



**IDEXX Laboratories, Inc.**

**2020 Annual Meeting of Shareholders  
May 6, 2020**

**Answers to Shareholders' Questions**

We received one question before and during our 2020 Annual Meeting of Shareholders. Below is that question and its answer. Please note we have made some minor edits for clarity.

IDEXX's answer, including any forward-looking statements in this document, reflects management's views as of May 6, 2020. Forward-looking statements are subject to many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements. These risks and uncertainties include the risks that are described in IDEXX's SEC filings, including IDEXX's most recent reports on Forms 10-K and 10-Q, copies of which may be obtained by visiting our website at [www.idexx.com](http://www.idexx.com) or the SEC's website at [www.sec.gov](http://www.sec.gov).

IDEXX does not undertake, and expressly disclaims any obligation, to update any forward-looking statement, whether as a result of new information, future events or otherwise.

**Question: The recent growth in the size of passive mutual funds' corporate ownership interests in US corporations has been dramatic, raising important public policy and corporate governance issues. Currently, BlackRock owns 8.7%, and Vanguard owns 11%, of the Company's outstanding shares. Does the Board see this growing ownership concentration of passive index fund holders as a positive or negative development as regards long-term corporate planning and performance, and also are there potential conflicts of interests when a 5% holder is managing the Company's retirement plan assets?**

**Answer:** We are fortunate to have a diverse shareholder base comprised of institutional investors managing passive index funds, as well as pension funds, actively managed funds and retail investors (including our employees). We note that passive index fund holders, given the nature of their investment strategy, have a long-term investment horizon, which supports their alignment with long-term corporate planning and performance at their portfolio companies. However, we believe that most of our shareholders, whether they are passively or actively managed funds or retail investors, are long-term investors in IDEXX who understand and believe in our effective innovation- and customer-focused strategy, proven business model and leadership position in attractive, growing markets – which have resulted in our long track record of strong financial performance and outstanding return on investment.

We also believe that transparent, effective communication with our investors is critical to our continued success, as it enables us to foster our investors' understanding and belief in our strategy, business model and markets and allows us to be aware of and take into account the views of our investors. Most importantly, these investor communications support our Board and management in sustaining their focus on the long-term corporate planning necessary to execute our strategy of long-term value creation for all our stakeholders.



IDEXX's 401(k) retirement plan (the "Plan") enables our eligible U.S. employees to save for retirement on a tax-deferred basis and offers a broad range of investment choices to reflect the different risk tolerances common among participants in retirement savings plans. Like many 401(k) plan sponsors, we retained a financial institution to provide administrative and recordkeeping services for the Plan (the "Plan recordkeeper"). The current Plan recordkeeper is affiliated with one of our larger institutional investors, but this affiliation was not a factor in choosing the Plan recordkeeper.

While the Plan recordkeeper plays an important role in the Plan's administration, our employee plans administrative committee (the "EPAC"), which is the named fiduciary and plan administrator of the Plan, oversees and monitors the administration of the Plan in accordance with applicable law and compliance with its fiduciary duties and obligations, including (among other things):

- The EPAC appoints and monitors the Plan recordkeeper;
- The EPAC determines and selects, and monitors the performance of, the investment options in the Plan, which include investments not affiliated with the Plan recordkeeper and does not offer IDEXX stock as an investment option;
- The EPAC monitors the fees and expenses incurred in connection with the investment and management of the assets in the Plan, ensuring that fees paid to service providers and other expenses are reasonable; and
- The EPAC retains and regularly meets with independent advisors, including (among others) an independent investment advisor, who support the EPAC's fulfillment of its fiduciary duties and obligations.

We believe that effective oversight and monitoring of the administration of the Plan as described above, as well as the safeguards and controls that exist in financial institutions such as the Plan recordkeeper and its affiliated asset managers, enable the avoidance of any potential conflict of interest.