UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 30, 2013**

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______________ to _______________.

COMMISSION FILE NUMBER: 000-19271

IDEXX LABORATORIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**01-0393723**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*
ONE IDEXX DRIVE, WESTBROOK, MAINE	**04092**
(Address of principal executive offices)	*(ZIP Code)*

207-556-0300

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. The number of shares outstanding of the registrant's Common Stock, $0.10 par value, was 52,543,085 on July 12, 2013.

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PART I— FINANCIAL INFORMATION

Item 1. Financial Statements.

IDEXX LABORATORIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)
(Unaudited)

	June 30, 2013	December 31, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 251,013	$ 223,986
Accounts receivable, net of reserves of $2,908 in 2013 and $2,632 in 2012	159,119	138,324
Inventories	140,938	140,946
Deferred income tax assets	26,372	27,714
Other current assets	37,460	38,567
Total current assets	614,902	569,537
Long-Term Assets:		
Property and equipment, net	266,494	245,177
Goodwill	171,403	174,994
Intangible assets, net	58,103	62,833
Other long-term assets, net	53,169	51,061
Total long-term assets	549,169	534,065
TOTAL ASSETS	$ 1,164,071	$ 1,103,602
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 37,584	$ 35,288
Accrued liabilities	123,470	137,746
Line of credit	367,500	212,000
Current portion of long-term debt	1,137	1,107
Current portion of deferred revenue	21,980	20,192
Total current liabilities	551,671	406,333
Long-Term Liabilities:		
Deferred income tax liabilities	22,543	23,028
Long-term debt, net of current portion	884	1,394
Long-term deferred revenue, net of current portion	13,622	12,692
Other long-term liabilities	25,760	23,898
Total long-term liabilities	62,809	61,012
Total liabilities	614,480	467,345
Commitments and Contingencies (Note 14)		
Stockholders' Equity:		
Common stock, $0.10 par value: Authorized: 120,000 shares; Issued: 100,683 and 100,160 shares in 2013 and 2012, respectively	10,068	10,016
Additional paid-in capital	787,191	757,214
Deferred stock units: Outstanding: 122 and 119 units in 2013 and 2012, respectively	5,055	4,630
Retained earnings	1,404,448	1,305,593
Accumulated other comprehensive income	10,493	15,954
Treasury stock, at cost: 48,033 and 45,652 shares in 2013 and 2012, respectively	(1,667,709)	(1,457,184)
Total IDEXX Laboratories, Inc. stockholders' equity	549,546	636,223
Noncontrolling interest	45	34
Total stockholders' equity	549,591	636,257
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,164,071	$ 1,103,602

The accompanying notes are an integral part of these condensed consolidated financial statements.

IDEXX LABORATORIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	2012	2013	2012
Revenue:				
Product revenue	$ 217,322	$ 212,221	$ 423,089	$ 416,388
Service revenue	135,261	123,428	261,599	241,937
Total revenue	352,583	335,649	684,688	658,325
Cost of Revenue:				
Cost of product revenue	79,842	78,470	153,993	153,682
Cost of service revenue	75,043	72,490	149,025	145,180
Total cost of revenue	154,885	150,960	303,018	298,862
Gross profit	197,698	184,689	381,670	359,463
Expenses:				
Sales and marketing	57,896	54,539	117,294	112,171
General and administrative	38,858	34,275	80,488	70,453
Research and development	22,181	20,058	43,939	40,615
Income from operations	78,763	75,817	139,949	136,224
Interest expense	(1,179)	(926)	(2,014)	(2,119)
Interest income	444	480	889	916
Income before provision for income taxes	78,028	75,371	138,824	135,021
Provision for income taxes	24,029	24,051	39,959	42,967
Net income	53,999	51,320	98,865	92,054
Less: Net income (loss) attributable to noncontrolling interest	4	3	11	(6)
Net income attributable to IDEXX Laboratories, Inc. stockholders	$ 53,995	$ 51,317	$ 98,854	$ 92,060
Earnings per Share:				
Basic	$ 1.01	$ 0.93	$ 1.83	$ 1.67
Diluted	$ 0.99	$ 0.91	$ 1.80	$ 1.63
Weighted Average Shares Outstanding:				
Basic	53,670	55,079	54,125	55,143
Diluted	54,386	56,211	54,955	56,345

The accompanying notes are an integral part of these condensed consolidated financial statements.

IDEXX LABORATORIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Net income	$ 53,999	$ 51,320	$ 98,865	$ 92,054
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(3,086)	(10,301)	(11,533)	(4,673)
Unrealized (loss) gain on investments, net of tax (benefit) expense of ($9) and $33 in 2013 and ($32) and $33 in 2012	(16)	(56)	56	55
Unrealized gain (loss) on derivative instruments:				
Unrealized gain, net of tax expense of $1,091 and $2,790 in 2013 and $493 and $59 in 2012	2,549	1,261	6,667	355
Less: reclassification adjustment for gains included in net income, net of tax expense of $221 and $213 in 2013 and $698 and $1,039 in 2012	(641)	(1,527)	(651)	(2,322)
Unrealized gain (loss) on derivative instruments	1,908	(266)	6,016	(1,967)
Other comprehensive loss, net of tax	(1,194)	(10,623)	(5,461)	(6,585)
Comprehensive income	52,805	40,697	93,404	85,469
Less: comprehensive income (loss) attributable to noncontrolling interest	4	3	11	(6)
Comprehensive income attributable to IDEXX Laboratories, Inc.	$ 52,801	$ 40,694	$ 93,393	$ 85,475

The accompanying notes are an integral part of these condensed consolidated financial statements.

IDEXX LABORATORIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(Unaudited)

	For the Six Months Ended June 30, 2013	For the Six Months Ended June 30, 2012
Cash Flows from Operating Activities:		
Net income	$ 98,865	$ 92,054
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,357	25,691
Loss on disposal of property and equipment	71	145
Increase in deferred compensation liability	89	88
Provision for uncollectible accounts	780	195
Benefit of deferred income taxes	(1,256)	(1,333)
Share-based compensation expense	8,108	7,672
Tax benefit from share-based compensation arrangements	(5,830)	(5,946)
Changes in assets and liabilities:		
Accounts receivable	(24,161)	(8,192)
Inventories	(1,654)	(12,896)
Other assets	4,407	(2,836)
Accounts payable	2,549	(6,759)
Accrued liabilities	(11,687)	(12,819)
Deferred revenue	2,364	3,736
Net cash provided by operating activities	100,002	78,800
Cash Flows from Investing Activities:		
Purchases of property and equipment	(43,699)	(24,301)
Proceeds from disposition of pharmaceutical product lines	3,500	3,000
Proceeds from sale of property and equipment	-	45
Acquisitions of intangible assets	(659)	(900)
Net cash used by investing activities	(40,858)	(22,156)
Cash Flows from Financing Activities:		
Borrowings on revolving credit facilities, net	155,500	1,000
Payment of notes payable	(480)	(452)
Repurchases of common stock	(206,335)	(55,006)
Proceeds from exercises of stock options and employee stock purchase plans	16,420	10,247
Tax benefit from share-based compensation arrangements	5,830	5,946
Net cash used by financing activities	(29,065)	(38,265)
Net effect of changes in exchange rates on cash	(3,052)	(461)
Net increase in cash and cash equivalents	27,027	17,918
Cash and cash equivalents at beginning of period	223,986	183,895
Cash and cash equivalents at end of period	$ 251,013	$ 201,813

The accompanying notes are an integral part of these condensed consolidated financial statements.

IDEXX LABORATORIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The accompanying condensed consolidated financial statements of IDEXX Laboratories, Inc. ("IDEXX," the "Company," "we" or "our") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the requirements of Regulation S-X, Rule 10-01 for financial statements required to be filed as a part of Form 10-Q.

The accompanying condensed consolidated financial statements include the accounts of IDEXX Laboratories, Inc. and our wholly-owned and majority-owned subsidiaries. We do not have any variable interest entities for which we are the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation.

The accompanying condensed consolidated financial statements reflect, in the opinion of our management, all adjustments necessary for a fair statement of our financial position and results of operations. All such adjustments are of a recurring nature. The consolidated balance sheet data at December 31, 2012 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The results of operations for the three and six months ended June 30, 2013 are not necessarily indicative of the results to be expected for the full year or any future period. These condensed consolidated financial statements should be read in conjunction with this Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 and our Annual Report on Form 10-K for the year ended December 31, 2012 filed with the Securities and Exchange Commission.

Certain reclassifications have been made to the prior year condensed consolidated financial statements to conform to the current year presentation. Reclassifications had no material impact on previously reported results of operations, financial position or cash flows.

NOTE 2. ACCOUNTING POLICIES

Significant Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three and six months ended June 30, 2013 are consistent with those discussed in Note 2 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012.

New Accounting Pronouncements Adopted

In December 2011, the Financial Accounting Standards Board ("FASB") issued an amendment to the accounting guidance for disclosure of offsetting assets and liabilities and related arrangements. The amendment expands the disclosure requirements so that entities are now required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The amendment is effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013, and shall be applied retrospectively. The adoption of this accounting pronouncement did not have a material impact on our financial statement disclosures. See Note 17 for additional information regarding derivative instruments subject to master netting arrangements.

In February 2013, the FASB issued an amendment to the accounting guidance for the reporting of amounts reclassified out of accumulated other comprehensive income ("AOCI"). The amendment expands the existing disclosure by requiring entities to present information about significant items reclassified out of AOCI by component. In addition, an entity is required to provide information about the effects on net income of significant amounts reclassified out of each component of AOCI to net income either on the face of the statement where net income is presented or as a separate disclosure in the notes of the financial statements. The amendment is effective prospectively for annual or interim reporting periods beginning after December 15, 2012. The adoption of this accounting pronouncement did not have a material impact on our financial statement disclosures. See Note 12 for additional information regarding accumulated other comprehensive income.

NOTE 3. SHARE-BASED COMPENSATION

The fair value of options, restricted stock units, deferred stock units and employee stock purchase rights awarded during the three and six months ended June 30, 2013 totaled $2.0 million and $18.6 million, respectively, compared to $1.1 million and $16.8 million for the three and six months ended June 30, 2012, respectively. The total unrecognized compensation expense, net of estimated forfeitures, for unvested share-based compensation awards outstanding at June 30, 2013 was $40.2 million, which will be recognized over a weighted average period of approximately 2.0 years.

We determine the assumptions used in the valuation of option awards as of the date of grant. Differences in the stock price volatility, expected term or risk-free interest rate may necessitate distinct valuation assumptions at each grant date. As such, we may use different assumptions for options granted throughout the year. Option awards are granted with an exercise price equal to the closing market price of our common stock at the date of grant. We have never paid any cash dividends on our common stock and we have no present intention to pay a dividend; therefore, we assume that no dividends will be paid over the expected terms of option awards. The weighted averages of the valuation assumptions used to determine the fair value of each option award on the date of grant and the weighted average estimated fair values were as follows:

	For the Six Months Ended June 30,	
	2013	2012
Expected stock price volatility	33 %	34 %
Expected term, in years	4.7	4.6
Risk-free interest rate	0.9 %	0.8 %
Weighted average fair value of options granted	$ 26.36	$ 26.32

NOTE 4. INVENTORIES

Inventories include material, labor and overhead, and are stated at the lower of cost (first-in, first-out) or market. The components of inventories were as follows *(in thousands)*:

	June 30, 2013	December 31, 2012
Raw materials	$ 25,084	$ 26,986
Work-in-process	14,918	16,031
Finished goods	100,936	97,929
	$ 140,938	$ 140,946

NOTE 5. GOODWILL AND INTANGIBLE ASSETS, NET

The decrease in goodwill during the six months ended June 30, 2013 resulted from changes in foreign currency exchange rates. The decrease in intangible assets other than goodwill during the six months ended June 30, 2013 resulted from the continued amortization of our intangible assets and changes in foreign currency exchange rates, partly offset by the impact of the acquisition of intangible assets.

We acquired a customer list in February 2013 for a purchase price of $1.0 million, which was allocated entirely to intangible assets other than goodwill. All assets acquired in connection with the acquisition were assigned to our Companion Animal Group ("CAG") segment.

NOTE 6. OTHER NONCURRENT ASSETS

Other noncurrent assets consisted of the following *(in thousands)*:

	June 30, 2013	December 31, 2012
Investment in long-term product supply arrangements	$ 9,514	$ 10,324
Customer acquisition costs, net	21,201	21,795
Other assets	22,454	18,942
	$ 53,169	$ 51,061

NOTE 7. ACCRUED LIABILITIES

Accrued liabilities consisted of the following *(in thousands)*:

	June 30, 2013	December 31, 2012
Accrued expenses	$ 41,152	$ 43,026
Accrued employee compensation and related expenses	42,868	53,408
Accrued taxes	12,728	14,945
Accrued customer programs	26,722	26,367
	$ 123,470	$ 137,746

NOTE 8. WARRANTY RESERVES

We provide a standard twelve month warranty on all instruments sold. We recognize the cost of instrument warranties in cost of product revenue at the time revenue is recognized based on the estimated cost to repair the instrument over its warranty period. Cost of product revenue reflects not only estimated warranty expense for instruments sold in the current period, but also any changes in estimated warranty expense for the portion of the aggregate installed base that is under warranty. Estimated warranty expense is based on a variety of inputs, including historical instrument performance in the customers' environment, historical costs incurred in servicing instruments and projected instrument reliability. Should actual service rates or costs differ from our estimates, revisions to the estimated warranty liability would be required. The liability for warranties is included in accrued liabilities in the accompanying condensed consolidated balance sheets.

The following is a summary of changes in accrued warranty reserves for the three and six months ended June 30, 2013 and 2012 *(in thousands)*:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	2012	2013	2012
Balance, beginning of period	$ 1,344	$ 1,573	$ 1,583	$ 1,693
Provision for warranty expense	494	576	924	1,112
Change in estimate, balance beginning of period	-	(37)	(133)	(99)
Settlement of warranty liability	(530)	(613)	(1,066)	(1,207)
Balance, end of period	$ 1,308	$ 1,499	$ 1,308	$ 1,499

NOTE 9. DEBT

In May 2013, we refinanced our existing $300 million unsecured revolving credit facility by entering into an amended and restated credit agreement relating to a five-year unsecured revolving credit facility in the principal amount of $450 million with a syndicate of multinational banks, which matures on May 8, 2018 (the new credit facility and the previous credit facility are referred to collectively as the “Credit Facility”) and requires no scheduled prepayments before that date. Though the Credit Facility does not mature until May 8, 2018, all amounts borrowed under the terms of the Credit Facility are reflected in the current liabilities section in the accompanying consolidated balance sheets because the Credit Facility contains a subjective material adverse event clause, which allows the debt holders to call the loans under the Credit Facility if we fail to notify the syndicate of such an event. The funds available under the Credit Facility at June 30, 2013 and December 31, 2012 reflect a further reduction due to the issuance of a letter of credit for $1.0 million, which was issued in connection with our workers’ compensation policy covering claims for the years 2009 through 2013.

Applicable interest rates on borrowings under the Credit Facility generally range from 0.875 to 1.25 percentage points (“Credit Spread”) above the London interbank offered rate or the Canadian Dollar-denominated bankers’ acceptance rate, based on our leverage ratio, or the prevailing prime rate plus a maximum spread of up to 0.25%, based on our leverage ratio. We have entered into forward fixed interest rate swap agreements to manage the economic effect of the first $80 million of variable interest rate borrowings. As such, we continue to designate the existing interest rate swaps as cash flow hedges. See Note 17 for a discussion of our derivative instruments and hedging activities. Under the Credit Facility, we pay quarterly commitment fees of 0.15% to 0.30%, based on our leverage ratio, on any unused commitment.

The obligations under the Credit Facility may be accelerated upon the occurrence of an event of default under the Credit Facility, which includes customary events of default including, without limitation, payment defaults, defaults in the performance of affirmative and negative covenants, the inaccuracy of representations or warranties, bankruptcy and insolvency related defaults, defaults relating to judgments, certain events related to employee pension benefit plans under the Employee Retirement Income Security Act of 1974, the failure to pay specified indebtedness, and a change of control default. The Credit Facility contains affirmative, negative and financial covenants customary for financings of this type. The negative covenants include restrictions on liens, indebtedness of subsidiaries of the Company, fundamental changes, investments, transactions with affiliates and certain restrictive agreements. The financial covenant is a consolidated leverage ratio test that requires our ratio of debt to earnings before interest, taxes, depreciation and amortization, defined as the consolidated leverage ratio under the terms of the Credit Facility, not to exceed 3-to-1. At June 30, 2013, we were in compliance with the covenants of the Credit Facility.

At June 30, 2013, our mortgage is consistent with that discussed in Note 11 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012.

NOTE 10. REPURCHASES OF COMMON STOCK

The following is a summary of our open market common stock repurchases for the three and six months ended June 30, 2013 and 2012 *(in thousands, except per share amounts)*:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	2012	2013	2012
Shares repurchased	1,651	319	2,338	652
Total cost of shares repurchased	$ 142,557	$ 27,376	$ 206,335	$ 55,006
Average cost per share	$ 86.37	$ 85.84	$ 88.27	$ 84.32

We primarily acquire shares by means of repurchases in the open market. However, we also acquire shares that are surrendered by employees in payment for the minimum required withholding taxes due on the vesting of restricted stock units and the settlement of deferred stock units. The number of shares acquired through employee surrenders during both the three months ended June 30, 2013 and 2012 was not material. We acquired 46,745 shares having a total cost of $4.3 million in connection with such employee surrenders during the six months ended June 30, 2013 compared to 50,172 shares having a total cost of $4.4 million during the six months ended June 30, 2012.

We issue shares of treasury stock upon the vesting of certain restricted stock units and upon the exercise of certain stock options. The number of shares of treasury stock issued during both the six months ended June 30, 2013 and 2012 was not material.

