
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended **March 31, 2009**

OR

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

For the transition period from _____ to _____

Commission file number **0-21918**

FLIR Systems, Inc.

(Exact name of Registrant as specified in its charter)

Oregon

(State or other jurisdiction of
incorporation or organization)

93-0708501

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

27700 SW Parkway Avenue, Wilsonville, Oregon

(Address of principal executive offices)

97070

(Zip Code)

(503) 498-3547

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer Accelerated file

Non-accelerated filer Smaller reporting company

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

At April 30, 2009, there were 150,246,242 shares of the Registrant's common stock, \$0.01 par value, outstanding.

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

FLIR SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF INCOME (In thousands, except per share amounts) (Unaudited)

	Three Months Ended	
	March 31,	
	2009	2008
		(As Adjusted)
Revenue	\$ 271,996	\$ 236,906
Cost of goods sold	114,281	106,111
Gross profit	157,715	130,795
Operating expenses:		
Research and development	22,409	23,110
Selling, general and administrative	51,940	52,579
Total operating expenses	74,349	75,689
Earnings from operations	83,366	55,106
Interest expense	2,778	3,793
Other income, net	(1,024)	(18)
Earnings before income taxes	81,612	51,331
Income tax provision.....	27,340	14,810
Net earnings	\$ 54,272	\$ 36,521
Net earnings per share:		
Basic	\$ 0.38	\$ 0.27
Diluted	\$ 0.35	\$ 0.24
Weighted average shares outstanding:		
Basic	143,819	136,992
Diluted	162,578	161,488

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

FLIR SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)
(Unaudited)

	March 31, 2009	December 31, 2008
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 327,265	\$ 289,442
Accounts receivable, net	234,402	239,183
Inventories	210,524	207,487
Prepaid expenses and other current assets	55,094	59,824
Deferred income taxes, net.....	16,537	16,566
Total current assets	843,822	812,502
Property and equipment, net	125,135	122,304
Deferred income taxes, net	3,861	2,217
Goodwill	221,398	225,685
Intangible assets, net	52,305	56,174
Other assets	22,277	22,195
	\$ 1,268,798	\$ 1,241,077
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 59,399	\$ 47,823
Deferred revenue	25,113	27,554
Accrued payroll and related liabilities	32,066	43,337
Accrued product warranties	7,925	7,826
Advance payments from customers	18,078	19,183
Accrued expenses	19,327	21,978
Other current liabilities	1,858	4,553
Accrued income taxes	10,874	--
Current portion of long-term debt	18	21
Total current liabilities	174,658	172,275
Long-term debt	88,158	182,825
Deferred tax liability, net	5,158	5,983
Accrued income taxes	6,025	5,697
Pension and other long-term liabilities	30,357	29,572
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$0.01 par value, 10,000 shares authorized; no shares issued at March 31, 2009, and December 31, 2008	--	--
Common stock, \$0.01 par value, 500,000 shares authorized, 150,536 and 141,387 shares issued at March 31, 2009, and December 31, 2008, respectively, and additional paid-in capital	369,150	282,849
Retained earnings	631,362	577,090
Accumulated other comprehensive loss	(36,070)	(15,214)
Total shareholders' equity	964,442	844,725
	\$ 1,268,798	\$ 1,241,077

