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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): July 25, 2014

IDEXX LABORATORIES, INC.
(Exact name of registrant as specified in its charter)

(Registrant’s telephone number, including area code)

Not Applicable

One IDEXX Drive, Westbrook, Maine
(Address of principal executive offices)

207.556.0300

04092

0-19271 01-0393723

(address of incorporation)

(State or other jurisdiction of incorporation)

(Commission File Number)

(IRS Employer Identification No.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. to Form 8-K):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
On July 25, 2014, IDEXX Laboratories, Inc. (the “Company”) announced its financial results for the quarter ended June 30, 2014. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

In accordance with general instructions to Form 8-K, the information in this Form 8-K and the Exhibit 99.1 attached hereto is being furnished under Item 2.02 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 2.02 Results of Operations and Financial Condition.

On July 25, 2014, IDEXX Laboratories, Inc. announced its financial results for the quarter ended June 30, 2014. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IDEXX LABORATORIES, INC.

Date: July 25, 2014

By: /s/ Brian P. McKeon

Brian P. McKeon
Executive Vice President, Chief Financial Officer and Treasurer
<table>
<thead>
<tr>
<th>Exhibit No.</th>
<th>Description of Exhibit</th>
</tr>
</thead>
</table>
IDEXX Laboratories Announces Second Quarter Results

- Delivers 9% organic revenue growth and $1.10 EPS, driven by double-digit gains in Companion Animal Group Diagnostics recurring revenues
- Raises 2014 organic revenue growth guidance from 8%-9% to 9%-9.5%
- Announces plan to move to an all-direct product distribution model for US Companion Animal Group Diagnostics in 2015, expected to provide incremental ongoing recurring revenues and accretive profit post transition

WESTBROOK, Maine, July 25, 2014 /PRNewswire/ -- IDEXX Laboratories, Inc. (NASDAQ: IDXX) today reported that revenues for the second quarter of 2014 increased 11% versus the prior year period to $390 million. Organic revenue growth1 for the second quarter of 2014 versus the prior year period was 9%, or 10% normalized for changes in distributor inventory2. Earnings per diluted share ("EPS") for the quarter ended June 30, 2014 increased 11% from the prior year period to $1.10.

"In the second quarter, we continued to accelerate our growth momentum. Companion Animal Group Diagnostics recurring normalized organic revenues expanded at double-digit rates in both North America and international markets. Instrument placements were very strong, supported by nearly 850 Catalyst placements globally. The Catalyst One™ introductory offer in North America is resonating with veterinary clients, where over 65% of new placements are going to competitive customer accounts. We are seeing clear benefits from our investments in innovation and enhanced commercial capability globally, including our transformation of the North American diagnostic sales and marketing organization in 2013," said Jonathan Ayers, the Company's Chairman and Chief Executive Officer.

"Building on this progress, we are announcing today plans to move from a hybrid to an all-direct product distribution model in the US for Companion Animal Group diagnostics in 2015. Under this approach, we intend to take orders, ship product, invoice and receive payment, and recognize revenue for all rapid assay test kits and instrument consumables in the US, aligning with our direct model for instruments, reference lab services, and other CAG products and services," Ayers commented.

"Moving to an all-direct product distribution in the US is a natural evolution of our business model. It aligns with both our strategy to provide an integrated diagnostic solution with world class in-house and reference lab capabilities and our US sales transformation to a Veterinary Diagnostic Consultant sales role that serves our customers for our full diagnostic offering. Our new customer-centric sales model, implemented in 2013, has been highly effective and is gaining momentum each new quarter. The change to an all-direct product distribution approach will allow a significant expansion in our direct sales coverage and capacity, including an estimated 40% increase in the Veterinary Diagnostic Consultant field sales role and a 60% increase in customer field call frequency. With this increase, we will be much better equipped to support our US veterinary customers’ growth in the use of IDEXX diagnostics to provide the best medical care for their patients and clients. The change will result in an incremental annual $50 million to $55 million, or 5%, increase in our fast growing recurring diagnostic revenue, with accretive profit benefits that will scale over time, following the transition to the new model."

