ABAXIS INC
Form DEF 14A
September 17, 2009

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SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.___)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to § 240.14a-12

ABAXIS, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box)
þ No fee required.
o 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:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

6. Amount Previously Paid:

7. Form, Schedule or Registration Statement No.:

8. Filing Party:

9. Date Filed:

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September 17, 2009

Dear Shareholder:

This year s annual meeting of shareholders will be held on Wednesday, October 28, 2009, at 10:00 a.m. Pacific time, at our offices, located at 3240 Whipple Road, Union City, California. You are cordially invited to attend.

The Notice of Annual Meeting of Shareholders and a Proxy Statement, which describe the formal business to be conducted at the meeting, follow this letter.

It is important that you use this opportunity to take part in the affairs of Abaxis, Inc. by voting on the business to come before this meeting. After reading the Proxy Statement, please promptly mark, sign, date and return the enclosed proxy card in the prepaid envelope to assure that your shares will be represented. Regardless of the number of shares you own, your careful consideration of, and vote on, the matters before our shareholders is important.

A copy of Abaxis Annual Report to Shareholders is also enclosed for your information. At the annual meeting we will review Abaxis activities over the past year and our plans for the future. We look forward to seeing you at the annual meeting.

Sincerely yours,

CLINTON H. SEVERSON
Chairman of the Board, President and
Chief Executive Officer

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ABAXIS, INC.
3240 Whipple Road, Union City, California 94587

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held On October 28, 2009

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Abaxis, Inc., a California corporation (the Company). The meeting will be held on Wednesday, October 28, 2009, at 10:00 a.m. local time at our offices, located at 3240 Whipple Road, Union City, California 94587, for the following purposes:

1. To elect our five nominees for director to serve for the ensuing year and until their successors are elected and qualified.

2. To ratify the selection by the Audit Committee of the Board of Directors of Burr, Pilger & Mayer LLP as the Company s independent registered public accounting firm for the fiscal year ending March 31, 2010.

3. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

The record date for the Annual Meeting is August 31, 2009. Only shareholders of record at the close of business on that date may vote at the meeting or any adjournment thereof. For ten days prior to the meeting, a complete list of shareholders entitled to vote at the meeting will be available for examination by any shareholder, for any purpose relating to the meeting, during ordinary business hours at our offices located at 3240 Whipple Road, Union City, California.

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to Be Held on Wednesday, October 28, 2009, at 10:00 a.m. local time at our offices, located at 3240 Whipple Road, Union City, California 94587.

The proxy statement and annual report to shareholders are available at http://investor.abaxis.com/.

By Order of the Board of Directors

ALBERTO R. SANTA INES
Secretary

Union City, California
September 17, 2009

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the enclosed proxy, or vote over the telephone or the Internet as instructed in these materials, as promptly as possible 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 your convenience. Even if you have voted by 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 obtain a proxy issued in your name from that record holder.

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ABAXIS, INC.
3240 Whipple Road, Union City, California 94587

PROXY STATEMENT
FOR THE 2009 ANNUAL MEETING OF SHAREHOLDERS
October 28, 2009

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why am I receiving these materials?

We have sent you this proxy statement and the enclosed proxy card because the Board of Directors of Abaxis, Inc., a California corporation (referred to as the Company or Abaxis), is soliciting your proxy to vote at the 2009 Annual Meeting of Shareholders, including at any adjournments or postponements of the meeting. You are invited to attend the annual meeting to vote on the proposals described in this proxy statement. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card, or follow the instructions below to submit your proxy over the telephone or on the Internet.

The Company intends to mail this proxy statement and accompanying proxy card on or about September 17, 2009 to all shareholders of record entitled to vote at the annual meeting.

How do I attend the annual meeting?

The meeting will be held on Wednesday, October 28, 2009, at 10:00 a.m. local time at our offices, located at 3240 Whipple Road, Union City, California 94587. Directions to the annual meeting may be found at www.abaxis.com. Information on how to vote in person at the annual meeting is discussed below.

Who can vote at the annual meeting?

Only shareholders of record at the close of business on August 31, 2009 will be entitled to vote at the annual meeting. On this record date, there were 22,013,876 shares of common stock outstanding and entitled to vote.

Shareholder of Record: Shares Registered in Your Name

If on August 31, 2009 your shares were registered directly in your name with Abaxis transfer agent, Computershare Trust Company, N.A., then you are a shareholder of record. As a shareholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you to fill out and return the enclosed proxy card or vote by proxy over the telephone or on the Internet as instructed below to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker or Bank

If on August 31, 2009 your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that organization. The organization holding your account is considered to be the shareholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker or other agent regarding how to vote the shares in your account. You are also invited to attend the annual meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid proxy from your broker or other agent.

What am I voting on?

There are two matters scheduled for a vote:

- Election of five directors; and
- Ratification of Burr, Pilger & Mayer LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2010.

What if another matter is properly brought before the meeting?

The Board of Directors knows of no other matters that will be presented for consideration at the annual meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

How do I vote?

You may either vote For all the nominees to the Board of Directors or you may Withhold your vote for any nominee you specify. For any other matters to be voted on, you may vote For or Against or abstain from voting. The procedures for voting are as follows:

Shareholder of Record: Shares Registered in Your Name

If you are a shareholder of record, you may vote in person at the annual meeting, vote by proxy using the enclosed proxy card, vote by proxy over the telephone, or vote by proxy on the Internet. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person even if you have already voted by proxy.

To vote in person, come to the annual meeting and we will give you a ballot when you arrive.

To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the annual meeting, we will vote your shares as you direct.

To vote over the telephone, dial toll-free 1-800-652-VOTE, (1-800-652-8683) using a touch-tone phone and follow the recorded instructions. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 1:00 a.m., Central time on October 28, 2009 to be counted.

To vote on the Internet, go to http://www.investorvote.com/ABAX to complete an electronic proxy card. You will be asked to provide the company number and control number from the enclosed proxy card. Your vote must be received by 1:00 a.m., Central time on October 28, 2009 to be counted.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from Abaxis. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet if instructed by your broker or bank. To vote in person at the annual meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy form.

We provide Internet proxy voting to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and telephone companies.

How many votes do I have?

On each matter to be voted upon other than the election of directors, you have one vote for each share of common stock you own as of August 31, 2009. For the election of directors, cumulative voting is available. Under cumulative voting, you would have five votes for each share of common stock you own. You may cast all of your votes for one candidate, or you may distribute your votes among different candidates as you choose. However, you may cumulate votes (cast more than one vote per share) for a candidate only if the candidate is nominated before the voting and at least one shareholder gives notice at the meeting, before the voting, that he or she intends to cumulate votes. If you do not specify how to distribute your votes, by giving your proxy you are authorizing the proxyholders (the individuals named on your proxy card) to cumulate votes in their discretion.

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What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted For the election of all five nominees for director and For the ratification of the appointment of Burr, Pilger & Mayer LLP as independent registered public accounting firm of the Company for its fiscal year ending March 31, 2010. If any other matter is properly presented at the meeting, your proxyholder (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies, including the preparation, assembly, printing and mailing of the proxy materials and any additional solicitation materials furnished to the shareholders. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We have not engaged any third party to assist us in solicitation of proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one set of proxy materials?

If you receive more than one set of proxy materials, your shares may be registered in more than one name or in different accounts. Please follow the voting instructions on each of the proxy cards in the proxy materials to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy card with a later date.
- You may send a timely written notice that you are revoking your proxy to Abaxis Secretary at 3240 Whipple Road, Union City, California 94587.
- You may attend the annual meeting and vote in person. Simply attending the meeting will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

When are shareholder proposals due for next year s annual meeting?

To be considered for inclusion in next year s proxy materials, your proposal must be submitted in writing by May 20, 2010, the date not less than one hundred twenty (120) days prior to the one year anniversary of our mailing to shareholders of this Proxy Statement for the 2009 Annual Meeting of Shareholders, to Abaxis Secretary at 3240 Whipple Road, Union City, California 94587. If you wish to bring a matter before the shareholders at next year s annual meeting and you do not notify Abaxis before August 1, 2010, for all proxies we receive, the proxyholders will have discretionary authority to vote on the matter, including discretionary authority to vote in opposition to the matter.

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count For and Withhold and, with respect to proposals other than the election of directors, Against votes, abstentions and broker non-votes. Although abstentions and broker non-votes are counted as present for purposes of a quorum, they are not counted as affirmative votes for the proposals. For Proposal 2, abstentions and broker non-votes will have no effect except to the extent the number of abstentions and broker non-votes causes the number of shares voted in favor of Proposal 2 not to equal or exceed a majority of the quorum required for the meeting.

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What are broker non-votes ?

Broker non-votes occur when a beneficial owner of shares held in street name does not give instructions to the broker or nominee holding the shares as to how to vote on matters deemed non-routine. Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be routine, but not with respect to non-routine matters.

How many votes are needed to approve each proposal?

> *Proposal No. 1:* Election of Directors. For the election of directors, the five nominees receiving the most For votes (from the holders of votes of shares present in person or represented by proxy and entitled to vote on the election of directors) will be elected. Only votes For or Withheld will affect the outcome.
>
> *Proposal No. 2:* Ratification of Selection of Independent Registered Public Accounting Firm. To be approved, Proposal No. 2 ratifying the selection by the Audit Committee of the Board of Directors of Burr, Pilger & Mayer LLP as independent registered public accounting firm for the fiscal year ending March 31, 2010 must receive For votes from the holders of a majority of shares present either in person or by proxy and voting, provided that the votes in favor of each of Proposal No. 2 are a majority of the votes that constitute the required quorum. Abstentions and broker non-votes will not be counted towards the vote total.

What is the quorum requirement?

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if shareholders holding at least a majority of the outstanding shares entitled to vote are present at the meeting in person or represented by proxy. On the record date, there were 22,013,876 shares outstanding and entitled to vote. Thus, the holders of 11,006,939 shares must be present in person or represented by proxy at the meeting or by proxy to have a quorum.

Votes for and against, abstentions and broker non-votes will each be counted as present for the purposes of determining the presence of a quorum. Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the meeting. If there is no quorum, the holders of a majority of shares present at the meeting in person or represented by proxy may adjourn the meeting to another date.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Final voting results will be published in the Company s quarterly report on Form 10-Q for the third quarter of fiscal 2010.

What proxy materials are available on the internet?

The proxy statement and annual report to shareholders are available at http://investor.abaxis.com.

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PROPOSAL 1

ELECTION OF DIRECTORS

The authorized number of directors constituting the Company s Board of Directors is five. There are five nominees for director this year due to the recent resignation of one of the Company s directors, Brenton G.A. Hanlon. Each director to be elected for the ensuing year will hold office until the next annual meeting of shareholders and until his or her successor is elected and qualified, or, if sooner, until the director s death, resignation or removal. Proxies cannot be voted for a greater number of persons than the five nominees named in this Proposal 1. Each of the nominees listed below is currently a director of the Company who was previously elected by the shareholders. It is the Company s policy to strongly encourage nominees for directors to attend the Annual Meeting. All of the Company s directors, as well as Mr. Hanlon, attended the 2008 Annual Meeting of Shareholders.

The candidates receiving the highest number of affirmative votes by the holders of shares entitled to be voted will be elected. The persons named in the accompanying proxy will vote the shares represented thereby for the nominees named below, but may cumulate the votes for less than all of the nominees, as permitted by the laws of the State of California, unless otherwise instructed. If any nominee becomes unavailable for election as a result of an unexpected occurrence, your shares will be voted for the election of a substitute nominee proposed by Abaxis. Each person nominated for election has agreed to serve if elected. The Company s management has no reason to believe that any nominee will be unable to serve.

NOMINEES

The nominees for election to the Board of Directors at the 2009 Annual Meeting are Clinton H. Severson, Richard J. Bastiani, Ph.D., Henk J. Evenhuis, Prithipal Singh, Ph.D. and Ernest S. Tucker, III, M.D. Please see Directors and Executive Officers of the Registrant below for information concerning the nominees.

VOTE REQUIRED AND RECOMMENDATION OF THE BOARD OF DIRECTORS

Although abstentions and broker non-votes will each be counted as present for purposes of determining a quorum, neither abstentions nor broker non-votes will have any impact on the election of directors and the five candidates for election as directors at the annual meeting who receive the highest number of affirmative votes will be elected.

If the nominees decline to serve or become unavailable for any reason, or if a vacancy occurs before the election (although management knows of no reason to anticipate that this will occur), the proxies may be voted for substitute nominees as the Board of Directors may designate. In the event that additional persons are nominated for election as directors, the proxy holders intend to vote all proxies received by them in such a manner in accordance with cumulative voting as will ensure the election of as many of the nominees listed below as possible, and, in such event, the specific nominees to be voted for will be determined by the proxy holders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE NOMINEES NAMED ABOVE.

