

IDEXX LABORATORIES INC /DE
Form DEF 14A
March 25, 2019

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 Filed by a Party other than the Registrant

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Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by
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Definitive Proxy Statement
 Definitive Additional Materials
 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)

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1) Amount Previously Paid:
2) Form, Schedule or Registration Statement No.:
3) Filing Party:
4) Date Filed:

Notice of 2019
Annual Meeting of
Shareholders &
Proxy Statement
Wednesday, May 8, 2019,
10:00 a.m., Eastern Time

Our
PURPOSE

To be a great company that creates exceptional long-term value for our customers, employees and shareholders by enhancing the health and well-being of pets, people and livestock.

Our Guiding Principles achieve and sustain market leadership exceed the expectations of our customers empower and reward our employees innovate with intelligence cultivate entrepreneurial spirit contribute to our communities

Jonathan W. Ayers
President, Chief Executive Officer and
Chairman of the Board of Directors
March 25, 2019

Dear Fellow Shareholders,

In 2018, IDEXX delivered another year of strong growth and financial performance, sustaining our track record of creating exceptional long-term value for our customers, employees and shareholders. We are inspired by the continued pursuit of our Purpose to enhance the health and well-being of pets, people and livestock.

Our Purpose To be a great company that creates exceptional long-term value for our customers, employees and shareholders by enhancing the health and well-being of pets, people and livestock.	We achieved outstanding financial results in 2018, with 12% revenue growth over the prior year, driven by 12% organic revenue growth, operating margin expansion of 120 basis points and growth of diluted earnings per share (“EPS”) of 45% (or comparable constant currency EPS growth of 36%). ¹ We further extended our track record of long-term shareholder value-creation, as reflected in the 20% compound annual growth rate of our stock price over the past fifteen years, and our 19% annual total shareholder return in 2018, which again outperformed the benchmark S&P 500 [®] Index by 23%. ²
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Our continued progress reflects successful execution of our long-term strategy:

Focus on Growing, Highly Attractive Markets, Including the Global Pet Healthcare Market – Our businesses serve global markets with excellent long-term secular growth characteristics. We focus on investing in and expanding our core markets by driving the broad adoption of the innovations we uniquely bring to these markets. IDEXX is a leader in the global market segments for companion animal diagnostics and software, our primary businesses, with scale across both reference laboratory and point-of-care diagnostic modalities and a leading portfolio of software solutions. These market segments remain quite undeveloped in the U.S. and internationally and thus present significant runway for continued long-term growth.

Sustained Investment in Innovation – We estimate that IDEXX invests more than 80% of the companion animal diagnostic industry’s identifiable research and development (“R&D”) — with a long track record of novel, proprietary diagnostic and software product introductions; unparalleled new product development capability; and a robust pipeline. Our focus on innovation centers on advancing pet healthcare standards of care globally, enabling the long-term development of our largest market. In addition, although there are limited regulatory requirements for diagnostics in the pet healthcare market generally, we are committed to rigorous scientific validation of all our diagnostic innovations. Accordingly, our diagnostic innovations are fully backed by peer-reviewed and third-party studies, where possible, that confirm their unique claims and capabilities to assess the patient’s health status.

Customer Centricity – We have evolved from a product-centric to a customer-centric organization. With the largest and most-experienced companion animal diagnostics field-based professional organization in the world, we are developing and strengthening relationships with our customers, including individual veterinarians, which we believe accelerates adoption of our unique innovations and advances in pet healthcare standards. We are proud of our exceptional levels of customer loyalty and retention, which range from 96% to 99.9%, depending on the product line and geography. We continue to invest in capabilities of all types to earn our customers' trust and loyalty and to help them thrive.

Expansion of Our Recurring Revenue Business Model – Our business is designed around a durable, recurring revenue business model, with robust growth and profit characteristics and supported by our extraordinary customer retention rates. We estimate that our recurring revenue has grown from 81% of our total revenue in 2010 to 88% in 2018. The largest contributor to our recurring revenue is our Companion Animal Group (“CAG”) Diagnostics business, which provides both point-of-care and reference laboratory diagnostic solutions for veterinarians and constituted 75% of our total 2018 revenue. In 2018, CAG Diagnostics recurring revenue grew 14% on a reported basis and 13% on an organic basis.

Commitment to Sustained Growth in Financial Performance – As we invest in innovation and customer-centric capabilities to grow our markets, we remain committed to delivering strong financial results that drive growth in shareholder value. We have a consistent track record of organic revenue growth, operating margin expansion, strong free cash flow generation and a disciplined approach to capital allocation. As a result, our after-tax return on invested

capital, excluding cash and investments, in 2018 was 49%.³

Highly Attractive Global Pet Healthcare Market

While we serve several attractive markets, global pet healthcare is our largest market, representing 87% of our total revenues in 2018. Some of the factors driving the long-term growth of the pet healthcare market include:

- The enduring bond between pets and their owners, viewed by many as integral members of their family.
- The growing strength and importance of this bond for each successive generation of pet owners.
- Owners' ever-increasing desire to support the health and well-being of their pets and their willingness to allocate their time and money toward veterinary care.
- Veterinary care providers' ever-advancing ability to provide a high medical standard of pet care.
- Our innovations in diagnostic insights, which:
 - Expand the veterinarian's medical toolkit further improving the available standard of care.
 - Enable pets — who cannot speak for themselves — to communicate more precisely their health status and problems, so that they can then be provided proper care and treatment.
 - The increasing emphasis on preventive care for pets — including the growing use of diagnostics as a cost-effective part of routine annual preventive care protocols — which enables earlier detection of important medical conditions and may improve the pets' prognoses.

Raising the standard of care and supporting a veterinary practice's staff, medical and business processes drive the practice's overall growth, which in turn supports both our growth and the expansion of the veterinary diagnostic segment of the pet healthcare market. In addition, we believe that our integrated product and service offerings, which span both point-of-care and reference laboratory diagnostic modalities, and our integrated data management enable the delivery of insights that provide great value to our veterinary customers.

Sustained Investment in Innovation

Consistent with one of our six Guiding Principles — to innovate with intelligence — we have made significant investments in new products, which we believe continue to expand our global leadership positions in the business segments we serve. As noted above, we estimate that our R&D investment represents more than 80% of the identifiable companion animal diagnostics industry's R&D investment⁴

Comparison of Identifiable Companion Animal Diagnostics Industry R&D Investment

Focus on Expanding the Global Pet Healthcare Market

We believe that supporting the expansion of the global pet healthcare market represents a unique opportunity for us to continue to create sustainable, long-term value for our shareholders. The growth opportunity in international segments is significant because, while the pet population outside the U.S. is larger than it is in the U.S., diagnostic utilization is typically much lower. This is due to the international segments generally being earlier in the pet healthcare adoption cycle, even though people love their pets in all geographies.

We focus on investing in and expanding the global pet healthcare market through developing and introducing unique, proprietary diagnostic and software technology innovations and supporting their adoption by our customers around the world. We believe these innovations raise the standard of veterinary care and thus enhance the health and well-being of pets as members of the family.

Our industry-leading in-clinic diagnostic instrument platforms, such as the Catalyst One[®] Chemistry Analyzer with its proprietary advanced menu (including the Catalyst[®] SDMA Test), the ProCyte[®] Dx Hematology Analyzer and the SediVue Dx[®] Urine Sediment Analyzer, enable the earlier detection, diagnosis and management of diseases that affect pets.

Our software solutions improve the performance and efficiency of our customers' operations and their profitability by helping veterinarians effectively manage their practices, and support their staff, by enhancing automation and workflow productivity, while providing ready access to diagnostic and medical information and enabling our customers to share test results directly with pet owners.

(1) '13 '14 '15 '16 '17 '18 VCA* Heska(1) 1 2 1 2 2 2 3 Abaxis(2) 13 14 15 18 19 23 26 IDEXX(3) 82 88 98 100 101
109
of
U.S.
dollars
for
calendar
years
shown)

VCA, Inc. does not report any R&D investment in its filings with the U.S. Securities and Exchange Commission
*("SEC"). On September 12, 2017, Mars, Incorporated completed its acquisition of VCA, Inc., and VCA, Inc. ceased
filing periodic reports with the SEC.

(1) Source: Heska Corporation's filings with the SEC.

Source: Abaxis, Inc.'s filings with the SEC. On July 31, 2018, Zoetis Inc. acquired Abaxis, Inc., and Abaxis, Inc.
ceased filing periodic reports with the SEC. 2018 figure is an estimate calculated by multiplying the ratio of
(2) Abaxis, Inc.'s total 2017 R&D expenses to its R&D expenses for the first quarter of 2017 by its R&D expenses for
the first quarter of 2018, in each case as disclosed by Abaxis, Inc. in its public filings with the SEC.

(3) Source: IDEXX's filings with the SEC.

This sustained investment, combined with our deep knowledge of our customers and their needs, has enabled us to introduce a steady stream of CAG diagnostic and software products that we expect will continue to grow our profitable recurring revenues for many years. In addition, our product innovations increasingly integrate and leverage machine learning and other forms of artificial intelligence ("AI"). We use AI in streamlining radiographs, which improves radiologist efficiency, and mapping data to generate clinical insights that benefit the industry and provide evidence-based support of our medical innovations. Because of the information-based nature of diagnostics, we believe that the further application of AI, combined with the possibilities of our already developed global-installed base of analyzers connected real-time with IDEXX, presents vast opportunities for future innovations.

Recent CAG Product Innovations

Catalyst One® Chemistry Analyzer – Delivers

real-time results from a blood sample drawn

during a patient visit. Integrates with most

customer practice management systems, while also SediVue Dx® Urine Sediment Analyzer – Automates urine sediment

being connected real-time with IDEXX for support analysis, a traditionally laborious and variable process, while

and continued software upgrades, as part of our expanding its clinical value by finding more underlying disease

Technology for Life approach.

and finding it earlier. The SediVue Dx analyzer uses proprietary

Catalyst Dx® and Catalyst One Chemistry

neural network algorithms similar to facial recognition technology

Analyzers Test Menu Expansion – Seven important to identify clinically relevant particles found in urine sediment and

new real-time tests added to the test menu in seven captures high-contrast digital images that become part of the

years, including our Catalyst SDMA Test launched permanent patient record. By using a growing image bank, now

in 2018. Most recently, we added a real-time including over one million patient samples generated by our

progesterone test that allows veterinarians to SediVue Dx analyzer customers, IDEXX leverages its algorithmic

provide new value to responsible canine breeders.

software and machine learning, a form of AI, to continuously

IDEXX SDMA® Test – Detecting the renal

improve the algorithms' ability to identify abnormalities in urine

biomarker SDMA helps veterinarians identify

samples.

when a patient's renal glomerular filtration rate, or Smart Flow Workflow Optimization System Added to Our

GFR, is impaired, which is a serious medical Veterinary Software Solution Portfolio – A cloud-based workflow

condition that may result from a variety of medical solution added in July 2018 that works in conjunction with all

conditions and diseases. With early detection, major veterinary practice management systems – including IDEXX

veterinarians have more options to diagnose, treat Cornerstone®, DVMAX®, Neo® and Animana™ software – to

and manage disease. We believe our proprietary streamline veterinary patient care delivery and management and

IDEXX SDMA Test, which is included in our improve veterinary clinical staff efficiency.

ImageVue® DR50 Digital Imaging System – Enables image capture

reference laboratories' routine chemistry panels, highly differentiates our reference laboratory

with low-dose radiation and without sacrificing clear, high-quality

offering.

diagnostic images. Reduction in radiation exposure is critically

Catalyst® SDMA Test – Launched in 2018, enables important to the health and well-being of pets and veterinary

professionals, especially veterinary technicians of childbearing

real-time measurement of SDMA as part of a

age. All of our digital imaging systems work with our cloud-based

routine chemistry test panel on our Catalyst Dx

IDEXX Web PACS software, now in use at over 3,000 locations,

and Catalyst One analyzers. By the end of 2018,

to securely store images and view images on any device.

we achieved a rapid rate of adoption with more

than half of our Catalyst Dx and Catalyst One

analyzer customers globally having run Catalyst

SDMA.

Customer Centricity

We believe that developing and deepening strong relationships with our veterinarian customers help to deliver better

care to patients, drive broader adoption of our products and services and maintain high customer loyalty. To advance

our customer presence, in 2015 we transitioned in the U.S. from a model in which we marketed our CAG products to

veterinarians both directly and through independent veterinary distributors to an all-direct sales strategy. We also

executed similar all-direct strategies and expansions in field sales and marketing presence in international segments

over the past five years. Today, almost 99% of our CAG products and services are sold in countries where we have a direct presence.

In 2018, we expanded our U.S. field organization for a fourth time since our 2015 transition to an all-direct sales strategy in the U.S., and today, we believe we have generally achieved the level of field-based presence required to execute our growth strategy. In 2018, we also expanded our international field organization by more than 20% to further deepen our customer presence. Since the end of 2012, our global CAG field-based professional staffing has grown by more than 100%.

Total Worldwide	2013	437
Companion Animal	2014	465
Group Field-Based	2015	603
Professional	201	775
Headcount*	2018	910 2x

* Includes all field-based sales and technical services headcount, excluding management, as of December 31.

2018 Achievements

Investments in innovation and commercial capability supported the following achievements in 2018:

- Overall revenue and organic revenue growth of 12%, supported by CAG Diagnostics recurring revenue growth of 14% and organic revenue growth of 13%, including reference laboratory diagnostic and consulting services revenue growth of 13% and organic revenue growth of 12% and IDEXX VetLab® consumables revenue growth of 19% and organic revenue growth of 18%.
- Global premium instrument placements of:
 - More than 6,700 Catalyst One and Catalyst Dx chemistry analyzers, resulting in a global installed base of approximately 37,000 Catalyst One and Catalyst Dx chemistry instruments, which represents the majority of our approximately 50,000 total chemistry instruments installed base at the end of 2018. Consumables volumes from our chemistry instruments are the major component of IDEXX VetLab consumable revenues.
 - More than 3,600 premium hematology instruments, resulting in a global installed base of approximately 29,000 premium hematology instruments at the end of 2018.
 - More than 2,700 SediVue Dx Urine Sediment Analyzers, resulting in a global installed base of approximately 6,600 SediVue Dx analyzers at the end of 2018.

Consistent, Strong Financial Performance and Discipline

The enduring growth of our recurring revenue streams — supported by our continued focus on investing to grow our attractive, core businesses — enabled us to improve our operating margin in 2018 by 120 basis points, as compared to 2017 (or 130 basis points of constant currency operating margin improvement), and drive year-over-year EPS growth in 2018 of approximately 45% (or 36% comparable constant currency EPS growth).⁵ These strong results were delivered after advancing substantial incremental investments in our business, including the expansion of our 401(k) retirement plan annual matching for our U.S. employees by reinvesting benefits from U.S. tax reform.

Our 2018 performance is at the high end of our long-term financial goals, as reflected in our long-term financial potential model:

Average Annual Constant Currency Gains⁶

Revenue Growth	Operating Margin	Capital Allocation	Long-Term
10%+	+Expansion	Leverage	EPS Growth Potential
	50 – 100 bps	+ 1% – 2%	15% – 20%
		Incremental EPS Growth	

In addition, in 2018 we generated \$400 million in operating cash flow and \$284 million of free cash flow, representing 75% of net income, after supporting the growth needs of the business in R&D and capital investment, and allowing for the allocation of capital to share repurchases.⁷ During the six-year period ended on December 31, 2018, we allocated \$2.3 billion to repurchase 27% of our outstanding shares at an average price of \$78 per share.⁸ Our disciplined approach to capital allocation resulted in a 49% after-tax return on invested capital, excluding cash and investments, in 2018, reinforcing the attractiveness of our business strategy and focus.

A full review of our 2018 financial performance can be found in the financial statements contained in our 2018 Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 15, 2019, which can be accessed on our website (www.idexx.com).

Commitment to Corporate Responsibility and Contributing to Our Communities

At IDEXX, corporate responsibility has been part of the way we operate for a long time. We seek to be a good citizen of the communities in which we do business by contributing to their health and quality of life, conducting ourselves with the highest ethical standards and recognizing our environmental responsibilities. We believe that our corporate responsibility efforts enable sustainable, long-term shareholder value-creation by supporting the human-animal bond through advances in pet healthcare — which we believe supports improvements in the human condition; attracting, developing and retaining talent critical to the execution of our long-term strategy; and helping us mitigate risks, reduce costs and protect our brand. To learn more about corporate responsibility at IDEXX, please visit the Corporate Responsibility section of our website (www.idexx.com).

An important focus of our corporate responsibility initiatives is investing in our employees. In 2018, we invested a portion of our tax savings from the enactment of the 2017 Tax Cuts and Jobs Act in the long-term financial and retirement well-being of our U.S. employees by raising our annual 401(k) retirement plan match from 4% to 5%. Because our eligible employees' participation rate is 96%, which is well above benchmarks for companies of our size, we expect this change to positively impact the retirement savings of over 90% of our U.S. employees.

Given this and our other investments in employee learning, development, health and well-being, and our ongoing commitment to inclusion and diversity, we are pleased to report that IDEXX was recognized by the National Business Group on Health with a Best Employers for Healthy Lifestyles Gold Award, by Forbes as one of the World's Best Employers and by Forbes as one of the Best Employers for Women in 2018.

In addition to what we do as a company, our employees personally contribute to our communities through their individual philanthropic activities. Our Global IDEXX Volunteer Efforts (GiVE) Program enables employees to embrace this Guiding Principle by offering two paid days per year for volunteer service, which resulted in nearly 50,000 employee hours donated from 2015 – 2018. Like my fellow IDEXXers, I am personally and passionately committed to giving back and recently created a charitable foundation dedicated to the preservation of the forty-one species of the feline family that live in the wild. Safeguarding these wild feline species involves conservation of the vast landscapes and ecosystems that they need to survive.

Robust Governance and Executive Compensation Practices

We are committed to strong governance and executive compensation practices, which we believe enable us to fulfill our Purpose and support long-term shareholder value.

Our Board plays a key role in the oversight of our business, strategy and risk management. And, our Board is committed to robust, year-round Board refreshment and succession planning as described on page 24 to ensure that IDEXX remains well positioned for continued growth and success. As a result, since 2011, our Board has added six new independent Directors, with diverse backgrounds and experiences. Today, of our eight Directors, two were born and raised outside the U.S., three are women and six are current or former chief executive officers. We believe our Board members bring the right mix of experiences, skills and capabilities to effectively oversee IDEXX for today and in the future.

Looking Ahead

All of us at IDEXX remain united by our Purpose and are committed to extending our track record of strong, profitable growth. We look forward to joining you at our 2019 Annual Meeting on May 8, 2019.

Sincerely,

¹ Information regarding organic revenue growth and comparable constant currency EPS growth and their calculation is provided in Appendix A.

² Based on total return to shareholders, assuming dividend reinvestment for those companies issuing dividends, for the fifteen-year period and twelve-month period ended December 31, 2018.

³ Information regarding after-tax return, excluding cash and investments, and its calculation is provided in Appendix A.

Identifiable R&D investment for any calendar year in the companion animal diagnostics industry represents all R&D expenses for such calendar year as disclosed in public filings with the SEC by U.S. public companies with material business operations in the manufacture and sale of companion animal diagnostics products or the provision of veterinary reference laboratory services from 2012 through 2018, except that Abaxis, Inc.'s R&D expenses for 2018 is an estimate calculated by multiplying the ratio of Abaxis, Inc.'s total 2017 R&D expenses to its R&D expenses for the first quarter of 2017 by its R&D expenses for the first quarter of 2018, in each case as disclosed by Abaxis, Inc. in its public filings with the SEC.

⁵ Information regarding constant currency operating margin improvement and its calculation is provided in Appendix A.

⁶ The projections in our long-term financial potential model assume that foreign currency exchange rates will remain the same and excludes year-over-year changes in share-based compensation tax benefits.

⁷ Information regarding free cash flow, the ratio of free cash flow to net income and their calculation is provided in Appendix A.

⁸ The average purchase price per share of our stock has been adjusted for the effect of the two-for-one split of our common stock effected in the form of a common stock dividend paid on June 15, 2015.

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BASIS OF PRESENTATION

IDEXX Laboratories, Inc. is a Delaware corporation incorporated in 1983 with principal executive offices located at One IDEXX Drive, Westbrook, Maine 04092. Unless the context indicates otherwise, references in this Proxy Statement to “we”, “us”, “our”, the “Company” or “IDEXX” refer to IDEXX Laboratories, Inc. and its consolidated subsidiaries. Our website is located at www.idexx.com. References to our website in this Proxy Statement are inactive textual references only, and the contents of our website are not incorporated by reference into this Proxy Statement for any purpose.

Proxy Summary

This summary highlights selected information that is contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider prior to voting your shares. You should carefully read both this entire Proxy Statement and our 2018 Annual Report on Form 10-K filed with the SEC on February 15, 2019 before voting.

2019 Annual Meeting Information

DATE AND TIME:

Wednesday, May 8, 2019,

10:00 a.m., Eastern Time

PRE-MEETING FORUM: Our online pre-meeting forum can be accessed at www.proxyvote.com for beneficial owners and www.proxyvote.com/idxx for registered shareholders. At this online pre-meeting forum, you can submit questions in writing in advance of our 2019 Annual Meeting, vote, view the Rules of Conduct and Procedures relating to the 2019 Annual Meeting and access copies of proxy materials and our annual report.

LOCATION: Online virtual meeting at www.virtualshareholdermeeting.com/IDXX2019.

Virtual Shareholder Meeting

After holding a virtual-only annual meeting of shareholders in both 2017 and 2018, the Board determined, after discussion and consideration, to continue with this format for our 2019 annual meeting of shareholders. In making this determination, the Board considered a number of factors, including our global shareholder base and the technology available to support our virtual meeting format, which is designed to assure our shareholders the same rights and opportunities to ask questions and participate in our virtual 2019 Annual Meeting as they would at an in-person meeting.

A more detailed description regarding the format of the virtual 2019 Annual Meeting and how to ask questions and participate in the meeting is provided in the Notice of 2019 Annual Meeting of Shareholders on page 21, under “Virtual Shareholder Meeting” on page 41, and under “General Information about the 2019 Annual Meeting and Voting” on page 84.

Shareholder Voting Matters Summary

Proposal	Board Vote Recommendation	Page Number for More Information
Proposal One – Election of Directors	FOR each nominee	<u>23</u>
Proposal Two – Ratification of Appointment of Independent Registered Public Accounting Firm	FOR	<u>49</u>
Proposal Three – Advisory Vote to Approve Executive Compensation	FOR	<u>52</u>

PROXY SUMMARY

How to Vote

It is important that your shares be represented and voted at the 2019 Annual Meeting. You can submit a proxy by telephone or via the Internet. Alternatively, you may request a paper proxy card by calling the appropriate number set forth below, which you may complete, sign and return by mail. Registered holders and beneficial owners of our stock will be able to vote their shares electronically at the annual meeting, which will be a completely online virtual meeting of shareholders.

For registered holders:

(Your shares are registered in your name with our transfer agent American Stock Transfer & Trust Company)

BY TELEPHONE

In the U.S., you can vote your shares toll-free by calling 1-800-690-6903.*

BY INTERNET

You can vote your shares online before the meeting at www.proxyvote.com. During the meeting, you can vote your shares at www.virtualshareholdermeeting.com/IDXX2019.*

BY MAIL

You can vote by mail using a paper proxy card, which you may request by calling 1-800-579-1639, or by email at sendmaterial@proxyvote.com.

For beneficial owners:

(You hold your shares in a brokerage account or by a bank or other holder of record (that is, in “street name”))

BY TELEPHONE

You can vote your shares toll-free by calling 1-800-454-8683.*

BY INTERNET

You can vote your shares online before the meeting at www.proxyvote.com. During the meeting, you can vote your shares at www.virtualshareholdermeeting.com/IDXX2019.*

BY MAIL

You can vote by mail by using the paper proxy card or voting instruction form. Mark, sign and date your proxy card and return it in the postage-paid envelope provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

* You will need your 16-digit control number available from the Notice sent to you from Broadridge.

Whether you are a registered holder or a beneficial owner, you may vote online at the 2019 Annual Meeting. You will need to enter your control number (included in your Notice of Internet Availability, your proxy card or the voting instructions that accompanied your proxy materials) to vote your shares at the 2019 Annual Meeting. Even if you plan to attend the virtual 2019 Annual Meeting, we encourage you to vote in advance by telephone, over the Internet or by mail as described above. This will ensure that your vote will be counted if you are unable to, or later decide not to, participate in the virtual meeting.

PROPOSAL
ONE

Election of Directors

The Board has nominated Jonathan W. Ayers, Stuart W. Essig, PhD, and M. Anne Szostak to serve as Class III Directors with a term expiring at the 2022 Annual Meeting.

Director	Since Independent	Committees	Other Current Public Company Board Service
Jonathan Ayers	2002	(none)	(none)
Stuart W. Essig, PhD	2017	Finance Nominating and Governance	Integra LifeSciences Holdings Corporation SeaSpine Holdings Corporation Owens & Minor, Inc.
M. Anne Szostak	2012	Audit Compensation (Chair)	Tupperware Brands Corporation

The Board of Directors recommends a vote “FOR” the three Director nominees up for election
See page 27 for further information about our Director nominees

Notable Corporate Governance Highlights

We believe that our commitment to high ethical standards and good governance practices contributes to our creation of long-term shareholder value by:

- Strengthening Board and management accountability and effectiveness;
- Promoting alignment with the long-term interests of our shareholders; and
- Helping to maintain our shareholders’ trust in our company.

Our engaged and diverse Board has implemented and maintained strong corporate governance policies. In addition, the Board actively oversees the development and execution by management of long-term strategies for durable growth and shareholder value-creation, and the Board plays a key oversight role in risk management. We believe that the Board’s stewardship in these areas and our strong governance policies and practices summarized below have enabled IDEXX to achieve strong financial performance relative to its peers and the S&P 500 Index.

Board Independence	Board Effectiveness	Strategy, Risk Management and Succession Planning	Further Best Practices
<ul style="list-style-type: none"> • Strong independent Lead Director • Independent Board except for our Chair • Fully independent Board Committees • Executive sessions of independent Directors held at each regularly scheduled Board 	<ul style="list-style-type: none"> • Commitment to Board refreshment with 6 new independent Directors in the last 7 years • Robust Director nominee selection process aligned with our long-term, strategic needs • Active seeking of highly qualified, diverse Director candidates, with: 	<ul style="list-style-type: none"> • Annual corporate strategy review by the Board • Risk management oversight by the Board and its Committees • Active Board participation in and oversight over CEO and senior executive succession planning 	<ul style="list-style-type: none"> • Majority vote standard in uncontested Director elections • Proxy access rights • No shareholder rights plan (“poison pill”) • Industry-leading stock ownership and retention guidelines for Directors and senior executives

meeting

- 2 out of 8 born and raised outside the U.S.;
 - 3 out of 8 women; and
 - 6 out of 8 former or current chief executive officers
- ü Rigorous annual self-assessments of the Board, its Committees and each Director
 - ü Director retirement at the next Annual Meeting after the 73rd birthday, except as may be approved by the Board

- ü Pledging, hedging and short sales of stock prohibited
- ü Clawback policy for performance-based incentive compensation

PROXY SUMMARY

The Board regularly assesses the corporate governance landscape to identify best practices that it believes will enable us to fulfill our Purpose and support the creation of exceptional long-term shareholder value. Most recently, the Board adopted the following leading practices:

Proxy access rights adopted in December 2017 that permit a shareholder, or a group of up to twenty shareholders, owning at least 3% in aggregate of our outstanding common stock continuously for at least three years, to nominate and include in our annual meeting proxy materials two individuals or 20% of the number of Directors serving on the Board, whichever is greater, as Director nominees, provided that the nominating shareholder(s) and Director nominees satisfy the requirements of the proxy access bylaw provisions.

See the discussions under “Shareholder Recommendation and Nomination of Directors” on page 26 and “Requirements for Submission of Proxy Proposals, Nomination of Directors and Other Business of Shareholders” on page 88.

A majority-voting standard in uncontested elections adopted in December 2016.

See “Majority Voting and Director Resignation” on page 26.

An anti-pledging policy, adopted in December 2015, that prohibits our executive officers and Directors from pledging or otherwise encumbering IDEXX equity securities.

See “Anti-Hedging and Short Sale and Anti-Pledging Policies” on page 41.

For more information about our corporate governance policies and practices, see the Corporate Governance section of this Proxy Statement beginning on page 23.

Board Composition and Skills

The following summarizes key information regarding the composition and qualifications of our Board as described below on page 27 under “Director Nominees and Board Biographies.”

Director	Former	Born
Independent	or	and
Director	Current	Raised
	CEOs	Outside
		U.S.
7		
out	3 out of 8	6 out of 8
of	are	8
8	women	

Average	
Age 61	Director Skills
Directors 56	and
Age 57 57 58	Qualifications
62 66 67	
68	

Average
Tenure
Director 7.5 years
Tenure 2 3 4 5 6
7 16 17

Executive
Leadership Public
Company Board
Service Corporate
Governance

Operations
International
Business Biotech
Accounting
Capital Markets
Technology/Data
Corporate
Strategy 0 1 2 3 4
5 6 7 8

PROPOSAL
TWO

Ratification of Appointment of Independent Registered Public Accounting Firm PricewaterhouseCoopers LLP (“PwC”) has been appointed to serve as our independent registered public accounting firm for 2019 and, while not required by law, the Board believes that it is advisable to give shareholders an opportunity to ratify this selection. The following table summarizes the fees for services provided by PwC during 2018 and 2017.

