

# Form 10-K, Consolidated Statements of Cash Flows, Page F-7

## IDEXX LABORATORIES, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	For the Years Ended December 31,		
	2012	2011	2010
<b>Cash Flows from Operating Activities:</b>			
Net income	\$ 178,287	\$ 161,754	\$ 141,320
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	52,408	48,202	45,956
Loss on disposal of property and equipment	226	615	1,599
Increase (decrease) in deferred compensation liability	184	(171)	290
Gain on disposition of pharmaceutical product lines	(3,500)	(3,000)	(3,000)
Provision for uncollectible accounts	1,108	1,484	1,575
(Benefit of) provision for deferred income taxes	(1,970)	5,996	(908)
Share-based compensation expense	15,952	15,496	13,262
Tax benefit from share-based compensation arrangements	(14,676)	(16,007)	(18,126)
Changes in assets and liabilities:			
Accounts receivable	3,487	(24,809)	(6,914)
Inventories	(13,752)	(6,310)	(19,469)
Other assets	3,933	(1,339)	(13,208)
Accounts payable	(1,304)	13,884	3,482
Accrued liabilities	3,011	17,564	30,604
Deferred revenue	6,888	7,341	2,370
Net cash provided by operating activities	230,282	220,700	178,833
<b>Cash Flows from Investing Activities:</b>			
Purchases of property and equipment	(65,492)	(52,464)	(38,908)
Proceeds from disposition of pharmaceutical product lines	3,000	3,000	-
Proceeds from sale of property and equipment	45	225	112
Acquisitions of intangible assets	(900)	(1,000)	(394)
Investment in notes receivable and related business	-	-	(4,000)
Acquisition of businesses, net of cash acquired	(2,658)	(46,757)	-
Net cash used by investing activities	(66,005)	(96,996)	(43,190)
<b>Cash Flows from Financing Activities:</b>			
(Payments) borrowings on revolving credit facilities, net	(31,000)	113,903	10,143
Payment of notes payable	(917)	(863)	(813)
Repurchases of common stock	(132,268)	(255,505)	(143,090)
Proceeds from exercises of stock options and employee stock purchase plans	24,166	28,801	28,865
Tax benefit from share-based compensation arrangements	14,676	16,007	18,126
Net cash used by financing activities	(125,343)	(97,657)	(86,769)
Net effect of changes in exchange rates on cash	1,157	933	1,313
Net increase in cash and cash equivalents	40,091	26,980	50,187
Cash and cash equivalents at beginning of period	183,895	156,915	106,728
Cash and cash equivalents at end of period	\$ 223,986	\$ 183,895	\$ 156,915
<b>Supplemental Disclosures of Cash Flow Information:</b>			
Interest paid	\$ 3,944	\$ 3,763	\$ 2,598
Income taxes paid	\$ 68,921	\$ 44,347	\$ 48,113
<b>Supplemental Disclosure of Non-Cash Information:</b>			
Market value of common shares received from employees in connection with share-based compensation – see Note 18	\$ 4,662	\$ 4,316	\$ 2,797
Receivable on disposition of pharmaceutical product lines	\$ 3,500	\$ 3,000	\$ 3,000

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