

INNOVEX INC  
Form DEF 14A  
December 13, 2005

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## SCHEDULE 14A

(Rule 14a-101)

### INFORMATION REQUIRED IN PROXY STATEMENT SCHEDULE 14A INFORMATION

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

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting material under Rule 14a-12

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## INNOVEX, INC.

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(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
    - (1) Title of each class of securities to which transaction applies:
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    - (1) Amount Previously Paid:
    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
-

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
JANUARY 17, 2006**

Notice is hereby given that the Annual Meeting of Shareholders of Innovex, Inc. will be held at the Company's headquarters located at 5540 Pioneer Creek Drive, Maple Plain, Minnesota 55359 on Tuesday, January 17, 2006 at 3:30 p.m., Central Time, for the following purposes:

1. To elect six directors to hold office until the next Annual Meeting of Shareholders or until their respective successors are elected.
2. To approve the selection of the Company's independent auditors for the current fiscal year.
3. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

For your convenience, the Company is also offering a Webcast of the meeting. If you choose to view the Webcast, go to [www.innovexinc.com/investor.shtml](http://www.innovexinc.com/investor.shtml) shortly before the meeting time and follow the instructions provided. If you miss the meeting, you can view a replay of the Webcast on that site until April 30, 2006.

The Board of Directors has fixed the close of business on December 1, 2005 as the record date for the determination of shareholders entitled to notice of and to vote at the meeting.

By Order of the Board of Directors,

Thomas W. Haley, *Chairman of the Board*

Maple Plain, Minnesota  
December 14, 2005

**TO ASSURE YOUR REPRESENTATION AT THE MEETING, PLEASE SIGN, DATE AND RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE WHETHER OR NOT YOU EXPECT TO ATTEND IN PERSON. SHAREHOLDERS WHO ATTEND THE MEETING MAY REVOKE THEIR PROXIES AND VOTE IN PERSON IF THEY SO DESIRE. THIS PROXY IS SOLICITED ON BEHALF OF THE COMPANY.**

**INNOVEX, INC.**

**PROXY STATEMENT**

This proxy statement is furnished to the shareholders of Innovex, Inc. (the Company) in connection with the solicitation of proxies by the Board of Directors of the Company to be voted at the Annual Meeting of Shareholders to be held on January 17, 2006. The Company's corporate offices are located at 5540 Pioneer Creek Drive, Maple Plain, Minnesota 55359, and its telephone number is (763) 479-5300. The mailing of this proxy statement to shareholders of the Company commenced on or about December 14, 2005.

For your convenience, the Company is also offering a Webcast of the meeting. If you choose to view the Webcast, go to [www.innovexinc.com/investor.shtml](http://www.innovexinc.com/investor.shtml) shortly before the meeting time and follow the instructions provided. If you miss the meeting, you can view a replay of the Webcast on that site until April 30, 2006.

**Voting**

The Company has outstanding only one class of stock, \$.04 par value common stock, of which 19,229,523 shares were issued and outstanding and entitled to vote at the close of business of December 1, 2005. Each share of common stock is entitled to one vote. Only shareholders of record at the close of business on December 1, 2005 will be entitled to vote at the meeting.

**Quorum and Vote Requirements**

Under Minnesota law, a quorum, consisting of a majority of the shares of common stock entitled to vote at the Annual Meeting, must be present in person or by proxy before action may be taken at the Annual Meeting. Votes cast by proxy or in person at the Annual Meeting of Shareholders will determine whether or not a quorum is present.

Shares held by brokers who do not have discretionary authority to vote on a particular matter and who have not received voting instructions from their customers are not counted or deemed to be present or represented for the purpose of determining whether shareholders have approved that matter, but they are counted as present for the purposes of determining the existence of a quorum at the Annual Meeting of Shareholders. Abstentions will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum, but as unvoted for purposes of determining the approval of the matter submitted to the shareholders for a vote. If you abstain from voting on any of the proposals, it has the same effect as a vote against that proposal.

A director nominee will be elected if approved by the affirmative vote of the holders of a plurality of the voting power of the shares present, in person or by proxy, and entitled to vote for the election of directors. You may either vote FOR or WITHHOLD authority to vote for each nominee for the Board of Directors. If you withhold authority to vote for the election of one of the directors, it has the same effect as a vote against that director.

Each other item of business properly presented at a meeting of shareholders generally must be approved by the affirmative vote of the holders of a greater of: (a) a majority of the voting power of the shares present, in person or by proxy, and entitled to vote on that item of business or (b) a majority of the voting power of the minimum number of shares that would constitute a quorum. You may vote FOR, AGAINST or ABSTAIN on any other proposal.

Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy as promptly as possible (or follow instructions to grant a proxy to vote by means of telephone) in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for that purpose. Even if you have given your proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must bring to the meeting a letter from the broker, bank or other nominee confirming your beneficial ownership of the shares. Additionally, in order to vote at the meeting, you must obtain from the record holder a proxy issued in your name. You will not be able to vote your shares via the Webcast. If you plan to view the Webcast, please submit your vote using the enclosed proxy.

**Revoking A Proxy**

Any proxy may be revoked at any time before it is voted by written notice to the Secretary of the Company, by receipt of a proxy properly signed and dated subsequent to an earlier proxy, or by revocation of a written proxy by request in person at the Annual Meeting. If not so revoked, the shares represented by such proxy will be voted.

