability insurance coverage, which is limited in scope and amount, but which we believe is currently appropriate for our purposes. There can be no assurance, however, that we will be able to maintain such insurance at reasonable cost and on reasonable terms, or that such insurance will in fact be adequate to protect us against any or all potential claims or losses.

Provisions of our Articles of Association and Dutch law may inhibit a takeover, which could limit the price investors might be willing to pay in the future for our common shares

Our Articles of Association (the "Articles of Association") and the applicable laws of The Netherlands contain provisions that may have anti-takeover effects. Among other things, the Articles of Association provide that our joint meeting of the Supervisory Board and Managing Board (the "Joint Meeting") may make binding nominations for the election of directors, which can only be overridden by shareholders with a two-thirds majority of the votes cast, which majority must represent more than 50 percent of the outstanding shares; that preference shares may in certain instances be issued to third parties selected by us giving such parties preferred dividend rights and placing additional votes in hands friendly to our Supervisory Board; that significant transactions such as a merger or sale of substantially all our assets can only be approved by specified super-majority votes unless such transactions were proposed to the general meeting by the Supervisory Board; and that the Articles of Association can only be amended

based on a proposal of our Supervisory Board. Such provisions may have the effect of delaying, deterring or preventing a change in control that might otherwise be considered to be in the best interest of shareholders.

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

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

We do not anticipate paying dividends on our common shares

We have not paid cash dividends since our inception and do not anticipate paying any cash dividends on the common shares for the foreseeable future. Although we do not anticipate paying any cash dividends, any cash dividends paid in a currency other than the U.S. dollar will be subject to the risk of foreign currency transaction losses.

Future sales of our common shares could adversely affect our stock price

Future sales of substantial amounts of our common shares in the public market, or the perception that such sales may occur, could adversely affect the market price of the common shares. As of December 31, 2000, we had outstanding 141,693,500 common shares plus 7,001,017 outstanding stock options, of which 3,269,928 were exercisable at December 31, 2000. A total of 18,968,000 common shares are reserved for issuance under our stock option plan. All of our outstanding common shares are freely saleable except 13,482,476 shares held by our affiliates, which are subject to certain limitations on resale.

United States civil liabilities may not be enforceable against us

We are incorporated under the laws of The Netherlands and substantial portions of our assets are located outside the United States. In addition, certain members of our Managing and Supervisory Boards, our officers and certain experts named herein reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such other persons, or to enforce outside the U.S. judgments obtained against such persons in U.S. courts, in any action, including actions predicated upon the civil liability provisions of U.S. securities laws. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, rights predicated upon the U.S. securities laws. There is no treaty between the United States and The Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the federal securities laws, would not be directly enforceable in The Netherlands. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in The Netherlands, such party may submit to the Dutch court the final judgment which has been rendered in the United States. If the Dutch court finds that the jurisdiction of the federal or state court in the United States has been based on grounds which are internationally acceptable and that proper legal procedures have been observed, the Dutch court will, in principle, give binding effect to the final judgment which has been rendered in the United States unless such judgment contravenes Dutch principles of public policy. Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce against us, members of our Managing or Supervisory Boards, officers or certain experts named herein who are residents of The Netherlands or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the federal securities laws. In addition, there is doubt as to whether a Dutch court would impose civil liability on us, the members of our Managing or Supervisory Boards, our officers or certain experts named herein in an original action predicated solely upon the federal securities laws of the United States brought in a court of competent jurisdiction in The Netherlands against us or such members, officers or experts, respectively.

Item 4. Information on the Company

QIAGEN N.V. (the Company) was incorporated on April 29, 1996 as a public limited liability company ("naamloze vennnootschap") under Dutch law as a holding company for its wholly owned subsidiaries, and has its legal seat in Venlo, The Netherlands. The Company's principal executive office is located at Spoorstraat 50, 5911 KJ Venlo, The Netherlands, and its telephone number is +31 77 320 8400. Parties within the United States may also contact QIAGEN Inc. in Valencia, California at 800-426-8157 to obtain information.

The Company's wholly-owned subsidiaries include as of March 15, 2001:

- QIAGEN GmbH (Germany),
- QIAGEN Ltd. (England),
- QIAGEN AG (Switzerland),
- QIAGEN S.A. (France),
- QIAGEN Pty. Ltd. (Australia),
- QIAGEN Inc. (Canada),
- QIAGEN K.K. (Japan)
- QIAGEN SpA. (Italy),
- QIAGEN Instruments AG, formerly Rosys Instruments AG (Switzerland),
- Operon GmbH (Germany) and
- QIAGEN North American Holdings, Inc. (United States).

QIAGEN North American Holdings, Inc. was established on February 24, 2000, and wholly owns the subsidiaries QIAGEN Inc. (United States), QIAGEN Sciences, Inc. (United States), QIAGEN Genomics, Inc., formerly Rapigene, Inc., (United States), and Operon Technologies, Inc. (United States).

Equity investments of the Company include as of March 15, 2001:

- PreAnalytiX GmbH (50%)
- QE Diagnostiksystem (50%)

In January 2001, the Company purchased the 40 percent ownership of QIAGEN K.K. held by the minority shareholder for JPY 4,000,000 (approximately $35,000). On June 30, 2000, the Company sold its 50 percent in Rosys Inc.

On June 29, 2000, the company completed the acquisition of the shares of Operon Technologies, Inc. (Operon) a recognized leader in the area of high-end and added-value synthetic DNA, as well as in the area of tools building on synthetic DNA expertise, such as synthetic genes and DNA microarray tools. Operon is located in Alameda, California. The transaction qualified as a tax-free reorganization and was accounted for as a pooling of interests. Operon shareholders received 2,392,432 shares of QIAGEN common shares (approximately $104 million at the time of acquisition) for all outstanding shares of Operon stock. Using Operon's leading US technology and market position in high-quality, high-precision, and high-throughput synthetic nucleic acids as well as opportunities for new and powerful joint products, QIAGEN expects significant expansion into the dynamic areas of today's genomics and genetic analysis markets. QIAGEN established Operon GmbH in Germany in September 2000 to provide European customers with the same products offered by Operon Technologies in the U.S.

On June 1, 2000, the Company established a new sales subsidiary, QIAGEN S.p.A., located in Milan, Italy. In February, 2000, the Company established two new U.S. subsidiaries: QIAGEN North American Holdings, Inc., a company established as a holding company for the U.S. subsidiaries, and QIAGEN Sciences, Inc., the Company's new North American manufacturing and research and development headquarters located in Germantown, Maryland.

On December 31, 1999, the Company 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 Company expects significant growth over the next five years in QIAGEN Genomics' SNP analysis service business and that the first products based on these technologies will be introduced to QIAGEN's customers in 2001. The acquisition was accounted for as a purchase.

On May 28, 1998, QIAGEN acquired Rosys Instruments AG (Rosys), a Swiss corporation which develops, produces, and markets liquid handling robotic systems to the life science industry for applications including diagnostics, molecular biology, and high-throughput screening. Rosys has been an OEM supplier of instrumentation products and robotics technologies for the Company's growing BioRobot product lines since 1994. The Company believes that the acquisition of Rosys will help QIAGEN increase its leadership in the field of automated nucleic acid purification, particularly in the genomics and molecular diagnostics areas. The Company issued 1,996,960 common shares (approximately $15.8 million at the time of acquisition) in exchange for all outstanding shares of Rosys, and accounted for the acquisition as a pooling of interests. Rosys has since been renamed QIAGEN Instruments AG.

At March 15, 2001, the Company had three facilities under construction. The Company's new research and manufacturing facility, QIAGEN Sciences, Inc. located in Germantown, Maryland, 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 long-term bank loans. Construction on two new German facilities (a production building and an administrative building) 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 long-term bank loans.

Business Overview

QIAGEN believes, based on the nature of its products and technologies and on its United States and European market shares as supported by independent market studies, that it is the world's leading provider of innovative enabling technologies and products for the separation and purification of nucleic acids. Since 1986, the Company has developed and marketed a broad range of proprietary products for the academic and industrial research market. The increased understanding of nucleic acid structure and function combined with the development of technologies such as Polymerase Chain Reaction (PCR) has resulted in a rapid expansion in the potential uses of nucleic acids beyond the research market into developing commercial markets. These include (1) genomics, (2) nucleic acid-based molecular diagnostics, and (3) genetic vaccination and gene therapy. The Company believes that by targeting its enabling nucleic acid separation and purification technologies to numerous participants in each of these developing commercial markets, it will optimize and diversify its opportunities for growth. QIAGEN has experienced significant growth in the past, and since January 1, 1997, has had compounded annual growth through December 31, 2000 of approximately 39% in net sales and 29% in net income, after acquisition charges.

QIAGEN's objective is to expand its leadership position by employing the following strategies: (1) To leverage its leadership in the research market to diversify its opportunities for future growth into an array of developing commercial markets, (2) to maintain and further expand technology leadership by investing significant resources in research and development (3) to provide a comprehensive portfolio of products of specific nucleic acid handling, separation and purification applications, (4) to accelerate consumable sales through new automation product lines, and (5) to emphasize customer contacts and service.

1. Industry Background

Nucleic acids are the fundamental regulatory molecules of life. They take two basic forms, DNA and RNA, that contain and convey the instructions that govern all cellular activities, including protein manufacture and cell reproduction. DNA and RNA consist of linear strands of nucleotide bases, the specific sequences of which constitute the genetic information in the cell. The unique genetic blueprint for all living organisms, from bacteria to human beings, is encoded in the DNA, which is organized into functional units called genes. In order for a cell to read the genetic blueprint, the genetic information encoded in the DNA must first be copied to a specific type of RNA, messenger RNA (mRNA). The mRNA transmits this information throughout the cell, where it acts as the template for protein production. Proteins carry out the cellular functions encoded in the RNA copy of the DNA. Any defect or mutation in the sequence of nucleotide bases in the DNA or RNA can disrupt cell or protein function and lead to disease.

Over the past 20 years, developing a better understanding of the fundamental role of nucleic acids in regulating life at the cellular level has been a major focus of basic molecular biology research. In the 1980's, the biotechnology and pharmaceutical industries used the results of this research to develop therapeutic recombinant proteins such as insulin, interferon and human growth hormone. Major advances continue to be made in the development of technologies to isolate specific nucleic acids, identify their sequences and structures, and determine their functions. Basic molecular biology research is currently conducted in more than 40,000 academic and commercial laboratories worldwide. An example of a major international initiative in this area is the Human Genome Project with an estimated cost of more than $3 billion. This project, the first phase of which was completed in 2000, involves several hundred academic, governmental, and industrial research laboratories all working to determine the sequence of the approximately 3 billion nucleotide bases which comprise the human genome, in order to identify the functional genes in the human body. Similar genome sequencing projects are underway for many clinically relevant bacteria, fungi, and parasites, as well as plants and animals, with those of the fruit fly *Drosophila melanogaster* and the flowering plant *Arabidopsis thaliana,* both widely used as model organisms, completed in 2000. The increased understanding of nucleic acid structure and function, coupled with the expanding use of innovative technologies such as PCR, has created significant potential for the use of nucleic acids in a broad array of therapeutic and diagnostic applications.

These new potential applications have resulted in emerging commercial markets for nucleic acid-based technologies and products, including: (1) DNA sequencing and gene-based drug screening (genomics), (2) nucleic acid-based molecular diagnostics, and (3) genetic vaccination and gene therapy. *DNA sequencing* determines the

specific order of nucleotide bases and is used to identify and understand the regulation and function of genes and their relationship to diseases such as obesity and type II diabetes. This understanding facilitates *gene-based drug screening*, a more targeted screening for drugs that may have the ability to affect the regulation and function of the genes themselves. *Nucleic acid-based molecular diagnostics* represent a new generation of technologies for applications such as genetic "fingerprinting" and the detection of genetic or infectious diseases such as tuberculosis and hepatitis. Targeting the unique nucleic acid sequence of disease-causing agents offers significantly greater specificity and sensitivity than current immunoassay approaches. Commercial development in this area has been advanced by the availability of amplification technologies such as PCR, which exponentially increase the quantity of the target nucleic acid sequence, enhancing detection. *Genetic vaccination and gene therapy* are applications under development which may eventually lead to the prevention and treatment of diseases by using nucleic acids themselves as vaccines and drugs. In genetic vaccination, diseases such as hepatitis, AIDS, and influenza may be combated using a nucleic acid sequence as the vaccine, instead of using a recombinant protein or an inactivated infectious agent. Medical researchers believe that through gene therapy, diseases such as cancer, diabetes, asthma or coronary artery disease may someday be cured by replacing disease-causing genes with genes containing the correct DNA sequences.

Molecular biology research and its related developing commercial markets all require highly pure nucleic acids. The availability of pure nucleic acids is critical for the reliability and reproducibility of molecular biology experiments in both academic and industrial research laboratories, for the accuracy of results in nucleic acid-based molecular diagnostics, and for the safety of nucleic acid-based vaccines and drugs for human use. Nucleic acids are fragile molecules, which must be rapidly isolated from other cellular components in order to maintain their structural integrity and biological activity, making the separation and purification of nucleic acids a complex and sensitive process. Current separation and purification methods can be divided into three basic steps: (1) cell lysis, in which cells are broken open to release the nucleic acids, (2) clearing of the lysate, which involves the removal of insoluble cellular debris from the soluble nucleic acids, and (3) purification, which involves the separation of the target nucleic acids from other soluble contaminants.

There are several traditional methods to perform each of the three steps required for nucleic acid separation and purification. Cell lysis can be achieved either mechanically or with chemicals, followed by clearing of the lysate, usually by centrifugation. Purification of the nucleic acids can be performed through a variety of methods, which can be used either alone or in combination, depending on the requirements of the application. The traditional purification methods are phenol extraction, cesium chloride density gradient centrifugation, and precipitation. *Phenol extraction* is the most commonly used traditional method for nucleic acid purification. Although this method uses inexpensive materials, it is time consuming and labor intensive, requires considerable technical skill, uses hazardous reagents which are increasingly expensive to dispose of, and produces only medium-purity nucleic acids. *Cesium chloride density gradient centrifugation* is used to prepare large amounts of highly pure DNA. However, this method requires two time consuming rounds of separation (24–48 hours in total) in expensive ultracentrifuge equipment, demands substantial technical skill, and involves the use of hazardous reagents. *Precipitation* is often used to separate nucleic acids from proteins and other contaminants by centrifugation, using chemicals that render either the nucleic acids or the contaminants insoluble. This procedure is fast, inexpensive, and suitable for high-throughput processing, but provides very crude separation and therefore limited purity.

Each of these traditional methods, whether used alone or in combination, has significant limitations. High purity can only be achieved by using hazardous reagents and expensive equipment, while the more convenient and safe methods suitable for high-throughput processing result in reduced purity.