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DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information concerning the Company s directors and executive officers:

Name	Age	Title
Clinton H. Severson	61	Chairman of the Board, President and Chief Executive Officer
Richard J. Bastiani, Ph.D.(1)(2)(3)	66	Director
Henk J. Evenhuis(1)(2)	66	Director
Prithipal Singh, Ph.D.(1)(2)	70	Director
Ernest S. Tucker, III, M.D.(1)(2)	76	Director
Alberto R. Santa Ines	62	Chief Financial Officer and Vice President of Finance
Kenneth P. Aron, Ph.D.	56	Chief Technology Officer
Donald P. Wood	57	Chief Operations Officer
Vladimir E. Ostoich, Ph.D.	64	Vice President of Government Affairs and Vice President of Marketing for the Pacific Rim, Founder
Martin V. Mulroy	48	Vice President of Veterinary Sales and Marketing for North America
Brenton G.A. Hanlon(4)	63	Vice President of North American Medical Sales and Marketing

(1) Member of the Audit Committee

(2) Member of the Nominating and Corporate Governance Committee

(3) Member of the Compensation Committee

(4) Mr. Hanlon resigned from the Board of Directors and each committee of the Board of Directors as of August 10, 2009, and was appointed as Vice President of North American Medical Sales and Marketing in September 2009.

Clinton H. Severson has served as the Company s President, Chief Executive Officer and one of our directors since June 1996. He was appointed Chairman of the Board in May 1998. Since November 2008, Mr. Severson served on the Board of Directors of Trinity Biotech (Nasdaq: TRIB), a biotechnology company. Since November 2006, Mr. Severson served on the Board of Directors of CytoCore, Inc. (OTCBB: CYOE.OB), a biotechnology company. From February 1989 to May 1996, Mr. Severson served as President and Chief Executive Officer of MAST Immunosystems, Inc., a privately-held medical diagnostic company.

Richard J. Bastiani, Ph.D. joined the Board of Directors in September 1995. Dr. Bastiani is currently retired and serves as Chairman of the Board of Directors of Response Biomedical Corporation (CDNX: RBM). From 1998 to 2005, Dr. Bastiani served as Chairman of the Board of Directors of ID Biomedical Corporation (Nasdaq: IDBE), after he was appointed to the Board of Directors of ID Biomedical Corporation in October 1996. Dr. Bastiani was President of Dendreon (Nasdaq: DNDN), a biotechnology company, from September 1995 to September 1998. From 1971 until 1995, Dr. Bastiani held a number of positions with Syva Company, a diagnostic company, including as President from 1991 until Syva was acquired by a subsidiary of Hoechst AG of Germany in 1995. Dr. Bastiani is also a member of the board of directors of three privately-held companies.

Henk J. Evenhuis joined the Board of Directors in November 2002. Mr. Evenhuis is currently retired. He served on the Board of Directors of Credence Systems Corporation (Nasdaq: CMOS), a semiconductor equipment manufacturer from 1993 to 2008. Mr. Evenhuis served as Executive Vice President and Chief Financial Officer of Fair Isaac Corporation (NYSE: FIC), a global provider of analytic software products to the financial services, insurance and health care industries from October 1999 to October 2002. From 1987 to 1998, he was Executive Vice President and Chief Financial Officer of Lam Research Corporation (Nasdaq: LRCX), a semiconductor equipment manufacturer.

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Prithipal Singh, Ph.D. joined the Board of Directors in June 1992. Prior to retiring, Dr. Singh was the Founder, Chairman and Chief Executive Officer of ChemTrak Inc. (Pink Sheets: CMTR) from 1988 to 1998. Prior to this, Dr. Singh was an Executive Vice President of Idetec Corporation from 1985 to 1988 and a Vice President of Syva Corporation from 1977 to 1985.

Ernest S. Tucker, III, M.D. joined the Board of Directors in September 1995. Dr. Tucker currently serves as a self-employed healthcare consultant after having retired as Chief Compliance Officer for Scripps Health in San Diego in September 2000, a position which he assumed in April 1998. Dr. Tucker was Chairman of Pathology at Scripps Clinic and Research Foundation from 1992 to 1998 and Chair of Pathology at California Pacific Medical Center in San Francisco from 1989 to 1992.

Alberto R. Santa Ines has served as the Company s Chief Financial Officer and Vice President of Finance since April 2002. Mr. Santa Ines joined us in February 2000 as Finance Manager. In April 2001, Mr. Santa Ines was promoted to Interim Chief Financial Officer and Director of Finance, and in April 2002 he was promoted to his current position. From March 1998 to January 2000, Mr. Santa Ines was a self-employed consultant to several companies. From August 1997 to March 1998, Mr. Santa Ines was the Controller of Unisil (Pink Sheets: USIL), a semiconductor company. From April 1994 to August 1997, he was a Senior Finance Manager at Lam Research Corporation (Nasdaq: LRCX), a semiconductor equipment manufacturer.

Kenneth P. Aron, Ph.D. has served as the Company s Chief Technology Officer since April 2008. Dr. Aron joined us in February 2000 as Vice President of Research and Development. From April 1998 to November 1999, Dr. Aron was Vice President of Engineering and Technology of Incyte Pharmaceuticals (Nasdaq: INCY), a genomic information company. From April 1996 to April 1998, Dr. Aron was Vice President of Research, Development and Engineering for Cardiogenesis Corporation (Nasdaq: CGCP), a manufacturer of laser-based cardiology surgical products.

Donald P. Wood has served as the Company s Chief Operations Officer since April 2009. Mr. Wood joined us in October 2007 as Vice President of Operations. From April 2003 to September 2007, Mr. Wood was the Vice President of Operations of Cholestech Corporation (Nasdaq: CTEC), a medical products manufacturing company which was subsequently acquired by Inverness Medical Innovations, Inc. in September 2007. From July 2001 to March 2003, Mr. Wood served as Vice President of Bone Health, a business unit of Quidel Corporation, a manufacturing and marketer of point-of-care diagnostics, and was responsible for Bone Health Product Operations, Device Research and Development, and Sales and Marketing. He also served as Quidel s Vice President of Ultrasound Operations from August 1999 to July 2001. Prior to joining Quidel, Mr. Wood was the Director of Ultrasound Operations for Metra Biosystems Inc., a developer and manufacturing company of point-of-care products for osteoporosis, from July 1998 to August 1999 prior to Quidel s acquisition of Metra Biosystems Inc.

Vladimir E. Ostoich, Ph.D., one of the Company s co-founders, is currently the Vice President of Government Affairs and Vice President of Marketing for the Pacific Rim. Dr. Ostoich has served as Vice President in various capacities at Abaxis since inception, including as Vice President of Research and Development, Senior Vice President of Research and Development, Vice President of Engineering and Instrument Manufacturing and Vice President of Marketing and Sales for the United States and Canada.

Martin V. Mulroy has served as the Company s Vice President of Veterinary Sales and Marketing for North America since May 2006. Mr. Mulroy joined us in November 1997 as the Northeast Regional Sales Manager. He was promoted to Eastern Area Director of Sales in December 1998 and, in January 2005, he was promoted to National Sales Director for the Domestic Veterinary market. From March 1996 to November 1997, Mr. Mulroy was Regional Sales Manager for BioCircuits Inc., an immunoassay company in the medical market. Mr. Mulroy was Regional Sales Manager from 1990 to 1992 and Field Operations Manager from 1992 to 1995 for MAST Immunosystems Inc., a privately-held medical diagnostic company.

Brenton G. A. Hanlon has served as the Company s Vice President of North American Medical Sales and Marketing since September 2009. Mr. Hanlon served on our Board of Directors from November 1996 through August 2009. From January 2001 to August 2009, Mr. Hanlon was President and Chief Executive Officer of Hitachi Chemical Diagnostics, a manufacturer of in vitro allergy diagnostic products. Concurrently, from December 1996 to August 2009, Mr. Hanlon was also President and Chief Operating Officer of Tri-Continent Scientific, a subsidiary

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of Hitachi Chemical, specializing in liquid-handling products and instrument components for the medical diagnostics and biotechnology industries. From 1989 to December 1996, Mr. Hanlon was Vice President and General Manager of Tri-Continent Scientific. Mr. Hanlon serves on the board of directors of two privately-held companies.

INFORMATION REGARDING THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

INDEPENDENCE OF THE BOARD OF DIRECTORS

As required under The Nasdaq Stock Market (Nasdaq) listing standards, a majority of the members of a listed company s Board of Directors must qualify as independent, as affirmatively determined by the Board of Directors. The Board consults with the Company s counsel to ensure that the Board s determinations are consistent with relevant securities and other laws and regulations regarding the definition of independent, including those set forth in pertinent listing standards of the Nasdaq, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and its independent auditors, the Board has affirmatively determined that each of the following directors are independent directors within the meaning of the applicable Nasdaq listing standards: Mr. Evenhuis, Dr. Bastiani, Dr. Singh and Dr. Tucker. In addition, the Board previously determined that Mr. Hanlon, who resigned from the Board of Directors as of August 10, 2009, was an independent director within the meaning of the applicable Nasdaq listing standards prior to such resignation. In making this determination, the Board found that none of these current or former directors or nominees for director had a material or other disqualifying relationship with the Company. Mr. Severson, the Company s President and Chief Executive Officer, is not an independent director by virtue of his employment with the Company. There are no family relationships among any of the Company s directors or officers.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met five times during the fiscal year ended March 31, 2009. Each Board member attended 75% or more of the aggregate of the meetings of the Board and of the committees on which he served, held during the period for which he was a director or committee member.

As required under applicable Nasdaq listing standards, in fiscal 2009, the Company s independent directors met four times in regularly scheduled executive sessions at which only independent directors were present.

INFORMATION REGARDING COMMITTEES OF THE BOARD OF DIRECTORS

The Board has three committees: an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. The following table provides membership and meeting information for fiscal 2009 for each of the Board committees:

Name	Audit	Compensation	Nominating and Corporate Governance
Clinton H. Severson			
Richard J. Bastiani, Ph.D.	X	X*	X
Henk J. Evenhuis	X*		X

Brenton G. A. Hanlon	X	X	X
Prithipal Singh, Ph.D.	X		X*
Ernest S. Tucker, III, M.D.	X		X
Total meetings in fiscal 2009	6	2	0

* Committee Chairperson

Mr. Hanlon resigned from the Board of Directors and each committee of the Board of Directors as of August 10, 2009.

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Below is a description of each committee of the Board of Directors. The Board of Directors has determined that each member of each committee meets the applicable Nasdaq rules and regulations regarding independence and that each member is free of any relationship that would impair his or her individual exercise of independent judgment with regard to the Company.

Audit Committee

The Audit Committee reviews and monitors the Company s corporate financial reporting and external audits, including, among other things, the Company s control functions, the results and scope of the annual audit and other services provided by the independent registered public accountants and the Company s compliance with legal matters that have a significant impact on its financial reports. Among other things, the Audit Committee:

- evaluates the performance of and assesses the qualifications of the independent auditors;
- determines and approves the engagement of the independent auditors;
- determines whether to retain or terminate the existing independent auditors or to appoint and engage new independent auditors;
- reviews and approves the retention of the independent auditors to perform any proposed permissible non-audit services;
- monitors the rotation of partners of the independent auditors on the Company s audit engagement team as required by law;
- reviews and approves transactions between the company and any related persons;
- confers with management and the independent auditors regarding the effectiveness of internal controls over financial reporting;
- establishes procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- meets to review the Company s annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the Company s disclosures under Management s Discussion and Analysis of Financial Condition and Results of Operations.

The Audit Committee is currently composed of four directors: Mr. Evenhuis, Dr. Bastiani, Dr. Singh and Dr. Tucker. Mr. Evenhuis serves as Chairman of the Audit Committee. Mr. Hanlon served as a member of the Audit Committee until his resignation from the Board of Directors and each committee of the Board of Directors as of August 10, 2009. The Audit Committee held six meetings during the fiscal year ended March 31, 2009. For additional information about the Audit Committee, see Report of the Audit Committee of the Board of Directors below. The Audit Committee has adopted a written charter that is available to shareholders in the Investor Relations section of the Company s website at http://www.abaxis.com.

The Board of Directors annually reviews the Nasdaq listing standards definition of independence for Audit Committee members and has determined that all members of the Audit Committee, including Mr. Hanlon during the time he served on the Audit Committee, are independent (as independence is currently defined in Rule 4350(d)(2)(A)(i) and (ii) of the Nasdaq listing standards). Securities and Exchange Commission (SEC) regulations require the Company to disclose whether a director qualifying as an audit committee financial expert serves on the Audit Committee. The Board of Directors has determined that Mr. Evenhuis qualifies as an audit committee financial expert, as defined in applicable SEC rules. The Board of Directors made a qualitative assessment of Mr. Evenhuis s level of knowledge and experience based on a number of factors, including his formal education and experience as a chief financial officer for public reporting companies.

