

One IDEXX Drive  
Westbrook, Maine 04092

March 23, 2011

Dear Stockholder:

We invite you to attend our annual meeting of stockholders on Wednesday, May 4, 2011, beginning at 10:00 a.m., local time, at IDEXX Laboratories, Inc., One IDEXX Drive, Westbrook, Maine. At the annual meeting, we will conduct the business described in the attached notice and proxy statement. In addition, we will report on our business and introduce you to our directors and executive officers.

Pursuant to rules promulgated by the Securities and Exchange Commission, we have elected to provide access to our proxy materials over the Internet. Accordingly, we will mail, on or about March 24, 2011, a Notice of Internet Availability of Proxy Materials (the "Notice of Internet Availability") to our stockholders of record and beneficial owners as of the close of business on March 7, 2011. All stockholders and beneficial owners will have the ability to access all of the proxy materials on a Web site referred to in the Notice of Internet Availability or request to receive a printed or emailed set of proxy materials. These proxy materials will be available free of charge.

Whether you own few or many shares of stock, it is important that your shares be represented and voted at the annual meeting. Stockholders can vote their shares by telephone or via the Internet. Instructions for using these convenient services are provided in the proxy statement. You also can vote your shares by requesting a paper proxy card and completing, signing and returning it by mail. If you decide to attend the annual meeting, you will be able to vote in person, even if you previously have voted by another means.

If you are unable to attend the annual meeting, you can listen to a live Webcast of the meeting on the Internet. You can access the Webcast from the home page of our Web site, [idexx.com](http://idexx.com). However, since you cannot vote your shares via the Webcast, it is important that you timely vote your shares in advance, using one of the procedures mentioned above and as more fully described in the proxy statement.

We look forward to your participation in the annual meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Ayers". The signature is written in a cursive, flowing style.

Jonathan W. Ayers  
President, Chief Executive Officer and  
Chairman of the Board of Directors

One IDEXX Drive  
Westbrook, Maine 04092

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**NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS**

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**NOTICE IS HEREBY GIVEN** that the annual meeting of stockholders of IDEXX Laboratories, Inc., will be held on Wednesday, May 4, 2011, at 10:00 a.m., local time, at IDEXX Laboratories, Inc., One IDEXX Drive, Westbrook, Maine, for the following purposes:

1. *Election of Directors.* To elect the two Class II directors listed in the attached proxy statement for three-year terms (Proposal One);
2. *Advisory Vote on Executive Compensation.* To approve a nonbinding advisory resolution on the company's executive compensation programs (Proposal Two);
3. *Advisory Vote on the Frequency of Advisory Vote on Executive Compensation.* To hold a nonbinding advisory vote on the frequency of future advisory votes on the company's executive compensation programs (Proposal Three);
4. *Ratification of Appointment of Independent Registered Public Accounting Firm.* To ratify the selection by the audit committee of the board of directors of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year (Proposal Four); and
5. *Other Business.* To conduct such other business as may properly come before the annual meeting or any adjournments or postponements thereof, including approving any such adjournment or postponement, if necessary. Please note that at this time we are not aware of any such business, and the dates have passed for presenting any stockholder proposals pursuant to the company's amended and restated bylaws or pursuant to Rule 14a-8 of the Securities and Exchange Commission rules.

Pursuant to the company's amended and restated bylaws, the board of directors has fixed the close of business on March 7, 2011 as the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting.

If you would like to attend the annual meeting or vote at the annual meeting, you must bring a form of personal identification. If your shares are held by a broker, bank or other nominee, you also must bring to the annual meeting a letter from the nominee confirming your beneficial ownership of such shares and a proxy permitting you to vote the shares.

By order of the board of directors,



Conan R. Deady, *Secretary*

Westbrook, Maine  
March 23, 2011

**It is important that your shares be represented and voted at the annual meeting. You can submit a proxy by telephone or Internet. Alternatively, you may request a paper proxy card, which you may complete, sign and return by mail.**

**PROXY STATEMENT FOR 2011 ANNUAL MEETING OF STOCKHOLDERS**  
*May 4, 2011*

This proxy statement and the accompanying materials are being provided to you in connection with the solicitation by the board of directors of IDEXX Laboratories, Inc. of proxies to be voted at our 2011 annual meeting of stockholders and at any adjournment or postponement thereof. References in this proxy statement to “we”, “us”, the “company” or “IDEXX” refer to IDEXX Laboratories, Inc. and its consolidated subsidiaries.

We are a Delaware corporation and were incorporated in 1983. Our principal executive offices are located at One IDEXX Drive, Westbrook, Maine 04092. References to our Web site in this notice and proxy statement are inactive textual references only and the contents of our Web site should not be deemed incorporated by reference into this notice or proxy statement for any purpose.

In accordance with the rules and regulations of the Securities and Exchange Commission, or SEC, instead of mailing a printed copy of our proxy materials to each stockholder of record, we are furnishing proxy materials to our stockholders via the Internet. If you received a “Notice of Internet Availability” by mail, you will not receive a printed copy of the proxy materials unless you specifically request a printed copy. Instead, the Notice of Internet Availability will instruct you how to access and review all of the important information contained in the proxy materials. The Notice of Internet Availability also instructs you how to submit your proxy on the Internet. If you would like to receive a printed or emailed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability.

The Notice of Internet Availability is first being sent to stockholders on or about March 24, 2011. Also on March 24, 2011, we will first make available to our stockholders the proxy statement and the form of proxy relating to the 2011 annual meeting, as well as our annual report for the year ended December 31, 2010, or 2010 annual report.

**GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

**How Proxies Work**

IDEXX’s board of directors is asking for your proxy. Giving us your proxy means that you authorize us to vote your shares at the annual meeting in the manner that you direct, or if you do not direct us, in the manner as recommended by the board of directors in this proxy statement. You can vote for the director nominees or withhold your vote for one or all nominees. You also can vote for or against the other proposals (other than Proposal Three) or abstain from voting; in the case of Proposal Three you may indicate whether you prefer an advisory vote on executive compensation once every one, two or three years, or you may abstain from voting. If you request a proxy card, and return your signed proxy card, but do not give voting instructions, the shares represented by that proxy will be voted “FOR” each proposal (other than Proposal Three) and “FOR” annual advisory votes on executive compensation (Proposal Three) as recommended by the board of directors.

**Who Can Vote**

Holders of IDEXX common stock at the close of business on March 7, 2011 are entitled to receive notice of and to vote their shares at the annual meeting. As of March 7, 2011, there were 57,438,834 shares of common stock outstanding. Each share of common stock is entitled to one vote on each matter properly brought before the annual meeting.

Most IDEXX stockholders hold their shares through a stockbroker, bank, trustee, or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially:

- **Stockholder of Record:** If your shares are registered directly in your name with IDEXX's transfer agent, American Stock Transfer & Trust Company, you are considered the stockholder of record of those shares and these proxy materials are being made available directly to you by IDEXX. As the stockholder of record, you have the right to grant your voting proxy directly to IDEXX or to vote in person at the annual meeting.
- **Beneficial Owner:** If your shares are held in a stock brokerage account, by a bank, broker, trustee, or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being made available to you through your bank, broker, trustee, or nominee, who is considered the stockholder of record of those shares. As the beneficial owner, you have the right to direct your bank, broker, trustee, or nominee on how to vote and are also invited to attend the meeting. Your bank, broker, trustee, or nominee is obligated to provide you with voting instructions for use in instructing the bank, broker, trustee or nominee how to vote these shares. However, since you are not the stockholder of record, you may not vote these shares in person at the meeting unless you have a proxy from the bank, broker, trustee or nominee that holds the shares giving you the right as beneficial owner to vote your shares at the annual meeting.

### **How to Vote**

You can vote in person at the annual meeting or by proxy. We recommend that you submit a proxy even if you plan to attend the annual meeting. You can revoke your proxy and change your vote at the annual meeting in one of the ways described below. All shares represented by proxies that have been properly voted and not revoked will be voted at the annual meeting.

We are offering stockholders four methods of voting:

- You may vote over the Internet.
- You may vote by telephone.
- You may request a paper proxy card from us, and indicate your vote by completing, signing and dating the card where indicated and by mailing or otherwise returning the card in the accompanying prepaid envelope.
- You may vote in person at the annual meeting. If you attend the annual meeting, you will be able to vote your shares, even if you already voted by Internet, telephone or mail. However, if you are the beneficial owner of shares held in street name, you must obtain a proxy, executed in your favor, from the bank, broker, trustee or other nominee to be able to vote at the annual meeting.

### **Revoking a Proxy**

You can revoke your proxy, whether it was given by Internet, telephone or mail, before it is voted by:

- Providing written notice to the corporate secretary of IDEXX before or at the annual meeting prior to the voting on any proposal;
- Submitting a new proxy with a later date, including a proxy given via the Internet or by telephone; or
- Voting by ballot at the annual meeting.

The last vote you submit chronologically (by any means) will supersede your prior vote(s). Your attendance at the annual meeting will not, by itself, revoke your proxy.

## **Quorum**

In order to transact business at the annual meeting, we must have a quorum. This means that at least a majority of the issued and outstanding shares entitled to vote must be represented at the annual meeting, either by proxy or in person. Abstentions and broker nonvotes are counted as present and entitled to vote for purposes of determining a quorum. Broker nonvotes occur when a broker returns a proxy, but indicates that it does not have authority to vote on a particular proposal. Treasury shares, which are shares owned by IDEXX itself, are not voted and do not count towards establishing a quorum. If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

## **Votes Needed**

The director nominees who receive the most votes at the meeting will be elected to fill the seats on the board. Approval of the other proposals requires the favorable vote of a majority of the votes cast. Only votes for or against a proposal count as votes cast. Abstentions and broker nonvotes (which are described below) are not counted as votes cast and, therefore, will have no effect on the outcome of the matters to be voted on at the annual meeting. Votes will be tabulated by an independent inspector of elections appointed for the meeting, who will separately tabulate affirmative and negative votes, abstentions and broker nonvotes. The preliminary voting results will be announced at the meeting. The final voting results will be tallied by the inspector of elections and reported in a Current Report on Form 8-K, which will be filed with the SEC within four business days after the meeting.

With respect to Proposal Three, if none of the three frequency options receives the vote of the holders of a majority of the votes cast, we will consider the frequency option (one year, two years or three years) receiving the highest number of votes cast by stockholders to be the frequency that has been recommended by stockholders. However, as described in more detail in Proposal Three, because this proposal is non-binding, the board of directors may decide that it is in the best interest of our stockholders and the company to hold future executive compensation advisory votes more or less frequently. Proposals Two and Four are also non-binding proposals.

If you do not give instructions to your bank or brokerage firm, it will still be able to vote your shares with respect to certain “discretionary” items, but will not be allowed to vote your shares with respect to certain “non-discretionary” items. The ratification of the appointment of our independent registered public accounting firm is considered to be a discretionary item on which banks and brokerage firms may vote. The election of directors, and the advisory votes on executive compensation and frequency of the advisory vote on executive compensation, are non-discretionary items on which banks and brokerage firms may not vote. In the case of non-discretionary items, the shares will be treated as “broker nonvotes.” “Broker nonvotes” are shares that are held in “street name” by a bank or brokerage firm that indicates on its proxy that it does not have discretionary authority to vote on a particular matter.

## **Conduct of the Annual Meeting**

Rules for the conduct of the annual meeting will be available at the annual meeting. Under our amended and restated bylaws, the chairman may adopt rules and procedures that he believes are appropriate to ensure that the annual meeting is conducted properly.

## **Webcast of Annual Meeting**

Our annual meeting will be Webcast live on the Internet at 10:00 a.m., local time, on May 4, 2011. The Webcast will include consideration of the proposals and our chief executive officer’s presentation regarding our business, and will provide audio and the accompanying graphic presentation, but will not include the question-and-answer session that follows the presentation. People accessing the Webcast will not be able to ask questions or otherwise participate during the meeting. You can access the Webcast from the home page of our Web site, [idexx.com](http://idexx.com). Since you cannot vote your shares via the Webcast, it is important that you vote your shares in advance of the annual meeting, using one of the procedures described above.

## **Voting on Other Matters**

If other matters are properly presented at the annual meeting for consideration, the persons named in the proxy will have the discretion to vote on those matters for you. At the date of this proxy statement, we do not know of any other matters to be raised at the annual meeting and the dates by which other matters must have been

submitted by our stockholders pursuant to Rule 14a-8 of the SEC rules or our amended and restated bylaws have passed.

### **Solicitation of Proxies**

IDEXX will pay the expenses of the board of directors' solicitation of proxies. Proxies can be solicited on our behalf by directors, officers or employees, without additional remuneration, in person or by telephone, by mail, electronic transmission and facsimile transmission. We have hired MacKenzie Partners, Inc., to distribute and solicit proxies. We will pay MacKenzie Partners, Inc. a fee of approximately \$6,000, plus reasonable out-of-pocket expenses, for its services.

Brokers, banks, trustees and other nominees will be requested to make available proxy-soliciting material to the owners of common stock held in their names and, as required by law, IDEXX will reimburse them for their reasonable out-of-pocket expenses for this service.

### **Householding of Annual Meeting Materials**

Some beneficial holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of our Notice of Internet Availability may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of the Notice of Internet Availability, proxy statement or annual report if you call or write us at the following address or telephone number: Investor Relations, IDEXX Laboratories, Inc., One IDEXX Drive, Westbrook, Maine, 04092, Telephone: 207-556-8155. If you want to receive separate copies of the Notice of Internet Availability, proxy statement and annual report in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and telephone number.

## **CORPORATE GOVERNANCE**

### **Board of Directors**

Our board of directors, which we refer to as the board of directors or the board, consists of eight members. The board meets throughout the year on a set schedule, and also holds special meetings and acts by written consent from time to time as appropriate. The board has delegated various responsibilities and authority to different board committees as described below under the heading "Committees of the Board."

The board of directors is responsible for monitoring the overall performance of IDEXX. Among other things, the board of directors, directly and through its committees, establishes corporate policies, oversees compliance and ethics, reviews the performance of the chief executive officer, reviews and approves the annual budget, oversees the management of risk, reviews and approves certain transactions, and reviews the company's long-term strategic plans. You can access a description of the board's involvement in IDEXX's strategic planning process on the Internet at [www.idexx.com/view/xhtml/en\\_us/corporate/governance/strategic-planning.jsf](http://www.idexx.com/view/xhtml/en_us/corporate/governance/strategic-planning.jsf), or by contacting our corporate secretary at the company's headquarters address.

In accordance with general corporate legal principles applicable to corporations organized under the laws of Delaware, the board of directors does not control the day-to-day management of IDEXX. Members of the board of directors keep informed about IDEXX's business by participating in board and committee meetings, by reviewing analyses and reports regularly sent to them by management, and through discussions with the chief executive officer and other officers and members of management.

Directors are responsible for attending board meetings and meetings of committees on which they serve, and for devoting the time needed and meeting as frequently as necessary to discharge their responsibilities properly. The board of directors held six meetings and board committees held 18 meetings in 2010. Each of our directors attended 75 percent or more of the meetings of the board and board committees on which he or she served in 2010. It is our policy to schedule board and committee meetings to coincide with the annual meeting of stockholders, and directors are expected to attend the annual meeting. Last year, all of the individuals then serving as directors attended our annual meeting.

## **Director Independence**

Under our corporate governance guidelines, a substantial majority of our directors must be “independent” as defined by the rules of the NASDAQ Global Market. Under the charters of each of the standing committees of our board, each of the members of those committees is required to be independent as defined by those rules. In addition, under the audit committee charter, each member of the audit committee is required to satisfy the independence criteria set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended, or the 1934 Act. Our nominating and governance committee annually determines the independence of each director. In February 2011, the nominating and governance committee determined that each director who served as a director during any part of 2010, other than Mr. Ayers, who is our president and chief executive officer, was independent under the rules of the NASDAQ Global Market and that each member of the audit committee satisfied the independence criteria of Rule 10A-3(b)(1) under the 1934 Act.

In determining Mr. McKeon’s independence, the board of directors considered Mr. McKeon’s position as an executive officer of Iron Mountain Incorporated, a provider of document storage and escrow services for the company. The board considered such factors including, but not limited to, the fact that the company’s relationship with Iron Mountain predated Mr. McKeon joining Iron Mountain, that Mr. McKeon did not participate in the negotiation of any transactions with Iron Mountain for its services, that such services were provided on arm’s-length terms and conditions and in the ordinary course of business, and that the services provided by Iron Mountain were routine and limited in scope (the company paid Iron Mountain \$113,771 in 2010 for document storage and escrow services). The board concluded that these factors would not ultimately affect Mr. McKeon’s independence.

## **Related Party Transactions**

Our board has adopted a written related person transaction policy under which the audit committee is required to review and approve any transaction that the company proposes to enter into that would be required to be disclosed under Item 404(a) of Regulation S-K. The audit committee may approve any such transaction only if it determines that, under all of the circumstances, the transaction is not inconsistent with the best interests of the company.

Item 404(a) of Regulation S-K requires the company to disclose in its proxy statement any transaction involving more than \$120,000 in which the company is a participant and in which any related person has or will have a direct or indirect material interest. A related person is any executive officer, director, nominee for director, or holder of 5% or more of the company’s common stock, or an immediate family member of any of those persons. Since January 1, 2010, the company has not been a participant in any transaction with a related person.

## **Committees of the Board**

The board of directors has established audit, compensation, nominating and governance, and finance committees, each of which is described briefly below. Each of these committees acts pursuant to a written charter that is approved by the board and reviewed annually by the applicable committee and the board of directors. Current copies of each committee’s charter can be accessed on the Internet at [www.idexx.com/view/xhtml/en\\_us/corporate/corporate-governance.jsf](http://www.idexx.com/view/xhtml/en_us/corporate/corporate-governance.jsf) or by contacting the corporate secretary at the company’s headquarters address.