2. Technical Overview of QIAGEN

Nucleic Acid Separation and Purification Technologies

QIAGEN has developed a core set of technologies to provide a comprehensive approach to the nucleic acid separation and purification process. These technologies can be used alone or in combinations to achieve the best solution for a given application. In particular, the Company's proprietary technologies for solid-phase anion-exchange purification and selective adsorption to silica particles or membranes significantly enhance the purification step, the most difficult, critical, and labor intensive step in the nucleic acid separation and purification process. QIAGEN believes that its technologies represent substantial advances in the speed, reliability, and ease of use of nucleic acid separation and purification procedures and the purity and yield of the resulting nucleic acids.

Solid-Phase Anion-Exchange Technology. QIAGEN's patented anion-exchange technology was specifically developed for nucleic acid purification. This technology involves selective binding of nucleic acids to a macroporous silica particle coated with a very high density of positively charged anion-exchange groups. Nucleic acids bind tightly to this surface, which allows contaminating substances to be efficiently washed away. Finally, the

binding is selectively reversed to release different classes of ultrapure DNA or RNA. QIAGEN believes that its anion-exchange technology is widely viewed as state-of-the-art for obtaining ultrapure nucleic acids. QIAGEN's anion-exchange technology also offers the additional benefits of convenience, speed, reproducibility, and high yield. Techniques that require the use of ultrapure nucleic acids include transfection, microinjection, and gene therapy research. QIAGEN's anion-exchange technology is employed in a number of its products, including QIAGEN Plasmid Kits, QIAfilter Plasmid Kits, EndoFree Plasmid Kits, and QIAwell Plasmid Kits. (See “QIAGEN Products” below for specific product discussions)

QIAGEN has recently developed a new anion-exchange resin, QIAGEN Anion-Exchange Resin HS, with a higher binding capacity for nucleic acids. This development in conjunction with a new tip design, the newly developed QIAprecipitator unit, which allows recovery of DNA without centrifugation, and the QIAfilter unit (see "Filtration" below) allows a significantly faster purification procedure. These technologies are used in the HiSpeed Plasmid Kit launched in 2000. The Company believes that this kit provides the fastest procedure currently available for isolation of large amounts of ultrapure DNA.

Selective Adsorption to Silica Particles or Membranes. QIAGEN's proprietary silica-gel technology is based on the ability to selectively and efficiently adsorb specific types of nucleic acids to silica-gel particles or membranes in order to separate them from contaminating substances. This technology is particularly suitable for use in molecular biology applications where price, speed, and throughput are more important than ultrapurity, such as DNA minipreparations and DNA cleanup for screening, cloning, and PCR. QIAGEN employs this technology in a number of its products, including QIAprep, QIAamp, QIAquick, MinElute, QIAEX, DNeasy, and RNeasy Kits. In November of 1997, Organon Teknika, B.V. granted QIAGEN a world-wide, non-exclusive license to develop, manufacture, and market products for nucleic acid purification under its 'Boom' patents (US 5,234,809; and corresponding patents or applications). The license allows QIAGEN to sell products including technologies under these patents in all markets and for all applications, with no field-of-use limitations. The Company believes that the ‘Boom’ patent portfolio covers a simple, rapid, and flexible nucleic acid purification technology which in combination with silica-based and other technologies proprietary to QIAGEN can create a highly efficient and automatable solution package for a range of nucleic acid purification applications for research, genomics, and molecular diagnostic purposes.

Cationic Detergent Technology. Cationic detergents stabilize samples, increasing the reliability and potential of nucleic acid-based molecular diagnostics, particularly assays based on RNA, which is highly unstable. Cationic detergent technology also allows for efficient purification of nucleic acids and is ideal for a clinical environment since it is non-hazardous. QIAGEN has acquired issued and pending patents for a novel cationic detergent technology which performs two important functions in DNA and RNA isolation. When added to plasma, blood, or other clinical specimens, it causes cells, viruses, and bacteria to break open and then forms insoluble complexes with the released DNA and RNA. These DNA and RNA complexes are protected from degradation and can be safely transported or stored. The DNA and RNA are easily recovered from these complexes and immediately ready for use in diagnostic and other reactions.

Filtration. QIAGEN has introduced proprietary rapid filtration technology for clearing of the lysate in a single step process that takes just five minutes. The filtered cell lysate containing nucleic acids can then be immediately purified using QIAGEN's anion-exchange or silica-gel–membrane technologies. QIAGEN's filtration technology replaces the time-consuming centrifugation process, which is difficult to automate and does not allow high-throughput sample processing. QIAGEN employs filtration technology in its QIAfilter and TurboFilter products, which substantially increase productivity in DNA sequencing and nucleic acid-based molecular diagnostics where high-throughput nucleic acid purification is required, as well as in large-scale production of nucleic acids for genetic vaccination and gene therapy.

Hybrid Capture on Polystyrene–Latex Beads. QIAGEN has obtained a worldwide (except for Japan) exclusive license for a patented technology for hybrid capture on polystyrene–latex beads. Hybrid capture allows isolation of specific nucleic acid sequences directly from a crude biological sample containing a variety of nucleic acids and other contaminants by hybridization to a complementary sequence attached to an insoluble particle. Hybrid capture on polystyrene–latex beads is an innovative system which, in comparison to traditional hybrid capture on cellulose, increases both the speed and efficiency of purification of specific nucleic acid sequences. The most typical application for hybrid capture is the isolation of mRNA. QIAGEN applies this technology in its Oligotex Kits.

Endotoxin Removal. QIAGEN has developed a proprietary system that incorporates effective endotoxin removal into the purification process. Endotoxins are produced in bacteria and often appear in trace amounts in purified nucleic acids, since they cannot be effectively removed by most nucleic acid purification systems. Although low-level endotoxin contamination has little or no effect on most molecular biology procedures, even trace amounts can induce toxic reactions in humans. Therefore, nucleic acids for human use must be endotoxin-free. QIAGEN's

selective endotoxin removal technology uses a special reagent system in conjunction with the Company's anion-exchange resin and reduces endotoxin contamination of nucleic acids to a level well below the maximum level allowed by the FDA for use in genetic vaccination and gene therapy. QIAGEN employs this technology in its line of EndoFree Plasmid Kits and its contract non-cGMP and cGMP DNA production services.

RNA Stabilization. QIAGEN has acquired a technology portfolio covering the use of certain cationic detergents for the stabilization and purification of nucleic acids from certain samples. QIAGEN also acquired a non-exclusive license from AMBION, Inc. for RNA*later* technology, which allows stabilization of RNA in animal cells and tissues for reliable gene-expression and gene-profiling analysis. These technologies are used in a new product range, the first products of which —RNeasy Protect Kits and in RNA*later* RNA Stabilization Solution — were launched in 2000. Stabilization of RNA within biological samples is especially important for the molecular diagnostics market. These products are also used in the molecular biology research market.

Other Technologies

PCR Amplification and Reverse Transcription. QIAGEN has obtained an exclusive license for the use of a novel reagent for the optimization of PCR amplification, and has developed a proprietary PCR buffer that increases the robustness of the amplification process and makes it less sensitive to variable factors and contaminants. The Company acquired a non-exclusive license to sell reagents for PCR to the research market in November 1995. PCR amplification is one of the most widely used techniques in molecular biology research, and is an important technology for the development of the nucleic acid-based molecular diagnostics market. QIAGEN employs its PCR enhancement technologies in its *Taq* DNA Polymerase, HotStarTaq™ DNA Polymerase, and Q-solution products. To address the needs of researchers transcribing RNA into DNA for PCR analysis, QIAGEN has developed two recombinant reverse transcriptase enzymes, Omniscript™ and Sensiscript™, from a new source. The Company also introduced the QIAGEN OneStep RT-PCR Kit which combines its reverse transcriptase and HotStarTaq DNA Polymerase enzymes with a novel patent-pending buffer system to provide a complete RT-PCR assay system. In 2000 QIAGEN launched the RNampliFire Kit for amplification of RNA. This kit uses NASBA® technology, for which the Company acquired a non-exclusive license from Organon Teknika.

Transfection. The Company has obtained exclusive licenses for several patented technologies for high-efficiency transfection of DNA into cultured eukaryotic cells. Transfection is the process by which foreign DNA is transferred into living cells. The efficiency of the transfection process is heavily dependent upon the purity of the DNA, the nature of the cells, and the type of transfection reagent used, and poor transfection efficiencies can result in weeks of wasted time. The novel activated dendrimer technology licensed to QIAGEN is employed in the Company's PolyFect® and SuperFect® Transfection Reagents. The Company's third transfection reagent, Effectene™, is based on a novel lipid formulation technology licensed exclusively to QIAGEN. All reagents provide increased transfection efficiency in many cell types compared to traditional transfection methods and decrease the amount of cell death during the transfection process. With these two transfection technologies, QIAGEN believes it addresses the needs of researchers transfecting a wide range of cell types.

Metal Chelate Affinity Chromatography. QIAGEN has obtained an exclusive license for a patented affinity purification system for recombinant proteins, which allows rapid one-step purification of proteins labeled with a specific affinity "tag." QIAGEN's proprietary *metal chelate affinity chromatography system* uses a patented high affinity chelating ligand (the NTA ligand), which provides highly efficient detection and purification of specific recombinant proteins carrying an affinity tag. These tagged recombinant proteins can be produced with the Company's proprietary bacterial expression system or any other expression system. QIAGEN believes that the high affinity of its NTA ligand provides significant advantages over other metal chelate systems in terms of purity, speed and convenience. QIAGEN has developed additional NTA metal chelate affinity systems for color-based detection of specific recombinant proteins, and for directional immobilization of antigens onto solid surfaces for screening purposes. QIAGEN employs this technology in its line of QIA*express* products.

Masscode Systems. Through the acquisition of Rapigene, Inc. (now QIAGEN Genomics, Inc.), QIAGEN has acquired the patents to Masscode Cleavable Mass Spectrometry Tag technology. This is the first new DNA tagging technology since the discovery of four-color fluorescence. Unlike fluorescence, which is limited to 4–8 analyses at a time, Masscode tags are capable of providing hundreds of simultaneous measurements. In the field of genomic analysis, use of Masscode technology coupled with a standard single-quadrupole mass spectrometer allows over 40,000 measurements to be made per day per instrument. This technology provides highly reliable, reproducible, and cost efficient SNP genotyping, at what QIAGEN believes to be an unmatched speed and quality. The technology is validated and offered world-wide as a service by QIAGEN Genomics, Inc. to leading pharmaceutical, agricultural, and genomics companies, as well as academic centers. In addition, QIAGEN Genomics, Inc. has built a range of enabling technologies that can create further powerful packages in combination with certain of QIAGEN's products. These include innovative, enabling technologies that increase the efficiency of handling of

nucleic acid microarrays, also known as biochips, and technologies that dramatically improve and control the hybridization reactions incorporated in many types of DNA assays including biochips.

Synthetic DNA. Through the acquisition of Operon Technologies, Inc. in June, 2000, QIAGEN has acquired a technology platform for massive parallel, high-throughput DNA synthesis which offers significant advantages for primer and probe synthesis as well as “longmer” synthetic nucleic acids of up to 100 bases that can be used for construction of synthetic DNA genes, full length genes, or enhanced DNA microarray tools. Based on a better binding affinity, Operon’s high-throughput synthesis technology platform allows the manufacture of synthetic nucleic acids at unparalleled speed, cost, and quality. The capacity of the Alameda, California manufacturing site is projected to further increase and by the end of 2001 to reach an output of about 100,000 synthetic nucleic acids per day. A further production site in Germany with an additional capacity of 10,000 synthetic nucleic acids per day will be finished in April 2001.

3. QIAGEN's Products

QIAGEN offers over 300 products, which include a broad range of consumables as well as instruments and services, for a variety of applications in the separation, purification, and subsequent use of nucleic acids. These products enable QIAGEN's customers to efficiently pursue their research and commercial goals that require the use of nucleic acids. Major applications for the Company's consumable products are plasmid DNA purification, DNA transfection, RNA purification, genomic and viral nucleic acid purification (principally for PCR), PCR amplification, reverse transcription, and DNA cleanup after PCR and sequencing. QIAGEN offers most of these products in kit form to maximize customer convenience and reduce user error. These kits contain QIAGEN's proprietary disposable separation and purification devices and/or other proprietary technologies, all necessary reagents and buffers, and a technical handbook that includes a detailed protocol and background information. Each kit includes devices and reagents for a number of preparations ranging from one to one thousand. Each kit is covered by the Company's quality guarantee. QIAGEN's BioRobot® Systems perform automated nucleic acid preparation and reaction set-up, providing customers with the ability to perform high-throughput and reliable DNA sample preparation and other laboratory tasks. QIAGEN also offers customers services high-throughput SNP analysis, DNA sequencing, and non-cGMP and cGMP DNA production on a contract basis. In addition, the Company offers specialized protein purification products that complement the Company’s nucleic acid separation and purification technologies and products.

Consumable Nucleic Acid Separation and Purification Products

QIAGEN offers a wide range of consumable nucleic acid separation and purification products based on its platform of proprietary technologies. These are targeted to a number of nucleic acid purification applications and markets as set forth below.

Plasmid DNA Purification. Plasmid DNA purification is the most common and basic technique in molecular biology, encompassing a wide range of quality, throughput, and pricing needs. Plasmid DNA is a small circular piece of bacterial DNA capable of moving from one cell to another. This property, in conjunction with an ability to acquire new pieces of genetic information (recombination), makes plasmid DNA a basic prerequisite for cloning, sequencing, transfection, and many other molecular biology applications.

QIAGEN offers a wide range of products for plasmid DNA purification, each tailored to the needs of a specific application. For convenient, large-scale ultrapure plasmid preparations, the Company offers QIAfilter™ and EndoFree® Plasmid Kits, which are based on the Company's proprietary anion-exchange, filtration, and endotoxin removal technologies. In 2000, QIAGEN introduced the HiSpeed™ Plasmid Kit, which has a newly developed anion-exchange resin and tip design as well as QIAfilter™ technology for clearing cell lysates and new QIAprecipitator™ technology for recovering DNA without the need for centrifugation, making the purification procedure significantly faster. Plasmid purification kits are used in the molecular biology research, DNA sequencing, and genetic vaccination and gene therapy research markets, and range in price from $149 to $1,310 per kit. QIAGEN believes that future applications for these products will be large-scale plasmid purification for the commercial genetic vaccination research and gene therapy research markets.

QIAGEN offers a comprehensive range of products for plasmid DNA minipreparations (purification of small amounts of DNA). QIAwell® Plasmid Kits, based on the Company's anion-exchange, silica-gel–membrane, and filtration technologies, are available in 8-well and 96-well formats for high-throughput minipreparations for transfection, sequencing, and other sensitive molecular biology applications. QIAprep® Miniprep Kits, based on the Company's proprietary silica-gel–membrane and filtration technologies, are available in single column, 8-well, and 96-well formats for low- to high-throughput minipreparations for standard molecular biology applications such as sequencing, cloning, and PCR. R.E.A.L.™ Prep 96 Plasmid Kits use the Company’s filtration technology to provide fast and economical minipreparations for very high-throughput screening and sequencing projects. QIAGEN

minipreparation products range in price from $58 to $2,850 per kit. QIAGEN believes that applications for these products will expand with the development of molecular biology research, sequencing, and genomics markets.