NOTE 11. INCOME TAXES

Our effective income tax rates were 30.8% and 28.8% for the three and six months ended June 30, 2013, respectively, compared to 31.9% and 31.8% for the three and six months ended June 30, 2012, respectively. For the three and six months ended June 30, 2012, the U.S. legislation authorizing the research and development (R&D) tax credit had expired and no associated tax benefit was recognized within these periods. The decrease in our effective tax rates for the three and six months ended June 30, 2013 was due to federal legislation enacted on January 2, 2013 within the U.S. that retroactively allowed a R&D tax credit for all of 2012 and extended the R&D tax credit through the twelve months ending December 31, 2013. Because this legislation was enacted in 2013, the full benefit of the R&D tax credit related to the prior year's activities was recognized during the three months ended March 31, 2013.

NOTE 12. ACCUMULATED OTHER COMPREHENSIVE INCOME

The changes in accumulated other comprehensive income, net of tax, for the six months ended June 30, 2013 consisted of the following *(in thousands)*:

	Unrealized Loss on Investments, Net of Tax	Unrealized Gain (Loss) on Derivative Instruments, Net of Tax	Cumulative Translation Adjustment	Total
Balance as of December 31, 2012	$ (171)	$ (2,070)	$ 18,195	$ 15,954
Other comprehensive income (loss) before reclassifications	56	6,667	(11,533)	(4,810)
Gains reclassified from accumulated other comprehensive income	-	(651)	-	(651)
Balance as of June 30, 2013	$ (115)	$ 3,946	$ 6,662	$ 10,493

The following is a summary of reclassifications out of accumulated other comprehensive income for the three and six months ended June 30, 2013 and 2012 *(in thousands)*:

Details about Accumulated Other Comprehensive Income Components	Affected Line Item in the Statement Where Net Income is Presented	Amounts Reclassified from Accumulated Other Comprehensive Income For the Three Months Ended June 30,	
		2013	2012
Gains (losses) on derivative instruments included in net income:			
Foreign currency exchange contracts	Cost of revenue	$ 1,256	$ 2,337
Interest rate swaps	Interest expense	(394)	(112)
	Total gains before tax	862	2,225
	Tax expense	221	698
	Gains, net of tax	$ 641	$ 1,527

Details about Accumulated Other Comprehensive Income Components	Affected Line Item in the Statement Where Net Income is Presented	Amounts Reclassified from Accumulated Other Comprehensive Income For the Six Months Ended June 30,	
		2013	2012
Gains (losses) on derivative instruments included in net income:			
Foreign currency exchange contracts	Cost of revenue	$ 1,365	$ 3,823
Interest rate swaps	Interest expense	(501)	(462)
	Total gains before tax	864	3,361
	Tax expense	213	1,039
	Gains, net of tax	$ 651	$ 2,322

NOTE 13. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income attributable to IDEXX Laboratories, Inc. stockholders by the weighted average number of shares of common stock and vested deferred stock units outstanding during the year. The computation of diluted earnings per share is similar to the computation of basic earnings per share, except that the denominator is increased for the assumed exercise of dilutive options and assumed issuance of unvested restricted stock units and unvested deferred stock units using the treasury stock method unless the effect is anti-dilutive. The treasury stock method assumes that proceeds, including cash received from the exercise of employee stock options, the total unrecognized compensation expense for unvested share-based compensation awards and the excess tax benefits resulting from share-based compensation tax deductions in excess of the related expense recognized for financial reporting purposes, would be used to purchase our common stock at the average market price during the period. Vested deferred stock units outstanding are included in shares outstanding for basic and diluted earnings per share because the associated shares of our common stock are issuable for no cash consideration, the number of shares of our common stock to be issued is fixed and issuance is not contingent. See Note 4 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012 for additional information regarding deferred stock units.

The following is a reconciliation of shares outstanding for basic and diluted earnings per share for the three and six months ended June 30, 2013 and 2012 *(in thousands)*:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Shares outstanding for basic earnings per share:	53,670	55,079	54,125	55,143
Shares outstanding for diluted earnings per share:				
Shares outstanding for basic earnings per share	53,670	55,079	54,125	55,143
Dilutive effect of share-based payment awards	716	1,132	830	1,202
	54,386	56,211	54,955	56,345

Certain options to acquire shares have been excluded from the calculation of shares outstanding for diluted earnings per share because they were anti-dilutive. The following table presents information concerning those anti-dilutive options for the three and six months ended June 30, 2013 and 2012 (*in thousands*):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
Weighted average number of shares underlying anti-dilutive options	652	757	556	689

NOTE 14. COMMITMENTS, CONTINGENCIES AND GUARANTEES

Significant commitments, contingencies and guarantees at June 30, 2013 are consistent with those discussed in Note 14 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012.

NOTE 15. SEGMENT REPORTING

Prior to January 1, 2013, we operated primarily through three business segments: diagnostic and information technology-based products and services for the veterinary market, which we continue to refer to as our Companion Animal Group (“CAG”), water quality products (“Water”) and diagnostic products for livestock and poultry health, which we referred to as Livestock and Poultry Diagnostics. We also operated two smaller operating segments that comprised products for milk quality and safety (“Dairy”) and products for the human point-of-care medical diagnostics market (“OPTI Medical”). Financial information about our Dairy and OPTI Medical operating segments was combined and presented with our remaining pharmaceutical product line and our out-licensing arrangements in an “Other” category because they did not meet the quantitative or qualitative thresholds for reportable segments.

We have combined the management of our Livestock and Poultry Diagnostics, and Dairy lines of business to more effectively realize the market synergies between the product lines and to achieve operational efficiencies. We refer to this newly created segment as Livestock, Poultry and Dairy ("LPD"). Our OPTI Medical operating segment remains combined and presented with our remaining pharmaceutical product line and our out-licensing arrangements in an "Other" category because they do not meet the quantitative or qualitative thresholds for reportable segments. The segment income (loss) from operations discussed within this report for the three and six months ended June 30, 2012 has been retrospectively revised to reflect this change in the composition of our reportable segments.

The following is a summary of segment performance for the three and six months ended June 30, 2013 and 2012 *(in thousands)*:

	For the Three Months Ended June 30,					
	CAG	Water	LPD	Other	Unallocated Amounts	Consolidated Total
2013						
Revenue	$ 295,834	$ 22,384	$ 28,278	$ 6,087	$ -	$ 352,583
Income from operations	$ 63,358	$ 9,913	$ 3,215	$ 841	$ 1,436	$ 78,763
Interest expense, net						(735)
Income before provision for income taxes						78,028
Provision for income taxes						24,029
Net income						53,999
Less: Net income attributable to noncontrolling interest						4
Net income attributable to IDEXX Laboratories, Inc. stockholders						$ 53,995
2012						
Revenue	$ 278,294	$ 21,983	$ 28,601	$ 6,771	$ -	$ 335,649
Income (loss) from operations	$ 59,768	$ 10,196	$ 5,673	$ 387	$ (207)	$ 75,817
Interest expense, net						(446)
Income before provision for income taxes						75,371
Provision for income taxes						24,051
Net income						51,320
Less: Net income attributable to noncontrolling interest						3
Net income attributable to IDEXX Laboratories, Inc. stockholders						$ 51,317

	For the Six Months Ended June 30,					
	CAG	Water	LPD	Other	Unallocated Amounts	Consolidated Total
2013						
Revenue	$ 572,774	$ 43,050	$ 56,317	$ 12,547	$ -	$ 684,688
Income (loss) from operations	$ 114,666	$ 18,268	$ 8,051	$ 1,276	$ (2,312)	$ 139,949
Interest expense, net						(1,125)
Income before provision for income taxes						138,824
Provision for income taxes						39,959
Net income						98,865
Less: Net income attributable to noncontrolling interest						11
Net income attributable to IDEXX Laboratories, Inc. stockholders						$ 98,854
2012						
Revenue	$ 546,367	$ 41,565	$ 57,717	$ 12,676	$ -	$ 658,325
Income (loss) from operations	$ 106,686	$ 18,491	$ 11,690	$ 174	$ (817)	$ 136,224
Interest expense, net						(1,203)
Income before provision for income taxes						135,021
Provision for income taxes						42,967
Net income						92,054
Less: Net loss attributable to noncontrolling interest						(6)
Net income attributable to IDEXX Laboratories, Inc. stockholders						$ 92,060

During the second quarter of 2013, we changed the name of our Practice Management product and service category within our CAG segment to Customer Information Management in order to more closely align with our offerings. The following is a summary of revenue by product and service category for the three and six months ended June 30, 2013 and 2012 (*in thousands*):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2013	**2012**	**2013**	**2012**
CAG segment revenue:				
VetLab® instruments and consumables	$ 112,037	$ 104,243	$ 215,707	$ 206,240
Rapid assay products	46,057	45,577	90,140	89,241
Reference laboratory diagnostic and consulting services	115,917	106,385	223,566	208,247
Customer information management and digital imaging systems	21,823	22,089	43,361	42,639
CAG segment revenue	295,834	278,294	572,774	546,367
Water segment revenue	22,384	21,983	43,050	41,565
LPD segment revenue	28,278	28,601	56,317	57,717
Other segment revenue	6,087	6,771	12,547	12,676
Total revenue	$ 352,583	$ 335,649	$ 684,688	$ 658,325

NOTE 16. FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP requires an entity to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs when measuring fair value.

The Company has certain financial assets and liabilities that are measured at fair value on a recurring basis, certain nonfinancial assets and liabilities that may be measured at fair value on a nonrecurring basis and certain financial assets and liabilities that are not measured at fair value in our condensed consolidated balance sheets but for which we disclose the fair value. The fair value disclosures of these assets and liabilities are based on a three-level hierarchy, which is defined as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. We did not have any significant nonfinancial assets or nonfinancial liabilities which required remeasurement during the six months ended June 30, 2013. We did not have any transfers between Level 1 and Level 2 or transfers in or out of Level 3 of the fair value hierarchy during the six months ended June 30, 2013.

Our foreign currency exchange contracts and interest rate swap agreements are measured at fair value on a recurring basis in our accompanying condensed consolidated balance sheets. We measure the fair value of our foreign currency exchange contracts classified as derivative instruments using an income approach, based on prevailing market forward rates less the contract rate multiplied by the notional amount. The product of this calculation is then adjusted for counterparty risk. We measure the fair value of our interest rate swaps classified as derivative instruments using an income approach, utilizing a discounted cash flow analysis based on the terms of the contract and the interest rate curve adjusted for counterparty risk.

The amount outstanding under our Credit Facility, notes receivable and long-term debt are measured at carrying value in our accompanying condensed consolidated balance sheets though we disclose the fair value of these financial instruments. We determine the fair value of the amount outstanding under our Credit Facility, notes receivable and long-term debt using an income approach, utilizing a discounted cash flow analysis based on current market interest rates for debt issues with similar remaining years to maturity, adjusted for applicable credit risk. Our Credit Facility and long-term debt are valued using level 2 inputs, while our notes receivable, representing a strategic investment in a privately held company with a carrying value of $4.8 million as of June 30, 2013, are valued using level 3 inputs. The results of these calculations yield fair values that approximate carrying values.

The following tables set forth our assets and liabilities that were measured at fair value on a recurring basis at June 30, 2013 and at December 31, 2012 by level within the fair value hierarchy *(in thousands)*:

As of June 30, 2013	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Balance at June 30, 2013**
Assets				
Money market funds[(1)]	$ 146,095	$ -	$ -	$ 146,095
Equity mutual funds[(2)]	2,418	-	-	2,418
Foreign currency exchange contracts[(3)]	-	7,023	-	7,023
Liabilities				
Foreign currency exchange contracts[(3)]	-	434	-	434
Deferred compensation[(4)]	2,418	-	-	2,418
Interest rate swaps[(5)]	-	1,856	-	1,856

As of December 31, 2012	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Balance at December 31, 2012**
Assets				
Money market funds[(1)]	$ 127,576	$ -	$ -	$ 127,576
Equity mutual funds[(2)]	2,320	-	-	2,320
Foreign currency exchange contracts[(3)]	-	2,128	-	2,128
Liabilities				
Foreign currency exchange contracts[(3)]	-	2,193	-	2,193
Deferred compensation[(4)]	2,320	-	-	2,320
Interest rate swaps[(5)]	-	2,682	-	2,682

(1) Money market funds are included within cash and cash equivalents. The remaining balance of cash and cash equivalents as of June 30, 2013 and December 31, 2012 consisted of demand deposits.
(2) Equity mutual funds relate to a deferred compensation plan that was assumed as part of a previous business combination. This amount is included within other long-term assets, net. See number (4) below for a discussion of the related deferred compensation liability.
(3) Foreign currency exchange contracts are included within other current assets; other long-term assets, net; accrued liabilities; or other long-term liabilities depending on the gain (loss) position and anticipated settlement date.
(4) A deferred compensation plan assumed as part of a previous business combination is included within other long-term liabilities. The fair value of our deferred compensation plan is indexed to the performance of the underlying equity mutual funds discussed in number (2) above.
(5) Interest rate swaps are included within accrued liabilities.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable and accounts payable, approximate carrying value due to their short maturity.

NOTE 17. DERIVATIVE INSTRUMENTS AND HEDGING

Disclosure within this footnote is presented to provide transparency about how and why we use derivative instruments, how the instruments and related hedged items are accounted for, and how the instruments and related hedged items affect our financial position, results of operations and cash flows.

We are exposed to certain risks related to our ongoing business operations. The primary risks that we manage by using derivative instruments are foreign currency exchange risk and interest rate risk. Our subsidiaries enter into foreign currency exchange contracts to manage the exchange risk associated with their forecasted intercompany inventory purchases and sales for the next year. From time to time, we may also enter into foreign currency exchange contracts to minimize the impact of foreign currency fluctuations associated with specific, significant transactions. We enter into interest rate swaps to minimize the impact of interest rate fluctuations associated with our variable-rate debt.

The primary purpose of our foreign currency hedging activities is to protect against the volatility associated with foreign currency transactions, including transactions denominated in Euro, British pound, Japanese yen, Canadian dollar, Australian dollar and Swiss franc. We also utilize natural hedges to mitigate our transaction and commitment exposures. Our corporate policy prescribes the range of allowable hedging activity. We enter into foreign currency exchange contracts with large multinational financial institutions and we do not hold or engage in transactions involving derivative instruments for purposes other than risk management.

We recognize all derivative instruments, including our foreign currency exchange contracts and interest rate swap agreements, on the balance sheet at fair value at the balance sheet date. Derivative instruments that do not qualify for hedge accounting treatment must be recorded at fair value through earnings. To qualify for hedge accounting treatment, cash flow hedges must be highly effective in offsetting changes to expected future cash flows on hedged transactions. If a derivative instrument qualifies for hedge accounting, changes in the fair value of the derivative instrument from the effective portion of the hedge are deferred in other comprehensive income (“OCI”), net of tax, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. We immediately record in earnings the extent to which a hedge instrument is not effective in achieving offsetting changes in fair value. We de-designate derivative instruments from hedge accounting when the likelihood of the hedged transaction occurring becomes less than probable. For de-designated instruments, the gain or loss from the time of de-designation through maturity of the instrument is recognized in earnings. Any gain or loss in OCI at the time of de-designation is reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. See Note 12 for further information regarding the effect of derivative instruments designated as cash flow hedges on the condensed consolidated statement of operations for the three and six months ended June 30, 2013 and 2012.

We enter into master netting arrangements with the counterparties to our derivative transactions which permit outstanding receivables and payables to be offset in the event of default. Our derivative contracts do not require either party to post cash collateral. We elect to present our derivative assets and liabilities in the accompanying condensed consolidated balance sheets on a gross basis. All cash flows related to our foreign currency exchange contracts and interest rate swaps are classified as operating cash flows, which is consistent with the cash flow treatment of the underlying items being hedged.

Cash Flow Hedges

We have designated our foreign currency exchange contracts and variable-to-fixed interest rate swaps as cash flow hedges as these derivative instruments mitigate the exposure to variability in the cash flows of forecasted transactions attributable to foreign currency exchange and interest rates. Unless noted otherwise, we have also designated our derivative instruments as qualifying for hedge accounting treatment.

We did not de-designate any instruments from hedge accounting treatment during the three and six months ended June 30, 2013 or 2012. Gains or losses related to hedge ineffectiveness recognized in earnings during the three and six months ended June 30, 2013 and 2012 were not material. At June 30, 2013, the estimated amount of net gains, net of income tax expense, that are expected to be reclassified out of accumulated OCI and into earnings within the next 12 months is $2.9 million if exchange and interest rates do not fluctuate from the levels at June 30, 2013.

We enter into foreign currency exchange contracts for amounts that are less than the full value of forecasted intercompany inventory purchases and sales. Our hedging strategy related to intercompany inventory purchases and sales is to employ the full amount of our hedges for the succeeding year at the conclusion of our budgeting process for that year, which is complete by the end of the preceding year. We primarily utilize foreign currency exchange contracts with durations of less than 24 months. Quarterly, we enter into contracts to hedge incremental portions of anticipated foreign currency transactions for the current and following year. As a result, our risk with respect to foreign currency exchange rate fluctuations and the notional value of foreign currency exchange contracts may vary throughout the year. The U.S. dollar is the currency purchased or sold in all of our foreign currency exchange contracts. The notional amount of foreign currency exchange contracts to hedge forecasted intercompany inventory purchases and sales totaled $171.2 million and $157.0 million at June 30, 2013 and December 31, 2012, respectively.

We have entered into forward fixed interest rate swap agreements to manage the economic effect of variable interest obligations on amounts borrowed under the terms of our Credit Facility. Beginning on March 30, 2012, the variable interest rate associated with $40 million of borrowings outstanding under the Credit Facility became effectively fixed at 1.36% plus the Credit Spread through June 30, 2016. Beginning on March 28, 2013, the variable interest rate associated with an additional $40 million of borrowings outstanding under the Credit Facility became effectively fixed at 1.64% plus the Credit Spread through June 30, 2016. Two of our forward fixed interest rate swap agreements expired on March 31, 2012. Under these agreements, the variable interest rate associated with $80 million of borrowings outstanding under the Credit Facility had been effectively fixed at 2% plus the Credit Spread above the London interbank offered rate.