Fiscal Years Ended		
December 31,		
2018	2017	
Audit fees	\$2,123,435	\$2,045,100
Audit-related fees	50,000	80,000
Tax fees	275,184	206,000
All other fees	0	3,000
Total fees	\$2,449,519	\$2,334,100

The Board of Directors recommends a vote “FOR” this item
See page 49 for further information about our independent auditors

PROPOSAL
THREE

Advisory Vote
to Approve
Executive
Compensation
("say-on-pay")
We are asking
our
shareholders to
approve, on an
advisory
(non-binding)
basis, the
compensation
of our named
executive
officers
("NEOs") as
disclosed in
this Proxy
Statement. At
our 2018
Annual
Meeting, our
shareholders
voted 96% in
favor of
approving the
compensation
of our NEOs.
The Board of
Directors
recommends a
vote "FOR" this
item
See below and
page 52 for
further
information
about our
executive
compensation
program

PROXY SUMMARY

2018 Financial Performance Highlights

The following is an overview of our 2018 financial performance highlights and our Total Shareholder Return since 2013. For more complete information, review our 2018 Annual Report on Form 10-K filed with the SEC on February 15, 2019. The Total Shareholder Return graph compares our total shareholder returns, the Total Return for the S&P 500 Index, the Total Return for the S&P 500 Health Care Index and the Total Return for the NASDAQ Stock Market Index (U.S. Companies) prepared by the Center for Research in Security Prices (the “NASDAQ Index”). This graph assumes the investment of \$100 on December 31, 2013 in IDEXX’s common stock, the S&P 500 Index, the S&P 500 Health Care Index and the NASDAQ Index and assumes dividends, if any, are reinvested. Measurement points are the last trading days of the years ended December 2013 to 2018.

+14% growth in CAG Diagnostics recurring revenue, or	22% of revenue									
+13% organic revenue growth, over 2017		+120 bps over 2017 on reported basis	+36% over 2017 on comparable constant currency basis							
Revenue A record \$2.2 billion over 2017	+12%	Operating Profit \$491 million over 2017	+19%	Diluted Earnings Per Share \$4.26 over 2017	+45%					
Total Shareholder Return*	IDEXX Laboratories, Inc.	NASDAQ Index	S&P 500 Health Care Index	S&P 500 Index						
	12/31/2013	12/30/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	\$100	\$150	\$200	\$250
	\$300	\$350								

* Total Shareholder Return is defined as: (adjusted close share price end of period – adjusted close share price start of period) / share price start of period.

Executive Compensation Highlights

These executive compensation highlights should be read in conjunction with the Executive Compensation section of this Proxy Statement, including the Compensation Discussion and Analysis section, for additional information about our executive compensation philosophy and program and the compensation awarded to each of our NEOs, including our Chief Executive Officer (“CEO”), beginning on page 55.

Our Executive Compensation Philosophy and Program

Our executive compensation philosophy is simple — we want to attract, motivate and retain talented executives who are aligned with and passionate about our Purpose: to be a great company that creates exceptional long-term value for our customers, employees and shareholders by enhancing the health and well-being of pets, people and livestock.

We believe that executing this philosophy through our executive compensation program and practices, including a strong focus on pay-for-performance based compensation elements, will support long-term shareholder value-creation through driving our strategy of innovation, continued revenue growth, margin improvement and efficient capital allocation.

Our Executive Compensation Program

Our executive compensation program consists of three key elements, base salary, annual performance-based cash bonus and equity-based long-term incentives, which in total are targeted at the median of our competitive market. Because it relates most directly to the creation of shareholder value over time, variable, at risk compensation is a higher percentage of total compensation for our NEOs than for our other employees. The total 2018 direct compensation mix for our CEO and our other NEOs is detailed below:

Elements of 2018 Direct Compensation for CEO and Other NEOs (Average)

Base Salary Represents 12% (CEO) and 22% (other NEOs) of total target direct compensation opportunity.

Equity-Based Long-Term Incentives Represents 70% (CEO) and 59% (other NEOs) of total target direct compensation opportunity. Annual Performance-Based Cash Bonus Represents 18% (CEO) and 19% (other NEOs) of total target direct compensation opportunity. Cash bonus targets were 125% of base salary (CEO) and in the range of 60% to 75% of base salary (other NEOs), and actual for 2018 was paid at 120% of target for the CEO and for the other NEOs. At Risk

PROXY SUMMARY

Annual Performance-Based Cash Bonus

The target amount of the annual performance-based cash bonus award for each NEO is a percentage of his or her annual base salary, and the award amount is capped at 200% of this target.

Actual amounts of the annual performance-based cash bonuses are calculated based on the achievement of both financial and non-financial performance goals, which results in the determination of an overall performance factor:

Annual Performance-Based Cash Bonus – Overall Performance Factor Determination

Factor	Weighting	Metrics/Goals	Objective
Financial performance	50% weighting	<ul style="list-style-type: none"> Organic revenue growth (40%) Operating profit (20%) 	Measure performance against shareholder value drivers
		<ul style="list-style-type: none"> Earnings per share (diluted) (20%) After-tax return on invested capital, excluding cash and investments ("ROIC") (20%) International growth R&D Operational improvements Execution of key risk management initiatives 	
Non-financial performance	50% weighting	<ul style="list-style-type: none"> Hiring and development of key leadership talent, including gender and ethnically diverse talent Preparation and publication of corporate responsibility report 	Support near-term performance of our long-term business objectives to strengthen the business in support of long-term performance

In 2018, the overall performance factor was calculated as 120% for each of the NEOs based on achievement of the financial and non-financial performance goals described above. The Compensation Committee also considered the relative contributions made by each NEO to the achievement of the Company's financial and non-financial goals, as well as other factors, such as the scope of and tenure in their roles at the Company, in determining the final amount of each award.

Equity-Based Long-Term Incentives

Our equity-based long-term incentives consist of stock options and restricted stock units. These equity incentives have a five-year vesting schedule, which is longer than typical market practice, and they are more heavily weighted in the form of stock options for our senior executives. Since 2015 our CEO has received 100% of his annual equity award in the form of stock options, and the rest of our senior executives generally receive 75% of their annual equity awards in the form of stock options and 25% in the form of restricted stock units. We believe that these types of equity incentives drive closer alignment with our shareholders' long-term interests.

CEO's 2018 Compensation

Our CEO's 2018 compensation was competitively structured and ranked below the median as compared to our peer group.

In addition, a significant portion of his 2018 compensation was at risk and tied to our operating or stock price performance.

Our 1-, 3- and 5-year total shareholder return for the period ended December 31, 2018 was between the 74th and 95th percentiles of our peer group.

For more information regarding our total shareholder return relative to our peer group, see the chart on page 67.

Base Salary \$800k (no increase since 2013) Equity-Based Long-Term Incentives \$4.8m (100% options) Annual Performance-Based Cash Bonus \$1.20m (120% of target) At Risk 88% Total Direct Compensation \$6.8m

For more information regarding Mr. Ayers's compensation, see "CEO Compensation Decisions" on page 56, "CEO Pay-for-Performance Alignment" on page 56 and "How We Paid Our NEOs in 2018" beginning on page 64.

CEO's Substantial Equity Ownership Aligns His Interests with Those of All of Our Shareholders

Since being named CEO in January 2002, Mr. Ayers has consistently increased his IDEXX stock ownership through open-market purchases, stock option exercises and the voluntary deferral of a portion of his cash compensation into fully-vested deferred stock units, resulting in his ownership of over 1.19 million shares of IDEXX stock (including fully-vested deferred stock units) as of March 1, 2019. Through Mr. Ayers's substantial ownership of IDEXX stock, his overall economic interests are closely aligned with those of all of our shareholders in the creation of long-term shareholder value.

For more information regarding Mr. Ayers's ownership of our common stock, see "Stock Ownership of Directors and Officers" beginning on page 46.

PROXY SUMMARY

Executive Compensation Program at a Glance

We seek to promote the long-term interests of our shareholders through our prudent compensation practices and policies:

Executive Compensation Program Design

What We Do

- ü Align pay with our performance by having a weighted average of 82% of 2018 target total direct compensation for our NEOs consist of performance-based compensation
- ü Target total direct compensation for our NEOs at the median of our peer group
- ü Focus, in part, on effectiveness of management to invest in the future of the business through its innovation, employees, systems and processes

Equity-Award-Related Practices

What We Do

- ü Grant all equity awards with a five-year vesting schedule, longer than typical market practice
- ü Apply a one-year minimum vesting requirement to equity awards granted to employees
- ü Minimum fair market value exercise price for options
- ü Include non-competition, non-solicitation and related forfeiture provisions in our equity award agreements for our executives

Compensation Governance and Risk Mitigation

What We Do

- ü Review our peer group annually and engage in rigorous, annual benchmarking to align our executive compensation program with the market
- ü Review and verify annually the independence of the Compensation Committee's independent compensation consultant
- ü Conduct an annual compensation program risk assessment
- ü Provide limited benefits and perquisites to our senior executives that are not otherwise made available to our other salaried employees
- ü Require our senior executives to satisfy strict and meaningful stock ownership guidelines to strengthen the alignment with our shareholders' interests
- ü Maintain a clawback policy that allows us to recover annual and long-term performance-based compensation if we are required to restate our financial results, other than a restatement due to changes in accounting principles or applicable law
- ü Hold an advisory vote on executive compensation on an annual basis to provide our shareholders with an opportunity to give feedback on our executive compensation program
- ü Cap annual performance-based cash bonuses at 200% of target

What We Don't Do

- X No uncapped payouts under our Executive Incentive Plan
- X No purely formulaic calculations of annual performance-based cash bonus amounts — Compensation Committee able to exercise discretion regarding payouts

What We Don't Do

- X No dividends or dividend equivalents on unearned equity awards
- X No backdating of options and no repricing or buyout of underwater stock options without shareholder approval

What We Don't Do

- X No employment contracts other than with our CEO
- X No tax gross-ups of perquisites or 280G excise taxes, with the exception of standard tax equalization measures for expatriates
- X No supplemental executive retirement plan
- X No single-trigger change-in-control bonus payments or vesting of equity awards (subject to 25% vesting of equity awards upon a change-in-control)
- X No stock options granted below fair market value
- X No allowance for pledging of our common stock by executive officers and Directors
- X No allowance for employees to hedge or sell short our common stock

Recent Noteworthy Compensation Actions

In 2018, we implemented the following noteworthy changes to our executive compensation program, policies and practices:

Amended our stock ownership guidelines to increase the target levels of ownership of our common stock to ten times annual base salary for our CEO (from six times) and to four times annual base salary for our Executive Vice Presidents (from three times).

Added ROIC as a fourth metric in the calculation of the financial performance factor used to determine the annual performance-based cash bonus for 2018, and readjusted the weighting among the four financial metrics as follows:

Organic Revenue	Operating	Earnings Per	Financial
Growth Rating	+Profit	+Share (Diluted)	+ROIC Rating
	Rating	Rating	=Performance
40% Weighting	20% Weighting	20% Weighting	20% Weighting
			Factor

ROIC is a non-GAAP financial measure of the efficiency with which a company uses its invested capital to generate returns.¹ The addition of ROIC to the determination of our annual performance-based cash bonus in 2018 is intended to hold management more directly accountable for capital productivity and achieve a more effective balance between financial measures of growth and return, both of which we believe are important in creating shareholder value. The introduction of ROIC was informed, in part, by feedback obtained from our shareholders.

Simplified the design of the equity-based long-term incentive program in 2018 by eliminating the use of performance-based restricted stock units. We had previously granted performance-based restricted stock units with the intention of them being eligible to qualify as performance-based compensation under Section 162(m) of the Code.

However, with the repeal of the performance-based compensation exception to the deduction limitations of Section 162(m) of the Code, the primary benefit of granting performance-based restricted stock units was removed. The elimination of the performance-based restricted stock units did not diminish the strong alignment between our equity-based long-term incentives and shareholder value-creation as the primary component of the program continues to be stock options, which provide value to the recipient only in the case of stock price appreciation.

Amended the provisions of the employee equity awards granted in 2018 and later to permit continued vesting of those equity awards for an additional two vesting periods after retirement for eligible employees. Eligibility criteria include having been employed by the Company or any of its subsidiaries for at least ten years, retiring from the Company at the age of 60 years or older and providing written notice to the Company at least six months prior to retirement.

1 Additional information regarding ROIC, including its definition and calculation, is provided in Appendix A.

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NOTICE OF ANNUAL MEETING

One IDEXX Drive
Westbrook, Maine, 04092
Notice of 2019 Annual Meeting
of Shareholders

NOTICE IS HEREBY GIVEN of the 2019 annual meeting of shareholders (“2019 Annual Meeting”) of IDEXX Laboratories, Inc. As described below, the 2019 Annual Meeting will be a completely virtual meeting of shareholders held over the Internet, and shareholders will be able to attend the 2019 Annual Meeting, vote their shares electronically and submit their questions during the live audio webcast of the 2019 Annual Meeting by visiting www.virtualshareholdermeeting.com/IDXX2019 and entering their control number. We will first make available to our shareholders this Proxy Statement and the form of proxy relating to the 2019 Annual Meeting, as well as our 2018 Annual Report on Form 10-K filed with the SEC on February 15, 2019, on or about March 25, 2019. The 2019 Annual Meeting will be held:

DATE AND TIME

Wednesday, May 8, 2019, 10:00 a.m.,
Eastern Time

LOCATION

Virtual meeting online via audio webcast at
www.virtualshareholdermeeting.com/IDXX2019

RECORD DATE

The Company’s Board of Directors has fixed the close of business on March 15, 2019 as the record date for the determination of shareholders entitled to notice of and to vote at the 2019 Annual Meeting.

PURPOSE OF 2019 ANNUAL MEETING

1. Election of Directors. To elect the three Class III Directors named in the attached proxy statement for three-year terms (Proposal One);
2. Ratification of Appointment of Independent Registered Public Accounting Firm. To ratify the selection of PricewaterhouseCoopers LLP as the Company’s independent registered public accounting firm for the current fiscal year (Proposal Two);
3. Advisory Vote to Approve Executive Compensation. To approve a non-binding advisory resolution on the Company’s executive compensation (Proposal Three); and
4. Other Business. To conduct such other business as may properly come before the 2019 Annual Meeting or any adjournments thereof, including approving any such adjournment, if necessary.

VIRTUAL MEETING ADMISSION

Shareholders of record as of March 15, 2019, will be able to participate in the 2019 Annual Meeting by visiting www.virtualshareholdermeeting.com/IDXX2019. To participate in the 2019 Annual Meeting, shareholders of record will need the control number included on their Notice of Internet Availability of the proxy materials, on their proxy card or on the instructions that accompanied their proxy materials. The annual meeting will begin promptly at 10:00 a.m., Eastern Time. Online check-in will begin at 9:30 a.m., Eastern Time, and you should allow ample time for the online check-in procedures.

PRE-MEETING FORUM

The online format for our 2019 Annual Meeting also allows us to communicate more effectively with you through our online pre-meeting forum, which can be accessed at www.proxyvote.com for beneficial owners and www.proxyvote.com/idxx for registered shareholders. At this online pre-meeting forum, you can submit questions in advance of our 2019 Annual Meeting, vote, view the Rules of Conduct and Procedures relating to the 2019 Annual Meeting and access copies of proxy materials and our annual report.

By order of the Board of Directors,
Sharon E. Underberg

Corporate Vice President,
General Counsel and Corporate Secretary
Westbrook, Maine
March 25, 2019

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CORPORATE GOVERNANCE

Corporate Governance

Proposal One – Election of Directors

Our Board of Directors is divided into three classes, and members of each class hold office for three-year terms as set forth below:

• Class I Directors – currently two Directors whose terms expire at the 2021 Annual Meeting;

• Class II Directors – currently three Directors whose terms expire at the 2020 Annual Meeting; and

• Class III Directors – currently three Directors whose terms expire at the 2019 Annual Meeting.

Upon recommendation of the Nominating and Governance Committee, the Board has nominated Mr. Jonathan W. Ayers, Dr. Stuart M. Essig and Ms. M. Anne Szostak, our three current Class III Directors, for re-election as Class III Directors, and shareholders are being asked to elect them for three-year terms expiring at the 2022 Annual Meeting. This section includes additional information about Board refreshment and succession planning and the Director nomination process, including requisite criteria, experiences, qualification and skills, as well as the Class III Director nominees and the Board.

RECOMMENDATION

OF THE BOARD OF

DIRECTORS

The Board of

Directors

recommends

that you vote

“FOR” the

election of Mr.

Ayers, Dr.

Essig and Ms.

Szostak.

Board Refreshment and Succession Planning

The Nominating and Governance Committee identifies, reviews and recommends candidates for nomination to our Board in accordance with its charter and our Corporate Governance Guidelines. To ensure that it is selecting candidates who will contribute to Board effectiveness and the continued fulfillment of our Purpose, the Nominating and Governance Committee actively plans for Board succession and refreshment throughout the entire year:

Strategic and Risk

Review

This annual strategic planning process and enterprise risk assessment informs the Nominating and Governance Committee's understanding of the specific skill sets that would contribute to Board effectiveness

Board

Self-Assessment

Nominating and Governance

Committee uses

this annual assessment to identify any future needs — particularly in light of our long-term strategy, risks and potential Director retirements

Board

Composition

Review

Nominating and Governance

Committee

annually reviews the Board composition and each Director's skill set

Recruitment and
Nomination
Process
Nominating and
Governance
Committee
identifies and
evaluates
potential
candidates, and
the Board
recommends
nominees

Election
Shareholders vote
on nominees
Six new Directors
joined the Board
in the past seven
years

Each year, the Nominating and Governance Committee leverages insights from the Board’s annual review of our long-term strategic plan and related risk assessment to identify the capabilities, skills and experiences that it believes would best enable our Board to support our Purpose, including the creation of exceptional long-term shareholder value, in both the present time and the future.

The Nominating and Governance Committee then considers the results of our annual Board self-assessment and evaluates the Board’s composition and each Director’s skill set to determine whether our Directors’ current capabilities, skills and experiences align with the long-term needs of our Board.

Based on its review, coupled with our Director age limit in our Corporate Governance Guidelines — which requires each Director to retire at the next Annual Meeting after his or her 73rd birthday, except as may be approved by the Board — the Nominating and Governance Committee determines whether and when Board refreshment is needed, as well as the capabilities, skills and experiences that candidates should possess.

The Nominating and Governance Committee then engages in the process described below under “Director Nomination Process.” Once candidates are recommended to the Board, the Board selects nominees to be voted upon by our shareholders.

CORPORATE GOVERNANCE

Director Nomination Process

1 2

The Nominating and Governance Committee identifies, evaluates, recruits and makes recommendations to the Board regarding candidates to fill executive vacancies on the Board using the criteria described below. The process followed by the Nominating and Governance Committee includes:

- Identifying a diverse slate of potential candidates who fit the Board’s search criteria;
- Obtaining candidate resumes and other biographical information;
- Conducting initial interviews to assess candidates’ qualifications, fit and interest in serving on the Board;

potential • Scheduling
 candidates interviews
 who fit with the
 the Nominating
 Board's and
 search Governance
 criteria; Committee,
 • Holding other members
 meetings of the Board
 to and
 evaluate management;
 biographical Performing
 information reference
 and checks; and
 background Assisting in
 material finalizing
 relating arrangements
 to with
 potential candidates
 candidates, who receive
 and an offer to join
 • Interview the Board.
 selected
 candidates.

Criteria and Experiences, Qualifications and Skills

To be considered for nomination to the Board, a candidate must meet the following minimum criteria:

- 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 our current and long-term objectives;
- Willingness and ability to contribute positively to our decision-making process;
- Record of substantial achievement in one or more areas that are relevant to us and a general understanding of the issues facing public companies of a size and operational scope similar to us;
- Commitment to understanding us and our industry and to devoting adequate time and effort to Board responsibilities, including regularly attending and participating in Board and Committee meetings;
- Interest in and understanding of the sometimes conflicting interests of our various constituencies, which include shareholders, employees, customers, government entities, creditors and the general public, and willingness to act in the interests of all shareholders; 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 of our shareholders and to fulfill the responsibilities of a Director.

The Nominating and Governance Committee and the Board are also focused on ensuring that a wide range of backgrounds and experiences are represented on our Board and consider the value of diversity of all types in the Director nomination process. For more information, see the discussion under "Diversity" on page 38.

In addition, in evaluating potential candidates, the Nominating and Governance Committee considers whether the candidates possess the desired capabilities, skills and experiences that would best enable our Board to support our Purpose, including the creation of exceptional long-term shareholder value, in both the present time and the future, as described above under "Board Refreshment and Succession Planning," and whether the candidates meet the other applicable requirements under the Corporate Governance Guidelines, including the Director independence requirements described under "Director Independence" beginning on page 33 and the maximum number of directorships generally permitted for our Directors. The Corporate Governance Guidelines provide that, unless an exception has been granted by the Board:

- 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 or, if an Audit Committee member is a retired certified public accountant, chief financial officer or controller, or is a retired executive with similar experience, then he or she cannot serve on more than three other public company audit committees; and
- Directors who are chief executive officers of other public companies cannot serve on more than two other public company boards (including the board of their employer).

Shareholder Recommendation and Nomination of Directors

Shareholders who want to recommend a nominee for Director should submit the name of the nominee to our Corporate Vice President, General Counsel and Corporate Secretary at our principal executive offices, together with biographical information and background material sufficient for the Nominating and Governance Committee to evaluate the recommended candidate based on its selection criteria, as well as a statement as to whether the shareholder or group of shareholders making the recommendation has beneficially owned more than 5% of our common stock for at least a year as of the date the 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 each qualifying shareholder recommendation as it does in considering other candidates. If the Board determines to nominate a shareholder-recommended candidate and recommends his or her election, then his or her name will be included on the proxy card for our next Annual Meeting.

Shareholders also have the right under our Amended and Restated By-Laws 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 for Submission of Proxy Proposals, Nomination of Directors and Other Business of Shareholders” beginning on page 88. Candidates nominated by shareholders directly in accordance with the procedures set forth in our Amended and Restated By-Laws will not be included on our proxy card for the next Annual Meeting, but may be included on proxies the nominating shareholders seek independently, unless both the nominating shareholder(s) and the candidates nominated by them satisfy the requirements of our proxy access bylaw, as described above under “Notable Corporate Governance Highlights” on page 12.

Majority Voting and Director Resignation

Our Amended and Restated By-Laws provide that, in an election of Directors where the number of nominees does not exceed the number of Directors to be elected, a nominee who does not receive a majority of votes cast with respect to his or her election will not be elected.

Pursuant to our Director Resignation Policy included in our Corporate Governance Guidelines, a Director who is not re-elected is required to promptly tender his or her resignation, and the Nominating and Governance Committee would make a recommendation to the Board as to whether to accept the resignation. Following the Nominating and Governance Committee’s recommendation, the Board would determine whether or not to accept that Director’s resignation, considering any factors it deems relevant. Under this policy, the Board is required to act on the recommendation of the Nominating and Governance Committee within 90 days of the certification of the shareholder vote.

CORPORATE GOVERNANCE

Director Nominees and Board Biographies

Upon recommendation of the Nominating and Governance Committee, the Board has nominated Mr. Jonathan W. Ayers, Dr. Stuart M. Essig and Ms. M. Anne Szostak, our current Class III Directors, for re-election as Class III Directors, and shareholders are being asked to re-elect them for three-year terms expiring at the 2022 Annual Meeting. Dr. Essig and Ms. Szostak each meet NASDAQ Stock Market (“NASDAQ”) independence requirements, and all of our nominees have consented to serve, if elected. If any of the nominees becomes unable to serve, proxies can be voted for a substitute nominee, or the Board may choose to reduce the size of the Board.

In February 2019, the Nominating and Governance Committee reviewed the experience, qualifications, attributes and skills of each of the current Directors and the Class III Director nominees and concluded that each Class III Director nominee has the requisite background, qualifications and personal characteristics to serve as a Director in light of the Company’s business and structure.

In support of this conclusion, the Nominating and Governance Committee believes that:

All of the Class III Director nominees have served as chief executive officers and held other senior leadership positions in significant organizations, including U.S. public companies. These experiences have honed their analytical skills and leadership capabilities, developed their expertise in core disciplines and provided them with insight into the challenges and issues that we may face, which will enable effective execution of their oversight responsibilities;

Both independent Class III Director nominees have served and continue to serve on other public company boards.

These experiences develop expertise and provide perspective into board operations and dynamics, the role of public company boards and corporate governance and other relevant matters;

Each Class III Director nominee has capably served as a Director since joining the Board and demonstrated a willingness and ability to contribute to the Board’s overall effectiveness, including in Board leadership roles; and Each Class III Director nominee contributes unique and highly-valued skills to a diverse and well-functioning Board, which has an appropriate mix of short-, medium- and longer-tenured Directors who balance fresh perspectives with institutional knowledge.

Biographical information for all of our Directors, including the Class III Director nominees, is provided below, along with information regarding some key experiences, qualifications, attributes and skills that our Directors bring to the Board. There are no family relationships among the executive officers or Directors of IDEXX.

For a summary of key information regarding the composition and qualifications of our Board, see the information above on page 13 under “Board Composition and Skills.”

Class III Director Nominees Whose Terms Would Expire in 2022

Jonathan W. Ayers

Chairman of the Board, President and Chief Executive Officer
 Age: 62
 Director since: January 2002
 Committees: None

Mr. Ayers has been the Chairman of the Board, President and Chief Executive Officer of IDEXX since January 2002. Before joining IDEXX, Mr. Ayers held various executive leadership positions at United Technologies Corporation and its business unit Carrier Corporation from 1995 to 2001. Prior to that, Mr. Ayers held various investment banking positions at Morgan Stanley & Co. for nine years. Mr. Ayers holds an undergraduate degree in molecular biophysics and biochemistry from Yale University and graduated from Harvard Business School in 1983 with high distinction.

Qualifications

As our President and Chief Executive Officer for more than seventeen years, Mr. Ayers brings outstanding leadership skills, a long-term strategic vision for IDEXX rooted in our Purpose and a deep understanding of IDEXX, our technologies, customers, employees and markets — including our primary market: global pet healthcare. Since his arrival at IDEXX in 2002, we have consistently generated exceptional, above-market returns through continuous innovation. Mr. Ayers also brings significant and diverse experience in many relevant areas, including global business strategy, management, finance, business development, marketing, product development and software technology. In addition, in his role as Chairman of the Board and Chief Executive Officer, he strongly connects the Board with management and enables effective Board oversight that is informed by his broad and deep knowledge of IDEXX and its business.

Stuart M. Essig, PhD

Independent Director
 Age: 57
 Director since: July 2017
 Committees: Finance, Nominating and Governance
 Other current public company director service:
 • Integra LifeSciences Holdings Corporation (since 1997) (Chairman since 2012)
 • SeaSpine Holdings Corporation (since 2015) (Lead Director since 2015)
 • Owens & Minor, Inc. (since 2013)
 Former public company

Dr. Essig has served as the Chairman of the Board of Directors of Integra LifeSciences Holdings Corporation since January 2012, and he first joined Integra's Board of Directors in December 1997. In addition, Dr. Essig was Integra's Chief Executive Officer from December 1997 until June 2012. Since 2012, he has also served as Managing Director of Prettybrook Partners LLC, a family office firm focused on investing in the healthcare industry. He is an Executive in Residence at Cardinal Partners and a Venture Partner at Wellington Partners Advisory AG, both venture capital firms, and a Senior Advisor to TowerBrook Capital Partners and Water Street Healthcare Partners. He serves as Chairman of the Board of Directors of privately-held Breg, Inc., and on the board of directors of Availity, LLC. Before joining Integra, Dr. Essig was a managing director in mergers and acquisitions for Goldman, Sachs and Co., specializing in the medical device, pharmaceutical and biotechnology sectors. Dr. Essig has also served on the executive committee, nominating and governance committee and as treasurer of ADVAMED, the Advanced Medical Technology Association. Dr. Essig holds an undergraduate degree from the Woodrow Wilson School of Public and International Affairs at Princeton University and a PhD in financial economics and an M.B.A. from the University of Chicago.