Genomic and Viral Nucleic Acid Purification. Reliable clinical diagnostics and genetic analysis require reproducible preparation of genomic and viral nucleic acids as the templates for the PCR amplification process that frequently precedes a diagnostic procedure. For purification of these nucleic acids from starting materials such as blood, tissue, mucus, or stool, QIAGEN offers a comprehensive range of QIAamp® Kits, which use its silica-gel–membrane technology and proprietary cell lysis procedures. These products are available in both single column and 96-well formats and are used in the molecular biology and molecular diagnostic research markets. They range in price from $90 to $1,995 per kit. QIAGEN believes that future applications of these products for PCR template purification will expand significantly with the commercialization of the nucleic acid-based molecular diagnostics market and will include gene-based drug screening.

RNA Stabilization and Purification. RNA purification requires rapid and efficient removal of contaminants that can destroy fragile RNA molecules. For rapid RNA purification, QIAGEN offers the RNeasy® product line, which uses its silica-gel–membrane technology in both single column and 96-well formats. For specific purification of mRNA, QIAGEN offers Oligotex® Kits based on its proprietary technology for hybrid capture on polystyrene–latex beads. These products are used in the molecular biology and molecular diagnostic research markets and range in price from $87 to $5,020 per kit.

In 2000 QIAGEN introduced the first in a series of planned products that allow stabilization of RNA within biological samples, which is especially important for the molecular diagnostics market. RNeasy Protect Kits combine RNeasy and RNA*later*™ technologies. The latter technology, for which the Company acquired a non-exclusive license from AMBION, Inc., allows stabilization of RNA in animal cells and tissues for reliable gene-expression and gene-profiling analysis. RNA*later* RNA Stabilization Reagent was also launched as a separate product for sample stabilization, and can be used in conjunction with all RNA purification kits available from QIAGEN. These new products are used in the molecular biology and molecular diagnostic research markets and range in price from $45 to $914 per kit. QIAGEN believes that applications for its RNA stabilization and purification products will expand significantly as the molecular diagnostics market adopts nucleic acid-based testing.

DNA Cleanup. DNA cleanup products are used to remove reagents and contaminants, such as primers, nucleotides, and enzymes, from DNA fragments amplified by PCR or modified by other enzymatic reactions before they are used in cloning, sequencing, microarray analysis, or other downstream applications. QIAGEN offers a range of QIAquick® and QIAEX® Kits in single column, 8-well, and 96-well formats for specific cleanup applications. In 2000, QIAGEN launched a new range of cleanup kits, MinElute™ Kits, which use a new spin-column design developed at QIAGEN to allow elution of DNA fragments in a much lower volume than previously possible. MinElute, QIAquick, and QIAEX Kits are based on QIAGEN's silica-gel technology and are used in the molecular biology research, DNA sequencing, and molecular diagnostic research markets. These kits range in price from $70 to $580 per kit. QIAGEN also offers DyeEx™ Kits — available in single column and 96-well formats — for cleanup of sequencing samples prior to analysis. These kits are used in the molecular biology research and DNA sequencing markets, and range in price from $105 to $1450 per kit. QIAGEN believes that applications for its DNA cleanup products will expand as the microarray, DNA sequencing and molecular diagnostics markets continue to develop.

Consumable Enzymes and Reagents

PCR and RT Enzymes and Reagents. PCR has become a widely used tool for amplification of nucleic acids in molecular biology, making them easier to detect. As a result, a profitable new market segment has developed for companies licensed to sell products covered by PCR-related patents. In November 1995, the Company acquired a non-exclusive license from Hoffmann-La Roche for the use, production, and sale of enzymes and reagents required for PCR in the research market. This license allows QIAGEN to market kits that include its existing products for pre-PCR sample preparation and post-PCR DNA cleanup bundled with PCR enzymes and reagents. QIAGEN launched its first two PCR products in November 1996 and has followed this with a range of additional kits for standard and specialized PCR applications, ranging in price from $100 to $1,600 per kit. The Company believes it is well situated to penetrate the rapidly growing PCR research market by capitalizing on its leadership position in sample preparation and its reputation for innovative and high quality products. The PCR license therefore allows the Company to offer customers in the research market a fully integrated solution to their nucleic acid purification and amplification needs. QIAGEN has also recently entered the reverse transcription (RT) market. RT is the process by which RNA is transcribed into DNA for subsequent analysis, most frequently PCR analysis. QIAGEN offers a line of enzymes and kits for RT and RT-PCR, including a new one-step RT-PCR kit launched in 2000, which range in price from $40 to $599 per kit. In 2000 QIAGEN also launched the RNampliFire Kit for amplification of RNA. This kit uses NASBA® technology, for which the Company acquired a non-exclusive license from Organon Teknika. The kit costs $620. The

Company believes there is significant potential for these products in molecular biology research and molecular diagnostics markets.

DNA Transfection Reagents. QIAGEN identified a new product opportunity in the transfection of plasmid DNA into mammalian cells, which is currently the major application for ultrapure plasmid DNA purified with QIAGEN products. The Company has obtained exclusive licenses for several innovative reagents for efficient transfection. QIAGEN currently offers three transfection reagents, one of which was launched in 2000, and is developing further products to address the needs of specific market segments. QIAGEN Transfection Reagents are priced in the range of $99 to $689 per kit, with bulk quantities of each reagent also available. QIAGEN transfection reagents can be bundled with its existing plasmid purification products for molecular biology and gene therapy research markets. See (Other Technologies, Transfection.).

Instrumentation

Both academic and industrial research laboratories are actively seeking automation of routine procedures to free scientists and technicians for more sophisticated tasks, eliminate human error, and increase throughput. This demand for automation is being fueled by the DNA sequencing market, the Human Genome Project and other genome projects, gene-based drug screening, and nucleic acid-based molecular diagnostics, all of which require tremendous numbers of routine nucleic acid sample preparations and enzymatic reactions. In response to this market demand, QIAGEN offers the BioRobot® product line. The QIAGEN BioRobot 9600 is a benchtop workstation specifically designed to automate routine liquid-handling tasks as well as nucleic acid and protein purification, complete with pre-programmed software for automation of many QIAGEN purification procedures, such as QIAwell, QIAprep, R.E.A.L., and QIAquick. The current list price of a BioRobot 9600 is $67,800. The BioRobot 9600 is used in the molecular biology research, molecular diagnostic research, and DNA sequencing markets. The second instrument introduced, the BioRobot 9604, targets nucleic acid sample preparation and handling tasks in molecular diagnostics laboratories, blood banks, and forensic projects. Nucleic acid samples purified on the BioRobot 9604 are ready for use in the demanding and sensitive downstream assays performed in molecular diagnostic, pharmaceutical, and research applications. The current list price of the BioRobot 9604 is $90,700. In August 1999, the Company introduced the QIAGEN BioRobot 3000. The BioRobot 3000 offers a completely flexible approach to automation, with each instrument being tailor-made to the individual laboratory's application needs. The BioRobot 3000 is used in molecular biology research, molecular diagnostic research, sequencing, and genomics markets. Since the BioRobot 3000 is a custom instrument, the price depends on what components are installed and what base model is selected. The base prices, without any added components are $41,200 for a 2-probe 90 cm system, $47,000 for a 4-probe 90 cm system, $52,700 for the 4-probe 120 cm system and $64,100 for the 4-probe 200 cm system.

In 2000, QIAGEN introduced the BioRobot 8000. The BioRobot 8000 allows high-throughput, walk-away purification of nucleic acids. The fully automated capability is provided by new technologies, such as an automated vacuum system, automated identification and tracking of buffer bottles, and a fast and accurate liquid and robotic handling system. The BioRobot 8000 is designed for routine handling of 384-well formats, and is used by laboratories at the leading edge of genomics and other molecular biology fields. The list price for a BioRobot 8000 is $100,000.

All BioRobots use QIAsoft™ software, which provides user friendly point-and-click control. New software and hardware upgrades are continuously being developed to improve the speed and performance of the BioRobot series and to expand the range of potential applications.

The BioRobot product line gives QIAGEN a strategic opportunity to establish a large installed instrumentation base, thereby promoting recurring sales of QIAGEN's consumable products. Each installed instrument generates additional annual consumable sales of approximately $22,800 to $64,800. QIAGEN provides several consumable products for use with BioRobots, with two new kits introduced in 2000, based on existing QIAamp, RNeasy, and protein purification kits. The Company believes future markets for these instruments will include the molecular diagnostic and genomics markets.

In addition to the BioRobot Product line, QIAGEN also offers liquid handling instrumentation products that are not coupled with nucleic acid purification uses to OEM customers. This allows QIAGEN to spread the cost of designing and manufacturing the instrumentation products over a larger unit volume.

Instrumentation products account for slightly below 15 percent of total consolidated net sales.

Contract Services

QIAGEN offers contract services for non-cGMP DNA production, SNP analysis services, and DNA sequencing as an additional way to market its products, and to expand and promote its technologies. All services are provided with full project consultation and support from experienced technical staff.

Plasmid DNA Contract Manufacturing Service. Most customers who require the ultrapure DNA provided by QIAGEN products are not equipped to produce it in the large amounts necessary for their pre-clinical and clinical studies. QIAGEN offers these customers contract DNA production under non-cGMP conditions and using its proprietary technology for ultrapure DNA purification and endotoxin removal, suitable for all preclinical research, gene therapy research, and genetic vaccination research projects.

cGMP-grade plasmid DNA is required by the FDA and other regulatory agencies for any application involving use in humans. QIAGEN joined an alliance with Valentis Inc. and DSM Biologics in 1999 to further strengthen what is considered the world's leading consortium for manufacturing and supplying customers with contract manufacturing of ultrapure, stable DNA plasmids and formulated cGMP-grade DNA at any scale, from preclinical toxicology studies to commercial products. This alliance provides a quality and scale of cGMP-grade plasmid DNA production that the Company believes is unsurpassed by any other supplier. Customers may include companies or institutions working in the gene therapy and genetic vaccination fields. QIAGEN shares in revenues and profits from this alliance. Valentis Inc. (resulting from the merger of Megabios Corp. and GeneMedicine, Inc.) is a leader in the field of gene medicines. The Company develops proprietary gene delivery systems and applies its preclinical and early clinical development expertise to create gene-based products. DSM Biologics, a unit of DSM Fine Chemicals, is a leading development and manufacturing company of intermediates and active pharmaceutical ingredients for the pharmaceutical industry. The Company focuses on the development and manufacturing of vaccines, non-viral gene therapies, antibodies, and proteins, with production sites in Groningen, The Netherlands and Montreal, Quebec, Canada.

SNP analysis and sequencing services. QIAGEN Genomics, Inc. (formerly Rapigene, Inc.) offers high-throughput single nucleotide polymorphism (SNP) genotyping, SNP validation services, and products based on its Masscode® technology. This proprietary technology represents a new dimension in screening of genetic variations (SNPs) between individuals. Masscode technology is the first new DNA tagging technology since the discovery of four-color fluorescence. Unlike fluorescence, which is limited to 4–8 analyses at a time, Masscode tags are capable of providing hundreds of simultaneous measurements. In the field of genomic analysis, use of Masscode technology coupled with a standard single-quadrupole mass spectrometer allows over 40,000 measurements to be made per day per instrument. This technology provides highly reliable, reproducible, and cost-efficient SNP genotyping, at what QIAGEN believes to be an unmatched speed and quality. Furthermore, this technology platform has tremendous headroom for next generation developments. The technology is validated and currently offered world-wide as a service by QIAGEN Genomics, Inc. to leading pharmaceutical, agricultural, and genomics companies, as well as academic centers. QIAGEN Genomics, Inc. also offers SNP discovery, DNA extraction, and DNA quantitation services.

In 2000, QIAGEN Genomics, Inc. formed an alliance with Genomics Collaborative, Inc., a company that has built a state-of-the-art repository of human DNA, tissue, and serum samples linked to detailed medical and demographic data from selected populations. This alliance offers an integrated solution combining Genomics Collaborative, Inc.'s sample repository and database services with QIAGEN Genomics' SNP genotyping services. In January, 2001 QIAGEN Genomics, Inc. extended its collaboration with Genomics Collaborative, Inc. and in addition formed two further agreements with Agilent Technologies, Inc. and Daiichi Pure Chemicals, Co. Ltd., as well as a research agreement with the University of Washington to develop further high-throughput genomic analysis for applications in areas including services and drug discovery.

QIAGEN Genomics also offers medium- to high-throughput sequencing services, which use QIAGEN's proprietary DNA purification and automation technologies as well as state-of-the-art, high-throughput, automated sequencing technologies. The current capacity is >700 Mb of raw data per year, and further expansion is planned for 2001. QIAGEN has already contributed to several commercial and public large-scale sequencing projects, including several eukaryotic, viral, and bacterial genome projects, as well as the full-length human cDNA project. QIAGEN also provides a bioinformatics system, ConSequence™, for analysis of DNA sequences.

QIAGEN's contract services, which account for less than ten percent of total consolidated net sales, are currently provided to the molecular biology research market for genetic vaccination, gene therapy, and pre-clinical trials, SNP genotyping, and DNA sequencing. The Company expects future markets for these services to be expanded to include molecular diagnostics and genomics.

Oligonucleotide Synthesis, Microarray Products, and Custom Gene Synthesis

Operon (Operon Technologies, Inc. and Operon GmbH) is a recognized leader in the area of high-end and added-value synthetic DNA. Operon provides custom DNA synthesis of oligonucleotides using a revolutionary high-throughput synthesis platform. A large number of oligonucleotide-modification options are available. Operon also provides a range of arrayable oligonucleotide sets for the genome of several species, including human, yeast (*Saccharomyces cerevisiae*), tuberculosis (*Mycobacterium tuberculosis*), malaria (*Plasmodium falciparum*), and mouse, with more sets planned for release. In addition, Operon provides sets of arrayed oligonucleotides containing a collage of human or yeast genes, as well as arrays containing genes expressed in specific human conditions, such as stress and aging. Operon can also provide custom arrays of oligonucleotides or other DNA fragments. Operon additionally provides a custom gene synthesis service for the manufacturing of genes for pharmaceutical and biotechnology applications.

Operon's leading US technology and market position in high-quality, high-precision, and high-throughput synthetic nucleic acids, as well as opportunities for new and powerful joint products, is expected to allow significant expansion into the dynamic areas of today's genomics and genetic analysis markets.