**Solicitation**

The cost of this solicitation will be borne by the Company. In addition to solicitation by mail, officers, directors and employees of the Company may solicit proxies by telephone, facsimile or in person. The Company may also request banks and brokers to solicit their customers who have a beneficial interest in the Company's common stock registered in the names of nominees and will reimburse such banks and brokers for their reasonable out-of-pocket expenses.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS  
AND MANAGEMENT**

The following table includes information as of December 1, 2005 concerning the beneficial ownership of common stock of the Company by (i) all persons who are known to the Company to beneficially hold more than five percent of the common stock of the Company; (ii) each of the directors and director nominees of the Company; (iii) each executive officer named in the Summary Compensation Table set forth below (the Named Executive Officers); and (iv) all directors and officers of the Company as a group. Unless otherwise indicated, all shares represent sole voting and investment power. Unless otherwise indicated, the business address of each person is 5540 Pioneer Creek Drive, Maple Plain, Minnesota 55359.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Royce & Associates, LLC (2) 1414 Avenue of the Americas New York, NY 10019	1,093,800	5.7%
Thomas W. Haley (3) 2421 Crowne Hill Road Minnetonka, MN 55305	816,220	4.2%
William P. Murnane (3)(4)	284,147	1.5%
Philip D. Ankeny (3)	30,000	*
Robert C. Buhmaster (3)	30,000	*
Townsend H. Porter, Jr. (3)	20,000	*
Raj K. Nooyi (3)	50,000	*
E. Thomas Atchison (4)	31,371	*
Terry M. Dauenhauer (4)	108,000	*
Keith Foerster (4)	78,400	*
Thomas Paulson (4)	128,759	*
All Directors and Officers as a Group (14 persons)	1,811,108	9.1%

\*Less than 1%

- (1) Includes the following number of shares which may be purchased pursuant to the exercise of stock options within sixty days of December 1, 2005: Mr. Haley, 55,000 shares; Mr. Murnane, 253,672 shares; Mr. Ankeny, 30,000 shares; Mr. Buhmaster, 30,000 shares; Mr. Porter, 20,000 shares; Mr. Nooyi, 50,000 shares; Mr. Atchison, 9,000; Mr. Dauenhauer, 30,000 shares; Mr. Foerster 72,400 shares; Mr. Paulson, 100,000 shares and all directors and officers as a group, 839,372 shares.
- (2) This disclosure is based upon an Amendment No. 2 to Schedule 13G filed by the shareholder on January 28, 2005 with respect to its holdings as of December 31, 2004. The shareholder reports that the securities are beneficially owned by the shareholder as an investment advisor.
- (3) Serves as a director of the Company and has been nominated for re-election.
- (4) Named Executive Officer.

**ELECTION OF DIRECTORS**  
**(Proposal 1)**

Under the Company's Amended and Restated Bylaws, the Board of Directors must consist of not less than 3 nor more than 9 directors, as may be designated by resolution of the Board of Directors from time to time. The Board of Directors has set the number of directors at six. The Governance Committee has nominated, and the Board of Directors has ratified the nomination of, the six persons named below. All of the nominees are currently directors of the Company.

It is anticipated that the proxies will be voted for the nominees named below, and the Board of Directors has no reason to believe any nominee will not continue to be a candidate or will not be able to serve as a director if elected. In the event that any nominee named below is unable to serve as a director, the persons named in the proxies have advised that they will vote for the election of such substitute nominee as the Board of Directors may propose.

Name and Age	Principal Occupation and Other Directorships	Director Since
Thomas W. Haley (69)	Chairman. Mr. Haley founded the Company and served as President from 1972 to 1988 and Chief Executive Officer from 1988 through 1999. He has been a director and Chairman since the Company's inception in 1972.	1972
Philip D. Ankeny (42)	Philip D. Ankeny joined SurModics as its Vice President and Chief Financial Officer in April 2003 with the additional responsibilities of Vice President, Business Development added in April 2004. Prior to joining SurModics, he served as Chief Financial Officer for Cognicity, Inc. from 1999 to 2002. Prior to that, Mr. Ankeny served as a Partner at Sherpa Partners, LLC, a venture capital and venture development firm, from 1998 to 1999. He also spent five years in investment banking at Robertson Stephens and Morgan Stanley. In addition, his operating experience includes over five years with IBM and Shiva in sales, marketing and business development roles. Mr. Ankeny received an A.B. degree in Economics and Engineering from Dartmouth College in 1985 and an M.B.A. from Harvard Business School in 1989.	2004
Robert C. Buhmaster (58)	Since July 2004, Mr. Buhmaster has been a private investor. Mr. Buhmaster served as the Chairman of Jostens, Inc. from February 1998 until he retired in July 2004. He also served as the Chief Executive Officer of Jostens from May 1994 through July 2004 and President from May 1994 to January 2003. Prior to joining Jostens, Mr. Buhmaster spent 18 years at Corning, Inc., serving in various roles, including senior vice president and general manager of several businesses, corporate controller and director of strategic planning. Mr. Buhmaster holds a B.S. in mechanical engineering from Rensselaer Polytechnic Institute and an M.B.A. from Amos Tuck School of Business, Dartmouth College. Mr. Buhmaster is also a director of The Toro Company.	2004

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William P. Murnane (43)	Mr. Murnane was promoted to President and Chief Operating Officer in July 1998 and to Chief Executive Officer in January 2000. Mr. Murnane joined the Company in July 1995 as Vice President for Corporate Development and was Vice President and General Manager of the Company's flexible circuit division from 1996 to 1998. From June 1993 to June 1995, Mr. Murnane was Chief Operating Officer of Boutwell, Owens & Co., a private manufacturer of packaging, in Fitchburg, Massachusetts. From June 1992 to June 1993, Mr. Murnane was Director of Operations for Uniform Printing & Supply, Inc. in Acton, Massachusetts. Prior to that, he held various operating and corporate planning positions during a ten-year career at United Parcel Service. Mr. Murnane earned an M.B.A. from the Harvard Business School and holds a B.S. in Engineering from New Jersey Institute of Technology and an MS in Operations Research from the University of Maryland. Mr. Murnane is also a director of Transport Corporation of America.	1999
Raj K. Nooyi (50)	Mr. Nooyi is currently the interim Sr. Vice President of Hi-Tech Industry Group in i2 Technologies, Inc. Prior to that, we was the President in AmSoft Systems, a global software development company. From 1991 through 2001 he was a director at Pittiglio Rabin Todd & McGrath, a management consulting firm. He was with Hewlett-Packard Company from 1983 to 1990 and employed by Eaton Corporation from 1978 to 1983 in its manufacturing operations. Mr. Nooyi earned an M.B.A. from University of Chicago and holds an MS in Industrial Engineering from the University of Texas and a B.E. in Electronics and Communications Engineering from the University of Mysore.	2002
Townsend H. Porter, Jr. (60)	Mr. Porter is a retired executive of Seagate Technology, a leader in the design, manufacturing and marketing of hard disc drives. From September 1997 to his retirement in June 2003, Mr. Porter served as the Executive Vice President and Chief Technology Officer of Seagate. Mr. Porter joined Seagate in 1997 as Chief Technology Officer, Storage Products Group until his promotion in September 1997. Before joining Seagate, Mr. Porter was Vice President of Research and Development, Enterprise Storage Group at Western Digital from November 1994 to May 1997. From 1968 to 1994, Mr. Porter held engineering, program management and executive positions at IBM. Mr. Porter holds a B.S. in electrical engineering from Michigan Technological University.	2005