Second Quarter Financial Performance Highlights

Second quarter revenues reached $390 million, an 11% increase compared to the prior year period, reflecting strong performance across regions and business segments.

- Companion Animal Group ("CAG") organic revenue growth was nearly 10% for the second quarter of 2014 compared to the prior year period. Normalized CAG Diagnostics recurring organic revenue growth was nearly 12%, primarily driven by 13% gains in IDEXX VetLab® consumables and 11% growth in reference lab services.
- Catalyst and hematology instrument placements increased 34% and 13%, respectively, in the second quarter of 2014, compared to the prior year period.
- Instrument placements in the second quarter of 2014 declined 10% organically, compared to the prior year period, reflecting approximately $3 million in deferred revenue from placements associated with the Catalyst One introductory offer.
- Livestock, Poultry and Dairy ("LPD") organic revenues grew 6% for the second quarter of 2014, compared to the prior year period, benefiting mainly from increased sales in China and New Zealand.
- Organic revenues for Water in the second quarter of 2014 grew over 7%, compared to the prior year period, supported by strong gains in North America and Asia.

Operating margins for the second quarter of 2014 were consistent with expectations. Gross margins were basically flat compared to the prior year period, with improvements from prior offset in part by the absence of prior year foreign exchange hedging gains and higher freight and distribution costs. Operating expenses for the second quarter of 2014 increased 14%, compared to the prior year period, reflecting planned increases in global commercial resources.

The accompanying financial tables provide more information concerning our revenue and other operating results for the three months and six months ended June 30, 2014.

Long Term Debt Expansion

On July 21, 2014, the Company issued and sold to accredited institutional investors through a private placement an aggregate principal amount of $125 million of its senior notes consisting of $50 million of seven-year notes at an interest rate of 3.32% and $75 million of ten-year notes at an interest rate of 3.76%. On July 22, 2014, the Company also executed an agreement for a private placement of an additional $75 million of its twelve-year senior notes at an interest rate of 3.72% with funding anticipated to occur in September 2014. The proceeds from the offerings will be used to reduce outstanding amounts under our recently expanded $700 million revolving credit facility.

Increase in Share Repurchase Program

The IDEXX Board of Directors has authorized the repurchase by the Company of up to an additional five million shares of its common stock under its ongoing share repurchase program. The program is not intended to be limited to any particular period, including under Rule 10b5-1 plans or in negotiated transactions. These shares are in addition to the 1,412,333 shares remaining under the Company's share repurchase program as of June 30, 2014, pursuant to previous Board authorization.

Transition to an All-Direct Product Distribution Model in the US

The Company plans to transition to an all-direct product distribution model in the US effective January 1, 2015 for rapid assay test kits and instrument consumables, upon completion and expiration of our current annual contracts with our US distribution partners.

The Company will significantly enhance its go-to-market capability as a part of this change through the addition of Veterinary Diagnostic Consultants and sales specialists to our sales force, inside sales and customer support resources, field service representatives, as well as a new regionally-based Professional Service Veterinarian capability.

The Company will also expand its US warehouse and distribution capabilities primarily through use of third-party logistics providers.

Consistent with a direct sales approach, the Company will recognize revenue at the veterinary practice level on rapid assay test kits and instrument consumables, instead of at distribution, capturing an additional $50 million to $55 million in annual revenue beginning in 2015. The Company estimates that annual operating profit associated with this growing revenue stream will increase approximately $5 million to $8 million in 2015, before transitional impacts, with accretive benefits that will scale over time.

The Company will incur transition costs in implementing the all-direct product distribution approach in the US. For 2014, this will include approximately $8 million in incremental expense as the Company ramps up sales and operating resources ahead of the planned January 1, 2015 introduction of the new model. The Company also expects to incur approximately $10 million to $12 million in non-recurring expenses in the second half of 2014 associated with project management and other one-time costs required to implement the new model. Combined, the Company estimates these transition costs will reduce reported EPS by approximately $0.23-$0.25 in 2014.