### *Audit Committee*

The audit committee is a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the 1934 Act, and is responsible for overseeing the accounting, internal control, financial reporting and audit processes of the company, including the selection and retention of IDEXX’s independent auditors. The current audit committee members are Mr. McKeon (chairman), Drs. Henderson and Johnson and Mr. Vumbacco, each of whom has been determined by our board of directors to satisfy the heightened criteria for independence and other requirements applicable to members of audit committees under the rules of the NASDAQ Global Market and the independence rules contemplated by Rule 10A-3 under the 1934 Act. The nominating and governance committee of the board has determined that each member of the audit committee has the financial or accounting experience or background required by the rules of the NASDAQ Global Market, and that each of Messrs. McKeon and Vumbacco is an “audit committee financial expert” as defined by the SEC.

The audit committee oversees elements of the company's risk management activities and also reviews and approves all related party transactions (defined as transactions required to be disclosed pursuant to Item 404(a) of Regulation S-K). The audit committee meets from time to time with IDEXX's financial personnel, other members of management, internal audit staff and independent auditors regarding these matters. The audit committee met nine times in 2010. The committee has adopted procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of any concerns regarding questionable accounting or auditing matters. The audit committee may retain independent counsel, accountants, or others to assist it in the conduct of any investigation, and the company will provide appropriate funding for payment of such services, as determined by the audit committee.

### *Compensation Committee*

Committee Responsibilities and Members. The compensation committee oversees the management compensation philosophy and practices of IDEXX, evaluates the performance of the chief executive officer, determines the compensation of the chief executive officer and approves the compensation of the other executive officers, reviews succession plans for the chief executive officer and management's overall leadership development plan, oversees the company's equity compensation and benefit plans, reviews compliance by executive officers and directors with the company's stock ownership and retention guidelines, reviews compensation of directors, analyzes the risks associated with the company's compensation practices and reviews the Compensation Discussion and Analysis required to be included in the annual proxy statement. The compensation committee charter does not provide for any delegation of these compensation committee duties except to a sub-committee or individual members of the committee as it may determine. The committee has delegated to the chairman of the compensation committee the authority to grant equity awards to new officers of the company between scheduled meetings of the committee following consultation with the chief executive officer.

The compensation committee reviews director compensation periodically and makes a recommendation to the board. The chief executive officer, general counsel and corporate vice president of human resources assist the committee in its review of director compensation by providing information and preparing meeting materials. No other executive officers of the company are involved in the board's review and determination of director compensation.

The current compensation committee members are Messrs. Murray (chairman), Craig, End and McKeon, each of whom is independent under the rules of the NASDAQ Global Market.

Committee Procedures. Compensation committee meetings are scheduled and agendas determined through consultation among the chief executive officer, the general counsel, the vice president of human resources, and the committee chair. In February of each year, the committee meets to award the chief executive officer's bonus, and to review and approve the chief executive officer's recommended bonuses for other executive officers, for the year just concluded. At this meeting, the committee also determines the annual equity award and current year base salary for the chief executive officer and reviews and approves the chief executive officer's recommendations for equity awards and current year base salaries for the other executive officers, making such changes to the chief executive officer's recommendations as it deems appropriate. The committee meets at other times during the year as needed to review executive compensation and otherwise to perform the duties described in its charter. During 2010, the committee met four times.

Use of Compensation Consultants. The compensation committee has authority to engage advisers to support its work at the company's expense. The committee has engaged Frederic W. Cook & Co., Inc., or FW Cook, to serve as consultant to the committee, with the following duties generally:

- providing the committee with analysis pertaining to executive and director compensation program design, including explanation of trends, best practices, and regulatory changes;
- recommending a relevant group of peer companies against which to assess competitiveness and appropriateness of IDEXX's executive and director compensation;
- analyzing peer companies' annual executive and director compensation to assist the committee in determining the appropriateness of IDEXX's executive and director compensation;



- reviewing any proposed changes to executive and director compensation program design;
- analyzing the company's compensation practices to assist the committee in determining whether risks arising from such practices are reasonably likely to have a material adverse effect on the company; and
- providing specific analysis periodically as requested by the committee.

During 2010, the committee engaged FW Cook to analyze and modify the relevant group of peer companies used to assess competitiveness and appropriateness of IDEXX's executive compensation; to review competitiveness and appropriateness of the total compensation of the company's executive officers; to review the appropriateness of IDEXX's director compensation; to advise on administration of the 2009 Stock Incentive Plan, or 2009 Plan, and the requirements of Section 162(m) of the Internal Revenue Code; to review compensation disclosure materials; to analyze the company's compensation practices to assist the committee in determining whether risks arising from such practices are reasonably likely to have a material adverse effect on the company; and to update the committee on general trends in executive and director compensation with respect to total compensation, forms of compensation and stock compensation. Specific actions resulting from the analysis included adoption of a clawback policy for executive officers, revision of executive and board of director stock ownership requirements, and revisions to the executive change in control agreements to ensure compliance with IRS Code Section 409A regulations.

FW Cook is engaged by the compensation committee and provides consulting support to the compensation committee. FW Cook provides no services to the company other than those provided to the committee. The chair of the compensation committee reviews and approves all invoices pertaining to services provided by FW Cook. Members of management work with FW Cook to the extent necessary to provide FW Cook with information necessary for its consulting work and to prepare materials for committee and board review.

Analysis of Risk Associated with Compensation Practices. In January 2010, the compensation committee engaged FW Cook to conduct an analysis of the company's compensation practices to assist the committee in determining whether those practices created risks that were reasonably likely to have a material adverse effect on the company. As part of its analysis FW Cook reviewed the company's enterprise risk assessment to identify the level of risk associated with each of the company's business units and then reviewed all of the company's compensation plans in each business unit to determine the alignment of those plans with sound compensation design principles. In its review of the company's compensation plans FW Cook considered, among other things:

- the balance between fixed and variable pay;
- the mix of financial and non-financial measures of performance;
- the ability to apply discretion to incentive awards to mitigate the incentive for excessive risk taking;
- the mix of short- and long-term incentives that encourage consistent performance over a sustained period;
- the mix of equity award types, including stock options and restricted stock units; and
- the existence of stock ownership requirements that align employee and stockholder interests.

Based on this review FW Cook concluded that no individual business units pose a significant risk to the overall enterprise and that the company's incentive plans are well-aligned with good compensation design principles. The committee then determined that the company's compensation practices were not reasonably likely to have a material adverse effect on the company. In February 2011, FW Cook confirmed that actions taken by IDEXX during 2010 to modify compensation practices did not change the conclusions of FW Cook regarding risk analysis associated with compensation practices and the compensation committee again determined that the company's compensation practices were not reasonably likely to have a material adverse effect on the company.

Role of Company Executives. As provided by the compensation committee charter, IDEXX's chief executive officer is responsible for recommending to the compensation committee annual compensation for the rest of the executive officers, all of whom report to him. The compensation committee approves compensation for these executive officers and may make such changes to the compensation recommended by the chief executive officer as it deems appropriate. The compensation committee charter also provides that the committee determines the chief executive officer's annual compensation and meets without the presence of any executive officers of the company when approving or deliberating on chief executive officer compensation.

In addition to the chief executive officer, the company's corporate vice president of human resources and general counsel also work with the committee chair to set committee agendas, prepare materials for committee meetings, and generally attend meetings and prepare meeting minutes. However, members of management, including the chief executive officer, are not present in committee meetings when matters related to their individual compensation are under discussion. No other executive officer is involved in supporting compensation committee activities or executive compensation recommendations.

Compensation Committee Interlocks and Insider Participation. None of the members of the compensation committee has ever been an officer or employee of the company or any of its subsidiaries, nor have they had any relationship requiring disclosure under Item 404(a) of Regulation S-K. During 2010, none of our executive officers served as a director or member of the compensation committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as one of our directors or as a member of our compensation committee, or other committee serving an equivalent function.

#### *Nominating and Governance Committee*

The nominating and governance committee advises and makes recommendations to the board of directors with respect to corporate governance practices, including board organization, function, membership and performance. The nominating and governance committee may retain, at the company's expense, independent counsel or other advisors as it deems necessary. The current nominating and governance committee members are Messrs. End (chairman) and Murray, and Dr. Henderson, each of whom is an independent director as defined by the rules of the NASDAQ Global Market. The nominating and governance committee met three times in 2010.

In performing its nominating function, the committee identifies, evaluates, recruits and nominates candidates to fill vacancies on the board, using criteria set forth in the company's corporate governance guidelines as discussed below. The process followed by the nominating and governance committee to identify and evaluate candidates includes receiving recommendations from our directors, management and stockholders, holding meetings to evaluate biographical information and background material relating to potential candidates, and interviewing selected candidates.

In addition to receiving recommendations from our directors, management and stockholders, the nominating and governance committee, in some instances, will engage an executive search firm to assist in recruiting director candidates. In such cases, the search firm assists the nominating and governance committee in identifying potential candidates that fit the board's search criteria; obtaining candidate resumes and other biographic information; conducting initial interviews to assess candidates' qualifications, fit and interest in serving on the board; scheduling interviews with the nominating and governance committee, other members of the board, and management; performing reference checks; and assisting in finalizing arrangements with candidates who receive an offer to join the board.

Stockholders who want to recommend a nominee for director should submit the name of such nominee to the corporate secretary of IDEXX at the company's headquarters address, together with biographical information and background material sufficient for the committee to evaluate the nominee based on its selection criteria, and a statement as to whether the stockholder or group of stockholders making the recommendation has beneficially owned more than 5% of the company's common stock for at least a year as of the date such recommendation is made. Assuming that appropriate biographical and background material has been provided on a timely basis, the nominating and governance committee will apply the same criteria, and follow substantially the same process, in considering stockholder nominations that comply with these procedures as it does in considering other nominations. Stockholders also have the right under the company's amended and restated bylaws to nominate director candidates directly, without any action or recommendation on the part of the nominating and governance committee or the board, by following the procedures described under "Requirements, Including Deadlines, for Submission of Proxy Proposals, Nomination of Directors and Other Business of Stockholders" on page 44 of this proxy statement. If the board determines to nominate a stockholder-recommended candidate and recommends his or her election, then his or her name will be included on the company's proxy card for the next annual meeting. Candidates nominated by stockholders in accordance with the procedures set forth in the amended and restated bylaws will not be included on the company's proxy card for the next annual meeting, but may be included on proxies the nominating stockholders may seek independently.

The nominating and governance committee annually reviews the performance of the board, its committees and each of the directors. The nominating and governance committee is also responsible for annually reviewing with

the board the requisite skills and criteria for all board members, as well as the composition of the board as a whole, and annually assessing, for each director or person nominated to become a director, the specific experience, qualifications, attributes and skills that lead the committee to conclude that such director or nominee should serve as a director, in light of the company's business and structure. In performing these reviews, the nominating and governance committee gives appropriate consideration to each director's or nominee's:

- reputation for integrity, honesty and adherence to high ethical standards;
- demonstrated business acumen, experience and ability to exercise sound judgment in matters that relate to the current and long-term objectives of the company;
- willingness to contribute positively to the decision-making process of the company;
- skills in one or more areas that are relevant to the company and its operations, including, without limitation, familiarity with science and technology, finance and accounting, marketing and product development, strategy, government regulation and affairs and/or corporate governance;
- commitment to understand the company and its industry and to regularly attend and participate in board and committee meetings;
- interest and ability to understand the sometimes conflicting interests of the company's various constituencies, which include stockholders, employees, customers, government entities, creditors and the general public, and to act in the interests of all stockholders; and
- absence of any conflict of interest, or appearance of a conflict of interest, that would impair the director's ability to represent the interests of all the company's stockholders and to fulfill the responsibilities of a director.

While we do not have a formal policy on diversity for board members, our corporate governance guidelines provide that the value of diversity will be considered when the nominating and governance committee considers nominees to the board and evaluates the composition of the board as a whole. In considering the value of diversity, the committee considers representation of different races, religions, national origins, gender, sexual orientations and disabilities, but also considers a range of different experiences, educations, backgrounds, skills and knowledge.

The board seeks a composition of members with experience in a variety of management disciplines, as set forth above. Typically each director will have extensive experience in one or more of these areas and the board collectively will have expertise in all of these areas. In February 2011, the nominating and governance committee reviewed the experience, qualifications, attributes and skills of each director and nominee, as described for each director under "Election of Directors" beginning on page 17, and concluded that they each had the requisite background to serve as a director in light of the company's business and structure.

#### *Finance Committee*

The finance committee advises the board of directors with respect to financial matters, including capital structure and strategies, financing strategies, investment practices, major financial commitments, financial risk management, acquisitions and divestitures, and stock repurchase activities. In addition, the finance committee reviews and approves proposed acquisitions and divestitures having values up to \$20 million. The current finance committee members are Messrs. Craig (chairman) and Vumbacco and Dr. Johnson. The finance committee met twice during 2010.

#### **Board's Leadership and Structure**

The company's corporate governance guidelines provide that the board is free to select the chairman of the board and the chief executive officer in any way it deems best for the company's stockholders at any point in time. The board does not have a predetermined policy as to whether or not the roles of chairman of the board and chief executive officer should be separate. The corporate governance guidelines provide that the nominating and governance committee shall periodically assess the board's leadership structure, including whether the offices of chairman of the board and chief executive officer should be separate and why the board's leadership structure is appropriate given the specific characteristics or circumstances of the company. The chairman of the board is currently Mr. Ayers, the company's chief executive officer. As described below, the company's corporate governance guidelines provide that when the chairman of the board is not an independent director, the independent directors elect a lead director from among the independent directors. The lead director is currently Mr. End.

The lead director chairs meetings of the independent directors in executive session. Such executive sessions of independent directors occur at each regularly scheduled board meeting to discuss, among other matters, the performance of the chief executive officer. The lead director also: facilitates communications between other members of the board and the chairman of the board and/or chief executive officer (however, any director is free to communicate directly with the chairman of the board and chief executive officer); works with the chairman of the board and the chief executive officer in the preparation of the agenda for each board meeting; and consults with and advises the chairman of the board and/or the chief executive officer on matters relating to corporate governance and board functions.

The chairman of the board has no greater nor lesser vote on matters considered by the board than any other director. All directors, including the chairman, are bound by fiduciary obligations, imposed by law, to serve the best interests of the stockholders. As discussed above under “Director Independence” on page 5, each director other than Mr. Ayers, is an independent director under the rules of the NASDAQ Global Market, and every member of each standing board committee is also independent as defined by those rules. In addition, each member of the audit committee also satisfies the independence criteria of Rule 10A-3(b)(1) under the 1934 Act.

The board, upon the recommendation of the nominating and governance committee, has determined that its leadership structure of a combined full-time chairman of the board and chief executive officer, subject to oversight by the company’s independent directors, and with an independent lead director, is appropriate for the following reasons. The chief executive officer is responsible for the day-to-day management of the company and the development and implementation of the company’s strategy, and has access to the people, information, and resources necessary to facilitate board function. Therefore, the board believes that the chief executive officer is best positioned to develop the agenda for the board supported by regular consultation and input from the lead director, and to lead discussions at board meetings regarding the company’s strategy, operations and results. In addition, it is the board’s opinion that Mr. Ayers’s interests, including through a personal and meaningful ownership of the company’s shares, are aligned with the interests of the stockholders. Finally, as described above, oversight of the company is the responsibility of the board as a whole, which is comprised entirely of independent directors other than Mr. Ayers and has an independent lead director as described above.

### **Board’s Role in Risk Oversight**

The company’s management is responsible for risk management on a day-to-day basis. The board oversees the risk management activities of management directly and through its committees by discussing with management the policies and practices utilized by management in assessing and managing risks and providing input on those policies and practices. In general, the board oversees risk management activities relating to business strategy, acquisitions, capital allocation, legal and regulatory risk, and operational risks; the audit committee oversees risk management activities related to certain financial risks; the compensation committee oversees risk management activities relating to the company’s compensation policies and practices and organizational risk; and the nominating and governance committee oversees risk management activities relating to board composition and function. Each committee reports to the full board on a regular basis, including reports with respect to the committee’s risk oversight activities as appropriate.

The company conducts an annual enterprise risk assessment as part of its annual strategic planning process. The risk assessment process involves an identification and assessment by senior line of business and functional leaders of the particular risks relevant to their lines of business and functional areas, the materiality of those risks and plans to mitigate these risks to the extent prudent and feasible. The identified risks are ranked based on probability of occurrence and severity of impact. Management shares the result of this risk assessment with the full board at its July meeting when the board discusses the company’s annual strategic plan and at other times during the year as part of normal business discussions. Certain key risks and related mitigation plans are also reviewed throughout the year either by the board or its committees.

The audit committee reviews linkages between the critical risk findings, management preparedness or plans to address those risks, and internal audit’s tests of those plans. The audit committee seeks to ensure that the internal audit department can perform its function by reviewing the charter, plans, activities, staffing and organizational structure of the internal audit department, and approving the appointment, replacement, reassignment or dismissal of the director of internal audit. The audit committee also provides an open channel of communication between internal audit and the board; meets independently with the company’s internal auditors, independent auditors and management; and discusses with management the company’s major policies with respect to risk assessment and risk management, including an annual review of the company’s insurance coverage.

## Corporate Governance Guidelines and Code of Ethics

The board has adopted corporate governance guidelines, which you can access on the Internet at [www.idexx.com/view/xhtml/en\\_us/corporate/corporate-governance.jsf](http://www.idexx.com/view/xhtml/en_us/corporate/corporate-governance.jsf). The board also has adopted a code of ethics that applies to all of our employees, officers and directors, which you can access at the Internet address above. You can receive copies of the guidelines or the code by contacting the corporate secretary at the company's headquarters address. In addition, we intend to post on our Web site, [idexx.com](http://idexx.com), all disclosures that are required by law or the NASDAQ Global Market listing standards concerning any amendments to, or waivers from, any provision of the code of ethics.