Qualifications

As the former Chief Executive Officer of Integra LifeSciences Holdings Corporation and its current Chairman of the Board, Dr. Essig has extensive executive leadership experience in developing, executing and overseeing the corporate strategy of a rapidly growing medical device company. Dr. Essig also brings broad knowledge of the healthcare industry and deep capital markets, investment and financial services expertise. Dr. Essig's service on public company boards, including in leadership roles, provides valuable additional perspective on governance and other board-related matters.

director service:

- St. Jude
Medical, Inc.
(1999 to 2017)
- Vital Signs,
Inc. (1998 to
2002)
- Zimmer
Biomet Holdings,
Inc. (2005 to
2008)

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CORPORATE GOVERNANCE

M. Anne Szostak

Independent
 Director
 Age: 68
 Director
 since: July 2012
 Committees:
 Audit
 Compensation
 (Chair)
 Other current
 public company
 director service:
 • Tupperware
 Brands
 Corporation
 (since 2000)
 Former public
 company
 director service:
 • Belo
 Corporation
 (2004 to 2013)
 • ChoicePoint
 Corporation
 (2005 to 2008)
 • Dr. Pepper
 Snapple Group,
 Inc. (2008 to
 2018)
 • SFN Group,
 Inc. (2005 to
 2011)

Ms. Szostak had a 31-year career with Fleet/Boston Financial Group (now Bank of America), a diversified financial services company, until her retirement in 2004. She served as Chairman and Chief Executive Officer of Fleet Bank-Rhode Island from 2001 to 2003, Chairman, President and Chief Executive Officer of Fleet-Maine from 1991 to 1994, and Corporate Executive Vice President and Chief Human Resources Officer of FleetBoston Financial Group from 1998 to 2004. After her retirement, Ms. Szostak founded Szostak Partners, an executive coaching and human resources consulting firm, and as President of Szostak Partners, she provides strategic advice and counsel to clients. Ms. Szostak holds an undergraduate degree from Colby College, and she has completed several executive education programs at Harvard Business School.

Qualifications

Through her executive leadership roles at Fleet/Boston Financial Group, including serving as a chief executive officer of two major bank subsidiaries, Ms. Szostak brings extensive leadership, management, financial services and human resources experience to the Board. In particular, Ms. Szostak has deep expertise in human capital management, which is a key driver for our strategy of innovation. Ms. Szostak also leverages her substantial public company board experience, including in committee chair roles, in her service on our Board, including as Chair of the Compensation Committee.

Class I Directors Whose Terms Expire in 2021

Bruce L. Claflin

Independent
 Director
 Age: 67
 Director
 since: July 2015
 Committees:
 Audit
 Nominating and
 Governance
 (Chair)
 Other current
 public company

Mr. Claflin served as President, Chief Executive Officer and a member of the board of directors of 3Com Corporation from January 2001 until his retirement in 2006, and he served as President and Chief Operating Officer of 3Com from August 1998 to January 2001. Before joining 3Com, Mr. Claflin worked at Digital Equipment Corporation as Senior Vice President, Sales and Marketing, from 1997 to 1998, and as Vice President and General Manager of the PC Business Unit from 1995 to 1997. Before joining Digital Equipment Corporation, Mr. Claflin worked at International Business Machines Corporation (IBM) for 22 years, where he held senior management positions in sales, marketing, research and development and manufacturing. Mr. Claflin holds an undergraduate degree in Political Science from Pennsylvania State University.

Qualifications

As the past Chairman and Chief Executive Officer of 3Com Corporation, a large international public technology company, Mr. Claflin brings extensive leadership, management and corporate

director service: strategy experience. Through Mr. Claflin's various executive and senior management roles at IBM and Digital Equipment Corporation, he acquired significant experience in manufacturing, operations and international business transactions, as well as a deep understanding of advanced technology. Mr. Claflin's service on other public company boards, including as the non-employee Executive Chairman of the Board of Advanced Micro Devices, a global semiconductor company, offers valuable perspectives.

- Ciena Corporation (since 2006)

Former public company director service:

- Advanced Micro Devices, Inc. (2003 to 2017) (Chairman 2009 to 2016)
- 3Com Corporation (2001 to 2006)
- Time Warner Telecom (2000 to 2003)

Daniel M. Junius

Independent Director
 Age: 66
 Director since: March 2014
 Committees:
 Audit (Chair)
 Finance
 Other current public company director service:
 • GlycoMimetics, Inc. (since 2016)
 Former public company director service:
 • ImmunoGen, Inc. (2008 to 2018)
 • Vitae Pharmaceuticals, Inc. (July 2016 to October 2016)

Mr. Junius was President and Chief Executive Officer of ImmunoGen, Inc. from 2009 until his retirement in May 2016. Before that, he served as President and Chief Operating Officer and Acting Chief Financial Officer of ImmunoGen from July 2008 to December 2008, Executive Vice President and Chief Financial Officer from 2006 to July 2008, and Senior Vice President and Chief Financial Officer from 2005 to 2006. Before joining ImmunoGen, Mr. Junius was Executive Vice President and Chief Financial Officer of New England Business Service, Inc. from 2002 until its acquisition by Deluxe Corporation in 2004, and he was Senior Vice President and Chief Financial Officer of New England Business Services from 1998 to 2002. Before joining New England Business Services, Mr. Junius was Vice President and Chief Financial Officer of Nashua Corporation from 1996 to 1998. Mr. Junius joined Nashua Corporation in 1984 and held various financial management positions of increasing responsibility before becoming Chief Financial Officer of Nashua Corporation in 1996. Mr. Junius holds an undergraduate degree in Political Science from Boston College and a Masters in Management from Northwestern University's Kellogg School of Management.

Qualifications

As the former Chief Executive Officer and Chief Financial Officer of ImmunoGen, a public biotechnology company, Mr. Junius has extensive leadership, management, strategic planning and financial experience in the biotechnology field. Over the course of almost 20 years as the chief financial officer of various companies, Mr. Junius gained substantial expertise in the review and preparation of financial statements, which provides valuable perspective as the Chair of the Audit Committee. Mr. Junius's service on other public company boards, including as audit committee chair, brings additional insight to his Board service and leadership.

Class II Directors Whose Terms Expire in 2020

Rebecca M. Henderson, PhD

Independent Director
 Age: 58
 Director since: July 2003
 Committees:
 Compensation
 Finance (Chair)
 Other current public company director service:
 • Amgen, Inc. (since 2009)

Dr. Henderson has been the John and Natty McArthur University Professor at Harvard University since 2011. Before joining Harvard's faculty, from 1998 to 2009 Dr. Henderson served as the Eastman Kodak Professor of Management, Sloan School of the Massachusetts Institute of Technology. Dr. Henderson is also a research fellow at the National Bureau of Economic Research and a fellow of both the British Academy and of the American Academy of Arts and Sciences. Dr. Henderson holds an undergraduate degree from the Massachusetts Institute of Technology and a PhD in business economics from Harvard University.

Qualifications

As a Harvard Business School professor of general management and strategy and an author of both books and articles regarding sustainability, strategy and innovation, Dr. Henderson brings substantial expertise in corporate strategy, sustainability, compensation practices, corporate responsibility and governance issues, with a particular focus on high-technology businesses. This expertise, combined with her deep knowledge of and insight into our businesses, operations and organization from her more than fifteen years of service on the Board, uniquely positions Dr. Henderson to offer valuable insights into the organizational and strategic issues faced by IDEXX.

CORPORATE GOVERNANCE

Lawrence D. Kingsley

Independent Lead

Director

Age: 56

Director

since: October

2016, Lead

Director since

May 2018

Committees:

Compensation

Nominating and

Governance

Other current

public company

director service:

- Polaris

Industries Inc.

(since 2016)

- Rockwell

Automation, Inc.

(since 2013)

Former public

company

director service:

- Cooper

Industries plc

(formerly Cooper

Industries Ltd.)

(2007 to 2012)

- Pall

Corporation

(2011 to 2015)

- IDEX

Corporation

(2005 to 2011)

Mr. Kingsley served as Chairman of Pall Corporation from 2013 to 2015 and as Chief Executive Officer of Pall Corporation from 2011 to 2015, and he has served as an Advisory Director to Berkshire Partners LLC, a Boston-based investment firm, since spring of 2016. Before his experience at Pall, Mr. Kingsley was the Chief Executive Officer of IDEX Corporation, a company specializing in fluid and metering technologies, health and science technologies as well as fire, safety and other diversified products, from 2005 to 2011, and the Chief Operating Officer of IDEX from August 2004 to March 2005. From 1995 to 2004, he held various positions at Danaher Corporation of increasing responsibility, including Corporate Vice President and Group Executive from March 2004 to August 2004, President of Industrial Controls Group from April 2002 to July 2004, and President of Motion Group, Special Purpose Systems, from January 2001 to March 2002. Mr. Kingsley holds an undergraduate degree in Industrial Engineering and Management from Clarkson University and an M.B.A. from the College of William and Mary.

Qualifications

As the former chief executive officers of Pall Corporation and IDEX Corporation, Mr. Kingsley successfully led high-technology, high-growth, multinational public companies and demonstrated his leadership and outstanding executive management and operational skills. Mr. Kingsley also brings strategic planning and financial expertise. Mr. Kingsley's experience serving on other public company boards brings additional valuable perspectives to his Board service, including as our independent Lead Director.

Sophie V. Vandebroek, PhD

Independent

Director

Age: 57

Director

since: July

2013

Committees:

Finance

Nominating

and

Dr. Vandebroek has been Vice President, Emerging Technology Partnerships for International Business Machines, Inc. (IBM) since August 2018. She was previously Chief Operating Officer – IBM Research since January 2017. Prior to joining IBM, she was an executive with Xerox Corporation where she served as Chief Technology Officer and Corporate Vice President of Xerox Corporation and President of the Xerox Innovation Group from 2006 to 2016 and was Chief Engineer of Xerox Corporation from 2002 to 2005. Dr. Vandebroek was also responsible for overseeing Xerox's global research centers, including the Palo Alto Research Center, or PARC Inc. Dr. Vandebroek has been a member of the Advisory Council of the Dean of the School of Engineering at Massachusetts Institute of Technology since 2010. She is a Fellow of the Institute of Electrical & Electronics Engineers, a Fulbright Fellow and a Fellow of the Belgian-American Educational Foundation. Dr. Vandebroek

Governance holds an undergraduate degree in engineering and a master's degree in electro-mechanical engineering
Former public from KU Leuven, Leuven, Belgium, and a PhD in electrical engineering from Cornell University.
company Qualifications
director Through her executive global roles at IBM and Xerox, Dr. Vandebroek brings substantial knowledge
service: and expertise in technology, business processes and cybersecurity, as well as a long track record of
• Analogic innovation and managing balanced research and development portfolios and leading large diverse and
Corporation inclusive organizations for global enterprises. Dr. Vandebroek's experience in research and
(2008 to 2016) development and innovation is particularly relevant for IDEXX in light of our commitment to
innovation as a strategy and extensive investment in research and development.

Our Corporate Governance Framework

We are proud of our commitment to sound corporate governance and high ethical standards, and we believe that this commitment has contributed to our success in building long-term value for our shareholders.

Our corporate governance framework includes our corporate governance policies and practices and provides the structure that enables our Board to provide effective oversight and counsel for the Company.

Visit the Corporate Governance section of our website, www.idexx.com, to learn more about, and access copies of, our corporate documents and corporate governance policies, including:

- Corporate Governance Guidelines
- Code of Ethics
- Certificate of Incorporation
- Amended and Restated By-Laws
- Charter for each of our Board Committees

Hard copies of these documents may be obtained upon request by contacting our Corporate Vice President, General Counsel and Corporate Secretary at IDEXX Laboratories, Inc., One IDEXX Drive, Westbrook, Maine 04092.

Information on our website does not constitute part of this Proxy Statement.

Corporate Governance at a Glance

Independence

All of our Directors are independent, other than our CEO.
Our Board Committees are composed exclusively of independent Directors.
Annual corporate strategy review by the Board.

Strategy, Risk Management and Succession Planning

Risk management oversight by the Board and its Committees.
Active Board participation in succession planning for our CEO and other members of senior management, including each of our other NEOs.

Executive Sessions

Our independent Directors held executive sessions at every regularly scheduled Board meeting in 2018.

Majority voting for Directors in uncontested elections.

Proxy access rights.

Board Accountability

Rigorous annual self-assessment of the Board, its Committees and the Directors.

Robust Director nominee selection process.

Director retirement at the next Annual Meeting following his or her 73rd birthday, except as may be approved by the Board.

Actively seek highly-qualified diverse candidates (including gender and ethnically diverse candidates) to include in the pool of potential Board nominees.

Diversity

Two of our eight Directors were born and raised outside the U.S., three of eight are women, and six of eight are former or current chief executive officers.

Independent Lead Director

A strong independent Lead Director selected annually by the other independent Directors.

The target stock ownership levels are set forth below:

Stock Ownership Guidelines

- Independent Directors – six times the annual cash retainer (currently \$450,000 in stock value)

- CEO – ten times annual base salary (currently \$8 million in stock value)

- Executive Vice Presidents – four times annual base salary

- Corporate Vice Presidents – one times annual base salary

Additional Policies that Promote Alignment with Interests of Shareholders

Anti-Hedging and Short Sale policy for Directors and employees.

Anti-Pledging policy for Directors and executive officers.

Clawback policy applicable to performance-based incentive compensation.

CORPORATE GOVERNANCE

Board of Directors and Its Oversight of IDEXX

Our Board currently has eight members. The Board meets throughout the year on a set schedule, and it also holds special meetings and acts by written consent from time to time as appropriate. The Board has delegated various responsibilities and authority to its four standing Committees: the Audit Committee; the Compensation Committee; the Nominating and Governance Committee; and the Finance Committee. For more information regarding the Board Committees, see the discussion under “Board Committees” beginning on page 38.

The Board is responsible for monitoring the overall performance of IDEXX. Among other things, the Board, directly and through its Committees:

- Oversees our long-term strategy for creating enduring growth and shareholder value-creation;
- Reviews and approves our key financial and other objectives, the annual budget and other significant actions and transactions;
- Oversees our processes for maintaining the integrity of our financial statements and other public disclosures and our compliance with law and high ethical standards;
- Oversees the prudent management of risk;
 - Reviews plans for CEO succession and management’s succession planning for other key executive officers; and
- Reviews the performance of the CEO and determines the compensation of our executive officers.

In accordance with general corporate legal principles applicable to corporations organized under the laws of Delaware, the Board does not manage the day-to-day operations of IDEXX.

Board Meetings and Attendance

Directors are responsible for attending Board and Committee meetings and for devoting the time needed to discharge their responsibilities properly. The Board held six meetings in 2018, and the Committees held a total of twenty-one meetings in 2018.

Each of our Directors attended at least 75% of the meetings of the Board and Committees on which he or she served in 2018. It is our policy to schedule Board and Committee meetings to coincide with the Annual Meeting, and Directors are expected to attend the 2019 Annual Meeting. Last year, all of the individuals then serving as Directors attended our 2018 Annual Meeting.

Director Independence

Under our Corporate Governance Guidelines, a majority of our Directors must be “independent” as defined by the rules of NASDAQ. Each Committee’s charter requires its members to be independent as defined by NASDAQ rules. Additional independence criteria are also required to be satisfied by Directors serving on the Audit Committee and the Compensation Committee, as follows:

- Under the Audit Committee charter, each Audit Committee member is also required to satisfy the independence criteria set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and
- Under the Compensation Committee charter, each Compensation Committee member is also required to satisfy the heightened independence standard described in NASDAQ Rule 5605(d)(2)(A) and to qualify as a “non-employee director” pursuant to Rule 16b-3 under the Exchange Act.

The Board, in consultation with the Nominating and Governance Committee, determines the independence of each Director. In February 2019, the Board determined that:

- Each of the Directors other than Mr. Ayers, who is our President and CEO, is independent under NASDAQ rules;
- Each Audit Committee member satisfies the independence criteria of Rule 10A-3(b)(1) under the Exchange Act; and
- After taking into consideration the applicable factors, each Compensation Committee member satisfies the independence criteria of NASDAQ rules and qualifies as a “non-employee director” pursuant to Rule 16b-3 under the Exchange Act and an “outside director” within the meaning of 162(m) of the Code.

In determining Dr. Vandebroek's independence, the Nominating and Governance Committee considered one relationship involving Dr. Vandebroek. Specifically, the Nominating and Governance Committee considered the fact that Dr. Vandebroek has, since August 2018, served as Vice President, Emerging Technologies of International Business Machines Corporation ("IBM"), a provider of software licenses and software consulting and other related services for the Company, and previously served as Chief Operating Officer of IBM Research, the corporate research lab of IBM, from January 2017 to August 2018. In reviewing this relationship, the Nominating and Governance Committee considered several factors, including among other things:

• The fact that the Company's relationship with IBM predated Dr. Vandebroek joining IBM;

• That Dr. Vandebroek did not participate in the negotiation of any transactions by the Company with IBM for its services to the Company;

• That such services were provided by IBM on arm's length terms and conditions and in the ordinary course of business; and

• That the services provided by IBM are routine and limited in scope (the Company paid IBM approximately \$8,000 in 2016, \$19,600 in 2017 and \$8,500 in 2018 for software licenses and related services).

Based on the factors considered by the Nominating and Governance Committee, it concluded that these transactions would not affect Dr. Vandebroek's independence.

Related Person Transactions

Our Board has adopted a written Related Person Transaction Policy under which the Audit Committee is required to review and approve 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. The Audit Committee may approve any such transaction only if it determines that, under all of the applicable circumstances, the transaction is not inconsistent with the best interests of the Company.

A related person under this policy is:

• Any executive officer;

• A Director, or nominee for Director;

• A holder of 5% or more of our common stock; or

• An immediate family member of any of those persons.

The policy provides that a "direct or indirect material interest" does not arise solely from the related person's position as an executive officer of another entity involved in a transaction with the Company, where:

• The related person owns less than a 10% equity interest in such entity;

• The related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction and do not receive any special benefits as a result of the transaction;

• The amount involved in the transaction equals less than the greater of \$200,000 or 5% of the annual gross revenue of the other entity involved in the transaction; and

• The amount involved in the transaction equals less than 2% of the consolidated gross revenues of the Company for its most recent fiscal year.

Since January 1, 2018, there have been no related person transactions requiring review and approval by the Audit Committee under the Related Person Transaction Policy.

Compensation Committee Interlocks and Insider Participation

Ms. Szostak (Chair), Mr. William T. End (a former Director who retired from the Board in May 2018), Dr. Essig, Dr. Henderson and Mr. Kingsley served on the Compensation Committee during 2018. There were no Compensation Committee interlocks or insider (employee) participation during 2018.

CORPORATE GOVERNANCE

Board Leadership Structure

The Board is led by Mr. Ayers, who serves as the Chairman of the Board, and by Mr. Kingsley, who serves as our independent Lead Director. Mr. Ayers has been the Chairman of the Board since joining the Company as CEO in 2002. Under our Corporate Governance Guidelines, when the Chairman of the Board is not an independent Director, the independent Directors annually elect a Lead Director from among the independent Directors.

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. As discussed above under “Director Independence,” each Director other than Mr. Ayers is an independent director under NASDAQ rules, and every member of each standing Committee is also independent under those rules.

The Board is free to select the Chairman of the Board and the CEO in any way it deems best for our shareholders at any point in time, and the Board does not have a predetermined policy as to whether or not the roles of Chairman of the Board and CEO should be combined or separate. Pursuant to our Corporate Governance Guidelines, the Nominating and Governance Committee annually assesses the Board’s leadership structure, including whether the roles of Chairman of the Board and CEO should be combined or separate and why the Board’s leadership structure is appropriate given the specific characteristics or circumstances of the Company.

In February 2019, the Nominating and Governance Committee conducted that annual assessment and determined that a combined full-time Chairman of the Board and CEO, subject to oversight by the Company’s independent Directors, including an independent Lead Director, is appropriate for the following reasons:

- First, the CEO 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 functions. As such, the Board believes that the CEO 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;
- Second, it is the Board’s opinion that Mr. Ayers’s interests, including through a meaningful and growing ownership of our common stock, are aligned with the interests of our shareholders;
- Third, during Mr. Ayers’s seventeen-year tenure as Chairman and CEO, the Company has generated a compound annual return to shareholders of 21%;
- Fourth, this structure reinforces Mr. Ayers’s accountability and responsibility for our business and strategy and clearly establishes Mr. Ayers as the one voice speaking on behalf of the Company to all stakeholders; and
- Fifth, as described above, oversight of the Company is the responsibility of the Board as a whole, which is composed entirely of independent Directors, other than Mr. Ayers, including an independent Lead Director with clearly defined leadership duties and responsibilities as described below.

Lead Director

The position of Lead Director has significant authority and responsibilities under the Corporate Governance Guidelines, including:

Board Meetings and Executive Sessions	Chairing the executive sessions of the independent Directors, which occur at each regularly scheduled Board meeting, to discuss, among other things, the performance of the CEO. Scheduling, as and when needed, executive sessions of the independent Directors in addition to those occurring at each regularly scheduled Board meeting.
Communications with Chairman and CEO	Facilitating communications between Board members and the Chairman of the Board and/or CEO (although any Director is free to communicate directly with the Chairman of the Board and CEO).
Agendas	Working with the Chairman of the Board and the CEO in preparing the agenda for each Board meeting.
Corporate Governance	Consulting with and advising the Chairman of the Board and/or the CEO on matters relating to corporate governance and Board functions.

Annual Board Self-Assessment

The Board believes that a rigorous annual review of its performance is essential to ensuring overall Board effectiveness.

The Nominating and Governance Committee is responsible for annually evaluating the performance of the Board and its Committees and annually reviewing the performance and contribution of each of the Directors. The purpose of this evaluation is to identify ways to enhance the effectiveness of the Board, its Committees and the Directors.

Each year, the Nominating and Governance Committee discusses and approves the format and approach for the annual Board self-assessment. The process includes completion of questionnaires and interviews with each Director and selected executive officers to solicit candid feedback and gather additional suggestions for improvement. The questionnaires also include opportunities for each Director to reflect on his or her own performance, as well as the performance of the other Directors. The responses and comments of the Directors and selected executive officers are then compiled and presented by the Lead Director to the Nominating and Governance Committee and the Board for discussion and action.

The information obtained through this annual process has informed Board and Committee meeting agenda topics, enhancements to our continuing education program for the Directors and the Nominating and Governance Committee's active planning for Board succession and refreshment throughout the year.

Board's Oversight of Our Strategy

Management annually presents the Company's long-term business and financial strategic plan to the Board for review and discussion. These presentations include overviews of the business and market trends, historical financial performance, assessments of opportunities for long-term growth and margin expansion and projected long-term financial performance. This annual corporate strategy review is accompanied by a presentation on the results of management's annual enterprise risk assessment (including an analysis of strategic risks), as described below under "Board's Role in Risk Management Oversight." The Board acts as a strategic partner in this process, offering insight and additional perspectives and challenging management to identify and assess weaknesses, opportunities and threats to the continuing creation of enduring growth and shareholder value under the presented plan.

In addition to this annual corporate strategy review, the Board is involved in strategic planning and review throughout the year:

Management regularly presents information to the Board regarding the Company's various business segments, their markets and strategic priorities, as well as trends expected to pose significant risks or strategic opportunities for IDEXX.

The Board annually reviews and approves our key financial and other objectives and budget.

Management regularly presents its capital allocation and deployment plans to the Finance Committee and the Board for review and discussion, and the Board (or the appropriate Committee) approves specific significant actions and transactions, to ensure that we deploy our capital to create long-term value for our shareholders, including through capital and operating expenditures or strategic acquisitions that support future innovation or growth, as well as share repurchases that return cash to our shareholders.

CORPORATE GOVERNANCE

Board’s Role in Risk Management Oversight

Management is responsible for our enterprise risk assessment and risk management on a day-to-day basis. The Board oversees our risk management activities directly and through its Committees, including by discussing with management the policies and practices utilized 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 and structure, legal, compliance and regulatory risk, operational risks, and environmental and social risks that are most relevant to our business.

<p>The Audit Committee oversees risk management activities relating to accounting, auditing, internal controls, information system controls, Code of Ethics compliance monitoring and insurance matters.</p>	<p>The Compensation Committee oversees risk management activities relating to the Company’s compensation policies and practices and organizational risk (including effective management of executive succession).</p>	<p>The Nominating and Governance Committee oversees risk management activities relating to Board composition, function and succession and other corporate governance matters.</p>	<p>The Finance Committee oversees risk management activities relating to investment policy, foreign currency hedging activities and financial instruments.</p>
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Each Committee reports to the full Board on a regular basis, including with respect to its risk management oversight activities as appropriate.

We conduct an annual enterprise risk assessment as part of our 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 (including legal, compliance and regulatory risks, as well as environmental and social risks), the materiality of those risks, our risk tolerances and plans to mitigate them to the extent prudent and feasible. The identified risks are ranked based on probability of occurrence and severity of impact and maturity of related controls. Management shares the result of this annual risk assessment with the full Board in conjunction with the Board’s annual review and discussion of the Company’s long-term business and financial strategic plan described above under “Board’s Oversight of Our Strategy.” Management also reviews specific risk areas, such as cybersecurity risk, on a regular basis with the Board. Our Chief Information Officer and other members of senior management who lead our cybersecurity risk management program provide regular updates to the Board regarding cybersecurity risks and our cybersecurity risk management program and activities. In addition, certain other risks and related mitigation plans are reviewed throughout the year either by the Board or its Committees as part of normal business discussions.

The Audit Committee reviews linkages between the critical risk findings, management preparedness or plans to address those risks, and the internal audit department’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 and meets independently with the Company’s internal auditors, independent auditors and management.

Talent Management and Executive Succession Planning

Executive succession planning and talent development are an integral part of our long-term strategy for sustained shareholder value-creation. The Compensation Committee is responsible for annually reviewing succession plans for the CEO and our other executive officers, and the Board is responsible for ensuring the existence of appropriate succession plans for these executive officers.

The CEO is responsible for preparing an annual report to the Board regarding succession planning for himself, and as part of this annual report, our CEO provides his evaluations and recommendation of potential future candidates for the position of CEO, including possible timing. In addition, the Board, both directly and through the Compensation Committee, also reviews plans for identifying and developing potential future candidates for other senior leadership roles, and the Board members interact with many of these candidates in formal and informal settings during the year.

Diversity

We believe that diversity among our employees and senior management, including but not limited to gender and ethnic diversity, helps drive both innovation and a better understanding of our increasingly global customer base. Throughout our Company, we seek to employ a broad representation of gender, ethnic and racial backgrounds in all levels of management and on the Board. We believe that senior management and Directors with a variety of backgrounds, experiences, education, skills and business knowledge will contribute to the Company's effectiveness, and thus, we are focused on ensuring that a wide range of backgrounds and experiences are represented in the Company and on our Board. We actively seek out highly qualified, diverse candidates (including gender and ethnically diverse candidates) to include in each pool of potential senior management and Board nominees, and we consider the value of diversity of all types when evaluating nominees and assessing our Board members and senior-level management.

Board Committees

The Board has established four standing committees — an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and a Finance Committee — each of which is described briefly below. Each Committee is comprised entirely of independent Directors as determined under NASDAQ rules. Each Committee acts pursuant to a written charter that is approved by the Board and reviewed annually by the applicable Committee, the Nominating and Governance Committee and the Board. Current copies of each Committee's charter can be accessed on the Corporate Governance section of our website, www.idexx.com, or by contacting our Corporate Vice President, General Counsel and Corporate Secretary at the Company's principal executive offices.

Members of the Committees, as of March 1, 2019, are named below:

Board Member	Audit	Compensation	Nominating & Governance	Finance
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Jonathan W. Ayers

Bruce L. Claffin(1)

Stuart M. Essig, PhD

Rebecca M. Henderson, PhD

Daniel M. Junius(1)

Lawrence D. Kingsley(2)

M. Anne Szostak(1)

Sophie V. Vandebroek, PhD

Number of meetings in 2018	9	4	5	3
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(1) Audit Committee Financial Expert as defined under SEC rules.

(2) Lead Director

Member

Chair

officers; and annually reviews succession plans for the CEO and certain other executive officers of the Company.

The Compensation Committee also: has primary responsibility to oversee the administration of our incentive compensation plans for executive officers and equity compensation plans; reviews and approves stock ownership and retention guidelines applicable to the Company's executive officers and Directors and reviews compliance with those guidelines; reviews and makes recommendations to the Board regarding compensation-related policies applicable to executive officers; and reviews and makes recommendations to the Board regarding the compensation of non-employee Directors.

In addition, the Compensation Committee: oversees the Company's policies on structuring compensation programs to preserve tax deductibility; analyzes the risks associated with the Company's compensation policies and practices; reviews the Compensation Discussion and Analysis and prepares the Compensation Committee Report required to be included in the Company's annual proxy statement; and may make or recommend changes to the Company's executive compensation program and practices that it deems appropriate in light of its review of the results of the shareholder vote on the "say-on-pay" proposal set forth in the Company's annual proxy statement.

The Compensation Committee charter does not provide for any delegation of these duties except to a sub-committee or individual members of the Committee as the Compensation Committee may determine.

The Compensation Committee Report is included on page 71.

NOMINATING AND GOVERNANCE COMMITTEE

Members

Meetings held in
2018: 5

Mr. Claflin (chair) Dr. Essig Mr. Kingsley Dr. Vandebroek

Key Committee Responsibilities

The Nominating and Governance Committee advises and makes recommendations to the Board with respect to corporate governance matters, including: Board composition, organization, function, membership and performance; Board committee structure and membership; the Company's Corporate Governance Guidelines; and succession planning for the Chairman of the Board.

The Nominating and Governance Committee also identifies, evaluates, recruits and makes recommendations to the Board regarding candidates to fill vacancies on the Board as described beginning on page 24.