Recombinant Protein Purification Products

Purification of recombinant proteins is a necessary step in most molecular biology research projects, and is therefore performed by most of QIAGEN's customer base. QIAGEN offers its customers the QIA*express*® products, which use a unique purification technology based on metal chelate affinity chromatography on Ni-NTA resin for one-step purification of recombinant proteins. The QIA*express* line also includes products for protein expression and a proprietary protein detection system based on metal chelate affinity technology. Several new products were introduced in 2000, including new vectors for expression of recombinant proteins as well as new antibodies for their detection. QIA*express* products are used in the molecular biology and molecular diagnostic research markets, and cost between $75 and $3,100. QIAGEN believes that applications for these products will expand with growth in the genomics and proteomics markets.

4. Product Development

QIAGEN's product development efforts are focused on expanding its existing products and developing innovative new products in selected areas where it has expertise and has identified substantial unmet market needs. The consumables and instrumentation product development team, located in Germany, is overseen by a Vice President of Research and Corporate Development and a Vice President of Molecular Diagnostics, and consists of 17 project managers, four business unit managers and 209 research staff members, 76 of whom have Ph.D.'s. Each project manager has responsibility for understanding and monitoring customer needs, marketing and updating existing products and developing ideas for new products. Research and product development activities related to synthetic DNA and SNP analyses are conducted primarily in the U.S. at the Company's Alameda, California and Bothell, Washington facilities, respectively. Research and product development activities related to synthetic DNA are conducted by 11 research staff members, five of who have Ph.D's, and who are overseen by three product managers. The team that oversees the research and development activities related to technologies and services for SNP analyses and other genomic applications includes three business development directors (two are Ph.D's), nine managers (two Ph.D's and one MD), and nineteen research and development staff members.

The Company's total research and development expenses were approximately $22.2 million, $17.8 million, and $13.4 million in fiscal years 2000, 1999, and 1998. See "Operating Financial Review and Prospects".

QIAGEN has focused its product development efforts in the following key areas:

Consumables

QIAGEN intends to maintain its technology leadership position through investments in product improvements, product extensions, and innovative new approaches. Recent examples of its efforts include the introduction of a new range of products for reverse transcription (RT)-PCR, amplification of RNA, stabilization of RNA

in biological samples, and high-speed isolation of plasmid DNA, as well as new automated protocols for DNA and RNA isolation from clinical samples using the Company's QIAamp and RNeasy technologies.

Instrumentation

QIAGEN launched its BioRobot 9600 as a technology platform for automation of its nucleic acid separation and purification consumable products. A new version of the BioRobot, the BioRobot 9604, targeting the special needs of the molecular diagnostics market was introduced in August 1998. The range of applications that can be performed on the BioRobot 9604 has expanded rapidly since its launch and the BioRobot 9604 now automates purification of DNA and RNA from a range of clinical sample sources. In August 1999, QIAGEN introduced the third in its BioRobot series of workstations — the BioRobot 3000. The BioRobot 3000 offers a completely flexible approach to molecular biology automation, with each instrument being tailor-made to a laboratory's particular application needs. In 2000, QIAGEN introduced the BioRobot 8000, which allows high-throughput, walk-away purification of nucleic acids. The fully automated capability is provided by new technologies, such as an automated vacuum system, automated identification and tracking of buffer bottles, and a fast and accurate liquid and robotic handling system. The BioRobot 8000 is designed for routine handling of 384-well formats, and is used by laboratories at the leading edge of genomics and other molecular biology fields. QIAGEN believes that improvements in its instrumentation will strengthen its leadership position in the automation of nucleic acid-based applications and generate an increased demand for its consumable products.

Genomics

As the genomics and drug discovery market expands, there is an increased need for efficient methods to prepare and analyze samples. As this market is often defined by the request for integrated solutions, QIAGEN has leveraged its nucleic acid handling, extraction and purification expertise by entering into a number of transactions and agreements that include:

In 2000, QIAGEN acquired Operon Technologies, Inc., a technology leader in the area of massive parallel high-throughput synthesis of nucleic acids, as well as in the area of tools building on synthetic DNA expertise, such as synthetic genes and microarrays tools. Operon Technologies, Inc. launched its first microarray product for the entire malaria genome (*Plasmodium falciparum* genome) in August 2000, and its first microarray product for the entire mouse genome in early 2001.

In 1999, QIAGEN acquired Rapigene, Inc. (now QIAGEN Genomics, Inc.), a technology leader in high-throughput genomic analysis. Proprietary Masscode technology represents a new dimension in the screening of single nucleotide polymorphisms (SNPs) — the genetic variations between individuals. In 2000, QIAGEN Genomics, Inc. formed an alliance with Genomics Collaborative, Inc., a company that has built a state-of-the-art repository of human DNA, tissue, and serum samples linked to detailed medical and demographic data from selected populations. This alliance offers an integrated solution combining Genomics Collaborative, Inc.'s sample repository and database services with QIAGEN Genomics' SNP genotyping services. In January, 2001 QIAGEN Genomics, Inc. extended its collaboration with Genomics Collaborative, Inc. and in addition formed two further agreements with Agilent Technologies, Inc. and Daiichi Pure Chemicals, Co. Ltd., as well as a research agreement with the University of Washington to develop further high-throughput genomic analysis for applications in areas including services and drug discovery.

In November 2000, QIAGEN entered into a strategic alliance with Luminex LabMAP™ Detection Technology to develop a broad range of consumable kits and assays for basic research and drug discovery applications based on Luminex's proprietary LabMAP™ technology. QIAGEN will distribute these new assay detection products as a complementation of its nucleic acid consumable kits and assays for the research and biopharmaceutical community, especially in the field of genomics-driven assay development and drug discovery. The Company expects to launch its first line of reagents and assay kits based on the Luminex technology in late 2001.

In January 2000, QIAGEN announced that it had entered into a worldwide, multi-year collaborative agreement with Zeptosens AG to develop integrated, multi-analyte detection systems for applications in areas including functional genomics, toxicology, and pharmacogenomics. The alliance intends to build on the powerful combination of Zeptosens' proprietary and innovative planar waveguide (PWG) platform detection technology, Zeptosens' surface chemistry and assay architecture know-how, and QIAGEN's proprietary instrumentation and consumable technologies for nucleic acid handling, purification, and preparation. The Company expects to launch its first product in late 2001.

In 1999, QIAGEN also formed several strategic alliances with key genomics companies to develop and commercialize new technologies for high-throughput nucleic acid analysis. A joint venture with EVOTEC aims to

develop high-throughput nucleic acid purification and detection systems by combining QIAGEN's expertise and proprietary technologies in nucleic acid sample handling with EVOTEC's proprietary technologies for ultra high-throughput screening and single molecule interaction detection.

QIAGEN has also entered into an agreement with Affymetrix to develop and commercialize products for sample handling and nucleic acid preparation for RNA based expression profiling experiments performed on Affymetrix' GeneChip® arrays. The agreement expands on the general recommendation that Affymetrix has been making for the use of certain QIAGEN products in expression monitoring protocols provided to Affymetrix GeneChip array customers. Affymetrix' GeneChip technology is currently used by researchers to acquire, interpret, and manage complex genetic information from applications including sequence analysis, genotyping, and gene expression monitoring.

Through these collaborations, QIAGEN is aiming to develop seamlessly integrated, broad-end technology platforms, which will provide complete nucleic acid analysis solutions to customers in high-throughput genomics markets.

Genetic Vaccination and Gene Therapy

The commercialization of gene therapy and genetic vaccination for human use will require significant quantities of ultrapure DNA, which must be endotoxin-free in order to comply with FDA and other regulatory requirements. In response to this need, QIAGEN is developing new resins and modifying its existing purification technology to allow for a significant improvement in the efficiency of production of very large amounts of ultrapure cGMP-grade DNA.

QIAGEN believes that genetic vaccination will be a commercial market before gene therapy. The Company is working with leading researchers using QIAGEN-purified DNA to test the feasibility of genetic vaccination in veterinary applications.

Nucleic Acid-Based Molecular Diagnostics

The development of nucleic acid-based molecular diagnostics depends on the availability of nucleic acid purification technologies that can provide high-throughput sample processing without cross-contamination or carryover between samples. QIAGEN is developing modifications to its existing QIAamp product line to increase throughput further, to reduce cross-contamination and carryover, and to expand automation possibilities for genomic and viral nucleic acid purification. The Company also has dedicated research capacities applying technologies including cationic detergents in the field of stabilization and purification of nucleic acids.

In 1999 QIAGEN formed PreAnalytiX, a joint venture with Becton, Dickinson and Company (BD) to develop, manufacture, and market integrated systems for collecting, stabilizing, and purifying nucleic acids for molecular diagnostic testing. The venture combines BD's leadership in sample collection and QIAGEN's leadership in nucleic acid stabilization and purification. QIAGEN believes that the synergy between BD and QIAGEN will enable PreAnalytiX to develop unique preanalytical solutions that will benefit the entire molecular diagnostics industry. The Company expects that PreAnalytiX will launch its first product (RNA stabilization in blood samples) in April 2001, and its second product (nucleic acid stabilization in tissue samples) in late 2001.

5. Principal Markets

From its inception, QIAGEN has believed that nucleic acids would play an increasingly important role in molecular biology and that major new commercial uses of nucleic acids would be developed. QIAGEN has been supplying researchers with proprietary products for the separation and purification of nucleic acids since 1986. Customers include major academic institutions and governmental laboratories such as the United States National Institutes of Health (NIH), as well as leading pharmaceutical and biotechnology companies. In addition, fundamental developments in recent years have created significant new opportunities for QIAGEN in the emerging markets of genomics, nucleic acid-based molecular diagnostics, and genetic vaccination and gene therapy. In response to these opportunities, the Company is currently targeting its products and marketing activities to each of these markets.

Research Market

The worldwide research market for nucleic acid separation and purification products is comprised of an estimated 40,000 academic and industrial research laboratories with more than 150,000 researchers from leading academic institutes, biotechnology companies and pharmaceutical companies. Subsegments of this market include the research markets for DNA sequencing, nucleic acid-based molecular diagnostics, and genetic vaccination and

gene therapy. A substantial portion of this market continues to utilize traditional, labor intensive methods for nucleic acid separation and purification, and QIAGEN estimates that 30% of all molecular biology research time is spent on such processes. QIAGEN recognized early on the opportunity to replace the traditional methods with reliable, fast, and high-quality nucleic acid separation and purification technologies and products. The Company concentrated its product development and marketing efforts on this market and now offers in excess of more than 300 nucleic acid separation and purification products to customers. The Company also offers innovative protein expression and purification products to these customers. The Company believes that it is the technology leader in this growing research market and that it is well-positioned to increase sales and expand its share of the research market as laboratories continue to convert from traditional methods to QIAGEN products. Based on estimates of the number of sample preparations being performed each year, QIAGEN believes that the current worldwide research market for its nucleic acid purification products exceeds $660 million. In addition, QIAGEN believes that an additional $240 million is spent annually in this market on PCR enzymes and reagents. The Company has expanded its product base for PCR amplification, reverse transcription and continues to develop products for the PCR-related market segment. In 1997, QIAGEN acquired a non-exclusive license from Organon Teknika for NASBA® technology, which allows amplification of RNA. The first product incorporating this technology was launched in 2000.

Genomics Market

QIAGEN believes the genomics market offers a significant growth opportunity for the Company's consumable and instrumentation products. This developing market is characterized by its need for large numbers of ultrapure nucleic acid samples as well as for efficient protein expression and purification for functional analysis. In particular, high-throughput sequencing is both costly and highly dependent on DNA purity for the quality of results. QIAGEN's consumable and instrumentation products provide for both reliable and fast preparation of ultrapure DNA samples. The combination of QIAGEN's DNA sample preparation products with BioRobot automation systems gives the Company a strong competitive position in this market.

In June 2000, the company acquired Operon Technologies Inc., a technical leader in the area of high-end and added-value synthetic DNA, as well as in the area of tools building on synthetic DNA expertise, such as synthetic genes and DNA microarray tools. Synthetic nucleic acids have become one of the fastest growing areas of nucleic acid research, with applications in genomics and molecular diagnostics. These market segments use enabling technologies and methods, such as DNA sequencing, gene chips and DNA microarrays, SNP analysis, synthetic genes, and labeled probes for detection, all of which rely on availability of synthetic nucleic acids. Synthetic nucleic acids are used in the analysis of nucleic acids purified from natural sources, and therefore are highly synergistic with QIAGEN's products and technologies for nucleic acid separation, purification, and handling as both product offerings address to a very significant extent the same customers.

In 1999, the Company acquired Rapigene (now QIAGEN Genomics, Inc.), a technology leader in innovative enabling technologies for commercial high-throughput single nucleotide polymorphism (SNP) analysis and other genomic applications. In 2000, QIAGEN Genomics, Inc. formed an alliance with Genomics Collaborative, Inc., a company that has built a state-of-the-art repository of human DNA, tissue and serum samples linked to detailed medical and demographic data from selected populations. This alliance offers an integrated solution combining Genomics Collaborative, Inc.'s sample repository and database services with QIAGEN Genomics' SNP genotyping services. For QIAGEN this cooperation is a significant step in the rapidly growing field of gene-based drug discovery and diagnostic development. In January 2001, QIAGEN Genomics, Inc. extended its collaboration with Genomics Collaborative, Inc., and in addition formed a technology access and purchase agreement with Daiichi Pure Chemicals, Co. Ltd. and an exclusive value-added reseller agreement with Agilent Technologies, Inc. This gives QIAGEN Genomics, Inc. a strong competitive position in the market of high-throughput SNP genotyping.

In 1999, QIAGEN also formed strategic alliances with several key commercial genomics companies to develop and commercialize new products for high-throughput nucleic acid analysis. By combining QIAGEN's proprietary nucleic acid purification technologies with leading proprietary technologies from EVOTEC, Zeptosens and Luminex, QIAGEN believes it will be able to provide high-throughput genomics customers with complete, integrated solutions that address their needs. In addition, enabling technology providers such as Affymetrix, Inc. and others have chosen to optimize their platforms for use with QIAGEN technologies.

Participants in the genomics market include academic research laboratories, numerous major biotechnology and pharmaceutical companies which have research and/or drug development programs based on DNA sequencing and gene-based drug screening, as well as smaller companies with genomics and other DNA sequencing-related businesses. One of the major efforts over the past few years in this area has been the Human Genome Project, with an estimated cost exceeding $3 billion. This project involves several hundred laboratories worldwide, working to sequence the approximately 3-billion nucleotide bases that comprise the human genome and to identify all of the functional genes contained therein. Other discovery targets include animal, plant, viral, microbial, and other genomes.

QIAGEN believes that the functional analysis, which is performed subsequently to the discovery of the functional genes, adds a significant, high value market opportunity that is larger than the market for QIAGEN's products in the gene discovery phase.