Among other matters, the guidelines provide as follows:

- A substantial majority of the members of the board are independent directors, as defined by NASDAQ Global Market rules.
- The audit, nominating and governance, compensation, and finance committees consist entirely of independent directors.
- The nominating and governance committee recommends to the board for nomination all nominees for election to the board, except where the company is legally required by contract, by law or otherwise to provide third parties with the right to nominate directors.
- The nominating and governance committee is responsible for periodically reviewing the requisite skills and criteria for board members, as well as the composition of the board as a whole, using the criteria described under "Nominating and Governance Committee" on pages 8-9.
- The nominating and governance committee is responsible for annually assessing the performance of the board, its committees and each individual director.
- When the chairman of the board is not an independent director, the independent directors elect a lead director, currently Mr. End, from among the independent directors. The lead director, among other responsibilities described under "Board's Leadership and Structure" on pages 9-10, chairs meetings of the independent directors and consults with the chairman of the board regarding meeting agendas.
- Independent directors meet at each board meeting apart from management board members and other management representatives.
- At least annually, the board reviews the company's corporate strategy.
- The board approves the chief executive officer's goals annually.
- At least annually, the compensation committee, in consultation with all independent directors, evaluates the performance of the chief executive officer.
- The chief executive officer reports to the board at least annually on succession planning.
- Board members have complete access to management and are encouraged to make regular contact.
- The board will give appropriate attention to written communications that are submitted to the board by our stockholders. The process for submitting such communications to the board is described below under the heading "Communications from Stockholders."
- Individual directors whose professional responsibilities outside of their involvement with the company change from those held when they were last elected to the board (except for promotions) should volunteer to resign from the board, giving the board an opportunity to review the appropriateness of their continued board membership under the changed circumstances.
- Any director who turns age 73 while serving as a director is expected to retire from the board effective at the next annual meeting of stockholders following the date on which he or she turns 73.
- Directors cannot serve on more than four other public company boards, audit committee members cannot serve on more than two other public company audit committees, and directors who are chief executive officers of other companies cannot serve on more than two other public company boards (including the board of their employer).

- Directors must inform the chairman of the board and the chairman of the nominating and governance committee of any public company directorship they have been offered before accepting such offer to ensure that acceptance of such directorship would not create a conflict with the director's duties as a director of the company.

## Communications from Stockholders

Written communications to the board can be submitted by electronic mail on our Web site by clicking on the "Contact Us" icon at [www.idexx.com/view/xhtml/en\\_us/corporate/corporate-governance.jsf](http://www.idexx.com/view/xhtml/en_us/corporate/corporate-governance.jsf), or by writing to our general counsel at the company's headquarters address. Under procedures approved by a majority of the independent directors, the general counsel will review such communications and will forward them to the lead director or the other members of the board if they relate to important substantive matters and include suggestions or comments considered to be important for the directors to know. In general, the general counsel will forward communications to the directors if they are relevant to IDEXX's governance, ethics and policies.

## Director Compensation

The following describes compensation earned by our nonemployee directors during 2010. Directors who are employees receive no additional compensation for serving on the board.

### Director Compensation

The table below sets forth compensation of the company's nonemployee directors for 2010.

Name	Fees Earned Or Paid In Cash	Stock Awards \$ (7)	Option Awards \$ (9)	Total Compensation
Thomas Craig	\$ 58,750 (2)	\$ 27,508	\$ 82,024	\$ 168,282
William T. End	73,750	27,508	82,024	183,282
Rebecca M. Henderson, PhD	53,750 (3)	27,508	82,024	163,282
Barry C. Johnson, PhD	53,750 (4)	27,508	82,024	163,282
Brian P. McKeon	63,750 (5)	27,508	82,024	173,282
Robert J. Murray	63,750 (6)	27,508 (8)	82,024	173,282
Joseph V. Vumbacco (1)	44,500	26,731	80,548	151,779

- (1) Mr. Vumbacco was appointed to the board effective February 24, 2010, and his 2010 compensation was prorated accordingly.
- (2) Includes compensation in the amount of \$58,750 deferred and issued as 994 deferred stock units, or DSUs, pursuant to the Director Deferred Compensation Plan, or Director Plan.
- (3) Includes compensation in the amount of \$12,500 deferred and issued as 238 DSUs pursuant to the Director Plan.
- (4) Includes compensation in the amount of \$41,250 deferred and issued as 670 DSUs pursuant to the Director Plan.
- (5) Includes compensation in the amount of \$63,750 deferred and issued as 1,079 DSUs pursuant to the Director Plan.
- (6) Includes compensation in the amount of \$15,000 deferred and issued as 286 DSUs pursuant to the Director Plan.
- (7) With the exception of Mr. Murray (see footnote 8), issued as DSUs pursuant to the Director Plan. Excludes DSUs received in lieu of fees as described in footnotes (2)-(6). Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 (calculated by rounding \$27,500 to the nearest share on the date of deferral). See Note 5 in the notes to consolidated financial statements included in the 2010 annual report for the relevant assumptions used to determine the valuation of our stock awards. As discussed under "Equity Compensation" on page 13, directors receive only one DSU and option grant during the fiscal year. As of December 31, 2010, the following are the aggregate number of DSUs accumulated in each nonemployee director's deferral account for all years of service as a director, including DSUs issued for deferred fees as well as DSUs issued as annual grants to directors: Mr. Craig, 12,913; Mr. End, 7,954; Dr. Henderson, 13,907; Dr. Johnson, 6,729; Mr. McKeon, 15,973; Mr. Murray, 7,465.
- (8) Issued as restricted stock units, or RSUs, pursuant to Mr. Murray's election to receive RSUs in lieu of DSUs, upon his meeting the stock ownership guidelines in 2007, as described below under "Equity Compensation."
- (9) Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. See Note 5 in the notes to consolidated financial statements included in the 2010 annual report for the relevant assumptions used to determine the valuation of our option awards. As of December 31, 2010, each nonemployee director had the following number of stock options outstanding: Mr. Craig, 37,223; Mr. End, 30,223; Dr. Henderson, 17,423; Dr. Johnson, 12,423; Mr. McKeon, 28,889; Mr. Murray, 18,623; Mr. Vumbacco, 4,169.

### *Cash Compensation*

Effective April 1, 2010, each of our directors who was not an officer or employee of IDEXX receives an annual fee of \$50,000. Annual fees are paid quarterly and the \$50,000 was prorated for the three quarters remaining in 2010. For the first quarter of 2010, each nonemployee director received a prorated annual fee of \$45,000. Each director could elect to defer any amount of these annual fees in the form of deferred stock units, or DSUs, under our Director Deferred Compensation Plan, or Director Plan. In addition, nonemployee directors received the following annual committee fees during 2010: \$15,000 for the audit committee chairman and compensation committee chairman, \$5,000 for other audit committee members, and \$10,000 for the chairmen of other committees. The lead director received an additional \$15,000 fee. Directors could elect to defer any amount of these committee fees in the form of fully vested DSUs. There were no additional fees for board meeting attendance.

### *Equity Compensation*

During 2010, each of our nonemployee directors received an annual grant of DSUs with a value of approximately \$27,500 (calculated by rounding to the nearest share on the date of deferral). The number of DSUs is determined by dividing such amount by the price of the company's common stock on the date of grant of the award, which generally is in February of each year. New nonemployee directors joining the board after the February grants are granted a pro rata number of DSUs based on the number of months remaining until the next year's annual grant. The DSUs vest one year from the February grant date. Any director who meets the stock ownership guidelines described below at the time of the annual equity award grant may elect, in lieu of receiving DSUs, to receive a grant of restricted stock units valued at \$27,500, which would vest one year from the date of grant.

During 2010, each of our nonemployee directors also received a nonqualified stock option to purchase shares of common stock, which option was granted under the 2009 Plan. The option was equal to \$82,024 in Black-Scholes-Merton value consistent with the valuation approach used to make executive awards. The option exercise price per share for each director stock option is equal to the last reported sale price for a share of the company's common stock on the NASDAQ Global Market on the date the option is granted, which generally is in February of each year. The options vest and become fully exercisable on the first anniversary of the date of grant. Upon a change in control (as described at pages 38-39), options granted to all optionees, including to nonemployee directors, are subject to the following vesting provisions: 25% of the unvested options vest and become exercisable, unless the successor company in a corporate transaction (as described at pages 38-39) does not assume or substitute option awards, in which case all options granted under the 2009 Plan become fully vested and exercisable. In addition, if an optionee, including any nonemployee director, is terminated by the successor company without cause within two years following a change in control, then all options held by such optionee become fully vested and exercisable.

In general, options granted under the 2009 Plan are not transferable, except by will or the laws of descent and distribution, and are exercisable during the lifetime of the director only while he or she is serving as a director of the company or within three months after he or she ceases to serve as a director of the company; provided, however, that the board has the discretion to allow a director to designate a beneficiary to exercise the options upon the director's death. If a nonemployee director dies or becomes disabled (within the meaning of Section 22(e)(3) of the Internal Revenue Code) while serving as a director, or dies within three months after ceasing to serve as a director, options are exercisable within one year following the date of death or disability. Options granted to directors since February 2010 are exercisable for two years following the date of retirement, provided the director has served on the board for at least five years. Options granted after January 1, 2006 expire after seven years from the date of grant, and options granted prior to 2006 expire ten years from the date of grant.

### *Director Deferred Compensation Plan*

DSUs are issued under the Director Plan, and subject to the terms of the stockholder approved 2009 Plan. The payment of fees in the form of DSUs is considered deferred compensation for federal income tax purposes. Any compensation deferred by a director is credited to an account established in the director's name that is denominated as a number of DSUs having an aggregate value equal to the compensation deferred into such account divided by the price of a share of IDEXX common stock on the date of the applicable deferral. DSUs granted as described in the first paragraph under "Equity Compensation" above also are credited to this account. Director Plan account balances are not subject to any interest or other investment returns, other than returns produced by fluctuations in the price of a share of IDEXX common stock affecting the value of the DSUs in the account.

Directors may elect the timing of distribution of their shares under the Director Plan. A director can elect to receive his or her distribution in either (i) a single lump sum one year after the director's last day of service on the board, or (ii) with respect to deferrals made on or after January 1, 2011, (a) in a single sum on a nondiscretionary and objectively determinable fixed date, or (b) in equal annual installments over four years on or after such fixed date. In addition, if the plan administrator of the Director Plan determines that a director has suffered an unforeseeable emergency, the plan administrator may authorize the distribution of all or a portion of the director's DSUs. Upon distribution, the director receives the number of shares of IDEXX common stock equal to the number of DSUs in his or her account, or, if he or she elected installment distributions, the number of shares equal to the number of DSUs that are subject to the applicable distribution date.

Upon a change in control of the company, or a director's death or disability, a director's interest in his or her unvested DSUs will vest. A change in control under the Director Plan occurs upon the same events under the Executive Deferred Compensation Plan as described at page 36. The shares of common stock in a director's account will be distributed in a single lump sum as soon as practicable after a change in control.

#### *Other Compensation*

All directors are reimbursed for reasonable travel expenses incurred in connection with board and committee meetings. The company does not provide any other benefits including retirement benefits or perquisites to its directors. Except as described in this "Director Compensation" section, the company does not have any other arrangements for compensation or consulting agreements with its directors, other than compensation in consideration of employment paid to directors who are officers or employees of the company.

#### **Director Stock Ownership Guidelines**

The board has adopted stock ownership guidelines for directors. Under the guidelines, nonemployee directors are expected to own a number of shares of the company's common stock having a value of \$250,000 by the fifth anniversary following appointment to the board. Directors' compliance with these guidelines is measured annually on September 30. Directly owned shares, vested DSUs credited to a director's deferred compensation investment account, as described above, and vested RSUs are included in calculating stock ownership pursuant to these guidelines. As of the first such measurement date on which a director holds shares with a value of at least \$250,000, he or she shall be deemed to have satisfied the stock ownership guidelines in all future periods, provided that he or she continues to own at least the number of shares owned as of such measurement date. When exercising stock options, nonemployee directors who have not satisfied the ownership guidelines must retain shares having a value of at least 50% of the value derived from the option exercise after payment of the exercise price and taxes.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Under Section 16(a) of the 1934 Act, IDEXX's directors, executive officers and any persons holding more than ten percent of our outstanding common stock are required to report their initial ownership of common stock and any subsequent changes in their ownership to the SEC. The SEC has established specific due dates and IDEXX is required to disclose in this proxy statement any failure to file by those dates.

Based solely on our review of (i) copies of Section 16(a) reports that IDEXX received from such persons for their transactions during IDEXX's 2010 fiscal year and (ii) written representations received from one or more of such persons that no annual Form 5 reports were required to be filed by them for IDEXX's 2010 fiscal year, IDEXX believes that none of such persons failed to file on a timely basis reports required by Section 16(a).



## OWNERSHIP OF COMMON STOCK BY DIRECTORS AND OFFICERS

The table below shows the number of shares of our common stock beneficially owned as of March 7, 2011 by (a) each of our directors; (b) each of our executive officers named in the Summary Compensation Table shown on page 32, whom we refer to as the named executive officers, and (c) directors and executive officers of IDEXX as a group. Unless otherwise indicated, each person listed below has sole voting and investment power with respect to the shares listed.

<u>Beneficial Owner</u>	<u>Number of Shares Owned (1)</u>	<u>Options Exercisable and RSUs Vesting (2)</u>	<u>Total Number of Shares Beneficially Owned (3)</u>	<u>Percentage of Common Stock Outstanding (4)</u>
Jonathan W. Ayers	237,869	936,460	1,174,329	2.04%
Thomas Craig	2,920	37,223	40,143	*
William T. End	21,470	30,223	51,693	*
Rebecca M. Henderson, PhD	1,000	17,423	18,423	*
Barry C. Johnson, PhD	-	12,423	12,423	*
Brian P. McKeon	2,500	28,889	31,389	*
Robert J. Murray	30,405	18,623	49,028	*
Joseph V. Vumbacco	1,000	4,169	5,169	*
William E. Brown III, PhD	1,498	21,960	23,458	*
Merilee Raines	171,294	171,569	342,863	*
Johnny D. Powers, PhD	1,492	14,173	15,665	*
Michael J. Williams, PhD	2,570	59,432	62,002	*
All current directors and executive officers as a group (19 persons)	529,053	1,491,042	2,020,095	3.52%

\* Less than 1%

- (1) Does not include DSUs. See “Director Compensation” on pages 12-14 for a description of DSUs issued to our nonemployee directors under the Director Plan as annual equity grants and voluntary deferrals of annual fees. See “Executive Deferred Compensation Plan” on page 36 for a description of DSUs issued to our officers upon an officer’s voluntary deferral of his or her annual bonus. The individuals holding fully vested DSUs are at risk as to the price of IDEXX common stock in their investment accounts. DSUs carry no voting rights, but are included in calculating stock ownership for purposes of determining compliance with the company’s guidelines for directors and executive officers. The following directors and executive officers and the following group hold the indicated number of fully vested DSUs, resulting in the following total number of shares owned including DSUs:

	<u>DSUs</u>	<u>Total Number of Shares Owned Including DSUs</u>
Jonathan W. Ayers	29,582	267,451
Thomas Craig	13,125	16,045
William T. End	7,954	29,424
Rebecca M. Henderson, PhD	13,709	14,709
Barry C. Johnson, PhD	6,923	6,923
Brian P. McKeon	16,202	18,702
Robert J. Murray	7,465	37,870
Joseph V. Vumbacco	429	1,429
William E. Brown III, PhD	-	1,498
Merilee Raines	-	171,294
Johnny D. Powers, PhD	-	1,492
Michael J. Williams, PhD	6,495	9,065
All current directors and executive officers as a group (19 persons)	101,884	630,937

- (2) Consists of options to purchase common stock exercisable, and vesting of RSUs, on or within 60 days of March 7, 2011.
- (3) The number of shares beneficially owned by each person or group as of March 7, 2011 includes shares of common stock that such person or group had the right to acquire on or within 60 days after March 7, 2011, including but not limited to, upon the exercise of stock options or vesting of RSUs, but does not include DSUs.
- (4) For each individual and group included in the table, percentage of ownership is calculated by dividing the number of shares beneficially owned by such person or group as described above by the sum of the 57,438,834 shares of common stock outstanding on March 7, 2011 and the number of shares of common stock that such person or group had the right to acquire on or within 60 days after March 7, 2011, including but not limited to, upon the exercise of stock options or vesting of RSUs, but does not include DSUs.

**OWNERSHIP OF MORE THAN FIVE PERCENT  
OF OUR COMMON STOCK**

The table below shows the number of shares of our common stock beneficially owned as of December 31, 2010 by each person or group known by us to own beneficially more than 5% of the outstanding shares of IDEXX common stock. Share totals and descriptions of each person or group are based solely upon information derived from Schedules 13G or 13G/A as filed by the following entities pursuant to Section 13 of the 1934 Act and the rules promulgated thereunder.