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR  
THE ELECTION OF EACH OF THE NOMINEES**

## GOVERNANCE MATTERS

### Board Attendance at Meetings

The Board of Directors met seven times during fiscal year 2005. Each nominee who served as a director in fiscal year 2005 attended at least 75% of the meetings of the Board of Directors and any committee on which he served held during his term of service. The Company does not have a formal policy on attendance at meetings of the Company's shareholders. However, the Company encourages all Board members to attend all meetings, including the Annual Meeting of Shareholders. Two directors attended the 2005 Annual Meeting of Shareholders in person.

### Board Independence

The Board undertook a review of director independence in October 2005. As part of that process, the Board reviewed all transactions and relationships between each director (or any member of his or her immediate family) and the Company, the Company's executive officers and the Company's auditors, and other matters bearing on the independence of directors. As a result of this review, the Board affirmatively determined that Messrs. Ankeny, Buhmaster, Nooyi and Porter are independent as defined by the Nasdaq Marketplace Rules and the rules of the Securities and Exchange Commission.

### Description of Committees of the Board of Directors

The Company's Board of Directors has established an Audit Committee, a Compensation Committee and a Governance Committee. The composition and function of these committees are set forth below.

*Audit Committee.* The Audit Committee assists the Board by reviewing the integrity of the Company's financial accounting and reporting, the system of internal controls established by management, and the adequacy of auditing relative to these activities. The Audit Committee has the ultimate authority for engaging the Company's independent auditors, pre-approving all fees and audit and non-audit services to be provided by the auditors, overseeing the auditors, reviewing and evaluating significant matters relating to the financial statement audit and audit of internal controls of the Company. It also reviews the scope and results of the audits and considers comments regarding internal controls by the Company's independent auditors. In addition, the Audit Committee reviews the audited financial statements of the Company and considers major changes and questions of choice regarding appropriate auditing and accounting principles and practices to be followed in the preparation of the Company's financial statements.

The Audit Committee operates under a written Charter last amended by the Board of Directors on October 15, 2004. A copy of the current Charter of the Audit Committee is available on the Investor Relations section of the Company's website, [www.innovexinc.com](http://www.innovexinc.com). The Company's Audit Committee presently consists of Messrs. Ankeny (Chair), Nooyi and Porter. Mr. Porter became a member of the Audit Committee when he joined the Board of Directors on January 20, 2005. During fiscal year 2005, the Audit Committee met seven times.

The Board of Directors has determined that each member of the Audit Committee is an independent director as that term is defined by Nasdaq Marketplace Rules and Rule 10A-3 of the Securities Exchange Act of 1934 (the 1934 Act). The Company's Board of Directors has reviewed the education, experience and other qualifications of each of the members of its Audit Committee. After review, the Board of Directors has determined that Mr. Ankeny meets the Securities and Exchange Commission definition of an audit committee financial expert. A report of the Audit Committee is set forth below.



*Compensation Committee.* The Compensation Committee operates under a written Charter, available on the Investor Relations section of the Company's website, [www.innovexinc.com](http://www.innovexinc.com), and reviews and approves the compensation and terms of employment of the Company's Chief Executive Officer and senior management of the Company. Among its other duties, the Compensation Committee oversees all significant aspects of the Company's compensation plans and benefit programs. The Compensation Committee annually reviews and approves corporate goals and objectives for the Chief Executive Officer and other executive officers and evaluates their performance in light of these goals and objectives. The current members of the Compensation Committee are Messrs. Nooyi (Chair), Buhmaster and Porter. Mr. Porter became a member of the Compensation Committee when he joined the Board of Directors on January 20, 2005. During fiscal year 2005, the Compensation Committee met eleven times. A report of the Compensation Committee is set forth below.

The Charter of the Compensation Committee requires that the Committee consist of no fewer than two members, each of whom must be independent according to the Nasdaq Marketplace Rules and the rules of the Securities and Exchange Commission, and each of whom must be an outside director for purposes of Section 162(m) of the Internal Revenue Code. Each member of the Company's Compensation Committee meets these requirements.

*Governance Committee.* The Governance Committee operates under a written Charter and is responsible for (i) identifying, evaluating and approving individuals qualified to serve as members of the Board, (ii) administering the Company's governance guidelines, (iii) reviewing the overall corporate governance of the Company and making improvements, when necessary; and (iv) overseeing the evaluation of the Board and management. The current members of the Governance Committee are Messrs. Buhmaster (Chair), Ankeny and Nooyi. During fiscal year 2005, the Governance Committee met four times.

The Charter of the Governance Committee requires that the Committee consist of no fewer than two members who satisfy the independence requirements of the Nasdaq Marketplace Rules. Each member of the Company's Governance Committee meets these requirements. A copy of the current Governance Committee Charter is available on the Investor Relations section of the Company's website, [www.innovexinc.com](http://www.innovexinc.com).