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

FLIR SYSTEMS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended	
	March 31,	
	2009	2008
		(As Adjusted)
Cash flows from operating activities:		
Net earnings	\$ 54,272	\$ 36,521
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	9,925	9,251
Disposal and write-offs of property and equipment	282	1
Deferred income taxes	(525)	(485)
Stock-based compensation arrangements	5,178	4,105
Cash inducement on exchange offer of convertible notes	1,997	--
Other non-cash items	(1,474)	--
Changes in operating assets and liabilities (net of acquisitions):		
Decrease in accounts receivable	64	5,216
Increase in inventories	(6,325)	(8,609)
Decrease (increase) in prepaid expenses and other current assets	3,514	(6,297)
Decrease in other assets	1,012	4,638
Increase in accounts payable	11,828	4,889
(Decrease) increase in deferred revenue	(2,249)	2,612
Decrease in accrued payroll and other liabilities	(16,349)	(1,651)
Increase in accrued income taxes	11,994	4,390
Increase in pension and other long-term liabilities	1,184	584
Cash provided by operating activities	<u>74,328</u>	<u>55,165</u>
Cash flows from investing activities:		
Additions to property and equipment, net	(12,848)	(10,049)
Proceeds from sale of property and equipment	2,874	--
Business acquisitions, net of cash acquired	--	(68,167)
Other investments	(1,000)	(2,250)
Cash used by investing activities	<u>(10,974)</u>	<u>(80,466)</u>
Cash flows from financing activities:		
Repayments on credit agreement	--	(19,340)
Repayment of capital leases and other long-term debt	(5)	(2)
Cash inducement on exchange offer for convertible notes	(1,997)	--
Repurchase of common stock	(21,155)	(17,796)
Proceeds from exercise of stock options	4,402	5,639
Excess tax benefit from stock-based compensation arrangements	2,623	2,962
Cash used by financing activities	<u>(16,132)</u>	<u>(28,537)</u>
Effect of exchange rate changes on cash	<u>(9,399)</u>	<u>9,244</u>
Net increase (decrease) in cash and cash equivalents	37,823	(44,594)
Cash and cash equivalents, beginning of period	289,442	203,681
Cash and cash equivalents, end of period	<u>\$ 327,265</u>	<u>\$ 159,087</u>

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

FLIR SYSTEMS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1. Basis of Presentation

The accompanying consolidated financial statements of FLIR Systems, Inc. (the “Company”) are unaudited and have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, these statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the Company’s consolidated financial position and results of operations for the interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2008.

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated. The results of operations for the interim periods presented are not necessarily indicative of the operating results to be expected for any subsequent interim period or for the year ending December 31, 2009.

Note 2. Accounting for Convertible Debt

On January 1, 2009, the Company adopted the provisions of the Financial Accounting Standards Board Staff Position APB 14-1, “Accounting for Convertible Debt Instruments That May be Settled in Cash upon Conversion (Including Partial Cash Settlement)” (“FSP APB 14-1”). FSP APB 14-1 requires that issuers of convertible debt instruments that may be settled in cash should separately account for the liability and equity components in a manner that reflects the entity’s nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 was effective for financial statements issued for fiscal years beginning after December 15, 2008 with retrospective application required.

In June 2003, the Company issued \$210 million of 3.0 percent senior convertible notes due in 2023. The net proceeds from the issuance were approximately \$203.9 million. The Company has determined that the expected life of the notes should be seven years since the notes are first redeemable in June 2010. The Company estimates that its nonconvertible borrowing rate for debt with a seven year maturity issued in June 2003 was 6.0 percent. Accordingly, the value of the liability component of the notes at the time of issuance was \$174.4 million and value of the equity component was \$35.6 million.

The Company has retrospectively applied the provisions of FSP ABP 14-1 to its financial statements beginning in 2003. The retrospective application includes the separation of the liability and equity components of the convertible notes, the reallocation of the \$6.1 million of issuance costs between the liability and equity components, an increase in interest expense for periods subsequent to issuance to reflect the estimated nonconvertible borrowing rate, and the related tax effects.

FSP APB 14-1 also requires that when debt is extinguished, a gain or loss is recognized for the difference between the fair value of the liability component and its carrying value. The Company’s retrospective application, therefore, also includes the impact of conversions of notes with an aggregate principal amount of \$18.6 million prior to January 1, 2009.