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Report of the Audit Committee of the Board of Directors[1]

The Audit Committee oversees Abaxis financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including internal control systems. In the fiscal year ended March 31, 2009, Burr, Pilger & Mayer LLP was responsible for expressing an opinion as to the conformity of the Company s audited financial statements with generally accepted accounting principles. Burr, Pilger & Mayer LLP has acted in such capacity since its appointment on August 25, 2005.

The Audit Committee has reviewed and discussed the audited financial statements for the fiscal year ended March 31, 2009 with management of the Company. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board (PCAOB) in Rule 3200T. The Audit Committee has met with Burr, Pilger & Mayer LLP, with and without management present, to discuss the overall scope and results of Burr, Pilger & Mayer LLP s audit and review procedures, and the overall quality of its financial reporting. The Audit Committee has also received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accountants communications with the audit committee concerning independence, and has discussed with the independent registered public accounting firm the accounting firm s independence. Based on the review and discussions referred to above, the Audit Committee has recommended to the Board of Directors that Abaxis audited financial statements be included in Abaxis Annual Report on Form 10-K for the fiscal year ended March 31, 2009.

THE AUDIT COMMITTEE

Henk J. Evenhuis, Chairman
Richard J. Bastiani, Ph.D.
Brenton G.A. Hanlon*
Prithipal Singh, Ph.D.
Ernest S. Tucker, III, M.D.

** Mr. Hanlon resigned from the Audit Committee as of August 10, 2009.*

Compensation Committee

The Compensation Committee is composed of one director, Dr. Bastiani. During the fiscal year ended March 31, 2009, and until Mr. Hanlon s resignation from the Board of Directors and each committee of the Board of Directors as of August 10, 2009, the Compensation Committee was composed of two directors: Dr. Bastiani and Mr. Hanlon. Dr. Bastiani, the sole current member of the Compensation Committee, is a non-employee member of the Company s Board of Directors and is independent (as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards). During the time Mr. Hanlon served as a member of the Company s Board of Directors, Mr. Hanlon was a non-employee member of the Company s Board of Directors and was independent (as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards). The Company s Board of Directors intends to appoint one or more additional independent and non-employee members of the Board of Directors to the Compensation Committee in light of the resignation of Mr. Hanlon. The Compensation Committee held two meetings during the fiscal year ended March 31, 2009, which were attended by both Messrs. Bastiani and Hanlon. The Compensation Committee has adopted a written charter that is available to shareholders in the Investor Relations section of the Company s website at http://www.abaxis.com. For additional information about the Compensation Committee, see Compensation Committee Report and Executive Compensation.

[1] **The material in this report is not soliciting material, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference in any filing of Abaxis, Inc. under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.**

The Compensation Committee reviews and makes recommendations to the Board of Directors regarding the Company s compensation strategy, policies, plans and programs and all forms of compensation to be provided to the Company s executive officers and directors, including among other things:

- development or review and approval of corporate and individual performance objectives relevant to the compensation of the Company s Chief Executive Officer and evaluation of performance in light of these stated objectives;

- review and approval of the compensation and other terms of employment or service, including severance and change-in-control arrangements, of the Company s Chief Executive Officer and the other executive officers; and

- development or review and approval of incentive-based or equity-based compensation plans in which the Company s executive officers and employees participate.

The Compensation Committee also reviews with management the Company s Compensation Discussion and Analysis and considers whether to recommend that it be included in proxy statements and other filings.

Compensation Committee Processes and Procedures

Typically, the Compensation Committee meets at least one time annually and with greater frequency if necessary. The agenda for each meeting is usually developed by the Chair of the Compensation Committee, in consultation with the Chief Executive Officer. However, Mr. Severson does not participate in the determination of his own compensation. The charter of the Compensation Committee grants the Compensation Committee authority to obtain, at the expense of the Company, advice and assistance from internal and external legal, accounting or other advisors and consultants and other external resources that the Compensation Committee considers necessary or appropriate in the performance of its duties. In particular, the Compensation Committee has the sole authority to retain compensation consultants to assist in its evaluation of executive and director compensation, including the authority to approve the consultant s reasonable fees and other retention terms. The Compensation Committee presents its recommendation for executive compensation to the Board of Directors for final review and approval. Typically, these recommendations are made to our Board of Directors during the first quarter of the ensuing fiscal year.

The Compensation Committee does not delegate any of its functions in determining executive and/or director compensation. To date, the Compensation Committee has not established any formal policies or guidelines for allocating compensation between long-term and currently paid out compensation, cash and non-cash compensation, or among different forms of non-cash compensation. The Compensation Committee may discuss with the Chief Executive Officer or Chief Financial Officer the Company s financial, operating and strategic business objectives, bonus targets or performance goals. The Compensation Committee reviews and determines the appropriateness of the financial measures and performance goals, as well as assesses the degree of difficulty in achieving specific bonus targets and performance goals. From time to time, the Compensation Committee may engage an independent compensation advisor to obtain competitive compensation data.

The specific determinations of the Compensation Committee with respect to executive compensation for fiscal 2009 are described in greater detail in the Compensation Discussion and Analysis section of this proxy statement.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee has ever been an executive officer or employee of the Company. None of the Company s executive officers currently serves, or has served during the last completed fiscal year, on the

Compensation Committee or board of directors of any other entity that has one or more executive officers serving as a member of the Company s board of directors or compensation committee. For information with respect to related-person transactions involving members of the Compensation Committee, see Transactions with Related Persons.

Compensation Committee Report[2]

The Compensation Committee has reviewed and discussed with management the disclosures contained in the Compensation Discussion and Analysis (CD&A) contained in this proxy statement. Based on this review and discussion, the Compensation Committee has recommended to the Board of Directors that the CD&A be included in this proxy statement.

THE COMPENSATION COMMITTEE

Richard J. Bastiani, Ph.D., Chair
Brenton G.A. Hanlon*

** Mr. Hanlon resigned from the Compensation Committee as of August 10, 2009.*

The members of the Nominating and Corporate Governance Committee are Dr. Bastiani, Mr. Evenhuis, Dr. Singh and Dr. Tucker. Mr. Hanlon served on the Nominating and Corporate Governance Committee until his resignation from the Board of Directors and each committee of the Board of Directors as of August 10, 2009. Each of the members of the Nominating and Corporate Governance Committee are independent (as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards). Prior to his resignation from the Board of Directors, Mr. Hanlon was also independent (as independence is currently defined in Rule 4200(a)(15) of the Nasdaq listing standards). The Nominating and Corporate Governance Committee did not hold any meetings during the fiscal year ended March 31, 2009. The Nominating and Corporate Governance Committee has adopted a written charter that is available to shareholders in the Investor Relations section of the Company s website at http://www.abaxis.com.

The Nominating and Corporate Governance Committee reviews the results of the evaluation of the Board of Directors and its committees, and the needs of the Board of Directors for various skills, experience, expected contributions and other characteristics, and the optimal size of the Board in light of these needs, in determining the director candidates to be nominated at the annual meeting. The Nominating and Corporate Governance Committee will evaluate candidates for directors, including incumbent directors and candidates proposed by directors, shareholders or management, in light of the Nominating and Corporate Governance Committee s views of the current needs of the Board of Directors for certain skills, experience or other characteristics, the candidate s background, skills, experience, other characteristics and expected contributions and the qualification standards, if any, established by the Nominating and Corporate Governance Committee. If the Nominating and Corporate Governance Committee believes that the Board of Directors requires additional candidates for nomination, the Nominating and Corporate Governance Committee may poll existing directors or management for suggestions for candidates and may engage, as appropriate, a third party search firm to assist in identifying qualified candidates. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating and Corporate Governance Committee. In making the determinations regarding nominations of directors, the Nominating and Corporate Governance Committee may take into account the benefits of diverse viewpoints as well as the benefits of a constructive working relationship among directors.

The Nominating and Corporate Governance Committee will consider director nominations made by shareholders in accordance with the requirements of Abaxis bylaws consistent with these procedures. Any shareholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if timely notice of such shareholder s intent to make such nomination or nominations has been given in writing to the secretary of Abaxis. To be timely, a shareholder nomination for a director to be elected at an annual meeting shall be received at Abaxis principal executive offices not less than 120 calendar days in advance of the date that Abaxis proxy statement was released to shareholders in connection with the previous year s annual meeting of shareholders, except that if no annual meeting was held in the previous year or the date of the annual

[2] **The material in this report is not soliciting material, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference in any filing of Abaxis, Inc. under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing. Nominating and Corporate Governance Committee**

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meeting has been changed by more than 30 calendar days from the date contemplated at the time of the previous year s proxy statement, or in the event of a nomination for director to be elected at a special meeting, notice by the shareholders to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the date of the special meeting was mailed or such public disclosure was made. Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of stock of Abaxis entitled to vote for the election of directors on the date of such notice and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (d) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC, had the nominee been nominated, or intended to be nominated, by the board of directors; and (e) the consent of each nominee to serve as a director of Abaxis if so elected. Other than the foregoing, there are no stated minimum criteria for director nominees, although the Nominating and Corporate Governance Committee may also consider such other factors as it may deem to be in the best interests of Abaxis and its shareholders.

SHAREHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Shareholders may communicate with the Board or any of our directors by transmitting correspondence by mail, facsimile or email, addressed as follows:

Chairman of the Board
or Board of Directors
or any individual director
c/o Mr. Alberto R. Santa Ines, Chief Financial Officer and Secretary
3240 Whipple Road
Union City, CA 94587
Fax: 510-441-6151 or
Email Address: *investors@abaxis.com*

The Compliance Officer shall maintain a log of such communications and transmit as soon as practicable such communications to the identified director addressee(s), unless there are safety or security concerns that mitigate against further transmission of the communication, as determined by the Compliance Officer in consultation with Abaxis legal counsel. The Board of Directors or individual directors so addressed shall be advised of any communication withheld for safety or security reasons as soon as practicable. The Compliance Officer shall relay all communications to directors absent safety or security issues.

CODE OF BUSINESS CONDUCT AND ETHICS

The Company has adopted the Abaxis, Inc. Code of Business Conduct and Ethics that applies to all of the Company s executive officers, directors and employees, including without limitation the Company s principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. The Code of Business Conduct and Ethics is available on our website at www.abaxis.com under Investor Relations at Corporate Governance. If the Company makes any substantive amendments to the Code of Business Conduct and Ethics or grants any waiver from a provision of the Code of Business Conduct and Ethics to any executive officer or director, the Company will promptly disclose the nature of the amendment or waiver on its website. The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding any amendment to, or waiver of, any provision of the Code of Business Conduct and Ethics by disclosing such information on the same website.

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PROPOSAL 2

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has selected Burr, Pilger & Mayer LLP as the Company s independent registered public accounting firm for the fiscal year ending March 31, 2010 and has further directed that management submit the selection for ratification by the shareholders at the Annual Meeting. Burr, Pilger & Mayer LLP has audited the Company s financial statements since its appointment on August 25, 2005. A representative of Burr, Pilger & Mayer LLP is expected to be present at the Annual Meeting, with the opportunity to make a statement if the representative desires to do so, and is expected to be available to respond to appropriate questions.

Neither the Company s Bylaws nor other governing documents or law require shareholder ratification of the selection of Burr, Pilger & Mayer LLP as the Company s independent registered public accounting firm. However, the Audit Committee of the Board of Directors is submitting the selection of Burr, Pilger & Mayer LLP to the shareholders for ratification as a matter of good corporate practice. If the shareholders fail to ratify the selection, the Audit Committee of the Board of Directors will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee of the Board of Directors in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of the Company and its shareholders.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

For the fiscal years ended March 31, 2009 and 2008, our independent registered public accounting firm, Burr, Pilger & Mayer LLP billed the approximate fees set forth below. All fees included below were approved by the Audit Committee.

	Year Ended March 31,	
	2009	**2008**
Audit Fees(1)	$ 636,000	$ 614,000
Audit-Related Fees(2)	48,000	
Tax Fees		
All Other Fees		
Total All Fees	$ 684,000	$ 614,000

(1) Audit fees represent fees for professional services provided in connection with the audit of our financial statements and review of our quarterly financial statements, including attestation services related to Section 404 of the Sarbanes-Oxley Act of 2002 and Abaxis tax deferral savings plan.

(2) Audit-related fees represent fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under Audit Fees. In fiscal 2009, these services include due diligence services pertaining to potential acquisitions.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has adopted a policy for the pre-approval of all audit and non-audit services to be performed for the Company by the independent registered public accounting firm. The policy generally pre-approves specified services in the defined categories of audit services, audit-related services, and tax services up to specified amounts. Pre-approval may also be given as part of the Audit Committee s approval of the scope of the engagement of the independent auditor or on an individual explicit case-by-case basis before the independent auditor is engaged to provide each service. The pre-approval of services may be delegated to one or more of the Audit Committee s members, but the decision must be reported to the full Audit Committee at its next scheduled meeting.