#### **Director Nominations**

The Governance Committee will consider candidates for Board membership suggested by its members, other Board members, as well as management and shareholders. Shareholders who wish to recommend a prospective nominee should follow the procedures set forth below in the section entitled "Shareholder Proposals for Nominees".

*Criteria for Nomination to the Board.* The Governance Committee is responsible for identifying, evaluating and approving qualified candidates for nomination as directors. The Committee has not adopted minimum qualifications that nominees must meet in order for the Committee to recommend them to the Board of Directors, as the Committee believes that each nominee should be evaluated based on his or her merits as an individual, taking into account the needs of the Company and the Board of Directors. The Governance Committee evaluates each prospective nominee against the standards and qualifications set out in the Company's Governance Guidelines, including:

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Background, including high personal and professional ethics, integrity and values, and the ability to exercise good business judgment and enhance the Board's ability to contribute to the Company's overall corporate goals of technology leadership, low cost manufacturing, effective execution, high customer satisfaction, superior employee working environment and creation and preservation of shareholder value.

Commitment, including the willingness to devote adequate time to the work of the Board and its committees, and the ability to represent the interests of all shareholders and not a particular interest group.

Board skills needed, in the context of the existing makeup of the Board, and the candidate's qualification as independent and qualification to serve on Board committees.

Diversity, in terms of knowledge, experience, skills, expertise, and other demographics that contribute to the Board's diversity.

Business experience and educational background.

The Committee also considers such other relevant factors as it deems appropriate. The Governance Committee will consider persons recommended by the shareholders in the same manner as other nominees.

*Process for Identifying and Evaluating Nominees.* The process for identifying and evaluating nominees to the Board of Directors is initiated by identifying a slate of candidates who meet the criteria for selection as a nominee and have the specific qualities or skills being sought based on input from members of the Board and, if the Governance Committee deems appropriate, a third-party search firm. The Governance Committee evaluates these candidates by reviewing the candidates' biographical information and qualifications and checking the candidates' references. One or more Committee members will interview the prospective nominees in person or by telephone. After completing the evaluation, the Committee makes a recommendation to the full Board of the nominees to be presented for the approval of the shareholders or for election to fill a vacancy.

*Board Nominees for the 2006 Annual Meeting.* The nominees for this 2006 Annual Meeting were selected by the Governance Committee. All nominees were elected by shareholders at the Company's 2005 Annual Meeting, except Mr. Porter. Mr. Porter was recommended to the Governance Committee as a nominee by Mr. Murnane and was elected as a director effective January 20, 2005. The Company has not engaged a third-party search firm to assist it in identifying potential director candidates, but the Governance Committee may choose to do so in the future.

*Shareholder Proposals for Nominees.* The Governance Committee will consider written proposals from shareholders for nominees for director. Any such nominations should be submitted to the Governance Committee c/o the Secretary of the Company and should include the following information: (a) all information relating to such nominee that is required to be disclosed pursuant to Regulation 14A under the 1934 Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) the name and record address of the shareholder and of the beneficial owner, if any, on whose behalf the nomination will be made, and (c) the class and number of shares of the corporation owned by the shareholder and beneficially owned by the beneficial owner, if any, on whose behalf the nomination will be made. As to each person the shareholder proposes to nominate, the written notice must also state: (a) the name, age, business address and residence address of the person, (b) the principal occupation or employment of the person and (c) the class and number of shares of the Company's capital stock beneficially owned by the person. To be considered, the written notice must be submitted in the time frame described under the caption "Shareholder Proposals for 2007 Annual Meeting" below.

### **Communications with Directors**

Shareholders may communicate with the Board as a group, the chair of any committee of the Board of Directors or any individual director by sending an e-mail to [chair.director@innovexinc.com](mailto:chair.director@innovexinc.com) or by directing the communication in care of the Corporate Secretary, at the address set forth on the front page of this proxy statement. All communications will be received and processed by the Corporate Secretary. You will receive a written acknowledgement from the Corporate Secretary upon receipt of your communication.

### **CODE OF ETHICS**

The Company has adopted a Code of Ethics and Business Conduct that applies to all directors, officers and employees, including the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Code of Ethics and Business Conduct may be found on the Investor Relations section of the Company's website, [www.innovexinc.com](http://www.innovexinc.com).

### **EXECUTIVE COMPENSATION AND OTHER INFORMATION**

#### **Summary of Cash and Certain Other Compensation**

The following table shows, for the fiscal years ending September 30, 2005, 2004 and 2003, the cash compensation paid by the Company, as well as certain other compensation paid or accrued for those years, to William P. Murnane, the Company's Chief Executive Officer, and each of the four other most highly compensated executive officers of the Company in office at the end of fiscal year 2005 (together with Mr. Murnane, the Named Executive Officers), whose total cash compensation exceeded \$100,000 during fiscal year 2005 in all capacities in which they served:

## Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation		Long-Term Compensation Awards	
		Salary	Bonus	Securities Underlying Options	All Other Compensation (1)
<b>William P. Murnane</b>	2005	\$ 314,711	\$ 17,388	55,000	\$ 5,269
President and Chief Executive Officer	2004	300,000		50,000	7,031
	2003	236,995		50,000	5,469
<b>Thomas Paulson</b>	2005	222,526	8,193	25,000	5,661
Senior Vice President and Chief Financial Officer	2004	217,200	10,000	25,000	6,491
	2003	205,192		35,000	5,663
<b>Terry M. Dauenhauer (2)</b>	2005	213,042	5,536	50,000	5,152
Senior Vice President and Chief Operating Officer	2004	161,921		50,000	946
	2003				
<b>Keith Foerster</b>	2005	171,658	7,905	20,000	5,615
Senior Vice President, Development and Sales	2004	156,350		12,500	4,852
	2003	131,929		30,000	3,958
<b>E. Thomas Atchison (3)</b>	2005	185,711			
Vice President and Managing Director, Innovex Thailand	2004	27,513			
	2003				

- (1) These amounts represent Company matching contributions to the Company's 401(k) plan on behalf of such employees.  
(2) Mr. Dauenhauer joined the Company on November 20, 2003 and therefore, compensation for fiscal year 2004 represents a partial year.  
(3) Mr. Atchison joined the Company on September 1, 2004 and therefore, compensation for fiscal 2004 represents a partial year.

