

FEDERAL NATIONAL MORTGAGE ASSOCIATION FANNIE MAE  
Form 8-K  
September 24, 2007

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

September 24, 2007

Federal National Mortgage Association

(Exact name of registrant as specified in its charter)

Federally Chartered Corporation

000-50231

52-0883107

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

3900 Wisconsin Avenue, NW, Washington,  
District of Columbia

20016

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

202-752-7000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



**Top of the Form**

**Item 7.01 Regulation FD Disclosure.**

On September 24, 2007, Fannie Mae (formally, the Federal National Mortgage Association) announced the estimated June 30, 2007 capital levels it submitted to the Office of Federal Housing Enterprise Oversight, or OFHEO, on July 27, 2007. Fannie Mae stated that it was providing the information in advance of OFHEO's determination of Fannie Mae's capital level and classification because Fannie Mae is considering a preferred stock issuance later in the week. Although the information submitted to OFHEO about Fannie Mae's June 30 capital levels represents management's best estimate of the information at the time of the submission, the information is subject to change as a result of OFHEO's review of the submission and Fannie Mae's ongoing preparation of its 2007 financial results and, following year end, the audit of those results. In addition, as Fannie Mae has previously disclosed, changes in the fair value of its derivatives and other changes attributable to its accounting policies and practices result in significant fluctuations in its capital holdings, including its core capital, from month to month.

The news release, a copy of which is attached as Exhibit 99.1 to this report, is incorporated herein by reference.

The information in this item, including the exhibit submitted herewith, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of Section 18, nor shall it be deemed incorporated by reference into any disclosure document relating to Fannie Mae, except to the extent, if any, expressly set forth by specific reference in such filing.

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**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 hereunto duly authorized.

Federal National Mortgage Association

*September 24, 2007*

By: */s/ Beth A. Wilkinson*

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*Name: Beth A. Wilkinson*

*Title: Executive Vice President and General Counsel*

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Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u>                     |
|--------------------|--|
| 99.1               | News Release, dated September 24, 2007 |

0%;border-top:1pt none #D9D9D9 ;border-left:1pt none #D9D9D9 ;border-bottom:1pt none #D9D9D9 ;border-right:1pt none #D9D9D9 ;height:10.35pt;padding:0pt 6.5pt">

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation  
or organization)

ONE IDEXX DRIVE, WESTBROOK, MAINE

(Address of principal executive offices)

01-0393723

(I.R.S. Employer Identification No.)

04092

(ZIP Code)

Registrant's telephone number, including area code: 207-556-0300

Securities registered pursuant to Section 12(b) of the Act:

|  |   |
|--|---|
| Title of each class                      | Name of each exchange on which registered |
| Common Stock, \$0.10 par value per share | NASDAQ Global Select Market               |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the

Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 Act). Yes No

Based on the closing sale price on June 28, 2013 of the registrant's Common Stock, the last business day of the registrant's most recently completed second fiscal quarter, as reported by the NASDAQ Global Select Market, the aggregate market value of the voting stock held by non-affiliates of the registrant was \$4,682,537,942. For these purposes, the registrant considers its directors and executive officers to be its only affiliates.

The number of shares outstanding of the registrant's Common Stock was 51,599,863 on February 7, 2014.

#### DOCUMENTS INCORPORATED BY REFERENCE

Part III—Specifically identified portions of the Company's definitive Proxy Statement to be filed in connection with the Company's 2014 annual meeting of stockholders (the "2014 Annual Meeting"), to be held on May 7, 2014, are incorporated herein by reference.

IDEXX LABORATORIES, INC.

Annual Report on Form 10-K

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## BASIS OF PRESENTATION

IDEXX Laboratories, Inc. is a Delaware corporation. Our principal executive offices are located at One IDEXX Drive, Westbrook, Maine 04092, our telephone number is 207-556-0300, and our Internet address is [www.idexx.com](http://www.idexx.com). References herein to “we,” “us,” “our,” the “Company,” or “IDEXX” include IDEXX Laboratories, Inc. and our wholly-owned subsidiaries and majority-owned subsidiaries unless the context otherwise requires.