The Nominating and Governance Committee annually reviews the performance of the Board, its Committees and each of the Directors, as described under "Annual Board Self-Assessment" on page 36. The Nominating and Governance Committee is also responsible for annually reviewing with the Board the requisite skills and criteria for new 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, including those described on page 25, that lead the Nominating and Governance Committee to conclude that such Director or nominee should serve as a Director in light of our business and structure.

FINANCE COMMITTEE

Members

Meetings held in 2018: 3

Dr. Henderson (chair) Dr.
Essig Mr. Junius Dr.
Vandebroek

Key Committee Responsibilities

The Finance Committee advises the Board with respect to financial matters and capital allocation, including capital structure and strategies, financing strategies, investment policies and practices, major financial commitments, financial risk management, acquisitions and divestitures, stock repurchase strategies and activities and dividend policy.

The Finance Committee also, among other things: monitors our liquidity and financial condition; oversees our financial risk management activities (including foreign currency hedging and transactions involving derivatives); reviews and approves any proposed acquisition or divestiture having an aggregate value greater than \$25 million but less than or equal to \$50 million; makes recommendations to the Board regarding any other proposed acquisition or divestiture having an aggregate value greater than \$50 million; and reviews and approves a variance in

capital expenditures that in the aggregate exceeds 10% of the total budgeted amount in the applicable annual budget approved by the Board or the Finance Committee.

Corporate Governance Guidelines and Code of Ethics

The Board has adopted Corporate Governance Guidelines and a Code of Ethics, both of which can be accessed on the Corporate Governance section of our website, www.idexx.com. Hard copies may be obtained by contacting our Corporate Vice President, General Counsel and Corporate Secretary at the Company's principal executive offices. The Code of Ethics applies to all of our employees, officers and Directors. In addition, we intend to post on our website all disclosures that are required by law or NASDAQ listing standards concerning any amendments to, or waivers from, any provision of the Code of Ethics.

CORPORATE GOVERNANCE

Anti-Hedging and Short Sale and Anti-Pledging Policies

The Board has adopted a Policy on Short Sales, Derivative Transactions and Hedging that generally prohibits any Director, officer or employee, or any family member or affiliate of any of the foregoing, from engaging in (i) any short sales of the Company's securities, (ii) purchases or sales of puts, calls or other derivative securities based upon the Company's securities, or (iii) purchases of financial instruments that are designed to hedge or offset any decrease in the market value of the Company's securities.

The Board has also adopted a Policy on Pledging of Company Stock that prohibits our Directors and executive officers from pledging or otherwise encumbering the equity securities they own in the Company as collateral for indebtedness, including holding shares in a margin or similar account that would subject our equity securities to margin calls.

Shareholder Communication

We believe that transparent communication with our shareholders is critical for our continued success. It enables us to describe our strategy for long-term value-creation and sustainable financial performance as well as to understand the perspectives and concerns of our shareholders.

In 2018, our senior management met with representatives of many of our top institutional shareholders at industry and investment community conferences, analyst meetings and our 2018 Investor Day held at our corporate headquarters in Westbrook, Maine, in August 2018. Topics discussed included our business strategy, long-term financial potential model, financial performance, investment in R&D and innovation, capital allocation and deployment, market trends, and various other matters. Management shares with the Board any feedback provided by our shareholders.

In addition, we provide several ways for our shareholders to communicate with us. Written communications to any individual Director, the Lead Director or the full Board may be submitted by electronic mail to contactdirectors@idexx.com, by completing the online "Contact the Board" submission form available at the Company's website at www.idexx.com/corporate/corporate-governance.html or by writing to the Office of the Corporate Secretary at One IDEXX Drive, Westbrook, Maine 04092.

Written communications sent to any individual Director will be forwarded to that Director. In addition, our Corporate Vice President, General Counsel and Corporate Secretary or her delegate reviews all written communications sent to any individual Director, the Lead Director or the Board. The Corporate Secretary will forward all such written communications to the Chairman of the Board (if the Chairman is an independent Director) or the Chair of the Nominating and Governance Committee, as applicable, for review, except for items that could not reasonably be interpreted to implicate or otherwise relate to the duties and responsibilities of the Board.

Virtual Shareholder Meeting

Our 2019 Annual Meeting will be conducted virtually through a live audio webcast, and online shareholder tools will be available. We are implementing the virtual meeting format for our 2019 Annual Meeting to enable full and equal participation by all our shareholders from any location in the world at little to no cost. We believe this is the right choice for IDEXX because:

- We are a global company with shareholders all around the world;
- The virtual meeting format is cost-effective and convenient for our shareholders, as well as the Company, and enables IDEXX to reduce the environmental impact of our 2019 Annual Meeting; and
- Given the latest technology for holding virtual meetings and related online tools, we believe that the virtual meeting format will enhance shareholder access and participation in our 2019 Annual Meeting.

We designed the format of our 2019 Annual Meeting to ensure that our shareholders who attend our 2019 Annual Meeting will be afforded the same rights and opportunities to participate as they would at an in-person meeting and to enhance shareholder access, participation and communication through online tools. For example, the format of our 2019 Annual Meeting will include the following:

An online pre-meeting forum will be available to our shareholders. Beneficial owners can enter at www.proxyvote.com and registered shareholders can enter at www.proxyvote.com/idxx. By accessing this online pre-meeting forum, our shareholders will be able to submit questions in writing in advance of our 2019 Annual Meeting, vote, view the 2019 Annual Meeting’s Rules of Conduct and Procedures and obtain copies of proxy materials and our annual report.

By following instructions on the online pre-meeting forum or at www.virtualshareholdermeeting.com/IDXX2019, shareholders will have the ability to use their telephones to dial into a live audio webcast of the meeting and verbally ask questions during the meeting. In addition, shareholders accessing the audio webcast online will be able to submit questions in writing during the meeting. As part of the 2019 Annual Meeting, we will hold a live Q&A session, during which we will answer questions as they come in and address those asked in advance, as time permits. Please note, however, that the purpose of the meeting will be observed, and questions that are determined to be irrelevant or inappropriate will not be addressed.

We will publish the answer to each question received following the 2019 Annual Meeting, including those for which there is not sufficient time to address during the meeting, except for those questions determined to be irrelevant or inappropriate.

Although the live audio webcast will be available only to shareholders at the time of the meeting, a replay of the meeting will be made publicly available at www.virtualshareholdermeeting.com/IDXX2019 after the meeting.

Non-Employee Director Compensation

Our non-employee Directors are annually compensated for their Board service as described in the chart below:

Compensation Element	Non-Employee Director Compensation Program
Cash compensation(1)	
Annual retainer	\$75,000
Committee Chair retainer	\$20,000 for the Audit Committee \$20,000 for the Compensation Committee(2) \$10,000 for the Finance Committee \$10,000 for the Nominating and Governance Committee
Audit Committee member retainer	\$5,000
Lead Director retainer	\$25,000
Meeting fees	Not applicable; no fees are paid for meeting attendance
Equity compensation(3)	
Deferred stock units	\$46,250 in target value(4)
Non-qualified stock options	\$138,750 in value(5)
Total	\$185,000
Director stock ownership guidelines(6)	Target ownership of our common stock (including vested deferred stock units credited to a Director’s investment account) equal to six times the Annual Retainer

All retainers are paid in quarterly installments, and each non-employee Director may, at his or her option, defer all or any portion of any retainer in the form of fully vested deferred stock units under our Director Deferred Compensation Plan (the “Director Plan”). A non-employee Director who joins the Board after the date of an Annual

(1) Meeting receives a pro rata amount of his or her quarterly installment of the retainer based on the number of days until the end of the quarter during which he or she was appointed. If a non-employee Director retires, resigns or otherwise ceases to be a Director before the expiration of his or her term, he or she will receive a pro rata amount of his or her quarterly installment of the retainer based on the number of days served, divided by the number of days in the applicable quarter.

(2) On February 14, 2018, the Board increased the amount of the annual Compensation Committee Chair retainer from \$15,000 to \$20,000, effective as of May 9, 2018.

We annually grant deferred stock units and non-qualified stock options to each non-employee Director on the date of the Annual Meeting. A non-employee Director who joins the Board after the date of an Annual Meeting receives a pro rata grant based on the number of months remaining until the next year's grant. The maximum number of shares subject to equity awards granted under our 2018 Stock Incentive Plan (the "2018 Plan") during a single (3) fiscal year to any non-employee Director, taken together with any cash fees paid during the fiscal year to the non-employee Director in respect of the Director's service as a member of the Board during such year (including service as a member or chair of any committees of the Board), will be limited to \$650,000 in total value (calculating the value of any such awards based on the grant date fair value of such awards for financial reporting purposes), provided that the non-employee Directors who are

CORPORATE GOVERNANCE

considered independent (under NASDAQ rules) may make exceptions to this limit for a non-executive chair of the Board, if any, in which case the non-employee Director receiving such additional compensation may not participate in the decision to award such compensation.

The number of deferred stock units granted equals the target value, divided by the price of our common stock on the grant date, rounded to the nearest whole share. Any non-employee Director who meets the target ownership (4) under the stock ownership guidelines at the time of the annual grant may elect to receive restricted stock units (“RSUs”), in lieu of deferred stock units. The number of RSUs granted is calculated in the same manner as deferred stock units granted.

(5) The value of the granted non-qualified stock options is calculated using the Black-Scholes-Merton option pricing model. This model is consistent with the valuation approach used to value executive awards.

(6) All non-employee Directors complied with the stock ownership guidelines as of December 31, 2018.

Equity Compensation

Deferred stock units and non-qualified stock options are granted to non-employee Directors annually on the date of the Annual Meeting. The most recent grant date was May 9, 2018, and the next grant date is scheduled to be on May 8, 2019, the date of the 2019 Annual Meeting.

Deferred Stock Units. Deferred stock units granted on the date of the Annual Meeting are issued under the Director Plan and fully vest on the earlier of one year from the date of grant or the date of the next Annual Meeting. These vested deferred stock units are credited to a hypothetical investment account established in the non-employee Director’s name and will be distributed as an equal number of shares of our common stock one year following the termination of the non-employee Director’s Board service. For more information regarding the deferred stock units and the Director Plan, see the discussion below under “Director Plan.”

If a non-employee Director is eligible to elect to receive RSUs in lieu of deferred stock units and makes this election, then he or she will receive RSUs that fully vest on the earlier of one year from the date of grant or the date of the next Annual Meeting.

Non-Qualified Stock Options. Non-qualified stock options are granted under the 2018 Plan and have the following terms:

- Exercise price equal to the last reported sales price for a share of our common stock on the grant date;
- Fully vests and is exercisable on the earlier of one year from the date of grant or the date of the next Annual Meeting;
- Expires on the day immediately prior to the tenth anniversary of the grant date, except for options granted between 2006 and the day before the date of the 2013 Annual Meeting, which expire on the day immediately prior to the seventh anniversary of the grant date; and
- Accelerated vesting upon a change in control of the Company as described in the discussion under “Stock Incentive Plans” beginning on page 79.

Director Plan

Each non-employee Director may defer all or any portion of any cash compensation in the form of fully vested deferred stock units, which are issued under the Director Plan and are currently subject to the terms of the 2018 Plan. The payment of cash compensation in the form of deferred stock units is considered deferred compensation for federal income tax purposes.

A hypothetical investment account is established in the name of each non-employee Director, and vested deferred stock units are credited as follows:

Any cash compensation deferred by him or her is credited to the account as the number of vested deferred stock units equal to the aggregate value of the deferred compensation divided by the price of a share of common stock on the date of the applicable deferral; and

When the grant of deferred stock units made on the date of an Annual Meeting (or any prorated grant of deferred stock units made when he or she joins the Board) vests, those vested deferred stock units 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 common stock affecting the value of the deferred stock units in the account.

Deferred stock units are distributed in the form of an equal number of shares of our common stock as follows:

Deferred Stock Units from Deferred Cash Compensation. A non-employee Director may elect to receive his or her distribution in either:

- A single lump sum one year after his or her last day of Board service; or
- For deferrals made on or after January 1, 2011, in:
 - A single sum on a nondiscretionary and objectively determinable fixed date; or
 - Equal annual installments over four years on or after such fixed date.

Annual Grant of Deferred Stock Units. Shares are distributed one year following the termination of his or her Board service.

Emergency Distribution. If the administrator of the Director Plan determines that a non-employee Director has suffered an unforeseeable emergency, the administrator may authorize the distribution of all or a portion of his or her deferred stock units.

Unvested deferred stock units will vest immediately under the following circumstances:

Death or Disability. Unvested deferred stock units will vest immediately upon the non-employee Director's death or disability.

Change in Control. Unvested deferred stock units will vest immediately upon a change in control of the Company.

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.

A change in control under the Director Plan occurs when:

- Any person or group acquires direct or indirect beneficial ownership of stock possessing 35% or more of the total voting power of the Company's stock; or
- A majority of the Board members is replaced during any twelve-month period by new Directors whose appointment or election is not approved by a majority of the Board members serving immediately before the appointment or election of any of these new directors; or
- A change in the ownership of a substantial portion of our assets occurs such that any person or group acquires assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of our assets immediately prior to such acquisition.

Other Compensation

All Directors are reimbursed for reasonable travel expenses incurred in connection with Board and committee meetings. Directors are also reimbursed for reasonable expenses (including travel expenses) incurred in connection with continuing education regarding their duties and responsibilities as Directors. We also extend coverage to them under our directors' and officers' indemnity insurance policies. We do not provide any other benefits, including retirement benefits or perquisites, to our non-employee Directors.

Director Stock Ownership Guidelines

Our stock ownership guidelines set a target level of ownership of our common stock for each non-employee Director equal to six times the annual retainer, which is \$450,000 in stock value, at the end of each calendar year.

Shares that are owned by, or held in trust for the benefit of, a non-employee Director or immediate family members residing in the same household and vested deferred stock units credited to his or her investment account are included in calculating stock ownership.

Until the value of a non-employee Director's common stock exceeds this target level at the end of a calendar year, he or she must retain:

At least 75% of our common stock received upon the exercise of options or the vesting and release of RSUs or deferred stock units during the following year, after payment or withholding of any applicable exercise price and taxes; and

All other shares of our common stock held by him or her.

A non-employee Director complies with these stock ownership guidelines if his or her stock ownership equals or exceeds the target level at the end of the year or if he or she has complied with the applicable retention requirements under the stock ownership guidelines.

CORPORATE GOVERNANCE

2018 Non-Employee Director Compensation Table

The table below shows 2018 compensation for each of our non-employee Directors. Mr. Ayers, who is an employee, receives no additional compensation for his Board service. For information regarding Mr. Ayers's compensation, see the discussion under "How We Paid Our NEOs in 2018" beginning on page 64.

Name	Fees Earned or Paid in Cash	Stock Awards \$(1)	Option Awards \$(2)	Total Compensation
Bruce L. Claflin	\$ 90,000	\$46,283	\$138,745	\$ 275,028
Stuart M. Essig, PhD	75,000(3)	46,283	138,745	260,028
Rebecca M. Henderson, PhD	85,000	46,283	138,745	270,028
Daniel M. Junius	95,000(4)	46,283	138,745	280,028
Lawrence D. Kingsley	87,500(5)	46,283	138,745	272,528
M. Anne Szostak	97,500	46,283	138,745	282,528
Sophie V. Vandebroek, PhD	75,000(6)	46,283	138,745	260,028

Stock awards to non-employee Directors are issued as deferred stock units ("DSUs") pursuant to the Company's Director Plan. The amount shown excludes DSUs received in lieu of deferred compensation as described in footnotes 3, 4, 5 and 6 and reflects the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board® ("FASB") Accounting Standards Codification® ("ASC") Topic 718 (calculated by rounding \$46,250 to the nearest share on the date of deferral). See Note 5 to our consolidated financial statements included in our 2018 Annual Report on Form 10-K for the relevant assumptions used to determine the valuation of our stock awards. As discussed under "Equity Compensation" above on page 43, non-employee Directors receive only one DSU and option grant during the fiscal year. As of December 31, 2018 the following are the aggregate number of DSUs accumulated in each non-employee Director's deferral account for all years of service as a Director, including DSUs issued for deferred fees elected by the Directors as well as DSUs issued as annual grants to non-employee Directors: Mr. Claflin, 1,531; Dr. Essig, 942; Dr. Henderson, 32,014; Mr. Junius, 3,078; Mr. Kingsley, 1,598; Ms. Szostak, 3,718; and Dr. Vandebroek, 3,208.

Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. See Note 5 to our consolidated financial statements included in our 2018 Annual Report on Form 10-K for the relevant assumptions used to determine the valuation of our option awards. As of December 31, 2018, each non-employee Director had the following number of stock options outstanding: Mr. Claflin, 16,764; Dr. Essig, 4,719; Dr. Henderson, 33,621; Mr. Junius, 19,755; Mr. Kingsley, 7,436; Ms. Szostak 39,527; and Dr. Vandebroek, 21,845.

(3) Includes compensation in the amount of \$75,000 elected to be deferred and issued as 364 DSUs pursuant to the Director Plan.

(4) Includes compensation in the amount of \$23,750 elected to be deferred and issued as 116 DSUs pursuant to the Director Plan.

(5) Includes compensation in the amount of \$87,500 elected to be deferred and issued as 420 DSUs pursuant to the Director Plan.

(6) Includes compensation in the amount of \$56,250 elected to be deferred and issued as 264 DSUs pursuant to the Director Plan.

Stock Ownership Information

Stock Ownership of Directors and Officers

The table below shows the number of shares of our common stock beneficially owned as of March 1, 2019 by each of our Directors, each of our NEOs named in the Summary Compensation Table and all of our Directors and executive officers as a group. The table below also includes information about stock options and vesting restricted stock units granted to our Directors and executive officers. Unless otherwise indicated, each person listed below has sole voting and investment power with respect to the shares and other securities listed.

Beneficial Owner	Shares Owned	Options Exercisable and RSUs Vesting(1)	Total Number of Shares Beneficially Owned(2)	Percentage of Common Stock Outstanding(3)
Jonathan W. Ayers	1,136,820(4)	503,104	1,639,924	1.91%
Bruce L. Clafflin	1,415	14,577	15,992	*
Stuart M. Essig, PhD	—	2,532	2,532	*
Rebecca M. Henderson, PhD	4,000	31,434	35,434	*
Daniel M. Junius	2,000	17,568	19,568	*
Lawrence D. Kingsley	6,405	5,249	11,654	*
M. Anne Szostak	16,000(5)	31,434	47,434	*
Sophie V. Vandebroek, PhD	8,673	19,658	28,331	*
Brian P. McKeon	27,814	166,046	193,860	*
Jay Mazelsky	23,212	169,861	193,073	*
Michael J. Lane	6,324	15,414	21,738	*
Kathy V. Turner	3,932	29,712	33,644	*
All Directors and executive officers as of March 1, 2019 as a group (14 persons)	1,253,773	1,072,508	2,326,281	2.70%

*Less than 1%

(1) Consists of options to purchase shares of common stock exercisable, and RSUs vesting, on or within 60 days after March 1, 2019.

(2) The number of shares beneficially owned by each person or group as of March 1, 2019 includes shares of common stock that such person or group had the right to acquire on or within 60 days after March 1, 2019, including, but not limited to, upon the exercise of stock options or vesting of RSUs, but excluding DSUs.

(3) 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 86,083,808 shares of common stock outstanding on March 1, 2019 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 1, 2019, including, but not limited to, upon the exercise of stock options or vesting of RSUs, but excluding DSUs.

(4) Includes 138,000 shares held by the Ayers Family Trust and 32,100 shares held by the Ayers Wild Cat Conservation Trust (the "Foundation"). Mr. Ayers and his wife are the trustees of the Foundation, and as trustees, they have shared voting and dispositive power for the 32,100 shares held by the Foundation. Beneficial ownership of, and any pecuniary interest in, the 32,100 shares held by the Foundation is expressly disclaimed.

(5) Includes 3,416 shares held by the M. Anne Szostak Trust and 12,000 shares held by the Szostak 2018 IDEXX GRAT.

STOCK OWNERSHIP INFORMATION

We also grant deferred stock units to our non-employee Directors as annual equity grants or voluntary deferrals of annual fees. Deferred stock units are not included in the table above because they do not represent a right to acquire shares of our common stock within 60 days after March 1, 2019. Although deferred stock units carry no voting rights, and individuals holding fully vested deferred stock units are at risk as to the price of our common stock in their investment accounts, vested deferred stock units are included for purposes of determining satisfaction of target stock ownership levels under our stock ownership guidelines. Accordingly, the table below shows the total numbers of shares and fully vested deferred stock units owned as of March 1, 2019 by each of our Directors, each of our NEOs and all our Directors and executive officers as a group.

Beneficial Owner	Shares Owned	DSUs(1)	Total Number of Shares and DSUs Owned
Jonathan W. Ayers	1,136,820(2)	59,164	1,195,984
Bruce L. Claflin	1,415	1,307	2,722
Stuart M. Essig, PhD	–	808	808
Rebecca M. Henderson, PhD	4,000	31,790	35,790
Daniel M. Junius	2,000	2,883	4,883
Lawrence D. Kingsley	6,405	1,494	7,899
M. Anne Szostak	16,000(3)	3,494	19,494
Sophie V. Vandebroek, PhD	8,673	3,074	11,747
Brian P. McKeon	27,814	34,708	62,522
Jay Mazelsky	23,212	–	23,212
Michael J. Lane	6,324	–	6,324
Kathy V. Turner	3,932	–	3,932
All Directors and executive officers as of March 1, 2019 as a group (14 persons)	1,253,773	138,722	1,392,495

(1) Consists of DSUs that are vested as of March 1, 2019.

(2) Includes 138,000 shares held by the Ayers Family Trust and 32,100 shares held by the Foundation. Mr. Ayers and his wife are the trustees of the Foundation, and as trustees, they have shared voting and dispositive power for the 32,100 shares held by the Foundation. Beneficial ownership of, and any pecuniary interest in, the 32,100 shares held by the Foundation is expressly disclaimed.

(3) Includes 3,416 shares held by the M. Anne Szostak Trust and 12,000 shares held by the Szostak 2018 IDEXX GRAT.

Director and Officer Stock Ownership Guidelines

We maintain stock ownership guidelines for our Directors and executives, including our executive officers. For more information regarding our Director stock ownership guidelines, see the discussion under “Director Stock Ownership Guidelines” on page 44, and for more information regarding our executive stock ownership guidelines, see the discussion under “Executive Stock Ownership and Retention” on page 70.

Stock Ownership of Certain Beneficial Owners

Based solely on our review of filings made under Sections 13(d) and 13(g) of the Exchange Act, the only persons or entities known to us to beneficially own more than 5% of our common stock as of December 31, 2018 were:

Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Common Stock Outstanding(1)
The Vanguard Group(2) 100 Vanguard Boulevard Malvern, Pennsylvania 19355	9,057,151	10.52%
BlackRock, Inc.(3) 55 East 52nd Street New York, New York 10055	6,549,022	7.61%
Fundsmith LLP(4) 33 Cavendish Square London, U.K., W1G 0PQ	4,432,292	5.15%

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, 2018, as reflected in the most recent filing by such group of (1) statements of beneficial ownership with the SEC, by the 86,083,808 shares of common stock outstanding on March 1, 2019. Therefore, the percentage ownership may differ from the percentage ownership reported in such statements of beneficial ownership, which reflect ownership as of an earlier date.

Based solely upon information derived from a Schedule 13G/A filed by The Vanguard Group with the SEC on (2) February 12, 2019, it has the sole power to vote 105,562 shares, sole power to dispose of 8,936,155 shares, shared power to vote 17,242 shares, and shared power to dispose of 120,996 shares.

Based solely upon information derived from a Schedule 13G/A filed by BlackRock, Inc. with the SEC on February (3) 4, 2019, it has sole power to vote 5,768,378 shares and sole power to dispose of 6,549,022 shares.

Based upon information derived from a Schedule 13G filed by Fundsmith LLP with the SEC on February 14, 2019, (4) it has the sole power to vote 4,382,048 shares and sole power to dispose of 4,432,292 shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Exchange Act, our Directors, executive officers and any person holding more than 10% 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.

Based solely on our review of copies of Section 16(a) reporting forms that we received from reporting persons for transactions occurring during our 2018 fiscal year and written representations from our Directors and executive officers, we believe that no reporting person failed to timely file any report required by Section 16(a) during the 2018 fiscal year.

AUDIT COMMITTEE MATTERS

Audit Committee Matters

Proposal Two – Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the Company's independent registered public accounting firm. The Audit Committee has appointed PwC to serve as our independent registered public accounting firm for 2019, subject to ratification by shareholders. The Audit Committee has retained PwC as our independent registered public accounting firm continuously since 2002.

The Audit Committee annually evaluates the performance of our independent registered public accounting firm and determines whether to retain the current firm or consider other firms. In addition, in conjunction with the mandated rotation of our external auditor's lead engagement partner, the Audit Committee and its chairperson are directly involved in the selection of the external auditor's new lead engagement partner.

In appointing PwC as our independent registered public accounting firm for 2019, the Audit Committee considered carefully PwC's performance as the Company's independent registered public accounting firm, its independence with respect to the services to be performed and its general reputation for adherence to professional auditing standards. The Audit Committee and the Board believe that the continued retention of PwC as our independent registered public accounting firm is in the best interests of the Company and our shareholders.

Because the members of the Audit Committee value the views of our shareholders on our independent auditors, even though ratification is not required by law, shareholders will have an opportunity to ratify this selection at the 2019 Annual Meeting. Representatives of PwC will be present at the 2019 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 2019 Annual Meeting, the Audit Committee may reconsider its selection of PwC. 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 our shareholders' best interests.

RECOMMENDATION

OF THE BOARD OF

DIRECTORS

The Board of Directors recommends that you vote "FOR" the ratification of PwC as our independent registered public accounting firm for 2019.

Audit Committee Report

The Audit Committee is responsible for overseeing the accounting, internal control and financial reporting processes and the audit processes of the Company. As set forth in the Audit Committee's charter, which is available at the Company's website at www.idexx.com/corporate/corporate-governance.html, the Company's management is responsible for the preparation, presentation and integrity of the Company's financial statements, the Company's accounting and financial reporting principles, and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The Company has a full-time internal audit department, and the Director of Internal Audit reports directly to the Audit Committee (and administratively to the Chief Financial Officer). The internal audit department is responsible for, among other things, objectively reviewing and assessing the adequacy and effectiveness of the Company's internal controls and procedures.

Each member of the Audit Committee is an independent Director as determined by the Board of Directors, based on NASDAQ listing standards and the Corporate Governance Guidelines. Each member of the Audit Committee also satisfies the SEC's additional independence requirement for members of audit committees. The Board of Directors has determined that Mr. Junius, Mr. Claflin and Ms. Szostak each meet the criteria for "Audit Committee Financial Expert" as defined by SEC rules.

At each of its nine regularly scheduled meetings in 2018, the Audit Committee met as a group with the Company's management, the Company's independent registered public accounting firm PwC and internal audit. In addition, in performing its oversight function, the Audit Committee held separate private sessions with senior management, the independent auditors and internal audit to assure that all were carrying out their respective responsibilities. Both PwC and the Director of Internal Audit had full access to the Audit Committee, including regular meetings during which members of management were not present.

In addition, the Audit Committee:

- Reviewed the Company's audited financial statements for the fiscal year ended December 31, 2018 and discussed them with management and PwC;

- Discussed with PwC various communications that PwC is required to provide to the Audit Committee, including matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees; and

- Received the written disclosures and the letter from PwC required by applicable requirements of the Public Company Accounting Oversight Board regarding PwC's communications with the Audit Committee concerning independence and discussed with PwC their independence.

Based on the review and discussion referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 for filing with the SEC.

Audit Committee

Daniel M. Junius, Chair

Bruce L. Claflin

M. Anne Szostak

Independent Auditors' Fees

The following table summarizes the fees that PwC billed to us for each of the last two fiscal years for audit and other services.

For fiscal year 2018, audit fees also include an estimate of amounts not yet billed.

	Fiscal Years Ended	
	December 31,	
	2018	2017
Audit fees	\$2,123,435	\$2,045,100
Audit-related fees	50,000	80,000
Tax fees	275,184	206,000
All other fees	900	3,000
Total fees	\$2,449,519	\$2,334,100

AUDIT COMMITTEE MATTERS

Audit Fees. Consists of fees billed for professional services rendered for the audit of our annual financial statements and review of the interim financial statements included in quarterly reports; the audit of the effectiveness of our internal controls over financial reporting; statutory audits or financial audits for our subsidiaries or affiliates; 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 our financial statements and are not reported under “Audit Fees.” These services include due diligence services pertaining to potential acquisitions and services pertaining to the Company’s transition to new accounting standards.

Tax Fees. Consists of tax compliance fees (\$77,484 and \$55,000 in 2018 and 2017, respectively), and tax advice and tax planning fees (\$197,700 and \$151,000 in 2018 and 2017, respectively). These services included U.S. federal, state and local tax planning and compliance advice; international tax planning, structure 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, Tax Fees and All Other Fees are amounts billed by the independent auditors for out-of-pocket expenses (\$120,000 and \$108,000 in 2018 and 2017, respectively) and value-added taxes (\$68,662 and \$75,139 in 2018 and 2017, respectively).