<b>Beneficial Owner</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage of Common Stock Outstanding (1)</b>
Ruane Cunniff & Goldfarb Inc. (2) 767 Fifth Avenue New York, New York 10153-4798	9,934,555	17.30%
T. Rowe Price Associates, Inc. (3) 100 East Pratt Street Baltimore, Maryland 21202-1009	4,468,830	7.78%
Baron Capital Group, Inc. (4) 767 Fifth Avenue New York, New York 10153	4,081,284	7.11%
Neuberger Berman Group LLC (5) 605 Third Avenue New York, New York 10158-3698	3,508,676	6.11%
BlackRock, Inc. (6) 40 East 52 <sup>nd</sup> Street New York, New York 10022	2,881,468	5.02%

- (1) For each group included in the table, percentage ownership is calculated by dividing the number of shares beneficially owned by such group on December 31, 2010 by the 57,438,834 shares of common stock outstanding on March 7, 2011.
- (2) Based solely upon information derived from a Schedule 13G/A filed by Ruane Cunniff & Goldfarb Inc., it has the sole power to vote 6,398,246 shares and sole power to dispose of 9,934,555 shares.
- (3) Based solely upon information derived from a Schedule 13G filed by T. Rowe Price Associates, Inc. ("T. Rowe Price"), it has the sole power to vote 987,630 and sole power to dispose of 4,468,830 shares. These shares are owned by various individual investors for which T. Rowe Price serves as investment adviser with power to direct investments and/or power to vote the shares. For purposes of reporting requirements of the 1934 Act, T. Rowe Price is deemed to be a beneficial owner of such securities; however T. Rowe Price expressly disclaims that it is, in fact, the beneficial owner of such securities.
- (4) Based solely upon information derived from a Schedule 13G/A filed by Baron Capital Group, Inc., BAMCO, Inc., a subsidiary of Baron Capital Group, Inc, Baron Capital Management, Inc., a subsidiary of Baron Capital Group, Inc., and Ronald Baron, who owns a controlling interest in Baron Capital Group, Inc. (i) Baron Capital Group, Inc. reported that it had shared voting power of 3,859,871 shares and shared dispositive power of 4,081,284 shares; (ii) BAMCO, Inc. reported that it had shared voting power of 3,647,600 shares and shared dispositive power of 3,869,013 shares; (iii) Baron Capital Management, Inc. reported that it had shared voting power and shared dispositive power of 212,271 shares; and (iv) Mr. Baron reported that he had shared voting power of 3,859,871 shares and shared dispositive power of 4,081,284 shares.
- (5) Based solely upon information derived from a Schedule 13G/A filed by Neuberger Berman Group LLC and Neuberger Berman LLC, each of them has shared power to vote 3,003,757 shares and shared power to dispose of 3,508,676 shares. Neuberger Berman Group LLC may be deemed to be a beneficial owner for purposes of Rule 13d-3 of the 1934 Act because certain affiliated persons have shared power to retain or dispose of the securities of many unrelated clients. Each of Neuberger Berman LLC and Neuberger Management LLC serve as subadvisor and investment manager, respectively, of Neuberger Berman Group LLC's various registered mutual funds. Neuberger Berman Group LLC, Neuberger Berman LLC, Neuberger Berman Management LLC and certain affiliated persons own no shares directly. As investment advisors, certain affiliated persons that are controlled by Neuberger Berman Group LLC have investment and voting powers with respect to the shares held. Neuberger Berman Group LLC, through its direct and indirect subsidiary Neuberger Berman Holdings LLC, controls Neuberger Berman LLC and certain affiliate persons. By reason of the provisions of Rule 13d-3 of the 1934 Act, each of Neuberger Berman Group LLC, Neuberger Berman LLC and Neuberger Berman Management LLC may be deemed to beneficially own the number of shares indicated above. Each of Neuberger Berman Group LLC, Neuberger Berman LLC, Neuberger Berman Management LLC and certain affiliated persons disclaim beneficial ownership of any of the securities described above.
- (6) Based solely upon information derived from a Schedule 13G filed by BlackRock, Inc., it has the sole voting power to vote and the sole power to dispose of 2,881,468 shares.

## ELECTION OF DIRECTORS (PROPOSAL ONE)

The board of directors is divided into three classes, designated as Class I directors, Class II directors and Class III directors. Members of each class hold office for three-year terms. Class II consists of two directors whose terms expire at the 2011 annual meeting of stockholders, Class I consists of three directors whose terms expire at the 2012 annual meeting of stockholders, and Class III consists of three directors whose terms expire at the 2013 annual meeting of stockholders.

The board, upon recommendation of the nominating and governance committee, has nominated Thomas Craig and Rebecca M. Henderson to serve as Class II directors with a term expiring at the 2014 annual meeting of stockholders. Mr. Craig and Dr. Henderson are currently Class II directors and have indicated a willingness to serve, if elected. If either of the director nominees is unable to serve, proxies can be voted for a substitute nominee, unless the board chooses to reduce the number of directors on the board.

There are no family relationships among the executive officers or directors of IDEXX.

Information relating to each director is described below, including: his or her age and period of service as a director of the company; his or her business experience during the past five years (including directorships at other public companies); his or her membership on committees of the board of directors; and the other experience, qualifications, attributes or skills that led the nominating and governance committee and the board to conclude he or she should continue to serve as a director of the company. For a further discussion of the board's process and reasons for nominating these candidates, see "Nominating and Governance Committee" on pages 8-9.

### Nominees for Class II Directors Whose Terms Would Expire in 2014



**Thomas Craig**  
Age 56

Director since December 1999  
Compensation Committee  
Finance Committee (Chair)

Mr. Craig is a co-founder and Partner at Monitor Company Group, L.P., a global management consulting firm committed to helping clients improve their competitiveness and providing services in strategy consulting, capability building, and capital services. Mr. Craig has broad international and industry experience. He has worked in over 70 countries on six continents and has led over 400 projects over the past 32 years, mostly for Fortune 500 companies or their international equivalents, or at the highest levels of government. Mr. Craig is responsible for development of various emerging markets, as well as serving clients in North America. He is active in various executive education programs and leadership development initiatives. Mr. Craig received an A.B. from Princeton University and holds an M.B.A. from Harvard Business School. The board values Mr. Craig's extensive experience in management consulting because it provides a unique global perspective on corporate growth strategy.



**Rebecca M. Henderson, PhD**  
Age 50

Director since July 2003  
Audit Committee  
Nominating and Governance Committee

Dr. Henderson joined Harvard Business School in July 2009 as the Senator John Heinz Professor of Environmental Management where she specializes in strategy and organizational change. From 1998 to 2009, Dr. Henderson served as the Eastman Kodak Professor of Management at the Sloan School of the Massachusetts Institute of Technology. Dr. Henderson also has board oversight and corporate governance experience as a director since July 2009 of Amgen Inc., a publicly-traded human therapeutics company in the biotechnology industry, and as a director of several private company and non-profit organization boards. Dr. Henderson also has been a research fellow at the National Bureau of Economic Research since 1995, and sits on the editorial boards of *Management Science*, *Research Policy*, *The Economics of Innovation and New Technology*, and the *Strategy Management Journal*. Dr. Henderson holds an undergraduate degree from the Massachusetts Institute of Technology and a Ph.D. in business economics from Harvard University. Dr. Henderson has worked with numerous Fortune 500 companies on

growth strategies related to innovation. The board values her substantial experience in corporate strategy with a focus on high-technology business.

### Class III Directors Whose Terms Expire in 2013



**Jonathan W. Ayers**

Director and Chairman of the Board since January 2002

Age 54

Mr. Ayers has been Chairman, President and Chief Executive Officer of IDEXX since January 2002. Prior to joining IDEXX, Mr. Ayers held various positions at United Technologies Corporation and its business unit Carrier Corporation. From 1999 to 2001, Mr. Ayers was President of Carrier Corporation, the then-largest business unit of United Technologies and the world's largest manufacturer of commercial and residential HVAC systems and equipment and the leading producer of commercial and transport refrigeration equipment. From 1997 to 1999, Mr. Ayers was President of Carrier Asia Pacific Operations, and from 1995 to 1997, Mr. Ayers was Vice President, Strategic Planning at United Technologies. In his roles at United Technologies Mr. Ayers gained significant operating experience in leading a global business unit; developed management, finance and strategic planning skills; and developed experience in acquisition integration, line and international operations, and marketing and product development. Prior to joining United Technologies, from 1986 to 1995, Mr. Ayers held various positions at Morgan Stanley & Co. in mergers and acquisitions and corporate finance. Mr. Ayers worked as a strategy consultant for Bain & Company from 1983 to 1986 and was in the field sales organization of IBM's Data Processing Division from 1978 to 1981. Mr. Ayers holds an undergraduate degree in molecular biophysics and biochemistry from Yale University and graduated from Harvard Business School in 1983. The board values Mr. Ayers's significant and diverse experience in many areas that are relevant to the company and its operations, including global business management, international operations, financial and strategic planning, business development, marketing, product development and technology.



**Robert J. Murray**

Director since February 2005

Age 69

Compensation Committee (Chair)

Nominating and Governance Committee

Mr. Murray served as Chairman of the Board and Chief Executive Officer of New England Business Service, Inc., or NEBS, from 1995 until his retirement in 2004. NEBS was a publicly-traded business to business direct marketing company and had over \$500 million in sales during the last fiscal year prior to Mr. Murray's retirement. As the chief executive officer of NEBS, Mr. Murray was responsible for all aspects of the business. Mr. Murray held various executive positions at The Gillette Company from 1961 to 1995, including Executive Vice President, North Atlantic Group from 1991 to 1995, and Chairman of the Board of Management of Braun AG, a subsidiary of Gillette headquartered in Germany, from 1985 to 1990. In these positions, Mr. Murray developed substantial experience in international business operations and led all aspects of the business for these divisions. Mr. Murray has served as a director for the following public companies since the years indicated: The Hanover Insurance Group, Inc., a property and casualty insurance company (since 1996); LoJack Corporation, an automobile security system manufacturer (since 1992); Tupperware Brands Corporation, a consumer-direct seller of personal and household products (since 2004); and Delhaize Group, an international food retailer based in Belgium (since 2001). Mr. Murray received a B.S and B.A. from Boston College and an M.B.A. from Northeastern University and he completed Harvard Business School's Advanced Management Program. The board values Mr. Murray's background as a chief executive as well as a leader of a major business unit of a large multi-national corporation, and as a director of several public companies, which has provided him with extensive general management skills and experience in board function and corporate governance.



**Joseph V. Vumbacco**  
Age 65

Director since February 2010  
Audit Committee  
Finance Committee

Mr. Vumbacco served as Chief Executive Officer of Health Management Associates, Inc., or HMA, from 2001 until June 2007, and as Vice Chairman of HMA from June 2007 until his retirement in December 2007. HMA is a premier operator of acute care hospitals in non-urban communities throughout the United States, and had over \$4.1 billion in revenues during the last fiscal year prior to Mr. Vumbacco’s retirement. As the Chief Executive Officer of HMA, Mr. Vumbacco was responsible for all aspects of the business. Prior to becoming Chief Executive Officer, Mr. Vumbacco held several key positions at HMA from 1996, including Chief Operating Officer, Chief Administrative Officer, Executive Vice President, and President. Before joining HMA, Mr. Vumbacco had a nearly 15-year career with The Turner Corporation, a publicly-traded construction and real estate company, where he gained extensive operational and staff responsibilities, including as an Executive Vice President. Mr. Vumbacco also served as Senior Vice President and General Counsel at The F&M Schaefer Corporation, a publicly-traded brewing company, and prior to that was an attorney at the Wall Street firm of Mudge Rose Guthrie & Alexander where he specialized in corporate and securities law. Mr. Vumbacco holds an undergraduate degree from Bowdoin College, a law degree from Syracuse University College of Law, and he also completed the Finance Program for Senior Executives at the Harvard Business School. Mr. Vumbacco’s substantial experience as a chief executive officer and chief operating officer is valued by the board because of his unique perspective on a broad range of general management, strategic, and operational matters.

**Class I Directors Whose Terms Expire in 2012**



**William T. End**  
Age 63

Director since July 2000  
Lead Director  
Compensation Committee  
Nominating and Governance Committee (Chair)

Mr. End was Chairman and Chief Executive Officer of Cornerstone Brands, Inc., a privately-held catalog retailer, from 1995 to 2001, and Executive Chairman of that company from 2001 until his retirement in 2002. In these executive roles Mr. End was responsible for all corporate functions as well as Board function and activity. Prior to joining Cornerstone Brands, Mr. End held various positions at Land’s End, Inc. from 1991 to 1995, including President and Chief Executive Officer. From 1975 to 1991, Mr. End held various positions at L.L. Bean, Inc., a privately-held catalog retailer, including Executive Vice President and Chief Marketing Officer. Mr. End has significant executive experience with a particular focus on marketing and product development. Mr. End was a director and chairman of Eddie Bauer Holdings, Inc., a catalog retailer, from 2005 to 2010, a director of New England Business Services, Inc., a business to business direct marketing company, from 2000 to 2003, Hannaford Bros. Co., a supermarket and grocery retailer, from 1995 to 2000, and Land’s End, Inc., a catalog retailer, from 1990 to 1995. He also has been a director of several non-public companies. In these capacities, Mr. End has developed significant experience with board function and corporate governance. Mr. End received a B.S.B.A. from Boston College and earned an M.B.A. from Harvard Business School. The board values Mr. End’s extensive public company board and general management experience, particularly in the areas of sales and marketing.



**Barry C. Johnson, PhD**  
Age 67

Director since March 2006  
Audit Committee  
Finance Committee

Dr. Johnson served as Dean, College of Engineering, Villanova University, from August 2002 until his retirement in May 2006. From July 2000 to April 2002, he served as Senior Vice President and Chief Technology Officer of Honeywell International, Inc., a worldwide diversified technology and manufacturing company with sales in 2001 exceeding \$23 billion. As Chief Technology Officer, Dr. Johnson was responsible for setting the strategic direction and prioritization of Honeywell’s research and development organization, which was

supported by a global network of more than 15,000 engineers, scientists and researchers. Prior to Honeywell, Dr. Johnson served in several roles beginning in 1976 at Motorola, Inc., a global leader in providing integrated communications solutions, including Corporate Vice President and Chief Technology Officer for that company's Semiconductor Product Sector. Dr. Johnson also has board oversight and corporate governance experience from his service as a director since September 2005 of Rockwell Automation, Inc., a publicly-traded global automation solutions company, and as a director since August 2003 of Cytec Industries, Inc., a publicly-traded global specialty chemicals and materials company. Dr. Johnson earned a B.M.E. (Bachelor of Mechanical Engineering) from Villanova University and holds a Ph.D. and M.S. in metallurgical engineering and materials science from Carnegie-Mellon University. He also completed a three-year advanced business administration program through Arizona State University's College of Business Administration. The board values Dr. Johnson's substantial experience as a senior executive for, and director of, various technology companies and for his expertise in scientific research and product development.



**Brian P. McKeon**  
Age 48

Director since July 2003  
Audit Committee (Chair)  
Compensation Committee

Mr. McKeon has served as Executive Vice President and Chief Financial Officer for Iron Mountain Incorporated since April 2007. Iron Mountain is a publicly-traded provider of information protection and storage services worldwide with over \$3 billion in revenues during 2009. Mr. McKeon was also Executive Vice President and Chief Financial Officer of The Timberland Company from March 2000 to April 2007. Timberland is a publicly-traded provider of premium outdoor footwear, apparel and accessories that had over \$1.5 billion in revenues in 2006, the last full fiscal year of Mr. McKeon's tenure. From 1991 to 2000, Mr. McKeon held several finance and strategic planning positions with PepsiCo Inc., serving most recently as Vice President, Finance at Pepsi-Cola, North America. Prior to joining PepsiCo, Mr. McKeon worked as a strategy consultant with the Alliance Consulting group and as an auditor with Coopers & Lybrand. Mr. McKeon earned a B.S. from the University of Connecticut and received an M.B.A. from Harvard University. As a CPA with nearly 20 years of experience as a finance executive, the board values Mr. McKeon's significant background in finance, financial reporting, financial controls, mergers and acquisitions and strategic planning.

### **Recommendation of the Board of Directors**

The board of directors recommends that you vote **FOR** the election of the two Class II Director nominees listed above.

### **ADVISORY VOTE ON EXECUTIVE COMPENSATION (PROPOSAL TWO)**

As required by Section 14A of the 1934 Act, which was enacted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, we are asking our stockholders to approve, on an advisory (non-binding) basis, the compensation of our named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC. This proposal is commonly referred to as "say-on-pay."

As described in detail in our Compensation Discussion and Analysis beginning on page 24, we maintain a simple executive compensation program that consists almost entirely of base salary, annual discretionary bonus, and annual equity awards. These elements of compensation have been selected by the compensation committee because the committee believes that they effectively achieve the fundamental goals of our compensation program, which are to attract, motivate, and retain exceptionally talented employees; to align employee interests and stockholder interests through an appropriate mix of short-term and long-term incentives; and to maximize the financial efficiency of the program from risk, tax, accounting, and cash flow perspectives.

With very limited exceptions described under "Compensation Discussion and Analysis – Personal Benefits and Perquisites," the company does not provide any compensation or benefit plans to executive officers that are not also available to other employees. The company differentiates among executive officers primarily based on size of

annual bonuses and equity awards and, to a lesser extent, base salary. Annual compensation decisions for executive officers are made by the compensation committee based on performance and market-related factors described under “Compensation Discussion and Analysis.”

Features of our executive compensation program include the following:

- A majority of total executive compensation, delivered in the form of annual cash bonus and equity awards, is not fixed and is contingent on both long-term and short-term corporate performance.
- Base salary, annual incentive bonus opportunity, and long-term incentive value are targeted to approximately the market median for the company’s peer group.
- Our equity awards, which consist of stock options and restricted stock units, or RSUs, vest over a five-year period, which aligns interests of executive officers and stockholders.
- We maintain stock ownership requirements for all executive officers and members of our board of directors, further aligning the interests of management and stockholders.
- The compensation committee annually reviews our executive compensation against a peer group of companies to ensure that our total executive compensation is both competitive and appropriate.
- Our compensation committee annually reviews risk associated with our compensation programs to ensure that our programs do not subject the company to risks that are reasonably likely to have a material adverse effect on the company.
- We have adopted a “clawback” policy, under which the company will recover cash incentive compensation that the compensation committee determines would not have been paid to an executive officer but for fraud or willful misconduct by that executive officer that led to a restatement of our financial results.

Stockholders are encouraged to read the Compensation Discussion and Analysis section of this proxy statement beginning on page 24, which discusses in greater detail how our compensation program implements our executive compensation philosophy. We are asking our stockholders to indicate their support for our named executive officer compensation as described in this proxy statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement.

Our board of directors is asking stockholders to approve a non-binding advisory vote on the following resolution:

RESOLVED, that the compensation paid to the company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved.

As an advisory vote, this proposal is not binding. The outcome of this advisory vote does not overrule any decision by the company or the board of directors (or any committee thereof), create or imply any change to the fiduciary duties of the company or the board of directors (or any committee thereof), or create or imply any additional fiduciary duties for the company or the board of directors (or any committee thereof). However, our compensation committee and board of directors value the opinions expressed by our stockholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for named executive officers.

### **Recommendation of the Board of Directors**

The board of directors recommends that you vote **FOR** the approval of the advisory resolution on executive compensation.

**ADVISORY VOTE ON THE FREQUENCY OF  
AN ADVISORY VOTE ON EXECUTIVE COMPENSATION  
(PROPOSAL THREE)**

As required by Section 14A of the 1934 Act, we are asking our stockholders to approve, on an advisory (non-binding) basis, how frequently we should seek an advisory vote on the compensation of our named executive officers, as disclosed pursuant to the SEC's compensation disclosure rules, such as Proposal Two of this proxy statement on pages 20-21. By voting on this Proposal Three, stockholders may indicate whether they would prefer an advisory vote on named executive officer compensation once every one, two, or three years. You may also abstain from making a choice.