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The Audit Committee has considered the role of Burr, Pilger & Mayer LLP in providing audit and audit-related services to Abaxis and has concluded that the rendering of the services by Burr, Pilger & Mayer LLP is compatible with maintaining the principal accountant s independence.

VOTE REQUIRED AND RECOMMENDATION OF THE BOARD OF DIRECTORS

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and voting at the annual meeting (which shares voting affirmatively also constitute at least a majority of the required quorum) will be required to ratify the selection of Burr, Pilger & Mayer LLP. Although abstentions and broker non-votes are counted as present for purposes of a quorum, they will not be counted for any purpose in determining whether this matter has been approved.

THE BOARD OF DIRECTORS RECOMMENDS
A VOTE IN FAVOR OF PROPOSAL 2.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of August 31, 2009 by (i) each of the Named Executive Officers in the Summary Compensation Table appearing in this proxy statement; (ii) each of our directors; (iii) all of our executive officers and directors as a group and (iv) seven holders of at least five percent of our common stock. The persons named in the table have sole or shared voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table.

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Abaxis Common Stock Beneficially Owned(1)
Five Percent Holders:		
Brown Capital Management, Inc.(3)	2,371,380	10.8%
Capital World Investors(4)	1,486,800	6.8%
Neuberger Berman Group LLC and Neuberger Berman LLC(5)	1,453,875	6.6%
Wasatch Advisors, Inc.(6)	1,448,354	6.6%
Barclays Global Investors, NA, Barclays Global Fund Advisors, and Barclays Global Investors, LTD(7)	1,403,996	6.4%
Kayne Anderson Rudnick Investment Management, LLC(8)	1,275,646	5.8%
FMR LLC(9)	1,139,400	5.2%
Executive Officers:(2)		
Clinton H. Severson(10)	671,564	3.0%
Vladimir E. Ostoich, Ph.D.(11)	405,750	1.8%
Alberto R. Santa Ines(12)	126,605	*
Kenneth P. Aron, Ph.D.(13)	107,698	*
Martin V. Mulroy(14)	21,643	*
Outside Directors:(2)		
Richard J. Bastiani, Ph.D.(15)	81,500	*
Prithipal Singh, Ph.D.(16)	30,500	*
Henk J. Evenhuis(17)	22,500	*
Ernest S. Tucker, III, M.D.(18)	13,000	*
Executive officers and directors as a group (11 persons)(19)	1,507,379	6.7%

* Less than one percent.

(1) The percentages shown in this column are calculated based on 22,013,876 shares of common stock outstanding on August 31, 2009 and includes shares of common stock that such person or group had the right to acquire on or within 60 days after that date, including, but not limited to, upon the exercise of options.

(2)

The business address of the beneficial owners listed is c/o Abaxis, Inc., 3240 Whipple Road, Union City, CA 94587.

(3) Based on information set forth in a Schedule 13G/A filed with the SEC on May 13, 2009 by Brown Capital Management, Inc., reporting sole power to vote and dispose of 1,125,215 and 2,371,380 shares, respectively. The business address for Brown Capital Management, Inc. is 1201 North Calvert Street, Baltimore, MD 21202.

(4) Based on information set forth in a Schedule 13G filed with the SEC on February 13, 2009 by Capital World Investors, reporting sole power to vote and dispose of 1,486,800 shares. The business address for Capital World Investors is 333 South Hope Street, Los Angeles, CA 90071.

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(5) Based on information set forth in a Schedule 13G filed with the SEC on June 11, 2009 by both Neuberger Berman Group LLC and Neuberger Berman LLC, reporting sole power to vote and dispose of 4,025 and 0 shares, respectively, and shared power to vote and dispose of 1,098,200 and 1,453,875 shares, respectively. The business address for both Neuberger Berman Group LLC and Neuberger Berman LLC is 605 Third Avenue, New York, NY 10158.

(6) Based on information set forth in a Schedule 13G/A filed with the SEC on February 17, 2009 by Wasatch Advisors, Inc., reporting sole power to vote and dispose of 1,448,354 shares. The business address for Wasatch Advisors, Inc. is 150 Social Hall Avenue, Salt Lake City, UT 84111.

(7) Based on information set forth in a Schedule 13G filed with the SEC on February 5, 2009 by Barclays Global Investors, NA, reporting sole power to vote and dispose of 423,366 and 510,516 shares, respectively; by Barclays Global Fund Advisors, reporting sole power to vote and dispose of 629,527 and 878,670 shares, respectively; and by Barclays Global Investors, LTD, reporting sole power to vote and dispose of 800 and 14,810 shares, respectively. Each of the entities listed in the Schedule 13G disclaim beneficial ownership of the shares as a group, but have been aggregated together solely for the purposes of this disclosure. According to the Schedule 13G, the shares reported are held in trust accounts for the economic benefit of the beneficiaries of those accounts. The business address for Barclays Global Investors, NA and Barclays Global Fund Advisors is 400 Howard Street, San Francisco, CA 94105. The business address for Barclays Global Investors, LTD is Murray House, 1 Royal Mint Court, London, EC3N 4HH.

(8) Based on information set forth in a Schedule 13G/A filed with the SEC on February 10, 2009 by Kayne Anderson Rudnick Investment Management, LLC, reporting sole power to vote and dispose of 1,275,646 shares. The business address for Kayne Anderson Rudnick Investment Management, LLC is 1800 Avenue of the Stars, 2nd Floor, Los Angeles, CA 90067.

(9) Based on information set forth in a Schedule 13G filed with the SEC on February 17, 2009 by FMR LLC, reporting sole power to vote and dispose of 0 and 1,139,400 shares, respectively. The business address for FMR LLC is 82 Devonshire Street, Boston, MA 02109.

(10) Includes:

461,147 shares held by Mr. Severson; and

210,417 shares subject to stock options exercisable by Mr. Severson within sixty days of August 31, 2009.

(11) Includes:

152,167 shares held by Dr. Ostoich;

26,355 shares held by Dr. Ostoich s IRA;

22,400 shares held by Mrs. Ostoich s IRA;

117,328 shares held by the Vladimir Ostoich and Liliana Ostoich Trust Fund, for the benefit of Dr. Ostoich and his wife; and

87,500 shares subject to stock options exercisable by Dr. Ostoich within sixty days of August 31, 2009.

(12) Includes:

24,173 shares held by Mr. Santa Ines; and

102,432 shares subject to stock options exercisable by Mr. Santa Ines within sixty days of August 31, 2009.

(13) Includes:

13,198 shares held by Dr. Aron; and

94,500 shares subject to stock options exercisable by Dr. Aron within sixty days of August 31, 2009.

(14) Includes:

8,102 shares held by Mr. Mulroy; and

13,541 shares subject to stock options exercisable by Mr. Mulroy within sixty days of August 31, 2009.

(15) Includes:

57,500 shares held by Dr. Bastiani; and

24,000 shares subject to stock options exercisable by Dr. Bastiani within sixty days of August 31, 2009.

(16) Includes:

8,500 shares held by Dr. Singh; and

22,000 shares subject to stock options exercisable by Dr. Singh within sixty days of August 31, 2009.

(17) Includes:

4,500 shares held by Mr. Evenhuis; and

18,000 shares subject to stock options exercisable by Mr. Evenhuis within sixty days of August 31, 2009.

(18) Reflects 13,000 shares subject to stock options exercisable by Dr. Tucker within sixty days of August 31, 2009.

(19) Includes:

905,989 shares held by all executive officers and directors as a group; and

601,390 shares subject to stock options exercisable by all executive officers and directors as a group within sixty days of August 31, 2009.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who beneficially own more than 10% of our equity securities to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of Forms 3, 4 and 5 and amendments thereto received by us, we believe that during the period from April 1, 2008 through March 31, 2009, our executive officers, directors and greater than 10% shareholders complied with all applicable filing requirements applicable to these executive officers, directors and greater than 10% shareholders, except with respect to one late report filing, covering one transaction, by Mr. Brenton Hanlon, one of our executive officers and a former director.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The goals of our executive compensation program are to attract, retain, motivate and reward executive officers who contribute to our success and to incentivize these executives on both a short-term and long-term basis to achieve our business objectives. This program combines cash and equity awards in the proportions that we believe will motivate our executive officers to increase shareholder value over the long-term.

Our executive compensation program is designed to achieve the following objectives:

- to align our executive compensation with our strategic business objectives;
- to align the interests of our executive officers with both short-term and long-term shareholder interests; and
- to place a substantial portion of our executives compensation at risk such that actual compensation depends on both overall company performance and individual performance.

Executive Compensation Program Objectives and Framework

Our executive compensation program has three primary components: (1) base salary, (2) annual cash incentive bonus and (3) equity grants. Base salaries for our executive officers are a minimum fixed level of compensation consistent with or below competitive market practice. Annual cash incentive bonuses awarded to our executive officers are intended to incentivize and reward achievement of financial, operating and strategic objectives during the fiscal year. Equity grants awarded to our executive officers are designed to ensure that incentive compensation is linked to our long-term company performance, promote retention and to align our executives long-term interests with shareholders long-term interests. Our executive officers total potential cash compensation is heavily weighted toward annual cash incentive bonuses, because our Compensation Committee and Board of Directors believes this weighting best aligns the interests of our executive officers with that of shareholders generally.

Executive compensation is reviewed annually by our Compensation Committee and Board of Directors, and adjustments are made to reflect company objectives and competitive conditions. Generally, base salaries are adjusted effective May 1 of each year. We also offer our executive officers participation in our 401(k) plan, health care insurance, flexible spending accounts and certain other benefits available generally to all full-time employees.

Role of Our Compensation Committee

Our Compensation Committee, which operates under a written charter adopted by the Board of Directors, is primarily responsible for reviewing and recommending to the Board of Directors for approval the compensation arrangements for our executive officers and directors. In carrying out these responsibilities, the Compensation Committee shall review all components of executive officer and director compensation for consistency with the Compensation Committee s compensation philosophy as in effect from time to time. In connection with their review and recommendations, our Compensation Committee also considers the recommendations of our Chief Executive Officer, Mr. Clinton Severson. Our Compensation Committee gives considerable weight to Mr. Severson s recommendations because of his direct knowledge of each executive officer s performance and contribution to our financial performance.

However, Mr. Severson does not participate in the determination of his own compensation. No other executive officers participate in the determination or recommendation of the amount or form of executive officer compensation, except the Company s Chief Financial Officer as discussed below. Our Compensation Committee does not delegate any of its functions in determining executive and/or director compensation. To date, our Compensation Committee has not established any formal policies or guidelines for allocating compensation between long-term and currently paid out compensation, cash and non-cash compensation, or among different forms of non-cash compensation.

Our Compensation Committee may discuss with our Chief Executive Officer or Chief Financial Officer our financial, operating and strategic business objectives, bonus targets or performance goals. The Compensation Committee reviews and determines the appropriateness of the financial measures and performance goals, as well as

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assesses the degree of difficulty in achieving specific bonus targets and performance goals. The Compensation Committee then presents its recommendation for executive compensation to the Board of Directors for final review and approval. Typically, these recommendations are made to our Board of Directors during the first quarter of the ensuing fiscal year.

From time to time, our Compensation Committee may engage an independent compensation advisor to obtain competitive compensation data. In March 2006, we retained the independent compensation consulting firm of Top Five Data Services, Inc. (Top Five) to, among other things, help identify appropriate peer group companies and to obtain and evaluate executive compensation data for these companies, and took its recommendations into account in setting fiscal 2007 executive compensation. We did not engage another compensation consultant, or request additional recommendations from Top Five, in connection with our determination of fiscal 2008 or fiscal 2009 executive compensation because our Compensation Committee and Board of Directors determined that many of the recommendations made by Top Five with respect to fiscal 2007 continued to be relevant for fiscal 2008 and fiscal 2009. In May 2008, our Compensation Committee engaged an independent compensation consulting firm, Watson Wyatt, to prepare competitive benchmarking studies as to, and advise the Compensation Committee on long-term equity compensation for executives in similarly-situated companies. Our Compensation Committee and Board of Directors may engage compensation consultants in the future as they deem it to be necessary or appropriate.

Competitive Benchmarking

In April 2006, Top Five, in consultation with our Compensation Committee, compared our senior management compensation to the senior management compensation at a group of 19 companies (the Compensation Peer Group). This Compensation Peer Group represented similarly-situated medical device and diagnostic companies that were identified by Top Five as companies with similar financial growth and as competitors for executive talent. The following companies comprised the Compensation Peer Group:

Abiomed	Conceptus	Palomar Medical Technologies
Adeza Biomedical	Cutera	Surmodics
Angiodynamics	Digene	Thoratec
Aspect Medical Systems	Intralase	Vivus
ATS Medical	Kensey Nash	VNUS Medical Technologies
Biosite	Meridian Bioscience	
Cholestech	Orasure Technologies	

Top Five measured our relative performance against the Compensation Peer Group over one and three year periods based on the following three financial metrics:

- total shareholder return;
- revenue; and
- EBITDA (earnings before income tax, depreciation and amortization).