Independent Auditor Fee Approval Policy

The Audit Committee has adopted a policy for the pre-approval of audit and non-audit services performed by our independent auditor, and the fees paid by us 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. The Audit Committee is ultimately responsible for the audit fee negotiations associated with the retention of our independent auditor, and 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 its chair. 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.

During the last two fiscal years, no services were provided by PwC that were approved by the Audit Committee pursuant to the de minimis exception to pre-approval contained in the SEC’s rules.

Executive Compensation

Proposal Three – Advisory Vote to Approve Executive Compensation

We are asking our shareholders to approve, on an advisory, non-binding basis, the compensation of our NEOs as described in this Proxy Statement at the 2019 Annual Meeting. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this Proxy Statement. This proposal is commonly referred to as “say-on-pay.”

At the 2011 Annual Meeting, more than 93% of the votes cast by our shareholders were in favor of an annual advisory “say-on-pay” vote, and at the 2017 Annual Meeting, more than 91% of the votes cast by our shareholders were in favor of continuing to submit an advisory “say-on-pay” vote to our shareholders on an annual basis. Accordingly, since the 2011 Annual Meeting, we have annually submitted a “say-on-pay” proposal to our shareholders and received overwhelming shareholder support each year. At the 2018 Annual Meeting, our “say-on-pay” proposal was approved by our shareholders with 96% of the votes cast in favor of approving the compensation of our NEOs. The Board believes that this vote affirmed our shareholders’ support of our executive compensation program.

In deciding how to vote on this proposal, our shareholders are encouraged to read the Executive Compensation section of this Proxy Statement, including the Compensation Discussion and Analysis section, which discusses in detail our executive compensation program and how it implements our executive compensation philosophy, how our executive compensation program helps drive our business and other corporate strategies, the compensation decisions the Compensation Committee has made under our executive compensation program and some recent changes made to our compensation program.

Our Board recommends that our shareholders approve the following resolution:

RESOLVED, that the compensation paid to the Company’s NEOs, as disclosed in this Proxy Statement for the 2019 Annual Meeting pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby approved on an advisory basis.

As an advisory vote, it will not be binding. However, our Compensation Committee and Board of Directors value the opinions expressed by our shareholders in their vote on this proposal and will consider the outcome of this vote when making future compensation decisions for our NEOs.

RECOMMENDATION

OF THE BOARD OF

DIRECTORS

The Board of

Directors

recommends

that you vote

“FOR” the

approval of the

advisory

resolution on

executive

compensation.

EXECUTIVE COMPENSATION

Executive Officers

Set forth below are the names, ages, and current positions of our executive officers as of March 25, 2019 other than Mr. Ayers, our Chairman of the Board, President and CEO, whose biographical information is located on page 28:

Name	Age	Title
Brian P. McKeon	56	Executive Vice President, Chief Financial Officer and Treasurer
Jay Mazelsky	58	Executive Vice President
Michael J. Lane	51	Corporate Vice President
Kathy V. Turner	55	Corporate Vice President
Giovani Twigge	55	Corporate Vice President and Chief Human Resources Officer
Sharon E. Underberg	57	Corporate Vice President, General Counsel and Corporate Secretary

Brian P. McKeon. Mr. McKeon has been Executive Vice President, Chief Financial Officer and Treasurer since January 2014. He leads our finance, corporate development and worldwide operations functions. Mr. McKeon served as a Director of IDEXX from July 2003 through December 2013, including serving as Chair of the Audit Committee and as a member of the Compensation Committee. He also served as a Director of athenahealth, Inc. from September 2017 to February 2019. Mr. McKeon was Executive Vice President of Iron Mountain Incorporated from April 2007 to December 2013 and Chief Financial Officer of Iron Mountain from April 2007 to October 2013. Mr. McKeon was also Executive Vice President and Chief Financial Officer of The Timberland Company from March 2000 to April 2007. 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. Mr. McKeon holds a bachelor's degree in accounting from the University of Connecticut and an M.B.A. with high distinction from Harvard University.

Jay Mazelsky. Mr. Mazelsky has been an Executive Vice President since joining us in August 2012. He oversees our North American Companion Animal Group Commercial Organization, and our IDEXX VetLab in-house diagnostics, Diagnostic Imaging, Veterinary Software and Services, Rapid Assay and Telemedicine lines of business. Previously, Mr. Mazelsky was a Senior Vice President and General Manager from 2010 to 2012 of Computed Tomography, Nuclear Medicine and Radiation Therapy Planning at Philips Healthcare, a subsidiary of Royal Philips Electronics. Previously he held a series of other leadership roles with increasing responsibilities during his tenure at Philips beginning in 2001. Prior to joining Philips, Mr. Mazelsky was at Agilent Technologies, where he was an Executive in Charge from 2000 to 2002, leading the integration of Agilent's Healthcare Group into Philips. He also served as a General Manager of the Medical Consumables Business Unit from 1997 to 2000 at Agilent Technologies. From 1988 to 1996, he was in a number of roles at Hewlett Packard in finance, marketing and business planning. Mr. Mazelsky holds a bachelor's degree in mathematics from the University of Rochester and an M.B.A. from the University of Chicago.

Michael J. Lane. Mr. Lane has been a Corporate Vice President since July 2015 and General Manager of IDEXX's Global Reference Laboratories business since November 2016. Prior to becoming the General Manager of our Global Reference Laboratories business, he served as the General Manager of the Company's U.S. Reference Laboratories from June 2014, and as Vice President from 2012, until July 2015. In addition to his responsibilities for the Reference Laboratories business, from July 2015 through December 2016, Mr. Lane provided strategic direction for the Company's SNAI[®] Point-of-Care testing. Mr. Lane joined IDEXX in 1997, supporting strategic planning and business development for diagnostic laboratory services as IDEXX entered the global reference laboratory market segment. In 1999, he joined the IDEXX VetLab organization, where he held various leadership positions with responsibilities in commercial marketing, product management, and new product development, and served from 2012 to May 2014 as Vice President and General Manager. Mr. Lane holds a bachelor's degree in international politics and economics from Middlebury College and an M.B.A. from the Tuck School of Business at Dartmouth College.

Kathy V. Turner. Ms. Turner has been Corporate Vice President since May 2014 and leads the Company's Europe, Middle East and Africa Companion Animal Commercial Operations, and the Company's Asia Pacific Companion Animal, Water, Livestock, Poultry and Dairy Commercial Operations. Prior to joining the Company, from 1987 to May 2014, Ms. Turner held various leadership positions with increasing responsibilities at Abbott Laboratories, Inc., a broad-based healthcare company that manufactures and markets pharmaceuticals, medical products and diagnostics. Most recently, Ms. Turner was Divisional Vice President of European Commercial Operations for the Diagnostics Division from 2011 to May 2014, and prior to that, Divisional Vice President of Global Strategic Operations for the Diagnostics Division from 2007 to 2011. Ms. Turner holds a bachelor's degree in marketing and advertising from Syracuse University.

Giovani Twigge. Mr. Twigge has been our Chief Human Resources Officer since August 2010, and leads worldwide human resources. Prior to joining us, from 1999 to 2010, Mr. Twigge held various human resources leadership positions at Abbott Laboratories, Inc., a broad-based healthcare company that manufactures and markets pharmaceuticals, medical products and diagnostics, and was Divisional Vice President, HR, for Abbott Diagnostics. Prior to that, he served as Divisional Vice President, HR, for Abbott Nutrition International and as Regional HR Director for a number of international operations, including those in Europe, Latin America/Canada and the Middle East. Mr. Twigge earned his B. Commerce (Honors) degree in personnel management from the University of Pretoria, South Africa.

Sharon E. Underberg. Ms. Underberg has been Corporate Vice President, General Counsel and Corporate Secretary since March 2019. She leads IDEXX's legal, compliance and Corporate Secretary groups. Prior to joining IDEXX in February 2019, Ms. Underberg was a member of the Eastman Kodak Company legal team for over 29 years, where she held various senior leadership positions of increasing responsibility, including most recently serving as General Counsel, Secretary and Senior Vice President from January 2015 to January 2019, Deputy General Counsel and Vice President, Legal Department, from September 2014 to January 2015 and Assistant General Counsel and Vice President, Legal Department, from June 2006 to September 2014. Prior to joining Kodak, Ms. Underberg was an attorney in private practice. She received a bachelor's degree in political science from Brandeis University and a J.D. from the University of Pennsylvania School of Law.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This section describes our executive compensation program, the oversight provided by the Compensation Committee and the 2018 compensation for our NEOs:

Name	Position
Jonathan W. Ayers	Chairman, President and CEO
Brian P. McKeon	Executive Vice President, Chief Financial Officer and Treasurer
Jay Mazelsky	Executive Vice President
Michael J. Lane	Corporate Vice President
Kathy V. Turner	Corporate Vice President

To assist your review, note that the information provided in our Compensation Discussion and Analysis is organized in the following five subsections:

Executive Summary	Page <u>55</u>
How We Determine Compensation	Page <u>59</u>
Compensation Benchmarking and Peer Group	Page <u>62</u>
How We Paid Our NEOs in 2018	Page <u>64</u>
How We Manage Risk and Governance	Page <u>70</u>

Executive Summary

2018 Performance Highlights

We delivered strong results in 2018. We performed well against all the financial goals we set for 2018 and exceeded three of the four financial measures used, in part, to determine the 2018 annual performance-based cash bonus paid to our NEOs.²

Organic Revenue Growth	Operating Profit (\$ in millions)	Earnings per Share (Diluted)	ROIC
Goal 10.5% Result 11.6%	Goal \$485.4 Result \$491.3	Goal \$4.20 Result \$4.26	Goal 49.4% Result 49.3%

ROIC is a financial measure of the efficiency with which a company uses its invested capital to generate returns. The Compensation Committee added ROIC to the mix of metrics used for the determination of the 2018 annual performance-based cash bonus to hold our NEOs more directly accountable for capital productivity and achieve a more effective balance between financial measures of growth and return, both of which we believe are important in creating shareholder value. Although the 2018 ROIC performance was slightly below goal, our achieved 2018 ROIC value was 49.3%, which indicates an exceptional return on invested capital during a year in which we made incremental, strategic investments in support of instrument placements that drive high-return recurring revenue growth.

In addition, our delivery of consistent and strong results over time is reflected in our compound annual total shareholder return over the last one-, three- and five-year periods, which substantially outperformed the S&P 500 Index over the same periods. In 2018, for example, our share price rose 19%, outperforming the S&P 500 Index by 23% for this period. For more information, see “Equity-Based Long-Term Incentive Compensation” on page 67.

Refer to Appendix A for a description and reconciliation of organic revenue growth and after-tax return on invested capital, excluding cash and investments (“ROIC”), to their most directly comparable generally accepted accounting principles in the United States of America (“GAAP”) financial measures.

Impact of 2018 Performance on NEO Pay
 CEO Compensation Decisions

The Compensation Committee evaluated Mr. Ayers’s performance and made decisions regarding his compensation based on its assessment of his achievement of financial goals and non-financial goals geared toward sustaining our long-term growth and delivering shareholder value. Before making its final decisions regarding Mr. Ayers’s compensation, the Compensation Committee consulted with the Board and considered the Board members’ feedback and assessment of Mr. Ayers’s overall performance in 2018.

In light of Mr. Ayers’s excellent delivery against these goals in 2018 and the strategic vision and leadership he has provided to the Company, the Compensation Committee awarded to Mr. Ayers an annual performance-based cash bonus of \$1,200,000, which represented 120% of his target bonus. In addition, in February 2018, the Compensation Committee maintained Mr. Ayers’s base salary at \$800,000 (which has remained at this level since 2013) and granted stock options to Mr. Ayers having an aggregate grant value of \$4,800,000 that vest ratably over five years. The actual payout that Mr. Ayers will realize on these stock options will depend on future performance of our common stock, which is subject to our continued ability to deliver consistent and strong returns to our shareholders. The Compensation Committee believes that total direct compensation for the CEO is below median in relation to the benchmark group, consistent with good compensation practices and our philosophy of creating long-term value for the benefit of our shareholders.

For greater detail regarding the compensation determinations made by the Compensation Committee with respect to Mr. Ayers, see below under “How We Paid Our NEOs in 2018” beginning on page 64.

CEO Pay-for-Performance Alignment

The table below illustrates the total direct compensation paid to our CEO for fiscal years 2016, 2017 and 2018, including the year-over-year change to his total direct compensation for 2017 and 2018.

CEO Pay-for-Performance Alignment

	Equity-Based	Long-Term Incentives	Annual Performance-Based Cash Bonus	Base Salary	2016	2017	2018	2017	2018	2017	2018	
(in thousands)	\$800	\$1,545	\$3,500	\$5,845	\$800	\$1,350	\$4,500	\$6,650	14%	33%	\$800	\$1,200
	\$4,800	\$6,800	2%	19%	CEO Compensation	\$0	\$1,000	\$2,000	\$4,000	\$5,000	\$6,000	\$7,000
	\$8,000	\$9,000										

The year-over-year growth in our CEO pay during those years was supported by and aligned with our overall financial performance, as demonstrated by our one-year total shareholder return of 33% for 2017 and 19% for 2018. These returns exceeded both the annual total shareholder return for the S&P 500 Index (which was 22% for 2017 and -4% for 2018) and the year-over-year growth in the total direct compensation paid to our CEO for 2017 and 2018.

EXECUTIVE COMPENSATION

2018 Performance and Compensation for Our Other NEOs

The annual performance-based cash bonus paid to our other NEOs for 2018 was also 120% of the applicable target bonus. These payout amounts were calculated based on our organic revenue growth, operating profit, EPS and ROIC performance in 2018 and our achievement of our 2018 non-financial goals that support our long-term business performance and growth.

For greater detail regarding the compensation determinations made by the Compensation Committee with respect to our NEOs, see below under “How We Paid Our NEOs in 2018” beginning on page 64.

Total Direct Compensation Summary

The following table provides an overview of total direct compensation paid to our NEOs for fiscal year 2018, including a breakdown of each of the three key elements of total direct compensation and the 2018 target annual performance-based cash bonus compared to the actual amount of the 2018 annual performance-based cash bonus.

	Annual Performance-Based Cash Bonus			Equity-Based Long-Term Incentives	Total Direct Compensation	
	Base Pay	Target Bonus (% of Base Pay)	Target Bonus (\$)	Actual Bonus		Actual(1)
Jonathan W. Ayers	\$800,000	125%	\$1,000,000	\$1,200,000	\$4,795,888	\$6,795,888
Brian P. McKeon	\$575,000	75%	\$431,250	\$517,500	\$1,798,798	\$2,891,298
Jay Mazelsky	\$575,000	75%	\$431,250	\$517,500	\$1,798,798	\$2,891,298
Michael J. Lane	\$375,000	60%	\$225,000	\$270,000	\$699,588	\$1,344,588
Kathy V. Turner	\$400,000	60%	\$240,000	\$288,000	\$749,542	\$1,437,542

(1) Represents actual grant date fair value computed in accordance with FASB ASC Topic 718.

Key Compensation Practices and Policies

We seek to promote the long-term interests of our shareholders through our prudent compensation practices and policies:

Executive Compensation Program Design

What We Do

- ü Align pay with our performance by having a weighted average of 82% of 2018 target total direct compensation for our NEOs consist of performance-based compensation
- ü Target total direct compensation for our NEOs at the median of our peer group
- ü Focus, in part, on effectiveness of management to invest in the future of the business through its innovation, employees, systems and processes

What We Don't Do

- X No uncapped payouts under our Executive Incentive Plan
- X No purely formulaic calculations of annual performance-based cash bonus amounts — Compensation Committee able to exercise discretion regarding payouts

Equity-Award-Related Practices

What We Do

- ü Grant all equity awards with a five-year vesting schedule, longer than typical market practice
- ü Apply a one-year minimum vesting requirement to equity awards granted to employees
- ü Minimum fair market value exercise price for options
- ü Include non-competition, non-solicitation and related forfeiture provisions in our equity award agreements for our executives

Compensation Governance and Risk Mitigation

What We Do

- ü Review our peer group annually and engage in rigorous, annual benchmarking to align our executive compensation program with the market
- ü Review and verify annually the independence of the Compensation Committee's independent compensation consultant
- ü Conduct an annual compensation program risk assessment
- ü Provide limited benefits and perquisites to our senior executives that are not otherwise made available to our other salaried employees
- ü Require our senior executives to satisfy strict and meaningful stock ownership guidelines to strengthen the alignment with our shareholders' interests
- ü Maintain a clawback policy that allows us to recover annual and long-term performance-based compensation if we are required to restate our financial results, other than a restatement due to changes in accounting principles or applicable law
- ü Hold an advisory vote on executive compensation on an annual basis to provide our shareholders with an opportunity to give feedback on our executive compensation program
- ü Cap annual performance-based cash bonuses at 200% of target

What We Don't Do

- X No dividends or dividend equivalents on unearned equity awards
- X No backdating of options and no repricing or buyout of underwater stock options without shareholder approval

What We Don't Do

- X No employment contracts other than with our CEO
- X No tax gross-ups of perquisites or 280G excise taxes, with the exception of standard tax equalization measures for expatriates
- X No supplemental executive retirement plan
- X No single-trigger change-in-control bonus payments or vesting of equity awards (subject to 25% vesting of equity awards upon a change-in-control)
- X No stock options granted below fair market value
- X No allowance for pledging of our common stock by executive officers and Directors
- X No allowance for employees to hedge or sell short our common stock

EXECUTIVE COMPENSATION

How We Determine Compensation

Philosophy

Attract, motivate and retain talented executives who are aligned and passionate about our

Purpose: to be a great company that creates exceptional long-term value for our customers, employees and shareholders by enhancing the health and well-being of pets, people and livestock

Pay-for-Performance

Framework

In furtherance of this philosophy, our executive compensation program is largely based on a pay-for-performance framework designed to achieve three key objectives

Objectives

1	2	3
Attract, motivate and retain highly-skilled executives.	Create alignment between management and shareholder interests by establishing a strong connection between compensation, stock ownership and creation of shareholder value.	Reward executives for building a highly engaged, high-performance culture that corresponds with our Guiding Principles: <ul style="list-style-type: none"> • Sustaining market leadership; • Exceeding the expectations of our customers; • Empowering and rewarding our employees; • Innovating with intelligence; • Cultivating entrepreneurial spirit; and • Contributing to our communities.

Compensation Elements and Objectives

In support of our executive compensation philosophy and objectives, our executive compensation program consists of the following three key elements, which in total are targeted at the median of our competitive market:

Compensation Key Elements

Base Salary To provide a fixed amount of compensation which is positioned generally at the median of the competitive market for similar positions, and takes into account the individual skills, abilities and performance of each of our executives, which supports our compensation philosophy of attracting and retaining talented individuals.

Annual Performance-Based Cash Bonus To motivate executives to achieve our annual goals for financial performance, as well as achieve key annual goals that strengthen the business and position us for longer-term performance. Target bonus percentages are positioned at the median of the competitive market for similar positions and capped at 200% of target. **Equity-Based Long-Term Incentives** To motivate long-term performance and align the interests of management and shareholders, which supports our compensation philosophy of rewarding long-term performance and sustained shareholder value-creation in a way that attracts and retains talented executives. In general, long-term incentive opportunities vest pro rata over five years and are structured so that, when combined with salary and target bonus opportunity, total target direct compensation is approximately at the median of the market.

Compensation Mix

We believe that variable compensation, such as performance-based cash bonuses and equity-based compensation with five-year vesting, should be a higher percentage of total compensation for our senior executives, including our NEOs, than for our other employees. We also believe that variable compensation relates most directly to the creation of long-term shareholder value by providing strong incentives to achieve strategic and financial objectives over time, as well as serving as a form of compensation that will motivate and retain executives. In general, the total direct compensation mix for our CEO and our other NEOs for 2018 is as follows:

Components of CEO Base Salary 12% Annual Performance-Based Cash Bonus 18% Equity-Based Long-Term Pay Incentives 70% At Risk 88%

Components of Other NEOs' 2018 Base Salary 22% Annual Performance-Based Cash Bonus 19% Equity-Based Pay (Average) Long-Term Incentives 59% At Risk 78%

When the Compensation Committee makes decisions with respect to each element of an executive's compensation, it also considers the total compensation that may be awarded to the executive. Overall, the Compensation Committee's goal is to award compensation that corresponds with the Company's compensation philosophy and objectives when all the elements of the compensation program are considered individually and in total.

EXECUTIVE COMPENSATION

Roles and Responsibilities

The Compensation Committee has engaged Frederic W. Cook & Co., Inc. (“FW Cook”) as its independent compensation consultant. The Compensation Committee, FW Cook and our senior management participated in a collaborative process to determine the compensation that our NEOs earned in 2018:

Responsible Party	Primary Role and Responsibilities Relating to Compensation Decisions
Compensation Committee (Composed solely of independent, non-employee Directors and reports to the Board)	<ul style="list-style-type: none"> • Oversees our executive compensation program, policies and practices, taking into account business goals and strategies, legal and regulatory developments and evolving best practices; • Approves performance goals for purposes of compensation decisions for our NEOs; • Conducts an annual evaluation of the CEO’s performance in consultation with the full Board and determines his compensation; • Reviews and approves the CEO’s recommendations for compensation for the other NEOs and senior executives, making changes when deemed appropriate; • Approves all changes to the composition of the peer group; and • Reviews and makes recommendations to the Board with respect to Director compensation.
Independent Consultant to the Compensation Committee* (FW Cook)	<ul style="list-style-type: none"> • Provides the Compensation Committee with analysis and advice pertaining to CEO, executive and Director compensation program design, including industry survey analysis, explanation of current and developing best practices and regulatory changes; • Recommends a relevant group of peer companies against which to benchmark the competitiveness and appropriateness of our CEO, executive and Director compensation; • Analyzes peer companies’ CEO and executive compensation annually, and Director compensation every two years, to assist the Compensation Committee in determining the appropriateness and competitiveness of our CEO, executive and Director compensation; • Reviews any proposed changes to CEO, executive and Director compensation program design; • Reviews compensation disclosure materials; • Analyzes our compensation practices to assist the Compensation Committee in determining whether risks arising from such practices are reasonably likely to have a material adverse effect on IDEXX; and • Provides specific analysis and advice periodically as requested by the Compensation Committee.
Senior Management	<ul style="list-style-type: none"> • Our CEO recommends to the Compensation Committee annual compensation for the other NEOs and senior executives based on his assessment of their performance; • Our CEO; Corporate Vice President, General Counsel and Corporate Secretary; and our Corporate Vice President and Chief Human Resources Officer work with the Compensation Committee Chairperson to set agendas, prepare materials for Compensation Committee meetings, and generally attend meetings, as appropriate, and prepare meeting minutes; and • Our Chief Financial Officer also works with the Corporate Vice President and Chief Human Resources Officer in the preparation of some materials for Compensation Committee meetings. <p>No member of management is present in Compensation Committee meetings when matters related to his or her individual compensation is under discussion, when the Compensation Committee is approving or deliberating on CEO compensation or when the Compensation Committee otherwise meets in executive session.</p>

*

During 2018, the Compensation Committee was assisted by its independent compensation consultant FW Cook. Other than the support that it provided to the Compensation Committee, FW Cook provided no other services to the Company or management and received no other compensation from the Company, other than for the services provided to the Compensation Committee. During the year, the Compensation Committee conducted an evaluation of the independence of FW Cook considering the relevant regulations of the SEC and the NASDAQ listing standards. The Compensation Committee concluded that the services performed by FW Cook and the individual compensation advisors employed by FW Cook raised no conflicts of interest.

Results of the 2018 “Say-on-Pay” Advisory Vote

At our 2018 Annual Meeting, our shareholders voted 96% (represented by 66,761,624 votes) in favor of approving the compensation of our NEOs and 4% (represented by 2,835,428 votes) against. Although the results of this vote are non-binding, the Compensation Committee considered these results in determining compensation policies and decisions and concluded that the compensation paid to our NEOs and our overall pay practices are strongly supported by our shareholders.

Deductibility of Performance-Based Compensation Under Section 162(m)

In December 2017, the performance-based compensation exception to the deduction limitations of Section 162(m) of the Code was repealed as part of the Tax Cuts and Jobs Act of 2017. Even though the performance-based compensation exception is no longer available and IDEXX has terminated or eliminated certain compensation plans and design features intended to be compliant with this exception, the Compensation Committee remains committed to aligning pay with performance and implemented a compensation plan design for fiscal year 2018 that continues to tie certain compensation elements to the achievement of specific performance conditions, as described below under “Annual Performance-Based Cash Bonus” starting on page 64 and the continued creation of long-term shareholder value, as described below under “Equity-Based Long-Term Incentive Compensation” starting on page 67. The Compensation Committee will continue to take into account all applicable facts and circumstances in exercising its business judgment with respect to compensation plan design in 2019 and beyond, including any applicable tax implications.

Prior to 2018, Section 162(m) only allowed a tax deduction for certain compensation in excess of \$1 million paid to our executive officers (other than our Chief Financial Officer) if the compensation qualified as performance-based in accordance with the requirements of Section 162(m). As a result, prior to 2018, we designed our compensation programs, in part, to enable us to provide performance-based compensation to executives intended to be deductible by the Company for federal income tax purposes.

Compensation Benchmarking and Peer Group

The Compensation Committee believes that market data, including compensation data from a peer group of comparable companies, is essential to determining compensation targets and the actual awards for executives in an effort to attract and retain highly talented senior executives. Market data is used to assess the competitiveness of our compensation packages relative to similar companies and to ensure that our compensation program is consistent with our compensation philosophy. Annually, the Compensation Committee engages FW Cook to conduct a market benchmarking study for our senior executives, including our CEO and our other NEOs. The Compensation Committee’s objective is to provide executives with target total direct compensation that generally corresponds with the market median.

Our executive compensation program is benchmarked against a peer group of medical device, technology and healthcare services companies selected by our Compensation Committee based on recommendations by FW Cook. The composition of this peer group is reassessed by FW Cook annually in order to identify appropriate changes to the group and ensure that it continues to provide an appropriate benchmark for competitive pay analysis, and all changes to the group recommended by FW Cook are subject to the review and approval of our Compensation Committee. We view the peer group selection process as a critical aspect of our executive compensation program because benchmarking our pay practices against our market peers provides us with key information relevant to the attraction and retention of talent and the development of a sustainable cost structure. The composition of our peer group is based upon a number of criteria, including the following:

Industry and Business Characteristics	Our peer companies operate in similar industries and, to the extent possible, have similar cost structures, business models and global reach.
Size	Based on the strong correlation between compensation opportunity levels and company size, we look for comparably sized companies as measured by metrics such as revenue, net income, market capitalization, price to earnings multiple and number of employees. Generally speaking, our peer group companies fall within the range of approximately one-third to three times our size based on revenue, net income and market capitalization.
Competition for Executive Talent	In selecting our peer group, we seek to identify companies with whom we compete with respect to attracting or retaining executive talent.
Competition for Investor Capital	Because compensation expense is a factor in financial performance and resulting margins, it is important to consider companies that shareholders may consider as alternative investment opportunities.
Statistical Reliability	We believe that, in order to provide a statistically significant number of data points that will yield meaningful benchmarking opportunities, our peer group should be comprised of at least twelve

companies, with a target group of between fifteen and twenty.

Overall
Reasonableness

Although, taken in isolation, any one peer company may be identified as a poor comparison based on one or more specific metrics, we view the group as a whole and determine whether, in totality, the group is reasonable and defensible for benchmarking purposes and whether the resulting comparison data is statistically valid.

EXECUTIVE COMPENSATION

In February 2018, when the Compensation Committee set 2018 base salaries and made 2018 equity awards, our peer group included the following firms:

IDEXX Proxy Peer Group (15 Companies in Total)

Align Technology, Inc.	NuVasive, Inc.
Bio-Rad Laboratories, Inc.	ResMed Inc.
The Cooper Companies, Inc.	PerkinElmer, Inc.
DENTSPLY SIRONA Inc.	STERIS plc
Edwards Lifesciences Corporation	Teleflex Incorporated
Hologic, Inc.	Varian Medical Systems, Inc.
Illumina, Inc.	Waters Corporation
Integra LifeSciences Holdings Corporation	

This peer group included the same companies that constituted the peer group referenced by the Compensation Committee when it determined 2017 compensation, except:

• C.R. Bard Inc. and VCA Inc. were removed because they were acquired by other companies;

• Charles River Laboratories International, Inc. was removed due to differences in business model;

• Haemonetics Corporation, Hill-Rom Holdings, Inc. and Stericycle, Inc. were removed due to differences in size; and

• PerkinElmer, Inc. was added because it is industry and size appropriate, consistent with the criteria described above.

The following table sets forth certain information regarding the size and value of the above-referenced peer group companies relative to the Company as of October 2017, which is when this peer group was selected by the Compensation Committee.