The fair values of derivative instruments, their respective classification on the condensed consolidated balance sheets and amounts subject to offset under master netting arrangements consisted of the following *(in thousands)*:

		Asset Derivatives	
		June 30, 2013	**December 31, 2012**
Derivatives designated as hedging instruments	**Balance Sheet Classification**		
Foreign currency exchange contracts	Other current assets	$ 5,537	$ 2,128
Foreign currency exchange contracts	Other long-term assets, net	1,486	-
Total derivative instruments presented on the balance sheet		7,023	2,128
Gross amounts subject to master netting arrangements not offset on the balance sheet		434	1,918
Net amount		$ 6,589	$ 210

		Liability Derivatives	
		June 30, 2013	**December 31, 2012**
Derivatives designated as hedging instruments	**Balance Sheet Classification**		
Foreign currency exchange contracts	Accrued liabilities	$ 434	$ 2,193
Interest rate swaps	Accrued liabilities	1,856	2,682
Total derivative instruments presented on the balance sheet		2,290	4,875
Gross amounts subject to master netting arrangements not offset on the balance sheet		434	1,918
Net amount		$ 1,856	$ 2,957

The effect of derivative instruments designated as cash flow hedges on the condensed consolidated balance sheets consisted of the following *(in thousands)*:

	Gain (Loss) Recognized in OCI on Derivative Instruments (Effective Portion)			
	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
Derivative instruments	**2013**	**2012**	**2013**	**2012**
Foreign currency exchange contracts, net of tax	$ 1,436	$ 383	$ 5,497	$ (1,428)
Interest rate swaps, net of tax	472	(649)	519	(539)
Total derivative instruments, net of tax	$ 1,908	$ (266)	$ 6,016	$ (1,967)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Quarterly Report on Form 10-Q contains statements which, to the extent they are not statements of historical fact, constitute "forward-looking statements." Such forward-looking statements about our business and expectations within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, include statements relating to future revenue growth rates, earnings and other measures of financial performance, the effect of economic conditions on our business performance; demand for our products; realizability of assets; future cash flow and uses of cash; future repurchases of common stock; future levels of indebtedness and capital spending; interest expense; warranty expense; share-based compensation expense; and competition. Forward-looking statements can be identified by the use of words such as "expects," "may," "anticipates," "intends," "would," "will," "plans," "believes," "estimates," "should," and similar words and expressions. These forward-looking statements are intended to provide our current expectations or forecasts of future events; are based on current estimates, projections, beliefs, and assumptions; and are not guarantees of future performance. Actual events or results may differ materially from those described in the forward-looking statements. These forward-looking statements involve a number of risks and uncertainties as more fully described under the heading "Part II, Item 1A. Risk Factors" in this Quarterly Report on Form 10-Q. The risks and uncertainties discussed herein do not reflect the potential impact of any mergers, acquisitions or dispositions. In addition, any forward-looking statements represent our estimates only as of the day this Quarterly Report was first filed with the Securities and Exchange Commission ("SEC") and should not be relied upon as representing our estimates as of any subsequent date. From time to time, oral or written forward-looking statements may also be included in other materials released to the public. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our estimates or expectations change.

- **Business Overview and Trends**

Operating segments. Prior to January 1, 2013, we operated primarily through three business segments: diagnostic and information technology-based products and services for the veterinary market, which we continue to refer to as the Companion Animal Group ("CAG"); water quality products ("Water"); and diagnostic products for livestock and poultry health, which we referred to as Livestock and Poultry Diagnostics. We also operated two smaller operating segments that comprise products for milk quality and safety ("Dairy") and products for the human point-of-care medical diagnostics market ("OPTI Medical"). Financial information about our Dairy and OPTI Medical operating segments was combined and presented with our remaining pharmaceutical product line and our out-licensing arrangements in an "Other" category because they did not meet the quantitative or qualitative thresholds for reportable segments.

We have combined the management of our Livestock and Poultry Diagnostics, and Dairy lines of business to more effectively realize the market synergies between the product lines and to achieve operational efficiencies. We refer to this newly created segment as Livestock, Poultry and Dairy ("LPD"). Our OPTI Medical operating segment remains combined and presented with our remaining pharmaceutical product line and our out-licensing arrangements in an "Other" category because they do not meet the quantitative or qualitative thresholds for reportable segments. The segment income (loss) from operations discussed within this report for the three and six months ended June 30, 2012 has been retrospectively revised to reflect this change in the composition of our reportable segments. See Note 15 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for financial information about our segments and the section entitled "Description of Business by Segment" under the heading "Item 1. Business" in our Annual Report on Form 10-K for the year ended December 31, 2012 for additional description pertaining to our product and services.

CAG develops, designs, manufactures, and distributes products and performs services for veterinarians and the bioresearch market, primarily related to diagnostics and information management. Water develops, designs, manufactures and distributes a range of products used in the detection of various microbiological parameters in water. LPD develops, designs, manufactures and distributes diagnostic tests and related instrumentation that are used to detect a wide range of diseases, to monitor health status in livestock and poultry and to detect contaminants in milk. OPTI Medical develops, designs, manufactures, and distributes point-of-care electrolyte and blood gas analyzers and related consumable products for the human medical diagnostics market. Further, OPTI Medical manufactures the dry slide electrolyte consumables that are a subset of the consumables used with our Catalyst Dx® analyzer and our VetStat® Electrolyte and Blood Gas Analyzer and associated cassettes.

Effects of Certain Factors on Results of Operations

Distributor Purchasing and Inventories. The instrument consumables and rapid assay products in our CAG segment are sold in the U.S. and certain other geographies by third party distributors, who purchase products from us and sell them to veterinary practices, which are the end users. As a result, distributor purchasing dynamics have an impact on our reported sales of these products. Distributor purchasing dynamics may be affected by many factors and in a given period may not be directly related to underlying end-user demand for our products. Consequently, reported results may reflect fluctuations in inventory levels held at distributors and not necessarily reflect changes in underlying end-user demand. Therefore, we believe it is important to track distributor sales to end users and to distinguish between the impact of end-user demand and the impact of distributor purchasing dynamics on reported revenue.

Where growth rates are affected by changes in end-user demand, we refer to this as the impact of practice-level sales on growth. Where growth rates are affected by distributor purchasing dynamics, we refer to this as the impact of changes in distributors' inventories on growth. If during the current year, distributors' inventories grew by less than those inventories grew in the comparable period of the prior year, then changes in distributors' inventories have an unfavorable impact on our reported sales growth in the current period. Conversely, if during the current year, distributors' inventories grew by more than those inventories grew in the comparable period of the prior year, then changes in distributors' inventories have a favorable impact on our reported sales growth in the current period.

At the end of a quarter, we believe that our U.S. CAG distributors typically hold inventory equivalent to approximately four weeks of the anticipated end-user demand for instrument consumables and rapid assay products.

Currency Impact. For both the three and six months ended June 30, 2013, approximately 26% of our revenue was derived from products manufactured in the U.S. and sold internationally in local currencies compared to 25% for both the three and six months ended June 30, 2012. Strengthening of the rate of exchange for the U.S. dollar relative to other currencies has a negative impact on our revenues derived in currencies other than the U.S. dollar and on profits of products manufactured in the U.S. and sold internationally, and a weakening of the U.S. dollar has the opposite effect. Similarly, to the extent that the U.S. dollar is stronger in current or future periods relative to the exchange rates in effect in the corresponding prior periods, our growth rate will be negatively affected. The impact of foreign currency denominated operating expenses and foreign currency denominated supply contracts partly offset this exposure.

The impact on revenue resulting from changes in foreign currency exchange rates is not a measure defined by generally accepted accounting principles in the United States of America ("U.S. GAAP"), otherwise referred to herein as a non-U.S. GAAP measure. We calculate the impact on revenue resulting from changes in foreign currency exchange rates by applying the difference between the weighted average exchange rates during the current year period and the comparable previous year period to foreign currency denominated revenues for the current year period.

During the three and six months ended June 30, 2013, as compared to the same periods of the prior year, changes in foreign currency exchange rates decreased total company revenue by approximately $2.7 million and $4.6 million, respectively, due primarily to the strengthening of the U.S. dollar against the Japanese yen.

Effects of Economic Conditions. Demand for many of our products and services has been negatively affected by economic conditions since mid-2008. In our CAG segment, we believe that low economic growth and relatively high unemployment have led to negative or cautious consumer sentiment, which has affected the number of patient visits to veterinary clinics. With regard to the U.S., based on data provided by a subset of our customers that use our practice management systems, we observed patient visits were flat to slightly down beginning in 2009. Beginning in the fourth quarter of 2011, we observed a slight improvement in the growth of patient visits, followed by further improvement during 2012 over the previous year periods. This improvement slowed in the first half of 2013. We believe that this data, though limited, provides a fair and meaningful representation of the trend in patient visit activity in the U.S. Economic conditions in certain European countries remain challenging, which we believe has a negative impact on our CAG segment in particular. We believe that the overall trend in patient visits since the beginning of the economic downturn has had a slightly negative impact on the growth rate of sales of rapid assay tests, VetLab® instrument consumables and reference laboratory diagnostic and consulting services. In addition, we believe the rate of growth of sales of our VetLab® instruments, digital radiography and practice management systems, which are larger capital purchases for veterinarians, has also been affected by continued caution among veterinarians regarding economic conditions. Weaker economic conditions since mid-2008 have also caused our customers to remain sensitive to the pricing of our products and services resulting in lower revenue growth due to limited price increases for certain products.

We also believe that current economic conditions have affected purchasing decisions of our Water and LPD business customers. Lower water testing volumes have resulted from a decline in discretionary testing and a decline in mandated testing as a result of lower home and commercial construction. Fiscal difficulties in certain European countries have also reduced government funding for some water and livestock testing programs.

We believe that the diversity of our products and services and the geographic diversity of our markets have partially mitigated the effects of the economic environment and negative consumer sentiment on our revenue growth rates. Looking forward, we are cautiously optimistic that the improvements we began to see in the U.S. commencing in the fourth quarter of 2011 and continuing in 2012 and 2013 are reflective of a gradual improvement in the macroeconomic environment that over time will further reduce these effects.

▪ Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates. We base our estimates on historical experience and on various assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The significant accounting policies used in preparation of these condensed consolidated financial statements for the three and six months ended June 30, 2013 are consistent with those discussed in Note 2 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012. The critical accounting policies and the significant judgments and estimates used in the preparation of our condensed consolidated financial statements for the three and six months ended June 30, 2013 are consistent with those discussed in our Annual Report on Form 10-K for the year ended December 31, 2012 in the section under the heading "Part 2, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates."

▪ Results of Operations

Three Months Ended June 30, 2013 Compared to Three Months Ended June 30, 2012

Revenue

The following revenue analysis and discussion focuses on organic revenue growth. Organic revenue growth should be considered in addition to, and not as a replacement for or as a superior measure to, revenues reported in accordance with U.S. GAAP, and may not be comparable to similarly titled measures reported by other companies. Management believes that reporting organic revenue growth provides useful information to investors by facilitating easier comparisons of our revenue performance with prior and future periods and to our peers. 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 exclude the effect of acquisitions because the nature, size and number of acquisitions can vary dramatically from period to period and therefore can also obscure underlying business trends.

Organic revenue growth and the percentage changes in revenue from currency and acquisitions are non-U.S. GAAP measures. See the subsection above titled "Effects of Certain Factors on Results of Operations" for a description of the calculation of the percentage change in revenue resulting from changes in foreign currency exchange rates. The percentage change in revenue resulting from acquisitions represents incremental revenues attributable to acquisitions that have occurred since the beginning of the prior year period.

Total Company. The following table presents revenue by operating segment:

Net Revenue (dollars in thousands)	For the Three Months Ended June 30, 2013	For the Three Months Ended June 30, 2012	Dollar Change	Percentage Change	Percentage Change from Currency	Percentage Change from Acquisitions	Organic Revenue Growth
CAG	$ 295,834	$ 278,294	$ 17,540	6.3%	(0.9%)	0.4%	6.8%
Water	22,384	21,983	401	1.8%	(0.5%)	-	2.3%
LPD	28,278	28,601	(323)	(1.1%)	(0.2%)	-	(0.9%)
Other	6,087	6,771	(684)	(10.1%)	0.1%	-	(10.2%)
Total Company	$ 352,583	$ 335,649	$ 16,934	5.0%	(0.8%)	0.3%	5.5%

Companion Animal Group. The following table presents revenue by product and service category for CAG, with the exception of the VetLab® instruments, consumables, and service and accessories categories, which represent VetLab® subcomponents:

Net Revenue *(dollars in thousands)*	For the Three Months Ended June 30, 2013	For the Three Months Ended June 30, 2012	Dollar Change	Percentage Change	Percentage Change from Currency	Percentage Change from Acquisitions	Organic Revenue Growth
VetLab® instruments	$ 20,725	$ 23,273	$ (2,548)	(10.9%)	(0.7%)	-	(10.2%)
VetLab consumables	78,470	68,863	9,607	14.0%	(0.9%)	-	14.9%
VetLab service and accessories	12,842	12,107	735	6.1%	(2.9%)	-	9.0%
Rapid assay products	46,057	45,577	480	1.1%	(0.8%)	-	1.9%
Reference laboratory diagnostic and consulting services	115,917	106,385	9,532	9.0%	(0.8%)	0.3%	9.5%
Customer information management and digital imaging systems	21,823	22,089	(266)	(1.2%)	(0.1%)	3.4%	(4.5%)
Net CAG revenue	$ 295,834	$ 278,294	$ 17,540	6.3%	(0.9%)	0.4%	6.8%

The decrease in VetLab® instruments revenue was due primarily to a decrease in hematology placements and the impact of customer programs, including a reagent rental program that was launched in the fourth quarter of 2012, where instrument revenue is recognized over the term of the rental agreement.

VetLab consumables revenue growth was due to both higher unit volumes and higher realized prices. The increase in unit volumes resulted primarily from growth of our installed base for our Catalyst Dx® and ProCyte Dx® instruments as a result of customer acquisitions, as well as an increase in testing from existing customers who upgraded to these instruments. Higher realized prices include the impact of list price increases, as well as higher prices charged as a result of changes in certain distributor arrangements. The impact of changes in distributors' inventory levels contributed 1% to reported consumables revenue growth.

VetLab service and accessories revenue growth was primarily a result of the increase in our active installed base of instruments.

The increase in rapid assay product revenue was due primarily to an increase in canine practice-level sales volumes and higher average unit sales prices resulting from price increases. The impact of changes in distributors' inventory levels did not have a significant impact on revenue growth. The increase in practice-level sales volumes was due primarily to the impact of changes to marketing programs which resulted in a shift of sales volumes from the first quarter to the second quarter.

The increase in reference laboratory diagnostic and consulting services revenue resulted primarily from the impact of higher testing volumes and, to a lesser extent, price increases. Higher testing volumes were driven by the acquisition of new customers and increased testing volumes from existing customers.

The decrease in customer information management and digital imaging systems revenue resulted primarily from a decrease in digital radiography and Cornerstone® system placements, partly offset by higher support revenue resulting from an increase in our active installed base and revenue from Pet Health Network® Pro, which launched commercially in the first quarter of 2013.

Water. The increase in Water revenue resulted from higher average unit sales prices due primarily to higher relative sales of our Colilert® product and related accessories in geographies where these products are sold at higher prices.

Livestock, Poultry and Dairy. The decrease in LPD revenue resulted primarily from lower sales volumes of certain bovine tests resulting from changes in European Union Bovine Spongiform Encephalopathy ("BSE") testing requirements and lower testing levels from certain government programs. These unfavorable factors were partly offset by higher sales volumes of Dairy SNAP® tests used for the detection of antibiotic residues in milk as well as certain poultry tests.

Other. The decrease in Other revenue was attributable primarily to lower sales volumes associated with our pharmaceutical product line, partly offset by higher sales volumes of consumables used with our OPTI Medical instruments.

Gross Profit

Total Company. The following table presents gross profit and gross profit percentages by operating segment:

Gross Profit *(dollars in thousands)*	For the Three Months Ended June 30, 2013	Percent of Revenue	For the Three Months Ended June 30, 2012	Percent of Revenue	Dollar Change	Percentage Change
CAG	$ 161,704	54.7%	$ 147,908	53.1%	$ 13,796	9.3%
Water	15,044	67.2%	14,794	67.3%	250	1.7%
LPD	15,254	53.9%	17,246	60.3%	(1,992)	(11.6%)
Other	3,069	50.4%	3,000	44.3%	69	2.3%
Unallocated Amounts	2,627	N/A	1,741	N/A	886	50.9%
Total Company	$ 197,698	56.1%	$ 184,689	55.0%	$ 13,009	7.0%

Companion Animal Group. Gross profit for CAG increased due to higher sales and an increase in the gross profit percentage to 55% from 53%. The increase in gross profit percentage was due primarily to efficiencies realized throughout our reference laboratory operations as well as higher average unit sales prices resulting primarily from price increases for our reference laboratory diagnostic services and, to a lesser extent, VetLab consumables.

Water. Gross profit for Water increased due to higher sales, mostly offset by a slight decrease in the gross profit percentage. The decrease in the gross profit percentage was due primarily to increases in manufacturing costs that we do not expect to continue, mostly offset by higher relative sales of our Colilert® product and related accessories in geographies where these products are sold at higher average unit sales prices.

Livestock, Poultry and Dairy. Gross profit for LPD decreased due to a decrease in the gross profit percentage to 54% from 60% and lower sales. The decrease in the gross profit percentage was due to higher overall manufacturing costs, due in part to lower production volumes in certain manufacturing plants, the unfavorable impact of currency and lower average unit sales prices for certain bovine tests. The unfavorable impact of currency was due primarily to hedging losses during the three months ended June 30, 2013 compared to hedging gains during the same period of the prior year.

Other. Gross profit for Other increased due to an increase in the gross profit percentage to 50% from 44%, partly offset by lower sales. The increase in the gross profit percentage was due to a decrease in manufacturing costs resulting from a reduction in materials cost and higher relative sales of consumables used with our OPTI Medical instruments that yield higher margins.