Our board of directors has determined that an advisory vote on executive compensation that occurs every year is the most appropriate alternative for the company, and therefore our board of directors recommends that you vote for a one-year interval for the advisory vote on executive compensation. In recommending a one-year interval, the board considered the fact that executive compensation is evaluated, adjusted and approved annually by the compensation committee and the board, and concluded that stockholder views should be considered in making these compensation decisions. In addition, the company encourages discussions with our stockholders on our executive compensation philosophy, policies and practices, and an annual advisory vote is consistent with this policy.

You may vote on your preferred voting frequency by choosing the option of one year, two years, three years, or abstain from voting. The option that receives the highest number of votes cast by stockholders will be the frequency for the advisory vote on executive compensation that has been selected by stockholders. However, because this vote is advisory and not binding on the board of directors or the company, the board may decide that it is in the best interests of our stockholders and the company to hold an advisory vote on executive compensation more or less frequently than the option approved by our stockholders.

**Recommendation of the Board of Directors**

The board of directors recommends that you vote **FOR** the option of ONCE EVERY YEAR as the frequency with which stockholders are provided an advisory vote on executive compensation, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission.

**RATIFICATION OF APPOINTMENT OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
(PROPOSAL FOUR)**

The audit committee has appointed PricewaterhouseCoopers LLP to serve as our independent registered public accounting firm for 2011.

Although stockholder approval of the audit committee's selection of PricewaterhouseCoopers LLP is not required by law, the board of directors believes that it is advisable to give stockholders an opportunity to ratify this selection. Representatives of PricewaterhouseCoopers LLP will be present at the annual meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions. If this proposal is not approved at the annual meeting, the audit committee will reconsider its selection of PricewaterhouseCoopers LLP. Even if the appointment is ratified, the audit committee, in its discretion, can direct the appointment of a different firm at any time during the year if the audit committee determines that such a change would be in the company's and the stockholders' best interests.

**Independent Auditors' Fees**

The following table summarizes the fees of PricewaterhouseCoopers LLP billed to us for each of the last two fiscal years for audit services, and billed to us in each of the last two fiscal years for other services. For fiscal year 2010, audit fees also include an estimate of amounts not yet billed.



	<b>Fiscal Years Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
Audit fees	\$ 1,365,650	\$ 1,475,195
Audit-related fees	18,200	-
Tax fees	138,620	237,226
All other fees	-	-
	<u>\$ 1,522,470</u>	<u>\$ 1,712,421</u>

**Audit Fees.** Consists of fees billed for professional services rendered for the audit of IDEXX's annual financial statements and review of the interim financial statements included in quarterly reports; the audit of the effectiveness of internal control over financial reporting; statutory audits or financial audits for subsidiaries or affiliates of IDEXX; services associated with periodic reports and other documents filed with the SEC; consultation concerning accounting or disclosure treatment of transactions or events and actual or potential impact of final or proposed rules, standards or interpretations by the SEC, the Financial Accounting Standards Board, or other regulatory or standard setting bodies; and assistance with and review of documents provided to the SEC in responding to SEC comments.

**Audit-Related Fees.** Consists of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of IDEXX's financial statements and are not reported under "Audit Fees." These services include due diligence services pertaining to potential acquisitions.

**Tax Fees.** Consists of tax compliance fees (\$101,374 and \$122,973 in 2010 and 2009, respectively), and tax advice and tax planning fees (\$37,246 and \$114,252 in 2010 and 2009, respectively). These services included United States federal, state and local tax planning and compliance advice; international tax planning and compliance advice; and review of federal, state, local and international income, franchise and other tax returns.

**Out-of-Pocket Expenses and Value Added Taxes.** Included in the fee schedule above as components of each of Audit Fees and Tax Fees are amounts billed by the independent auditors for out of pocket expenses (\$62,592 and \$61,313 in 2010 and 2009, respectively) and value added taxes (\$45,172 and \$66,580 in 2010 and 2009, respectively).

#### **Audit Committee Pre-Approval Policy**

The audit committee has adopted a policy for the pre-approval of audit and nonaudit services performed by our independent auditor, and the fees paid by the company for such services, in order to assure that the provision of such services does not impair the auditor's independence. Under the policy, at the beginning of the fiscal year, the audit committee pre-approves the engagement terms and fees for the annual audit. Certain types of other audit services, audit-related services and tax services have been pre-approved by the audit committee under the policy. Any services that have not been pre-approved by the audit committee as previously described, must be separately approved by the audit committee prior to the performance of such services.

Pre-approved fee levels for all pre-approved services are established periodically by the audit committee. The audit committee then periodically reviews actual and anticipated fees for the pre-approved services against the pre-approved fee levels. Any anticipated fees exceeding the pre-approved fee levels require further pre-approval by the audit committee. With respect to each service for which separate pre-approval is proposed, the independent auditor will provide a detailed description of the services to permit the audit committee to assess the impact of the services on the independence of the independent auditor.

The audit committee may delegate pre-approval authority to one or more of its members and has delegated such authority to the chairman of the audit committee. The audit committee member to whom such authority is delegated must report any pre-approval decisions to the audit committee at the next scheduled meeting. The audit committee does not delegate its pre-approval responsibilities to management of the company.

During the last fiscal year, no services were provided by PricewaterhouseCoopers LLP that were approved by the audit committee pursuant to the *de minimis* exception to pre-approval contained in the SEC's rules.

## Recommendation of the Board of Directors

The board of directors recommends that you vote **FOR** the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2011.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The following discussion summarizes the company's compensation philosophy and programs applicable to its chief executive officer, chief financial officer, and three other most highly compensated executive officers during 2010 (our "named executive officers"). This discussion should be read in conjunction with the other compensation information and information regarding our compensation committee contained elsewhere in this proxy statement.

### Executive Summary

The compensation of our named executive officers for 2010 reflected:

- our focus on having performance-based awards constitute a significant portion of total compensation;
- our success against our 2010 budget and improvement over our 2009 performance; and
- the superior performance of our common stock in 2010 versus the S&P MidCap 400 Health Care Index and the S&P MidCap 400 Index.

Our financial performance in 2010 substantially met or exceeded our budget for revenues, operating income, earnings per share, and free cash flow. Our adjusted performance versus budget and our 2009 results are illustrated in the table below.

	2010 Actual	2010 Adjusted (1)	2010 Budget	Adjusted Variance to Budget (1)		Adjusted Variance to 2009 (1)	
				\$	%	\$	%
Revenue (millions)	\$ 1,103		\$ 1,109	\$ (6)	(0.5)%	\$ 65	6.3%
Operating Profit (millions)	\$ 204		\$ 192	\$ 12	6.3%	\$ 34	19.5%
EPS	\$ 2.37	\$ 2.34	\$ 2.20	\$ 0.14	6.4%	\$ 0.44	21.9%
Free Cash Flow (2) (millions)	\$ 158		\$ 140	\$ 18	12.8%	\$ 29	22.1%

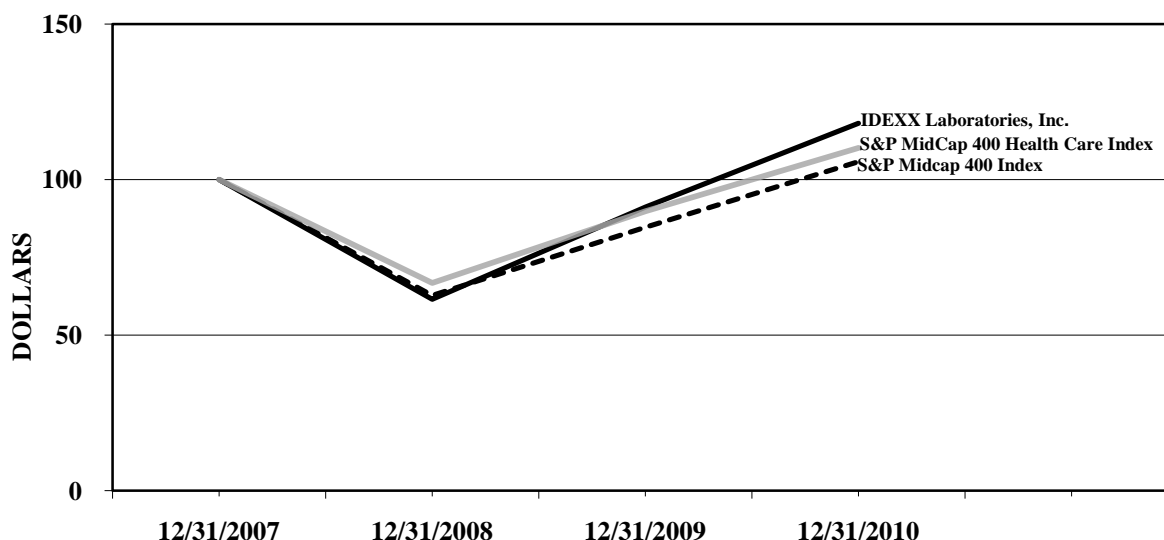
(1) 2010 Adjusted EPS is \$0.03 per share lower than 2010 Actual EPS to exclude the benefit from the extension of the U.S. federal research and development tax credit in the fourth quarter of 2010, which was not assumed in the budget. In evaluating financial performance, the compensation committee also adjusted reported results to eliminate the effects of changes in foreign currency exchange rates versus the rates assumed in the budget and acquisitions not contemplated in the budget.

(2) Free cash flow is a non-GAAP measure. It indicates the cash generated from operations and tax benefits attributable to stock option exercises, reduced by investments in fixed assets. We feel free cash flow is a useful measure because it indicates the amount of cash the operations of the business are generating after appropriate reinvestment for recurring investments in fixed assets that are required to operate the business. We believe this is a common financial measure useful to further evaluate the results of operations.

The compensation committee concluded that overall the company's financial performance exceeded the company's plan. The committee noted that these results were achieved even though the economies in the company's major markets did not improve as quickly as anticipated at the beginning of 2010, when the budget described above was adopted.

In addition, from December 31, 2009 to December 31, 2010 our stock price rose from \$53.45 to \$69.22, or 30%, versus increases of 22% and 27%, for the S&P MidCap 400 Health Care Index and the S&P MidCap 400 Index, respectively. In making compensation decisions the committee considered that the company's return to

stockholders exceeded these indices in 2010 and over the three years ended December 31, 2010. The graph below compares our total shareholder returns over this three-year period with the returns for the S&P MidCap 400 Health Care Index and the S&P MidCap 400 Index assuming the investment of \$100 on December 31, 2007 in our common stock and in those indexes and assuming that dividends, if any, are reinvested.



Based on overall above plan financial performance in 2010 as well as progress against non-financial goals during the year, the committee awarded the chief executive officer an annual cash bonus that was 129% of target and awarded the other named executive officers annual cash bonuses that were 138% of target on average. The target bonuses were 100% of base salary in the case of the chief executive officer and 60% of base salary in the case of the other named executive officers.

Other key compensation decisions made since the beginning of 2010 were:

- At the request of the chief executive officer, his 2010 salary was held constant for the third year in a row. Base salaries for the other named executive officers increased an average of 3.4%. The chief executive officer's salary was 99% of the median for our compensation peer group, and the salaries for the other named executive officers averaged 81% of the medians for our peer group companies.
- Equity awards granted in February 2010 consisted of a mix of 75% stock options and 25% RSUs. The value of equity awards made to our chief executive officer and other named executive officers were 103% and 81%, respectively, of the median for our compensation peer group.
- We amended the existing executive change in control agreements to eliminate provisions that require the company to "gross up" executive officers for excise tax obligations incurred by the executive officer, as described on pages 40-42.
- We adopted a Policy on Recovery of Incentive Compensation in the Event of Certain Financial Restatements, also known as a "clawback policy", that applies to annual performance-based cash incentive compensation granted to executive officers on or after March 3, 2010, as described on page 39.
- We revised our executive Stock Ownership and Retention Guidelines to increase the requirement applicable to the chief financial officer and senior executive vice presidents to two times base salary, as described on page 28.

### Compensation Philosophy

The objectives of the company's executive compensation program are as follows:

- Support the attainment of our annual and long-term financial and strategic objectives;
- Reward executives for improvement in revenues, earnings, free cash flow and growth in stockholder value;
- Be performance-based, with variable pay constituting a significant portion of total compensation;
- Provide differentiated awards based on an executive's performance, track record at the company, impact of the role, potential of the executive for future growth and the company's succession planning process;
- Create alignment of interest between management and stockholders by tying realized compensation and stock ownership directly to changes in stockholder value;
- Attract, motivate and retain highly skilled executives;
- Be competitive with our peer companies;
- Incorporate best practices widely adopted in executive compensation of publicly traded mid-cap companies with similar growth characteristics;
- Maximize the financial efficiency of the overall program from risk, tax, accounting, and cash flow perspectives; and
- Be simple to understand by the executive and administer by the company.

### **Executive Compensation Program**

In support of our compensation philosophy and objectives, our executive compensation program comprises four elements: base salary, annual cash bonus, long-term incentives (primarily equity awards), and benefits.

The company does not maintain post-retirement benefit plans for executives and, with limited exceptions described below, there are no compensation or other benefit plans or perquisites available to executive officers that are not available on the same terms to other company employees. The company does not generally enter into employment agreements (other than change in control agreements) with executives other than the chief executive officer.

#### *Base Salary*

The company's principal objective in setting base salary is to be reasonably competitive with the market. The company has found that it is difficult to attract talent unless the company can pay a base salary that is generally competitive with the salaries that executives can earn in comparable positions at similar companies. Toward this end, the Committee targets base salary toward the median for the company's peer group of companies. Individual executive salaries may range on either side of the median based on the skills, experience, and potential of the executive, the importance of the position, and the difficulty replacing the executive.

#### *Annual Cash Bonus*

The company pays an annual discretionary cash bonus to management employees, including executive officers, that is intended to reward executives for annual performance. The company uses a target bonus framework, under which each executive has a target bonus opportunity, equal to a specified percentage of base salary. Among the executive officer group, the chief executive officer has a target bonus of 100% of base salary, and the remaining executive officers are divided into two groups, based on the size, scope and scale of their responsibilities: one group has a 60% bonus target and the other has a 50% bonus target. These target percentages are set at a level that is intended to provide an appropriate mix of fixed and contingent compensation and to maintain an appropriate weighting of annual versus longer term incentives, in each case consistent with the company's compensation philosophy, described above. Based on market data reviewed by the compensation committee, the committee believes that these targets also are adequate to cause total cash compensation to remain market competitive and in line with median total cash compensation for the peer group.

The percentage of target bonus paid to any executive officer can range from zero to two times the target and in each case is a subjective determination made by the compensation committee based on those factors that the committee deems relevant, including the company's performance and the individual's achievement of personal financial and non-financial goals established at the beginning of the year as part of the company's performance management process applicable to all management employees. The compensation committee may elect to award a cash bonus that is greater than, less than, or equal to target without regard to whether the company or the individual achieves any particular performance goal. Notwithstanding the subjective determination described above, the bonus paid to Mr. Ayers is capped pursuant to the 2008 Incentive Compensation Plan, as described on pages 36-38, at three-quarters of one percent (0.75%) of the company's operating income for the relevant year. As described under "2008 Incentive Compensation Plan" on pages 36-38, the compensation committee may adjust operating income to eliminate the effects of changes in currency exchange rates and discrete items.

The committee believes that discretionary bonus awards are preferable to formulaic awards because they permit the committee to consider and weigh all factors that it may deem relevant to an executive's performance in a particular period, which factors and weighting may differ from period to period. The committee believes that a formulaic approach, on the other hand, would skew the focus of executives toward short-term financial performance, which is more easily measured, at the expense of building the business and the organization for the long term and achieving sustained growth in financial performance. Similarly, such an approach would provide a disincentive for management to change course or reallocate resources where necessary to respond to unanticipated risks or opportunities, because management would be reluctant to stop pursuing the pre-established objectives on which their performance would be measured. In these respects, the committee also believes that its more flexible, subjective approach to bonus awards helps to ensure that executives are not provided with an incentive to take inappropriate risks in order to meet short-term financial objectives and drive short-term stock performance.

#### *Equity Compensation*

The company's equity compensation comprises stock options and restricted stock unit awards, or RSUs, which are intended to provide long-term incentives to management employees. Stock options are provided to ensure that management only realize a portion of their compensation to the extent that shareholder value is created. RSUs are provided to align management with shareholders and provide retention incentive irrespective of stock price changes, which may be unrelated to corporate performance. Executive officers receive 75% of equity award value in the form of stock options and 25% of award value in RSUs. RSUs are regarded as a lower risk award, since they will always have value upon vesting, whereas vested stock options will have value only to the extent that the market price for the company's stock is higher than the exercise price of the option, which equals at least the fair market value on the grant date. Given the different risk/reward characteristics of the two types of awards, the committee believes that the grant to executive officers of equity awards comprising a greater proportion of stock options relative to RSUs is consistent with its philosophy that employees in positions that have the most direct impact on corporate performance should bear the highest risk, and have the highest potential reward, associated with corporate performance. By providing for five-year vesting of both options and RSUs, the committee aligns executive interests with the long-term interest of shareholders.

In determining the size of equity awards to each executive officer, the committee begins with a target dollar award value. The target value is set based upon the responsibilities inherent in each executive officer's position and, relative to cash compensation, is intended to give effect to the company's philosophy that variable pay should constitute a significant portion of total compensation. The target value of equity awards is not established as a specific percentage of any benchmark and is not related to the company's historical performance versus comparator companies. Although target equity award sizes are set for each position, the actual size of annual dollar award value is a subjective determination based on the executive's job scope relative to other officers, the executive's long-term leadership potential, the size of prior awards to the executive, the value already derived from those awards, the executive's total compensation relative to median total compensation for comparable positions as derived from the market data, and the impact of the award values on shareholder dilution and shareholder value transfer.

The board of directors has adopted an equity award granting methodology that provides when and how equity awards are granted by the compensation committee. This methodology provides for fixed award dates that are, to the extent possible, tied to compensation committee meetings and occur outside the quarterly quiet periods during which the company's executive officers and directors are precluded from selling shares. Most equity awards, including all annual awards to executive officers, are made on February 14 of each year, which shortly follows both the February compensation committee meeting at which prior year bonuses and current year salary determinations are made, and the company's earnings announcement for the fourth quarter of the prior year. The exercise price of

all stock options granted by the committee generally equals the closing sale price of the common stock on the date of grant and in any case will not be less than such price.