Peer Group Comparisons*

(\$ in millions)

	Revenue	Market Capitalization	Net Income	P/E Ratio	Employees
Peer Group 75th Percentile	\$2,783(1)	\$14,203(2)	\$451(1)(3)	61.5(4)	10,850(5)
Peer Group Median	\$2,142(1)	\$10,594(2)	\$285(1)(3)	34.8(4)	7,800(5)
Peer Group 25th Percentile	\$2,026(1)	\$7,490(2)	\$93(1)(3)	30.4(4)	5,780(5)
IDEXX Laboratories, Inc.	\$1,862(1)	\$13,874(2)	\$263(1)	52.7(4)	7,365(5)
IDEXX Laboratories, Inc. – 2018(6)	\$2,213	\$16,457	\$377	43.6	8,377

* All data in this table, except for the IDEXX Laboratories, Inc. – 2018 data, was compiled by FW Cook from Standard & Poor's Capital IQ database.

(1) Most recently reported four quarters publicly available as of September 15, 2017.

(2) As of September 15, 2017. Calculated using the most recently reported shares outstanding and stock price publicly available as of September 15, 2017.

(3) Excludes extraordinary items and discontinued operations, as applicable.

Calculated by dividing the market capitalization as of September 15, 2017 by net income for the most recently

(4) reported four quarters publicly available as of September 15, 2017, excluding extraordinary items and discontinued operations.

(5) Fiscal year employee number based upon the most recently filed Annual Report on Form 10-K as of September 15, 2017.

For comparative purposes only. 2018 data is as of or for the year ended December 31, 2018, except for the number

(6) of employees, which is as of February 6, 2019 and reported in our 2018 Annual Report on Form 10-K. P/E Ratio calculated using a methodology described in footnote (4) above, except as of December 31, 2018.

As part of our compensation benchmarking process, we supplement our peer group data with industry-specific survey data, representing companies similar to IDEXX in size and business model.

How We Paid Our NEOs in 2018

In making compensation determinations with respect to our NEOs, the Compensation Committee gives primary consideration to their impact on the Company’s results in the context of our business model, and scope of responsibility, in addition to past accomplishments, prior experience and other factors, including data on prevailing market compensation levels. Considerable weight is also given to the CEO’s evaluation of the other NEOs because of his unique knowledge of their responsibilities, performance and contributions. For each of our NEOs, the Compensation Committee determines each component of compensation based on overall achievement of our financial and non-financial performance goals.

Base Salary

Base salary levels are reviewed and approved by the Compensation Committee annually, typically in the first fiscal quarter, as part of our compensation planning process. The Compensation Committee targets base salary toward the median for the peer group proxy data and market survey compensation data. Individual executive base salary levels may vary on either side of the median when factoring in our overall financial performance, and an individual’s strengths, level and scope of responsibilities, skills, experience, past performance and potential.

The 2018 base salaries of our NEOs are included in the table under “Summary Compensation Table” on page 72. Mr. Ayers’s 2018 base salary is the same base salary paid to Mr. Ayers since 2013, reflecting our philosophy that the portion of the CEO’s total compensation that is performance-based should grow as a percentage of the total over time. The Compensation Committee approved base salary increases in 2018 for each of the other NEOs to more closely align these base salaries to the median of the proxy peer group and market survey data for these positions and to ensure they are internally equitable, where appropriate.

Annual Performance-Based Cash Bonus

Annual performance-based cash bonuses for 2018 were paid to our CEO and our other NEOs, as well as certain other senior executives, pursuant to our 2018 Executive Incentive Plan (the “Executive Incentive Plan”) adopted by the Compensation Committee in February 2018. Under the Executive Incentive Plan, the amount of each participating senior executive’s annual performance-based cash bonus for 2018 was determined based on the overall performance factor described below.

In connection with adopting the Executive Incentive Plan, the Compensation Committee determined for each NEO and other participating senior executive his or her target annual performance-based cash bonus amount for 2018 based on a percentage of his or her annual base salary:

$$\text{Base Salary} \times \frac{\text{Target Incentive \%}}{\text{Target Annual Performance-Based Cash Bonus Amount}} = \text{Performance-Based Cash Bonus Amount}$$

The Compensation Committee also limited the maximum amount of the 2018 annual performance-based cash bonus payable to any NEO, or other participating senior executive, to 200% of his or her target. These target percentages are intended to provide a suitable mix of fixed and variable compensation and to maintain an appropriate weighting of annual versus longer-term incentives, consistent with our compensation philosophy, and capping the amount of the annual performance-based cash bonus mitigates the risk associated with this type of incentive compensation design.

EXECUTIVE COMPENSATION

The amount of the 2018 annual performance-based cash bonus payable to each NEO and other participating senior executive under the Executive Incentive Plan was determined based upon an overall performance factor that is calculated using two equally-weighted factors:

A financial performance factor (determined by measuring against specific financial metrics selected by the Compensation Committee); and

A non-financial performance factor (determined by measuring the Company’s achievement of non-financial performance goals approved by the Board that are focused on strengthening and positioning the Company for sustained future growth and profitability).

Overall Performance Factor

Target Annual Performance- Based Cash Bonus Amount	x	Financial Performance Factor	+	Non- Financial Performance Factor	=	Actual Annual Performance- Based Cash Bonus Amount
		50% Weighting		50% Weighting		

Financial Performance Factor

The financial metrics used to calculate the financial performance factor are established annually by the Compensation Committee. For 2018, the Executive Incentive Plan included four financial performance metrics: organic revenue growth, operating profit, earnings per share (diluted) and ROIC:

Organic Revenue Growth Rating	+	Operating Profit Rating	+	Earnings per Share (Diluted) Rating	+	ROIC Rating	=	Financial Performance Factor
40% Weighting		20% Weighting		20% Weighting		20% Weighting		

These metrics relate to Company-wide performance that our participating senior executives directly influence, which ensures a connection between their annual performance and the actual performance-based cash bonus payment amounts. Each of these metrics is subject to a rating calculated on a sliding scale, ranging from 50% to 180% (with no payout below threshold performance), using the approved budget goal for the applicable factor as 100% of target payout. The approved budget goals for these metrics are set at levels necessary to meet or exceed our financial goals for the relevant year that are communicated to our shareholders. Establishing these budget goals as performance targets incentivizes our participating senior executives to deliver on those financial goals.

The Company's performance versus the approved budget goal with respect to each financial metric selected by the Compensation Committee for the Executive Incentive Plan for 2018, and the resulting calculation of the financial performance factor, is illustrated in the table below:

	2018 Actual	2018 Approved Budget Goal(1)	Variance to Approved Budget Goal	Payout Rating(2)	Weighting	Weighted Average Percentage
Organic Revenue Growth(3)	11.6%	10.5%	1.1%	119.6%	40.0%	48%
Operating Profit (\$ in millions)	\$491.3	\$485.4	\$6.0	114.9%	20.0%	23%
Earnings per Share (Diluted)	\$4.26	\$4.20	\$0.06	125.2%	20.0%	25%
ROIC(4)	49.3%	49.4%	(0.1)%	99.1%	20.0%	20%
2018 Financial Performance Factor (%)						116%

In evaluating financial performance, the Compensation Committee reviewed the 2018 budget as adjusted to eliminate the effects of changes in foreign currency exchange rates during 2018, as compared to the rates assumed (1) in the budget, as well as the effects of an acquisition, and the tax effects of share-based compensation activity under ASU 2016-09, "Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting."

Achievement of the Company's approved budget goal for each of the financial metrics equates to 100% payout, (2) with separate pre-defined performance scales for each financial metric resulting in an increase or decrease in the percentage payout, as described above.

Organic revenue growth is not a measure defined by GAAP, otherwise referred to herein as a non-GAAP financial measure. In calculating organic revenue growth, we exclude the effect of changes in foreign currency exchange rates because changes in foreign currency exchange rates are not under management's control, are subject to volatility and can obscure underlying business trends. We also exclude the effect of acquisitions that are considered (3) to be acquisitions of "businesses" consistent with ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business" because the nature, size and number of such acquisitions can vary dramatically from period to period and therefore can also obscure underlying business trends. Information regarding organic revenue growth and its calculation is provided in Appendix A.

ROIC is a non-GAAP financial measure. Information regarding ROIC and its calculation is provided in Appendix (4) A.

Non-Financial Performance Factor

The non-financial performance factor is determined by the Compensation Committee by measuring achievement of annual goals approved by the Board and intended to strengthen the business to support long-term performance. The non-financial goals for 2018 for the Executive Incentive Plan in general covered the following objectives:

- Growth of international market presence for our key operating segments, including in Europe, Asia and Latin America;

- Development, commercialization and launch of certain products, including our Catalyst SDMA Test;

- Implementation of operational initiatives intended to improve our reference laboratory diagnostic and consulting services;

- Achievement in upgrading and advancing the functionality of our key, strategic, global IT platforms that benefit customers, global laboratory operations and employees;

- Execution of key risk management initiatives and improvements;

- Focus on identified aspects of talent recruitment and retention, including the expansion and development of our key leadership team, employee engagement positively impacting employee turnover and advancement and promotion of a diverse employee population; and

- Preparation and publication of the Company's first Corporate Responsibility Report.

The Compensation Committee evaluated our performance against these goals and based upon that evaluation and achievement of the non-financial goals described above, including the successful launch of our Catalyst SDMA Test and the publication of our first Corporate Responsibility Report, the Compensation Committee determined that the

non-financial performance factor for the senior executives was 124% of target.

EXECUTIVE COMPENSATION

Overall and Individual Performance Factors

In accordance with the equal weighting applied to the financial and non-financial performance factors set forth in the Executive Incentive Plan, the incentive plan design results in a 120% overall performance factor for the participants in the Executive Incentive Plan. The Compensation Committee also considered the relative contributions made by each participating senior executive to the achievement of the Company’s financial and non-financial goals, as well as other factors such as the scope of and tenure in their roles at the Company, in determining the final amount of each award. Based on the overall performance factor and after considering individual performance assessments and other factors, the Compensation Committee awarded each NEO a 2018 annual performance-based cash bonus that equaled 120% of his or her target. The Compensation Committee believes these performance factors over target are appropriate due to the solid performance of the Company in 2018 and each participating NEO’s contribution to the Company’s performance against the financial and non-financial performance goals described above.

Equity-Based Long-Term Incentive Compensation

We believe that the practice of granting equity-based awards is important in recruiting and retaining the key talent necessary to ensure our continued success. We also believe that granting annual equity-based awards, with a high percentage of those awards made in the form of stock options that vest over five years, provides our executives a strong financial incentive to maximize shareholder returns over the long term. In fact, our compound annual total shareholder return substantially outperformed the S&P 500 Index and the average of our proxy peer group over the last one-, three- and five-year periods.

1-, 3- and 5-Year Compound Annual Total Shareholder Return %*	1 Year	3 Years	5 Years	IDEXX	19%	37%	28%	Proxy Peer Group**
	6%	16%	17%	Index (4%)	9%	8%		

* Based on total return to shareholders, assuming dividend reinvestment for those companies issuing dividends. All three periods ended December 31, 2018.

** Average of the proxy peer group identified on page 63 and excludes IDEXX.

The following table summarizes the key aspects of the annual equity compensation awards made to our senior executives (including our NEOs):

Aspect of Equity Awards	Description
Types of Equity Awards	<p>Annual equity awards may consist of stock options, RSUs or a combination of both. Because stock options have value only to the extent our stock price increases in comparison to the stock price on the date of the grant, and vest ratably over five years with ten-year terms (except for those granted prior to the 2013 Annual Meeting, which have seven-year terms), they directly reward creation of long-term shareholder value after the grant date. For these reasons, we view options as an effective means of implementing our compensation philosophy that emphasizes pay-for-performance and seeks to align the interests of our executives and shareholders. RSUs, which also vest pro-rata over five years, vary in value depending on the stock price of our common stock prior to vesting, but generally will have some value in the long term, which encourages retention and rewards the creation of shareholder value over time. The design of our annual equity awards is easy to understand, communicate and administer and empowers and incentivizes our senior executives to identify and achieve the most strategically important objectives in their respective areas of responsibility to create long-term shareholder value. All equity awards have a five-year vesting schedule, which is longer than typical market practice, because we believe this further aligns the interests of our executives with the long-term interest of shareholders while also providing a retention benefit for the Company.</p>
Five-Year Vesting Schedule	<p>Our employee equity awards granted in 2018 and later permit continued vesting of those equity awards for an additional two vesting periods after retirement for eligible employees, which enhances our ability to attract and retain talent and facilitates succession and transition planning for key positions.</p>
Ten-Year Term and Expiration	<p>Annual stock option awards granted on or after the date of our 2013 Annual Meeting generally expire on the day immediately prior to the tenth anniversary of their grant date, and annual stock option awards granted prior to the date of our 2013 Annual Meeting generally expire on the day immediately prior to the seventh anniversary of their grant date. Generally, our annual stock option awards granted to our employees are exercisable only while employed or within three months after ceasing to be an employee of the Company. However, annual stock option awards granted in 2018 and later continue to vest for an additional two vesting periods after retirement for eligible employees, and these awards remain exercisable by eligible employees until the 90th day following the second, post-retirement vesting date (or the tenth anniversary of their grant dates, if earlier). This feature — which extends the period of option award vesting and exercisability for eligible employees — further enhances our ability to attract and retain talent and facilitate succession and transition planning for key positions. Given the different risk/reward characteristics of options and RSUs and alignment with our executive compensation philosophy, the Compensation Committee believes that the equity awards granted to executives should have a greater proportion of stock options relative to RSUs:</p>
Mix of Equity Incentive Compensation	<ul style="list-style-type: none"> • Executives have the most direct impact on our performance and should bear the highest risk, and realize the highest potential reward, associated with that performance. • Based on our CEO’s substantial impact on our performance and ability to create shareholder value over the long term, since 2015 our CEO has received 100% of his annual equity award in the form of stock options that vest over five years. • Senior executives (other than the CEO) generally receive 75% of their equity award value in the form of stock options and 25% of their equity award value in the form of RSUs. <p>We believe that these higher percentages of options, which only have value to the extent our stock price increases, combined with the five-year vesting period, serve as effective incentives to create long-term shareholder value for our CEO and the other NEOs, which is evidenced by our strong stock price performance over the last several years.</p>

In determining the size of annual equity awards to each NEO, the Compensation Committee begins with a competitive assessment based upon our proxy peer group and market survey data. The determination of the equity award is based on the responsibilities of each NEO's position. The size of annual award value is determined based on the executive's job scope, long-term leadership potential, the size of prior awards, total compensation relative to median total compensation for market-comparable positions, and the impact of the equity award values in total on shareholder dilution and shareholder value transfer in relation to the average of such totals for the proxy peer group.

In February 2018, the Compensation Committee granted Mr. Ayers stock options with an aggregate grant value of approximately \$4,800,000, which vest ratably over five years and have a ten-year term. Although the Compensation Committee considered the peer group proxy and market data in making this equity award, it did not target any particular percentage of the median total direct compensation and determined the amount of the award in its discretion. However, the Compensation Committee believes this award results in total direct compensation for the CEO that is below median in relation to the benchmark group, consistent with good compensation practices and our philosophy of creating long-term value for the benefit of our shareholders.

EXECUTIVE COMPENSATION

In February 2018, the Compensation Committee granted stock options and RSUs with an aggregate grant value of approximately \$1,800,000 to each of Mr. McKeon and Mr. Mazelsky, \$750,000 to Ms. Turner, and \$700,000 to Mr. Lane, in each case that vest ratably over five years and have a ten-year term. Each of these NEOs received 75% of their equity award value in the form of stock options and 25% of their equity award value in the form of RSUs. In determining the size of equity awards granted to these NEOs in 2018, the Compensation Committee reviewed compensation summaries for each that set forth the value of outstanding vested and unvested stock options and vesting of RSUs and the cumulative value realized by the executives upon exercise of stock options and vesting of RSUs since commencement of employment. As with the determination of Mr. Ayers's equity award, the Compensation Committee considered the peer group proxy and market data in making these equity awards, but did not target any particular percentage of the median total direct compensation and determined the amounts of the awards in its discretion. The Compensation Committee also reviewed an analysis of the Company's aggregate share usage and aggregate fair value of equity compensation awarded by the Company, relative to the Company's prior levels and in relation to the peer group's aggregate fair values as a percentage of market capitalization. The aggregate fair value of equity compensation awarded in 2018 as a percentage of market capitalization was below the median of the latest year of peer group data and below the median for the average of the past three years. The Compensation Committee considered this information as well as Mr. Ayers's advice and recommendation regarding the prospects for long-term contribution by each of the NEOs, other than Mr. Ayers, in making these 2018 equity awards.

In 2018, the Compensation Committee simplified the design of the equity-based long-term incentive program by granting all time-based RSUs and eliminating the granting of RSUs with a performance-based hurdle in addition to the time-based vesting requirements. The reason for this change is multi-fold. First, we had previously granted RSUs with the additional performance-based vesting hurdle with the intention of the awards being eligible to qualify as performance-based compensation under Section 162(m) of the Code, but given the recent repeal of the performance-based compensation exception to the deduction limitations of Section 162(m) of the Code, this benefit was eliminated. Second, the elimination of the performance-based RSUs did not diminish the strong alignment between our equity-based long-term incentives and shareholder value-creation; the primary component of the program continues to be stock options, which provide value to the recipient only in the case of stock price appreciation. Finally, we believe that granting time-based RSUs without a performance-based hurdle to our senior executives more effectively incentivizes strong individual achievement of the most strategically important objectives in each senior executive's areas of responsibility, all of which ultimately contribute to our financial results and support our long-term goals.

Minimal Benefits and Perquisites

We provide health and welfare benefits to our salaried employees, including our NEOs. This includes health insurance, affordable access to physical fitness facilities, life insurance and disability insurance. In addition, all full-time U.S. employees of the Company and its domestic subsidiaries that have been employed for at least one month have an opportunity to purchase shares of our common stock through payroll deductions pursuant to our 1997 Employee Stock Purchase Plan.

In 2018, the only benefits available exclusively to our senior executives were Company-funded, elective supplemental disability coverage, annual executive physical examinations and wellness coaching, and tax return preparation and planning services, which have a combined value of under \$11,000 per executive. The supplemental disability coverage is provided for additional financial security in the case of disability. Annual physical examinations and wellness coaching are provided because the health of our executives is critical to their performance. The tax preparation and planning service is provided to maximize the amount of time that our senior executives are able to spend on Company business rather than personal financial matters. In addition to these benefits, we provided Ms. Turner with certain allowances and adjustments related to her relocation to the Netherlands on an expatriate assignment, as described below. We do not gross up executives' perquisites and benefits to compensate for any taxes due on the value of these perquisites and benefits, with the exception of typical tax equalization benefits for executives on expatriate assignments, including Ms. Turner.

Ms. Turner and her family relocated to our Netherlands office in 2014 on an expatriate assignment, and returned to the U.S. in 2018. As a result of this expatriate assignment, Ms. Turner received certain benefits in 2018 that are consistent with benefits typically afforded to expatriate employees and their families, such as cost-of-living adjustments, housing and car allowances and payment of relocation expenses. The Company also provided tax equalization benefits to Ms. Turner due to increased taxes and imputed income from her overseas assignment, including gross-ups of such amounts, which is also consistent with common practice for expatriates. For greater detail regarding these expatriate benefits provided to Ms. Turner, see the Summary Compensation Table (and accompanying footnotes) on page 72.

How We Manage Risk and Governance
Executive Stock Ownership and Retention

We maintain stock ownership guidelines intended to further align the financial interests of our senior executives with those of our shareholders. These guidelines, which set target levels of ownership of our common stock for our NEOs and other senior executives (including all of our Corporate Vice Presidents), were amended on February 14, 2018 to increase the target levels for our CEO and Executive Vice Presidents:

	Target Multiple of Annual Base Salary under Guidelines at December 31, 2017	Target Multiple of Annual Base Salary under Amended Guidelines
CEO	6X	10X
Executive Vice Presidents	3X	4X
Corporate Vice Presidents	1X	1X

We believe that the higher target multiples applicable to the CEO and our Executive Vice Presidents are appropriate given the greater relative scope of responsibilities relating to long-term shareholder value-creation associated with those positions. These target levels determine whether the senior executive must retain additional stock acquired upon the vesting and release of RSUs, deferred stock units (“DSUs”) or the exercise of options. Specifically, unless and until the value of our common stock held by a senior executive equals or exceeds his or her target level at the end of a calendar year, this executive must retain:

- At least 75% of our common stock received upon the exercise of options or the vesting and release of RSUs or DSUs during the following year, after payment or withholding of any applicable exercise price and taxes; and
- All other shares of our common stock held by the senior executive.

We do not apply the value of stock options or unvested RSUs towards satisfying these guidelines, as we believe that these guidelines are meant to encourage outright ownership of our common stock and to further align the financial interests of our senior executives with those of our shareholders. Each senior executive’s compliance with the guidelines is measured annually as of December 31 and reviewed by the Compensation Committee. All NEOs were in compliance with the guidelines as of December 31, 2018, and the value of each of our NEO’s holdings in our common stock as of December 31, 2018 exceeded his or her target ownership under the guidelines.

Recovery of Incentive Compensation (Clawback Policy)

Under our Policy of Recovery of Incentive Compensation, or “clawback” policy, we may seek to recover certain performance-based incentive compensation (including performance-based equity compensation) granted to our executives in the event we are required to restate our financial results for any of the three most recent fiscal years completed after March 3, 2010, other than a restatement due to changes in accounting principles or applicable law.

Policy on Short-Sales, Derivatives and Hedging

Pursuant to our Policy on Short Sales, Derivative Transactions and Hedging, no employee of the Company may engage in short sales of our securities; purchases or sales of puts, calls or other derivative securities based on our securities; or purchases of financial instruments that are designed to hedge or offset any decrease in the market value of our securities.

Anti-Pledging Policy

We maintain a Policy on Pledging of Company Stock that prohibits our Directors and senior executives from pledging or otherwise encumbering our equity securities as collateral for indebtedness, including holding shares in a margin or similar account that would subject our equity securities to margin calls.

CEO Employment Agreement

In connection with the hiring of Mr. Ayers as our President, CEO and Chairman of the Board in January 2002, the Company entered into an employment agreement with Mr. Ayers that stipulates severance terms if he were to be terminated by the Company other than for cause. Cause is defined in the employment agreement as willful, material misconduct; gross negligence in the performance of his duties on behalf of the Company; or a breach of his invention and non-disclosure agreement or non-compete agreement with the Company.

EXECUTIVE COMPENSATION

Change in Control Agreements

Each of the NEOs and certain other senior executives has a change in control agreement with the Company. The purpose of these agreements is to provide strong incentives for these senior executives to act in the best interest of our shareholders 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. The agreements generally provide for a lump-sum payment of a prorated portion of the senior executive's target bonus for the year of termination, an amount equal to two times (or three times in the case of the CEO) the sum of the senior executive's annual base salary and the average bonus received by the senior executive for the three full fiscal years preceding the change in control, as well as the continuation of benefits for two years (or three years in the case of the CEO) following a qualifying termination. Upon a change in control, 25% of the outstanding equity awards granted to all of our participants, including our senior executives, will vest. The agreements also provide for immediate vesting of all equity awards in the event of a qualifying termination within two years following a change in control, but do not provide for any 280G excise tax gross-ups. The change in control agreements renew annually unless we provide notice of our intent not to renew. The Compensation Committee believes these terms are reasonable and consistent with market practice. The Compensation Committee periodically reviews the change in control agreements and obtains updated industry benchmarking advice from FW Cook to assist in determining whether any modifications to the agreements are necessary or whether we should permit renewal.

Equity Award Grant Policy

We have adopted an equity award granting policy that determines when and how equity awards are granted by the Company. This policy provides for fixed award dates that occur outside the quarterly quiet periods during which our executives and Directors are precluded from trading in our securities. Most equity awards, including all annual awards to the NEOs, are made on or about February 14 of each year, which shortly follows both our earnings announcement for the fourth quarter of the prior year and the Compensation Committee meeting at which annual compensation determinations are made. All annual equity awards to our NEOs require the approval of the Compensation Committee. All other equity grants are typically authorized by the Compensation Committee. Pursuant to the equity award granting policy, the Compensation Committee has delegated to the Compensation Committee Chairperson the power and authority to grant certain new hire equity awards for executive officers, subject to certain limitations set forth in the equity award granting policy.

Risk Analysis

The Compensation Committee engaged FW Cook to conduct an analysis of our compensation practices in order to assist the Compensation Committee in determining whether those practices created risks that were reasonably likely to have a material adverse effect on the Company. The results of this analysis were presented by FW Cook to the Compensation Committee in December 2018. Based on this analysis, the Compensation Committee determined that our compensation practices were not reasonably likely to have a material adverse effect on the Company. This conclusion was based on the use of a reasonably balanced pay mix; multiple performance metrics used for the cash bonus plan, including non-financial goals; capped cash bonus payouts; multi-year equity compensation vesting periods; stock ownership guidelines; a clawback policy; and a prohibition against pledging and hedging activity.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth in this Proxy Statement for the year ended December 31, 2018. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors, and the Board of Directors has approved, the inclusion of the Compensation Discussion and Analysis in this Proxy Statement.

Compensation Committee

M. Anne Szostak, Chair

Rebecca M. Henderson, PhD

Lawrence D. Kingsley

Executive Compensation Tables

Summary Compensation Table

The following table sets forth the compensation earned during 2018, 2017 and 2016 by our CEO, Chief Financial Officer, and the three other highest-paid executives for the Company's 2018 fiscal year.

Name and Principal Position	Year	Salary	Bonus	Stock Awards(1)	Option Awards(1)	Non-Equity Incentive Plan Compensation(2)	All Other Compensation	Total Compensation
Jonathan W. Ayers(3) President and Chief Executive Officer	2018	\$800,000	–	\$–	\$4,795,888	\$1,200,000	\$24,062(4)	\$6,819,950
	2017	800,000	–	–	4,493,126	1,350,000	22,225	6,665,351
	2016	800,000	–	–	3,497,863	1,545,000	20,818	5,863,681
Brian P. McKeon Executive Vice President, Chief Financial Officer and Treasurer	2018	\$570,577	–	\$449,928	\$1,348,870	\$517,500	\$19,059(5)	\$2,905,934
	2017	549,538	–	324,972	973,510	559,000	15,951	2,422,971
	2016	533,538	–	274,996	824,505	621,000	17,227	2,271,266
Jay Mazelsky Executive Vice President	2018	\$555,385	–	\$449,928	\$1,348,870	\$517,500	\$25,442(6)	\$2,897,125
	2017	469,462	–	324,972	973,510	479,000	22,889	2,269,833
	2016	447,969	–	250,027	749,542	600,000	22,625	2,070,163
Michael J. Lane(7) Corporate Vice President	2018	\$365,385	–	\$175,051	\$524,537	\$270,000	\$22,702(8)	\$1,357,675
	2017	–	–	–	–	–	–	–
	2016	–	–	–	–	–	–	–
Kathy V. Turner(9) Corporate Vice President	2018	\$387,500	–	\$187,530	\$562,012	\$288,000	\$510,811(10)	\$1,935,853
	2017	–	–	–	–	–	–	–
	2016	–	–	–	–	–	–	–

Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. See Note 5 to our (1) consolidated financial statements included in our 2018 Annual Report on Form 10-K for the relevant assumptions used to determine the valuation of our stock awards and stock options.

Amounts shown reflect the NEOs' annual, performance-based cash bonus amounts under our Executive Incentive (2) Plan. See the discussion under "Compensation Discussion and Analysis – How We Paid Our NEOs in 2018 – Annual Performance-Based Cash Bonus" on page 64 above.

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

Amount shown includes \$13,750 in Company matching contributions under the Company's 401(k) plan, and the (4) remainder includes tax preparation fees, reimbursements for executive physical examinations and premiums paid on behalf of Mr. Ayers under the Company's disability and life insurance plans.

Amount shown includes \$13,750 in Company matching contributions under the Company's 401(k) plan, and the (5) remainder includes tax preparation fees, reimbursements for executive physical examinations and premiums paid on behalf of Mr. McKeon under the Company's disability and life insurance plans.

Amount shown includes \$13,750 in Company matching contributions under the Company's 401(k) plan, and the (6) remainder includes tax preparation fees, reimbursements for executive physical examinations and premiums paid on behalf of Mr. Mazelsky under the Company's disability and life insurance plans.

(7) Mr. Lane became an executive officer on May 9, 2018.

Amount shown includes \$13,750 in Company matching contributions under the Company's 401(k) plan, and the (8) remainder includes tax preparation fees, reimbursements for executive physical examinations and premiums paid on behalf of Mr. Lane under the Company's disability and life insurance plans.

(9) Ms. Turner became an executive officer on May 9, 2018.

(10) Amount shown includes an aggregate of \$482,256 relating to Ms. Turner's international expatriate assignment in the Netherlands, consisting of: (a) \$19,578 in cost-of-living adjustments; (b) \$50,031 in other allowances (\$20,025 relating to car allowance and \$30,006 relating to housing allowance); (c) \$259,972 in tax equalization benefits and gross-ups; and (d) \$152,495 in relocation. The remainder includes \$13,750 in Company matching contributions under the Company's 401(k) plan, \$11,205 in company-given award, and the remainder includes

reimbursements for premiums paid on behalf of Ms. Turner under the Company's disability and life insurance plans.

