IDEXX LABORATORIES INC /DE
Form DEF 14A
March 23, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. ___)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

IDEXX Laboratories, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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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. 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,

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

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One IDEXX Drive
Westbrook, Maine 04092

NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS

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.

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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.

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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.

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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. 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.

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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, 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 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.

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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;

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- 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.

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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.

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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.

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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. 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, 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.

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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, 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.

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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).

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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.

Beneficial Owner	Number of Shares Owned (1)	Options Exercisable and RSUs Vesting (2)	Total Number of Shares Beneficially Owned (3)	Percentage of Common Stock Outstanding (4)
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:

	DSUs	Total Number of Shares Owned Including DSUs

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.

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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.

Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Common Stock Outstanding (1)
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 52nd 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.

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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	Director since December 1999
Age 56	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	Director since July 2003
	Audit Committee
Age 50	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 Age 54	Director and Chairman of the Board since January 2002

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 Age 69	Director since February 2005 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.

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Joseph V. Vumbacco	Director since February 2010
Age 65	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	Director since July 2000
Age 63	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	Director since March 2006
Age 67	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	Director since July 2003
Age 48	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.

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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.

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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.

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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.

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

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 Budget (1) %	Adjusted Variance to 2009 (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.

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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.

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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 50th and 75th 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%.

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