Stock Ownership and Retention Guidelines. The company maintains stock ownership guidelines to ensure that the interests of executives and directors are aligned with those of shareholders. Under these guidelines, the company's chief executive officer is expected to hold shares of common stock having an aggregate value equal to or greater than three times his or her annual base salary, the company's chief financial officer and any senior vice president is expected to hold shares having a value equal to or greater than two times his or her annual base salary, and other executive officers are expected to hold shares having an aggregate value equal to or greater than one times their annual base salaries. The compensation committee believes that the higher multiples applicable to the chief executive officer, chief financial officer and senior vice presidents is appropriate given the greater relative scope of responsibilities and greater compensation associated with those positions. In addition, executive officers who do not yet satisfy the ownership guidelines must retain at least 50% of the shares remaining from any option exercise after payment of the exercise price and taxes.

Executives are expected to comply with the share ownership guidelines within five years after their date of hire or promotion to executive officer. The compensation committee annually reviews the compliance of each executive officer with the guidelines. As of September 30, 2010, the committee determined that all executive officers were in compliance with the guidelines.

#### *Benefits and Perquisites*

The provision of special perquisites and benefits to executives is inconsistent with the company's philosophy to maintain a simple compensation structure where distinctions are made in the amount, but not the type, of compensation. Accordingly, in 2010 the only benefits available exclusively to executive officers were company-funded, elective supplemental disability coverage and annual executive physical exams, which have a combined value of under \$10,000 per executive. The supplemental disability coverage is provided to make available additional financial security in the case of disability and annual physical exams are provided since the health of the company's officers is critical to their performance. In addition, the company reimburses the chief executive officer for tax return preparation and planning services not to exceed \$10,000 annually without compensation committee approval. The tax return preparation and planning service is provided to the chief executive officer to maximize the amount of time that he is able to spend on company business rather than personal financial matters. The company does not gross up executives to compensate them for any taxes due on the value of these perquisites and benefits.

#### *Change in Control Agreements*

The committee believes that executive officers have a greater risk of job loss or modification as a result of a change in control transaction than other employees. Accordingly, the company has entered into change in control agreements with each of its executive officers under which they will receive certain payments and benefits upon qualifying terminations that follow a change in control. The principal purpose of these agreements is to provide executives with appropriate incentive to remain with the company before, during and after any change in control transaction by providing them with security in the event their employment is terminated or materially changed following a change in control. By providing this security, the agreements help ensure that the executives support any potential change in control transaction that may be in the best interests of the company's shareholders, even while the transaction may create uncertainty in the executive's personal employment situation. The committee believes that the payment of salary and benefits for two years following a qualifying termination (three years in the case of the chief executive officer) is reasonable and appropriate to achieve the desired objectives of the agreements and is consistent with market practices.

The basic terms of the company's executive change in control agreements have been in place since January 2007. In October 2010, we amended certain terms of the agreements primarily to assure compliance with Section 409A of the Internal Revenue Code and applicable Treasury Regulations. In addition, the October 2010 agreements reflected two other design changes. First, the percentage of our stock required to be acquired by a third party to constitute a change in control under the agreements was increased from 30% to 35%. Second, prospectively for new hires only, the form of agreement was amended to include an expiration date to the company's obligation to reimburse executive officers for certain tax liabilities under Section 4999 of the Internal Revenue Code. In March 2011, we further amended and restated all of these agreements, as described on pages 40-42, to eliminate all obligations of the company to make tax gross-up payments to any of our executive officers.

The original forms of the change in control agreements were determined solely by the compensation committee, and executive officers did not negotiate any element of the agreements with the company, except that payment of three years compensation and benefits following a qualifying termination was specifically negotiated by Mr. Ayers when he joined the company in 2002 and was incorporated in his agreement. The committee determined the form of agreement following receipt of advice from FW Cook regarding best practices in structuring these types of agreements. This advice included an analysis of the terms of change in control agreements adopted by companies within the peer group of companies. The compensation committee considered this comparison in evaluating the appropriateness of the change in control agreements since these agreements are part of the typical employment arrangements for executives within the company's peer group and within industry generally. However, the committee made its own determination of the terms to be included in the company's agreements. The committee annually reviews the change in control agreements and obtains updated benchmarking advice from FW Cook to assist the committee in determining whether the company should allow the agreements to renew for an additional year.

## **Analysis of 2010 Compensation**

### *Chief Executive Officer Compensation*

Base Salary. In February 2010, the committee, at the request of Mr. Ayers, did not increase Mr. Ayers's salary from the \$700,000 annual salary he received in 2009 and 2008. The committee believed this decision was appropriate due to continuing difficult economic conditions in the U.S., which resulted in low economic growth, and as a result the company provided very modest annual salary increases to most of its employees.

Annual Cash Bonus. In February 2011 the committee awarded Mr. Ayers a cash bonus of \$900,000 for performance during 2010, which was 129% of his bonus target. This award reflected the committee's subjective evaluation of the company's financial performance described above under "Executive Summary", which the Committee determined exceeded the company's plan in total; the company's total shareholder return over 2010 and the three years ended December 31, 2010, which exceeded the benchmark indices as described under "Executive Summary"; and the achievement by the company of non-financial goals approved by the Board in February 2010. Mr. Ayers's non-financial goals for 2010 related to increasing the installed base of certain recently launched products; launching new products; achieving growth in the company's reference laboratory business including through operational improvements; achieving margin expansion in the IDEXX VetLab instruments and consumables business; increasing companion animal group sales organization productivity and reducing turnover; reviewing supply chain risks and implementing mitigation strategies; achieving milestones on significant information technology projects; evaluating and completing acquisition opportunities; maintaining strong regulatory compliance and achieving ISO 9001 recertification and environmental, health and safety targets; meeting the company's quality objectives; and leadership development. In evaluating the achievement of these goals, the committee did not apply any particular weighting to the individual goals but rather considered the overall level of achievement.

The compensation committee also designated Mr. Ayers as the sole participant in the 2008 Incentive Compensation Plan for the 2010 fiscal year and determined that, for purposes of determining the maximum incentive payment under the 2010 Plan, operating income would be adjusted to eliminate the effects of changes in currency exchange rates and discrete items as described under "2008 Incentive Compensation Plan" on pages 36-38.

Mr. Ayers's total cash compensation for 2010 fell between the 50<sup>th</sup> and 75<sup>th</sup> percentiles for the peer group of companies. The committee believed that this level of cash compensation was appropriate and consistent with the compensation philosophy based on Mr. Ayers's role in driving above plan financial performance and shareholder return that exceeded benchmarks during 2010 and the three years ended December 31, 2010.

Equity Award. In February 2010 the committee granted Mr. Ayers stock options and RSUs with an aggregate value of approximately \$1.75 million. In granting these awards, the committee targeted the chief executive officer's total direct compensation (base salary, bonus and equity) with the peer group median for total direct compensation.

### *Other Named Executive Officer Compensation*

Base Salary. In 2010, the named executive officers other than the chief executive officer received an average base salary increase of 3.4%.

Annual Cash Bonus. In February 2011, the compensation committee awarded discretionary bonuses for 2010 performance to the named executive officers. In determining bonus awards payable to all of the named executive officers, the committee first approved an overall management bonus pool based on its subjective evaluation of both 2010 financial performance versus budget and total shareholder return as described under “Executive Summary” above.

In determining individual bonus awards for the other named executive officers, in addition to company financial performance and total shareholder return, the committee also considered Mr. Ayers’s recommendation based on his evaluation of the performance of each of the other named executive officers relative to their individual goals developed at the beginning of 2010 as a part of the company’s performance management process. Ms. Raines’s non-financial goals for 2010 related to improving efficiency and effectiveness of the financial planning processes; supporting cost reduction initiatives across business areas; achieving a clean audit opinion on Sarbanes Oxley compliance; focusing on the company’s enterprise risk assessment; and recruiting, retaining and developing leadership talent. Mr. Powers’s non-financial goals for 2010 related to opening new reference laboratories in targeted locations worldwide; accelerating market adoption of certain laboratory tests and integrated information products and services; ensuring customer satisfaction by achieving service level targets; executing targeted levels of profitability improvement; achieving program milestones on key information technology initiatives; and implementing planned organizational development initiatives. Mr. Brown’s non-financial goals for 2010 related to increasing R&D productivity through clear strategic guidance of the R&D organization; improving the effectiveness and efficiency of the new product development process and culture; executing targeted new product introductions according to key project milestones; developing new external technology partnerships; and the development of a strong culture of innovation. Mr. Williams’s non-financial goals for 2010 related to launching new products and product enhancements and achieving other new product development milestones; improving reliability and performance on certain recently launched products; maintaining strong relationship with strategic suppliers; refining the integrated marketing strategy for instrument products; supporting international business expansion; and retaining and developing key leadership talent.

The committee considered Mr. Ayers’s evaluation of each officer’s performance and his recommendation regarding bonuses for the executive officers. Differences in bonuses among the named executive officers (other than the chief executive officer) as a percentage of their respective bonus targets resulted primarily from the committee’s and the chief executive officer’s subjective consideration of each officer’s contribution to company performance during the year, each officer’s total compensation relative to officers with similar responsibilities at companies within the peer group, and internal equity among all of the company’s executive officers.

Equity Awards. In determining the size of equity awards granted to named executive officers in 2010 the compensation committee reviewed compensation summaries for each named executive officer that summarized the value of outstanding vested and unvested stock options and RSUs and the cumulative value realized by the executives upon exercise of stock options since commencement of employment. The committee also considered the total direct compensation of each of the executive officers relative to the median total direct compensation in the peer group and in the market data, although the committee did not target any particular percentage of the median total direct compensation in making these awards. The committee also reviewed an analysis of the company’s share usage and shareholder value transfer to ensure that aggregate equity awards did not result in excessive transfer of value to executives. The committee considered this information as well as Mr. Ayers’s advice and recommendation regarding the prospects for long-term contribution by each of the named executive officers in making the 2010 equity awards.

## **Other Compensation Considerations**

### *Market Analysis*

The compensation committee has found that market data is useful in connection with the committee’s design of a compensation program and determination of salaries, equity and bonus award targets, and awards for executive officers. Such data permits the committee to assess the competitiveness of the company’s compensation packages relative to similar companies. However, the committee does not target any particular percentage of total compensation or any element of compensation to the survey data. Instead, the committee uses the data as a reference point to ensure that the company’s compensation program is consistent with all of the elements of the compensation philosophy.



The compensation committee annually determines a peer group of publicly-traded companies with input from FW Cook, its compensation consultant. The peer group comprises companies in medical technology, medical device, and life sciences businesses that are deemed by the committee to be reasonably comparable to the company based on revenue, net income, total employees, market capitalization and business model. In February 2010, when the compensation committee set 2010 base salaries and made 2010 equity awards, the companies in the peer group were: Beckman Coulter, Bio-Rad Laboratories, Cooper Companies, Dionex, Gen-Probe, Hologic, Immucor, Inverness Medical Innovations (now Alere), Millipore, ResMed, Stericycle, Varian and VCA Antech. This peer group was unchanged from the peer group referenced in February 2009. Certain information regarding the size and value of the peer group companies relative to the company is set forth below. We supplement the peer group data with national survey data gathered from the Towers Perrin General Industry Executive Database and Radford Life Sciences surveys. The survey data is blended to recognize the manufacturing aspects of our business as well as the fact that many companies in the Radford Life Sciences Survey have different business models.

**Peer Group Comparisons (1)**  
(\$ million)

	Revenue (1)	Market Capitalization (2)	Net Income (1) (3)	2010 P/E Ratio	Employees
Peer Group 75 <sup>th</sup> Percentile	\$ 1,637	\$ 3,722	\$ 160	26.3	7,400
Peer Group Median	1,138	2,455	99	23.0	5,900
Peer Group 25 <sup>th</sup> Percentile	807	1,483	54	20.8	2,900
IDEXX Laboratories, Inc.	1,005	2,995	\$115	26.1	4,700

(1) Most recently reported 12 months.

(2) As of October 31, 2009.

(3) Before extraordinary items and discontinued operations.

*Section 162(m)*

Section 162(m) of the Internal Revenue Code disallows a tax deduction to public companies for certain compensation in excess of \$1,000,000 paid to the corporation's chief executive officer and three other officers (other than the chief financial officer) whose compensation is required to be reported to our stockholders pursuant to the 1934 Act. Certain performance-based compensation approved by the company's stockholders, including option grants under the company's 2009 Plan, generally is not subject to the deduction limit. Generally, section 162(m) has not been relevant to the compensation of any of the executive officers other than the chief executive officer. In 2008, the board of directors adopted and the stockholders approved the 2008 Incentive Compensation Plan, under which annual bonus awards to executive officers designated by the compensation committee as performance-based compensation are eligible to be exempt from the deduction limit. Annual cash awards made to Mr. Ayers are intended to qualify as performance-based compensation under the 2008 Incentive Compensation Plan. See "2008 Incentive Compensation Plan" on pages 36-38. Notwithstanding the foregoing, the compensation committee retains discretion to approve compensation payments that are subject to the Section 162(m) deduction limit to the extent the committee believes such payments are in the best interests of the company and its stockholders.

**Compensation Committee Report**

The compensation committee has reviewed and discussed with management the Compensation Discussion and Analysis for the year ended December 31, 2010. Based on this review and discussion, the compensation committee recommended to the board, and the board has approved, that the Compensation Discussion and Analysis be included in the proxy statement for the year ended December 31, 2010.

By the compensation committee of the board of directors,

Robert J. Murray, Chairman  
Thomas Craig  
William T. End  
Brian P. McKeon

## Executive Compensation Tables

### Summary Compensation Table

The following table sets forth the compensation earned during 2010, 2009 and 2008 by IDEXX's chief executive officer, chief financial officer and the three other highest-paid executive officers for IDEXX's 2010 fiscal year.

Name and Principal Position	Year	Salary	Bonus	Stock Awards (1)	Option Awards (1)	All Other Compensation (2)	Total Compensation
Jonathan W. Ayers (3) President and Chief Executive Officer	2010	\$ 700,000	\$ 900,000	\$ 426,480	\$ 1,322,432	\$ 16,048	\$ 3,364,960
	2009	726,923	825,000	274,960	801,824	13,710	2,642,417
	2008	700,000	675,000	341,700	918,486	13,133	2,648,319
William E. Brown III, PhD (4) Corporate Vice President and Chief Scientific Officer	2010	306,346	250,000	112,484	335,534	49,329	1,053,693
Merilee Raines Corporate Vice President and Chief Financial Officer	2010	316,558	270,000	112,484	335,534	10,596	1,045,172
	2009	321,923	240,000	74,995	226,876	10,596	874,390
	2008	310,000	200,000	110,027	339,365	10,071	969,463
Johnny D. Powers, PhD (5) Corporate Vice President, IDEXX Reference Laboratories	2010	306,346	250,000	100,010	298,258	13,654	968,268
	2009	270,000	200,000	87,506 (6)	264,692 (6)	48,978	871,176
Michael J. Williams, PhD (7) Corporate Vice President, Instrument Diagnostics	2010	286,154	240,000	106,247	316,888	10,096	959,385
	2009	275,000	200,000	68,740	207,973	9,336	761,049

(1) Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. See Note 5 in the notes to consolidated financial statements included in the 2010 annual report for the relevant assumptions used to determine the valuation of our stock awards and stock options.

(2) The following table provides the detail for all other compensation received during 2010, 2009 and 2008 by the above executive officers.

Name	Year	Retirement and Incentive Savings Plan Matching Contribution	Supplemental Disability Insurance Premiums	Executive Physical	Tax Preparation Services	Relocation Expenses	Total Other Compensation
Jonathan W. Ayers	2010	\$ 8,575	\$ 1,933	\$ 2,600	\$ 2,940	\$ -	\$ 16,048
Jonathan W. Ayers	2009	8,575	1,933	-	3,202	-	13,710
Jonathan W. Ayers	2008	8,050	1,933	-	3,150	-	13,133
William E. Brown, PhD	2010	8,575	2,373	-	-	38,381	49,329
Merilee Raines	2010	8,575	2,021	-	-	-	10,596
Merilee Raines	2009	8,575	2,021	-	-	-	10,596
Merilee Raines	2008	8,050	2,021	-	-	-	10,071
Johnny D. Powers, PhD	2010	8,575	1,879	3,200	-	-	13,654
Johnny D. Powers, PhD	2009	3,635	939	-	-	44,404	48,978
Michael J. Williams, PhD	2010	8,575	1,521	-	-	-	10,096
Michael J. Williams, PhD	2009	8,575	761	-	-	-	9,336

(3) Reflects compensation Mr. Ayers received as an employee. Mr. Ayers received no additional compensation for his service as a director.

(4) Since Dr. Brown first became a named executive officer in 2010, this table includes only his 2010 compensation.

(5) Dr. Powers was hired as Corporate Vice President of IDEXX Reference Laboratories in February 2009. His initial annual salary was \$300,000.

(6) Represents stock and option awards granted to Dr. Powers in connection with his hiring in February 2009.

(7) Since Dr. Williams first became a named executive office in 2009, this table includes only his 2009 and 2010 compensation.

## Grants of Plan-Based Awards

The following table sets forth each grant of an award made to the named executive officers during IDEXX's 2010 fiscal year. All awards were made under the 2009 Plan.