EXECUTIVE COMPENSATION

2018 Grants of Plan-Based Awards

The following table sets forth each grant of an award made to the NEOs during the Company's 2018 fiscal year. All equity awards were made under our 2009 Stock Incentive Plan (the "2009 Plan") described below.

Name	Grant Date	Action Date(1)	Estimated Possible Pay-outs Under Non-Equity Incentive Plan Awards(2)		Estimated Possible Pay-outs Under Equity Incentive Plan Awards(5)(7)	All Other Option Awards: # of Securities Underlying Options(6)(7)	Exercise/ Base Price of Option Awards(1)	Grant Date Fair Value of Stock Option Awards(8)
			Target (\$)(3)	Maximum (\$)(4)				
Jonathan W. Ayers(9)	2/14/2018	2/14/2018	–	–	–	–	–	\$–
	2/14/2018	2/14/2018	–	–	–	91,376	\$178.26	4,795,888
	–	–	\$1,000,000	\$2,000,000	–	–	–	–
Brian P. McKeon	2/14/2018	2/14/2018	–	–	2,524	–	–	\$449,928
	2/14/2018	2/14/2018	–	–	–	25,700	\$178.26	1,348,870
	–	–	\$431,250	\$862,500	–	–	–	–
Jay Mazelsky	2/14/2018	2/14/2018	–	–	2,524	–	–	\$449,928
	2/14/2018	2/14/2018	–	–	–	25,700	\$178.26	1,348,870
	–	–	\$431,250	\$862,500	–	–	–	–
Michael J. Lane	2/14/2018	2/14/2018	–	–	982	–	–	\$175,051
	2/14/2018	2/14/2018	–	–	–	9,994	\$178.26	524,537
	–	–	\$225,000	\$450,000	–	–	–	–
Kathy V. Turner	2/14/2018	2/14/2018	–	–	1,052	–	–	\$187,530
	2/14/2018	2/14/2018	–	–	–	10,708	\$178.26	562,012
	–	–	\$240,000	\$480,000	–	–	–	–

On February 14, 2018, the Compensation Committee approved the grant of the above stock options and RSUs to (1) the NEOs at the closing sale price of the common stock on the NASDAQ Global Select Market on February 14, 2018.

The non-equity incentive plan awards reported under this caption represent the possible annual, performance-based cash bonus amounts under our Executive Incentive Plan, the material terms of which are discussed under "Compensation Discussion and Analysis – How We Paid Our NEOs in 2018 – Annual Performance-Based Cash Bonus" above. The actual award payments under the Executive Incentive Plan, as determined by the Compensation Committee on February 14, 2019, are included in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table above. The Executive Incentive Plan does not provide for a threshold payout, and if minimum performance goals are not met, no annual performance-based cash bonus is earned under the plan. Annual performance-based cash bonus amounts awarded under the Executive Incentive Plan are determined by multiplying a target bonus, represented as a percentage of annual base salary, by a factor calculated by combining two equally weighted measures: (1) Company financial performance against budget with respect to pre-determined financial metrics, and (2) achievement of non-financial performance goals. For a discussion of the 2018 financial metrics and performance goals under the Executive Incentive Plan, see "Compensation Discussion and Analysis – How We Paid Our NEOs in 2018 – Annual Performance-Based Cash Bonus" above. For 2018, Mr. Ayers had a target bonus of 125% of base salary, Mr. McKeon and Mr. Mazelsky each had a target bonus of 75% of base salary and Mr. Lane and Ms. Turner each had a target bonus of 60% of base salary. The "Target" amount set forth above represents an assumption that the financial and non-financial performance goal ratings for each of the NEOs participating in the Executive Incentive Plan is 100%.

(4)

The maximum annual performance-based cash bonus for fiscal year 2018 was determined under the Executive Incentive Plan as 200% of target bonus.

- Granted under our 2009 Plan as RSUs that vest in equal annual installments over a five-year period commencing on the first anniversary of the date of grant (subject to the executive's continued employment). For more information regarding these RSUs, see the information under "Compensation Discussion and Analysis – How We Paid Our NEOs in 2018 – Equity-Based Long-Term Incentive Compensation" beginning on page 67.
- (5) Options become exercisable in equal annual installments over a five-year period commencing on the first anniversary of the date of grant (subject to the executive's continued employment).
- (6)

Pursuant to the 2009 Plan, upon a change in control of IDEXX, each outstanding stock option or RSU award held by all employees of IDEXX, including executives, is subject to the vesting provisions described below under “Stock Incentive Plans.” Under the change in control agreements between the Company and each of its executives, vesting of options and RSUs held by each executive may accelerate in full in the event of a change in control of the Company followed by a qualifying termination of the executive’s employment, as described below under “Change in Control Agreements.”

Reflects the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. See Note 5 to our consolidated financial statements included in our 2018 Annual Report on Form 10-K for the relevant assumptions used to determine the valuation of our stock awards and stock options.

In the event of termination of Mr. Ayers’s employment by the Company other than for cause (except following a change in control), his stock options and RSUs will continue to vest in accordance with their terms for two years.

See “Employment Agreements” below.

In addition to the footnotes to the Summary Compensation Table and 2018 Grants of Plan-Based Awards table above, the following sections of this Proxy Statement further describe other material factors of the compensation and awards described in those tables. For a description of the material terms of Mr. Ayers’s employment agreement and the change in control agreements for each of our NEOs, see “Employment Agreements” and “Change in Control Agreements” below; for a description of the material terms of the 2018 Plan and 2009 Plan, see below under “Stock Incentive Plans.” For an explanation of the amount of salary and bonus in proportion to total compensation, and a description of the criteria applied in determining grants of plan-based awards, see the “Compensation Discussion and Analysis” above.

EXECUTIVE COMPENSATION

2018 Outstanding Equity Awards at Fiscal Year End

The table below sets forth information with respect to unexercised options and stock that has not vested for each of the NEOs as of the end of the Company's 2018 fiscal year.

Name	Grant Date(2)	Option Awards(1)		Option Exercise Price(\$)	Option Expiration Date(3)	Stock Awards(1)	
		# of Securities Underlying Unexercised Options Exercisable	# of Securities Underlying Unexercised Options Unexercisable			# of Shares/ Units of Stock Not Vested	Market Value of Shares or Units of Stock that Have Not Vested\$(4)
Jonathan W. Ayers(5)	2/14/2012	247,714	–	43.710	2/13/2019	–	–
	2/14/2013	111,820	–	45.840	2/13/2020	–	–
	2/14/2014	72,546	18,136	62.000	2/13/2024	1,774	329,999
	2/14/2015	89,934	59,954	79.540	2/13/2025	–	–
	2/14/2016	79,772	119,658	67.850	2/13/2026	–	–
	2/14/2017	22,184	88,733	141.600	2/13/2027	–	–
	2/14/2018	–	91,376	178.260	2/13/2028	–	–
Brian P. McKeon(6)	5/9/2012	7,504	–	44.045	5/8/2019	–	–
	5/8/2013	8,790	–	43.680	5/7/2023	–	–
	1/1/2014	30,269	9,447	53.185	12/31/2023	2,820	524,576
	2/14/2014	29,679	7,419	62.000	2/13/2024	726	135,051
	2/14/2015	22,484	14,988	79.540	2/13/2025	1,257	233,827
	2/14/2016	18,804	28,205	67.850	2/13/2026	2,431	452,215
	2/14/2017	4,807	19,225	141.600	2/13/2027	1,836	341,533
Jay Mazelsky(7)	2/14/2018	–	25,700	178.260	2/13/2028	2,524	469,514
	9/1/2012	9,154	–	47.530	8/31/2019	–	–
	2/14/2013	28,216	–	45.840	2/13/2020	–	–
	12/5/2013	49,002	–	52.000	12/4/2023	–	–
	2/14/2014	16,488	4,122	62.000	2/13/2024	403	74,966
	2/14/2015	16,864	11,240	79.540	2/13/2025	942	175,231
	2/14/2016	17,094	25,641	67.850	2/13/2026	2,211	411,290
Michael J. Lane	2/14/2017	4,807	19,225	141.600	2/13/2027	1,836	341,533
	2/14/2018	–	25,700	178.260	2/13/2028	2,524	469,514
	2/14/2013	33,322	–	45.840	2/13/2020	–	–
	2/14/2014	1,186	824	62.000	2/13/2024	242	45,017
	2/14/2015	24	1,498	79.540	2/13/2025	376	69,944
	2/14/2016	3,629	7,692	67.850	2/13/2026	663	123,331
	2/14/2017	2,219	8,873	141.600	2/13/2027	847	157,559
Kathy V. Turner(8)	2/14/2018	–	9,994	178.260	2/13/2028	982	182,672
	6/1/2014	6,445	1,611	64.240	5/31/2024	466	86,685
	2/14/2015	6,746	4,496	79.540	2/13/2025	376	69,944
	2/14/2016	5,129	7,692	67.850	2/13/2026	663	123,331
	2/14/2017	2,219	8,873	141.600	2/13/2027	847	157,559
2/14/2018	–	10,708	178.260	2/13/2028	1,052	195,693	

(1) Upon a change in control of IDEXX, each outstanding stock option or RSU award held by all employees of IDEXX, including executives, is subject to the vesting provisions described below under "Stock Incentive Plans." Under the change in control agreements between the Company and each of its executives, vesting of options and

RSUs held by each executive may accelerate in full in the event of a change in control of the Company followed by a qualifying termination of the executive's employment. See "Change in Control Agreements" below.

Options become exercisable in equal annual installments over a five-year period commencing on the first (2) anniversary of the date of grant. RSUs vest in equal installments over a five-year period commencing on the first anniversary of the date of grant.

Options granted between 2006 and the day before the date of our 2013 Annual Meeting expire on the day (3) immediately prior to the seventh anniversary of the date of grant, and options granted on or after the date of our 2013 Annual Meeting expire on the day immediately prior to the tenth anniversary of the date of grant.

(4) Market value is determined by multiplying the number of shares by \$186.02, the closing sale price of the Company's common stock on December 31, 2018.

In the event of termination of Mr. Ayers’s employment by the Company other than for cause except following a (5) change in control, his stock options and RSUs will continue to vest in accordance with their terms for two years (see “Employment Agreements” below).

(6) Mr. McKeon was granted awards prior to January 1, 2014 as a Director. All grants on or after January 1, 2014 were in connection with his hiring or employment as Executive Vice President, Chief Financial Officer and Treasurer.

(7) Mr. Mazelsky was granted awards on September 1, 2012 in connection with his hiring as Executive Vice President in July 2012.

(8) Ms. Turner was granted awards on June 1, 2014 in connection with her hiring as Corporate Vice President in May 2014.

2018 Option Exercises and Stock Vested

The table below sets forth information with respect to exercises of stock options and vesting of RSUs for the NEOs during the 2018 fiscal year.

Name	Option Awards(1)		Stock Awards(2)	
	# Shares Acquired	Value Realized on Exercise(\$)	# Shares Acquired	Value Realized on Vesting(\$)
Jonathan W. Ayers	196,680	31,121,268	3,934	701,275
Brian P. McKeon	8,482	1,166,403	5,445	908,924
Jay Mazelsky	–	–	3,576	655,275
Michael J. Lane	8,450	1,438,280	1,159	206,603
Kathy V. Turner	–	–	1,087	211,057

(1) Reflects the gross number of shares acquired and value realized upon exercise by each NEO, without reduction for shares that were used to pay the exercise price or to satisfy tax obligations.

(2) Reflects the number of shares acquired and value of such shares upon vesting prior to the withholding of the following number of shares for each NEO to satisfy such officer’s tax obligations: Ayers (1,828), McKeon (1,998), Mazelsky (1,224), Lane (358) and Turner (285).

EXECUTIVE COMPENSATION

2018 Nonqualified Deferred Compensation

The table below sets forth information with respect to voluntary contributions, earnings and distributions for the NEOs under our Executive Deferred Compensation Plan (the “Executive Plan”). Cash compensation voluntarily deferred by the executive under the Executive Plan is invested in a hypothetical investment account denominated as a number of DSUs equal to the compensation deferred into such account divided by the closing sale price of a share of our common stock on the date of the applicable deferral. Investment accounts are not subject to any interest or other investment returns or earnings, other than returns or earnings produced by fluctuations in the price of a share of IDEXX common stock affecting the value of the DSUs in the account. The DSUs are fully vested and non-forfeitable, since they represent compensation already earned and voluntarily deferred. Upon distribution, an executive receives a number of shares of our common stock equal to the number of DSUs in his or her account. An executive can elect to receive his or her distribution in either a lump sum amount or in a fixed schedule. However, except upon a change in control or in the event of the executive’s death or an “unforeseeable emergency” (as defined in the Executive Plan), an executive cannot receive shares of IDEXX common stock equal to the number of DSUs in his or her account sooner than one year following termination of his or her employment with the Company for any reason. In the case of an executive who has been identified by the plan administrator as a “specified employee” with the meaning of Section 409A(a)(2)(B) of the Code, his or her distribution may not occur sooner than six months following his or her termination of employment. Upon a “change in control” of the Company (as defined in the Executive Plan), all benefits under the Executive Plan shall be distributed.

The Board approved the suspension of the Executive Plan in February 2013, and following the suspension, no executives could elect to participate in the Executive Plan. Suspension of the Executive Plan does not affect the investment accounts for executives who elected to participate in the Executive Plan prior to December 31, 2012, and distributions from such accounts will be made pursuant to the executive’s stated distribution election and the terms of the Executive Plan.

Name	Executive Contribution in 2018	Registrant Contributions in 2018	Aggregate Earnings Accrued in 2018(1)	Aggregate Withdrawals/ Distributions	Aggregate Balance at December 31, 2018
Jonathan W. Ayers	\$–	\$–	\$1,753,621	\$–	\$11,005,687(2)
Brian P. McKeon	–	–	–	–	–
Jay Mazelsky	–	–	–	–	–
Michael J. Lane	–	–	–	–	–
Kathy V. Turner	–	–	–	–	–

(1) Represents the increase in the value of DSUs during 2018. No portion of the amounts reported in this column represent above-market or preferential interest or earnings accrued on the applicable plan and, accordingly, have not been included in a “Change in Pension Value and Nonqualified Deferred Compensation Earnings” column of the 2018 Summary Compensation Table.

(2) This amount represents the portions of bonuses earned by Mr. Ayers in 2003, 2004 and 2005 that he elected to defer under the Executive Plan, plus all earnings accrued thereon in subsequent years. The bonuses were payable (absent the deferral) in February 2004, 2005 and 2006, respectively, and represented compensation for 2003, 2004 and 2005 in the amounts of \$273,000, \$288,750 and \$325,000, respectively, and as such those amounts were reported in the Summary Compensation Tables for those years.

CEO Pay Ratio

Pursuant to Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, we are required to provide annual disclosure of the ratio of (i) the median of annual total compensation of all of our employees other than our CEO, who is Mr. Ayers, to (ii) the total annual compensation of Mr. Ayers.

For fiscal year 2018, the annual total compensation for Mr. Ayers was \$6,819,950 (as reported in the “Total Compensation” column of the Summary Compensation Table above) and, based on the methodology, adjustments and estimates described below, the estimated annual total compensation for the employee identified at the median of our Company (other than Mr. Ayers) was calculated as \$52,734. Based on this information, the ratio of Mr. Ayers’s annual total compensation to that of our median employee for fiscal year 2018 was estimated to be 129 to 1.*

The foregoing pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules, which permit the use of estimates, assumptions and adjustments in connection with the identification of our median employee. Because the applicable SEC rules permit companies to adopt a variety of methodologies and exclusions and to make reasonable estimates and assumptions based on the particular compensation practices of such companies, the pay ratio reported by other companies may not be comparable to the one we report above.

In calculating this ratio, we used the same median employee that we identified for fiscal year 2017, as permitted by the applicable SEC rules, because there has been no change in our employee population or employee compensation arrangements that we believe could significantly affect our pay ratio calculations. We identified this median employee, who is an hourly employee located in the United States, by examining the total gross earnings (i.e., base * salary plus bonus or commission, income from vesting equity, if applicable, overtime paid and other income and allowances) for all individuals, excluding Mr. Ayers, who were employed by us on December 31, 2017 (whether employed on a full-time, part-time, seasonal or temporary basis). As of this date, we estimate that we had a total of 7,979 such employees, of whom 5,148 are U.S. employees and 2,831 are non-U.S. employees. For purposes of identifying the median employee, we excluded, as the SEC rules allow, certain non-U.S. employees, as depicted in the following table:

Total U.S. Employees	5,148
Total Non-U.S. Employees (no exclusions)	2,831
Total Employees (as of December 31, 2017)	7,979
Exclusions (by jurisdiction):	
Brazil	117
Czech Republic	5
Denmark	6
India	6
Korea	12
Mexico	9
New Zealand	62
Norway	4
Poland	16
Russia	15
Singapore	12
South Africa	57
Sweden	11
Taiwan	33
United Arab Emirates	4
Total Exclusions:	369
Total U.S. Employees	5,148
Total Non-U.S. Employee (minus exclusions)	2,462
Total Employees for Median Determination	7,610

For these employees, we calculated total gross earnings for fiscal year 2017 using available payroll data for such period. We converted amounts paid in foreign currencies to U.S. dollars using the applicable average exchange rate, for fiscal year 2017. Except for this currency conversion, we did not make any assumptions, adjustments or estimates with respect to total gross earnings, and we did not annualize the compensation for any full-time employees that were not employed by us for all of 2017. After identifying our median employee using the methodology described above, we calculated annual total compensation for this employee using the same methodology we use for our NEOs in the Summary Compensation Table set forth in this Proxy Statement under the heading “Executive Compensation Tables.” The compensation for our hourly employees is variable based on, among other things, the amount of overtime worked, and because our median employee worked less overtime in 2018, as compared to 2017, this employee's annual total compensation for 2018 decreased from 2017. For purposes of the pay ratio calculation, a significant portion of Mr. Ayers’s annual total compensation includes annual equity awards that are not widely distributed to our employees, including our median employee.

EXECUTIVE COMPENSATION

Equity Compensation Plan Information

The following table summarizes our equity compensation plan information as of December 31, 2018:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights(1) (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	2,918,187(2)	\$91.6366	8,387,304(3)
Equity compensation plans not approved by security holders	—	—	—

(1) Only stock option awards were used in computing the weighted-average exercise price.

Consists of shares of common stock subject to outstanding options, restricted stock units and deferred stock units under the 2018 Plan (2,918,187 shares). As of December 31, 2018, the Company had 2,448,507 options outstanding with a weighted average exercise price of \$91.6366 and a weighted average term of 6.16 years, and

(2) 469,680 full-value shares outstanding and granted under equity compensation plans. Excludes 1,195,018 shares issuable under the Company's 1997 Employee Stock Purchase Plan (the "1997 Plan") in connection with the current and future offering periods. See Note 5 to our consolidated financial statements included in our 2018 Annual Report on Form 10-K for a description of our equity compensation plans.

Includes 7,192,286 shares available for issuance under the 2018 Plan. The 2018 Plan provides for the issuance of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock unit awards and other (3) stock unit awards. Also includes 1,195,018 shares issuable under the 1997 Plan in connection with the current and future offering periods. See Note 5 to our consolidated financial statements for the year ended December 31, 2018 included in our 2018 Annual Report on Form 10-K for a description of our equity compensation plans.

Stock Incentive Plans

In February 2018, the Board adopted the 2018 Plan, which was approved by the shareholders at our 2018 Annual Meeting. Prior to the 2018 Plan, options and other equity awards were granted under the 2009 Plan, the 2003 Stock Incentive Plan (the "2003 Plan") and prior stock incentive plans, each of which were approved by our shareholders. The vesting, change in control, transferability and other relevant provisions for grants under the 2018 Plan are generally the same as for grants under the 2009 Plan and the 2003 Plan.

Upon a "change in control" (as defined in the 2018 Plan), options and awards granted to all participants, including our executives and Directors, are subject to the following vesting provisions: 25% of the unvested options and stock appreciation rights vest and become exercisable, and the restrictions and deferral limitations and other conditions applicable to any restricted stock or other stock unit award shall lapse as to 25% of the remaining number of shares subject to the award, unless the successor company in a corporate transaction does not assume or substitute awards, in which case all awards granted under the 2018 Plan become fully vested and exercisable. In addition, if a participant is terminated by the successor company without cause, as defined in the 2018 Plan (unless otherwise provided in the applicable award agreement or employment agreement between the participant and the Company), within two years following a change in control, then all awards held by such participant become fully vested and exercisable.

In general, options granted under the 2018 Plan, 2009 Plan and 2003 Plan are not transferable, except by will or the laws of descent and distribution, and are exercisable during the lifetime of the grantee only while he or she is serving as an employee or Director of the Company or, except as described below, within three months after he or she ceases

to serve as an employee or Director of the Company; provided, however, that the Board has the discretion to allow a grantee to designate a beneficiary to exercise the options upon the grantee's death.

If a grantee dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) while serving as an employee or Director, or dies within three months after ceasing to serve as an employee or Director, options are exercisable within one year following the date of death or disability. In addition, options granted to Directors and employees since February 2016 will vest immediately upon the grantee's death or disability. Options granted to Directors since February 2010 are exercisable for two years following the date of retirement, provided the Director has served on the Board for at least five years. Options granted to employees since February 2010 are exercisable for two years following the date of retirement, provided the employee retires from the Company at or after age 60, and that the employee has been an employee of the Company for at least ten years. Options granted in 2018 and later will continue to vest for an additional two vesting periods after retirement for employees meeting certain eligibility criteria, including having been employed by the Company or any of its subsidiaries for at

least ten years, retiring from the Company at the age of 60 years or older and providing written notice to the Company at least six months prior to retirement. Options granted between 2006 and the day before the date of our 2013 Annual Meeting expire on the day immediately prior to the seventh anniversary of the date of grant, and options granted on or after the date of our 2013 Annual Meeting expire on the day immediately prior to the tenth anniversary of the date of grant.

When RSUs granted under the 2009 Plan and the 2018 Plan vest, an equivalent number of shares of our common stock is then issued and delivered to the grantee. Generally, if a grantee ceases to be an employee or Director, then the balance of each RSU award that has not yet vested will be forfeited, except that unvested RSUs from awards granted since February 2016 will vest immediately upon the grantee's death or disability. RSUs granted in 2018 and later will continue to vest for an additional two vesting periods after retirement for employees meeting certain eligibility criteria, including having been employed by the Company or any of its subsidiaries for at least ten years, retiring from the Company at the age of 60 years or older and providing written notice to the Company at least six months prior to retirement.

Deferred stock units are granted to our Directors pursuant to the Director Plan, and for information regarding deferred stock units, see the discussion under "Director Plan" beginning on page 43.

Executive Bonus Recovery Policy

Effective March 3, 2010, the Board adopted a Policy on Recovery of Incentive Compensation in Event of Certain Financial Restatements, also known as a "clawback policy," that applies to annual performance-based cash incentive compensation granted to all officers of the Company subject to reporting under Section 16 of the Exchange Act on or after March 3, 2010. For purposes of the policy as originally adopted, "incentive compensation" meant bonuses and other cash incentive payouts, whether paid or unpaid, vested or unvested. In March 2014, the policy was amended to include stock options, restricted stock units and other similar equity awards within the definition of "incentive compensation" subject to the policy.

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

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

Potential Payments Upon Termination or Change in Control

Employment Agreements

In connection with the hiring of Mr. Ayers as our President, CEO and Chairman of the Board in January 2002, the Company entered into an employment agreement with Mr. Ayers. This employment agreement provides, among other things, that if the employment of Mr. Ayers is terminated at any time by the Company other than for cause (except within two years following a change in control), the Company will pay Mr. Ayers his base salary and continue to provide him with benefits (medical, dental and life insurance) for two years following such termination, and that his stock options will continue to vest in accordance with their terms during such two-year period. RSUs granted to Mr. Ayers will also continue to vest in accordance with their terms during such two-year period. Under the employment agreement with Mr. Ayers, "cause" is defined as willful, material misconduct; gross negligence in the performance of his duties; or breach of either his invention and non-disclosure agreement or non-compete agreement with the Company. Mr. Ayers is also party to a change in control agreement (described below) pursuant to which, if the employment of Mr. Ayers is terminated either by the Company other than for cause or by Mr. Ayers for good reason (each as defined in his change in control agreement) within two years following a change in control, he will receive the payments and benefits described below under "Change in Control Agreements." In connection with his hiring, Mr. Ayers also executed the Company's standard non-compete agreement and invention and non-disclosure agreement, the terms of which are described below.

EXECUTIVE COMPENSATION

The following table describes potential payments to Mr. Ayers under the employment agreement described above, assuming he was terminated without cause on December 31, 2018 and not in connection with or after a change in control. The actual amounts to be paid out can only be determined in the event of and at the time of his actual termination.

Potential Termination Payments

Name	Salary(1)	Benefits(1)(2)	Continued Vesting of Equity Awards(3)	Total
Jonathan W. Ayers	\$1,600,000	\$33,391	\$20,644,204	\$22,277,595

(1) Mr. Ayers's salary and benefits will be paid by the Company. Salary and benefits are calculated by multiplying by two the annual salary and benefits in effect on December 31, 2018.

Amount shown represents the aggregate incremental cost to the Company to continue to provide benefits to Mr. Ayers for a period of two years following termination, consisting of the following: (a) medical and dental coverage (\$24,302), and (b) premiums paid on behalf of Mr. Ayers under the Company's accidental death and dismemberment, disability and life insurance plans (\$9,089).

(2) Mr. Ayers's stock options and RSUs would continue to vest in accordance with their terms for two years following termination. This amount represents the intrinsic value of unvested stock options and RSUs as of December 31, 2018 that would continue to vest for two years following termination on December 31, 2018 using the closing sale price of the Company's common stock as of December 31, 2018 to illustrate the potential value at termination.

(3) Except as described above with respect to Mr. Ayers and the change in control agreements described below, the Company does not have any contracts, agreements, plans or arrangements with any other executives providing for the payment of severance or other benefits to such officers upon a termination of employment with the Company for any reason, other than arrangements that are generally available to all salaried employees.

Change in Control Agreements

The Company has entered into executive employment agreements (the "change in control agreements") with its executives, including each of the NEOs. Each change in control agreement has an initial term that automatically renews for successive periods of one year, unless the Company provides notice of nonrenewal to the executive within 120 days prior to the renewal date.

The change in control agreements for all of the NEOs are identical except as described below. The change in control agreements provide for the Company to make certain payments and provide certain benefits to the NEOs upon a qualifying termination of employment that follows a change in control of the Company, as described further below. For a further discussion of the Company's reasons for having change in control agreements, refer to the discussion of change in control agreements under "How We Manage Risk and Governance" beginning on page 70.

The change in control agreements define a change in control of the Company as any of the following events (provided, in each case, that with respect to any payments or benefits subject to Section 409A of the Code, the following events must constitute a "change in control event" within the meaning of the applicable Treasury regulation):

• The acquisition by any person of 35% or more of the shares of common stock or combined voting power of the Company's outstanding securities;

• A change in the composition of the Company's Board such that a majority of the Board no longer consists of incumbent directors, or directors nominated or elected by incumbent directors, who had been directors of the Company during the 24 months prior to the change in composition;

• A reorganization, merger, consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "business combination"), unless immediately following such business combination:

• The shareholders of the Company immediately prior to such business combination own more than a majority of the outstanding shares of common stock and the combined voting power of the Company's outstanding voting securities of the corporation resulting in the business combination in substantially the same proportion as their ownership

immediately prior to the transaction,

• No person owns 20% or more of the stock of the corporation resulting from the business combination, and

• At least half of the members of the board of the corporation resulting from the business combination were members of the Board at the time of the agreement providing for such business combination; and

• Approval by the shareholders of a complete liquidation or dissolution of the Company or sale of substantially all of the assets of the Company.

For a period of two years following a change in control, the Company may not generally reduce an executive's annual base salary or target bonus, or the aggregate benefits to which the executive is entitled under incentive plans and welfare benefit plans, below the level to which the executive was entitled prior to the change in control.

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

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

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

Upon a change in control, each outstanding stock option, RSU or other equity award (each of which is referred to as an equity award) held by an executive shall become immediately exercisable or vested with respect to 25% of the number of shares as to which such equity award otherwise would not then be exercisable or vested. If the executive’s employment is terminated without cause, or by the executive for good reason, within two years following a change in control, all equity awards held by the executive shall become fully vested and exercisable. In addition, the 2018 Plan provides that all equity awards become fully vested and exercisable in the event a successor company in a corporate transaction does not assume or substitute the outstanding awards.

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

- Any material reduction of the executive’s annual base salary;
- Any material reduction of the executive’s authority, duties or responsibilities;
- Any material reduction of the budget over which the executive has authority;
- A material change in the geographic location at which the executive is employed; or
- Certain breaches by the Company of the agreement.

Under the change in control agreements with Mr. Ayers, Mr. McKeon and Ms. Underberg, if the executive does not hold the same position with the entity surviving any change in control as he or she holds with the Company, then good reason will be deemed to exist. In addition, good reason will be deemed to exist under the change in control agreement with Mr. Ayers if there is a material diminution in the authority, duties or responsibilities of the supervisor to whom Mr. Ayers reports, including a requirement that Mr. Ayers report to a corporate officer or employee instead of directly to the Board.