The following terms used in this Annual Report on Form 10-K are our trademarks: 4Dx®, Catalyst Dx®, Catalyst One™, Coag Dx™, Colilert®, Colisure®, Cornerstone®, DVMAX®, Enterolert®, EquiView®, EquiView PACS®, Feline Triple®, Filta-Max®, Filta-Max xpress®, IDEXX I-Vision CR®, IDEXX I-Vision DR®, IDEXX I-Vision Mobile™, IDEXX ImageBank™, IDEXX-PACS™, IDEXX VetLab®, IDEXX VPM™, LaserCyte®, LaserCyte Dx™, Navigator™, OPTI®, OPTI LION™, PetChek®, PetDetect®, Pet Health Network®, Practice Profile™, ProCyte Dx®, Pseudalert®, Quanti-Tray®, SimPlate®, SmartService™, SNAP®, SNAPduo®, SNAP Pro®, SNAP cPL™, SNAP fPL™, SNAPshot Dx®, VetAutoread™, VetConnect®, VetLab UA™, VetLINK®, VetLyte®, VetStat®, VetTest® and VetVault®.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K for the year ended December 31, 2013 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 (the “Exchange Act”), include statements relating to future revenue growth rates, earnings and other measures of financial performance; the effect of economic downturns 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 I, Item 1A. Risk Factors” in this Annual Report on Form 10-K. Any forward-looking statements represent our estimates only as of the day this Annual Report on Form 10-K 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.

## PART I

### ITEM 1. BUSINESS

We are a Delaware corporation incorporated in 1983. We develop, manufacture and distribute products and provide services primarily for the companion animal veterinary, livestock and poultry, water testing and dairy markets. We also sell a line of portable electrolytes and blood gas analyzers for the human point-of-care medical diagnostics market. Our primary products and services are:

- Point-of-care veterinary diagnostic products, comprising instruments and consumables, and rapid assays;
- Veterinary reference laboratory diagnostic and consulting services used by veterinarians;
- Practice management systems and services and digital radiography systems used by veterinarians;
- Biological materials testing and laboratory diagnostic instruments and services used by the biomedical research community;

- Diagnostic and health-monitoring products for livestock and poultry;
- Products that test water for certain microbiological contaminants;
- Products that test milk for antibiotic residues and other contaminants; and
- Point-of-care electrolytes and blood gas analyzers used in the human point-of-care medical diagnostics market.

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## DESCRIPTION OF BUSINESS BY SEGMENT

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 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.

In 2013, we 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 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 years ended December 31, 2012 and 2011 has been retrospectively revised to reflect this change in the composition of our reportable segments. See Note 15 to the consolidated financial statements for the year ended December 31, 2013 included in this Annual Report on Form 10-K for financial information about our segments, including our product and service categories and our geographic areas.

The performance of our business is particularly subject to various risks that are associated with doing business internationally. For the year ended December 31, 2013, sales of products and services to customers outside the U.S. accounted for approximately 42% of our overall revenue. These foreign sales accounted for approximately 35%, 51% and 88% of revenue in our CAG, Water and LPD segments, respectively. See “Part 1, Item 1A. Risk Factors.”

## COMPANION ANIMAL GROUP

CAG provides diagnostic capabilities and information management solutions that enhance the health and well-being of pets to veterinarians. The breadth and complementary nature of our products and services comprise a unique competitive advantage that we refer to as the IDEXX Diagnostic Advantage, providing veterinarians with the tools and services to offer advanced veterinary medical care. The IDEXX Diagnostic Advantage improves staff efficiencies and also enables the veterinarian to communicate the value of this medical care to the pet owner, which ultimately leads to growing practice revenues.

## CAG Diagnostics

We provide diagnostic capabilities that meet veterinarians' diverse needs through a variety of modalities, including in-clinic diagnostic solutions and outside reference laboratory services, which are integrated within our information management technologies to provide a comprehensive view of patient diagnostic information that is easily accessible by both the veterinarian and pet owner.

### Integrated Diagnostic Information Management

VetConnect PLUS is a cloud-based technology that enables veterinarians to access and analyze patients' data from IDEXX's diagnostic modalities. These integrated diagnostic results provide the veterinarian with a visualization of patient-specific testing results, allowing the veterinarian to easily see and trend patient-specific diagnostic results, enabling greater medical insight. In addition, VetConnect PLUS provides instant mobile or browser-based access to results, which can be printed or emailed to pet owners and other veterinarians. In this way, VetConnect PLUS can aid veterinarians and practice staff in engaging the pet owner in the patient's care, which can support greater compliance with medical recommendations or preventive care protocols.