The market data obtained regarding the Compensation Peer Group was considered by the Compensation Committee in its fiscal 2009 executive compensation decisions.

Compensation Determinations

The Compensation Committee did not target executive compensation in fiscal 2009 to any specific benchmarks against the Compensation Peer Group, but did generally target total compensation to be competitive with companies in the Compensation Peer Group with similar financial growth rates based on the compensation information for the Compensation Peer Group in fiscal 2006. However, our executive officers total potential cash compensation is more heavily weighted toward annual cash incentive bonuses than most companies in the Compensation Peer Group. In addition to any competitive benchmarks the Compensation Committee deems relevant, the Compensation Committee also considers the recommendations from our Chief Executive Officer regarding the compensation of our executive officers who report directly to him. These recommendations generally

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include annual adjustments to compensation levels, an assessment of each executive officer s overall individual contribution, scope of responsibilities and level of experience.

Elements of Compensation

Base Salary

We provide an annual base salary to each of our executive officers, including each of the named executive officers listed on the Summary Compensation Table below (the Named Executive Officers). Each base salary is reviewed annually by the Compensation Committee and adjusted for the ensuing year based on both (i) an evaluation of individual job performance during the prior year, and (ii) an evaluation of the compensation levels of similarly-situated executive officers at the Compensation Peer Group and in our industry generally.

In determining fiscal 2009 base salaries for our Named Executive Officers, our Compensation Committee generally targeted salaries to be between the 25th and 50th percentile of the Compensation Peer Group. Our Compensation Committee considered this 25th and 50th percentile range as a general guideline for the appropriate level of potential salaries, but did not attempt to specifically match this or any other percentile. Our Compensation Committee also considered the recommendations of the Chief Executive Officer regarding the compensation of each of the Named Executive Officers who reported directly to him. However, the Compensation Committee and our Board of Directors did not base their considerations on any single factor but rather considered a mix of factors and evaluated individual salaries against that mix.

Our Board of Directors set salaries for fiscal 2009 after considering a peer company analysis of total compensation for executive officers prepared in April 2006 by Top Five and the recommendations of the Compensation Committee. For fiscal 2009, the Compensation Committee recommended that we increase base salaries in amounts designed to reward each of the Named Executive Officers for their performance in the prior year while maintaining base salaries at an appropriately competitive level. Our Compensation Committee did not use any specific formula based on the factors described above to determine the final base salary levels for each Named Executive Officer. For fiscal 2009, Dr. Aron received an increase of 8.8% in his base salary upon his promotion to Chief Technology Officer.

In determining fiscal 2010 base salaries for our Named Executive Officers, our Compensation Committee recommended to the Board of Directors not to increase executive base salaries for fiscal 2010 due to the global economic downturn.

Based on the recommendations of the Compensation Committee, our Board of Directors approved the following base salaries (effective May 1, 2008 for fiscal 2009 and July 1, 2009 for fiscal 2010) for our Named Executive Officers:

Named Executive Officer	Fiscal 2009 Base Salary	Fiscal 2010 Base Salary
Clinton H. Severson	$ 360,000	$ 360,000
Alberto R. Santa Ines	$ 200,000	$ 200,000
Kenneth P. Aron, Ph.D.	$ 210,000	$ 210,000
Vladimir E. Ostoich, Ph.D.	$ 210,000	$ 210,000
Martin V. Mulroy	$ 185,000	$ 185,000

Fiscal 2009 and 2010 base salary increases for the Named Executive Officers were as follows:

Named Executive Officer	Fiscal 2009 Percent Increase in Base Salary	Fiscal 2010 Percent Increase in Base Salary
Clinton H. Severson	6.5%	%
Alberto R. Santa Ines	8.1%	%
Kenneth P. Aron, Ph.D.	8.8%	%
Vladimir E. Ostoich, Ph.D.	3.5%	%
Martin V. Mulroy	5.7%	%

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Annual Cash Incentive Bonus

Our annual cash incentive bonus program is an at-risk compensation arrangement designed to provide market competitive cash incentive opportunities that reward our executive officers for the achievement of key financial performance goals that we believe are important for us in creating long-term shareholder value. Most importantly, the program is structured to achieve our overall objective of tying this element of compensation to the attainment of company performance goals that will contribute to our financial success and create shareholder value.

Our annual cash incentive bonus paid to each executive officer, including each of our Named Executive Officers, is primarily based upon Abaxis achieving two equally-weighted financial performance goals, quarterly net sales and quarterly pre-tax income. Additionally, the bonus targets established by the Compensation Committee require executive officers to increase annual corporate financial performance during the applicable fiscal year, compared to our previous year s actual financial results. Accordingly, meeting the bonus targets is highly challenging and requires executive officers to improve financial performance on a year-over-year basis and, thus, a substantial portion of our executive officers compensation is at risk if corporate financial results are not achieved during a particular fiscal year. In addition to meeting financial goals, we must not exceed a certain failure rate on our reagents discs in order for cash incentives to be paid to our executive officers. However, our Compensation Committee has the discretion to grant bonuses even if these performance goals are not met.

For fiscal 2009, our Compensation Committee generally targeted total cash compensation to be at or above the 75th percentile of the Compensation Peer Group. Our Compensation Committee considered this 75th percentile target as a general guideline for the appropriate level of potential cash bonus compensation, but did not attempt to specifically match this or any other percentile. In April 2008, our Board of Directors approved the fiscal 2009 target bonus levels for our executive officers. The following table summarizes the fiscal 2009 target bonus amounts and the bonus amounts awarded for fiscal 2009 for our Named Executive Officers:

Named Executive Officer	**Fiscal 2009 Target Bonus**	**Fiscal 2009 Bonus Awarded**
Clinton H. Severson	$ 525,000	$ 226,406
Alberto R. Santa Ines	$ 300,000	$ 129,375
Kenneth P. Aron, Ph.D.	$ 300,000	$ 129,375
Vladimir E. Ostoich, Ph.D.	$ 300,000	$ 129,375
Martin V. Mulroy	$ 275,000	$ 139,219

Payment of the target bonus is equally weighted between achievement of our quarterly net sales performance goal and our quarterly pre-tax income performance goal. For fiscal 2009, bonuses were earned only if we achieved at least 90% of one or more of our pre-established quarterly net sales and/or quarterly pre-tax income goals. After the initial threshold is met, the amount of the target bonus paid is based on a sliding scale relative to the proportionate achievement of the performance goals. If we achieve 90% of only one performance goal, the payout would be limited to 25% of the aggregate target bonus. For each 1% above 90% of that performance goal, the payout would increase by 2.5% for the aggregate target bonus. The target bonus will be fully earned if at least 100% of both performance goals are achieved. For each 1% above 100% of a performance goal, the payout would increase by 1.5% for the aggregate target bonus. The maximum potential bonus payout is 200% of the target bonus, provided we achieve greater than 133% of at least one of the performance goals. Assuming targets are reached, the bonus payments are paid as follows: 15% of the applicable bonus amount for the first quarter, 25% in the second and third quarters, and 35% in the fourth quarter. At the end of the fourth quarter, the final amount of the bonus earned will be adjusted to reflect overall performance against the year. For the Named Executive Officers, excluding Mr. Mulroy, our Vice President of

Veterinary Sales and Marketing for North America, the financial targets for fiscal 2009 were based on the company s annual net sales and pre-tax income goals. Based on these pre-established goals, our other Named Executive Officers received 43.1% of their target bonus awards for fiscal 2009. Since Mr. Mulroy s responsibility is to manage the veterinary sales in North America, his financial targets for fiscal 2009 were based on sales for the veterinary market for North America and on the company s annual pre-tax income goals. Based on these pre-established goals, Mr. Mulroy received 50.6% of his target bonus awards for fiscal 2009.

Due to the global economic downturn, the Compensation Committee recommended to our Board of Directors that for fiscal 2010 target bonuses, we maintain the target bonuses from fiscal 2009 for the Named Executive

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Officers. In April 2009, our Board of Directors approved the fiscal 2010 target bonus levels for our executive officers. The following table summarizes the fiscal 2010 target bonus amounts for our Named Executive Officers:

Named Executive Officer	Fiscal 2010 Target Bonus
Clinton H. Severson	$ 525,000
Alberto R. Santa Ines	$ 300,000
Kenneth P. Aron, Ph.D.	$ 300,000
Vladimir E. Ostoich, Ph.D.	$ 300,000
Martin V. Mulroy	$ 275,000

We expect payment of the target bonus, as identified above, to continue to be equally weighted at 50% for achievement of our quarterly net sales performance goal and 50% for achievement of our quarterly pre-tax income performance goal. For fiscal 2010, bonuses will only be earned if we achieve at least 90% of one or more of our pre-established quarterly net sales and/or quarterly pre-tax income goals during fiscal 2010. After the initial threshold is met, the amount of the target bonus paid will be based on a sliding scale relative to the proportionate achievement of the performance goals. If we achieve 90% of only one performance goal, the payout would be limited to 25% of the aggregate target bonus. For each 1% above 90% of that performance goal, the payout would increase by 2.5% for the aggregate target bonus. The target bonus will be fully earned if at least 100% of both performance goals are achieved. For each 1% above 100% of a performance goal, the payout would increase by 1.5% for the aggregate target bonus. The maximum potential bonus payout is 200% of the target bonus, provided we achieve greater than 133% of at least one of the performance goals. Assuming targets are reached, we expect that the bonus payments will be paid as follows: 15% of the applicable bonus amount for the first quarter, 25% in the second and third quarters, and 35% in the fourth quarter. At the end of the fourth quarter of fiscal 2010, the final payment will be adjusted to reflect overall performance against the year. Our Compensation Committee and Board of Directors have the discretion to adjust the parameters and performance goals for payment of these annual performance bonuses.

We do not currently have a formal policy regarding adjustments or recovery of awards or payments following a restatement of financial performance targets. In such a circumstance, the Compensation Committee would evaluate whether compensation adjustments were appropriate based upon the facts and circumstances surrounding the restatement.

Long-term Equity Incentive Compensation

Under our 2005 Equity Incentive Plan, we are permitted to award stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance shares, performance units, deferred compensation awards or other share-based awards. Beginning in fiscal 2007, we began granting restricted stock units to our executive officers in lieu of other forms of equity-based grants. Prior to fiscal 2007, equity-based grants to our executive officers comprised solely of stock options. There were no equity grants to our current Named Executive Officers in fiscal 2006. Equity grants to our Named Executive Officers in fiscal 2009 and fiscal 2010 are discussed below. We do not currently have stock ownership guidelines for our executive officers.

Stock Options

Prior to fiscal 2007, a substantial portion of our executive compensation arrangement consisted of long-term incentive grants, comprising of stock options. We granted stock options with an exercise price equal to the fair market value of our common stock on the grant date. Accordingly, our executive officers only realize actual compensation value if our shareholders realize value. In addition, we believe the stock options granted to executive officers created retention incentives as the stock options vested over a period of four years based on cliff-vesting terms only as long as executive officers remained an employee with us. For the unvested stock options granted prior to April 1, 2006, we are required to recognize share-based compensation expense over the vesting period in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment, which we adopted in fiscal 2007 using the modified prospective method.

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Restricted Stock Units

Fiscal 2009 Restricted Stock Unit Grants. In fiscal 2007, we granted restricted stock units with performance acceleration. Our Board of Directors believed that this form of long-term equity incentive will help ensure executive retention and more directly link executive pay to company financial performance. The four-year time-based vesting of the restricted stock units granted in fiscal 2007 accelerates if certain performance criteria are exceeded during the performance period. For a discussion of the performance criteria, see the table entitled Outstanding Equity Awards at Fiscal Year End 2009 below. The Compensation Committee approves all restricted stock unit grants to our Named Executive Officers and other executive officers.

In April 2008, after considering an analysis of total compensation for our Named Executive Officers and upon the recommendation of our Compensation Committee, our Board of Directors granted 50,000 restricted stock units to our Chief Executive Officer and 20,000 restricted stock units to each of our other Named Executive Officers. The value of these equity grants was approximately $1.3 million for our Chief Executive Officer and approximately $500,000 for each of our other Named Executive Officers. The Compensation Committee believed that these grants of restricted stock units were appropriate based on our financial performance over the prior year. The four-year time-based vesting terms of the fiscal 2009 restricted stock unit awards are as follows:

- five percent vesting after the first year of continuous employment;
- additional ten percent after the second year of continuous employment;
- additional 15 percent after the third year of continuous employment; and
- the remaining 70 percent after the fourth year of continuous employment.