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

Under the change in control agreements, there is no tax “gross-up” provision and the Company is not required to reimburse the executives for any tax liabilities resulting from payments received by them under their change in control agreements.

EXECUTIVE COMPENSATION

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

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

The following table describes potential payments to each of our NEOs under the change in control agreements that were in effect as of December 31, 2018. The table assumes a change in control occurred and the officer's employment was terminated either by the Company without cause or by the officer for good reason on December 31, 2018. The actual amounts to be paid out can only be determined in the event of and at the time of a change in control and a qualifying termination of each NEO.

Potential Change in Control Payments

Name	Salary\$(1)	Multiple of Average Bonus\$(1)	Pro-Rated Bonus\$(1)	Benefits\$(2)	Outplacement\$(3)	Accelerated Vesting of Equity Awards\$(3)	Total(\$)
Jonathan W. Ayers	2,400,000	3,845,000	1,000,000	50,087(4)	25,000	27,753,711	35,073,798
Brian P. McKeon	1,150,000	1,033,667	431,250	32,360(5)	25,000	10,314,026	12,986,303
Jay Mazelsky	1,150,000	913,000	431,250	38,268(6)	25,000	7,263,983	9,821,501
Michael J. Lane	750,000	437,307	225,000	37,105(7)	25,000	2,220,877	3,695,289
Kathy V. Turner	800,000	503,546	240,000	31,323(8)	25,000	2,694,330	4,294,199

Amounts for Mr. Ayers are three times his salary and three times his average annual bonus for the prior three years.

The amounts for all other NEOs represent two years of such payments. In addition, Mr. Ayers and the other NEOs would each be entitled to a pro-rated amount of his or her target bonus for the then-current fiscal year. Salary and

(1) bonus payments shall generally be paid in a lump sum on the 90th day following the date of termination, provided that the executive has signed the required release and the statutory period during which the executive is entitled to revoke the release has expired on or before that 90th day. Benefits shall be paid by the Company over the period stated in note (2) below.

(2) Benefits shall be paid by the Company over three years for Mr. Ayers and two years for all other NEOs.

Represents the intrinsic value of accelerated equity awards (stock options and RSUs), calculated based on the

(3) exercise price of the underlying awards and the closing sale price of the Company's common stock as of December 31, 2018.

Amount shown represents the aggregate incremental cost to the Company to continue to provide benefits to Mr.

(4) Ayers for a period of three years following termination, consisting of the following: (a) medical and dental coverage (\$36,453) and (b) premiums paid on behalf of Mr. Ayers under the Company's accidental death and dismemberment, disability and life insurance plans (\$13,634).

(5) Amount shown represents the aggregate incremental cost to the Company to continue to provide benefits to Mr.

McKeon for a period of two years following termination, consisting of the following: (a) medical and dental coverage (\$29,232) and (b) premiums paid on behalf of Mr. McKeon under the Company's accidental death and

dismemberment, disability and life insurance plans (\$3,128).

- Amount shown represents the aggregate incremental cost to the Company to continue to provide benefits to Mr. Mazelsky for a period of two years following termination, consisting of the following:
- (6) (a) medical and dental coverage (\$28,854) and (b) premiums paid on behalf of Mr. Mazelsky under the Company's accidental death and dismemberment, disability and life insurance plans (\$9,414).

Amount shown represents the aggregate incremental cost to the Company to continue to provide benefits to Mr.

- (7) Lane for a period of two years following termination, consisting of the following: (a) medical and dental coverage (\$28,854) and (b) premiums paid on behalf of Mr. Lane under the Company's accidental death and dismemberment, disability and life insurance plans (\$8,251).

Amount shown represents the aggregate incremental cost to the Company to continue to provide benefits to Ms.

- (8) Turner for a period of two years following termination, consisting of the following: (a) medical and dental coverage (\$22,592) and (b) premiums paid on behalf of Ms. Turner under the Company's accidental death and dismemberment, disability and life insurance plans (\$8,731).

General Information about the 2019 Annual Meeting and Voting

The Proxy Statement and How Proxies Work

Our Board is asking for your proxy to vote at the 2019 Annual Meeting because you were a shareholder as of the close of business on March 15, 2019 (the “Record Date”), and are entitled to vote at the 2019 Annual Meeting. This Proxy Statement and the accompanying materials are being provided to you in connection with the solicitation by the Board of proxies to be voted at our 2019 Annual Meeting and at any adjournment or postponement thereof.

Giving us your proxy means that you authorize us to vote your shares at the 2019 Annual Meeting in the manner that you direct, or if you do not direct us, in the manner as recommended by the Board in this Proxy Statement. You can vote for or against one or all of the Director nominees or abstain from voting for one or all nominees. You also can vote for or against the other proposals or 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 as recommended by the Board of Directors.

Who Can Vote

As of the Record Date, there were 86,044,939 shares of common stock outstanding. Each share of common stock is entitled to one vote on each matter properly brought before the 2019 Annual Meeting.

Most of our shareholders 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 beneficially owned in street name:

Shareholder of Record: If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, you are considered the shareholder of record of those shares and these proxy materials are being made available directly to you by us. As the shareholder of record, you have the right to grant your voting proxy directly to us or to vote in person at the 2019 Annual Meeting.

Beneficial Owner of Shares Held in Street Name: If your shares are held in a brokerage account through 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. As the beneficial owner of shares held in street name, you have the right to direct your bank, broker, trustee, or nominee on how to vote and are also invited to attend the 2019 Annual 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 shareholder of record, you may not vote these shares in person at the meeting unless you have obtained a legal proxy from your bank, broker, trustee or nominee entitling you to vote your shares at the 2019 Annual Meeting.

Notice of Internet Availability (Notice and Access)

Instead of mailing a printed copy of our proxy materials to each shareholder, we are furnishing proxy materials via the Internet. This reduces both the costs and the environmental impact of sending our proxy materials to our shareholders. If you received a “Notice of Internet Availability,” you will not receive a printed copy of the proxy materials unless you specifically request a printed copy. 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 and how to vote by telephone.

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. In addition, if you received paper copies of our proxy materials and wish to receive all future proxy materials, proxy cards and annual reports electronically, please follow the electronic delivery instructions on www.proxyvote.com. We encourage shareholders to take advantage of the availability of the proxy materials on the Internet to help reduce the cost and environmental impact of our annual shareholder meetings.

ANNUAL MEETING AND VOTING

The Notice of Internet Availability is first being sent to shareholders on or about March 25, 2019. Also on or about March 25, 2019, we will first make available to our shareholders this Proxy Statement and the form of proxy relating to the 2019 Annual Meeting, as well as our 2018 Annual Report on Form 10-K filed with the SEC on February 15, 2019.

How to Vote

You can vote online at the virtual 2019 Annual Meeting or by proxy. We recommend that you submit a proxy even if you plan to attend the virtual 2019 Annual Meeting. This will ensure that your vote will be counted if you are unable to, or later decide not to, participate in the virtual meeting. You can revoke your proxy and change your vote at the 2019 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 2019 Annual Meeting.

We are offering shareholders four methods of voting:

• You may vote over the Internet;

• You may vote by telephone;

If you are a registered holder of our shares, 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 prepaid envelope accompanying the paper proxy card; or

You may vote online at the virtual 2019 Annual Meeting. If you attend the 2019 Annual Meeting over the Internet, you will be able to vote your shares online, even if you already voted by Internet, telephone or mail. You will need to enter your control number (included in your Notice of Internet Availability, your proxy card or the voting instructions that accompanied your proxy materials) to vote your shares at the 2019 Annual Meeting.

See “How to Vote” on page 11 to determine how to vote your shares by mail, telephone or Internet.

Revoking a Proxy

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

• Submitting a new proxy with a later date, including a proxy given via the Internet or by telephone;

• Providing written notice to our Corporate Vice President, General Counsel and Corporate Secretary before or at the 2019 Annual Meeting prior to the voting on any proposal, if you are a registered holder of our shares; or

• Voting online at the virtual 2019 Annual Meeting.

The last vote you submit chronologically (by any means) will supersede your prior vote(s). Your attendance at the virtual 2019 Annual Meeting over the Internet will not, by itself, revoke your proxy.

Quorum

In order to transact business at the 2019 Annual Meeting, we must have a quorum. This means that at least a majority of the issued and outstanding shares entitled to vote as of the Record Date must be represented at the 2019 Annual Meeting, either by proxy or in person. Abstentions and broker non-votes (which are described below) are counted as present and entitled to vote for purposes of determining a quorum. Treasury shares, which are shares owned by us, 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

Approval of each of the 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 non-votes (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 2019 Annual Meeting.

Votes will be tabulated by an independent inspector of elections appointed for the 2019 Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes. The preliminary voting results will be announced at the 2019 Annual 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 2019 Annual Meeting.

Broker Non-Votes

If you are a beneficial owner of shares held in “street name” and do not give voting instructions to your bank or brokerage firm, your bank or brokerage firm will 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 following are non-discretionary items on which your bank or brokerage firm may not vote without voting instructions from you:

☐ Election of Directors (Proposal One)

☐ The Advisory Vote to Approve Executive Compensation (Proposal Three)

In the case of these non-discretionary items for which your bank or brokerage firm does not have voting instructions, the bank or brokerage firm is required to indicate on its proxy that it does not have discretionary authority to vote on these matters, and your shares will be treated as “broker non-votes” with respect to these proposals. Ratification of the appointment of our independent registered public accounting firm (Proposal Two) is considered to be a discretionary item on which banks and brokerage firms may vote.

Conduct of the 2019 Annual Meeting

Pursuant to our Amended and Restated By-Laws, the Chairman of the Board adopted rules and procedures that he believes are appropriate to ensure that the 2019 Annual Meeting is conducted properly. These Rules of Conduct and Procedures are currently available at our online pre-meeting forum that beneficial owners can enter at www.proxyvote.com and registered shareholders can enter at www.proxyvote.com/idxx. In addition, these Rules of Conduct and Procedures will also be available at the 2019 Annual Meeting at www.virtualshareholdermeeting.com/IDXX2019.

Pre-Meeting Forum and Submitting Questions

The virtual format for our 2019 Annual Meeting will allow us to implement a pre-meeting forum to communicate more effectively with you. You can access the pre-meeting forum and submit written questions in advance of our 2019 Annual Meeting, vote, and also access copies of the 2019 Annual Meeting’s Rules of Conduct and Procedures, as well as our proxy statement and annual report, by visiting www.proxyvote.com for beneficial owners and www.proxyvote.com/idxx for registered shareholders.

Virtual 2019 Annual Meeting

We are excited to embrace the latest technology to provide ease of access, real-time communication and cost savings for our shareholders and the Company. Hosting our 2019 Annual Meeting as a completely virtual meeting will provide easy access for shareholders, facilitate shareholder participation and reduce the environmental impact of our 2019 Annual Meeting. For more information regarding the virtual format, see the discussion under “Virtual Shareholder Meeting” beginning on page 41.

The 2019 Annual Meeting will be conducted over the Internet via live audio webcast at 10:00 a.m., Eastern Time, on Wednesday, May 8, 2019. Shareholders of record as of March 15, 2019, will be able to attend, vote and submit questions during the virtual 2019 Annual Meeting by visiting www.virtualshareholdermeeting.com/IDXX2019. To participate in the virtual annual meeting, you will need the control number included on your Notice of Internet Availability, on your proxy card or on the instructions that accompanied your proxy materials. The audio webcast will begin promptly at 10:00 a.m., Eastern Time. Online check-in will begin at 9:30 a.m., Eastern Time, and you should allow ample time for the online check-in procedures.

Technical Difficulties Accessing the Virtual Meeting

If you encounter any difficulties accessing the virtual meeting or during the meeting time, please call:
1-855-449-0991
(Toll-free)
1-720-378-5962 (Toll line)

The audio webcast will include consideration of the proposals and a live question-and-answer session. During the live question-and-answer session, we will answer questions as they come in and address those submitted in advance at the pre-meeting forum, as time permits. Shareholders accessing the audio webcast will be able to submit questions in writing or, by following instructions on our online pre-meeting forum or at www.virtualshareholdermeeting.com/IDXX2019, dial in to a toll-free number and verbally ask live questions during the meeting.

ANNUAL MEETING AND VOTING

Voting on Other Matters

If other matters are properly presented for consideration at the 2019 Annual Meeting, the persons named in the proxy will have the discretion to vote on those matters for you. As of the date of this Proxy Statement, we do not know of any other matters to be raised at the 2019 Annual Meeting and the dates by which other matters to be voted on at the 2019 Annual Meeting must have been submitted by our shareholders pursuant to Rule 14a-8 of the Exchange Act or our Amended and Restated By-Laws have passed.

Solicitation of Proxies

We will pay the expenses of the solicitation of proxies by our Board. 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 and will pay MacKenzie Partners, Inc. a fee of approximately \$15,000, 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 our common stock held in their names and, as required by law, we will reimburse them for their reasonable out-of-pocket expenses for this service.

Householding of Annual Meeting Materials

Some of our shareholders may be participating in the practice of “householding” proxy statements, annual reports and the Notice of Internet Availability. This means that only one copy of such documents may have been sent to multiple shareholders in your household. This reduces printing costs, postage fees and the environmental impact. 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.

Requirements for Submission of Proxy Proposals, Nomination of Directors and Other Business of Shareholders
Proposals Submitted Under Rule 14a-8

In order to be considered for inclusion in next year's proxy statement, shareholder proposals submitted pursuant to Rule 14a-8 must be submitted in writing and addressed to and be received by our Corporate Vice President, General Counsel and Corporate Secretary at IDEXX Laboratories, Inc., One IDEXX Drive, Westbrook, Maine 04092 by November 26, 2019. The deadline to submit a proposal for inclusion in our proxy materials for the 2019 Annual Meeting has passed.

Proposals Submitted Outside of Rule 14a-8

Our Amended and Restated By-Laws also establish advance notice procedures that a shareholder must follow to nominate persons for election as Directors or to introduce an item of business at an Annual Meeting outside of the process under Rule 14a-8. These procedures provide that nominations for Director and/or an item of business to be introduced at an Annual Meeting must be submitted in writing to our Corporate Vice President, General Counsel and Corporate Secretary and received by the deadline indicated below at IDEXX Laboratories, Inc., One IDEXX Drive, Westbrook, Maine 04092.

Our Amended and Restated By-Laws provide that shareholder nominations or other proposals must include certain information regarding:

- The shareholder submitting the nomination or proposal;
- Any nominee for Director; and/or
- The item of business.

Proxy Access Nominations. In order to properly bring before the 2020 Annual Meeting a shareholder's nomination of one or more Director candidates to be included in our proxy statement and ballot pursuant to Section 2.8 of our Amended and Restated By-Laws (a "proxy access nomination"), we must receive written notice in writing of your intention to introduce a proxy access nomination at our 2020 Annual Meeting, and all supporting information required by our Amended and Restated By-Laws, no earlier than October 27, 2019 and no later than November 29, 2019 (i.e., not less than 120 days or more than 150 days before the first anniversary of the date this Proxy Statement was first released to shareholders in connection with the 2019 Annual Meeting). The adjournment or postponement of the 2019 Annual Meeting (or the public notice thereof) shall not affect the time period required to give notice of a proxy access nomination with respect to the 2020 Annual Meeting.

Other Nominations or Items of Business. In order to properly bring before the 2020 Annual Meeting any Director nomination or any other item of business other than a matter brought pursuant to Rule 14a-8 or a proxy access nomination, we must receive notice in writing of your intention to introduce such nomination or proposed item of business at our 2020 Annual Meeting, and all supporting information required by our Amended and Restated By-Laws, not less than 90 days or more than 120 days before the first anniversary of the 2019 Annual Meeting. However, if the date of our 2020 Annual Meeting is advanced by more than 20 days, or delayed by more than 60 days, from the date of the 2019 Annual Meeting, then we must receive such notice at the address noted above not earlier than the 120th day before such Annual Meeting; and not later than the close of business on the later of the 90th day before such Annual Meeting or the 10th day after the day on which notice of the meeting date was mailed or public disclosure was made, whichever occurs first. Assuming that our 2020 Annual Meeting is held between April 18, 2020 and July 7, 2020, as is currently expected, we must receive the written notice of your intention to introduce a nomination or proposed item of business at our 2020 Annual Meeting, and all supporting information, no earlier than January 9, 2020 and no later than February 8, 2020.

FORWARD-LOOKING STATEMENTS

Forward-Looking Statements

This Proxy Statement and the accompanying materials contain “forward-looking statements” as that term is defined in the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and involve risks and uncertainties, which may cause results to differ materially from those set forth in the statements. The forward-looking statements may include statements regarding product development, product potential or financial performance. No forward-looking statement can be guaranteed and actual results may differ materially from those projected. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Forward-looking statements should be evaluated together with the many uncertainties that affect our business, particularly those mentioned in the risk factors and cautionary statements in Part I, Item 1A of our 2018 Annual Report on Form 10-K, and in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, if any, which we incorporate herein by reference.

Other Matters

The Board knows of no other matters to be presented for shareholder action at the 2019 Annual Meeting. If, however, other matters do properly come before the 2019 Annual Meeting or any adjournments or postponements thereof, the Board intends that the persons named in the proxies will vote upon such matters in accordance with their best judgment.

The Board hopes that you will attend the 2019 Annual Meeting. Whether or not you plan to attend the 2019 Annual Meeting, you are urged to vote at your earliest convenience in the manner and method set forth under the section entitled “How to Vote” on page 11.

By order of the Board of Directors,
Sharon E. Underberg
Corporate Vice President,
General Counsel and Corporate Secretary
March 25, 2019

APPENDIX A

Appendix A – Reconciliation of Non-GAAP Financial Measures

We report our results in conformity with U.S. generally accepted accounting principles (“GAAP”). We use certain non-GAAP financial measures in this Proxy Statement to supplement our consolidated results presented in accordance with GAAP or as part of our executive compensation program. Our reconciliation of these non-GAAP financial measures is included in this Appendix.

While we believe that these non-GAAP financial measures are useful, this information should be considered as supplemental in nature and should not be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, these non-GAAP financial measures may not be the same as similarly titled measures reported by other companies.

After-Tax Return on Invested Capital, Excluding Cash and Investments

After-tax return on invested capital, excluding cash and investments, represents our after-tax income from operations for the year ended December 31, 2018, divided by our average invested capital, excluding cash and investments, using the beginning and ending balance sheet values. After-tax return on invested capital, excluding cash and investments, after-tax income from operations and average invested capital, excluding cash and investments, are not measures of financial performance under GAAP and should be considered in addition to, and not as replacements of or superior measures to, return on assets, net income, total assets or other financial measures reported in accordance with GAAP. We believe that reporting after-tax return on invested capital, excluding cash and investments, provides useful information to investors for evaluating the efficiency and effectiveness of our use of capital.

In this Proxy Statement, we report our after-tax return on invested capital, excluding cash and investments, for 2018. The reconciliation of this non-GAAP financial measure is as follows:

	For the Year	
	Ended	
	December	
	31, 2018	
Numerator (amounts in thousands)		
Income from operations (as reported)	\$491,335	
After-tax income from operations(1)	\$404,718	
	As of	As of
	December	December
	31, 2018	31, 2017
Denominator (dollar amounts in thousands)		
Total shareholders’ equity (deficit)	(\$9,513)	(\$54,106)
Noncontrolling interest	\$280	\$264
Line of credit	\$398,937	\$655,000
Long-term debt	\$601,348	\$606,075
Deferred income tax assets	(\$8,481)	(\$7,698)
Deferred income tax liabilities	\$29,267	\$25,353
Total invested capital	\$1,011,838	\$1,224,888
Less cash and cash equivalents	\$123,794	\$187,675
Less marketable securities	—	\$284,255
Total invested capital, excluding cash and investments	\$888,044	\$752,958
Average invested capital, excluding cash and investments(2)	\$820,501	
After-tax return on invested capital, excluding cash and investments	49.3	%

(1) After-tax income from operations represents income from operations reduced by our reported effective tax rate of 17.6% for the year ended December 31, 2018 excluding the impact of non-recurring tax items. See Note 13 to our consolidated financial statements included in our 2018 Annual Report on Form 10-K for information on the impact of these items on our effective tax rate.

(2)

Average invested capital, excluding cash and investments, represents the average of the amount of total invested capital, excluding cash and investments, as of December 31, 2017 and December 31, 2018.

Comparable Constant Currency EPS Growth

Comparable constant currency EPS growth represents the percentage change in earnings per share (diluted), as compared to the same period for the prior year, net of the impact of changes in foreign currency exchange rates and excluding non-recurring items. Comparable constant currency EPS growth should be considered in addition to, and not as a replacement of or a superior measure to, earnings per share (diluted) growth reported in accordance with GAAP. We believe that reporting comparable constant currency EPS growth provides useful information to investors by facilitating easier comparisons of our earnings per share performance with prior and future periods.

In this Proxy Statement, we report the comparable constant currency EPS growth for 2018, which excludes the impact of the Company's adoption of share-based compensation accounting change ("ASU 2016-09") for the periods after its adoption on January 1, 2017, a one-time negative impact related to the enactment of the 2017 Tax Cuts and Jobs Act ("U.S. Tax Reform"), and a discrete tax benefit related to the expected utilization of foreign tax credits. We estimate the net impact of changes in foreign currency exchange rates on adjusted EPS results by restating results to the average exchange rates or exchange rate assumptions for the comparative period, which includes adjusting for the estimated impacts of foreign currency hedging transactions and certain impacts on our effective tax rates.

The reconciliation of this non-GAAP financial measure is as follows:

	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	Year-over-Year Growth	
Earnings per share (diluted)	\$4.26	\$2.94	45	%
Impact of adoption of ASU 2016-09	(\$0.24)	(\$0.30)		
Impact of U.S. Tax Reform	—	\$0.34		
Impact of foreign tax credit utilization	—	(\$0.04)		
Comparable EPS	\$4.02	\$2.94	37	%
Change from currency	(\$0.01)	—		
Comparable constant currency EPS	\$4.01	\$2.94	36	%

Constant Currency Operating Margin Improvement

Constant currency operating margin improvement represents the percentage change in operating margin, as compared to the same period for the prior year, net of the impact of changes in foreign currency exchange rates and excluding non-recurring items. Constant currency operating margin improvement should be considered in addition to, and not as a replacement of or a superior measure to, operating margin improvement reported in accordance with GAAP. We believe that reporting constant currency operating margin improvement provides useful information to investors by facilitating easier comparisons of our operating margin performance with prior and future periods.

In this Proxy Statement, we report the constant currency operating margin improvement for 2018, which excludes the impact of changes in foreign currency exchange rates. We estimate the net impact of changes in foreign currency exchange rates on operating margin results by restating results to the average exchange rates or exchange rate assumptions for the comparative period, which includes adjusting for the estimated impacts of foreign currency hedging transactions and certain impacts on our effective tax rates.

The reconciliation of this non-GAAP financial measure is as follows:

Dollar amounts in thousands	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017	Year-over-Year Change (basis points)	
Income from operations	\$491,335	\$413,028		
Operating margin	22.2	%21.0	%	120 bps
Change from currency	(\$1,331)	—		
Constant currency income from operations	\$490,004	\$413,028		
Constant currency operating margin(1)	22.3	%21.0	%	130 bps

(1)

Amounts presented may not recalculate to constant currency operating margin or constant currency margin improvement due to rounding.

APPENDIX A

Free Cash Flow and the Ratio of Free Cash Flow to Net Income

Free cash flow means, with respect to a measurement period, the cash generated from operations during that period, including tax benefits attributable to share-based compensation, reduced by the Company's investments in property and equipment. Free cash flow should be considered in addition to, and not as a replacement of or a superior measure to, net cash provided by operating activities. We believe that reporting free cash flow and the ratio of free cash flow to net income provide useful information to investors because free cash flow indicates the cash the operations of the business are generating after appropriate reinvestment for recurring investments in property and equipment that are required to operate the business and the ratio measures how effectively the Company is managing its cash flow relating to working capital and capital expenditures.

In this Proxy Statement, we report our free cash flow for 2018, as well as the ratio of our 2018 free cash flow to our net income for 2018. The reconciliation of these non-GAAP financial measures is as follows:

Dollar amounts in thousands	For the Year Ended December 31, 2018
Net cash provided by operating activities	\$400,084
Financing cash flows attributable to tax benefits from share-based compensation arrangements	—
Investing cash flows attributable to purchases of property and equipment	(\$115,751)
Free cash flow	\$284,333
Net income	\$377,047
Ratio of free cash flow to net income (expressed as a percentage)	75 %

Organic Revenue Growth

Organic revenue growth represents the percentage change in revenue, as compared to the same period for the prior year, net of the impact of changes in foreign currency exchange rates, acquisitions and divestitures. Organic revenue growth should be considered in addition to, and not as a replacement of or a superior measure to, revenue growth reported in accordance with GAAP. We believe that reporting organic revenue growth provides useful information to investors by facilitating easier comparisons of our revenue performance with prior and future periods and to the performance of our peers.

We exclude from organic revenue growth the effect of changes in foreign currency exchange rates because these changes are not under management's control, are subject to volatility and can obscure underlying business trends. We calculate the impact on revenue resulting from changes in foreign currency exchange rates by applying the difference between weighted average exchange rates during 2018 and 2017 to foreign-currency-denominated revenues for 2017. We also exclude from organic revenue growth the effect of certain business acquisitions and divestitures because the nature, size and number of these transactions can vary dramatically from period to period, and because they either require or generate cash as an inherent consequence of the transaction, and therefore can also obscure underlying business and operating trends. Prior to January 1, 2018, we excluded all acquisitions from organic revenue growth. Effective January 1, 2018, we exclude only acquisitions that are considered to be a business from organic revenue growth. We consider acquisitions to be a business when all three elements of inputs, processes and outputs are present, consistent with ASU 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business." In a business combination, if substantially all the fair value of the assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, we do not consider these assets to be a business, and effective January 1, 2018, we include these acquisitions in organic revenue growth. A typical acquisition that we do not consider a business is a customer list asset acquisition, which does not have all elements necessary to operate a business, such as employees or infrastructure. We believe that the efforts required to convert and retain these acquired customers are similar in nature to our existing customer base and therefore are included in organic revenue growth. This change did not have a material impact on organic revenue growth during 2018.

In this Proxy Statement, we report the Company's organic revenue growth, CAG Diagnostics recurring revenue organic growth, IDEXX VetLab consumables organic revenue growth and reference laboratory diagnostic and consulting services' organic revenue growth in 2018. The reconciliation of these non-GAAP financial measures is as follows:

Dollar amounts in thousands	Net Revenue For the Year Ended December 31, 2018	Net Revenue For the Year Ended December 31, 2017	Dollar Change	Percentage Change	Change from Currency	Change from Acquisitions	Organic Revenue Growth(1)
Total Company	\$2,213,242	\$1,969,058	\$244,184	12.4 %	0.7 %	0.1 %	11.6 %
CAG Diagnostics recurring revenue	\$1,654,530	\$1,451,701	\$202,829	14.0 %	0.8 %	0.0 %	13.2 %
IDEXX VetLab consumables revenue	\$617,237	\$518,774	\$98,463	19.0 %	0.8 %	0.0 %	18.1 %
Reference laboratory diagnostic and consulting services	\$746,794	\$660,142	\$86,652	13.1 %	0.9 %	0.0 %	12.2 %

(1) Amounts presented may not recalculate due to rounding.

learn more at www.idexx.com

VOTE BY INTERNET

Before The Meeting - Go to www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to www.virtualshareholdermeeting.com/IDXX2019

You may attend the Meeting via the Internet and vote during the Meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

IDEXX
LABORATORIES,
INC.
ONE IDEXX DRIVE
WESTBROOK, ME
04092

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK
AS FOLLOWS:

E58088-P19475 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

IDEXX LABORATORIES,
INC.

The Board of Directors recommends you vote FOR
the following:

1. Election of Directors

Nominees For Against Abstain

1a. Jonathan W. Ayers

1b. Stuart M. Essig, PhD

1c. M. Anne Szostak

The Board of Directors recommends you vote FOR
the following proposals:

For Against Abstain

2. Ratification of Appointment of Independent
Registered Public Accounting Firm. To ratify the
selection of PricewaterhouseCoopers LLP as the
Company's independent registered public
accounting firm for the current fiscal year
(Proposal Two).

3. Advisory Vote on Executive Compensation. To
approve a nonbinding advisory resolution on the

Company's executive compensation (Proposal Three).

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN
WITHIN BOX] Date

Signature
(Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Annual Report are available at www.idexxproxymaterials.com.

E58088-P19475

IDEXX LABORATORIES, INC.

Proxy for the 2019 Annual Meeting of Shareholders

To Be Held on May 8, 2019

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY

The undersigned, revoking all prior proxies, hereby appoint(s) Jonathan W. Ayers, Brian P. McKeon and Sharon E. Underberg, and each of them, with full power of substitution, as proxies to represent and vote, as designated on the reverse side of this ballot, all shares of Common Stock of IDEXX Laboratories, Inc. (the "Company") which the undersigned would be entitled to vote at the 2019 Annual Meeting to be held at 10:00 AM EDT on Wednesday, May 8, 2019 at www.virtualshareholdermeeting.com/IDXX2019.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

Continued and to be signed on reverse side