## In-Clinic Diagnostic Solutions

Our in-clinic diagnostic solutions are comprised of both our IDEXX VetLab suite of in-clinic chemistry and hematology analyzers and associated proprietary consumable products that provide real-time reference lab quality diagnostic results and a broad range of single-use, handheld IDEXX SNAP Rapid Assay test kits that provide quick, accurate and convenient point-of-care diagnostic test results for a variety of companion animal diseases and health conditions.

The IDEXX VetLab suite includes several instrument systems, as well as associated proprietary consumable products, all of which are described below. Additionally, we offer extended maintenance agreements in connection with the sale of our instruments.

**Blood and Urine Chemistry.** We sell three chemistry analyzers, the Catalyst Dx Chemistry Analyzer, the upcoming Catalyst One Chemistry Analyzer and the VetTest Chemistry Analyzer, that are used by veterinarians to measure levels of certain enzymes and other substances in blood or urine for monitoring health status and assisting in diagnosing physiologic conditions. These three instruments use consumables manufactured for IDEXX by Ortho-Clinical Diagnostics, Inc. (“Ortho”) based on Ortho’s dry slide technology. In addition, the Catalyst Dx and the Catalyst One analyzers also use dry slide electrolyte consumables manufactured by OPTI Medical Systems, Inc. (“OPTI Medical Systems”), one of our wholly-owned subsidiaries, and other slides also manufactured by IDEXX. Blood tests commonly run on these analyzers include glucose, alkaline phosphatase, ALT (alanine aminotransferase), albumin, calcium, creatinine, blood urea nitrogen and total protein. Tests are sold individually and in prepackaged panels. All three analyzers also run a urine test called urine protein:creatinine ratio, which assists in the early detection of renal disease.

The Catalyst Dx and Catalyst One analyzers provide significantly improved throughput, ease of use and test menu relative to the VetTest analyzer (our original chemistry analyzer), including the ability to run electrolytes, phenobarbital and fructosamine. Key ease-of-use features include the ability to run a whole blood sample using an on-board centrifuge, the ability to run pre-packaged, multi-slide clips in addition to single chemistry slides and an automated metering system. These analyzers also enable automated dilutions, which is an ease-of-use feature both for certain blood chemistries and the test for urine protein:creatinine ratio. The Catalyst Dx analyzer allows a veterinarian to run multiple patient samples simultaneously and both the Catalyst Dx and Catalyst One run different sample types including whole blood, plasma, serum and urine. In addition, the Catalyst Dx and Catalyst One analyzers run a test to measure phenobarbital levels in blood, allowing veterinarians to adjust anticonvulsant medication more quickly and efficiently. We began shipping a fructosamine test, compatible for the Catalyst Dx and upcoming Catalyst One analyzers, during the fourth quarter of 2013. Fructosamine levels are used to manage canine and feline diabetes mellitus, helping to assess insulin treatments and adjust insulin dosages. We expect to introduce a total thyroxine (“T<sub>4</sub>”) slide for use with the Catalyst One analyzer upon its launch date and for use with the Catalyst Dx early in 2015. T<sub>4</sub> testing is essential to assessing thyroid function and is an accepted standard for baseline testing for both sick pets and preventive care in senior pets.

The upcoming Catalyst One analyzer is engineered to deliver the same laboratory-quality results and real-time work flow as the Catalyst Dx analyzer, offering an attractive in-house chemistry option when a single sample drawer is sufficient for a clinic's work-flow requirements. In addition, the Catalyst One analyzer will be the industry's first to combine chemistry, electrolytes and T<sub>4</sub> in a single sample run. Placements of the Catalyst One analyzer are expected to begin in the fourth quarter of 2014.

We also sell two other chemistry analyzers, the VetLyte Electrolyte Analyzer and the VetStat Electrolyte and Blood Gas Analyzer. The VetStat analyzer runs single-use disposable cassettes that are manufactured by OPTI Medical Systems.

Sales of consumables for use in our installed base of chemistry analyzers provide the majority of consumables volumes and recurring revenues generated from our installed base of IDEXX VetLab equipment.