Nucleic Acid-Based Molecular Diagnostics Market

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

The success of nucleic acid-based molecular diagnostics will depend on its ability to be performed using purified nucleic acid samples drawn from a variety of specimens, including blood, tissue, mucus and stool, and to be automated so that hundreds of samples can be handled concurrently. Other key factors will be the convenience, versatility, and reliability of the nucleic acid separation and purification procedures. The QIAGEN BioRobot series has been developed to handle high-throughput nucleic acid sample preparation and handling tasks in molecular biology laboratories, clinical laboratories, blood banks, forensic projects, and genomics projects. Nucleic acid samples purified on the BioRobot 9604 are ready for use in the demanding and sensitive downstream assays performed in molecular diagnostic applications. In order to broadly address the market for nucleic acid preparation in molecular diagnostics, the Company anticipates entering into partnerships or other agreements with established companies in the molecular diagnostics market. Possible arrangements could include the supply by QIAGEN of its nucleic acid sample preparation products for inclusion in the diagnostic kits sold by diagnostic companies in their markets.

In November 1996, the Company acquired a technology platform for DNA and RNA purification and stabilization of samples such as clinical specimens using cationic detergents from the Iowa Biotechnology Corporation and the University of Iowa. In the transaction, QIAGEN received an assignment of rights to issued patents and pending patent applications covering the technology. DNA and RNA purification is a key procedure in molecular biology research and nucleic acid-based molecular diagnostics. RNA-based diagnostics require the availability of intact RNA, which rapidly degrades in the absence of a protective agent. Cationic detergents stabilize samples, thus increasing the reliability and potential of nucleic acid-based molecular diagnostics, in particular assays based on RNA. Cationic detergent technology also allows for efficient purification of nucleic acids and is nonhazardous. The Company believes that this acquired technology portfolio will enhance QIAGEN's technology base for some of its sample preparation applications and will provide a method for the stabilization of clinical samples. QIAGEN believes that it will be able to market this purification and stabilization technology in the blood banking and infectious disease diagnostic markets.

In 2000, QIAGEN acquired a non-exclusive license from AMBION, Inc. for RNA*later* technology, which allows stabilization of RNA in animal cells and tissues for reliable gene-expression and gene-profiling analysis. This technology is used in a new product range, the first products of which were launched in 2000. Stabilization of RNA within biological samples is especially important for the molecular diagnostics research market.

In August 1999, QIAGEN formed PreAnalytiX, a joint venture with Becton, Dickinson and Company to develop, manufacture, and market integrated systems for collecting, stabilizing, and purifying nucleic acids for molecular diagnostic testing. Through this venture, QIAGEN will be working toward providing clinical laboratories with the standardized, reliable procedures they need for sample collection, stabilization and preparation.

In August 1999, QIAGEN's QIAamp Viral RNA purification technology received approval from the German regulatory authority Paul Ehrlich Institute for sample preparation in hepatitis C virus (HCV) RNA screening of donated blood. This validation is an important breakthrough for QIAGEN in routine molecular diagnostic screening.

In June 1999 QIAGEN announced its intent to enter into a three-year supply agreement with Visible Genetics Inc. (VGI). Under the terms of the agreement, QIAGEN will supply VGI with certain proprietary nucleic acid sample preparation products from QIAGEN's QIAamp product line. VGI intends to market such QIAamp products, in combination with a QIAGEN-developed extension for ultra-low level HIV genotyping, under the name TruPrep™ for use with VGI's HIV TruGene™ HIV genotyping product.

In October 1998, QIAGEN announced that it had entered into a five-year supply agreement with Abbott Laboratories, Inc. According to the agreement, QIAGEN will supply Abbott with various proprietary nucleic acid sample purification and preparation products, to be marketed by Abbott—after successful adaptation and validation of the combined solution—for use with Abbott's LCx probe-based diagnostic system. QIAGEN will retain the rights to market these technologies in all other formats.

Genetic Vaccination and Gene Therapy Market

QIAGEN believes that the potential use of nucleic acids as vaccines or drugs represents the largest untapped market for nucleic acid separation and purification products. The worldwide effort underway to discover all the genes within the human genome may result in the identification of genes and gene mutations that are responsible for many common diseases and conditions, such as cancer, coronary artery disease, asthma, and obesity. Scientists believe that these discoveries may lead to the development of a new generation of drugs, based either on the delivery of non-mutated genes to prevent or cure disease, or on the development of therapeutics which can mimic the biological functions of genes. A further application, which may emerge from ongoing gene research, is the development of genetic vaccination. Studies suggest that vaccination against diseases may be more effective using nucleic acid fragments from the disease-causing organisms rather than conventional vaccination approaches using recombinant proteins or the inactivated infectious agent. The commercialization of these drugs and vaccines will depend on the availability of large-scale production of ultrapure nucleic acids. Through its alliance with DSM Biologics and Valentis, QIAGEN provides contract manufacture 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 this market once genetic vaccination and gene therapy products become commercially available.

6. Revenue Breakdown by Geographical Market

Sales in the Company's various markets are subject to risks inherent in international business activities, including, in particular, general economic conditions in each such country, overlapping of differing tax structures, managing an organization spread over various jurisdictions, unexpected changes in regulatory requirements, complying with a variety of foreign laws and regulations, and longer accounts receivables payment cycles in certain countries. Other risks associated with international operations in general include import and export licensing requirements, trade restrictions and changes in tariff and freight rates. The table below sets forth total revenue during the past three fiscal years by geographical market. Net sales are attributed to countries based on the location of the Company's subsidiary as certain subsidiaries have international distribution.

Net Sales	**2000**	1999	1998
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

* Includes Net Sales to affiliates
** Other Countries include Canada, France, Australia, and Italy.

7. Marketing Channels

QIAGEN markets its products in more than 40 countries throughout the world. The Company has established subsidiaries in the markets which it believes have the greatest sales potential, including the United States, Germany, the United Kingdom, Switzerland, France, Japan, Australia, and Canada.

QIAGEN has established a network of highly experienced marketing staff and employs a dedicated field sales force of over 300 people, who sell its products and provide direct support to customers. A significant number of QIAGEN's marketing and sales staff are experienced scientists with academic degrees in molecular biology or related areas. QIAGEN also has specialized independent distributors serving more than 32 countries.

In October 1999, QIAGEN announced that it had formed a strategic alliance with SciQuest.com. This alliance combines the market leading products offerings of prominent companies supplying the life science industry into SciQuest.com's comprehensive electronic marketplace services for scientific and laboratory products. SciQuest.com will serve as the sole third-party provider of electronic marketplace services in the United States for QIAGEN.

QIAGEN's marketing strategy is focused on maintaining its reputation as a provider of innovative, high quality products that offer customers unique advantages. QIAGEN has developed a range of marketing tools designed to provide customers with direct access to technical support on a frequent basis, as well as to enhance the Company's reputation for technical excellence, high-quality products, and commitment to customer service. Frequent communication with customers enables the Company to identify market needs, to gain early insight into new developments and business opportunities, and to respond with new products. QIAGEN's marketing tools include:

Customer Hotlines. All of the Company's product literature prominently displays a technical service hotline number, offering customers the opportunity to discuss a wide range of technical questions regarding the Company's products and related molecular biology procedures. Ph.D. and M.Sc. scientists, who provide this advice and training without charge to either existing or potential customers, man these telephone lines. While primarily a customer service and marketing tool, the hotline provides QIAGEN with important customer and market feedback. Worldwide, QIAGEN's technical hotline personnel answer, on average, over 400 customer calls per day, principally calls that are consultative in nature.

QIAcabinet. The QIAcabinet is a storage cabinet owned by QIAGEN and placed in customer laboratories at their request. The QIAcabinet is stocked with QIAGEN products, offering customers the convenience of immediate access, thereby reducing product reorder procedures and shipping costs. QIAGEN monitors cabinet inventory and bills the customers at regular intervals. The Company believes that its QIAcabinet can be an effective barrier to competitor entry, while also reducing distribution costs and increasing QIAGEN's visibility in the laboratory.

QIAGEN Catalog. QIAGEN distributes over 180,000 copies of its annual catalog containing detailed information about its products and services.

QIAGEN News. This quarterly international publication is distributed to over 140,000 existing and potential customers worldwide and includes new product information, product updates, and articles contributed by customers and by QIAGEN scientists about new applications.

QIAGEN Mailings. Direct mailings, which announce new products or offer special sales promotions, are sent out approximately every four weeks to over 130,000 existing and potential customers, providing an efficient vehicle for disseminating information.

World Wide Web Site. The QIAGEN web site (at www.qiagen.com) contains a full on-line catalog and information about new products, services, and special promotions. In addition, customers can contact QIAGEN by e-mail and request technical information and product literature, download handbooks and other literature directly, and participate in user forums. In the first half of 2000, QIAGEN introduced on-line ordering from its web site for U.S. and Canadian customers. On-line ordering for UK customers is expected to commence during the second quarter of 2001. In addition, QIAGEN expects to continue to offer its products through the SciQuest.com web site.

The QIAGEN Genomics (www.qiagengenomics.com), Operon (www.operon.com), and QIAGEN Instrument (www.qiageninstruments.com) web sites also provide product and service information, as well as contact information. An on-line catalog and on-line ordering is already available at the Operon web site, and will be added to the QIAGEN Genomics web site in 2001.

Other Marketing Tools. QIAGEN places over 280 full-page advertisements per year in leading scientific journals such as *Nature, Science,* and *Cell.* In addition, the Company also holds numerous scientific seminars, in which its scientists present technical information at leading academic and industrial research institutes worldwide.

8. Raw Materials

The Company buys materials for its products from many suppliers, and is not dependent on any one supplier or group of suppliers. Raw materials generally include chemicals, raw separation media, biologics, plastics and packaging. No one supplier accounts for a significant total of purchases. Raw materials are generally readily available at competitive, stable prices from a number of suppliers. Certain raw materials are produced under specifications by the Company, so the Company closely monitors stock levels to maintain adequate supplies. The

Company believes it maintains raw materials at a level to ensure reasonable customer service levels, and to guard against normal volatility in the availability.

9. Patents, Licenses and Proprietary Technologies

QIAGEN considers the protection of its proprietary technologies and products for the separation and purification of nucleic acids as the key to the success of its business. The Company relies on a combination of patents, licenses and trademarks to establish and protect its proprietary rights in its technologies and products. The Company currently owns 21 issued patents in the United States, 26 issued patents in Germany and 166 issued patents in other major industrialized countries, and has approximately 219 pending patent applications.. QIAGEN's policy is to file all patents in Western Europe, the United States and Japan. U.S. patents have a term of 17 years from the date of issue for patents issued from applications submitted prior to June 8, 1995, and 20 years from the date of filing of the application in the case of patents issued from applications submitted on or after June 8, 1995. Patents in most other countries have a term of 20 years from the date of filing of the patent application. The Company intends to aggressively prosecute and enforce its patents and otherwise protect its proprietary technologies. QIAGEN also relies on trade secrets, know-how, continuing technological innovation and licensing opportunities to develop and maintain its competitive position.

An essential component of today‘s genetic business is the availability of synthetic nucleic acids probes. Technologies, like PCR, DNA sequencing, SNP genotyping, biochips or synthetic genes represent only a portion of the current market potential for oligonucleotides. In order to accomplish our strategic step into this important segment of the market, the Company combined forces with Operon Technologies Inc. Operon Technologies has built a leading position in the manufacture and marketing of synthetic nucleic acids, DNA microarrays and synthetic genes.

In 1999, QIAGEN acquired Rapigene, Inc. (now QIAGEN Genomics, Inc.), an indirect wholly owned subsidiary of Celltech Group plc. 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. QIAGEN Genomics, Inc. has built proprietary technology positions in rapidly growing, core areas of genomics including SNP analysis. As sequencing of the human genome advances, genomics activities are increasingly focusing on exploring how DNA, the genetic blueprint of life, varies from individual to individual. These inherited variations, of which SNPs are the most common and potentially useful, provide significant information for use in drug development. In addition, SNPs are considered to be useful in predicting an individual’s genetic susceptibility to disease and in understanding a patient's reaction to therapies. As a result, genomics-based drug development depends on the availability of efficient tools for the nucleic acid sample preparation and the discovery, validation and detection of SNPs in nucleic acid samples. Rapigene’s core competencies include its Masscode™ Cleavable Mass Spectrometry Tag technology. This is the first new DNA tagging technology since the discovery of four-color fluorescence. Unlike fluorescence, which is limited to 4–8 analyses at a time, Masscode tags are capable of providing hundreds of simultaneous measurements. A broad patent portfolio that includes issued U.S. and European Patents covers these technologies.

In 1981, prior to the formation of QIAGEN, Dr. Metin Colpan and Dr. Detlev Riesner granted limited non-transferable access to an early patent for an anion-exchange resin, which is now owned by QIAGEN, to the owner of Macherey-Nagel GmbH & Co. Macherey-Nagel was an investor in QIAGEN from 1985 to 1988. Macherey-Nagel's right to use this anion-exchange resin is limited in both sales volume and format of the product. QIAGEN also has independent proprietary patent positions on a range of substantial improvements to this early technology.

In 1990, Hoffmann-La Roche granted QIAGEN a worldwide exclusive license for the research and industrial market for a novel protein expression and purification technology based on a Histidine affinity tag and Ni-metal chelate affinity chromatography. This technology was combined with QIAGEN technology and incorporated in QIAGEN's QIAexpress protein expression and purification product line.

In 1991, QIAGEN obtained a worldwide (with the exception of Japan) exclusive license for Hoffmann-La Roche's Oligotex dT30 technology for hybrid capture on polystyrene–latex beads, which has been further developed and incorporated in QIAGEN's Oligotex product line.

In 1995, the Company acquired a license from Hoffmann-La Roche for the use, production and sale of reagents required for PCR in the research market. This license allows QIAGEN to bundle its sample preparation and DNA clean-up products with PCR reagents and enzymes into complete PCR kits and other innovative PCR systems.

In November 1996, the Company acquired a technology platform for DNA and RNA purification and stabilization of samples such as clinical specimens using cationic detergents, from the Iowa Biotechnology Corporation and the University of Iowa. In the transaction, QIAGEN received an assignment of rights to issued patents and pending patent applications covering the technology.

In connection with entering a worldwide, multi-year collaborative agreement with Zeptosens AG in January 2000, the Company received an exclusive license from Zeptosens AG for the application of planar waveguide (PWG) technology with regard to nucleic acids in the research field.

In 2000, QIAGEN acquired a non-exclusive license from AMBION, Inc. for RNA*later* technology, which allows stabilization of RNA in animal cells and tissues for reliable gene-expression and gene-profiling analysis. This technology is used in a new product range, the first products of which were launched in 2000. Stabilization of RNA within biological samples is especially important for the molecular diagnostics research market.

In 1997 QIAGEN acquired a non-exclusive license from Organon Teknika for NASBA® technology, which allows amplification of RNA. The first product incorporating this technology was launched in 2000.