## Stock Options

The following table contains information concerning the grant of stock options under the Company's stock option plans to the Named Executive Officers during fiscal year 2005:

## Option Grants In Fiscal Year 2005

## Individual Grants

Name	Options Granted	% of Total Options Granted to Employees in Fiscal Year	Exercise Price Per Share	Market Price on Date of Grant	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term (1)	
						5%	10%
William P. Murnane	55,000	10.4%	\$ 4.40	\$ 4.40	10/15/2014	\$ 152,193	\$ 385,686
Thomas Paulson	25,000	4.7	4.40	4.40	10/15/2014	69,179	175,312
Terry M. Dauenhauer	50,000	9.8	4.40	4.40	10/15/2014	138,357	350,623
Keith Foerster	20,000	3.8	4.40	4.40	10/15/2014	55,343	140,249
E. Thomas Atchison							

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- (1) Potential gains are reported net of the option exercise price, but before taxes associated with exercise. These amounts represent certain assumed rates of appreciation only. Actual gains, if any, on stock option exercises are dependent on the future performance of the common stock, overall stock market conditions, as well as the option holder's continued employment through the vesting period. The amounts reflected in this table may not necessarily be achieved.

12

**Option Exercises and Holdings**

The following table sets forth information with respect to the Named Executive Officers concerning the exercise of options during fiscal year 2005 and the unexercised options held as of September 30, 2005:

**Aggregated Option Exercises In Last Fiscal Year And  
Fiscal Year-End Option Values**

Name	Shares Acquired On Exercise	Value Realized	Number of Securities Underlying Unexercised Options at September 30, 2005		Value of Unexercised In-the-Money-Options At September 30, 2005 (1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
William P. Murnane			202,672	155,000	\$ 65,500	\$ 109,850
Thomas Paulson			77,000	88,000	72,918	72,642
Terry M. Dauenhauer			10,000	90,000		
Keith A. Foerster			56,900	56,000	15,420	39,300
E. Thomas Atchison			9,000	36,000	405	1,620

- (1) The value of unexercised in-the-money options is calculated by determining the difference between the fair market value of the shares underlying the options at September 30, 2005 and the exercise price of the options, multiplied by the number of options outstanding. Fair market value was determined based on a per share price of \$4.07 which was the average of the high and low sale prices for the Company's common stock on September 30, 2005, the last trading day of the Company's fiscal year.

**Employment Agreements***Employment Agreement with Chief Executive Officer*

On October 19, 2005, the Compensation Committee of the Board of Directors of Innovex, Inc. approved, and recommended that the Board of Directors approve, an employment agreement (the Agreement) with William P. Murnane relating to his service as President and Chief Executive Officer of the Company. Also on October 19, 2005, the independent directors of the Board of Directors of the Company approved the Agreement. Mr. Murnane has served as the Company's President and Chief Executive Officer since January 19, 2000.

Pursuant to the Agreement, Mr. Murnane will serve as the Company's CEO and receive an annual base salary of \$330,000 in biweekly installments with a salary review to occur at least once per year. Under the Agreement, Mr. Murnane will also be eligible for a bonus award pursuant to a bonus plan determined by the Board and subject to the terms of the applicable bonus plan. Any bonus awarded may take the form of cash or stock options, or a combination thereof, and must be paid within the two and a half months following the end of the fiscal year. All bonus awards are subject to Mr. Murnane's continued employment with the Company through the last day of the fiscal year upon which the bonus is based, except where Mr. Murnane's employment is terminated by the Company for good cause or by Mr. Murnane for good reason, as such terms are defined in the Agreement. The Company will also reimburse or advance Mr. Murnane his ordinary business expenses and provide Mr. Murnane with an annual vehicle allowance. Mr. Murnane is also eligible for such other employee benefits as are applicable to other employees of the Company.

If Mr. Murnane terminates his employment for good reason or if the Company terminates Mr. Murnane's employment for other than good cause and such termination is not related to a change in control, Mr. Murnane will continue to be paid his regular salary and employee benefits for 12 months after the date of termination of employment. If Mr. Murnane's employment is terminated without good cause or Mr. Murnane resigns for good reason within 12 months following a change of control,

as such term is defined in the Agreement, Mr. Murnane will receive continuation of his base salary for 18 months, payment of the employer share of his group health and dental premiums for up to 18 months and immediate 100% vesting of any unvested stock options. The change of control benefits are contingent upon Mr. Murnane not resigning within 90 days following a change of control. If a change of control had occurred as of the end of fiscal year 2005, Mr. Murnane would have received approximately \$157,000 in payments under the agreement in place at that time.

If Mr. Murnane's employment is terminated by reason of Mr. Murnane's disability, as that term is defined in the Agreement, Mr. Murnane will receive those benefits available to him under disability plans sponsored by the Company, except that if Mr. Murnane is covered under a group short-term disability plan, the Company will continue to pay Mr. Murnane 40% of his base salary for the duration of the short-term disability period and if Mr. Murnane is covered by a long-term disability plan, the Company will not make any additional payments to Mr. Murnane. If Mr. Murnane's employment terminates by reason of his death, Mr. Murnane's estate will be entitled to the biweekly installment of his base salary otherwise due and payable at the end of the biweekly period in which Mr. Murnane dies.

All severance, change of control or other salary continuation benefits will be reduced by other benefits payable to Mr. Murnane by the Company and any unemployment benefits received by Mr. Murnane and will be subject to Mr. Murnane entering into a standard release agreement in favor of the Company and subject to Mr. Murnane's compliance with his obligations as to the Company's confidential information, assignment of inventions, non-competition, non-solicitation and non-interference.