<u>Name</u>	<u>Grant Date</u>	<u>Action Date (1)</u>	<u>All Other Stock Awards: # of Shares of Stock/ Units (2)(4)</u>	<u>All Other Option Awards: # of Securities Underlying Options (3)(4)</u>	<u>Exercise/ Base Price of Option Awards (1)</u>	<u>Grant Date Fair Value of Stock Option Awards (5)</u>
Jonathan W. Ayers (6)	2/14/2010	2/9/2010	8,000			\$ 426,480
Jonathan W. Ayers	2/14/2010	2/9/2010		80,000	53.31	1,322,432
William E. Brown III, PhD	2/14/2010	2/9/2010	2,110			112,484
William E. Brown III, PhD	2/14/2010	2/9/2010		20,298	53.31	335,534
Merilee Raines	2/14/2010	2/9/2010	2,110			112,484
Merilee Raines	2/14/2010	2/9/2010		20,298	53.31	335,534
Johnny D. Powers, PhD	2/14/2010	2/9/2010	1,876			100,010
Johnny D. Powers, PhD	2/14/2010	2/9/2010		18,043	53.31	298,258
Michael J. Williams, PhD	2/14/2010	2/9/2010	1,993			106,247
Michael J. Williams, PhD	2/14/2010	2/9/2010		19,170	53.31	316,888

- (1) On February 9, 2010, the compensation committee approved the grant of the above stock options and restricted stock units at the closing sale price of the common stock on the NASDAQ Global Market on February 12, 2010. This was the last business day prior to the February 14, 2010 grant date, which fell on a weekend.
- (2) Granted as restricted stock units that vest in equal annual installments over a five-year period commencing on the first anniversary of the date of grant.
- (3) Options become exercisable in equal annual installments over a five-year period commencing on the first anniversary of the date of grant.
- (4) Pursuant to the 2009 Plan, upon a change in control of IDEXX, each outstanding stock option or restricted stock unit award held by all employees of IDEXX, including executive officers, shall become exercisable and vested and free from restrictions as to 25% of the number of shares as to which such award would otherwise be subject to vesting or restrictions, unless the successor company in a corporate transaction does not assume or substitute such awards, in which case all awards granted under the 2009 Plan become fully vested and exercisable and free from restrictions. Under the change in control agreements between the company and each of its executive officers, vesting of options and restricted stock units held by each executive officer may accelerate in full in the event of a change in control of the company followed by a qualifying termination of the executive officer's employment. See "Change in Control Agreements" on pages 40-42.
- (5) Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. See Note 5 in the notes to consolidated financial statements included in the 2010 annual report for the relevant assumptions used to determine the valuation of our stock awards and stock options.
- (6) In the event of termination of Mr. Ayers's employment by the company other than for cause except following a change in control, his stock options and RSUs will continue to vest in accordance with their terms for two years (see "Employment Agreements" on pages 39-40).

In addition to the footnotes to the Summary Compensation Table and Grants of Plan-Based Awards table above, the following sections of this proxy statement further describe other material factors of the compensation and awards described in those tables. For a description of the material terms of Mr. Ayers's employment agreement and the change in control agreements for each of the executive officers, see "Employment Agreements" on pages 39-40 and "Change in Control Agreements" on pages 40-42; for an explanation of the amount of salary and bonus in proportion to total compensation, and a description of the criteria applied in determining grants of plan-based awards, see the "Compensation Discussion and Analysis" beginning on page 24.

### Outstanding Equity Awards at Fiscal Year End

The table below sets forth information with respect to unexercised options and stock that has not vested for each of the named executive officers as of the end of IDEXX's 2010 fiscal year.

Name	Grant Date (2)	Option Awards (1)				Stock Awards (1)	
		# of Securities Underlying Unexercised Options Exercisable	# of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date (3)	# of Shares/ Units of Stock Not Vested	Market Value of Shares or Units of Stock that have Not Vested (4)
Jonathan W. Ayers (5)	1/28/2002	290,320	-	\$ 12.6000	1/28/2012		
	2/6/2003	144,164	-	17.1350	2/6/2013		
	2/5/2004	106,072	-	25.4500	2/4/2014		
	2/3/2005	96,512	-	28.6550	2/2/2015		
	2/14/2006	48,000	12,000	38.3350	2/13/2013		
	2/14/2006					1,000	\$ 69,220
	2/14/2007	120,000	80,000	50.0000	2/13/2014		
	2/14/2007	36,000	24,000	41.9350	2/13/2014		
	2/14/2007					2,400	166,128
	2/14/2008	24,000	36,000	56.9500	2/13/2015		
	2/14/2008					3,600	249,192
	2/14/2009	16,000	64,000	34.3700	2/13/2016		
2/14/2009					6,400	443,008	
2/14/2010	-	80,000	53.3100	2/13/2017			
2/14/2010					8,000	553,760	
William E. Brown III, PhD	12/3/2008	17,900	26,847	29.3600	12/2/2015		
	12/1/2008					2,677	185,302
	2/14/2010	-	20,298	53.3100	2/13/2017		
	2/14/2010					2,110	146,054
Merilee Raines	2/12/2002	24,000	-	13.3150	2/12/2012		
	2/6/2003	40,000	-	17.1350	2/6/2013		
	2/5/2004	24,000	-	25.4500	2/4/2014		
	2/3/2005	26,000	-	28.6550	2/2/2015		
	2/14/2006	11,840	2,960	38.3350	2/13/2013		
	2/14/2006					246	17,028
	2/14/2007	12,264	8,176	41.9350	2/13/2014		
	2/14/2007					952	65,897
	2/14/2008	8,868	13,301	56.9500	2/13/2015		
	2/14/2008					1,158	80,157
	2/14/2009	4,528	18,108	34.3700	2/13/2016		
	2/14/2009					1,745	120,789
2/14/2010	-	20,298	53.3100	2/13/2017			
2/14/2010					2,110	146,054	
Johnny D. Powers, PhD	2/14/2009	5,282	21,127	34.3700	2/13/2016		
	2/14/2009					2,036	140,932
	2/14/2010	-	18,043	53.3100	2/13/2017		
	2/14/2010					1,876	129,857
Michael J. Williams, PhD	2/5/2004	10,600	-	25.4500	2/4/2014		
	2/3/2005	13,600	-	28.6550	2/2/2015		
	2/14/2006	4,418	1,104	38.3350	2/13/2013		
	2/14/2006					274	18,966
	2/14/2007	12,264	8,176	41.9350	2/13/2014		
	2/14/2007					952	65,897
	2/14/2008	7,883	11,823	56.9500	2/13/2015		
	2/14/2008					1,029	71,227
	2/14/2009	4,150	16,600	34.3700	2/13/2016		
	2/14/2009					1,600	110,752
2/14/2010	-	19,170	53.3100	2/13/2017			
2/14/2010					1,993	137,955	

(1) Pursuant to the 2009 Plan and the 2003 Stock Incentive Plan, or 2003 Plan, upon a change in control of IDEXX, each outstanding stock option or restricted stock unit award held by all employees of IDEXX, including executive officers, shall become exercisable and vested and free from restrictions as to 25% of the number of shares as to which such award would otherwise be subject to vesting or restrictions,

unless the successor company in a corporate transaction does not assume or substitute such awards, in which case all awards granted under the 2009 Plan and 2003 Plan become fully vested and exercisable and free from restrictions. Under the change in control agreements between the company and each of its executive officers, vesting of options and restricted stock units held by each executive officer may accelerate in full in the event of a change in control of the company followed by a qualifying termination of the executive officer's employment. See "Change in Control Agreements" on pages 40-42.

- (2) Options become exercisable in equal annual installments over a five-year period commencing on the first anniversary of the date of grant. Restricted stock units vest in equal installments over a five-year period commencing on the first anniversary of the date of grant.
- (3) Options granted prior to 2006 expire ten years from the date of grant, and options granted beginning 2006 expire seven years from the date of grant.
- (4) Market value is determined by multiplying the number of shares by the closing sale price of the company's common stock at December 31, 2010.
- (5) In the event of termination of Mr. Ayers's employment by the company other than for cause except following a change in control, his stock options and RSUs will continue to vest in accordance with their terms for two years (see "Employment Agreements" on pages 39-40).

### *Option Exercises and Stock Vested*

The table below sets forth information with respect to exercises of stock options and vesting of restricted stock units for the named executive officers during the 2010 fiscal year.

<u>Name</u>	<u>Option Awards</u>		<u>Stock Awards (1)</u>	
	<u># Shares Acquired on Exercise</u>	<u>Value Realized on Exercise</u>	<u># Shares Acquired on Vesting</u>	<u>Value Realized on Vesting</u>
Jonathan W. Ayers	581,452	\$ 27,325,553	5,000	\$ 266,550
William E. Brown III, PhD	-	-	893	58,625
Merilee Raines	56,000	2,630,164	1,546	82,417
Johnny D. Powers, PhD	-	-	510	27,188
Michael J. Williams, PhD	10,500	503,564	1,494	79,645

- (1) Reflects the number of shares acquired and value of such shares upon vesting prior to the withholding of the number of shares shown below for each executive officer to satisfy such officer's tax obligations: Ayers (2,246), Raines (567), Powers (192), Brown (280), and Williams (558).

### *Nonqualified Deferred Compensation*

The table below sets forth information with respect to voluntary contributions, earnings and distributions for the named executive officers under our Executive Deferred Compensation Plan, or Executive Plan. Cash compensation voluntarily deferred by the executive under the Executive Plan is invested in IDEXX common stock. For a description of the other material features of the Executive Plan, see "Executive Deferred Compensation Plan" on page 36.

<u>Name</u>	<u>Executive Contribution in 2010</u>	<u>Registrant Contributions in 2010</u>	<u>Aggregate Earnings Accrued in 2010 (1)</u>	<u>Aggregate Withdrawals/ Distributions</u>	<u>Aggregate Balance at December 31, 2010</u>
Jonathan W. Ayers	\$ -	\$ -	\$ 466,517	\$ -	\$ 2,047,706 (2)
William E. Brown III, PhD	-	-	-	-	-
Merilee Raines	-	-	-	-	-
Johnny D. Powers, PhD	-	-	-	-	-
Michael J. Williams, PhD	-	-	102,441	-	449,649 (3)

- (1) No portion of the amounts reported in this column represent above-market or preferential interest or earnings accrued on the applicable plan and, accordingly, have not been included in a "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the 2010 Summary Compensation Table.
- (2) This amount represents the portions of Mr. Ayers's 2004, 2005 and 2006 bonuses that he elected to defer under the Executive Plan, plus all earnings accrued thereon in subsequent years. The bonuses were paid in February 2005, 2006 and 2007, respectively, and represented compensation for 2004, 2005 and 2006, and as such those amounts were reported in the Summary Compensation Tables for those years, rather than on the 2010 Summary Compensation Table on page 32.
- (3) This amount represents portions of Mr. Williams's bonuses from prior years that he elected to defer under the Executive Plan, plus all earnings accrued on those contributions, prior to becoming a named executive officer in 2009.

## **Executive Deferred Compensation Plan**

Under the company's Executive Plan, officers of the company can elect to defer up to 100% of their annual bonus into an account deemed to be invested in a particular hypothetical investment. As of this date, the only hypothetical investment available under the Executive Plan is IDEXX common stock. Therefore, each participating officer's investment account is denominated as a number of DSUs, equal to the compensation deferred into such account divided by the closing sale price of a share of our common stock on the date of the applicable deferral. Investment accounts are not subject to any interest or other investment returns or earnings, other than returns or earnings produced by fluctuations in the price of a share of IDEXX common stock affecting the value of the DSUs in the account. The DSUs are fully vested and nonforfeitable, since they represent compensation already earned and voluntarily deferred. Upon distribution, an officer receives a number of shares of IDEXX common stock equal to the number of DSUs in his or her account. DSUs are subject to the terms of the stockholder-approved 2009 Plan. DSUs count toward the executive's stock ownership in determining compliance with the executive stock ownership guidelines.

An officer can elect to receive his or her distribution in either a lump sum amount or in a fixed schedule. However, except upon a change in control or in the event of the officer's death or an unforeseeable emergency, an officer cannot receive shares of IDEXX common stock equal to the number of DSUs in his or her account sooner than one year following termination of his or her employment with the company for any reason, and in the case of an officer who has been identified by the plan administrator as a "key employee" with the meaning of Section 409A(a)(2)(B) of the Internal Revenue Code, his or her distribution may not occur sooner than six months following his or her termination of employment. Upon a "change in control" of the company, all benefits under the Executive Plan shall be distributed. Under the Executive Plan, a "change in control" occurs upon one of more of the following events:

- any one person or group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or group) direct or indirect beneficial ownership of stock possessing 35% or more of the total voting power of the stock of the company; or
- a majority of the members of the company's board of directors are replaced during any 12-month period by new directors whose appointment or election is not approved by a majority of the members of the company's board serving immediately before the appointment or election of any such new directors; or
- a change in the ownership of a substantial portion of the company's assets occurs on the date that any one person or group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or group) assets from the company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the company immediately prior to such acquisition.

## **2008 Incentive Compensation Plan**

In 2008, the board adopted the 2008 Incentive Compensation Plan, or 2008 Plan, which was approved by the stockholders at our 2008 annual meeting. The 2008 Plan is intended to comply with the requirements of Section 162(m) of the Internal Revenue Code, so that the company is able to fully deduct for federal income tax purposes payments of annual incentive compensation made to its chief executive officer and other executive officers. In general, Section 162(m) imposes a limit on the amount that may be deducted for federal income tax purposes on compensation paid to a corporation's chief executive officer and three other officers (other than the chief financial officer) whose compensation is required to be reported to our stockholders under the 1934 Act by reason of being among the four most highly compensated executive officers ("covered employees"). This limit does not apply to compensation that is considered "performance-based" for purposes of Section 162(m). One of the conditions for compensation to be considered "performance-based" under Section 162(m) is that the material terms under which such compensation will be paid, including the performance goals, be disclosed to and approved by stockholders.

The compensation committee, which consists solely of outside directors as defined by Section 162(m), administers the 2008 Plan. Individuals eligible to participate in the 2008 Plan are the chief executive officer and any other executive officer of the company or a subsidiary selected by the committee to participate in the 2008 Plan. The committee has full power and authority, subject to the provisions of the 2008 Plan, to:

- select the participants to whom incentive awards may be granted under the 2008 Plan;
- determine the terms and conditions of each incentive award, including the length of the performance period;
- certify the calculation of operating income and the amount of the incentive award payable to each participant for each performance period;
- determine the time when incentive awards will be paid;
- in connection with the determination of the amount of each award, determine whether and to what extent the incentive award shall be reduced based on such factors as the committee deems appropriate in its discretion;
- determine whether payment of awards may be deferred by participants;
- interpret and administer the 2008 Plan and any instrument or agreement entered into in connection with the 2008 Plan;
- correct any defect, supply any omission or reconcile any inconsistency in the 2008 Plan or any incentive award in the manner and to the extent that the committee deems desirable to carry the 2008 Plan or such incentive award into effect;
- establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the 2008 Plan; and
- make any other determination and take any other action that the committee deems necessary or desirable for administration of the 2008 Plan.

The committee may delegate to one or more officers, or a committee of officers, of the company the authority to take actions on behalf of the committee pursuant to the 2008 Plan, to the extent such delegation is not inconsistent with applicable law or the rules of the NASDAQ Global Market or Section 162(m).

Not later than the earlier of 90 days after the beginning of each fiscal year or the expiration of 25% of the applicable performance period, the committee will (i) designate one or more performance periods, which shall be the company's fiscal year or such other period, not to exceed five years, as the committee may establish; (ii) specify any adjustments to operating income for the performance period, and (iii) determine the participants for each performance period. In February 2010, the compensation committee designated the company's 2010 fiscal year as the performance period and Mr. Ayers as the sole participant, and in February 2011, the committee designated the 2011 fiscal year as the performance period and Mr. Ayers again as the sole participant.

The 2008 Plan establishes limits on the maximum incentive payable to any participating individual for any performance period. For the chief executive officer, this limit is three-quarters of one percent (0.75%) of the operating income of the company for each full calendar year in the performance period. For all other individuals participating in the 2008 Plan, this limit is one-quarter of one percent (0.25%) of the operating income of the company for each full calendar year in the performance period. Subject to these limits, the committee determines the amount of each individual's annual incentive opportunity for each year and has the discretion to reduce the annual incentive payable to such individual below the applicable limit. Operating income is the company's consolidated operating income determined in accordance with generally accepted accounting principles in the United States and as reported in the company's income statement included in the company's Annual Report on Form 10-K filed with the SEC covering the applicable performance period. Operating income may be adjusted by the committee to eliminate the effects of differences between actual foreign currency exchange rates in the applicable performance period and currency exchange rates budgeted for such period, and to eliminate the effects of discrete items. Discrete items may include, without limitation, acquisition integration expenses, restructuring charges, acquisition purchase accounting adjustments, acquisition-related transaction costs, adjustments to finalized pre-acquisition contingencies, litigation-related expenses and payments, gains and losses on the disposition of assets, and non-cash write-downs.

The amount of an incentive award actually paid to a participant is determined by the committee in its sole discretion based on such factors as it deems appropriate, provided that the actual award shall not exceed the maximum incentive award with respect to such participant. Following the conclusion of each performance period, the committee will certify in writing the amount of the incentive award for each participant. The award amount shall be paid in cash or as a stock award under a stockholder-approved stock plan. Payment to each participant shall be made not later than March 15 following the end of the fiscal year in which the performance period ends, unless payment is deferred pursuant to a plan satisfying the requirements of Section 409A of the Internal Revenue Code.

### **Stock Incentive Plans**

In February 2009, the board adopted the 2009 Plan, which was approved by the stockholders at our May 6, 2009 annual meeting. Prior to the 2009 Plan, options and other equity awards were granted under the 2003 Stock Incentive Plan, or 2003 Plan, and prior stock incentive plans, each of which were approved by our stockholders. The vesting, change in control, transferability and other relevant provisions for grants under the 2009 Plan are the same as for grants under the 2003 Plan.

Upon a “change in control” (as defined below), options and awards granted to all participants, including our executive officers and directors, are subject to the following vesting provisions: 25% of the unvested options and awards vest and become exercisable, unless the successor company in a corporate transaction does not assume or substitute option awards, in which case all options granted under the 2009 Plan and the 2003 Plan become fully vested and exercisable. In addition, if an optionee is terminated by the successor company without cause within two years following a change in control, then all options held by such optionee become fully vested and exercisable.