In 1998, QIAGEN acquired a worldwide exclusive sub-license and certain options from Coley Pharmaceutical Group, Inc. (formerly CpG ImmunoPharmaceuticals, Inc.), concerning the use of immunomodulatory oligonucleotides in the field of veterinary applications.

In addition to the above licenses, the Company acquired further licenses and/or options to licenses, pertaining to the Company's core technologies and related fields.

QIAGEN's strategy includes the use of strategic alliances to augment its product development efforts with complementary technologies and to leverage its marketing and distribution capabilities with respect to select market opportunities. In 1990, 3M granted QIAGEN exclusive and world-wide rights for nucleic acid separation and purification applications using 3M's Empore™ membrane technology (originally developed for medical applications). QIAwell, a key product targeting the DNA sequencing market, combines Empore technology with QIAGEN's anion-exchange technology. In addition, 3M has made substantial investments in production facilities which now produce 8-well and 96-well consumable components for QIAGEN.

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

The patent positions of QIAGEN, like similar technology based companies, involve complex legal and factual questions and may be uncertain. In addition, patent applications in the United States are maintained in secrecy until patents are issued. Publications of discoveries in the scientific or patent literature tend to lag behind actual discoveries by several months. Consequently, no assurance can be given that patents will issue from any of the Company's applications or, if patents do issue, that the claims allowed will be sufficiently broad to protect the Company's technology. Further, no assurance can be given that any issued patents owned by or licensed to the Company will not be challenged, invalidated or circumvented, or that the rights granted thereunder will provide competitive advantages to the Company. In addition, there can be no assurance that any confidentiality agreements between QIAGEN and its employees, consultants, outside scientific collaborators and sponsored researchers and other advisors will provide meaningful protection for the Company's trade secrets or adequate remedies in the event of unauthorized use or disclosure of such information.

10. Competition

QIAGEN believes that its primary competition stems from traditional separation and purification methods, such as phenol extraction, cesium chloride density gradient centrifugation, and precipitation. These methods utilize widely available reagents and other chemicals supplied by companies such as Sigma Chemical Company and Boehringer Mannheim GmbH. QIAGEN competes with such methods through its innovative technologies and products, which offer a comprehensive solution for nucleic acid separation and purification needs and provide significant advantages over traditional methods with respect to speed, reliability, convenience, and ease of use. See "Technical Overview of QIAGEN."

QIAGEN also experiences, and expects to continue to experience, competition in different segments of its business from other companies providing nucleic acid separation and purification products in kit form and reagents for PCR and transfection. Competitors include: Promega Corp. and Macherey-Nagel GmbH for nucleic acid

separation and purification; Applied Biosystems and Promega Corp. for PCR reagents; Invitrogen Corp. and Promega Corp. for transfection reagents. The Company believes that its competitors do not have the same comprehensive approach to nucleic acid separation and purification and therefore cannot provide the broad range and depth of products and services offered by QIAGEN in that area. QIAGEN believes that its proprietary technologies and products offer significant advantages over competitors' products, with regard to purity, speed, reliability, and throughput.

QIAGEN also experiences, and expects to continue to experience, competition from other companies providing synthetic DNA and SNP genotyping and sequencing services. International competitors for Operon include: Life Technologies Incorporated, Sigma Genosys, Amersham Pharmacia Biotech, MWG-Biotech AG, and PerkinElmer. International competitors for QIAGEN Genomics include: MWG-Biotech AG, Sequenom, Inc., Orchid Biosciences, Inc., and Third Wave Technologies, Inc. The Company believes that its competitors do not have the same comprehensive approach to nucleic acid separation and purification, or the same technology for production of synthetic DNA or for SNP genotyping and therefore cannot provide the broad range and depth of products and services offered by QIAGEN. QIAGEN believes that its proprietary technologies and products offer significant advantages over competitors' products and services, with regard to purity, speed, reliability, and throughput.

The Company's continued future success will rely in large part on its ability to maintain its technological advantage over competing products, expand its market presence and preserve customer loyalty. There can be no assurance that QIAGEN will be able to compete effectively against its existing or future competitors or that developments by others will not render its technologies or products non-competitive.

11. International Operations

The Company's business involves operations in several countries. Its principal production and manufacturing facilities for consumable and BioRobot products are located in Germany, with an additional instrumentation production site in Switzerland. The Company operates several facilities in the U.S. and also has established sales subsidiaries in Japan, the United Kingdom, France, Switzerland, and Australia, Canada and, since June 2000, in Italy. In addition, the Company's products are sold through independent distributors serving more than 32 other countries.

Conducting operations on an international scale requires close coordination of activities across multiple jurisdictions and time zones and consumes significant management resources. The Company has invested heavily in computerized information systems in order to manage more efficiently the widely dispersed components of its operations. In the past year, the Company has expanded its SAP business information system that integrates its North American and European subsidiaries.

As a result of its international operations, a significant portion of the Company's business is conducted in currencies other than the U.S. dollar. In 2000, approximately 42% of the Company's net sales were denominated in currencies other than the U.S. dollar. In addition, certain expenses associated with the Company's production and manufacturing facilities in Germany, including capital lease obligations, are denominated in German marks. Consequently, the Company's operations are subject to fluctuations in the value of the German mark, as well as the other currencies in which the Company's business is conducted, relative to the U.S. dollar. See “Quantitative and Qualitative Disclosure About Market Risk—Currency Fluctuations".

International business is subject to various risks, including general economic conditions in the countries in which the Company operates, overlap of various tax structures, unexpected changes in regulatory requirements, compliance with a variety of foreign laws and regulations, and longer accounts receivable payment cycles in certain countries. Other risks that may be associated with the Company's international operations include import and export licensing requirements, trade restrictions, exchange controls and changes in tariff and freight rates.

12. Government Regulation

The Company is not subject to direct regulation other than regulation generally applicable to businesses pursuant to various laws and regulations as in effect in the different jurisdictions in which the Company operates, including laws and regulations applicable to environmental matters such as the handling and disposal of hazardous wastes. QIAGEN's research and development activities involve the controlled use of small amounts of hazardous materials, chemicals and radioactive compounds. Although the Company believes that its safety procedures for handling and disposing of such materials comply with the standards prescribed by applicable regulations, the risk of accidental contamination or injury from these materials cannot be completely eliminated. In the event of such an accident, the Company could be held liable for any damages that result and any such liability could have a material

adverse effect on the Company. However, the Company does not expect that compliance with the governmental regulations to which it is subject will have a material effect on its capital expenditures, earnings or competitive positions.

Sales volumes of certain of the Company's products in development may be dependent on commercial sales by its customers of diagnostic and pharmaceutical products, which will require preclinical studies and clinical trials. Such trials will be subject to extensive regulation by governmental authorities in the United States, including the FDA and equivalent agencies in other countries, and involve substantial uncertainties.

Property, Plant and Equipment

The Company's corporate headquarters are located in leased office space in Venlo, The Netherlands. The Company's facilities in Germany currently occupy approximately 245,000 square feet and are leased pursuant to separate contracts expiring between the years 2000 and 2018, including the lease related to the Company's new research and development facility which was completed in the first quarter of 1999. In two separate transactions between July 1997 and February 1998, QIAGEN purchased a parcel of land measuring approximately 549,000 square feet which is directly adjacent to the Company's German facilities. The Company plans to use this land for an additional 126,000 square foot production facility and an additional 126,000 square foot 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), of which approximately $5.8 million had been incurred at December 31, 2000, and is being financed primarily with bank loans. QIAGEN also leases cGMP production facilities in Germany.

QIAGEN's production and manufacturing facilities for consumables and BioRobot® products are located in Hilden and Erkrath, Germany. The instrument production facility is located at the QIAGEN Instruments AG (formerly Rosys AG) facility in Hombrechtikon, Switzerland. Over the last several years, the Company has made substantial investments in automated and interchangeable production equipment to increase its production capacity and improve efficiency. For GMP production, special GMP areas were built in the Company's facilities at Hilden and Erkrath. QIAGEN's production and manufacturing operations are highly integrated and benefit from sophisticated inventory control. The Company has also installed and continues to expand production-planning systems that are included in its integrated information and control system based on the business software package SAP R/3 from SAP AG. In the past year, the Company continued the expansion of its SAP business information system that integrates its North American and European subsidiaries. The Company's production management personnel are highly qualified and many have engineering degrees.

The Company's U.S. distribution facility located in Valencia, California occupies approximately 80,000 square feet. In February 1999, the option to extend the lease for an additional two years, until August 31, 2001, was exercised. In February 2001, the second option was exercised, extending the lease until August 31, 2004. Operon Technologies, Inc., located in Alameda, California, leases approximately 36,000 square feet of office, production and warehouse space. This lease expires in November 2005, with options to extend until November 2010. The capacity of the Operon facility is projected to increase and by the end of 2001 to reach an output of about 100,000 synthetic nucleic acids per day. A further production site in Germany, Operon GmbH with an anticipated capacity of 10,000 synthetic nucleic acids per day will be finished in April 2001. Other Subsidiaries in the U.S. and other countries lease small amounts of office and warehouse space.

The Company is increasing its production capacity with the establishment of a manufacturing and research facility in the United States. In 1999, the new North American manufacturing and research and development headquarters, QIAGEN Sciences, Inc. closed the purchase of an 18-acre site, for approximately $3.2 million in Germantown, Maryland. Construction began in March 2000, and in November 2000 QIAGEN Sciences exercised the option to purchase an additional adjacent lot of approximately 6 acres for $1.2 million. The purchase of this additional lot allows for future expansion of up to 400,000 square feet of facility space. Construction is being financed primarily by intercompany loans and long-term bank debt. At December 31, 2000, construction costs of approximately $12.6 million had been incurred, with estimated costs to complete of $51.0 million. The planned 190,000 square foot Maryland facility will consist of several buildings in a campus-like arrangement and is intended to accommodate over 200 employees in manufacturing as well as 100 employees in research and development. First manufacturing activities are currently expected to be initiated in the second quarter of 2002. QIAGEN Sciences, Inc. is presently leasing a small amount of office space in Germantown, Maryland while the facility is under construction.

In January 1999 QIAGEN received ISO 9001 and EN 46001 certification, furthering the Company's commitment to providing its customers high quality, state-of-the-art products and technologies for the handling, separation and purification of nucleic acids.

The majority of the Company's consumable and BioRobot® products are manufactured at QIAGEN GmbH and will now be produced under ISO 9001:1994/EN 46001:1996 certification standards. QIAGEN Instruments AG, formerly Rosys Instruments AG, which produces the majority of QIAGEN's instrumentation product line, received ISO 9001 certification in May 1997. The ISO 9001 and EN 46001 certification of QIAGEN forms part of the Company's ongoing commitment to the development of its Total Quality Management (TQM) system.

The Company believes that its existing production and distribution facilities can support its planned production needs for the next 18 months, during which time additional capacities will be added as discussed above. The additional production capacities added by the new facilities are anticipated to support production needs through 2006. The Company's production and manufacturing operations are subject to various federal, state, and local laws and regulations including environmental regulations. The Company believes it does not have any material issues relating to these laws and regulations.

Item 5. Operating and Financial Review and Prospects

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

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 of 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 finder 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 1999primarily 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.

Item 6. Directors, Senior Management and Employees

Supervisory Directors and Managing Directors are appointed annually for the period beginning on the date following the Annual General Meeting up to and including the date of the Annual General Meeting held in the following fiscal year. 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 Kapitalbeiligungsgesellschaften-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 Saechsischen 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 P.h.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, Tuebingen. 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 Landsbank, Hannover, and Chairman of the Hannover Stock Exchange. Since 1987 he has been a lawyer in Duesseldorf and senior advisor to IKB Deutsche Industriekreditbank, Düsseldorf. At present he is a partner in the law firm of Hoffmann Liebs and Partner and specializes in corporate law and capital market transactions. He is Chairman of the Board of H TON ART AG, Duesseldorf; Flossbach & v. Storch Vermögensmangagement, 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.

Compensation of Directors and Officers

The aggregate amount paid by the Company in fiscal 2000 to the supervisory directors, managing directors and executive officers of the Company, as a group (8 persons) was approximately $784,000. See Note 15 to the Consolidated Financial Statements for information relating to retirement benefits.

In April 1996, the Supervisory Board adopted the QIAGEN N.V. 1996 Employee, Director and Consultant Stock Option Plan (the Option Plan), which was approved by the Company's shareholders on June 3, 1996. The following table sets forth the total amount of options held by the officers and directors of the Company, as a group, to purchase Common Shares outstanding under the Option Plan, the expiration dates of such options, and the prices (in U.S. dollars) at which such options may be exercised, as of March 15, 2001. The exercise price of each of these options is the fair market value of the Common Shares as of the date of grant. Each of the options has a term of ten years, subject to earlier termination in the event of death, disability or other termination of employment. The outstanding options become exercisable in cumulative annual installments of 33 1/3 percent each, beginning on the first anniversary date of the grant.

	Outstanding Options	Expiration Dates	Exercise Price of Shares
1996 Option Plan	1,154,000	5/2006 to 1/2010	$1.88 to $20.50

Employees

As of December 31, 2000, the Company employed 1,315 individuals, 17% of whom worked in research and development, 25% in sales, 32% in production/logistics, 9% in marketing and 17% in administration.

Country	Research and Development	Sales	Production/ Logistics	Marketing	Administration	**TOTAL**
United States	18	149	138	62	87	**454**
Germany	189	88	235	40	95	**647**
Switzerland	23	14	37	2	16	**92**
Canada	0	8	0	1	2	**11**
United Kingdom	0	22	6	3	4	**35**
France	0	18	2	1	4	**25**
Austrailia	0	8	0	0	6	**14**
Italy	0	5	0	0	2	**7**
Japan	0	17	3	3	2	**25**
The Netherlands	0	0	0	0	5	**5**
12/31/2000	**230**	**329**	**421**	**112**	**223**	**1,315**

None of the Company's employees is represented by a labor union or is subject to a collective bargaining agreement. The Company believes that its relations with its employees are good.

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

Share Ownership

The following table sets forth certain information as of March 15, 2001 concerning the ownership of Common Shares by each current member of the managing board and supervisory board. In preparing the following table, the Company has relied on information furnished by such persons.

Name and Country of Residence	Shares Beneficially Owned (1) Number	Percent Ownership
Prof. Dr. Detlev H. Riesner, Germany	3,000,736(2)	2.1%
Dr. Franz A. Wirtz, Germany	1,216,700(3)	*
Jochen Walter, Germany	100,000(4)	*
Erik Hornnaess, Spain	10,000(5)	*
Professor Dr. Manfred Karobath, France	0(6)	*
Dr. Heinrich Hornef, Germany	1,600(7)	*
Dr. Metin Colpan, Germany	7,225,864(8)	5.1%
Peer M. Schatz, Germany	1,927,576(9)	1.4%

*Indicates that the person beneficially owns less than 1% of the Common Shares issued and outstanding on March 15, 2001.