Time-based vesting terms is intended to provide retention for our executive officers as the awards vest based on continuous employment. Unlike the fiscal 2007 restricted stock units, these restricted stock units are not subject to performance-based acceleration. Our Compensation Committee believed that retention of the Named Executive Officers was key to our success and that these additional restricted stock units would be more likely, given the time-based vesting schedule of the restricted stock units, to maximize retention of our Named Executive Officers without performance-based acceleration milestones.

Fiscal 2010 Restricted Stock Unit Grants. In April 2009, after considering an analysis of long-term equity incentives conducted by Watson Wyatt in fiscal 2009, for our Named Executive Officers and upon the recommendation of the Compensation Committee, our Board of Directors granted 55,000 restricted stock units to our Chief Executive Officer and 25,000 restricted stock units to each of our other Named Executive Officers. The Compensation Committee believed that these grants of restricted stock units were appropriate based on our financial performance over the prior year. The fiscal 2010 restricted stock unit awards vest, based on time-based vesting terms, in the same manner as the fiscal 2009 restricted stock unit awards discussed above. The fiscal 2010 restricted stock units are also not subject to performance-based acceleration. Our Compensation Committee believed that retention of the Named Executive Officers was key to our success and that these additional restricted stock units would be more likely, given the time-based vesting schedule of the restricted stock units, to maximize retention of our Named Executive Officers without performance-based acceleration milestones.

Other Compensation and Benefits

We do not provide any of our executive officers with any material perquisites. Currently, all benefits offered to our executive officers, including an opportunity to participate in our 401(k) plan, medical, dental, vision, life insurance, disability coverage and flexible spending accounts, are also available on a non-discriminatory basis to other full-time employees. We also provide vacation and other paid holidays to all full-time employees, including our Named Executive Officers.

Employment Agreements

In August 2005, we entered into an employment agreement with Clinton H. Severson, our President and Chief Executive Officer, which provides Mr. Severson with a severance payment equal to two years of salary, bonus and benefits if his employment with us is terminated for any reason other than cause. Certain severance benefits

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provided pursuant to the Severance Plan (described below in Change in Control Agreements) with respect to a change of control supersede those provided pursuant to the employment agreement. None of our other executives have employment agreements with us.

Change in Control Agreements

In July 2006, our Board of Directors, after considering a change of control program analysis from the Compensation Peer Group prepared by Top Five and upon the recommendation of our Compensation Committee, approved and adopted the Abaxis, Inc. Executive Change of Control Severance Plan (the Severance Plan). The Severance Plan was adopted by our Board of Directors to reduce the distraction of executives and potential loss of executive talent that could arise from a potential change of control. Participants in the Severance Plan include Abaxis senior managers who are selected by the Board of Directors. In December 2008, our Board of Directors amended the Severance Plan to ensure its compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the Code) and designated the following current executive officers as participants in the Severance Plan: Clinton H. Severson, our Chairman, President and Chief Executive Officer; Alberto R. Santa Ines, our Chief Financial Officer and Vice President of Finance; Kenneth P. Aron, Ph.D., our Chief Technology Officer; Vladimir E. Ostoich, Ph.D., our Vice President of Government Affairs and Vice President of Marketing for the Pacific Rim; Donald P. Wood, our Chief Operations Officer; and Martin V. Mulroy, our Vice President of Veterinary Sales and Marketing for North America.

The Severance Plan provides that upon the occurrence of a change of control a participant s outstanding stock option(s) and other unvested equity-based instruments will accelerate in full, and any such stock awards shall become immediately exercisable.

In addition, the Severance Plan provides that, if the participant s employment is terminated by us (or any successor of Abaxis) for any reason other than cause, death, or disability within 18 months following the change of control date and such termination constitutes a separation in service, the participant is eligible to receive severance benefits as follows:

- on the 60th day after the termination date, a lump sum cash payment equal to two times the sum of the participant s annual base salary and the participant s target annual bonus amount for the year in which the change of control occurs;

- payment of up to 24 months of premiums for medical, dental and vision benefits, provided, however, that if the participant becomes eligible to receive comparable benefits under another employer s plan, the Company s benefits shall be secondary to those provided under such other plan;

- reimbursement, on a monthly basis, of up to 24 months of premiums for disability and life insurance benefits if the participant elects to convert his or her disability and/or life insurance benefits under the Company s plans into individual policies following termination; and

- payment of an amount equal to any excise tax imposed under Section 4999 of the Code, provided, however, that payment of such amount is capped at $1,000,000 per participant.

Payment of the foregoing severance benefits is conditioned upon the participant s execution of a valid and effective release of claims against us.

Tax Considerations

Deductibility of Executive Compensation

We have considered the provisions of Section 162(m) of the Code and related Treasury Regulations which restrict deductibility of executive compensation paid to our Named Executive Officers and our other executive officers holding office at the end of any year to the extent such compensation exceeds $1,000,000 for any of such officers in any year and does not qualify for an exception under the statute or regulations. The Compensation Committee endeavors to maximize deductibility of compensation under Section 162(m) of the Code to the extent practicable while maintaining a competitive, performance-based compensation program. However, tax consequences, including tax deductibility, are subject to many factors (such as changes in the tax laws and regulations or

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interpretations thereof and the timing of various decisions by officers regarding stock options) which are beyond the control of both the Company and our Compensation Committee. In addition, our Compensation Committee believes that it is important to retain maximum flexibility in designing compensation programs that meet its stated business objectives. For these reasons, our Compensation Committee, while considering tax deductibility as a factor in determining compensation, will not limit compensation to those levels or types of compensation that will be deductible. Our Compensation Committee will continue to consider alternative forms of compensation, consistent with its compensation goals that preserve deductibility. The Compensation Committee does not believe that the components of our compensation will be likely to exceed $1,000,000 by a material amount for any affected executive officer in the near future and therefore concluded that no further action with respect to qualifying such compensation for deductibility was necessary at this time.

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth for fiscal 2009, 2008 and 2007, the compensation awarded or paid to, or earned by, Abaxis Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers at March 31, 2009 (collectively, the Named Executive Officers).

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
Clinton H. Severson	2009	355,770		465,214		226,406	9,311(5)	1,056,701
President, Chief Executive	2008	336,500		253,941	1,099	456,000	11,535(5)	1,059,075
Officer and Chairman of the Board	2007	323,500		101,040	8,603	500,250	13,823(5)	947,216
Alberto R. Santa Ines	2009	197,115		129,741		129,375	8,949(6)	465,180
Chief Financial Officer and	2008	183,846		64,597	879	261,250	10,972(6)	521,544
Vice President of Finance	2007	174,008		22,453	8,997	287,500	13,227(6)	506,185
Kenneth P. Aron, Ph.D.	2009	206,730		129,741		129,375	19,585(7)	485,431
Chief Technology Officer	2008	192,077		64,597	879	261,250	20,753(7)	539,556
	2007	184,054		22,453	6,882	287,500	22,592(7)	523,481
Vladimir E. Ostoich, Ph.D.	2009	208,654		129,741		129,375	14,552(8)	482,322
Vice President of	2008	202,077		64,597	879	261,250	16,599(8)	545,402
Government Affairs and Vice President of Marketing for the Pacific Rim	2007	194,100		22,453	6,882	287,500	17,013(8)	527,948
Martin V. Mulroy Vice President of Veterinary Sales and Marketing for North America(9)	2009	183,077		129,741	6,218	139,219	7,896(10)	466,151

(1) Awards consist of restricted stock units granted to the Named Executive Officer in the fiscal year specified as well as prior fiscal years. Amounts shown do not reflect whether the Named Executive Officer has actually realized a financial benefit from the awards (such as by vesting in a restricted stock unit award). Amounts listed in this column represent the compensation cost recognized by us for financial statement reporting purposes. These amounts have been calculated in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS No. 123(R)). For a discussion of the assumptions used in determining the fair value of awards of restricted stock units in the above table, see Note 11 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K filed with the SEC on June 12, 2009.

(2)

Awards consist of stock options granted to the Named Executive Officer in the fiscal year specified as well as prior fiscal years. Amounts shown do not reflect whether the Named Executive Officer has actually realized a financial benefit from the awards (such as by exercising stock options). Amounts listed in this column represent the compensation cost recognized by us for financial statement reporting purposes. These amounts have been calculated in accordance with SFAS No. 123(R). For a discussion of the assumptions used in determining the fair value of awards of stock options in the above table, see Note 11 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K filed with the SEC on June 12, 2009.

(3) Represents aggregate cash performance bonuses earned during each fiscal year based on achievement of corporate financial performance goals, as described under Executive Compensation Compensation Discussion and Analysis above. These bonuses were paid in four quarterly installments within one month following the end of the applicable quarter upon achieving the established quarterly net sales and quarterly pre-tax income goals for that quarter. Amounts do not include bonuses paid during a fiscal year, with respect to bonuses earned in a prior fiscal year.

(4) Amounts listed are based upon our actual costs expensed in connection with such compensation.

(5) In fiscal 2009, consists of $4,652 in supplemental health plan expenses reimbursed by us, $648 in group life insurance paid by us, $626 in disability insurance premiums paid by us and $3,385 in matching contributions made by us to Mr. Severson s 401(k) account. In fiscal 2008, consists of $4,378 in supplemental health plan expenses reimbursed by us, $780 in group life insurance paid by us, $752 in disability insurance premiums paid by us and $5,625 in matching contributions made by us to Mr. Severson s 401(k) account. In fiscal 2007, consists of $4,366 in supplemental health plan expenses reimbursed by us, $780 in group life insurance paid by us, $812 in disability insurance premiums paid by us and $7,865 in matching contributions made by us to Mr. Severson s 401(k) account.

(6) In fiscal 2009, consists of $4,652 in supplemental health plan expenses reimbursed by us, $432 in group life insurance paid by us, $480 in disability insurance premiums paid by us and $3,385 in matching contributions made by us to Mr. Santa Ines 401(k) account. In fiscal 2008, consists of $4,490 in supplemental health plan expenses reimbursed by us, $420 in group life insurance paid by us, $437 in disability insurance premiums paid by us and $5,625 in matching contributions made by us to Mr. Santa Ines 401(k) account. In fiscal 2007, consists of $4,505 in supplemental health plan expenses reimbursed by us, $420 in group life insurance paid by us, $437 in disability insurance premiums paid by us and $7,865 in matching contributions made by us to Mr. Santa Ines 401(k) account.

(7) In fiscal 2009, consists of $14,959 in supplemental health plan expenses reimbursed by us, $451 in group life insurance paid by us, $502 in disability insurance premiums paid by us and $3,673 in matching contributions made by us to Mr. Aron s 401(k) account. In fiscal 2008, consists of $14,222 in supplemental health plan expenses reimbursed by us, $444 in group life insurance paid by us, $462 in disability insurance premiums paid by us and $5,625 in matching contributions made by us to Mr. Aron s 401(k) account. In fiscal 2007, consists of $14,186 in supplemental health plan expenses reimbursed by us, $444 in group life insurance paid by us, $462 in disability insurance premiums paid by us and $7,500 in matching contributions made by us to Mr. Aron s 401(k) account.

(8) In fiscal 2009, consists of $10,599 in supplemental health plan expenses reimbursed by us, $451 in group life insurance paid by us, $502 in disability insurance premiums paid by us and $3,000 in matching contributions made by us to Mr. Ostoich s 401(k) account. In fiscal 2008, consists of $10,043 in supplemental health plan expenses reimbursed by us, $444 in group life insurance paid by us, $487 in disability insurance premiums paid by us and $5,625 in matching contributions made by us to Mr. Ostoich s 401(k) account. In fiscal 2007, consists of $10,058 in supplemental health plan expenses reimbursed by us, $468 in group life insurance paid by us, $487 in disability insurance premiums paid by us and $6,000 in matching contributions made by us to Mr. Ostoich s 401(k) account.

(9) Mr. Mulroy was not a Named Executive Officer for fiscal 2008 or 2007.

(10) In fiscal 2009, consists of $4,652 in supplemental health plan expenses reimbursed by us, $400 in group life insurance paid by us, $444 in disability insurance premiums paid by us and $2,400 in matching contributions made by us to Mr. Mulroy s 401(k) account.

Salary and Bonus in Proportion to Total Compensation. The following table sets forth the percentage of base salary and annual cash incentive bonus earned by each Named Executive Officer as a percentage of total compensation for fiscal 2009.