Unallocated Amounts. Gross profit for Unallocated Amounts increased due primarily to a decrease in certain manufacturing costs. The manufacturing costs reported in our operating segments include our standard cost for products sold and any variances from standard cost for products purchased or manufactured within the period. We capitalize these variances for inventory on hand at the end of the period to record inventory in accordance with U.S. GAAP. We then record these variances as cost of product revenue as that inventory is sold. The impact to cost of product revenue resulting from this variance capitalization and subsequent recognition is reported within the caption "Unallocated Amounts." The net impact to gross profit as a result of manufacturing costs was favorable during the three months ended June 30, 2013 as result of the amortization of favorable variances capitalized in 2012.

Operating Expenses and Operating Income

Total Company. The following tables present operating expenses and operating income by operating segment:

Operating Expenses *(dollars in thousands)*	For the Three Months Ended June 30, 2013	Percent of Revenue	For the Three Months Ended June 30, 2012	Percent of Revenue	Dollar Change	Percentage Change
CAG	$ 98,346	33.2%	$ 88,140	31.7%	$ 10,206	11.6%
Water	5,131	22.9%	4,598	20.9%	533	11.6%
LPD	12,039	42.6%	11,573	40.5%	466	4.0%
Other	2,228	36.6%	2,613	38.6%	(385)	(14.7%)
Unallocated Amounts	1,191	N/A	1,948	N/A	(757)	(38.9%)
Total Company	$ 118,935	33.7%	$ 108,872	32.4%	$ 10,063	9.2%

Operating Income *(dollars in thousands)*	For the Three Months Ended June 30, 2013	Percent of Revenue	For the Three Months Ended June 30, 2012	Percent of Revenue	Dollar Change	Percentage Change
CAG	$ 63,358	21.4%	$ 59,768	21.5%	$ 3,590	6.0%
Water	9,913	44.3%	10,196	46.4%	(283)	(2.8%)
LPD	3,215	11.4%	5,673	19.8%	(2,458)	(43.3%)
Other	841	13.8%	387	5.7%	454	117.3%
Unallocated Amounts	1,436	N/A	(207)	N/A	1,643	793.7%
Total Company	$ 78,763	22.3%	$ 75,817	22.6%	$ 2,946	3.9%

Companion Animal Group. The following table presents CAG operating expenses by functional area:

Operating Expenses *(dollars in thousands)*	For the Three Months Ended June 30, 2013	Percent of Revenue	For the Three Months Ended June 30, 2012	Percent of Revenue	Dollar Change	Percentage Change
Sales and marketing	$ 49,570	16.8 %	$ 46,141	16.6 %	$ 3,429	7.4 %
General and administrative	32,836	11.1 %	28,346	10.2 %	4,490	15.8 %
Research and development	15,940	5.4 %	13,653	4.9 %	2,287	16.8 %
Total operating expenses	$ 98,346	33.2 %	$ 88,140	31.7 %	$ 10,206	11.6 %

The increase in sales and marketing expense resulted primarily from higher personnel-related costs, partly offset by the favorable impact from changes in foreign currency exchange rates. The increase in general and administrative expense resulted primarily from increased personnel-related costs, an increase in costs attributable to investments in information technology and higher consulting costs. The increase in research and development expense resulted primarily from higher consulting and external development costs and increased personnel-related costs.

Water. The following table presents Water operating expenses by functional area:

Operating Expenses *(dollars in thousands)*	For the Three Months Ended June 30, 2013	Percent of Revenue	For the Three Months Ended June 30, 2012	Percent of Revenue	Dollar Change	Percentage Change
Sales and marketing	$ 2,402	10.7%	$ 2,449	11.1%	$ (47)	(1.9%)
General and administrative	2,103	9.4%	1,505	6.8%	598	39.7%
Research and development	626	2.8%	644	2.9%	(18)	(2.8%)
Total operating expenses	$ 5,131	22.9%	$ 4,598	20.9%	$ 533	11.6%

Sales and marketing expense and research and development expense for the three months ended June 30, 2013 were generally consistent with the same period of the prior year. The increase in general and administrative expense resulted primarily from higher personnel-related costs.

Livestock, Poultry and Dairy. The following table presents LPD operating expenses by functional area:

Operating Expenses *(dollars in thousands)*	For the Three Months Ended June 30, 2013	Percent of Revenue	For the Three Months Ended June 30, 2012	Percent of Revenue	Dollar Change	Percentage Change
Sales and marketing	$ 5,216	18.4 %	$ 5,024	17.6 %	$ 192	3.8 %
General and administrative	3,477	12.3 %	3,448	12.1 %	29	0.8 %
Research and development	3,346	11.8 %	3,101	10.8 %	245	7.9 %
Total operating expenses	$ 12,039	42.6 %	$ 11,573	40.5 %	$ 466	4.0 %

The increase in sales and marketing and research and development expense resulted primarily from higher personnel-related costs. General and administrative expense for the three months ended June 30, 2013 was generally consistent with the same period of the prior year.

Other. Operating expenses for Other decreased $0.4 million to $2.2 million for the three months ended June 30, 2013 due primarily to lower consulting and external development costs.

Unallocated Amounts. Operating expenses that are not allocated to our operating segments decreased $0.8 million to $1.2 million for the three months ended June 30, 2013 due primarily to a decrease in certain personnel-related costs and lower legal and other professional fees incurred in connection with the resolution of the U.S. Federal Trade Commission ("FTC") investigation in February 2013. We estimate certain personnel-related costs and allocate the estimated expenses to the operating segments. This allocation differs from actual expense and consequently yields a difference that is reported under the caption "Unallocated Amounts." The decrease in certain personnel-related costs for Unallocated Amounts is due primarily to lower self-insured health care costs during the three months ended June 30, 2013 compared to the same period of the prior year.

Interest Income and Interest Expense

Interest income was $0.4 million for the three months ended June 30, 2013 compared to $0.5 million for the three months ended June 30, 2012.

Interest expense increased $0.3 million to $1.2 million for the three months ended June 30, 2013 due primarily to higher average balances outstanding on our unsecured revolving credit facility. In May 2013, we refinanced our existing $300 million unsecured revolving credit facility by entering into an amended and restated credit agreement relating to a five-year unsecured revolving credit facility in the principal amount of $450 million as further described in Item 1. Financial Statements; Notes to Condensed Consolidated Financial Statements; Note 9, included in this Form 10-Q.

Provision for Income Taxes

Our effective income tax rate was 30.8% for the three months ended June 30, 2013 compared to 31.9% for the three months ended June 30, 2012. For the three months ended June 30, 2012, the U.S. legislation authorizing the research and development (R&D) tax credit had expired and no associated tax benefit was recognized within this period. On January 2, 2013, federal legislation was enacted within the U.S. that renewed the R&D tax credit through the twelve months ending December 31, 2013. The decrease in our effective income tax rate for the three months ended June 30, 2013 was due to the impact of the U.S. R&D tax benefit related to research activities occurring during the three months ended June 30, 2013.

Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012

Revenue

The following revenue analysis and discussion focuses on organic revenue growth. Organic revenue growth should be considered in addition to, and not as a replacement for or as a superior measure to, revenues reported in accordance with U.S. GAAP, and may not be comparable to similarly titled measures reported by other companies. Management believes that reporting organic revenue growth provides useful information to investors by facilitating easier comparisons of our revenue performance with prior and future periods and to our peers. 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 exclude the effect of acquisitions because the nature, size and number of acquisitions can vary dramatically from period to period and therefore can also obscure underlying business trends.

Organic revenue growth and the percentage changes in revenue from currency and acquisitions are non-U.S. GAAP measures. See the subsection above titled "Effects of Certain Factors on Results of Operations" for a description of the calculation of the percentage change in revenue resulting from changes in foreign currency exchange rates. The percentage change in revenue resulting from acquisitions represents incremental revenues attributable to acquisitions that have occurred since the beginning of the prior year period.

Total Company. The following table presents revenue by operating segment:

Net Revenue (dollars in thousands)	For the Six Months Ended June 30, 2013	For the Six Months Ended June 30, 2012	Dollar Change	Percentage Change	Percentage Change from Currency	Percentage Change from Acquisitions	Organic Revenue Growth
CAG	$ 572,774	$ 546,367	$ 26,407	4.8%	(0.8%)	0.3%	5.3%
Water	43,050	41,565	1,485	3.6%	(0.5%)	-	4.1%
LPD	56,317	57,717	(1,400)	(2.4%)	(0.3%)	-	(2.1%)
Other	12,547	12,676	(129)	(1.0%)	-	-	(1.0%)
Total Company	$ 684,688	$ 658,325	$ 26,363	4.0%	(0.7%)	0.3%	4.4%

Companion Animal Group. The following table presents revenue by product and service category for CAG, with the exception of the VetLab® instruments, consumables, and service and accessories categories, which represent VetLab® subcomponents:

Net Revenue *(dollars in thousands)*	For the Six Months Ended June 30, 2013	For the Six Months Ended June 30, 2012	Dollar Change	Percentage Change	Percentage Change from Currency	Percentage Change from Acquisitions	Organic Revenue Growth
VetLab® instruments	$ 36,537	$ 43,823	$ (7,286)	(16.6%)	(0.8%)	-	(15.8%)
VetLab consumables	153,992	138,695	15,297	11.0%	(0.8%)	-	11.8%
VetLab service and accessories	25,178	23,722	1,456	6.1%	(2.9%)	-	9.0%
Rapid assay products	90,140	89,241	899	1.0%	(0.8%)	-	1.8%
Reference laboratory diagnostic and consulting services	223,566	208,247	15,319	7.4%	(0.6%)	0.2%	7.8%
Customer information management and digital imaging systems	43,361	42,639	722	1.7%	(0.1%)	3.2%	(1.4%)
Net CAG revenue	$ 572,774	$ 546,367	$ 26,407	4.8%	(0.8%)	0.3%	5.3%

The decrease in VetLab® instruments revenue was due primarily to the impact of customer programs, including a reagent rental program that was launched in the fourth quarter of 2012, where instrument revenue is recognized over the term of the rental agreement. VetLab® instruments revenue was also impacted by a decrease in hematology placements.

VetLab consumables revenue growth was due to both higher unit volumes and higher realized prices. The increase in unit volumes resulted primarily from growth of our installed base for our Catalyst Dx® and ProCyte Dx® instruments as a result of customer acquisitions, as well as an increase in testing from existing customers who upgraded to these instruments, partially offset by lower sales of consumables used with our VetTest® chemistry instrument. Higher realized prices include the impact of list price increases, as well as higher prices charged as a result of changes in certain distributor arrangements. The impact of changes in distributors' inventory levels reduced reported consumables revenue growth by less than 1%.

VetLab service and accessories revenue growth was primarily a result of the increase in our active installed base of instruments.

The increase in rapid assay product revenue was due primarily to higher average unit sales prices resulting from price increases. The impact of changes in distributors' inventory levels did not have a significant impact on revenue growth.

The increase in reference laboratory diagnostic and consulting services revenue resulted from the impact of both increased testing volumes and price increases. Higher testing volumes were driven by the acquisition of new customers.

The decrease in customer information management and digital imaging systems revenue resulted primarily from a decrease in digital radiography system placements and, to a lesser extent, Cornerstone® system placements. These unfavorable factors were partly offset by higher support revenue resulting from an increase in our active installed base and revenue from Pet Health Network® Pro, which launched commercially in the first quarter of 2013.

Water. The increase in Water revenue resulted primarily from higher Colilert® product and related accessories sales volumes in the Europe, Latin America and Australia.

Livestock, Poultry and Dairy. The decrease in LPD revenue resulted primarily from lower sales volumes of our Dairy SNAP® tests used for the detection of the contaminant Aflatoxin M1 and antibiotic residues in milk. Dairy SNAP® sales volumes were favorably impacted by testing as a result of an Aflatoxin M1 outbreak in China in early 2012, from which testing volumes subsided over the remainder of 2012. Increased sales volumes of certain bovine tests were offset by reduced average unit sales prices for those tests.

Other. The decrease in Other revenue was attributable primarily to lower sales volumes associated with our pharmaceutical product line, partly offset by higher sales volumes of consumables used with our OPTI Medical instruments and milestone revenue from our pharmaceutical out-licensing arrangements.

Gross Profit

Total Company. The following table presents gross profit and gross profit percentages by operating segment:

Gross Profit *(dollars in thousands)*	For the Six Months Ended June 30, 2013	Percent of Revenue	For the Six Months Ended June 30, 2012	Percent of Revenue	Dollar Change	Percentage Change
CAG	$ 311,942	54.5%	$ 287,309	52.6%	$ 24,633	8.6%
Water	28,538	66.3%	27,761	66.8%	777	2.8%
LPD	31,130	55.3%	35,169	60.9%	(4,039)	(11.5%)
Other	6,257	49.9%	5,576	44.0%	681	12.2%
Unallocated Amounts	3,803	N/A	3,648	N/A	155	4.2%
Total Company	$ 381,670	55.7%	$ 359,463	54.6%	$ 22,207	6.2%

Companion Animal Group. Gross profit for CAG increased due to higher sales and an increase in the gross profit percentage to 54% from 53%. The increase in gross profit percentage was due primarily to price increases for both our reference laboratory diagnostic services and VetLab consumables and efficiencies realized throughout our reference laboratory operations.

Water. Gross profit for Water increased due to higher sales, partly offset by a decrease in the gross profit percentage to 66% from 67%. The decrease in the gross profit percentage was due primarily to higher overall manufacturing costs driven by an increase in materials cost and the unfavorable impact of currency resulting from hedging losses during the six months ended June 30, 2013 compared to hedging gains during the same period of the prior year.

Livestock, Poultry and Dairy. Gross profit for LPD decreased due to a decrease in the gross profit percentage to 55% from 61% and lower sales. The decrease in the gross profit percentage was due primarily to the unfavorable impact of currency, higher overall manufacturing costs driven by lower production volumes and lower average unit sales prices for certain bovine tests. These unfavorable factors were partly offset by reduced freight and distribution costs, both of which were primarily the result of lower Dairy SNAP® sales volumes in China. The unfavorable impact of currency was due primarily to hedging losses during the six months ended June 30, 2013 compared to hedging gains during the same period of the prior year.

Other. Gross profit for Other increased due to an increase in the gross profit percentage to 50% from 44%, partly offset by lower sales. The increase in the gross profit percentage was due to a decrease in OPTI Medical manufacturing costs resulting from a reduction in materials cost and higher relative milestone revenue from our remaining pharmaceutical out-licensing arrangements. These favorable factors were partly offset by higher relative sales of OPTI Medical instruments and consumables in geographies where products are sold at lower average unit sales prices.

Unallocated Amounts. Gross profit for Unallocated Amounts for the six months ended June 30, 2013 were generally flat as compared with the same period of the prior year. The items that are not allocated to our operating segments are consistent with those discussed in our Annual Report on Form 10-K for the year ended December 31, 2012 in the section under the heading “Part 2, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Description of Segments.”

Operating Expenses and Operating Income

Total Company. The following tables present operating expenses and operating income by operating segment:

Operating Expenses *(dollars in thousands)*	For the Six Months Ended June 30, 2013	Percent of Revenue	For the Six Months Ended June 30, 2012	Percent of Revenue	Dollar Change	Percentage Change
CAG	$ 197,276	34.4%	$ 180,623	33.1%	$ 16,653	9.2%
Water	10,270	23.9%	9,270	22.3%	1,000	10.8%
LPD	23,079	41.0%	23,479	40.7%	(400)	(1.7%)
Other	4,981	39.7%	5,402	42.6%	(421)	(7.8%)
Unallocated Amounts	6,115	N/A	4,465	N/A	1,650	37.0%
Total Company	$ 241,721	35.3%	$ 223,239	33.9%	$ 18,482	8.3%

Operating Income *(dollars in thousands)*	**For the Six Months Ended June 30, 2013**	**Percent of Revenue**	**For the Six Months Ended June 30, 2012**	**Percent of Revenue**	**Dollar Change**	**Percentage Change**
CAG	$ 114,666	20.0%	$ 106,686	19.5%	$ 7,980	7.5%
Water	18,268	42.4%	18,491	44.5%	(223)	(1.2%)
LPD	8,051	14.3%	11,690	20.3%	(3,639)	(31.1%)
Other	1,276	10.2%	174	1.4%	1,102	633.3%
Unallocated Amounts	(2,312)	N/A	(817)	N/A	(1,495)	(183.0%)
Total Company	$ 139,949	20.4%	$ 136,224	20.7%	$ 3,725	2.7%

Companion Animal Group. The following table presents CAG operating expenses by functional area:

Operating Expenses *(dollars in thousands)*	**For the Six Months Ended June 30, 2013**	**Percent of Revenue**	**For the Six Months Ended June 30, 2012**	**Percent of Revenue**	**Dollar Change**	**Percentage Change**
Sales and marketing	$ 100,565	17.6 %	$ 95,603	17.5 %	$ 4,962	5.2 %
General and administrative	65,059	11.4 %	57,270	10.5 %	7,789	13.6 %
Research and development	31,652	5.5 %	27,750	5.1 %	3,902	14.1 %
Total operating expenses	$ 197,276	34.4 %	$ 180,623	33.1 %	$ 16,653	9.2 %

The increase in sales and marketing expense resulted primarily from higher personnel-related costs, partly offset by the favorable impact from changes in foreign currency exchange rates. The increase in general and administrative expense resulted primarily from increased personnel-related costs, higher consulting costs and an increase in costs attributable to investments in information technology. The increase in research and development expense resulted primarily from higher consulting and external development costs and increased personnel-related costs.

Water. The following table presents Water operating expenses by functional area:

Operating Expenses *(dollars in thousands)*	**For the Six Months Ended June 30, 2013**	**Percent of Revenue**	**For the Six Months Ended June 30, 2012**	**Percent of Revenue**	**Dollar Change**	**Percentage Change**
Sales and marketing	$ 4,819	11.2%	$ 4,883	11.7%	$ (64)	(1.3%)
General and administrative	4,184	9.7%	3,106	7.5%	1,078	34.7%
Research and development	1,267	2.9%	1,281	3.1%	(14)	(1.1%)
Total operating expenses	$ 10,270	23.9%	$ 9,270	22.3%	$ 1,000	10.8%

Sales and marketing expense and research and development expense for the six months ended June 30, 2013 were generally consistent with the same period of the prior year. The increase in general and administrative expense resulted primarily from higher personnel-related costs.