#### *Employment Agreements with Other Executive Officers*

The Company has employment agreements with Mr. Paulson, Mr. Dauenhauer, Mr. Foerster and Mr. Atchison. Those employment agreements provide, among other things, for those individuals' employment to continue for a period of 90 days following, and for a lump sum cash severance payment of from 6 to 12 months' salary in the event of, involuntary termination other than for cause, termination of the Company's operations due to bankruptcy or insolvency, total disability of the employee, a change in control of the Company or constructive termination of the employee. In general, a change in control would occur when there has been any change in the controlling persons reported in the Company's proxy statements, when 20% or more of the Company's outstanding voting stock is acquired by any person, when current members of the Board of Directors or their successors elected or nominated by such members cease to constitute a majority of the Board of Directors, when the Company merges or consolidates with or sells substantially all its assets to any person or entity, or when the Company's stockholders vote to liquidate or dissolve the Company. However, a change in control would not occur if any of these events are authorized, approved or recommended by the Board of Directors. The employment agreement also prohibits disclosure of confidential information concerning the Company and requires disclosure of and assignment of inventions, discoveries and other works relating to those individuals' employment. The employment agreement contains a covenant not to compete with the Company at any time during employment with the Company and for a period of 6 months after employment is terminated.

#### *Potential Change in Control Payments*

If a change in control had occurred as of the end of fiscal year 2005, the following individuals would have received the approximate payment indicated pursuant to the employment agreements: Mr. Murnane, \$157,500; Mr. Paulson, \$222,630; Mr. Dauenhauer, \$213,200; Mr. Foerster, \$90,000; Mr. Atchison, \$185,000; and all current executive officers as a group \$1,321,940.

### **Director Compensation**

Directors who are not employees of the Company (all directors except Mr. Haley and Mr. Murnane) must select one of two compensation plans prior to their election or re-election. Each non-employee director selecting the cash payment plan would be paid an annual cash retainer fee of \$7,000, \$1,000 for each Board of Directors meeting attended and \$500 for each Board committee meeting attended. In addition, each non-employee director would receive an automatic grant of options to purchase 1,000 shares of common stock at an exercise price equal to the fair market value of such common stock on the date on which such director is re-elected. Each non-employee director selecting the option compensation plan will receive a grant of options to purchase 10,000 shares of common stock at an exercise price equal to the fair market value of such common stock on the date on which such director is re-elected, but will receive no retainer or meetings fees for that year.

In addition, any non-employee director elected for the first time by the shareholders or the Board of Directors shall receive options to purchase 20,000 shares of common stock at an exercise price equal to the fair market value of such common stock on the date on which such director is elected. These options will be in addition to any other share option grant provided under the 1994 Stock Option Plan. Any director who is first elected during a particular year and not at an annual meeting shall receive a pro-rata amount of the retainer and meeting fees for the year in which such director is elected. On January 20, 2005, the date of his appointment to the Board, Mr. Porter received a ten-year option to purchase 20,000 shares of the Company's common stock at an exercise price of \$5.13, the fair market value of a share of common stock on that date, which option vests and becomes exercisable on the six-month anniversary of the date of grant.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the 1934 Act requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. The insiders are required by Securities and Exchange Commission regulations to furnish the Company with copies of all Section 16(a) forms they file, including Forms 3, 4, and 5.

To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, during the fiscal year ended September 30, 2005, all Section 16(a) filing requirements applicable to the Company's insiders were complied with.



## COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors consists of Messrs. Nooyi (Chair), Buhmaster and Porter, each of whom is an outside director and an independent director under the Nasdaq Marketplace Rules and the rules of the Securities and Exchange Commission. The Compensation Committee is responsible for setting the salaries, levels of incentive awards, and stock options for the officers and key personnel of the Company.

*Compensation Philosophy.* The Compensation Committee's governing philosophy for determining compensation levels is designed to attract and retain the highest quality personnel possible consistent with the Company's resources and capabilities. Within this philosophy, the Committee targets base salaries near the median of the market with target bonuses and long-term incentive from stock option grants also near the market median. Total compensation should only be in excess of the market median if warranted by performance. An external compensation consultant was engaged by the Committee to determine appropriate levels of executive compensation for fiscal 2005. The consultant's recommendations considered base salaries, bonus plans and stock option grants of peer companies, performance related to peer companies and stock option plan overhang. Executive compensation is broken into the following components:

1. *Base Salaries.* Base salaries for executive management and officers of the Company are intended to be competitive with companies of similar market capitalization and revenue levels. The base salaries are also intended to recognize individual achievements and assist the Company in attracting and retaining qualified executives. The Compensation Committee reviews base salaries for executives annually to ensure that they fulfill the Company's objective of attracting, retaining and rewarding its executive officers.
2. *Bonus Plan.* On October 15, 2004, the Compensation Committee adopted the Fiscal Year 2005 Innovex, Inc. Bonus Plan under which executive officers of the Company are eligible for cash bonuses. Also on October 15, 2004, the Board of Directors ratified the adoption of the Bonus Plan.

The Bonus Plan had two components, corporate objectives and individual objectives. With respect to corporate objectives, the Compensation Committee has established performance targets to be met related to operating profit, return on invested capital, operational improvement, customer satisfaction and employee satisfaction. In addition, individual objectives for executive officers were established in connection with the Bonus Plan.

Under the Bonus Plan, executive officers of the Company, other than the Company's Chief Executive Officer, were eligible for maximum aggregate bonuses of between up to 70% and up to 80% of such executive officer's base salary at the end of fiscal year 2005 if both corporate objectives and individual objectives were achieved. With respect to fiscal year 2005 performance, the corporate objectives were not achieved. No payouts were made under the fiscal 2005 Bonus Plan.

3. *Stock Options.* The Compensation Committee believes that stock option grants to executive officers encourage and reward effective management that results in long-term corporate financial success, as measured by stock price appreciation. The Compensation Committee believes that stock options help align management's and shareholder's interests in enhancing shareholder value. The Compensation Committee generally approves annual stock option grants in recognition of performance of executive officers for the prior fiscal year.