In 2015, transitional impacts will be primarily related to the drawdown of inventory held by distributors at the end of the year. The Company's financial outlook assumes that distributors will hold approximately 3.5 weeks of inventory at the end of 2014, consistent with prior trends. The Company estimates that the drawdown of this inventory will occur primarily in the first quarter of 2015 and will result in a one-time reduction in projected revenue and operating profit of $30 million to $35 million, and $23 million to $27 million, respectively. Additionally, the Company expects to incur $2 million to $3 million in remaining project management expenses in early 2015.

Outlook for 2014

GAAP and Non-GAAP Outlook

Management believes that including the following non-GAAP financial measures of EPS (As Adjusted) in the Company's outlook for the year ending December 31, 2014 is useful to provide supplemental information regarding the performance of our business and to facilitate period-over-period comparisons of the performance of our business.

The following guidance reflects performance before financial impacts from the transition to an all-direct product distribution model, which management believes helps
The Company has increased the top end of its organic revenue growth guidance by 50 basis points reflecting the strong momentum in the Company's CAG Diagnostics recurring revenues and better than expected year-to-date performance in LPD. Operating margins is expected to be in line with the Company's previous guidance of relatively consistent operating margins for the full year compared to 2013. The operating profit increase associated with higher revenue is partially offset by higher interest expense of approximately $0.02 per share associated with the expansion of long-term debt. The following table summarizes this guidance:

<table>
<thead>
<tr>
<th>Amounts in millions except per share data</th>
<th>Year-over-Year Growth</th>
<th>Guidance Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>0.0% to 9.5%</td>
<td>$1,510 - $1,520</td>
</tr>
<tr>
<td>EPS (As Adjusted)2</td>
<td>11% to 14%</td>
<td>$3.79 - $3.96</td>
</tr>
<tr>
<td>Free Cash Flow2</td>
<td>95% - 100% of net income</td>
<td>$80</td>
</tr>
</tbody>
</table>

1Organic revenue growth. The deferred revenue impacts of our Catalyst One introductory offer reduces organic revenue growth guidance for 2014 by 0.5%. Reported revenue growth for 2014 is projected at 10.0% to 10.5%.

2EPS (As Adjusted) and year-over-year growth of EPS (As Adjusted) are non-GAAP financial measures and exclude, as applicable, 2014 transitional expenses associated with the new all-direct product distribution model, a charge resulting from a third-party service provider bankruptcy in 2013, the impact of the retroactive extension of the Federal R&D tax credit associated with the 2012 tax year, and the full year impact of the 2013 Federal R&D tax credit, and the net impacts of changes in foreign currency exchange rates. Refer to the reconciliation of EPS to EPS (As Adjusted) in the table below.

Free cash flow is a non-GAAP financial measure and means, with respect to a measurement period, the cash generated from operations during that period, excluding tax benefits attributable to share-based compensation arrangements, reduced by the Company's investments in fixed assets. Management believes free cash flow is a useful measure because it indicates the cash the operations of the business generate, less cash required to purchase fixed assets, and is useful in evaluating the performance of the business.

The above guidance reflects the assumptions that the value of the US dollar relative to other currencies will remain at our current assumptions of the euro at $1.35, the British pound at $1.69, the Canadian dollar at $0.94, the Australian dollar at $0.94 and the Japanese yen at ¥102 to the US dollar for the balance of 2014, and that the British pound at $1.69, the Canadian dollar at $0.94, the Australian dollar at $0.94 and the Japanese yen at ¥102 to the US dollar for the balance of 2014, and that the

As noted above, the Company expects to incur transitional costs in 2014 associated with the change to an all-direct product distribution model in the US. These expenses are expected to reduce 2014 operating profit and EPS by approximately $18 million to $20 million and $0.23-$0.25, respectively. The following table reconciles EPS to EPS (As Adjusted) for these transitional items and other adjustments to the 2013 base year that management believes facilitate period-over-period comparisons of the performance of the Company's business:

<table>
<thead>
<tr>
<th>Guidance Range</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS (As Adjusted)</td>
<td>$0.03</td>
</tr>
<tr>
<td>EPS</td>
<td>$3.79</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>$3.86</td>
</tr>
<tr>
<td>Year-over-Year Growth of EPS (As Adjusted)</td>
<td>11%</td>
</tr>
</tbody>
</table>

The baseline preliminary outlook for 2015, before the impact of the transition to an all-direct product distribution model, is for 9% to 10% organic revenue growth reflecting our accelerating momentum in the Company's business. Operating margins, excluding previously described transitional impacts in both 2014 and 2015, are expected to be relatively flat next year.