A “change in control” occurs upon any of the following events:

- An acquisition by any individual, entity or group of beneficial ownership of 30% or more of either the then outstanding stock or the combined voting power of the then outstanding voting stock of the company. Certain acquisitions by the company or any employee benefit plan sponsored or maintained by the company would be excluded from this change in control determination.
- A change in the composition of the board on the incentive compensation plan’s effective date such that the individuals who constitute the board, as of the effective date (the “incumbent board”), cease for any reason to constitute at least a majority of the board. Any individual who becomes a member of the board subsequent to the effective date, whose election or nomination was approved by a vote of at least a majority of those individuals who are members of the board and who were also members of the incumbent board are considered as a member of the incumbent board. Any such individual whose initial assumption of office occurs as a result of or in connection with either an actual or threatened solicitation with respect to the election of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an entity other than the board shall not be so considered as a member of the incumbent board.
- A merger, reorganization or consolidation or sale or other disposition of all or substantially all of the assets of the company (a “corporate transaction”), excluding any corporate transaction pursuant to which:
  - all or substantially all of the individuals and entities who are the beneficial owners of the outstanding common stock and voting stock immediately prior to such corporate transaction will beneficially own, directly or indirectly, more than 60% of the outstanding common stock, and the combined voting power of the then outstanding voting stock of the corporation resulting from such corporate transaction, in substantially the same proportions as their ownership immediately prior to such corporate transaction;
  - no entity (other than the company, any employee benefit plan of the company, or the corporation resulting from such corporate transaction) will beneficially own, directly or indirectly, 30% or more of the outstanding shares of common stock of the corporation resulting from such corporate transaction or the combined voting power of the outstanding voting securities of such corporation, unless such ownership resulted solely from ownership of securities of the company prior to the corporate transaction; and



- individuals who were members of the incumbent board will immediately after the consummation of the corporate transaction constitute at least half of the members of the board of directors of the corporation resulting from such corporate transaction.
- The approval by the stockholders of the company of a complete liquidation or dissolution of the company.

In general, options granted under the 2009 Plan and 2003 Plan are not transferable, except by will or the laws of descent and distribution, and are exercisable during the lifetime of the grantee only while he or she is serving as an employee or director of the company or, except as described below, within three months after he or she ceases to serve as an employee or director of the company; provided, however, that the board has the discretion to allow a grantee to designate a beneficiary to exercise the options upon the grantee's death. If a grantee dies or becomes disabled (within the meaning of Section 22(e)(3) of the Internal Revenue Code) while serving as an employee or director, or dies within three months after ceasing to serve as an employee or director, options are exercisable within one year following the date of death or disability. Options granted to directors since February 2010 are exercisable for two years following the date of retirement, provided the director has served on the board for at least five years. Options granted to employees since February 2010 are exercisable for two years following the date of retirement, provided the employee retires from the company at or after age 60, and that the employee has been an employee of the company for at least ten years. Options granted prior to 2006 expire ten years from the date of grant, and options granted beginning in 2006 expire seven years from the date of grant.

### **Executive Bonus Recovery Policy**

Effective March 3, 2010, the board adopted a Policy on Recovery of Incentive Compensation in Event of Certain Financial Restatements, also known as a "clawback policy", that applies to annual performance-based cash incentive compensation granted to executive officers on or after March 3, 2010. "Incentive compensation" means bonuses and other cash incentive payouts, whether paid or unpaid, vested or unvested, and "executive officers" are all officers subject to reporting under Section 16 of the 1934 Act.

Under the clawback policy, if the company is required to restate its financial results for any of the three most recent fiscal years completed after March 3, 2010, other than a restatement due to changes in accounting principles or applicable law, and the board or the compensation committee determines that an executive has received more performance-based cash incentive compensation for the relevant fiscal year than would have been paid had the incentive compensation been based on the restated financial results, the board or compensation committee will take such action in its discretion that it determines appropriate to recover the cash incentive compensation that would not have been paid or awarded to the executive.

The clawback policy only applies to an executive if the board or compensation committee determines that the executive has engaged in fraud or willful misconduct that caused or partially caused the restatement. The board or compensation committee has the sole discretion to determine whether an executive has engaged in such conduct.

### **Employment Agreements**

In connection with the hiring of Mr. Ayers as president, chief executive officer and chairman of IDEXX, the company granted Mr. Ayers options to purchase 900,000 shares of IDEXX common stock and entered into an agreement with Mr. Ayers that provided for a target bonus equal to 100% of his base salary, with actual bonus dependent on the achievement of personal and corporate goals. Under the agreement with Mr. Ayers, if Mr. Ayers's employment is terminated at any time by the company other than for cause (except within two years following a change in control), the company will pay Mr. Ayers his base salary and continue to provide him with benefits (medical, dental and life insurance) for two years following such termination. In addition, his stock options and RSUs will continue to vest in accordance with their terms during such two-year period. Under Mr. Ayers's employment agreement, "cause" is defined as willful, material misconduct, gross negligence in the performance of his duties, or breach of either his invention and non-disclosure agreement or non-compete agreement with the company. If Mr. Ayers's employment is terminated by the company other than for cause or by Mr. Ayers for good reason (each as defined in his change in control agreement as described on pages 40-42) within two years following a change in control, he will receive the payments and benefits described under "Change in Control Agreements" on pages 40-42. In connection with his hiring, Mr. Ayers also executed the company's standard non-compete agreement and invention and non-disclosure agreement, the terms of which are described on page 42.

Except for the change in control agreements described below, the company does not have any agreements with any other executive officers providing for the payment of severance benefits to such officers upon a termination of employment with the company for any reason.

The following table describes potential payments to Mr. Ayers under the employment agreement described above, assuming he was terminated without cause on December 31, 2010 and not in connection with or after a change in control. The actual amounts to be paid out can only be determined in the event of and at the time of his actual termination.

### Potential Termination Payments

	<u>Salary (1)</u>	<u>Benefits (1)</u>	<u>Accelerated Vesting of Equity Awards (2)</u>	<u>Total</u>
Jonathan W. Ayers	\$ 1,400,000	\$ 32,109	\$ 5,326,344	\$ 6,758,453

(1) Mr. Ayers's salary and benefits will be paid by the company. Salary and benefits are calculated by multiplying by two the annual salary and benefits in effect on December 31, 2010.

(2) Mr. Ayers's stock options and RSUs would continue to vest in accordance with their terms for two years following termination. Represents the intrinsic value of unvested stock options and RSUs as of December 31, 2010 that would continue to vest for two years following termination on December 31, 2010 using the closing sale price of the company's common stock as of December 31, 2010 to illustrate the potential value at termination.

### Change in Control Agreements

On October 1, 2010, the company entered into new executive employment agreements (the "change in control agreements") with its current executive officers, which superseded similar agreements previously entered into by the company and executive officers in January 2007. The primary purpose of the October 2010 amendments was to assure compliance of the agreements with Section 409A of the Internal Revenue Code. In March 2011, the company again entered into new change in control agreements with its executive officers, which were substantially similar to the previous agreements except that the new agreements eliminated the tax "gross up" provisions which obligated the company to reimburse executive officers for certain tax liabilities under Section 4999 of the Internal Revenue Code. The change in control agreements for all of the executive officers are identical except as described below. The change in control agreements provide for the company to make certain payments and provide certain benefits to the executive officers upon a qualifying termination of employment that follows a change in control of the company, as described further below. For a further discussion of the company's reasons for having change in control agreements, refer to the discussion of change in control agreements in the Compensation Discussion and Analysis beginning on page 24.

The change in control agreements become effective upon a change in control of the company, which will occur generally upon any of the following events:

- The acquisition by any person of 35% or more of the shares of common stock or combined voting power of the company's outstanding securities.
- A change in the composition of the company's board of directors over a 24-month period prior to such change such that a majority of the board no longer consists of incumbent directors or directors nominated or elected by incumbent directors.
- A reorganization, merger, consolidation, or sale or other disposition of all or substantially all of the assets of the company (a "business combination"), unless immediately following such business combination:
  - the stockholders of the company immediately prior to such business combination own more than a majority of the outstanding shares of common stock and the combined voting power of the company's outstanding voting securities of the corporation resulting in the business combination in substantially the same proportion as their ownership immediately prior to the transaction,

- no person owns 20% or more of the stock of the corporation resulting from the business combination, and
- at least half of the members of the board of the company resulting from the business combination were members of the board at the time of the agreement providing for such business combination.
- Approval by the stockholders of a complete liquidation or dissolution of the company or sale of substantially all of the assets of the company.

Following a change in control, the company may not generally reduce an executive officer's annual base salary or target bonus, or the aggregate benefits to which the executive officer is entitled under incentive plans and welfare benefit plans, below the level to which the executive officer was entitled prior to the change in control.

If the employment of an executive officer is terminated by the company without cause, as defined below, or by the executive officer for good reason, as defined below, within the period of two years following a change in control, then the company shall provide the following payments and benefits to the executive officer:

- a prorated payment of the executive officer's target bonus for the portion of the year of termination prior to the date of termination,
- an amount equal to two times (three times in the case of Mr. Ayers) the sum of the executive officer's annual base salary plus the average bonus received by the executive officer for the three full fiscal years preceding the change in control,
- the continuation of all benefits under welfare benefit, savings and retirement plans (including, without limitation, medical, dental and life insurance plans) for a period of two years (three years in the case of Mr. Ayers) following the date of termination, and
- any other amounts or benefits required to be paid to the executive officer under any plan, program, policy or practice or contract or agreement of the company.

The company will also reimburse the executive officer up to \$12,500 per year (an aggregate of \$25,000) for expenses incurred in connection with outplacement services and relocation costs in connection with obtaining new employment outside the State of Maine until the earlier of 2 years from termination of the executive officer's employment or the date he or she secures full time employment.

Upon a change in control, each outstanding stock option, RSU, or other equity award, each of which is referred to as an equity award, held by an executive officer shall become immediately exercisable or vested as to 25% of the number of shares as to which such equity award otherwise would not then be exercisable or vested. Following a termination of the executive officer's employment by the company within two years following a change in control other than for cause, or by the executive officer for good reason, all equity awards held by the executive officer shall become fully exercisable and vested. In addition, the 2009 Plan provides that all equity awards become fully vested and exercisable in the event a successor company in a corporate transaction does not assume or substitute option awards.

Under the change in control agreements, "cause" is defined as the willful failure of the executive to substantially perform the executive's duties with the company, or the willful engaging by the executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the company. Under the change in control agreements, "good reason" is defined as one or more of the following conditions arising without the consent of the executive officer:

- any material reduction of the executive officer's base salary,
- any material reduction of the executive officer's authority, duties or responsibilities,
- any material reduction in the authority, duties or responsibilities of the supervisor to whom the executive officer reports,
- any material reduction of the budget over which the executive officer has authority,
- relocation, or
- certain breaches by the company of the agreement.

Under the change in control agreements with Messrs. Ayers, Ms. Raines, and Mr. Conan Deady, our corporate vice president, general counsel and secretary, if any such executive officer does not hold the same position with the entity surviving any change in control, then good reason will be deemed to exist.

Any notice of termination for good reason must be given to the company within 60 days of the initial existence of one or more of the conditions described above. The company will then be entitled to a period of 30 days during which it may remedy the condition(s) and not be required to pay benefits under the change in control agreement.

Under the current change in control agreements entered into with the executive officers in March 2011, there is no tax “gross-up” provision and the company is not required to reimburse the executive officers for any tax liabilities resulting from payments received by them under their change in control agreements. Prior to the March 2011 change in control agreements, if a change in control had occurred during 2010 and if payments to an executive officer under his or her change in control agreement had caused the executive officer to be subject to an excise tax under Section 4999 of the Internal Revenue Code, the company would have paid the officer an additional amount that would, net of any taxes or penalties (including excise taxes) on such additional amount, would have allowed the executive officer to retain the amount he or she would have received had he or she not been subject to the excise tax under Section 4999. However, if the payments to the executive officer were no more than 110% of the maximum amount of payments that the executive officer could have received under the change in control agreement without becoming subject to the excise tax, then no “gross-up” payment would have been made and the payments to the executive officer would have been reduced to such maximum amount.

As a condition of receipt of any benefits under the change in control agreements, the executive officer will be required to sign a customary release prepared by and provided by the company and to abide by the provisions thereof. The release will contain a release and waiver of any claims the executive or his or her representatives may have against the company and its officers, directors, affiliates and/or representatives, and will release those entities and persons from any liability for such claims including, but not limited to, all employment discrimination claims.

The change in control agreements have an initial term ending on September 30, 2011. Commencing on October 1, 2011 and on each annual anniversary of such date, unless previously terminated, each change in control agreement will automatically renew for a period of one year, unless the company has provided notice to the executive officer within 120 days prior to the renewal date indicating that the change in control agreement will not be extended.

The change in control agreements do not supersede the standard non-compete agreements and invention and non-disclosure agreements between each executive and the company. The non-compete agreements provide that for a period of two years after voluntary termination by the executive or termination by the company with cause, the executive may not engage in any business enterprise that competes with the company or recruit, solicit or induce any employee of the company to terminate their employment with the company. The invention and non-disclosure agreements include standard provisions that all developments made or conceived by the executive during his or her employment by the company shall be the sole property of the company and that the executive will not disclose or use for his or her own benefit or the benefit of others the company’s proprietary information.

The following table describes potential payments to each of our named executive officers under the change in control agreements that were in effect as of December 31, 2010. The table assumes a change in control occurred and the officer’s employment was terminated by the company without cause or by the officer for good reason on December 31, 2010. The actual amounts to be paid out can only be determined in the event of and at the time of a change in control and a qualifying termination of each executive officer.

## Potential Change in Control Payments

Name	Salary(1)	Multiple of Average Bonus (1)	Pro-rated Bonus (1)	Benefits (1)	Outplace- ment	Accelerated Vesting of Equity Awards (2)	Excise Tax Gross-Up (3)	Total (3)
Jonathan W. Ayers (4)	\$ 2,100,000	\$ 2,150,000	\$ 700,000	\$ 48,164	\$ 25,000	\$ 7,989,288	\$ 2,587,216	\$ 15,599,668
William E. Brown III, PhD	615,000	450,000	184,500	9,755	25,000	1,724,419	710,610	3,719,284
Merilee Raines	635,500	443,333	190,650	10,109	25,000	1,861,635	-	3,166,227
Johnny D. Powers, PhD	615,000	369,000	184,500	32,001	25,000	1,294,129	604,068	3,123,697
Michael J. Williams, PhD	580,000	340,000	174,000	31,286	25,000	1,690,551	550,392	3,391,228

- (1) Salary and bonus payments shall be paid in a lump sum within 30 days of the date of termination. Benefits shall be paid by the company over the period stated in note (3).
- (2) Represents the intrinsic value of accelerated equity awards (stock options and RSUs), calculated based on the exercise price of the underlying awards and the closing sale price of the company's common stock as of December 31, 2010.
- (3) As described above, the excise tax gross-up was eliminated from all change in control agreements with executive officers as of March 2011.
- (4) Amounts for Mr. Ayers are three times his salary, three times his average annual bonus for the prior three years, and payment of benefits for three years. The amounts for all other executive officers represent two years of such payments and benefits.

### REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The audit committee reviewed the company's audited financial statements for the fiscal year ended December 31, 2010 and discussed them with management and PricewaterhouseCoopers LLP, or PwC, the company's registered public accounting firm.

The audit committee has also discussed with PwC various communications that PwC is required to provide to the audit committee, including matters required to be discussed by the Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The audit committee has received the written disclosures and the letter from PwC required by applicable requirements of the Public Company Accounting Oversight Board regarding the registered public accounting firm's communications with the audit committee concerning independence, and has discussed with PwC their independence.

Based on the review and discussion referred to above, the audit committee recommended to the board of directors that the audited financial statements referred to above be included in the company's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the Securities and Exchange Commission.

By the audit committee of the board of directors,

Brian P. McKeon, Chairman  
Rebecca M. Henderson, PhD  
Barry C. Johnson, PhD  
Joseph V. Vumbacco

**REQUIREMENTS, INCLUDING DEADLINES, FOR SUBMISSION OF PROXY PROPOSALS, NOMINATION OF DIRECTORS AND OTHER BUSINESS OF STOCKHOLDERS**

Stockholder proposals submitted pursuant to Rule 14a-8 under the SEC rules for inclusion in our proxy materials for our 2012 annual meeting of stockholders must be received by our corporate secretary at the address written in the next paragraph, by November 25, 2011. The deadline to submit a proposal for inclusion in our proxy materials for the 2011 annual meeting has passed.

Our amended and restated bylaws also establish an advance notice procedure that a stockholder must follow to nominate persons for election as directors or to introduce an item of business at an annual meeting of stockholders outside of the process under Rule 14a-8 described above. These procedures provide that nominations for director and/or an item of business to be introduced at an annual meeting of stockholders must be submitted in writing to the corporate secretary of IDEXX at One IDEXX Drive, Westbrook, Maine 04092. Our amended and restated bylaws provide that stockholder proposals must include certain information regarding the nominee for director and/or the item of business. We must receive notice of your intention to introduce a nomination or proposed item of business at our 2012 annual meeting, and all supporting information, not less than 90 days or more than 120 days before the first anniversary of the preceding year's annual meeting. However, if the date of our annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the anniversary date, then we must receive such notice at the address noted below not earlier than the 120th day before such annual meeting and not later than the close of business on the later of the (1) 90th day before such annual meeting or (2) the tenth day after the day on which notice of the meeting date was mailed or public disclosure was made, whichever occurs first. Assuming that our 2012 annual meeting is between, April 12, 2012 and July 3, 2012, as is currently expected, we must receive the notice of your intention to introduce a nomination or proposed item of business at our 2012 annual meeting, and all supporting information, no earlier than January 5, 2012 and no later than February 4, 2012.

**OTHER MATTERS**

The board of directors knows of no other matters to be presented for stockholder action at the annual meeting. If, however, other matters do properly come before the annual meeting or any adjournments or postponements thereof, the board intends that the persons named in the proxies will vote upon such matters in accordance with their best judgment.

The board of directors hopes that you will attend the annual meeting. Whether or not you plan to attend the annual meeting, you are urged to complete, date, sign and return the enclosed proxy in the accompanying envelope, or vote via the Internet or by telephone at your earliest convenience. If you attend the annual meeting, you can still vote your stock personally even though you may have already sent in your proxy.

By order of the board of directors,



Conan R. Deady, *Secretary*

March 23, 2011