Named Executive Officer	**Base Salary as a Percentage of Total Compensation**	**Annual Cash Incentive Bonus as a Percentage of Total Compensation**
Clinton H. Severson	34%	21%
Alberto R. Santa Ines	42%	28%
Kenneth P. Aron, Ph.D.	43%	27%
Vladimir E. Ostoich, Ph.D.	43%	27%
Martin V. Mulroy	39%	30%

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CEO Employment Agreement. In August 2005, we entered into an employment agreement with Clinton H. Severson, our President and Chief Executive Officer, which provides Mr. Severson with a severance payment equal to two years of salary, bonus and benefits if his employment with us is terminated for any reason other than cause. Certain severance benefits provided pursuant to the Severance Plan (described above in Change of Control Agreements) with respect to a change of control supersede those provided pursuant to the employment agreement. None of our other executives have employment agreements with us.

Grants of Plan-Based Awards in Fiscal 2009

The following table sets forth the grants of plan-based awards to our Named Executive Officers during fiscal 2009.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Option Awards
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)(2)**	**(#)**	**($)(3)**
Clinton H. Severson	5/5/2008	131,250	525,000	1,050,000			50,000		1,250,000
Alberto R. Santa Ines	5/5/2008	75,000	300,000	600,000			20,000		500,000
Kenneth P. Aron, Ph.D.	5/5/2008	75,000	300,000	600,000			20,000		500,000
Vladimir E. Ostoich, Ph.D.	5/5/2008	75,000	300,000	600,000			20,000		500,000
Martin V. Mulroy	5/5/2008	68,750	275,000	550,000			20,000		500,000

(1) Actual cash performance bonuses, which were approved by the Board of Directors upon recommendation by the Compensation Committee based on achievement of corporate financial performance goals for fiscal 2009, were paid in four quarterly installments within one month following the end of the applicable quarter upon achieving the established quarterly net sales and quarterly pre-tax income goals. Actual cash performance bonuses are shown in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table above.

(2) Each of the equity-based awards reported in the Grants of Plan-Based Awards table was granted under, and is subject to, the terms of our 2005 Equity Incentive Plan. The time-based vesting schedule of restricted stock unit grants during fiscal 2009 are described above in Restricted Stock Units.

(3) Represents the fair value of the restricted stock unit award on the date of grant, pursuant to SFAS No. 123(R). See Note 11 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K filed with the SEC on June 12, 2009 for additional information.

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Outstanding Equity Awards at Fiscal Year End 2009

The following table shows, for the fiscal year ended March 31, 2009, certain information regarding outstanding equity awards at fiscal year end for our Named Executive Officers.

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable (1)	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)(2)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(3)
Clinton H. Severson	150,000		4.87	4/24/2011				
	10,417		3.85	4/22/2013				
	50,000(4)		21.65	4/20/2014				
							34,000(5)	586,160
							42,500(5)	732,700
							47,500(6)	818,900
							50,000(7)	862,000
Alberto R. Santa Ines	37,432		3.00	7/23/2012				
	25,000		3.85	4/22/2013				
	40,000(4)		21.65	4/20/2014				
							17,000(5)	293,080
							19,000(6)	327,560
							20,000(7)	344,800
Kenneth P. Aron, Ph.D.	3,109		7.5625	2/7/2010				
	50,000		6.31	10/31/2010				
	4,500		5.47	7/24/2011				
	40,000(4)		21.65	4/20/2014				

				17,000(5)	293,080
				19,000(6)	327,560
				20,000(7)	344,800
Vladimir E. Ostoich, Ph.D.	16,000	8.125	1/25/2010		
	9,500	5.47	7/24/2011		
	40,000	3.85	4/22/2013		
	22,000(4)	21.65	4/20/2014		
				17,000(5)	293,080
				19,000(6)	327,560
				20,000(7)	344,800
Martin V. Mulroy	437	6.0625	1/2/2011		
	2,812	4.87	4/24/2011		
	8,000	3.85	4/22/2013		
	2,292	14.05	1/3/2015		
				17,000(5)	293,080
				19,000(6)	327,560
				20,000(7)	344,800

(1) Options granted to the Named Executive Officers expire ten years after the grant date. All options vest one-fourth on the first anniversary date of grant and vests at a rate of 1/48th for each full month thereafter, except as otherwise noted.

(2) Represents the fair value of our common stock on the grant date of the option.

(3) The value of the equity award is based on the closing price of our common stock of $17.24 on March 31, 2009, as reported on the NASDAQ Global Select Market.

(4) These options were accelerated in full by our Board of Directors and became fully vested on December 5, 2005. However, pursuant to a lock-up and consent agreement entered into with each of our Named Executive Officers, these options may not be exercised prior to the date on which the exercise would have been permitted under the

vesting schedule set forth in footnote 1, or earlier upon the Named Executive Officer s last day of employment or a change in control. On April 20, 2008, the restrictions under the lock-up and consent agreements expired and 100% of these shares became exercisable.

(5) The four-year time-based vesting terms of the restricted stock units is as follows, assuming continuous employment: five percent of the shares vest on April 25, 2007; ten percent of the shares vest on April 25, 2008; 15 percent of the shares vest on April 25, 2009; and 70 percent of the shares vest on April 25, 2010. Additionally, these restricted stock unit awards are also subject to accelerated vesting upon achieving the following performance-based milestones:

upon attainment of certain pre-tax income goals by March 31, 2007, vesting will accelerate to an aggregate of 25% within one year from grant date; by March 31, 2008, vesting will accelerate to an aggregate of 25% within two years from grant date; by March 31, 2009, vesting will accelerate to an aggregate of 30%, within three years of grant date; hence, meeting pre-tax income goals in each of the fiscal years ended March 31, 2007, 2008 and 2009 can result in a cumulative vesting of 80% over three years;

upon attainment of certain product development objectives prior to June 30, 2007, an additional vesting of 10% would be awarded;

upon satisfaction of certain regulatory requirements prior to March 31, 2008, an additional vesting of 10% would be awarded; or

upon attainment of a certain level of operating income per share for any fiscal year during the four-year vesting period, the restricted stock units will accelerate in full.

To date, none of the foregoing performance-based milestones required for acceleration has been achieved. In each case, vesting of the equity award is conditioned upon the Named Executive Officer s continuous employment through the applicable vesting date.

(6) The four-year time-based vesting terms of the restricted stock units is as follows, assuming continuous employment: five percent of the shares vest on April 30, 2008; ten percent of the shares vest on April 30, 2009; 15 percent of the shares vest on April 30, 2010; and 70 percent of the shares vest on April 30, 2011.

(7) The four-year time-based vesting terms of the restricted stock units is as follows, assuming continuous employment: five percent of the shares vest on May 5, 2009; ten percent of the shares vest on May 5, 2010; 15 percent of the shares vest on May 5, 2011; and 70 percent of the shares vest on May 5, 2012.

Option Exercises and Stock Vested in Fiscal 2009

The following table shows all shares of common stock acquired upon exercise of stock options and value realized upon exercise, and all stock awards vested and value realized upon vesting, held by our Named Executive Officers during fiscal 2009.

	Option Awards		Stock Awards	
	Number of Shares	Value Realized on	Number of Shares	Value Realized on

Name	Acquired on Exercise (#)	Exercise ($)(1)	Acquired on Vesting (#)	Vesting ($)(2)
Clinton H. Severson	70,000	893,394	11,500	287,500
Alberto R. Santa Ines			3,000	75,000
Kenneth P. Aron, Ph.D.			3,000	75,000
Vladimir E. Ostoich, Ph.D.	50,000	723,625	3,000	75,000
Martin V. Mulroy	400	5,233	3,000	75,000

(1) The value realized equals the difference between the option exercise price and the fair market value of our common stock on the date of exercise, as reported on the NASDAQ Global Market, multiplied by the number of shares for which the option was exercised.

(2) The value realized on vesting of restricted stock units equals the fair market value of our common stock on the settlement date, multiplied by the number of shares that vested.

Severance and Change in Control Agreements

Employment Agreement

In August 2005, we entered into an employment agreement with Clinton H. Severson, our President and Chief Executive Officer, which provides Mr. Severson with a severance payment equal to two years of salary, bonus and benefits if his employment with us is terminated for any reason other than cause. Certain severance benefits provided pursuant to the Severance Plan (described below in Executive Change of Control Severance Plan) with respect to a change of control supersede those provided pursuant to the employment agreement. None of our other executives have employment agreements with us.

Executive Change of Control Severance Plan

In July 2006, our Board of Directors, after considering a change of control program analysis from the Compensation Peer Group prepared by Top Five and upon the recommendation of our Compensation Committee, approved and adopted the Abaxis, Inc. Executive Change of Control Severance Plan (the Severance Plan). The Severance Plan was adopted by our Board of Directors to reduce the distraction of executives and potential loss of executive talent that could arise from a potential change of control. Participants in the Severance Plan include Abaxis senior managers who are selected by the Board of Directors. In December 2008, our Board of Directors amended the Severance Plan to ensure its compliance with Section 409A of the Code and designated the following current executive officers as participants in the Severance Plan: Clinton H. Severson, our Chairman, President and Chief Executive Officer; Alberto R. Santa Ines, our Chief Financial Officer and Vice President of Finance; Kenneth P. Aron, Ph.D., our Chief Technology Officer; Vladimir E. Ostoich, Ph.D., our Vice President of Government Affairs and Vice President of Marketing for the Pacific Rim; Donald P. Wood, our Chief Operations Officer; and Martin V. Mulroy, our Vice President of Veterinary Sales and Marketing for North America.

The Severance Plan provides that upon the occurrence of a change of control a participant s outstanding stock option(s) and other unvested equity-based instruments will accelerate in full, and any such stock awards shall become immediately exercisable.

In addition, the Severance Plan provides that, if the participant s employment is terminated by us (or any successor of Abaxis) for any reason other than cause, death, or disability within 18 months following the change of control date and such termination constitutes a separation in service, the participant is eligible to receive severance benefits as follows:

- on the 60th day after the termination date, a lump sum cash payment equal to two times the sum of the participant s annual base salary and the participant s target annual bonus amount for the year in which the change of control occurs;

- payment of up to 24 months of premiums for medical, dental and vision benefits, provided, however, that if the participant becomes eligible to receive comparable benefits under another employer s plan, the Company s benefits shall be secondary to those provided under such other plan;

- reimbursement, on a monthly basis, of up to 24 months of premiums for disability and life insurance benefits if the participant elects to convert his or her disability and/or life insurance benefits under the Company s plans into individual policies following termination; and payment of an amount equal to any excise tax imposed under Section 4999 of the Code, provided, however, that payment of such amount is capped at $1,000,000 per participant.

Payment of the foregoing severance benefits is conditioned upon the participant s execution of a valid and effective release of claims against us.

Incentive Plans

Under our 2005 Equity Incentive Plan, (the 2005 Plan), in the event of a change in control, as such term is defined by the 2005 Plan, the surviving, continuing, successor or purchasing entity or its parent may, without the consent of any participant, either assume or continue in effect any or all outstanding options and stock appreciation rights or substitute substantially equivalent options or rights for its stock. Any options or stock appreciation rights which are not assumed or continued in connection with a change in control or exercised prior to the change in control will terminate effective as of the time of the change in control. Our Compensation Committee may provide for the acceleration of vesting of any or all outstanding options or stock appreciation rights upon such terms and to such extent as it determines. The 2005 Plan also authorizes our Compensation Committee, in its discretion and without the consent of any participant, to cancel each or any outstanding option or stock appreciation right upon a change in control in exchange for a payment to the participant with respect to each vested share (and each unvested share if so determined by our Compensation Committee) subject to the cancelled award of an amount equal to the excess of the consideration to be paid per share of common stock in the change in control transaction over the exercise price per share under the award. The Compensation Committee, in its discretion, may provide in the event of a change in control for the acceleration of vesting and/or settlement of any stock award, restricted stock unit award, performance share or performance unit, cash-based award or other share-based award held by a participant upon such conditions and to such extent as determined by our Compensation Committee. It is currently anticipated that awards granted to executive officers will accelerate fully on a change of control. The vesting of non-employee director awards granted under the 2005 Plan automatically will accelerate in full upon a change in control.

All outstanding stock options under our 1992 Outside Directors Stock Option Plan (the Directors Plan) are fully vested and no additional options will be granted under the Directors Plan. Our Directors Plan provides that, in the event of a transfer of control of the company, the surviving, continuing, successor or purchasing corporation or a parent corporation thereof, as the case may be, shall either assume our rights and obligations under stock option agreements outstanding under our option plans or substitute options for the acquiring corporation s stock for such outstanding options. Any options which are neither assumed by the acquiring corporation, nor exercised as of the date of the transfer of control, shall terminate effective as of the date of the transfer of control.

As described above, certain additional compensation is payable to a Named Executive Officer (i) if his employment was involuntarily terminated without cause, (ii) upon a change in control or (iii) if his employment was terminated involuntarily following a change in control. The amounts shown in the table below assume that such termination was effective as of March 31, 2009, and do not include amounts in which the Named Executive Officer had already vested as of March 31, 2009. The actual compensation to be paid can only be determined at the time of the change in control and/or a Named Executive Officer s termination of employment.