Conference Call and Webcast Information

IDEXX Laboratories, Inc. will be hosting a conference call today at 8:30 a.m. (Eastern) to discuss its second quarter results and management's outlook. To participate in the conference call, dial 1-800-230-1059 or 1-612-332-0107 and reference confirmation code 331727. An audio replay will be available through Friday, August 1, 2014 by dialing 1-320-365-3844 and referencing replay code 331727.

The call will also be available via live or archived webcast on the IDEXX Laboratories' website at http://www.idexx.com and will be available for one year.
1 Organic revenue growth is not a measure defined by generally accepted accounting principles in the United States of America ("GAAP"); rather, it is measured herein as the non-GAAP financial measure. Management believes that reporting organic revenue growth provides useful information to investors by facilitating easier comparisons of our revenue performance with prior and future periods and to our peers. Organic revenue growth for the second quarter of 2014 excludes the impact of changes in foreign currency exchange rates, which contributed 0.5% to revenue growth, and revenue from business acquisitions, which contributed 0.5% to revenue growth. See the Supplementary Analysis of Results below for a reconciliation of reported revenue growth to organic revenue growth.

2 Normalized organic revenue growth is a non-GAAP financial measure. Management believes that reporting normalized organic revenue growth provides useful information to investors by facilitating easier comparisons of our organic revenue growth performance with prior and future periods. Our rapid assay products and VetLab instrument consumables are sold by third party distributors, who purchase products from us and sell them to end users, such as veterinary practices. As a result, distributor inventory levels have an impact on our reported sales, and distributor inventory levels may be affected by many factors, which may not be directly related to underlying end-user demand for our products. Normalized organic revenue growth excludes the impact of changes in our significant distributors' inventory levels on organic revenue growth for the relevant period. We are unable to obtain data for sales to end-users from certain less significant third party distributors internationally. We do not believe the impact of changes in these international distributors' inventories would have a material impact on our growth rates. Further reconciliation of organic revenue growth normalized to organic revenue growth for the second quarter of 2014 includes the following negative impacts to organic revenue growth from changes in our significant distributors' inventory levels; Total Company 0.7%, CAG Diagnostics Recurring 1.0%, VetLab consumables 1.1%, and Rapid Assay 3.4%. See the Supplementary Analysis of Results below for a reconciliation of reported revenue growth to organic revenue growth.