Hematology. We sell four hematology analyzers that assess the cellular components of blood, including red blood cells, white blood cells and platelets (also called a complete blood count). These analyzers include the ProCyte Dx Hematology Analyzer, which uses laser-flow cytometry, optical fluorescence and laminar-flow impedance in its analysis; the original LaserCyte Hematology Analyzer and next generation LaserCyte Dx Hematology Analyzer, launched in 2013, which both use laser-flow cytometry technology in their analysis; and the IDEXX VetAutoread Hematology Analyzer, our original hematology analyzer. In addition, the ProCyte Dx Hematology Analyzer, the LaserCyte Dx Hematology Analyzer and the LaserCyte Hematology Analyzer each have the ability to analyze the components of certain body fluids. We also sell the Coag Dx Analyzer, which permits the detection and diagnosis of blood clotting disorders.

The ProCyte Dx analyzer is our premier hematology analyzer, which we launched in 2010. The ProCyte Dx analyzer provides significantly improved throughput and accuracy and more complete medical information relative to the LaserCyte, LaserCyte Dx and VetAutoread hematology analyzers. The ProCyte Dx analyzer provides up to 26 different blood parameters, including the ability to detect band neutrophils and nucleated red blood cells, for a more complete picture of a patient's health. The ProCyte Dx is validated for ten companion animal species (canine, feline, equine, bovine, ferret, rabbit, gerbil, pig, guinea pig and mini pig) with research and development efforts focused on validating results for additional species. In 2012, we began to place ProCyte Dx analyzers containing a more advanced and research-focused user interface with customers in the bioresearch market. In 2013, we launched the LaserCyte Dx Hematology Analyzer, which combines the advanced capabilities of the original LaserCyte Hematology Analyzer with several features of our ProCyte Dx analyzer.

Immunoassay Testing Instruments. With multiple-patient testing functionality, the SNAPshot Dx Analyzer provides quantitative measurements of total T<sub>4</sub>, cortisol and bile acids to assist in the evaluation of thyroid, adrenal and liver function, respectively. The SNAPshot Dx analyzer also reads, interprets and records the results of many IDEXX rapid assay SNAP tests, including our canine SNAP 4Dx Plus test, feline SNAP FIV/FeLV Combo test, canine SNAP cPL test, feline SNAP fPL test, SNAP Feline Triple test and canine SNAP Heartworm RT test.

We are taking pre-orders for our upcoming SNAP Pro Mobile device that automatically activates a SNAP test, properly times the run and captures an image of the result. This device improves medical care by allowing veterinarians to share the test results on the SNAP Pro Mobile screen, or via VetConnect PLUS. In addition, the SNAP Pro Mobile device improves staff efficiency and ensures that all SNAP test runs are captured and entered into the patient record for customer billing. We anticipate the SNAP Pro Mobile Device will begin shipping at the end of the first quarter of 2014.

Urinalysis. The IDEXX VetLab UA Analyzer provides rapid, semi-quantitative chemical urinalysis and is validated specifically for veterinary use.



IDEXX VetLab Station. The IDEXX VetLab Station (“IVLS”) connects and integrates the diagnostic information from all the IDEXX VetLab analyzers and thus provides reference laboratory information management system capability. IVLS securely connects to the internet, and in this way enables IDEXX to perform, through SmartService Solutions, remote instrument service and firmware updates to IVLS and certain connected instruments. IVLS also sends all results created on connected instruments instantly to VetConnect PLUS. We sell IVLS as an integral component of the Catalyst Dx, LaserCyte Dx and ProCyte Dx analyzers and also as a standalone hardware platform. The IVLS includes a touch screen user interface to simplify laboratory work flow, connect with a practice management system and send information to run the individual analyzers. IVLS also generates one integrated patient report incorporating all of the lab work generated by the IDEXX VetLab suite, stores, retrieves and analyzes historical patient diagnostics data, including SNAP test results, and sends and receives information from practice management systems, including the IDEXX Cornerstone system, as well as a wide variety of third-party systems.

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The SNAP Rapid Assays are single-use, handheld test kits that can work without the use of instrumentation, although many kits may also be read and recorded automatically by the SNAPshot Dx analyzer or activated and captured automatically by the SNAP Pro Mobile device as discussed above. The principal SNAP Rapid Assay tests are as follows:

Single-Use Canine Tests:

- SNAP 4Dx Plus, launched during the second quarter of 2012, which tests for the tick-borne diseases Lyme disease, Ehrlichia canis, Ehrlichia ewingii, Anaplasma phagocytophilum and Anaplasma platys, and the mosquito-borne disease canine heartworm;
- SNAP 3Dx, which tests for Lyme disease, Ehrlichia canis and canine heartworm;
- SNAP Heartworm RT, which tests for canine heartworm;
- SNAP Parvo, which tests for parvovirus, a virus causing life-threatening damage to the immune system and intestinal tract;
- SNAP cPL, which tests for canine pancreatitis; and
- SNAP Giardia, which is a fecal test for soluble Giardia antigens, a common cause of waterborne infection.