The Compensation Committee granted stock options to purchase 493,350 shares of the Company's common stock with respect to fiscal year 2005 performance. Of these fiscal year 2005 option grants, options to purchase 275,000 shares were awarded to individuals who were executive officers on the grant date including Mr. Murnane. All stock options granted with respect to fiscal year 2005 had an exercise price equal to the market value of the Company's common stock on the date of grant and a ten-year term.

*Chief Executive Officer Compensation.* The Compensation Committee determined the base salary of William Murnane, the Company's Chief Executive Officer, for fiscal year 2005 consistent with its philosophy on base salaries of all executive officers. For fiscal year 2005, the Compensation Committee set Mr. Murnane's base salary at \$315,000 per year. The Compensation Committee also determined the salary of the Company's Chairman, Thomas Haley, for fiscal year 2005 and set this amount at \$100,000 per year. Effective October 19, 2005, Mr. Murnane's base salary is \$330,000 per year as reflected in the employment agreement between the Company and Mr. Murnane dated October 19, 2005.

Under the Bonus Plan, Mr. Murnane was eligible for a maximum aggregate bonus of up to 120% of his base salary at the end of the 2005 fiscal year if both corporate objectives and individual objectives were achieved. Mr. Haley does not participate in the Bonus Plan. Neither Mr. Haley nor Mr. Murnane received any cash bonus under the Bonus Plan for fiscal year 2005.

On October 15, 2004, in recognition of Mr. Murnane's service in fiscal year 2004, the Compensation Committee granted to Mr. Murnane a stock option to purchase 55,000 shares of the Company's common stock at an exercise price of \$4.40, the fair market value of one share of the Company's common stock on the date of grant. On October 19, 2005, in recognition of Mr. Murnane's service in fiscal year 2005, the Compensation Committee granted to Mr. Murnane a stock option to purchase 55,000 shares of the Company's common stock at an exercise price of \$3.06, the fair market value of one share of the Company's common stock on the date of grant. Each stock option vests over a five year period and has a ten year term.

SUBMITTED BY THE COMPENSATION COMMITTEE  
OF THE COMPANY'S BOARD OF DIRECTORS

Raj K. Nooyi (Chair)

Robert C. Buhmaster

Townsend H. Porter, Jr.

The preceding report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 (the "1933 Act") or the Securities Exchange Act of 1934 (the "1934 Act"), except to the extent the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under the 1933 Act or the 1934 Act.

**AUDIT COMMITTEE REPORT**

The Audit Committee is comprised of Messrs. Ankeny, Nooyi, and Townsend. In accordance with its Charter, the Audit Committee reviewed and discussed the audited financial statements with management and Grant Thornton LLP, the Company's independent accountants. The discussions with Grant Thornton LLP also included the matters required by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as amended.

Grant Thornton LLP provided to the Audit Committee the written disclosures and the letter regarding its independence as required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). This information was discussed with Grant Thornton LLP.

Based on the discussions with management and Grant Thornton LLP, the Audit Committee's review of the representations of management and the report of Grant Thornton LLP, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended September 30, 2005, filed with the Securities and Exchange Commission.

SUBMITTED BY THE AUDIT COMMITTEE OF THE COMPANY'S BOARD OF DIRECTORS

Philip D. Ankeny (Chair)

Raj K. Nooyi

Townsend H. Porter

The preceding report shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933 (the "1933 Act") or the 1934 Act, except to the extent the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under the 1933 Act or the 1934 Act.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Company had an employment agreement with Mr. Kelly Schuller, the Company's former Vice President and General Manager, pursuant to which he was paid \$194,955 at the time of his termination as an employee of the Company in June, 2005.

**PERFORMANCE GRAPH**

The graph below sets forth a comparison of the cumulative shareholder return of the Company's common stock over the last five fiscal years with the cumulative total return over the same periods for the Nasdaq Stock Market (U.S. and Foreign Companies) Index and the Nasdaq Electronic Components Index. The graph compares the cumulative total return of the Company's common stock as of the end of each of the Company's last five fiscal years on \$100 invested as of September 30, 2000, assuming the reinvestment of all dividends:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Innovex, Inc.	\$ 100.00	\$ 10.20	\$ 17.25	\$ 73.03	\$ 29.87	\$ 31.19
Nasdaq Electronic Components	100.00	28.26	18.85	36.39	30.71	34.23
Nasdaq Stock Market	100.00	40.53	31.85	48.87	51.95	59.42

**APPROVAL OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS  
(Proposal 2)**

The Audit Committee has reappointed Grant Thornton LLP as the Company's independent registered public accountants for the current year. Although shareholder approval is not required, it is the policy of the Board of Directors to request shareholder ratification of the appointment or reappointment of independent registered public accountants.

The Board of Directors recommends that the shareholders vote for the proposal to approve the reappointment of Grant Thornton LLP, and the endorsed proxy will be so voted unless a contrary vote is indicated. In the event the shareholders do not approve the reappointment of Grant Thornton LLP, the Audit Committee will make another appointment to be effective at the earliest possible time.

Grant Thornton LLP, independent registered public accountants, served as independent registered public accountants of the Company for the fiscal year ended September 30, 2005. The Company's Audit Committee has selected Grant Thornton LLP to serve as the Company's auditors for the year ended September 30, 2006.

Representatives of Grant Thornton LLP will be in attendance at the Annual Meeting of Shareholders and will have the opportunity to make a statement if they desire to do so. In addition, representatives will be available to respond to appropriate questions.