Livestock, Poultry and Dairy. The following table presents LPD operating expenses by functional area:

Operating Expenses *(dollars in thousands)*	**For the Six Months Ended June 30, 2013**	**Percent of Revenue**	**For the Six Months Ended June 30, 2012**	**Percent of Revenue**	**Dollar Change**	**Percentage Change**
Sales and marketing	$ 9,882	17.6%	$ 9,986	17.3%	$ (104)	(1.0%)
General and administrative	6,910	12.3%	7,299	12.6%	(389)	(5.3%)
Research and development	6,287	11.2%	6,194	10.7%	93	1.5%
Total operating expenses	$ 23,079	41.0%	$ 23,479	40.7%	$ (400)	(1.7%)

Sales and marketing expense and research and development expense for the six months ended June 30, 2013 were generally consistent with the same period of the prior year. The decrease in general and administrative expense resulted primarily from lower personnel-related costs and a decrease in intangible asset amortization.

Other. Operating expenses for Other decreased $0.4 million to $5.0 million for the six months ended June 30, 2013 due primarily to lower consulting and external development costs and a decrease in personnel-related costs.

Unallocated Amounts. Operating expenses that are not allocated to our operating segments increased $1.7 million to $6.1 million for the six months ended June 30, 2013 due primarily to losses incurred resulting from the bankruptcy of a freight payment and audit service provider ("freight service company"), partly offset by lower legal and other professional fees incurred in connection with the resolution of the FTC investigation in February 2013 and proceeds received during the six months ended June 30, 2013 as a result of the demutualization of an insurance provider. On March 25, 2013, the freight service company provided notice to us that all freight payment services would cease immediately and that certain amounts paid by us to the freight service company were not subsequently remitted to our freight carriers due to an employee fraud and a breakdown in internal controls, both at the freight service company, concluding in significant losses and the resulting bankruptcy. In response, we recorded a $4.1 million loss related to these unremitted amounts in general and administrative expense during the six months ended June 30, 2013. We continue to monitor the freight service company's bankruptcy proceeding, but we cannot be certain of any recovery at this time.

Interest Income and Interest Expense

Interest income was $0.9 million for both the six months ended June 30, 2013 and 2012.

Interest expense was $2.0 million for the six months ended June 30, 2013 compared to $2.1 million for the six months ended June 30, 2012. In May 2013, we refinanced our existing $300 million unsecured revolving credit facility by entering into an amended and restated credit agreement relating to a five-year unsecured revolving credit facility in the principal amount of $450 million as further described in Item 1. Financial Statements; Notes to Condensed Consolidated Financial Statements; Note 9, included in this Form 10-Q.

Provision for Income Taxes

Our effective income tax rate was 28.8% for the six months ended June 30, 2013 compared to 31.8% for the six months ended June 30, 2012. For the six months ended June 30, 2012, the U.S. legislation authorizing the research and development (R&D) tax credit had expired and no associated tax benefit was recognized within this period. On January 2, 2013, federal legislation was enacted within the U.S. that retroactively allowed a R&D tax credit for all of 2012 and extended the R&D tax credit through the twelve months ending December 31, 2013. Because this legislation was enacted in 2013, the full benefit of the credit related to the prior year's activities was recognized during the three months ended March 31, 2013. The decrease in our effective income tax rate for the six months ended June 30, 2013 was due primarily to the impact of the 2012 R&D tax credit and, to a lesser extent, the U.S. R&D tax benefit due to research activities occurring during the six months ended June 30, 2013.

- **Recent Accounting Pronouncements**

A discussion of recent accounting pronouncements is included in Note 2 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

- **Liquidity and Capital Resources**

Liquidity

We fund the capital needs of our business through cash on hand, funds generated from operations, and amounts available under our unsecured revolving credit facility. At June 30, 2013 and December 31, 2012, we had $251.0 million and $224.0 million, respectively, of cash and cash equivalents, and working capital of $63.2 million and $163.2 million, respectively. Additionally, at June 30, 2013, we had remaining borrowing availability of $81.5 million under our $450 million unsecured revolving credit facility. We believe that, if necessary, we could obtain additional borrowings at prevailing market interest rates to fund our growth objectives. We further believe that current cash and cash equivalents, funds generated from operations, and available borrowings will be sufficient to fund our operations, capital purchase requirements, and strategic growth needs for the next twelve months, and that these resources will be sufficient in the long term to fund our business as currently conducted.

We consider the majority of the operating earnings of certain non-U.S. subsidiaries to be indefinitely invested outside the U.S. Changes to this position could have adverse tax consequences. We manage our worldwide cash requirements considering available funds among all of our subsidiaries. Our foreign cash balances are generally available without restrictions to fund ordinary business operations outside the U.S. Of our total cash and cash equivalents at June 30, 2013, approximately $249.3 million was held by our foreign subsidiaries and was subject to material repatriation tax effects. The amount of cash and cash equivalents held by foreign subsidiaries subject to other restrictions on the free flow of funds (primarily securing various obligations) was approximately $1.4 million. As of June 30, 2013, 31% of the cash and cash equivalents held by our foreign subsidiaries was invested in money market funds restricted to U.S. government and agency securities, 42% was held as bank deposits, and 27% was invested in money market funds having investments in highly liquid investment-grade fixed-income securities. As of June 30, 2013, approximately 62% of the cash and cash equivalents held by our foreign subsidiaries was held in U.S. dollars.

Should we require more capital in the U.S. than is generated by our operations domestically, for example to fund significant discretionary activities, we could elect to repatriate future earnings from foreign jurisdictions or raise capital in the U.S. through debt or equity issuances. These alternatives could result in higher effective tax rates, increased interest expense, or other dilution of our earnings. We have borrowed funds domestically and continue to have the ability to borrow funds domestically at reasonable interest rates.

The following table presents additional key information concerning working capital:

	For the Three Months Ended				
	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
Days sales outstanding[(1)]	41.2	40.8	39.9	41.7	41.9
Inventory turns[(2)]	1.7	1.7	1.8	1.7	1.8

[(1)] Days sales outstanding represents the average of the accounts receivable balances at the beginning and end of each quarter divided by revenue for that quarter, the result of which is then multiplied by 91.25 days.

[(2)] Inventory turns represents inventory-related cost of product revenue for the 12 months preceding each quarter-end divided by the inventory balance at the end of the quarter.

Sources and Uses of Cash

The following table presents cash provided (used):

	For the Six Months Ended June 30,		
(dollars in thousands)	2013	2012	Dollar Change
Net cash provided by operating activities	$ 100,002	$ 78,800	$ 21,202
Net cash used by investing activities	(40,858)	(22,156)	(18,702)
Net cash used by financing activities	(29,065)	(38,265)	9,200
Net effect of changes in exchange rates on cash	(3,052)	(461)	(2,591)
Net increase in cash and cash equivalents	$ 27,027	$ 17,918	$ 9,109

Operating Activities. Cash provided by operating activities was $100.0 million for the six months ended June 30, 2013 as compared to $78.8 million for the same period of the prior year. The total of net income and net non-cash charges, excluding the impact of reclassifying the tax benefit from share based compensation arrangements to a financing activity, was $134.0 million for the six months ended June 30, 2013 compared to $124.5 million for the same period in 2012, resulting in incremental operating cash flows of $9.5 million driven primarily by the increase in net income. The total of changes in operating assets and liabilities and the tax benefit from share-based compensation arrangements decreased cash by $34.0 million and $45.7 million for the six months ended June 30, 2013 and 2012, respectively, resulting in an incremental increase in cash of $11.7 million.

The following table presents cash flows from changes in operating assets and liabilities and the tax benefit from share-based compensation arrangements:

(dollars in thousands)	For the Six Months Ended June 30, 2013	2012	Dollar Change
Accounts receivable	$ (24,161)	$ (8,192)	$ (15,969)
Inventories	(1,654)	(12,896)	11,242
Other assets	4,407	(2,836)	7,243
Accounts payable	2,549	(6,759)	9,308
Accrued liabilities	(11,687)	(12,819)	1,132
Deferred revenue	2,364	3,736	(1,372)
Tax benefit from share-based compensation arrangements	(5,830)	(5,946)	116
Total change in cash due to changes in operating assets and liabilities and the tax benefit from share-based compensation arrangements	$ (34,012)	$ (45,712)	$ 11,700

The increase in cash used for inventories during the six months ended June 30, 2013 was less than the same period of the prior year due primarily to the timing of inventory receipts during the six months ended June 30, 2012. Incremental cash provided by accounts payable during the six months ended June 30, 2013 was due primarily to the timing of vendor payments during the six months ended June 30, 2013 as compared to the same period of the prior year. The incremental cash provided by other assets was due primarily to a $6.3 million royalty prepayment to a licensor during the six months ended June 30, 2012. The increase in accounts receivable during the six months ended June 30, 2013 was greater than the increase during the same period of the prior year due primarily to higher revenues in the last month of the quarter ended June 30, 2013 as compared to the same period of the prior year.

We historically have experienced proportionally lower net cash flows from operating activities during the first quarter and proportionally higher cash flows from operating activities for the remainder of the year and for the annual period driven primarily by the payment of annual bonuses in connection with employee incentive programs in the first quarter following the year for which the bonuses were earned and the seasonality of vector-borne disease testing, which has historically resulted in significant increases in accounts receivable balances during the first quarter of the year.

Investing Activities. Cash used by investing activities was $40.9 million for the six months ended June 30, 2013 as compared to $22.2 million for the same period of the prior year. The increase in cash used by investing activities during the six months ended June 30, 2013 as compared to the same period of the prior year was due primarily to incremental investments to expand our headquarters facility in Westbrook, Maine and, to a lesser extent, our investments in manufacturing equipment, and instruments to support our reagent rental customer program that was launched in the fourth quarter of 2012.

Our total capital expenditure plan for 2013 is estimated to be approximately $90 million, which includes the expansion of our headquarters facility in Westbrook, Maine, investments in software for internal use and information technology infrastructure, capital investments in manufacturing equipment and investments in our reference laboratory equipment and facilities.

Financing Activities. Cash used by financing activities was $29.1 million for the six months ended June 30, 2013 as compared to $38.3 million for the same period in 2012. The incremental cash provided by financing activities was due primarily to an increase in net borrowings under the Credit Facility and an increase in cash received from the exercise of stock options and share purchases under employee stock purchase plans, partly offset by an increase in cash used to repurchase common stock.

Cash used to repurchase shares of our common stock increased by $151.3 million during the six months ended June 30, 2013 as compared to the same period of the prior year. From the inception of our share repurchase program in August 1999 to June 30, 2013, we have repurchased 47.4 million shares. During the six months ended June 30, 2013, we purchased 2.3 million shares for an aggregate cost of $206.3 million compared to purchases of 0.7 million shares for an aggregate cost of $55.0 million during the six months ended June 30, 2012. We believe that the repurchase of our common stock is a favorable means of returning value to our shareholders and we also repurchase to offset the dilutive effect of our share-based compensation programs. Repurchases of our common stock may vary depending upon the level of other investing activities and the share price. See Note 10 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information about our share repurchases.

Cash proceeds from the exercise of stock options and share purchases under employee stock purchase plans increased by $6.2 million during the six months ended June 30, 2013 as compared to the same period of the prior year due primarily to an increase in the average exercise price and number of stock options exercised.

In May 2013, we refinanced our existing $300 million unsecured revolving credit facility by entering into an amended and restated credit agreement relating to a five-year unsecured revolving credit facility in the principal amount of $450 million with a syndicate of multinational banks, which matures on May 8, 2018 (the new credit facility and the previous credit facility are referred to collectively as the "Credit Facility") and requires no scheduled prepayments before that date. Though the Credit Facility does not mature until May 8, 2018, all amounts borrowed under the terms of the Credit Facility are reflected in the current liabilities section in the accompanying consolidated balance sheets because the Credit Facility contains a subjective material adverse event clause, which allows the debt holders to call the loans under the Credit Facility if we fail to notify the syndicate of such an event. Applicable interest rates on borrowings under the Credit Facility generally range from 0.875 to 1.25 percentage points ("Credit Spread") above the London interbank offered rate or the Canadian Dollar-denominated bankers' acceptance rate, dependent on our leverage ratio, or the prevailing prime rate plus a maximum spread of up to 0.25%, dependent on our leverage ratio.

Net borrowing and repayment activity under our Credit Facility resulted in incremental cash provided of $154.5 million during the six months ended June 30, 2013 as compared to the same period of the prior year. At June 30, 2013, we had $367.5 million outstanding under the Credit Facility. The general availability of funds under the Credit Facility was further reduced by $1.0 million for a letter of credit issued related to our worker's compensation policy covering claims for the years ending 2009 through 2013. The obligations under the Credit Facility may be accelerated upon the occurrence of an event of default under the Credit Facility, which includes customary events of default including, without limitation, payment defaults, defaults in the performance of affirmative and negative covenants, the inaccuracy of representations or warranties, bankruptcy and insolvency related defaults, defaults relating to judgments, certain events related to employee pension benefit plans under the Employee Retirement Income Security Act of 1974, the failure to pay specified indebtedness, and a change of control default. The Credit Facility contains affirmative, negative and financial covenants customary for financings of this type. The negative covenants include restrictions on liens, indebtedness of subsidiaries of the Company, fundamental changes, investments, transactions with affiliates and certain restrictive agreements. The financial covenant is a consolidated leverage ratio test that requires our ratio of debt to earnings before interest, taxes, depreciation and amortization not to exceed 3-to-1. At June 30, 2013, we were in compliance with the covenants of the Credit Facility.

Other Commitments, Contingencies and Guarantees

Significant commitments, contingencies and guarantees at June 30, 2013 are consistent with those discussed in the section under the heading "Part 2, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources," and in Note 14 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk affecting IDEXX, see the section under the heading "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the year ended December 31, 2012. As of the date of this report, there have been no material changes to the market risks described in our Annual Report on Form 10-K for the year ended December 31, 2012.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining disclosure controls and procedures, as defined by the Securities and Exchange Commission (the "SEC") in its Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as amended (the "Exchange Act"). The term "disclosure controls and procedures," as defined in Rules 13a-15 (e) and 15d-15(e) under the Exchange Act, means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures at June 30, 2013, our chief executive officer and chief financial officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended June 30, 2013 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

In January 2010, we received a letter from the U.S. Federal Trade Commission ("FTC"), stating that it was conducting an investigation to determine whether IDEXX or others had engaged in unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act ("FTC Act"), through pricing or marketing policies for companion animal veterinary products and services, including but not limited to exclusive dealing or tying arrangements with distributors or end-users of those products or services (the "Investigation").

On December 5, 2012, we entered into an Agreement Containing Consent Order to Cease and Desist ("Consent Agreement") with the FTC staff to resolve the Investigation. The Consent Agreement, which is ten years in duration, specifies that IDEXX may have exclusive distribution agreements with two of the following three distributors: MWI Veterinary Supply, Inc. ("MWI"), Butler Schein Animal Health, and Webster Veterinary. The FTC Commissioners granted final approval of the Consent Agreement on February 11, 2013 resulting in the final resolution of the Investigation.

We continue to believe that our marketing and sales practices for companion animal veterinary products and services do not violate applicable antitrust laws. We have chosen to enter into the Consent Agreement because we believe this course will help us avoid long and costly litigation and that our business will not be materially adversely affected.

From time to time, we are subject to other legal proceedings and claims, which arise in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on our results of operations, financial condition or cash flows.

Item 1A. Risk Factors

Our future operating results involve a number of risks and uncertainties. Actual events or results may differ materially from those discussed in this report. Factors that could cause or contribute to such differences include, but are not limited to, the factors discussed below, which have been updated to reflect developments subsequent to the discussion of those factors included in our Annual Report on Form 10-K for the year ended December 31, 2012, as well as those factors discussed elsewhere in this report.

Our Failure to Successfully Execute Certain Strategies Could Have a Negative Impact on Our Growth and Profitability

The companion animal healthcare industry is highly competitive and we anticipate increasing levels of competition from both existing competitors and new market entrants. Our ability to maintain or enhance our growth rates and our profitability depends on our successful execution of many elements of our strategy, which include:

- Developing, manufacturing and marketing innovative new or improved and cost competitive in-clinic laboratory analyzers that drive sales of IDEXX VetLab® instruments, grow our installed base of instruments, and increase demand for related consumable products, services and accessories;
- Developing and introducing new proprietary diagnostic tests and services that provide valuable medical information to our customers and effectively differentiate our products and services from those of our competitors;
- Increasing the value to our customers of our companion animal products and services by enhancing the integration of these products and the management of diagnostic information derived from our products;
- Providing our veterinary customers with the medical and business tools, information and resources that enable them to grow their practices through increased pet visits and enhanced practice of real-time care;
- Achieving cost improvements in our worldwide network of laboratories by implementing global best practices including lean processing techniques, incorporating technological enhancements including laboratory automation and a global laboratory information management system, employing purchasing strategies to maximize leverage of our global scale, increasing the leverage of existing infrastructure and consolidating testing in high volume laboratory hubs;
- Achieving cost improvements in the manufacture and service of our in-clinic laboratory analyzers by employing the benefits of economies of scale in both negotiating supply contracts and leveraging manufacturing overhead, and by improving reliability of our instruments;
- Achieving productivity improvements in our companion animal diagnostic sales organization in North America by transitioning our specialty sales force that represent either in-house or reference laboratory diagnostics to account representatives who represent the full line of IDEXX diagnostics. We believe we have mitigated our risk of sales force turnover and productivity losses during this transition by adding headcount to our sales force while reducing the size of the geographic territories, providing extensive individualized training and empowering our sales representatives with intuitive sales technologies. We further believe this transition better aligns our sales force with the needs of the veterinary practices resulting in deeper relationships with our customers, improved sales force retention and alignment with our overall diagnostic strategy;
- Attracting, developing and retaining key leadership and talent necessary to support all elements of our strategy;
- Expanding our served market and growing our market share by strengthening our sales and marketing activities both within the U.S. and in geographies outside of the U.S.;
- Identifying, completing and integrating acquisitions that enhance our existing businesses or create new business or geographic areas for us; and

- Developing and implementing new technology and licensing strategies.