Single-Use Feline Tests:

- SNAP Feline Triple, which tests for feline immunodeficiency virus (“FIV”) (which is similar to the human AIDS virus), feline leukemia virus (“FeLV”) and feline heartworm;
- SNAP FIV/FeLV Combo Test, which tests for FIV and FeLV;
- SNAP fPL, which tests for feline pancreatitis;
- SNAP Giardia, which is a fecal test for soluble Giardia antigens; and
- SNAP Feline proBNP, which uses a cardiac biomarker (NT proBNP) to test for stretch and stress on the heart.

Sales of canine vector-borne disease tests, including SNAP 4Dx Plus, SNAP 3Dx and SNAP Heartworm RT, are greater in the first half of our fiscal year due to seasonality of disease testing in the veterinary practice.

In addition to our single-use tests, we sell a line of microwell-based test kits under the PetChek name for canine heartworm, FIV and FeLV. Larger clinics and laboratories use these kits to test multiple samples and provide ease-of-use and cost advantages to high-volume customers.

Outside Reference Laboratory Diagnostic and Consulting Services

We offer commercial reference laboratory diagnostic and consulting services to veterinarians worldwide, including customers in the U.S., Europe, Canada, Australia, Japan, South Africa and South Korea. We have large reference

laboratories in Memphis, Tennessee and Leipzig, Germany that are strategically located near large courier hubs. Customers use our services by submitting samples by courier or overnight delivery to one of our facilities. Most test results have same-day or next-day turnaround times. Our reference laboratories offer a large selection of tests and diagnostic panels to detect a number of disease states and other conditions in animals, including all tests that can be run in-clinic at the veterinary practice with our instruments or rapid assays. This menu of tests also includes a number of specialized and proprietary tests that we have developed that allow practitioners to diagnose increasingly relevant conditions in dogs and cats, including heart disease, allergies, pancreatitis, diabetes and infectious diseases. Canine vector-borne disease testing volumes are greater in the first half of our fiscal year due to seasonality of disease testing in the veterinary practice.

Additionally, we provide specialized veterinary consultation, telemedicine and advisory services, including radiology, cardiology, internal medicine and ultrasound consulting. These services enable veterinarians to obtain readings and interpretations of test results transmitted by telephone and over the Internet.

In 2012, we acquired the research and diagnostic laboratory (“RADIL”) business of the College of Veterinary Medicine from the University of Missouri. RADIL provides health monitoring and diagnostic testing services to bioresearch customers in North America, Europe and Asia.

#### Customer Information Management and Digital Imaging Systems

**Customer Information Management.** We develop, market and sell practice management systems, including hardware, software and services that run key functions of veterinary clinics, including managing patient electronic health records, scheduling (including for boarding and grooming), client communication, billing and inventory management. Our principal practice management systems are Cornerstone and DVMAX Veterinary Practice Management Software. We also support several legacy practice management systems installed with our customers, including IDEXX Better Choice, IDEXX VPM and IDEXX VetLINK. Our practice management services include Cornerstone Coaching, Practice Profile, IDEXX Reminder Service, VetVault Backup Solution and PetDetect Pet Identification System.

In addition, we commercially launched Pet Health Network Pro in March 2013. Pet Health Network Pro is a subscription-based service that permits veterinarians to provide online communication and education to pet owners before, during and after each patient visit, thus strengthening the loyalty between a practice and its clients. Further, veterinarians can share VetConnect PLUS testing results directly with pet owners via Pet Health Network Pro. We also offer IDEXX Pet Health Network 3D, an educational subscription-based tool which provides anatomical animations that improve client communication and understanding in the exam room and facilitates adherence to veterinarian recommendations. Certain of our services are compatible with non-IDEXX practice management systems.

**Digital Imaging Systems.** Our digital imaging systems capture radiographic images in digital form, replacing traditional x-ray film and the film development process, which genera