### IDEXX Laboratories, Inc. and Subsidiaries

#### Consolidated Statement of Operations

Amounts in thousands except per share data (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Six Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2014</td>
<td>June 30, 2013</td>
</tr>
<tr>
<td></td>
<td>$ 390,122</td>
<td>$ 352,583</td>
</tr>
<tr>
<td></td>
<td>$ 750,325</td>
<td>$ 684,688</td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>$ 171,604</td>
<td>$ 154,685</td>
</tr>
<tr>
<td></td>
<td>328,710</td>
<td>303,018</td>
</tr>
<tr>
<td>Gross profit</td>
<td>$ 218,518</td>
<td>$ 197,698</td>
</tr>
<tr>
<td></td>
<td>$ 429,815</td>
<td>$ 429,815</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>$ 68,020</td>
<td>$ 78,896</td>
</tr>
<tr>
<td></td>
<td>135,868</td>
<td>117,204</td>
</tr>
<tr>
<td>General and administrative</td>
<td>$ 41,846</td>
<td>$ 38,858</td>
</tr>
<tr>
<td></td>
<td>$ 82,935</td>
<td>$ 80,488</td>
</tr>
<tr>
<td>Research and development</td>
<td>$ 25,433</td>
<td>$ 22,181</td>
</tr>
<tr>
<td></td>
<td>$ 48,547</td>
<td>$ 43,039</td>
</tr>
<tr>
<td>Income from operations</td>
<td>$ 32,219</td>
<td>$ 27,783</td>
</tr>
<tr>
<td></td>
<td>$ 153,265</td>
<td>$ 139,949</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>($2,477)</td>
<td>($735)</td>
</tr>
<tr>
<td></td>
<td>($4,780)</td>
<td>($1,125)</td>
</tr>
<tr>
<td>Income before provision for income taxes</td>
<td>$ 80,742</td>
<td>$ 78,028</td>
</tr>
<tr>
<td></td>
<td>$ 148,488</td>
<td>$ 138,824</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>$ 23,498</td>
<td>$ 24,029</td>
</tr>
<tr>
<td></td>
<td>$ 44,648</td>
<td>$ 39,059</td>
</tr>
<tr>
<td>Net Income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 57,244</td>
<td>$ 53,999</td>
</tr>
<tr>
<td>Less: Noncontrolling interest in subsidiary’s earnings</td>
<td>26</td>
<td>4</td>
</tr>
<tr>
<td>Net income attributable to stockholders</td>
<td>$ 57,218</td>
<td>$ 53,965</td>
</tr>
<tr>
<td>Earnings per share: Basic</td>
<td>$ 1.12</td>
<td>$ 1.11</td>
</tr>
<tr>
<td>Earnings per share: Diluted</td>
<td>$ 0.99</td>
<td>$ 0.99</td>
</tr>
<tr>
<td>Shares outstanding: Basic</td>
<td>51,125</td>
<td>53,670</td>
</tr>
<tr>
<td>Shares outstanding: Diluted</td>
<td>51,796</td>
<td>54,386</td>
</tr>
</tbody>
</table>

### IDEXX Laboratories, Inc. and Subsidiaries

#### Selected Operating Information (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
<th>Six Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2014</td>
<td>June 30, 2013</td>
</tr>
<tr>
<td></td>
<td>$ 390,122</td>
<td>$ 352,583</td>
</tr>
<tr>
<td>Operating Ratios:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>$ 218,518</td>
<td>$ 197,698</td>
</tr>
<tr>
<td>Sales, marketing, and administrative expense</td>
<td>28.9%</td>
<td>29.2%</td>
</tr>
<tr>
<td>Research and development expense</td>
<td>6.6%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Total</td>
<td>$ 326,697</td>
<td>$ 295,834</td>
</tr>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAG</td>
<td>$ 181,343</td>
<td>$ 161,704</td>
</tr>
<tr>
<td>Water</td>
<td>16.170</td>
<td>$ 15,044</td>
</tr>
<tr>
<td>LPD</td>
<td>20,801</td>
<td>15,254</td>
</tr>
<tr>
<td>Other</td>
<td>2,743</td>
<td>3,069</td>
</tr>
<tr>
<td>Unallocated Amounts</td>
<td>($2,477)</td>
<td>($4,780)</td>
</tr>
<tr>
<td>Total</td>
<td>$ 218,518</td>
<td>$ 197,698</td>
</tr>
</tbody>
</table>

Income from
Revenues and Revenue Growth Analysis by Product and Service Categories and by Domestic and International Markets

Amounts in thousands (Unaudited)

IDEXX Laboratories, Inc. and Subsidiaries

Operations:

CAG $70,348 21.5% $63,358 21.4%
Water 10,064 44.1% 9,913 44.3%
LPD 7,323 22.4% 3,216 11.4%
Other (349) (4.0%) 841 13.8%
Unallocated Amounts (4,267) N/A 1,436 N/A
Total $83,219 21.3% $78,763 22.3%

Gross Profit:

CAG $348,872 55.2% $311,942 54.5%
Water 30,038 65.4% 28,538 66.3%
LPD 40,442 63.4% 31,130 55.3%
Other 6,144 51.0% 6,257 49.9%
Unallocated Amounts (3,061) N/A 3,803 N/A
Total $420,615 56.1% $381,670 55.7%

Income from Operations:

CAG $126,212 20.1% $114,666 20.0%
Water 18,180 39.6% 18,268 42.4%
LPD 13,783 21.5% 8,051 14.3%
Other 340 2.8% 1,276 10.2%
Unallocated Amounts (5,250) N/A (2,312) N/A
Total $153,265 20.4% $139,949 20.4%