If we are unsuccessful in implementing and executing on some or all of these strategies, our rate of growth or profitability may be negatively impacted.

Our Dependence on a Limited Number of Suppliers Could Limit Our Ability to Sell Certain Products or Reduce Our Profitability

We currently purchase many products and materials from sole or single sources. Some of the products that we purchase from these sources are proprietary and, therefore, cannot be readily or easily replaced by alternative sources. These products include our Catalyst Dx® consumables; ProCyte Dx® hematology, IDEXX VetAutoread™ hematology, VetLyte® electrolyte, IDEXX VetLab® UA™ urinalysis, VetTest® chemistry, and Coag Dx™ blood coagulation analyzers and related consumables and accessories; image capture plates used in our digital radiography systems; and certain components and raw materials used in our SNAP® rapid assay devices, livestock and poultry diagnostic tests, dairy testing products and LaserCyte® and LaserCyte® Dx hematology analyzers. To mitigate risks associated with sole and single source suppliers, we seek when possible to enter into long-term contracts that ensure an uninterrupted supply of products at predictable prices. However, some suppliers decline to enter into long-term contracts and we are required to purchase products on a purchase order basis. There can be no assurance that suppliers with which we do not have contracts will continue to supply our requirements for products, that suppliers with which we do have contracts will always fulfill their obligations under these contracts, or that any of our suppliers will not experience disruptions in their ability to supply our requirements for products. In cases where we purchase sole and single source products or components under purchase orders, we are more susceptible to unanticipated cost increases or changes in other terms of supply. In addition, under some contracts with suppliers we have minimum purchase obligations and our failure to satisfy those obligations may result in loss of some or all of our rights under these contracts or require us to compensate the supplier. If we are unable to obtain adequate quantities of products in the future from sole and single source suppliers, we may be unable to supply the market, which could have a material adverse effect on our results of operations.

Our Biologic Products Are Complex and Difficult to Manufacture, Which Could Negatively Affect Our Ability to Supply the Market

Many of our rapid assay, livestock and poultry diagnostic, water and dairy products are biologic products, which are products that include materials from living organisms, such as antibodies, cells and sera. Manufacturing biologic products is highly complex due to the inherent variability of biological input materials and to the difficulty of controlling the interactions of these materials with other components of the products, with samples and with the environment. There can be no assurance that we will be able to maintain adequate sources of biological materials or that we will be able to consistently manufacture biologic products that satisfy applicable product release criteria. Further, products that meet release criteria at the time of manufacture may fall out of specification while in customer inventory, which could necessitate field actions that would require us to incur expenses associated with recalling products and providing customers with new products, and could damage customer relations. Our inability to produce or obtain necessary biological materials or to successfully manufacture biologic products that incorporate such materials could result in our inability to supply the market with these products, which could have a material adverse effect on our results of operations.

A Weak Economy Could Result in Reduced Demand for Our Products and Services or Increased Customer Credit Risk

A substantial percentage of our sales are made worldwide to the companion animal veterinary market. Demand for our companion animal diagnostic products and services is driven in part by the number of patient visits with their respective owners to veterinary hospitals and the practices of veterinarians with respect to the recommendations for diagnostic testing, as well as the pet owner compliance with these recommendations. Economic weakness in our significant markets in recent years has caused and could continue to cause pet owners to skip or defer visits to veterinary hospitals or could affect their willingness to approve certain diagnostic tests, comply with a treatment plan or, even more fundamentally, continue to own a pet. In addition, concerns about the financial resources of pet owners could cause veterinarians to be less likely to recommend certain diagnostic tests and concerns about the economy may cause veterinarians to defer purchasing capital items such as our instruments and systems. A decline in patient visits to the hospital, in the willingness of pet owners to treat certain health conditions or approve certain tests, in pet ownership in general, or in the inclination of veterinarians to recommend certain tests or make capital purchases could result in a decrease in sales of diagnostic products and services, which could have a material adverse effect on our results of operations.

Demand for our water products is driven in part by the availability of funds at the government laboratories, water utilities and private certified laboratories that utilize our products. Availability of funds also affects demand by the government laboratories and cattle, swine and poultry producers that utilize our livestock and poultry diagnostic products, and by users of our human point-of-care diagnostic instruments. Economic weakness in our markets has caused and could continue to cause our customers to reduce their investment in such testing, which could have a material adverse effect on our results of operations.

In all of our markets, a weak economy may also cause deterioration in the financial condition of our distributors and customers, which could inhibit their ability to pay us amounts owed for products delivered or services provided in a timely fashion or at all.

Strengthening of the Rate of Exchange for the U.S. Dollar Has a Negative Effect on Our Business

Any strengthening of the rate of exchange for the U.S. dollar against non-U.S. currencies, and in particular the Euro, British pound, Canadian dollar, Japanese yen and Australian dollar, adversely affects our results, as it reduces the dollar value of sales that are made in those currencies and reduces the profits on products manufactured or sourced in U.S. dollars and exported to international markets. For both the three and six months ended June 30, 2013, approximately 26% of our revenue was derived from products manufactured in the U.S. and sold internationally in local currencies compared to 25% for both the three and six months ended June 30, 2012. To mitigate such foreign currency exposure, we utilize non-speculative forward currency exchange contracts. A strengthening U.S. dollar could also negatively impact the ability of customers outside the U.S. to pay for purchases denominated in U.S. dollars.

Various Government Regulations Could Limit or Delay Our Ability to Market and Sell Our Products

In the U.S., the manufacture and sale of our products are regulated by agencies such as the United States Department of Agriculture ("USDA"), the U.S. Food and Drug Administration ("FDA") and the U.S. Environmental Protection Agency ("EPA"). Our infectious disease diagnostic tests for animal health applications, including most rapid assay canine and feline SNAP® tests and livestock and poultry diagnostic tests, must be approved by the USDA prior to sale in the U.S. Our dairy testing products require approval by the FDA prior to sale in the U.S. Our water testing products must be approved by the EPA before they can be used by customers in the U.S. as a part of a water quality monitoring program required by the EPA. The manufacture and sale of our OPTI® line of human point-of-care electrolytes and blood gas analyzers are regulated by the FDA and these products require approval by the FDA before they may be sold commercially in the U.S. The manufacture and sale of our products are subject to similar and sometimes more stringent laws in many foreign countries. Any failure to comply with legal and regulatory requirements relating to the manufacture and sale of our products in the U.S. or in other countries could result in fines and sanctions against us or suspensions or discontinuations of our ability to manufacture or sell our products, which could have a material adverse effect on our results of operations. In addition, delays in obtaining regulatory approvals for new products or product upgrades could have a negative impact on our growth and profitability.

The Impact of One of Our Distributors Becoming Non-exclusive on Our Results of Operations is Uncertain

On February 11, 2013, the FTC granted final approval of the Agreement Containing Consent Order to Cease and Desist previously reached with the FTC staff to resolve the investigation into whether IDEXX had engaged in unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act. Details about the FTC investigation and the resulting agreement are described above in "Part II, Item 1. Legal Proceedings."

On September 28, 2012, we entered into a modified agreement with MWI Veterinary Supply, Inc. ("MWI") that became effective January 1, 2013. Under this modified agreement, MWI is permitted to carry any competitive products without restriction or potential negative consequence. This agreement satisfies the requirements of the Consent Agreement, that we may have exclusive distribution agreements with only two of the three largest U.S. distributors of companion animal veterinary products. The modification of our agreement with MWI has resulted in several of our competitors selling products through MWI, which we expect will add field sales resources of MWI to those of our competitors to sell their products. Under the modified agreement with MWI, we will provide lower compensation to MWI on sales of our products since we will no longer receive the benefits of MWI's exclusive focus on our products. We have reinvested savings from this lower rate of compensation in other direct sales and marketing resources. We believe that the reallocation of these sales resources will help mitigate the potential effects of the loss of exclusive focus of MWI and the additional field sales resources used by our competitors. However, there can be no assurances that we will be able to fully mitigate the competitive effects of the changes in the nature of our agreement with MWI. Any reduction in the relative effectiveness of our overall selling efforts could have an adverse effect on our results of operations, which we do not believe would be material.

Our Success Is Heavily Dependent Upon Our Proprietary Technologies

We rely on a combination of patent, trade secret, trademark and copyright laws to protect our proprietary rights. If we do not have adequate protection of our proprietary rights, our business may be affected by competitors who utilize substantially equivalent technologies that compete with us.

We cannot ensure that we will obtain issued patents, that any patents issued or licensed to us will remain valid, or that any patents owned or licensed by us will provide protection against competitors with similar technologies. Even if our patents cover products sold by our competitors, the time and expense of litigating to enforce our patent rights could be substantial, and could have a material adverse effect on our results of operations. In addition, expiration of patent rights could result in substantial new competition in the markets for products previously covered by those patent rights.

In the past, we have received notices claiming that our products infringe third-party patents and we may receive such notices in the future. Patent litigation is complex and expensive, and the outcome of patent litigation can be difficult to predict. We cannot ensure that we will win a patent litigation case or negotiate an acceptable resolution of such a case. If we lose, we may be stopped from selling certain products and/or we may be required to pay damages and/or ongoing royalties as a result of the lawsuit. Any such result could have a material adverse effect on our results of operations.

Distributor Purchasing Patterns Could Negatively Affect Our Operating Results

We sell many of our products, including substantially all of the rapid assays and instrument consumables sold in the U.S., through distributors. Distributor purchasing patterns can be unpredictable and may be influenced by factors unrelated to the end-user demand for our products. In addition, our agreements with U.S. distributors may generally be terminated by the distributors for any reason on 60 days prior written notice. Because significant product sales are made to a limited number of distributors, the unanticipated loss of a distributor or unanticipated changes in the frequency, timing or size of distributor purchases, could have a negative effect on our results of operations.

Distributors of veterinary products have entered into business combinations resulting in fewer distribution companies. Consolidation within distribution channels increases our customer concentration level, which could increase the risks described in the preceding paragraph.

Increased Competition and Technological Advances by Our Competitors Could Negatively Affect Our Operating Results

We face intense competition within the markets in which we sell our products and services and we expect that future competition may become even more intense. Competition could negatively affect our sales and profitability in a number of ways. New competitors may enter our markets and new or existing competitors may introduce new and competitive products and services, which could be superior to our products and services. Some of our competitors and potential competitors may choose to differentiate themselves by offering similar products and services to ours at lower sales prices, which could have a material adverse effect on our results of operations through loss of market share or a decision to lower our own sales prices to remain competitive. In addition, multiple competitors could bundle product and service offerings through co-marketing or other arrangements, which could enhance their ability to compete with our broad product and service offering. Some of our competitors and potential competitors, including large diagnostic and pharmaceutical companies, have substantially greater financial resources than us, and greater experience in manufacturing, marketing, research and development and obtaining regulatory approvals than we do.

Changes in Testing Patterns Could Negatively Affect Our Operating Results

The market for our companion animal, livestock and poultry diagnostic tests and our dairy and water testing products could be negatively impacted by a number of factors impacting testing practices. The introduction or broad market acceptance of vaccines or preventatives for the diseases and conditions for which we sell diagnostic tests and services could result in a decline in testing. Changes in accepted medical protocols regarding the diagnosis of certain diseases and conditions could have a similar effect. Eradication or substantial declines in the prevalence of certain diseases also could lead to a decline in diagnostic testing for such diseases. Our livestock and poultry products business in particular is subject to fluctuations resulting from changes in disease prevalence. In addition, changes in government regulations or in the availability of government funds available for monitoring programs could negatively affect sales of our products that are driven by compliance testing, such as our livestock and poultry, dairy and water products. Declines in testing for any of the reasons described, along with lost opportunities associated with a reduction in veterinary visits, could have a material adverse effect on our results of operations.

Effective January 1, 2009, the age at which healthy cattle to be slaughtered are required to be tested for bovine spongiform encephalopathy ("BSE" or "mad cow disease") in the European Union was increased from 30 months to 48 months, which reduced the population of cattle tested by approximately 30%. In February 2011, the European Union's Standing Committee on the Food Chain and Animal Health ("SCFCAH") agreed to allow its member states to further raise the recommended testing age to 72 months, effective July 1, 2011, which further reduced the population of cattle tested. In December 2012, the SCFCAH agreed to allow European Union member states the option to eliminate BSE testing of healthy cattle at slaughter effective March 2013. The demand for our BSE testing products has been negatively impacted as a result of these regulatory changes and could be further impacted by further changes that could be made in the future. Revenue from BSE testing products was less than $10 million during the twelve months ended December 31, 2012.

Increase in Corporate Hospital Ownership and Prevalence of Buying Consortiums Could Negatively Affect Our Business

An increasing percentage of veterinary hospitals in the U.S. is owned by corporations that are in the business of acquiring veterinary hospitals and/or opening new veterinary hospitals nationally or regionally. Major corporate hospital owners in the U.S. include Banfield Pet Hospital, VCA Antech, Inc., and National Veterinary Associates, each of which is currently a customer of IDEXX. A similar trend exists in the U.K. and the Nordic countries and may in the future also develop in other countries. Furthermore, an increasing percentage of individually owned veterinary hospitals in the U.S. are participating in buying consortiums. Corporate owners of veterinary hospitals and buying consortiums often seek to improve profitability by leveraging the buying power they derive from their scale to obtain favorable pricing from suppliers, which could have a negative impact on our results of operations. While we have strong supplier relationships with several corporate hospital groups and buying consortiums that we believe are positive for our business, decisions by larger corporate owners and buying consortiums, in particular Banfield Pet Hospital, to shift their purchasing of products and services away from us and to a competitor would have a negative impact on our results of operations, which could be material. In addition, certain corporate owners, most notably VCA Antech Inc., our primary competitor in the U.S. and Canadian markets for veterinary reference laboratory diagnostic services, also operate reference laboratories that serve both their hospitals and unaffiliated hospitals. Any hospitals acquired by these companies generally use their reference laboratory services almost exclusively and shift a large portion of their testing from in-clinic testing to their reference laboratories. Furthermore, because these companies compete with us in the reference laboratory services marketplace, hospitals acquired by these companies may cease to be customers or potential customers of our other companion animal products and services, which would cause our sales of these products and services to decline.

Our Limited Experience and Small Scale in the Human Point-of-Care Market Could Inhibit Our Success in this Market

We have limited experience in the human point-of-care medical diagnostics market and we operate at a small scale in this market. This market differs in many respects from the veterinary diagnostic market. Significant differences include the impact of third party reimbursement on diagnostic testing, more extensive regulation, greater product liability risks, larger competitors, a more segmented customer base and more rapid technological innovation. Our limited experience and small scale in the human point-of-care medical diagnostics market could negatively affect our ability to successfully manage the risks and features of this market that differ from the veterinary diagnostic market. There can be no assurance that we will be successful in achieving growth and profitability in the human point-of-care medical diagnostics market comparable to the results we have achieved in the veterinary diagnostic market.

Risks Associated with Doing Business Internationally Could Negatively Affect Our Operating Results

For the three and six months ended June 30, 2013, approximately 42% and 41% of our revenue was attributable to sales of products and services to customers outside the U.S. compared to 41% for both the three and six months ended June 30, 2012. Various possible risks associated with foreign operations may impact our international sales, including disruptions in transportation of our products, the differing product and service needs of foreign customers, difficulties in building and managing foreign operations, import/export duties and licensing requirements, natural disasters and unexpected regulatory and economic or political changes in foreign markets. Further, prices that we charge to foreign customers may be different than the prices we charge for the same products in the U.S. due to competitive, market or other factors. Our results of operations are also susceptible to changes in foreign currency exchange rates. As a result, the mix of domestic and international sales in a particular period could have a material impact on our results of operations for that period.

Our Operations are Vulnerable to Interruption as a Result of Natural and Man-Made Disasters or System Failures

The operation of all of our facilities may be vulnerable to interruption as a result of natural and man-made disasters, interruptions in power supply or other system failures. While we maintain plans to continue business under such circumstances, there can be no assurance that such plans will be successful in fully or partially mitigating the effects of such events.

We manufacture many of our significant companion animal products, including our rapid assay devices and certain instruments, many of our water testing products and certain of our livestock, poultry and dairy testing products, at a single facility in Westbrook, Maine. Certain of our companion animal products, as well as our human point-of-care products, are manufactured in Roswell, Georgia. We also manufacture certain of our livestock and poultry testing products in Bern, Switzerland and Montpellier, France. In addition, we maintain major distribution facilities in North America and in the Netherlands and major reference laboratories in Memphis, Tennessee; Leipzig, Germany; Ludwigsburg, Germany; Sacramento, California; Elmhurst, Illinois; North Grafton, Massachusetts; East Brisbane, Australia; Markham, Ontario; and Wetherby, the United Kingdom. Therefore, interruption of operations at any of these facilities could have a material adverse effect on our results of operations given our customers expect rapid turnaround times.

We rely on several information systems throughout our company to keep financial records, process customer orders, manage inventory, process shipments to customers and operate other critical functions. If we were to experience a system disruption that impacts any of our critical functions, it could result in the loss of sales and customers, financial misstatement and significant incremental costs, which could adversely affect our business.

We maintain property and business interruption insurance to insure against the financial impact of certain events of this nature. However, this insurance may be insufficient to compensate us for the full amount of any losses that we may incur. In addition, such insurance will not compensate us for the long-term competitive effects of being out of the market for the period of any interruption in operations.

We Could Be Subject to Class Action Litigation Due to Stock Price Volatility, which, if it Occurs, Could Result in Substantial Costs or Large Judgments Against Us

The market for our common stock may experience extreme price and volume fluctuations, which may be unrelated or disproportionate to our operating performance or prospects. Securities class action litigation has often been brought against companies following periods of volatility in the market prices of their securities. We may be the target of similar litigation in the future. Securities litigation could result in substantial costs and divert our management’s attention and resources, which could have a negative effect on our business, operating results and financial condition.