Potential Payments Upon Termination or Change in Control

Executive Benefits and Payments Upon Separation	**Involuntary Termination Without Cause(1)**	**Change in Control (No Termination)**	**Involuntary Termination Without Cause Following a Change In Control(2)**
Clinton H. Severson			
Salary and bonus	$ 1,853,077		$ 1,853,077
Vesting of restricted stock units(3)	$ 2,999,760	$ 2,999,760	$ 2,999,760
Health and welfare benefits(4)	$ 11,852		$ 11,852
Total	$ 4,864,689	$ 2,999,760	$ 4,864,689
Alberto R. Santa Ines			
Salary and bonus			$ 1,046,154

Vesting of restricted stock units(3)	$ 965,440	$ 965,440
Health and welfare benefits(4)		$ 11,128
Excise tax reimbursement(5)		$ 101,339
Total	$ 965,440	$ 2,124,061
Kenneth P. Aron, Ph.D.		
Salary and bonus		$ 1,068,462
Vesting of restricted stock units(3)	$ 965,440	$ 965,440
Health and welfare benefits(4)		$ 31,824
Total	$ 965,440	$ 2,065,726

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Executive Benefits and Payments Upon Separation	Involuntary Termination Without Cause(1)	Change in Control (No Termination)	Involuntary Termination Without Cause Following a Change In Control(2)
Vladimir E. Ostoich, Ph.D.			
Salary and bonus			$ 1,068,462
Vesting of restricted stock units(3)		$ 965,440	$ 965,440
Health and welfare benefits(4)			$ 23,104
Total		$ 965,440	$ 2,057,006
Martin V. Mulroy			
Salary and bonus			$ 962,692
Vesting of restricted stock units(3)		$ 965,440	$ 965,440
Health and welfare benefits(4)			$ 10,992
Excise tax reimbursement(5)			$ 189,652
Total		$ 965,440	$ 2,128,776

(1) Amounts relate to payments to Mr. Severson equal to two years of salary, bonus and benefits if his employment with us is terminated for any reason other than cause (as defined in Mr. Severson s employment agreement).

(2) Amounts assume that the Named Executive Officer was terminated without cause or due to constructive termination during the 18-month period following a change in control.

(3) The value of the restricted stock unit assumes that the market price per share of our common stock on the date of termination of employment was equal to the closing price of our common stock of $17.24 on March 31, 2009, as reported on the NASDAQ Global Select Market.

(4) Health and welfare benefits includes payment of 24 months of premiums for medical, dental, vision, disability and life insurance benefits.

(5) For purposes of computing the excise tax reimbursement payments, base amount calculations are based on the Named Executive Officer s taxable wages for the fiscal years 2004 through 2009.

DIRECTOR COMPENSATION

Director Compensation Table

The table below summarizes the compensation paid to our non-employee directors for fiscal 2009.

Name(1)	Fees Earned or Paid in Cash ($)	Stock Awards ($)(2)(3)(4)	Option Awards ($)(5)	All Other Compensation ($)	Total ($)

Richard J. Bastiani, Ph.D.	24,000	36,346	60,346
Henk J. Evenhuis	28,250	36,346	64,596
Brenton G. A. Hanlon*	24,000	36,346	60,346
Prithipal Singh, Ph.D.	21,250	36,346	57,596
Ernest S. Tucker, III, M.D.	23,250	36,346	59,596

* *Mr. Hanlon resigned from the Company s Board of Directors as of August 10, 2009.*

(1) Clinton H. Severson, our Chief Executive Officer and Director, is not included in this table as he is an employee of the Company and receives no compensation for his services as a director. The compensation received by Mr. Severson as an employee is shown in the Summary Compensation Table above.

(2) Amounts listed in this column represent our accounting expense for these awards, over the requisite service period, in accordance with SFAS No. 123(R). For a discussion of the assumptions used in determining the fair value of awards of restricted stock units in the above table, see Note 11 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K filed with the SEC on June 12, 2009. Restricted stock units were

granted to non-employee directors starting in fiscal 2007. No stock awards were forfeited by any of our non-employee directors during fiscal 2009.

(3) Each non-employee director listed in the table above was granted an award of 1,500 restricted stock units on May 5, 2008 under our 2005 Plan. The grant date fair value, as determined in accordance with SFAS No. 123(R), of the restricted stock units granted during fiscal 2009 for each of the directors listed in the table above was $37,500.

(4) As of March 31, 2009, each of our non-employee directors held 1,500 shares of unvested restricted stock units.

(5) No options were awarded to our non-employee directors in fiscal 2009, 2008 or 2007. As of March 31, 2009, the non-employee directors held the following number of outstanding options: Dr. Bastiani, 24,000; Mr. Evenhuis, 18,000; Mr. Hanlon, 16,000; Dr. Singh, 22,000; and Dr. Tucker, 13,000 shares.

Cash Compensation Paid to Board Members

During fiscal 2009, all non-employee directors received an annual retainer of $12,000. The non-employee Chairs of our Audit Committee and Compensation Committee received an annual supplement of $5,000 and $2,000, respectively. Our non-employee directors each received $1,250 per board meeting attended and $1,000 per committee meeting attended. We also reimburse our non-employee directors for reasonable travel expenses incurred in connection with attending board and committee meetings. Directors who are employees receive no compensation for their service as directors.

Equity Compensation Paid to Board Members

Non-employee directors are eligible to receive awards under the 2005 Plan, but such awards are discretionary and not automatic. In fiscal 2009, 2008 and 2007, each non-employee director received an annual equity award of 1,500 restricted stock units granted under the 2005 Plan. Each award of restricted stock units represents the right of the participant to receive, without payment of monetary consideration, on the vesting date, a number of shares of common stock equal to the number of units vesting on such date. Subject to the director s continued service with us through the applicable vesting date, each restricted stock unit award will vest in full 12 months after the grant date. Under the terms of the 2005 Plan, the vesting of each non-employee director restricted stock unit award will also be accelerated in full in the event of a change in control, as defined in the 2005 Plan.

TRANSACTIONS WITH RELATED PERSONS

Certain Relationships and Related Transactions

During the fiscal year ended March 31, 2009 and as of the date hereof, there was not, nor is there any currently proposed transaction or series of similar transactions to which the Company was or is to be a party in which the amount involved exceeds $120,000 and in which any executive officer, director or holder of more than 5% of any class of voting securities of the Company and members of that person s immediate family had or will have a direct or indirect material interest, other than as set forth in the Summary Compensation Table above.

Indemnification Agreements

The Company has entered into indemnity agreements with certain officers and directors which provide, among other things, that the Company will indemnify such officer or director, under the circumstances and to the extent provided for therein, for expenses, damages, judgments, fines and settlements he or she may be required to pay in actions or proceedings which he or she is or may be made a party by reason of his or her position as a director, officer or other agent of the Company, and otherwise to the fullest extent permitted under applicable law.

Related-Person Transactions Policy and Procedures

Pursuant to the requirements set forth in the charter of the Company s Audit Committee, the Audit Committee is responsible for reviewing and approving any related-party transactions, after reviewing each such transaction for potential conflicts of interests and other improprieties. The Company does not have any additional written

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procedures governing the process for addressing related-person transactions. However, in approving or rejecting proposed transactions, the Audit Committee generally considers the relevant facts and circumstances available and deemed relevant, including, but not limited to the risks, costs and benefits to the Company, the terms of the transaction, the availability of other sources for comparable services or products, and, if applicable, the impact on a director s independence.

As required under the Nasdaq listing standards, a majority of the members of a listed company s Board of Directors must qualify as independent, as affirmatively determined by the Board of Directors. The Board consults with the Company s counsel to ensure that the Board s determinations are consistent with relevant securities and other laws and regulations regarding the definition of independent, including those set forth in the Nasdaq listing standards, as in effect time to time. Consistent with these considerations, after review of all relevant transactions or relationships between each director, or any of his or her family members, and the Company, its senior management and its independent auditors, the Board has affirmatively determined that each of the following directors are independent directors within the meaning of the applicable Nasdaq listing standards: Mr. Evenhuis, Dr. Bastiani, Dr. Singh and Dr. Tucker. In addition, the Board previously determined that Mr. Hanlon, who resigned from the Board of Directors as of August 10, 2009, was an independent director within the meaning of the applicable Nasdaq listing standards prior to such resignation. In making this determination, the Board found that none of these current or former directors or nominees for director had a material or other disqualifying relationship with the Company. Mr. Severson, the Company s Chairman, President and Chief Executive Officer, is not an independent director by virtue of his employment with the Company.

HOUSEHOLDING OF PROXY MATERIALS

The SEC has adopted rules that permit companies and intermediaries (e.g., brokers) to satisfy the delivery requirements for annual meeting materials with respect to two or more shareholders sharing the same address by delivering a single set of annual meeting materials addressed to those shareholders. This process, which is commonly referred to as householding, potentially means extra convenience for shareholders and cost savings for companies.

This year, a number of brokers with account holders who are Abaxis shareholders may be householding proxy materials. A single set of annual meeting materials may be delivered to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker that they will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate set of annual meeting materials, please notify your broker. Direct your written request to Abaxis, Inc., Alberto R. Santa Ines, Chief Financial Officer and Secretary, 3240 Whipple Road, Union City, California 94587 or contact Alberto R. Santa Ines at 1-510-675-6500. Shareholders who currently receive multiple copies of the annual meeting materials at their addresses and would like to request householding of their communications should contact their brokers.

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OTHER MATTERS

The Board of Directors knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

ALBERTO R. SANTA INES
Chief Financial Officer and Secretary

September 17, 2009

A copy of the Company s Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year ended March 31, 2009 is available without charge upon written request to: Investor Relations, Abaxis, Inc., 3240 Whipple Road, Union City, California 94587.

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Electronic Voting Instructions
You can vote by Internet or telephone!
Available 24 hours a day, 7 days a week!
Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.
VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.
Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on October 28, 2009.
Vote by Internet

Log on to the Internet and go to
www.investorvote.com/ABAX

Follow the steps outlined on the secured website.

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone telephone. There is NO CHARGE to you for the call.

Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an X as shown in this example. x
Please do not write outside the designated areas.

Annual Meeting Proxy Card

IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A Proposals The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposal 2.

1. Election of Directors:	For	Withhold		For	Withhold		For	Withhold
01 - Clinton H. Severson *	o	o	02 - Richard J. Bastiani, Ph.D. *	o	o	03 - Henk J. Evenhuis *	o	o
04 - Prithipal Singh, Ph.D. *	o	o	05 - Ernest S. Tucker III, M.D. *	o	o			

* each to serve until the 2010 Annual Meeting of Shareholders or until their respective successors are elected and qualified.

	For	Against	Abstain
2. To ratify the appointment of Burr, Pilger & Mayer LLP as the independent registered public accounting firm of Abaxis, Inc. for the fiscal year ending March 31, 2010.	o	o	o

B Non-Voting Items

Change of Address Please print your new address below. **Comments** Please print your comments below. **Meeting Attendance** o
Mark the box to the

right if you plan to attend the Annual Meeting.

C Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below

Please sign here exactly as your name(s) appears on your stock certificate. If shares of stock are held jointly, both or all of such persons should sign. Corporate or partnership proxies should be signed in full corporate name by an authorized person. Persons signing in a fiduciary capacity should indicate their full titles in such capacity. Please date the Proxy.

m/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within

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013BUB

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IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

Proxy Abaxis, Inc.

PROXY FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON OCTOBER 28, 2009
SOLICITED BY THE BOARD OF DIRECTORS
The undersigned hereby appoints Clinton H. Severson and Alberto R. Santa Ines, and each of them, with full power of substitution, to represent the undersigned and to vote all of the shares of stock in Abaxis, Inc. a California corporation, which the undersigned is entitled to vote at the Annual Meeting of Shareholders of Abaxis to be held at the principal offices of Abaxis at 3240 Whipple Road, Union City, California 94587, on Wednesday, October 28, 2009, at 10:00 a.m. local time, and at any adjournment or postponement thereof (1) as hereinafter specified upon the proposals listed on the reverse side and as more particularly described in the Proxy Statement for the 2009 Annual Meeting of Abaxis Shareholders (the Proxy Statement), receipt of which is hereby acknowledged, and (2) in their discretion upon such other matters as may properly come before the meeting.
THE SHARES REPRESENTED HEREBY SHALL BE VOTED AS SPECIFIED. IF NO SPECIFICATION IS MADE, SUCH SHARES SHALL BE VOTED FOR ALL NOMINEES UNDER PROPOSAL 1 AND FOR PROPOSAL 2.
WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, YOU ARE URGED TO SIGN AND PROMPTLY MAIL THIS PROXY IN THE RETURN ENVELOPE SO THAT YOUR STOCK MAY BE REPRESENTED AT THE MEETING.