Revenues and Revenue Growth Analysis by Product and Service Categories and by Domestic and International Markets

IDEXX Laboratories, Inc. and Subsidiaries

Three Months
Ended
June 30, 2014
Three Months
Ended
June 30, 2013
Dollar
Change
Percentage
Change
Percentage Change from Currency (1)
Percentage Change from Acquisitions (2)
Organic Revenue
Growth (3)
CAG $326,697 $295,834 $30,863 10.4% 0.4% 0.1% 9.9%
Water 24,487 22,384 2,103 9.4% 0.8% 1.3% 7.3%
LPD 32,739 28,278 4,461 15.8% 2.2% 7.5% 6.1%
Other 11,595 9,238 2,357 25.5% 0.3% - 1.5%
Total $396,122 $352,583 $43,539 12.4% 0.5% 0.8% 9.3%

Three Months
Ended
June 30, 2014
Three Months
Ended
June 30, 2013
Dollar
Change
Percentage
Change
Percentage Change from Currency (1)
Percentage Change from Acquisitions (2)
Organic Revenue
Growth (3)
United States $225,336 $205,350 $19,986 9.7% - - 9.7%
International 164,786 147,233 17,553 11.9% 1.4% 1.9% 8.6%
Total $390,122 $352,583 $37,539 10.6% 0.5% 0.8% 9.3%

Three Months
Ended
June 30, 2014
Three Months
Ended
June 30, 2013
Dollar
Change
Percentage
Change
Percentage Change from Currency (1)
Percentage Change from Acquisitions (2)
Organic Revenue
Growth (3)
CAG Diagnostics recurring revenue: $281,590 $253,256 $28,340 11.2% 0.5% 0.1% 10.6%
VetLab consumables 89,113 78,778 10,335 13.7% 0.7% - - 12.4%
VetLab service and accessories 13,512 12,506 1,006 8.0% 0.8% - - 7.2%
Rapid assay products 49,493 46,057 3,436 7.5% 0.1% - - 7.4%
Reference laboratory diagnostic and consulting services 129,478 115,917 13,561 11.7% 0.3% 0.3% 11.1%
CAG Diagnostics capital - instruments 18,914 20,755 (1,841) 8.9% 1.1% - (10.0)% - -
Customer information management and digital imaging systems 26,187 21,823 4,364 20.2% (0.5)% - - 20.5%
Net CAG revenue $326,697 $295,834 $30,863 10.4% 0.4% 0.1% 9.9%

(1) The percentage change from currency is a non-GAAP financial measure. Effective January 1, 2014, this measure represents the percentage change in revenue resulting from the difference between the average exchange rates during the three months ended June 30, 2014 and the same period of the prior year applied to foreign currency-denominated revenues for the three months ended June 30, 2013. Under the Company’s methodology used prior to January 1, 2014, the Company calculated the percentage change in revenue resulting from the difference between the average exchange rates during the three months ended June 30, 2014 and the same period of the prior year applied to foreign currency-denominated revenues for the three months ended June 30, 2013.

(2) The percentage change from acquisitions is a non-GAAP financial measure. This measure represents the percentage change in revenue during the three months ended June 30, 2014 compared to the three months ended June 30, 2013 net of acquisitions and the effect of changes in foreign currency exchange rates.

(3) Organic revenue growth is a non-GAAP financial measure and represents the percentage change in revenue during the three months ended June 30, 2014 compared to the three months ended June 30, 2013 net of acquisitions and the effect of changes in foreign currency exchange rates.