If Our Quarterly or Annual Results of Operations Fluctuate, This Fluctuation May Cause Our Stock Price to Decline, Resulting in Losses to You

Our prior operating results have fluctuated due to a number of factors, including seasonality of certain product lines; changes in our accounting estimates; the impact of acquisitions; timing of distributor purchases, product launches, operating expenditures, marketing programs, changes in foreign currency exchange rates, and litigation and claim-related expenditures; changes in competitors’ product offerings; changes in the economy affecting consumer spending; and other matters. Similarly, our future operating results may vary significantly from quarter to quarter or year to year due to these and other factors, many of which are beyond our control. If our operating results or projections of future operating results do not meet the expectations of market analysts or investors in future periods, our stock price may fall.

Future Operating Results Could Be Negatively Affected by the Resolution of Various Uncertain Tax Positions and by Potential Changes to Tax Incentives

In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Significant judgment is required in determining our worldwide provision for income taxes. We periodically assess our exposures related to our worldwide provision for income taxes and believe that we have appropriately accrued taxes for contingencies. Any reduction of these contingent liabilities or additional assessments would increase or decrease income, respectively, in the period such determination was made. Our income tax filings are regularly under audit by tax authorities and the final determination of tax audits could be materially different than that which is reflected in historical income tax provisions and accruals. Additionally, we benefit from certain tax incentives offered by various jurisdictions. If we are unable to meet the requirements of such incentives, or if they expire or are renewed at less favorable terms, our inability to realize these benefits could have a material negative effect on future earnings.

Restrictions in Our Credit Facility or Our Inability to Obtain Financing on Favorable Terms May Limit Our Activities

Our ability to satisfy our obligations under our unsecured revolving credit facility ("Credit Facility") depends on our future operating performance and on economic, financial, competitive and other factors beyond our control. Our business may not generate sufficient cash flows to meet these obligations or generate sufficient levels of earnings to satisfy the applicable affirmative, negative and financial covenants. Our failure to comply with these covenants and the other terms of the Credit Facility could result in an event of default and acceleration of our obligations under the Credit Facility, which may require us to seek additional financing or restructure existing debt and possibly on terms not deemed favorable.

We fund our operations, capital purchase requirements and strategic growth needs through cash on hand, funds generated from operations and amounts available under our Credit Facility. If we were unable to obtain financing on favorable terms, we could face restrictions that would limit our ability to execute certain strategies, which could have an adverse effect on our revenue growth and profitability.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended June 30, 2013, we repurchased shares of common stock as described below:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (c)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (d)
April 1 to April 30, 2013	298,300	$ 89.38	298,300	1,928,120
May 1 to May 31, 2013	650,960	86.27	650,960	5,277,160
June 1 to June 30, 2013	702,764	85.19	701,200	4,575,960
Total	1,652,024	$ 86.37	1,650,460	4,575,960

Our board of directors has approved the repurchase of up to 52 million shares of our common stock in the open market or in negotiated transactions. The plan was approved and announced on August 13, 1999, and subsequently amended on October 4, 1999, November 16, 1999, July 21, 2000, October 20, 2003, October 12, 2004, October 12, 2005, February 14, 2007, February 13, 2008, February 10, 2010, October 12, 2011 and May 7, 2013 when our board of directors authorized the repurchase by the Company of up to an additional four million shares of our common stock. There is no specified expiration date for this repurchase plan. There were no other repurchase plans outstanding during the three months ended June 30, 2013, and no repurchase plans expired during the period. Repurchases of 1,650,460 shares were made during the three months ended June 30, 2013 in transactions made pursuant to our repurchase plan.

During the three months ended June 30, 2013, we received 1,564 shares of our common stock that were surrendered by employees in payment for the minimum required withholding taxes due on the vesting of restricted stock units and settlement of deferred stock units. In the above table, these shares are included in columns (a) and (b), but excluded from columns (c) and (d). These shares do not reduce the number of shares that may be purchased under the repurchase plan.

Item 6. Exhibits

Exhibit No.	Description
10.1	Amended and Restated Credit Agreement, dated as of May 9, 2013, among the Company, IDEXX Distribution, Inc., IDEXX Operations, Inc., IDEXX Reference Laboratories, Inc., OPTI Medical Systems, Inc., IDEXX Laboratories Canada Corporation and IDEXX Europe B.V., as borrowers, and the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, JPMorgan Chase Bank, N.A., Toronto Branch, as Toronto agent, J.P. Morgan Europe Limited, as London agent (filed as Exhibit No. 10.1 to Current Report on Form 8-K, filed May 13, 2013, File No. 0-19271, and incorporated herein by reference.)
10.2*	Amended and Restated Executive Employment Agreement dated May 26, 2013, between the Company and Jonathan W. Ayers.
10.3*	Form of Amended and Restated Executive Employment Agreement dated May 26, 2013, between the Company and each of Jonathan J. Mazelsky, Johnny D. Powers, PhD and Michael J. Williams, PhD.
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

*Management contract or compensatory arrangement required to be filed as an exhibit pursuant to Item 6 of Form 10-Q.

SIGNATURES

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

Date: July 23, 2013

IDEXX LABORATORIES, INC.

/s/ Jonathan W. Ayers
Jonathan W. Ayers
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

/s/ Willard R. Blanche, Jr.
Willard R. Blanche, Jr.
Chief Financial Officer
(Principal Financial Officer)

Exhibit Index

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Exhibit 10.2

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT is made as of May 26, 2013 (this "Agreement") by and between IDEXX Laboratories, Inc., a Delaware corporation (the "Company"), and Jonathan W. Ayers (the "Executive") and amends and restates in its entirety the Executive Employment Agreement between the Company and the Executive dated as of March 22, 2011.

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives and in consideration of the mutual covenants and promises contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties to this Agreement, the Company and Executive agree as follows:

1. Certain Definitions.

(a) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment.

(b) The "Change of Control Period" shall mean the period commencing on the date hereof and ending on September 30, 2014; provided, however, that on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate one year from such Renewal Date, unless at least 120 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

2. Change of Control. For the purpose of this Agreement, a "Change of Control" shall mean:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either (i) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (iv) any acquisition by any corporation pursuant to a transaction which satisfies the criteria set forth in clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) A change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either (i) had been directors of the Company 24 months prior to such change or (ii) were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination, but excluding, for purposes of this clause (ii), any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than a majority of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which as used in this Section 2(c) shall include, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation and (iii) at least half of the members of the board of directors of the corporation resulting from such

Business Combination were members of the Company's Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

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

Notwithstanding the foregoing, for any payments or benefits hereunder there are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the foregoing event must constitute a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i).

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the earlier of (i) the second anniversary of such date or (ii) the termination of the Executive's employment pursuant to Section 5 hereof (the "Employment Period"). Except as provided in Section 1(a), nothing in this Agreement shall, prior to the Effective Date, impose upon the Company any obligation to retain the Executive as an employee. In addition, nothing in this Agreement shall restrict the Executive from terminating his employment with the Company, and no such termination by the Executive shall be deemed a breach of this Agreement.

4. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions, and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company or the terms of this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the

Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, during the Employment Period, the Executive shall be entitled to receive such annual bonus as may be determined by the Board of Directors, but in no event shall the target bonus opportunity, expressed as a percentage of Annual Base Salary, be less than the target bonus opportunity in respect of the full fiscal year immediately preceding the Effective Date. Any annual bonus shall be paid no later than March 15 of the year following the year in which such bonus is earned.

(iii) Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit, Savings and Retirement Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit, savings and retirement plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, split-dollar life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive reimbursement for all reasonable expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company in effect immediately prior to the Effective Date.

(vi) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(c) Equity Awards. Immediately prior to the consummation of a Change of Control each then outstanding award for common stock of the Company, including without limitation any stock option, stock appreciation right, restricted stock unit award, restricted stock award or other stock-based award (an "Award"), held by the Executive shall become immediately exercisable, vested, realizable, or deliverable, or free from restrictions applicable to the Award as to twenty-five percent (25%) of the number of shares as to which each such Award would otherwise be subject to restrictions or not then be exercisable, vested, realizable, or deliverable (rounded down to the nearest whole share), and the number of shares as to which each such Award shall become exercisable, vested, realizable, deliverable and free from restrictions on each vesting date set forth in the Executive's applicable Award agreement shall be reduced by 25%. In addition, all such Awards held by the Executive shall immediately become fully exercisable, vested, realizable, deliverable and free from restrictions if and when, within 24 months after a Change of Control, the Executive's employment with the Company (or the acquiring or succeeding entity) is involuntarily terminated by the Company (or such acquiring or succeeding entity) other than for Cause or is terminated by the Executive for Good Reason. Notwithstanding the provisions of this Section 4(c), if any such outstanding Award is terminated in connection with a Change of Control, such Award shall become fully exercisable, vested, realizable, deliverable and free from restrictions immediately before the occurrence of the Change of Control.

5. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 13(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the

Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months as determined by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) Cause. Subject to Section 5(d), the Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

i. the willful failure of the Executive to perform substantially the Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), which failure is not cured within 30 days after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or

ii. the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company.

(c) Good Reason. The Executive's employment may be terminated by the Executive with or without Good Reason. For purposes of this Agreement, "Good Reason" shall mean one or more of the following conditions arising without the consent of the Executive:

i. A material diminution in the Executive's Annual Base Salary;

ii. A material diminution in the Executive's authority, duties, or responsibilities; provided that, for the avoidance of doubt, if at any time, the Executive shall cease to be the Chief Executive Officer of the Company, the entity surviving any Business Combination (if not the Company) or the Person that ultimately controls the Company or such surviving entity, then a material diminution of the Executive's authority, duties, or responsibilities shall be deemed to have occurred;

iii. A material diminution in the authority, duties, or responsibilities of the supervisor to whom the Executive is required to report, including a requirement that the Executive report to a corporate officer or employee instead of reporting directly to the Board of Directors of the Company;

iv. A material diminution in the budget over which the Executive retains authority;

v. A material change in the geographic location at which the Executive must perform services; or

vi. Any other action or inaction that constitutes a material breach by the Company of the agreement under which the Executive provides services.

(d) Notice of Termination.

(i) Any termination by the Company for Cause, or by the Executive for Good Reason, shall be effected by Notice of Termination to the other party hereto given in accordance with Section 13(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstances in enforcing the Executive's or the Company's rights hereunder.

(ii) Any Notice of Termination for Cause must be given within sixty (60) days of the Board learning of the event(s) or circumstance(s) which the Board believes constitute(s) Cause. Prior to any Notice of Termination for Cause being given (and prior to any termination for Cause being effective), the Executive shall be entitled to a hearing before the Board at which he may, at his election, be represented by counsel and at which he shall have a reasonable opportunity to be heard. Such hearing shall be held on not less than fifteen days prior written notice to the Executive stating the Board's intention to terminate the Executive for Cause and stating in detail the particular event(s) or circumstance(s) which the Board believes constitute(s) Cause for termination.

(iii) Any Notice of Termination for Good Reason must be given to the Company within sixty (60) days of the initial existence of one or more conditions described in Section 5(c)(i) through (vi) which the Executive believes constitute(s) Good Reason. Upon such Notice of Termination for Good Reason, the Company shall be entitled to a period of thirty (30) days during which it may remedy the condition (s) and not be required to pay benefits under this Agreement. It is intended that termination of employment by an Executive due to one or more of the conditions described in Section 5(c)(i) through (vi), pursuant to notice given in accordance with this Section 5(d)(iii), shall be treated as an involuntary separation from service pursuant to the good reason safe harbor set forth in Treasury Regulation Section 1.409A-1(n)(2)(ii).

(e). Date of Termination. “Date of Termination” means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, subject, in the case of termination by the Company, for Cause, to the Company's compliance with Section 5(d)(ii) and in the case of termination by the Executive for Good Reason, to the Executive’s compliance with Section 5(d)(iii); (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination; and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be. A termination of employment occurs upon a termination of employment with the Company and any affiliate of the Company in all capacities, including as a common law employee and independent contractor. Whether a Participant has had a termination of employment shall be determined by the Company on the basis of all relevant facts and circumstances with reference to Treasury Regulations Section 1.409A-1(h) regarding a “separation from service” and the default provisions set forth in Treasury Regulation Section 1.409A-1(h)(1)(ii).

6. Obligations of the Company Upon Termination.

(a). Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause, Death or Disability or the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash the following amounts, subject, in each case, to Sections 11 and 12 hereof:

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the target bonus for the then current fiscal year and (y) a fraction, the numerator of which is the number of days in the then current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the “Accrued Obligations”); and

B. the amount equal to the product of (1) three and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Average Annual Bonus. The Average Annual Bonus is equal to the average of the bonus paid (or payable) to the Executive for the three prior full fiscal years (or, if fewer, the number of full fiscal years the Executive was employed by the Company prior to the Effective Date); provided that if the Executive was not eligible to participate in an annual bonus program for at least one full fiscal year, the Average Annual Bonus shall be the Executive’s target bonus for the year in which termination of employment occurs; provided, however, that if the Date of Termination precedes the closing of the Change in Control, then the payment pursuant to this Section 6(a)(i)(B) shall be paid in equal monthly installments as if paid over a thirty-six (36) month period until the closing of the Change in Control at which time any remaining unpaid balance shall be paid in a lump sum.

(ii) for 36 months after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement (excluding any savings and/or retirement plans) if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 36 months after the Date of Termination and to have retired on the last day of such period;

(iii) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the “Other Benefits”); and

(iv) the Company shall timely reimburse the Executive up to $12,500 each year (an aggregate of $25,000) for expenses incurred in connection with outplacement services and relocation costs incurred in connection with obtaining new employment outside the State of Maine until the earlier of (i) 24 months following the termination of Executive’s employment or (ii) the date the Executive secures full time employment.

(v) Reimbursements. Any reimbursements made under this Agreement shall made or provided in accordance with Section 409A of the Code to the extent that such reimbursements are subject to Section 409A, including, as applicable, to the following conditions:

i. the amount of expenses eligible for reimbursement provided in any one taxable year of Executive shall not affect the amount of expenses eligible for reimbursement or in-kind benefits provided in any other taxable year of Executive;

ii. the reimbursement of any expense shall be made no later than the last day of Executive’s taxable year following Executive’s taxable year in which the expense was incurred (unless this Agreement specifically provides for reimbursement by an earlier date); and

iii. the right to reimbursement of an expense shall not be subject to set off, liquidation or exchange for another benefit.

(b). Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) his Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, and (z) Other Benefits, in each case to the extent theretofore unpaid or not yet provided. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

(e) Time of Payment. Amounts payable under this Section 6 following an Executive’s termination of employment, other than those expressly payable on a deferred basis, will be paid in the payroll period next following the payroll period in which termination of employment occurs except as otherwise provided in Sections 11 or 12.

7. Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 13(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any

set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive (under this Agreement or otherwise) or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as otherwise provided in this agreement, such amounts shall not be reduced whether or not the Executive obtains other employment.

9. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 9 constitute a basis for deferring or withholding any amounts or benefits otherwise payable or to be provided to the Executive under this Agreement.

10. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid.

11. Section 409A Compliance.

(a) It is intended that each payment or benefit or installment of payments and benefits under this Agreement shall be treated as a “separate payment” for purposes of Section 409A of the Code. Neither the Company nor the Executive shall have the right to accelerate or defer the delivery of any payments or benefits except to the extent specifically permitted or required by Section 409A.

(b) If any payment, compensation or other benefit provided to the Executive in connection with his employment termination is determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and the Executive is a Specified Employee as defined in Section 409A(a)(2)(B)(i), no part of such payments shall be paid before the day that is six (6) months plus one (1) day after the date of termination, or, if earlier, the Executive's death (the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to the Executive during the period between the date of termination and the New Payment Date shall be paid to the Executive in a lump sum on such New Payment Date. Thereafter, any payments that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement.

(c) For purposes of this Agreement, a "Specified Employee" shall mean an employee of the Company who satisfies the requirements for being designated a "key employee" under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code without regard to Section 416(i)(5) of the Code at any time during a calendar year, in which case such employee shall be considered a Specified Employee for the twelve-month period beginning on the first day of the fourth month immediately following the end of such calendar year. Notwithstanding the foregoing, all employees who are nonresident aliens during an entire calendar year are excluded for purposes of determining which employees meet the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code without regard to Section 416(i)(5) of the Code for such calendar year. The term "nonresident alien" as used herein shall have the meaning set forth in Regulations Section 1.409A-1(j). In the event of any corporate spinoff or merger, the determination of which employees meet the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code without regard to Section 416(i)(5) of the Code for any calendar year shall be determined in accordance with Regulations Section 1.409A-1(i)(6).

(d) The terms of this Agreement are intended to comply with or be exempt from Section 409A of the Code and the guidance issued thereunder and shall be interpreted consistently therewith. The parties acknowledge and agree that the interpretation of Section 409A and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to the Executive that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A are intended to comply with Section 409A. If, however, any such benefit or payment is deemed to not comply with Section 409A, the Company and the Executive agree to renegotiate in good faith any such benefit or payment (including, without limitation, as to the timing of any severance payments payable hereunder) so that either (i) Section 409A will not apply or (ii) compliance with Section 409A will be achieved; provided, however, that any resulting renegotiated terms shall provide to the Executive the after-tax economic equivalent of what otherwise has been provided to the Executive pursuant to the terms of this Agreement, and provided further, that any deferral of payments or other benefits shall be only for such time period as may be required to comply with Section 409A.

12. Release. As a condition of receipt of any payments or benefits under this Agreement, the Executive shall be required to sign a customary release prepared by and provided

by the Company (the "Release") and to abide by the provisions thereof. The Release shall contain a release and waiver of any claims the Executive or his or her representatives may have against the Company and its officers, directors, affiliates and/or representatives, and shall release those entities and persons from any liability for such claims including, but not limited to, all employment discrimination claims. Payments and benefits under this Agreement will be paid on the 90th day following the Executive's termination of employment provided the Executive has executed and submitted the Release and the statutory period during which the Executive is entitled to revoke the Release has expired on or before that 90th day. If the Executive fails to so execute the Release, receipt of any payments and benefits under this Agreement is forfeited.

13. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Jonathan W. Ayers
c/o IDEXX Laboratories, Inc.
One Idexx Drive
Westbrook, ME 04092

If to the Company:

IDEXX Laboratories, Inc.
One Idexx Drive
Westbrook, ME 04092
Attention: Chairman of Compensation Committee

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is “at will” and, subject to Section 1(a) hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company, by written notice to the other, at any time prior to the Effective Date, in which case the Executive shall have no further rights or obligations under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

(g) Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted before a panel of three arbitrators in Portland, Maine, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court of competent jurisdiction. The Company and the Employee shall separately pay for their respective counsel fees and expenses and the arbitration panel shall allocate the costs and expenses of the arbitration between the Executive and the Company; provided, however, if the Executive substantially prevails on a material item that was subject to arbitration, the Company shall bear all expenses and other costs of the arbitration and all reasonable attorneys’ fees and expenses borne by the Executive.

(h) This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and, except as otherwise provided herein, supersedes all prior communications, agreements and understandings, written or oral, with the Company or any of its affiliates or predecessors with respect to the terms and conditions of the Executive’s employment. Notwithstanding the provisions of the preceding sentence, this Agreement does not supersede any agreement between the Executive and the Company regarding non-disclosure and developments or any non-competition agreement between the Executive and the Company. In addition, the Executive shall remain subject to the post-termination non-compete obligations under any non-compete agreement with the Company notwithstanding any terms of such agreement that would relieve the Executive of such obligations upon termination of the Executive’s employment with the Company other than for Cause.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE:

/s/ Jonathan W. Ayers

Jonathan W. Ayers

COMPANY:

IDEXX Laboratories, Inc.

By: /s/ Jeffrey A. Fiarman

Name: Jeffrey A. Fiarman
Title: Executive Vice President, General Counsel and Secretary

Exhibit 10.3

FORM OF AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT is made as of May 26, 2013 (this "Agreement") by and between IDEXX Laboratories, Inc., a Delaware corporation (the "Company"), and ______________________________ (the "Executive") and amends and restates in its entirety the Executive Employment Agreement between the Company and the Executive dated as of February 13, 2012.

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives and in consideration of the mutual covenants and promises contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties to this Agreement, the Company and Executive agree as follows:

1. <u>Certain Definitions</u>.

(a) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company is terminated prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment.

(b) The "Change of Control Period" shall mean the period commencing on the date hereof and ending on September 30, 2014; provided, however, that on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate one year from such Renewal Date, unless at least 120 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

2. <u>Change of Control</u>. For the purpose of this Agreement, a "Change of Control" shall mean:

(a) The acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either (i) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (iv) any acquisition by any corporation pursuant to a transaction which satisfies the criteria set forth in clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) A change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either (i) had been directors of the Company 24 months prior to such change or (ii) were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination, but excluding, for purposes of this clause (ii), any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than a majority of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which as used in this Section 2(c) shall include, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation and (iii) at least half of the members of the board of directors of the corporation resulting from such

Business Combination were members of the Company's Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

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

Notwithstanding the foregoing, for any payments or benefits hereunder there are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the foregoing event must constitute a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i).

3. Employment Period. The Company hereby agrees to continue the Executive in its employ, and the Executive hereby agrees to remain in the employ of the Company subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the earlier of (i) the second anniversary of such date or (ii) the termination of the Executive's employment pursuant to Section 5 hereof (the "Employment Period"). Except as provided in Section 1(a), nothing in this Agreement shall, prior to the Effective Date, impose upon the Company any obligation to retain the Executive as an employee. In addition, nothing in this Agreement shall restrict the Executive from terminating his employment with the Company, and no such termination by the Executive shall be deemed a breach of this Agreement.

4. Terms of Employment.

(a) Position and Duties.

(i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions, and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company or the terms of this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the

Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation.

(i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary (“Annual Base Salary”), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term “affiliated companies” shall include any company controlled by, controlling or under common control with the Company.

(ii) Annual Bonus. In addition to Annual Base Salary, during the Employment Period, the Executive shall be entitled to receive such annual bonus as may be determined by the Board of Directors, but in no event shall the target bonus opportunity, expressed as a percentage of Annual Base Salary, be less than the target bonus opportunity in respect of the full fiscal year immediately preceding the Effective Date. Any annual bonus shall be paid no later than March 15 of the year following the year in which such bonus is earned.

(iii) Incentive Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) Welfare Benefit, Savings and Retirement Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit, savings and retirement plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, split-dollar life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive reimbursement for all reasonable expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company in effect immediately prior to the Effective Date.

(vi) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(c) Equity Awards. Immediately prior to the consummation of a Change of Control each then outstanding award for common stock of the Company, including without limitation any stock option, stock appreciation right, restricted stock unit award, restricted stock award or other stock-based award (an “Award”), held by the Executive shall become immediately exercisable, vested, realizable, or deliverable, or free from restrictions applicable to the Award as to twenty-five percent (25%) of the number of shares as to which each such Award would otherwise be subject to restrictions or not then be exercisable, vested, realizable, or deliverable (rounded down to the nearest whole share), and the number of shares as to which each such Award shall become exercisable, vested, realizable, deliverable and free from restrictions on each vesting date set forth in the Executive’s applicable Award agreement shall be reduced by 25%. In addition, all such Awards held by the Executive shall immediately become fully exercisable, vested, realizable, deliverable and free from restrictions if and when, within 24 months after a Change of Control, the Executive’s employment with the Company (or the acquiring or succeeding entity) is involuntarily terminated by the Company (or such acquiring or succeeding entity) other than for Cause or is terminated by the Executive for Good Reason. Notwithstanding the provisions of this Section 4(c), if any such outstanding Award is terminated in connection with a Change of Control, such Award shall become fully exercisable, vested, realizable, deliverable and free from restrictions immediately before the occurrence of the Change of Control.

5. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 13(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the

Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the Executive is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months as determined by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) Cause. Subject to Section 5(d), the Company may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

i. the willful failure of the Executive to perform substantially the Executive's duties with the Company (other than any such failure resulting from incapacity due to physical or mental illness), which failure is not cured within 30 days after a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties, or

ii. the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company.

(c) Good Reason. The Executive's employment may be terminated by the Executive with or without Good Reason. For purposes of this Agreement, "Good Reason" shall mean one or more of the following conditions arising without the consent of the Executive:

i. A material diminution in the Executive's Annual Base Salary;

ii. A material diminution in the Executive's authority, duties, or responsibilities;

iii. A material diminution in the budget over which the Executive retains authority;

iv. A material change in the geographic location at which the Executive must perform services; or

v. Any other action or inaction that constitutes a material breach by the Company of the agreement under which the Executive provides services.

(d) Notice of Termination.

(i) Any termination by the Company for Cause, or by the Executive for Good Reason, shall be effected by Notice of Termination to the other party hereto given in accordance with Section 13(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstances in enforcing the Executive's or the Company's rights hereunder.

(ii) Any Notice of Termination for Cause must be given within sixty (60) days of the Board learning of the event(s) or circumstance(s) which the Board believes constitute(s) Cause. Prior to any Notice of Termination for Cause being given (and prior to any termination for Cause being effective), the Executive shall be entitled to a hearing before the Board at which he may, at his election, be represented by counsel and at which he shall have a reasonable opportunity to be heard. Such hearing shall be held on not less than fifteen days prior written notice to the Executive stating the Board's intention to terminate the Executive for Cause and stating in detail the particular event(s) or circumstance(s) which the Board believes constitute(s) Cause for termination.

(iii) Any Notice of Termination for Good Reason must be given to the Company within sixty (60) days of the initial existence of one or more conditions described in Section 5(c)(i) through (vi) which the Executive believes constitute(s) Good Reason. Upon such Notice of Termination for Good Reason, the Company shall be entitled to a period of thirty (30) days during which it may remedy the condition (s) and not be required to pay benefits under this Agreement. It is intended that termination of employment by an Executive due to one or more of the conditions described in Section 5(c)(i) through (vi), pursuant to notice given in accordance with this Section 5(d)(iii), shall be treated as an involuntary separation from service pursuant to the good reason safe harbor set forth in Treasury Regulation Section 1.409A-1(n)(2)(ii).

(e) Date of Termination. "Date of Termination" means (i) if the Executive's employment is terminated by the Company for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, subject, in the case of termination by the Company, for Cause, to the Company's compliance with Section 5(d)(ii) and in the case of termination by the Executive for Good Reason, to the Executive's compliance with Section 5(d)(iii); (ii) if the Executive's employment is terminated by the Company other than for Cause or Disability, the Date of Termination shall be the date on which the Company notifies the Executive of such termination; and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be. A termination of employment occurs upon a termination of employment with the Company and any affiliate of the Company in all capacities, including as a common law employee and independent contractor. Whether a Participant has had a termination of employment shall be determined by the Company on the basis of all relevant facts and circumstances with reference to Treasury Regulations Section 1.409A-1(h) regarding a "separation from service" and the default provisions set forth in Treasury Regulation Section 1.409A-1(h)(1)(ii).

6. Obligations of the Company Upon Termination.

(a). Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Company shall terminate the Executive's employment other than for Cause, Death or Disability or the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash the following amounts, subject, in each case, to Sections 11 and 12 hereof:

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the target bonus for the then current fiscal year and (y) a fraction, the numerator of which is the number of days in the then current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

B. the amount equal to the product of (1) two and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Average Annual Bonus. The Average Annual Bonus is equal to the average of the bonus paid (or payable) to the Executive for the three prior full fiscal years (or, if fewer, the number of full fiscal years the Executive was employed by the Company prior to the Effective Date); provided that if the Executive was not eligible to participate in an annual bonus program for at least one full fiscal year, the Average Annual Bonus shall be the Executive's target bonus for the year in which termination of employment occurs.

(ii) for 24 months after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement (excluding any savings and/or retirement plans) if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until 24 months after the Date of Termination and to have retired on the last day of such period;

(iii) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits"); and

(iv) the Company shall timely reimburse the Executive up to $12,500 each year (an aggregate of $25,000) for expenses incurred in connection with outplacement services and relocation costs incurred in connection with obtaining new employment outside the State of Maine until the earlier of (i) 24 months following the termination of Executive's employment or (ii) the date the Executive secures full time employment.

(v) Reimbursements. Any reimbursements made under this Agreement shall made or provided in accordance with Section 409A of the Code to the extent that such reimbursements are subject to Section 409A, including, as applicable, to the following conditions:

i. the amount of expenses eligible for reimbursement provided in any one taxable year of Executive shall not affect the amount of expenses eligible for reimbursement or in-kind benefits provided in any other taxable year of Executive;

ii. the reimbursement of any expense shall be made no later than the last day of Executive's taxable year following Executive's taxable year in which the expense was incurred (unless this Agreement specifically provides for reimbursement by an earlier date); and

iii. the right to reimbursement of an expense shall not be subject to set off, liquidation or exchange for another benefit.

(b) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination.

(c) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

(d) Cause; Other than for Good Reason. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) his Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, and (z) Other Benefits, in each case to the extent theretofore unpaid or not yet provided. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

(e) Time of Payment. Amounts payable under this Section 6 following an Executive’s termination of employment, other than those expressly payable on a deferred basis, will be paid in the payroll period next following the payroll period in which termination of employment occurs except as otherwise provided in Sections 11 or 12.

7. Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 13(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive (under this Agreement or otherwise) or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as otherwise provided in this agreement, such amounts shall not be reduced whether or not the Executive obtains other employment.

9. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Company, the Executive shall not, without

the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 9 constitute a basis for deferring or withholding any amounts or benefits otherwise payable or to be provided to the Executive under this Agreement.

10. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid.

11. Section 409A Compliance.

(a) It is intended that each payment or benefit or installment of payments and benefits under this Agreement shall be treated as a "separate payment" for purposes of Section 409A of the Code. Neither the Company nor the Executive shall have the right to accelerate or defer the delivery of any payments or benefits except to the extent specifically permitted or required by Section 409A.

(b) If any payment, compensation or other benefit provided to the Executive in connection with his employment termination is determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and the Executive is a Specified Employee as defined in Section 409A(a)(2)(B)(i), no part of such payments shall be paid before the day that is six (6) months plus one (1) day after the date of termination, or, if earlier, the Executive's death (the "New Payment Date"). The aggregate of any payments that otherwise would have been paid to the Executive during the period between the date of termination and the New Payment Date shall be paid to the Executive in a lump sum on such New Payment Date. Thereafter, any payments that remain outstanding as of the day immediately following the New Payment Date shall be paid without delay over the time period originally scheduled, in accordance with the terms of this Agreement.

(c) For purposes of this Agreement, a "Specified Employee" shall mean an employee of the Company who satisfies the requirements for being designated a "key employee" under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code without regard to Section 416(i)(5) of the

Code at any time during a calendar year, in which case such employee shall be considered a Specified Employee for the twelve-month period beginning on the first day of the fourth month immediately following the end of such calendar year. Notwithstanding the foregoing, all employees who are nonresident aliens during an entire calendar year are excluded for purposes of determining which employees meet the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code without regard to Section 416(i)(5) of the Code for such calendar year. The term "nonresident alien" as used herein shall have the meaning set forth in Regulations Section 1.409A-1(j). In the event of any corporate spinoff or merger, the determination of which employees meet the requirements of Section 416(i)(1)(A)(i), (ii) or (iii) of the Code without regard to Section 416(i)(5) of the Code for any calendar year shall be determined in accordance with Regulations Section 1.409A-1(i)(6).

(d) The terms of this Agreement are intended to comply with or be exempt from Section 409A of the Code and the guidance issued thereunder and shall be interpreted consistently therewith. The parties acknowledge and agree that the interpretation of Section 409A and its application to the terms of this Agreement is uncertain and may be subject to change as additional guidance and interpretations become available. Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to the Executive that would be deemed to constitute "nonqualified deferred compensation" within the meaning of Section 409A are intended to comply with Section 409A. If, however, any such benefit or payment is deemed to not comply with Section 409A, the Company and the Executive agree to renegotiate in good faith any such benefit or payment (including, without limitation, as to the timing of any severance payments payable hereunder) so that either (i) Section 409A will not apply or (ii) compliance with Section 409A will be achieved; provided, however, that any resulting renegotiated terms shall provide to the Executive the after-tax economic equivalent of what otherwise has been provided to the Executive pursuant to the terms of this Agreement, and provided further, that any deferral of payments or other benefits shall be only for such time period as may be required to comply with Section 409A.

12. Release. As a condition of receipt of any payments or benefits under this Agreement, the Executive shall be required to sign a customary release prepared by and provided by the Company (the "Release") and to abide by the provisions thereof. The Release shall contain a release and waiver of any claims the Executive or his or her representatives may have against the Company and its officers, directors, affiliates and/or representatives, and shall release those entities and persons from any liability for such claims including, but not limited to, all employment discrimination claims. Payments and benefits under this Agreement will be paid on the 90th day following the Executive's termination of employment provided the Executive has executed and submitted the Release and the statutory period during which the Executive is entitled to revoke the Release has expired on or before that 90th day. If the Executive fails to so execute the Release, receipt of any payments and benefits under this Agreement is forfeited.

13. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:
[NAME]
c/o IDEXX Laboratories, Inc.
One Idexx Drive
Westbrook, ME 04092

If to the Company:
IDEXX Laboratories, Inc.
One Idexx Drive
Westbrook, ME 04092
Attention: Chairman of Compensation Committee

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is “at will” and, subject to Section 1(a) hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company, by written notice to the other, at any time prior to the Effective Date, in which case the Executive shall have no further rights or obligations under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

(g) Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted before a panel of three arbitrators in Portland, Maine, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court of competent jurisdiction. The Company and the Employee shall separately pay for their respective counsel fees and expenses and the arbitration panel shall allocate the costs and expenses of the arbitration between the Executive and the Company; provided, however, if the Executive substantially prevails on a material item that was subject to arbitration, the Company shall bear all expenses and other costs of the arbitration and all reasonable attorneys' fees and expenses borne by the Executive.

(h) This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and, except as otherwise provided herein, supersedes all prior communications, agreements and understandings, written or oral, with the Company or any of its affiliates or predecessors with respect to the terms and conditions of the Executive's employment. Notwithstanding the provisions of the preceding sentence, this Agreement does not supersede any agreement between the Executive and the Company regarding non-disclosure and developments or any non-competition agreement between the Executive and the Company. In addition, the Executive shall remain subject to the post-termination non-compete obligations under any non-compete agreement with the Company notwithstanding any terms of such agreement that would relieve the Executive of such obligations upon termination of the Executive's employment with the Company other than for Cause.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

EXECUTIVE:

____
[NAME]

COMPANY:
IDEXX Laboratories, Inc.

By:______________________________________
Name:
Title:

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jonathan W. Ayers, certify that:

1) I have reviewed this report on Form 10-Q for the quarter ended June 30, 2013 of IDEXX Laboratories, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 23, 2013

/s/ Jonathan W. Ayers
Jonathan W. Ayers, Chairman,
President and Chief Executive
Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Willard R. Blanche, Jr., certify that:

1) I have reviewed this report on Form 10-Q for the quarter ended June 30, 2013 of IDEXX Laboratories, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 23, 2013

/s/ Willard R. Blanche, Jr.
Willard R. Blanche, Jr.
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the report on Form 10-Q of IDEXX Laboratories, Inc. (the “Company”) for the quarter ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 23, 2013

/s/ Jonathan W. Ayers
Jonathan W. Ayers, Chairman, President and Chief Executive Officer

A signed original of this written statement required by Section 906, has been provided to IDEXX Laboratories, Inc. and will be retained by IDEXX Laboratories, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED BY
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the report on Form 10-Q of IDEXX Laboratories, Inc. (the "Company") for the quarter ended June 30, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 23, 2013

/s/ Willard R. Blanche, Jr.
Willard R. Blanche, Jr.
Chief Financial Officer

A signed original of this written statement required by Section 906, has been provided to IDEXX Laboratories, Inc. and will be retained by IDEXX Laboratories, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.