(1) The number of Common Shares issued and outstanding on March 15, 2001 was 141,759,186. The persons and entities named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them and have the same voting rights with respect to Common Shares.

(2) Does not include 62,000 shares issuable upon the exercise of options to purchase Common Shares at an exercise price ranging from $1.188 to $20.500 per share. Options expire in increments during the period between May 2006 and January 2010. Includes 3,000,736 shares held by Riesner Verwaltungs GmbH, of which Professor Riesner is the sole stockholder. Prof. Riesner also has the option to purchase 490,000 common shares through Goldman Sachs,

(3) Does not include 64,000 shares issuable upon the exercise of options to purchase Common Shares at an exercise price ranging from $1.188 to $20.500 per share. Options expire in increments during the period between May 2006 and January 2010.

(4) Does not include 24,000 shares issuable upon the exercise of options to purchase Common Shares at an exercise price ranging from $1.188 to $20.500 per share. Options expire in increments during the period between May 2006 and January 2010.

(5) Does not include 40,000 shares issuable upon the exercise of options to purchase Common Shares at an exercise price ranging from $5.625 to $20.500 per share. Options expire in increments during the period between January 2008 and January 2010.

(6) Does not include 8,000 shares issuable upon the exercise of options to purchase Common Shares at an exercise price of $20.500 per share. The options expire in January 2010.

(7) Does not include 8,000 shares issuable upon the exercise of options to purchase Common Shares at an exercise price of $20.500 per share. The options expire in January 2010.

(8) Does not include 598,000 shares issuable upon the exercise of options to purchase Common Shares at an exercise price ranging from $1.188 to $20.500 per share. Options expire in increments during the period between May 2006 and January 2010. Includes 5,200,000 shares held by CC Verwaltungs GmbH, of which Dr. Colpan is the sole stockholder.

(9) Does not include 350,000 shares issuable upon the exercise of options to purchase Common Shares at an exercise price ranging from $1.188 to $20.500 per share. Options expire in increments during the period between May 2006 and January 2010.

Stock Option Plan

In April 1996, the Supervisory Board adopted the QIAGEN N.V. 1996 Employee, Director and Consultant Stock Option Plan (the Option Plan), which was approved by the Company's shareholders on June 3, 1996. Pursuant to the Option Plan, options to purchase the Company's Common Shares may be granted to employees and consultants of the Company and its subsidiaries and to supervisory directors. An aggregate of 18,968,000 Common Shares have been reserved for issuance pursuant to the Option Plan, subject to certain antidilution adjustments. Options granted pursuant to the Option Plan may either be incentive stock options within the meaning of Section 422 of the United States Internal Revenue Code of 1986, as amended (the Code), or non-qualified stock options. The Option Plan is administered by the Compensation Committee of the Supervisory Board (the Compensation Committee), which selects participants from among eligible employees, consultants and directors and determines the number of shares subject to the option, the length of time the option will remain outstanding, the manner and time of the option's exercise, the exercise price per share subject to the option and other terms and conditions of the option consistent with the Option Plan. The Compensation Committee's decisions are subject to the approval of the Supervisory Board.

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

The following table sets forth the estimated total amount of options to purchase Common Shares outstanding under the Option Plan, the expiration dates of such options, and the prices (in U.S. dollars) at which such options may be exercised, as of March 15, 2001. The exercise price of each of these options is the fair market value of the Common Shares as of the date of grant. Each of the options has a term of ten years, subject to earlier termination in the event of death, disability or other termination of employment. The outstanding options become exercisable in cumulative annual installments of 33 1/3 percent each, beginning on the first anniversary date of the grant. In connection with the acquisition of Operon Technologies, Inc., the Company exchanged 273,134 QIAGEN options for all of the outstanding options of Operon. These exchanged options vest over 4 years. As of March 15, 2001, options to purchase 1,154,000 Common Shares were held by the officers and directors of the Company, as a group.

	Outstanding Options	Expiration Dates	Exercise Price of Shares
1996 Option Plan	7,182,611	9/2003 to 2/2011	$0.97 to $49.75

Item 7. Major Shareholders and Related Party Transactions

The following table sets forth certain information as of March 15, 2001 concerning the ownership of Common Shares of each holder of greater than five percent ownership.

Name and Country of Residence	Shares Beneficially Owned (1) Number	Percent Ownership
Alafi Capital Company, United States.....	7,505,491(2)	5.3%
Dr. Metin Colpan, The Netherlands	7,225,864(3)	5.1%
Deutsche Bank A.G., Germany.....	9,809,397(4)	6.9%

(1) The number of Common Shares issued and outstanding on March 15, 2001 was 141,759,186. The persons and entities named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them and have the same voting rights with respect to Common Shares.

(2) In reporting the beneficial ownership of shares by Alafi Capital Company, the Company has relied on information furnished by Alafi Capital Company.

(3) Does not include 598,000 shares issuable upon the exercise of options to purchase Common Shares. Includes 5,200,000 shares held by CC Verwaltungs GmbH, of which Dr. Colpan is the sole stockholder.

(4) Includes Common Shares held by the following subsidiaries of Deutsche Bank A.G.: Ethemea GmbH, DWS Investment GmbH, Deutsche Vermogensbildungsgesellschaft mbH, DWS (Austria) Investment Gesellschaft mbH, DWS Investment Management S.A. Luxemburg, Deutsche Asset Management Limited, Deutsche Asset Management Investmentgesellschaft mbH, Detusche Asset Management International GmbH, Versicherungsholding der Deutschen Bank AG, Deutscher Herold Lebensversicherungs-AG der Deutschen Bank, DB Gestion Sociedad Gestora de Instituciones de Inversion Colectiva, Sociedad Anonima, Deutsche Bank International Ltd., Deutsche Securities Ltd., Deutsche Bank Luxembourg, S.A., Deutsche Asset Management SA, Paris, Deutsche Asset Management SGR SpA and Deutsche Funds Management Ltd. In reporting the beneficial ownership of shares by Deutsche Bank A.G., the Company has relied on the Deutsche Bank A.G. Schedule 13-G/A as filed with the United States Securities and Exchange Commission on February 9, 2001.

Control of Registrant

To the Company's knowledge, it is not owned or controlled by another corporation or by any foreign government. There are no persons known to the Company to be the beneficial owners of more than ten percent of the Common Shares as of March 15, 2001. As of March 15, 2001, the officers and directors of the Company as a group beneficially owned approximately 13,482,000 Common Shares or 10% of the then outstanding Common Shares.

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 provided services such as stock keeping, order processing, and packing and shipping. As compensation for services provided, QIAGEN K.K. was paid 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.

At December 31, 2000, QIAGEN N.V. had a note receivable from Zeptosens AG in the amount of $617,000, which was collected in January 2001. The Company has an interest of 12.5 percent of the voting rights of Zeptosens AG, a company that is focused on developing and commercializing bioanalytical technologies for use in life sciences as well as in food and environmental analysis.

Item 8. Financial Information

See Item 18.

Legal Proceedings

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

Statement of Dividend Policy

The Company has not paid any dividends on its Common Shares since its inception and does not intend to pay any dividends on its Common Shares in the foreseeable future. The Company intends to retain its earnings, if any, for the development of its business.

Item 9. The Listing of the Company's Common Shares

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

Item 10. Additional Information

Memorandum and Articles of Association

The Company is registered in the commercial register of the Chamber of Commerce and Industries ("Kamer Van Koophandel"), Noord-En Midden-Limburg, under the entry number "12036979". Set forth is a summary of certain provisions of the Company's Articles of Association, as amended (the "Articles") and Dutch law, where applicable. Such summary does not purport to be complete and is qualified in its entirety by reference to the Articles and such law.

Objects of the Company

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

Directors

Under the Company's Articles, the supervisory directors are required to serve the interests of the Company and its business in fulfilling their duties. The supervisory board determines the compensation of the members of the supervisory board upon the recommendation of the compensation committee. Under the Company's Articles, the General Meeting may suspend or dismiss a supervisory director at any time.

Classes of Shares

The authorized classes of shares of the Company consists of Common Shares, Financing Preference Shares and Preference Shares. No Financing Preference Shares or Preference Shares have been issued.

Common Shares

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

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

Financing Preference Shares

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

Preference Shares

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

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

Pre-emptive Rights

Under the Articles, existing holders of Common Shares will have pre-emptive rights in respect of future issuances of Common Shares, in proportion to the number of Common Shares held by them, unless limited or excluded as described below. Holders of Common Shares shall not have pre-emptive rights in respect of future issuances of Financing Preference Shares or Preference Shares. Holders of Financing Preference Shares and Preference Shares shall not have pre-emptive rights in respect of any future issuances of share capital. Pre-emptive rights do not apply with respect to shares issued against contributions other than in cash or shares issued to employees of the Company or a group company of the Company. Under the Articles, the Supervisory Board has the power to limit or exclude any pre-emptive rights to which shareholders may be entitled provided that it has been authorized by the General Meeting to do so. The Supervisory Board has been granted such authority through June 16, 2005. The authority of the Supervisory Board to limit or exclude pre-emptive rights can only be exercised if at that

time the authority to issue shares is in full force and effect. The authority to limit or exclude pre-emptive rights may be extended in the same manner as the authority to issue shares. If there is no designation of the Supervisory Board to limit or exclude pre-emptive rights in force, the general meeting of shareholders shall have authority to limit or exclude such pre-emptive rights, but only upon the proposal of the Supervisory Board.

Resolutions of the General Meeting (i) to limit or exclude pre-emptive rights or (ii) to designate the Supervisory Board as the corporate body that has authority to limit or exclude pre-emptive rights, require a majority of at least two-thirds of the votes cast in a meeting of shareholders if less than 50% of the issued share capital is present or represented. For these purposes, issuances of shares include the granting of rights to subscribe for shares, such as options and warrants, but not the issue of shares upon exercise of such rights.

Acquisition by the Company of its Own Shares

The Company may acquire its own shares, subject to certain provisions of Dutch law and the Articles, if (i) shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up and called up capital and any reserves required by Dutch law or the Articles and (ii) the Company and its subsidiaries would not thereafter hold shares with an aggregate par value exceeding one-tenth of the Company's issued share capital. Shares held by the Company in its own capital or shares held by a subsidiary of the Company may not be voted. An acquisition by the Company of shares in its own capital may be effected by the Managing Board, subject to the approval of the Supervisory Board. Acquisitions by the Company of shares in its own capital may only take place if the General Meeting has granted to the Managing Board the authority to effect such acquisitions. Such authority may apply for a maximum period of 18 months and must specify the number of shares that may be acquired, the manner in which shares may be acquired and the price limits within which shares may be acquired.

Capital Reduction

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

Annual Accounts

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

Dividends

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

Out of profits, dividends must first be paid on any outstanding Preference Shares (the "Preference Share Dividend") in a percentage (the "Preference Share Dividend Percentage") of the obligatory amount (call) paid up on such shares as at the beginning of the fiscal year in respect of which the distribution is made. The Preference Share Dividend Percentage is equal to the weighted average of the continuation rates, as fixed by Amsterdam Exchanges N.V. in Amsterdam and published in its Official Price List ("Officiele Prijscourant"), during the fiscal year in respect of which the distribution is made, increased by 1.5. If and to the extent that profits are not sufficient to pay the Preference Share Dividend in full, the deficit shall be paid out of the reserves, with the exception of any reserve which was formed as share premium reserve upon the issue of Financing Preference Shares. If in any fiscal year the profit is not sufficient to make the distributions referred to and if no distribution or only a partial distribution is made from the reserves referred to, such that the deficit is not fully made good, no further distributions will be made as described below until the deficit has been made good.

Out of profits remaining after payment of any dividends on Preference Shares, such amounts shall be kept in reserve as determined by the Supervisory Board. Out of any remaining profits not allocated to reserve, a dividend (the "Financing Preference Share Dividend") shall be paid on the Financing Preference Shares in a percentage (the

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

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

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

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

Shareholder Meetings and Voting Rights

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

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

General Meetings are held in Amsterdam, Haarlemmermeer (Schiphol Airport), Arnhem, Maastricht, Rotterdam or The Hague. The notice convening a General Meeting must be given to the shareholders by mail and by advertisement in at least one national daily newspaper published in The Netherlands no later than the fifteenth day prior to the meeting. The notice will contain or be accompanied by the agenda for the meeting.

The agenda shall contain such subjects to be considered at the General Meeting as the persons convening or requesting the meeting shall decide. One or more shareholders representing at least 10% of the issued share capital may request the Managing Board or Supervisory Board in writing, at least sixty days but not more than ninety days before the anniversary of the date on which the prior year's meeting was convened, to include certain subjects in the agenda. No valid resolutions can be adopted at a General Meeting in respect of subjects which are not mentioned in the agenda.

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

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

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

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

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

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

Liquidation Rights

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

Restrictions on Transfer of Preference Shares

Each transfer of Preference Shares must be approved by the supervisory board upon application in writing. If approval is refused, the supervisory board will designate prospective purchasers willing to purchase the shares, otherwise the transfer will be deemed approved.

Limitations on Rights to Own Securities

Other than with respect to usufructuaries and pledgees who have no voting rights, the Company's Articles do not impose limitations on rights to own securities.

Provisions which may Defer or Prevent a Change in Control

The Articles provide that our joint meeting of the Supervisory Board and Managing Board (the "Joint Meeting") may make binding nominations for the election of directors, which can only be overridden by shareholders with a two-thirds majority of the votes cast, which majority must represent more than 50 percent of the outstanding shares. The Articles provide that preference shares may in certain instances be issued to third parties selected by the Company giving such parties preferred dividend rights and placing additional votes in hands friendly to the Supervisory Board. The Articles further provide that significant transactions such as a merger or sale of substantially all our assets can only be approved by specified super-majority votes unless such transactions were proposed to the general meeting by the Supervisory Board. The Articles can only be amended based on a proposal of our Supervisory Board. Such provisions may have the effect of delaying, deterring or preventing a change in control that might otherwise be considered to be in the best interest of shareholders.

Ownership Threshold Requiring Disclosure

The Company's Articles do not provide an ownership threshold above which ownership must be disclosed.

Exchange Controls

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

Obligation of Shareholders to Disclose Major Holdings

As of June 1, 1997, the Dutch Act on Disclosure of Holdings in Listed Companies 1996 (the "Disclosure of Holdings Act 1996") came into force. By provision of the Disclosure of Holdings Act 1996, any person who, directly or indirectly, acquires or disposes of an interest in the capital or the voting rights of a public limited liability company

incorporated under Dutch law with an official listing of a stock exchange within the European Economic Area must give a written notice of such acquisition or disposal, if as a result of such acquisition or disposal the percentage of capital interest or voting rights held by such person falls within another percentage range as compared to the percentage range held by such person prior to such acquisition or disposal. The percentage ranges referred to in the Disclosure of Holdings Act 1996 are 0-5, 5-10, 10-25, 25-50, 50-66 2/3 and over 66 2/3.