IDEXX Laboratories, Inc. and Subsidiaries

Revenues and Revenue Growth Analysis by Product and Service Categories and by Domestic and International Markets

Amounts in thousands (Unaudited)

Six Months
Ended
June 30, 2014
Six Months
Ended
June 30, 2013
Dollar
Change
Percentage
Change
Percentage Change from Currency (1)
Percentage Change from Acquisitions (2)
Organic Revenue
Growth (3)
CAG $628,285 $572,774 $55,511 9.7% - 0.1% 9.6%
Water 45,908 43,050 2,858 6.6% 0.3% 1.3% 5.0%
LPD 64,090 56,317 7,773 13.8% 1.7% 6.5% 5.6%
Other 12,042 (655) (4,697) (69.5)% 0.3% - (43.3)% - -
Total $750,325 $684,688 $65,637 9.6% 0.2% 0.7% 8.7%
Percent change from revenue may be impacted by foreign currency movements due to the Company’s globally diverse operations and customer base. The percentage change from acquisitions is a non-GAAP financial measure. This measure represents the percentage change in revenue during the six months ended June 30, 2014 compared to the six months ended June 30, 2013 attributed to acquisitions subsequent to December 31, 2012. This change in methodology, which was implemented to achieve operational efficiencies, is not deemed material.

Organic revenue growth is a non-GAAP financial measure and represents the percentage change in revenue during the six months ended June 30, 2014 compared to the six months ended June 30, 2013 net of acquisitions and the effect of changes in foreign currency exchange rates.
Changes in assets and liabilities  
(13,179)  
Tax benefit from share-based compensation arrangements  
(7,860)  
Net cash provided by operating activities  
115,280  
102,484

Investing:  
Cash Flows from Investing Activities:  
Purchases of property and equipment  
(26,410)  
(46,181)  
Proceeds from disposition of pharmaceutical product lines  
-  
3,500  
Acquisition of intangible assets  
(175)  
(659)  
Proceeds from sale of equity investment  
5,400  
-  
Acquisition of a business, net of cash acquired  
(1,181)  
-  
Net cash used by investing activities  
(21,346)  
(43,340)

Financing:  
Cash Flows from Financing Activities:  
Borrowings on revolving credit facilities, net  
107,000  
155,500  
Payment of notes payable  
(1,394)  
(460)  
Repurchases of common stock  
(196,026)  
(209,335)  
Debt issue costs  
(1,156)  
-  
Proceeds from the exercise of stock options and employee stock purchase plans  
14,707  
16,420  
Tax benefit from share-based compensation arrangements  
7,960  
5,830  
Net cash used by financing activities  
(69,509)  
(29,065)  
Net effect of changes in exchange rates on cash  
1,565  
(3,052)  
Net increase in cash and cash equivalents  
25,990  
27,027  
Cash and cash equivalents, beginning of period  
279,058  
223,986  
Cash and cash equivalents, end of period  
305,048  
251,013

IDEXX Laboratories, Inc. and Subsidiaries  
Free Cash Flow(1)  
Amounts in thousands (Unaudited)  
Six Months Ended  
June 30,  
2014  
June 30,  
2013  
Free Cash Flow:  
Net cash provided by operating activities  
$115,280  
$102,484  
Financing cash flows attributable to tax benefits from share-based compensation arrangements  
7,960  
5,830  
Purchases of property and equipment  
(26,410)  
(46,181)  
Free cash flow  
$97,830  
$62,133

(1) Free cash flow is a non-GAAP financial measure and is calculated from cash generated from operations, excluding tax benefits attributable to share-based compensation arrangements, reduced by the Company's investments in fixed assets. Management believes free cash flow is a useful measure because it indicates the cash the operations of the business are generating after appropriate reinvestment for recurring investments in fixed assets that are required to operate the business. Management also believes this is a common financial measure useful to further evaluate the results of operations.

IDEXX Laboratories, Inc. and Subsidiaries  
Common Stock Repurchases  
Amounts in thousands except per share data (Unaudited)  
Three Months Ended  
June 30,  
2014  
June 30,  
2013  
Six Months Ended  
June 30,  
2014  
June 30,  
2013  
Share repurchases during the period  
975  
1,662  
1,591  
2,384  
Average price paid per share  
$129.77  
$86.37  
$126.83  
$88.33

Shares remaining under repurchase authorization as of June 30, 2014 totaled 1,412,333. On July 16, 2014, the Board of Directors authorized the repurchase by the Company of up to an additional 5,000,000 shares.

Share repurchases include shares surrendered by employees in payment for the minimum required withholding taxes due on the vesting of restricted stock units and the settlement of deferred stock units.

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