Approval of Proposal 2: Appointment of Grant Thornton LLP requires the affirmative vote of the holders of a greater of: (a) a majority of the voting power of the shares present, in person or by proxy, and entitled to vote on Proposal 2 or (b) a majority of the voting power of the minimum number of shares that would constitute a quorum.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR  
APPOINTMENT OF GRANT THORNTON LLP AS INDEPENDENT REGISTERED  
PUBLIC ACCOUNTANTS.**

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**Fees of Independent Registered Public Accountants**

The following is an explanation of the fees billed to the Company by Grant Thornton LLP for professional services rendered during the fiscal years ended September 30, 2005 and September 30, 2004, which totaled \$305,934 and \$138,223, respectively.

**Audit Fees**

The aggregate fees billed to the Company for professional services related to the audit of the Company's annual financial statements, review of financial statements included in the Company's Form 10-Q, or other services normally provided by Grant Thornton LLP in connection with statutory and regulatory filings or engagements for the fiscal years ended September 30, 2005 and September 30, 2004 totaled \$254,740 and \$107,523, respectively. The fiscal 2005 services included \$122,641 related to the audit of management's assessment of internal controls.

**Audit-Related Fees**

The aggregate fees billed to the Company for professional services for assurance and related services by Grant Thornton LLP that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported above under Audit Fees, including statutory filings and accounting consultations years ended September 30, 2005 and September 30, 2004 totaled \$6,000 and zero, respectively.

**Tax Fees**

The aggregate fees billed to the Company by Grant Thornton LLP for professional services related to tax compliance, tax advice, and tax planning, for the fiscal years ended September 30, 2005 and September 30, 2004 totaled \$19,976 and \$25,700, respectively.

**All Other Fees**

The aggregate fees billed to the Company by Grant Thornton LLP for professional services or products not previously disclosed for the fiscal years ended September 30, 2005 and September 30, 2004, including pension plan audits, SEC comment response support and registration statement filings, totaled \$25,218 and \$7,500, respectively.

**Audit Committee Pre-Approval Procedures**

The Company has adopted pre-approval policies and procedures for the Audit Committee that require the Audit Committee to pre-approve all audit and all permitted non-audit engagements and services (including the fees and terms thereof) by the independent auditors, except that the Audit Committee may delegate the authority to pre-approve any engagement or service less than \$10,000 to one of its members, but requires that the member report such pre-approval at the next full Audit Committee meeting. The Audit Committee may not delegate its pre-approval authority for any services rendered by the Company's independent auditors relating to internal controls. These pre-approval policies and procedures prohibit delegation of the Audit Committee's responsibilities to Company management. Under the policies and procedures, the Audit Committee may pre-approve specifically described categories of services which are expected to be conducted over the subsequent twelve months on its own volition, or upon application by management or the independent auditor.

All of the services described above for fiscal year 2005 were pre-approved by the Audit Committee or a member of the Committee before Grant Thornton LLP was engaged to render the services.

### SHAREHOLDER PROPOSALS

Any shareholder desiring to submit a proposal for action at the 2007 Annual Meeting of Shareholders to be held on or about January 20, 2007 and presentation in the Company's proxy statement with respect to such meeting should arrange for such proposal to be delivered to the Company's offices, 5540 Pioneer Creek Drive, Maple Plain, MN 55359, addressed to Thomas W. Haley, no later than September 22, 2006 in order to be considered for inclusion in the Company's proxy statement relating to the meeting. Matters pertaining to such proposals, including the number and length thereof, eligibility of persons entitled to have such proposals included and other aspects are regulated by the 1934 Act, rules and regulations of the Commission and other laws and regulations to which interested persons should refer.

Pursuant to Rule 14a-4(c)(1) of the 1934 Act, if a proponent of a proposal fails to notify the Company at least 45 days prior to the month and day of mailing of the prior year's proxy statement, then the Company will be allowed to use its discretionary voting authority when the proposal is raised at the meeting, without any discussion of the matter in the proxy statement. With respect to the Company's 2007 Annual Meeting of Shareholders, if the Company is not provided notice of a shareholder proposal, which the shareholder has not previously sought to include in the Company's proxy statement, by October 31, 2006, the Company will be allowed to use its voting authority as described above.

### GENERAL

The Board of Directors of the Company knows of no matters other than the foregoing to be brought before the meeting. However, the enclosed proxy gives discretionary authority in the event that any additional matters should be properly presented. The Annual Report of the Company for the past fiscal year is enclosed herewith and contains the Company's financial statements for the fiscal year ended September 30, 2005. A copy of Form 10-K, the annual report filed by the Company with the Commission, will be furnished without charge to any shareholder who requests it in writing from the Company at the address noted on the first page of this proxy statement.

By Order of the Board of Directors,

Thomas W. Haley, *Chairman of the Board*

22

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**INNOVEX, INC.**  
**5540 PIONEER CREEK DRIVE**  
**MAPLE PLAIN, MINNESOTA 55359**

**VOTE BY MAIL**

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

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

INNVX1

KEEP THIS PORTION FOR YOUR RECORDS

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

DETACH AND RETURN THIS PORTION ONLY

**INNOVEX, INC.**

**Vote on Directors**

1. ELECTION OF DIRECTORS:

01) Philip D. Ankeny, 02) Robert C. Buhmaster, 03) Thomas W. Haley,  
04) William P. Murnane, 05) Raj K. Nooyi, 06) Townsend H. Porter, Jr.

**For All**   **Withhold All**   **For All Except**

o   o   o

To withhold authority to vote for any individual nominee, mark For All Except and write the nominee's number on the line below.

**Vote On Proposal**

2.

**For**   **Against**   **Abstain**

o   o   o





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**INNOVEX, INC.**

**PROXY SOLICITED BY THE BOARD OF DIRECTORS**

**FOR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JANUARY 17, 2006**

The undersigned hereby appoints Thomas W. Haley and William P. Murnane, or either of them, as proxies with full power of substitution to vote all shares of stock of Innovex, Inc. of record in the name of the undersigned at the close of business on December 1, 2005, at the Annual Meeting of Shareholders to be held at the Company's headquarters in Maple Plain, Minnesota on January 17, 2006, or at any adjournment or adjournments thereof, hereby revoking all former proxies.