Notification must be given to the Company and the Securities Board of The Netherlands (Stichting Toezicht Effectenverkeer) which will disclose the information as notified to the public. Non-compliance with the obligations of the Disclosure of Holdings Act 1996 constitutes an economic offense, punishable by a penalty fee of up to NLG 25,000 (or NLG 100,000 for legal entities) or imprisonment for up to six months (or two years for deliberate infractions). In addition, civil actions may be instituted against a person failing to comply with the Disclosure of Holdings Act 1996. A court may impose certain measures on such a person, including the suspension of voting rights with respect to Common Shares owned by such person.

The Common Shares are currently listed on the Neuer Markt trading segment of the Frankfurt Stock Exchange. The Company has been informed, however, by the Securities Board of the Netherlands, that its listing on the Neuer Markt is not an official listing of a stock exchange within the European Economic Area and, therefore, no notification filings are currently required by the Company's stockholders in connection with the Disclosure of Holdings Act of 1996.

Taxation

The following is a general summary of certain material United States federal income and The Netherlands tax consequences to holders of Common Shares (collectively, "U.S. Holders") who are (i) citizens or residents of the United States, (ii) entities subject to U.S. corporate tax, (iii) certain pension trusts and other retirement or employee benefits organizations established in the United States but generally exempt from U.S. tax, (iv) certain not-for-profit organizations established in the United States but generally exempt from U.S. tax, (v) United States regulated investment companies, United States real estate investment trusts, and United States real estate mortgage conduits, and (vi) partnerships or similar pass-through entities, estates, and trusts to the extent the income of such partnerships, similar entities, estates, or trusts is subject to tax in the United States as income of a resident in its hands or the hands of its partners, beneficiaries, or grantors. This summary does not purport to address all of the material consequences to such holders. Therefore, all prospective purchasers of Common Shares who would be U.S. Holders are advised to consult their own tax advisor with respect to the United States federal, state and local tax consequences, as well as the Netherlands tax consequences, of the ownership of the Common Shares.

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

Netherlands Tax Considerations

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

Dividend Withholding Tax

General. Dividends distributed by the Company are subject to a withholding tax imposed by The Netherlands at a rate of generally 25%. Dividends include dividends in cash or in kind, constructive dividends and liquidation proceeds in excess of, for Netherlands tax purposes, recognized paid-in capital. Stock dividends are also subject to withholding tax over the nominal value unless sourced out of the Company's paid-in share premium which is recognized for Netherlands tax purposes.

No withholding tax applies on the sale or disposition of Common Shares to persons other than the Company and affiliates of the Company.

A Shareholder can be eligible for a reduction or a refund of Netherlands dividend withholding tax under a tax convention which is in effect between the country of residence of the Shareholder and The Netherlands. The Netherlands has concluded such conventions with, among others, the United States, Canada, Switzerland, Japan

and all EU Member States except Portugal. Under most of those conventions, Netherlands dividend withholding tax is reduced to 15% or a lower rate.

U.S. Shareholders. Under the Tax Convention between The Netherlands and the United States (the "Convention"), the withholding tax on dividends paid by the Company to a resident of the United States (as defined in the Convention) who is entitled to the benefits of the Convention, may be reduced to 5% (in the case of a corporate U.S. Shareholder that holds 10% or more of the voting power of a Netherlands company) or 15% (in the case of other U.S. Shareholders), unless such U.S. shareholders have a permanent establishment in The Netherlands with which the shares are effectively connected. Dividends paid by the Company to U.S. pension funds and U.S. tax exempt organizations may be eligible for an exemption from dividend withholding tax.

Income Tax and Corporate Income Tax

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

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

(b) the non-resident Shareholder does not have a direct or indirect substantial or deemed substantial interest (as defined in The Netherlands tax code) in the share capital of the Company or, in the event the Shareholder does have such a substantial interest, such interest is a business asset; and

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

In general terms, a substantial interest in the share capital of the Company does not exist if the Shareholder (individuals as well as corporations), alone or together with his partner, does not own, directly or indirectly, 5% or more of all issued capital of, or any class of shares in, the Company or a beneficial interest in such shares.

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

Gift and Inheritance Tax

A gift or inheritance of Common Shares from a non-resident Shareholder will not be subject to a Netherlands gift and inheritance tax, provided that the Shareholder does not own a business which is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands to which or to whom the Common Shares are attributable.

United States Federal Income Tax Considerations

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

As used herein, references to a "U.S. Holder" are to a holder of Common Shares that is (i) a citizen or resident of the United States, (ii) a corporation organized under the laws of the United States or any political subdivision thereof, or (iii) a person or entity otherwise subject to United States federal income taxation on a net income basis with respect to Common Shares (including a non-resident alien or foreign corporation that holds, or is

deemed to hold, Common Shares in connection with the conduct of a U.S. trade or business); and references to a "non-U.S. Holder" are to a holder that is not a U.S. person for U.S. federal income tax purposes.

Taxation of Dividends

To the extent paid out of current or accumulated earnings and profits of the Company, as determined under U.S. federal income tax principles, distributions, if any, made with respect to Common Shares will be includable for U.S. federal income tax purposes in the income of a U.S. Holder as ordinary dividend income in an amount equal to the sum of any cash and the fair market value of any property distributed by the Company, before reduction for Netherlands withholding tax. To the extent that such distribution exceeds the current or accumulated earnings and profits of the Company, it will be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted tax basis in Common Shares and thereafter as taxable capital gain. Dividends generally will be treated as income from sources outside the United States and generally will be passive income (or, in the case of certain holders, "financial services income") for purposes of the foreign tax credit limitation. Dividends paid by the Company will not be eligible for the dividends received deduction allowed to corporations in certain circumstances under the United States Internal Revenue Code of 1986, as amended (the Code). A U.S. Holder may elect annually to either deduct The Netherlands withholding tax (see "Taxation -- Netherlands Tax Considerations -- Dividend Withholding Tax") against their income or take the withholding taxes as a credit against their U.S. tax liability, subject to U.S. foreign tax credit limitation rules.

Dividends paid by the Company in a currency other than the U.S. dollar will be included in the income of a U.S. Holder in a U.S. dollar amount based upon the exchange rate in effect on the date of receipt. A U.S. Holder will have a tax basis in such foreign currency for U.S. federal income tax purposes equal to its U.S. dollar value on the date of receipt. Any gain or loss on a subsequent disposition of such foreign currency (including a subsequent conversion into U.S. dollars) will be ordinary income or loss. Such gain or loss will generally be income from sources within the U.S. for foreign tax credit limitation purposes.

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

Taxation of Capital Gains

Subject to the PFIC rules discussed below, upon the sale or other disposition of Common Shares, a U.S. Holder will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the disposition of Common Shares and the U.S. Holder's adjusted tax basis in Common Shares. Such gain or loss generally will be subject to U.S. federal income tax. An individual U.S. Holder is generally subject to a maximum capital gains rate of 20% for Common Shares held for more than year. For U.S. federal income tax purposes, capital losses are subject to limitations on deductibility. Gain realized by a U.S. Holder on the sale or other disposition of Common Shares generally will be treated as income from sources within the United States for purposes of the foreign tax credit limitation.

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

Passive Foreign Investment Company Status

The Company may be classified as a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes if certain tests are met. The Company will be a PFIC with respect to a U.S. Holder if for any taxable year in which the U.S. Holder held the Common Shares, either (i) 75% or more of its gross income for the taxable year is passive income; or (ii) the average value of its assets (during the taxable year) which produce or are held for the production of passive income is at least 50% of the average value of all assets for such year. Passive income means, in general, dividends, interest, royalties, rents (other than rents and royalties derived in the active conduct of a trade or business and not derived from a related person), annuities, and gains from assets which would produce such income other than sales of inventory. For the purpose of the PFIC tests, if a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated as owning its proportionate share of the assets of the other corporation, and as if it had received directly its proportionate share of the income of such other corporation. The effect of this special provision with respect to the Company and its ownership of its subsidiaries is that the Company, for purposes of the income and assets tests described above, will be treated as owning directly its proportionate share of the assets of the subsidiaries and of receiving directly its proportionate share of each of those companies' income, if any, so long as the Company owns, directly or indirectly, at least 25% by value of the particular company's stock. Active business income of the Company's subsidiaries will be treated as active business income of the Company, rather than as passive income. Based on its current income, assets and activities, the Company does not believe that it is currently a PFIC. No assurances can be made, however, that the IRS will not challenge this position or that the Company will not subsequently become a PFIC.

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

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

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

If the Company becomes a PFIC, each U.S. Shareholder would be required annually to file IRS Form 8621 (Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund) with such

shareholder's timely filed income tax return and with the Internal Revenue Service, whether or not the qualified election (or, for tax years after 1997, the mark-to-market election) is made. A U.S. Shareholder choosing to make a qualified election must also include a shareholder election statement and the PFIC annual information statement provided by the Company (as described below) when filing IRS Form 8621 and its income tax return, and should send a copy of the shareholder election statement to the Internal Revenue Service. If the Company determines that it has become a PFIC, within two months after the end of each year it intends to supply the PFIC annual information statement necessary to make the qualified election for such year to each U.S. Shareholder of record at the end of such year. In such case, the Company also intends to supply the PFIC annual information statement to any shareholder or former shareholder who requests it.

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

Backup Withholding and Information Reporting

In general, dividend payments, or other taxable distributions, paid within the United States or through certain U.S.-related financial intermediaries on Common Shares will be subject to information reporting requirements and backup withholding tax at the rate of 31% for a non-corporate United States person and, who also:

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

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

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

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

Foreign Currency Issues

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

Documents on Display

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

Item 11. Quantitative and Qualitative Disclosures 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 affects 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 .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.

Item 12. Not Applicable

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

Information required pursuant to Rule 463 under the Securities Act of 1933, as amended, regarding the sale of securities and use of proceeds in the Company's initial public offering, has previously been filed with the Securities and Exchange Commission on Forms SR dated October 3, 1996 and April 4, 1997.

E.(4)(g) Cumulative Use of Proceeds:

- Construction of Plant, building and facilities:	$ -
- Purchase and Installation of Machinery and Equipment:	$ -
- Repayment of Indebtedness (direct payment to others):	$ 1,430,000
- Working Capital:	$ 29,650,000
- Cash Management Account, Goldman Sachs:	$ -
- Other Purposes (5% percent of offering proceeds or more):	$ -

PART III

Item 17. Financial Statements

See Item 18.

Item 18. Financial Statements

See pages F-1 through F-25 and S-1 through S-2 included herein.

Item 19. Exhibits

(A) The following financial statements and schedules, together with the reports of Arthur Andersen LLP thereon, are filed as part of this annual report:

Report of Independent Public Accountants
Consolidated Balance Sheets
Consolidated Statements of Income
Consolidated Statements of Shareholders' Equity and Comprehensive Income
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements
Report of Independent Public Accountants on Supplemental Schedule
Schedule II - Valuation and Qualifying Accounts

(B) Exhibits:

1. Amendments of Modifications, Not previously filed, to all exhibits previously filed:

   None

2. Material Contracts and other documents executed or in effect during the fiscal year and not previously filed:

   23. Consent of Arthur Andersen LLP

3. EPS Calculation Explanation

   Footnote 4 to the Consolidated Financial Statements summarizes the information used to compute earnings per common share.

Significant Subsidiaries

QIAGEN GmbH, incorporated in Germany
QIAGEN Inc., incorporated in California
QIAGEN Genomics, incorporated in Delaware
QIAGEN Instruments, AG, incorporated in Switzerland

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

QIAGEN, N.V.

By: /s/ Peer M. Schatz
Peer M. Schatz, Chief Financial Officer

Dated: March 28, 2001

QIAGEN N.V. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

ARTHUR ANDERSEN

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

Arthur Andersen LLP

Los Angeles, California
February 15, 2001

QIAGEN N.V. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	As of December 31,	
	2000	1999
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

LIABILITIES AND SHAREHOLDERS' EQUITY

	As of December 31,	
	2000	1999
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

BALANCE AT DECEMBER 31,	Common Shares Shares	Common Shares Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
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	-	-	20,392,000
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 investee	**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
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)

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

QIAGEN N.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Years ended December 31,		
	2000	1999	1998
Cash Flows From Financing Activities:			
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 and purification 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 Standard (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 expense was $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 finder 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-Diagnosiksysteme 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, is 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%**	499,000	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.

Long-term debt consists of the following:

	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 4 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 KK 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:

Net Sales	**2000**	1999	1998
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.

Intersegment Sales	**2000**	1999	1998
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.

Operating Income (Loss)	**2000**	1999	1998
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.

Depreciation and Amortization	**2000**	1999	1998
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

Assets	**2000**	1999
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.

Capital Expenditures	**2000**	1999	1998
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

Long-Lived Assets	**2000**	1999
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).

ARTHUR ANDERSEN

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SUPPLEMENTAL SCHEDULE

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

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of QIAGEN N.V. and Subsidiaries included in this Form 20-F, and have issued our report thereon dated February 15, 2001. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule II - Valuation and Qualifying Accounts is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

Arthur Andersen LLP

Arthur Andersen LLP

Los Angeles, California
February 15, 2001

SCHEDULE II

QIAGEN N.V. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

	Balance at Beginning of Year	Other	Charged to Costs and Expenses	Deductions	Balance at End of Year
Year Ended December 31, 1998:					
Allowance for doubtful accounts	$639,000	$ 146,000	$279,000	$ (183,000)	$881,000
Year Ended December 31, 1999:					
Allowance for doubtful accounts	$881,000	$(58,000)	$381,000	$(126,000)	$1,078,000
Year Ended December 31, 2000:					
Allowance for doubtful accounts	$1,078,000	$(194,000)	$189,000	$(101,000)	$972,000

QIAGEN N.V.

EXHIBIT INDEX

		Sequential Page Number
1.	Amendments of Modifications, Not Previously filed, to all exhibits previously filed:	
	None	
2.	Material Contracts and other documents executed or in effect during the fiscal year and not previously filed:	
	23. Consent of Arthur Andersen LLP	90

ARTHUR ANDERSEN

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our reports dated February 15, 2001 included in this Form 20-F, into the Company's previously filed Registration Statement File No. 333-7166 pertaining to QIAGEN N.V. 1996 Employee, Director and Consultants Stock Option Plan. It should be noted that we have not audited any financial statements of the Company subsequent to December 31, 2000 or performed any audit procedures subsequent to the date of our report.

Arthur Andersen LLP

ARTHUR ANDERSEN LLP

Los Angeles, California
March 28, 2001

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

QIAGEN N.V.

By: _____
Peer M. Schatz, Chief Financial Officer

Dated: March 28, 2001

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