FLIR SYSTEMS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 2. Accounting for Convertible Debt – (Continued)

The carrying amounts of the convertible notes is as follows (in thousands):

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
Liability component:		
Principal amount	\$ 91,549	\$ 191,419
Unamortized discount	(3,046)	(7,682)
Unamortized issuance costs	(371)	(942)
	<u>\$ 88,132</u>	<u>\$ 182,795</u>
Equity component	<u>\$ (82,375)</u>	<u>\$ 222</u>

The unamortized discount and issuance costs will be amortized through June 2010. As of March 31, 2009, 8.3 million shares of the Company's common stock were issuable upon conversion of the remaining notes, valued at \$169.0 million as of the closing market price on that day. The \$169.0 million is in excess of the principal amount by \$77.4 million.

Interest and amortization expense of the convertible notes recognized in the Consolidated Statements of Income are as follows (in thousands):

	<u>Three Months Ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
Cash interest (3% coupon)	\$ 1,261	\$ 1,575
Amortization of discount	1,086	1,359
Amortization of issuance costs	137	182
	<u>\$ 2,484</u>	<u>\$ 3,116</u>
Effective interest rate	<u>6%</u>	<u>6%</u>

The following table presents the effect of the retrospective application of FSP APB 14-1 and related tax effects made to the Company's previously reported Consolidated Statement of Income for the three month period ended March 31, 2008 (in thousands):

	<u>Three Months Ended March 31, 2008</u>	
	<u>As Reported</u>	<u>As Adjusted</u>
Earnings from operations	\$ 55,106	\$ 55,106
Interest expense	2,471	3,793
Interest income	(1,363)	(1,363)
Other (income) expense, net	1,345	1,345
Earnings before income taxes	52,653	51,331
Income tax provision	15,319	14,810
Net earnings	<u>\$ 37,334</u>	<u>\$ 36,521</u>
Net earnings per share:		
Basic	<u>\$ 0.27</u>	<u>\$ 0.27</u>
Diluted	<u>\$ 0.24</u>	<u>\$ 0.24</u>

FLIR SYSTEMS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 2. Accounting for Convertible Debt – (Continued)

The following table presents the effect of the retrospective application of FSP APB 14-1 and related tax effects made to the Company's previously reported Consolidated Balance Sheet as of December 31, 2008 (in thousands):

	December 31, 2008	
	As Reported	As Adjusted
Deferred income taxes, net	\$ 5,047	\$ 2,217
Total assets	1,243,907	1,241,077
Long-term debt	190,318	182,825
Common stock and additional paid-in capital	262,509	282,849
Retained earnings	592,766	577,090
Total shareholders' equity	840,062	844,725
Total liabilities and shareholders' equity	1,243,907	1,241,077

The following table presents the effect of the retrospective application of FSP APB 14-1 and related tax effects made to the Company's previously reported Consolidated Statement of Cash Flows for the three months ended March 31, 2008 (in thousands):

	Three Months Ended March 31, 2008	
	As Reported	As Adjusted
Net earnings	\$ 37,334	\$ 36,521
Depreciation and amortization	7,929	9,251
Deferred taxes	24	(485)
Cash provided by operating activities	55,165	55,165

Note 3. Stock-based Compensation

Stock-based compensation expense and related tax benefit recognized in the Consolidated Statements of Income are as follows (in thousands):

	Three Months Ended March 31,	
	2009	2008
Cost of goods sold	\$ 779	\$ 591
Research and development	1,170	1,002
Selling, general and administrative	3,229	2,512
Stock-based compensation expense before income taxes	5,178	4,105
Income tax benefit	(1,475)	(1,056)
Total stock-based compensation expense after income taxes	\$ 3,703	\$ 3,049

Stock-based compensation costs capitalized in inventory are as follows (in thousands):

	March 31,	
	2009	2008
Stock-based compensation costs capitalized in inventory	\$ 850	\$ 773

As of March 31, 2009, the Company had \$24.2 million of total unrecognized stock-based compensation costs, net of estimated forfeitures, to be recognized over a weighted average period of 1.7 years.

FLIR SYSTEMS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 3. Stock-based Compensation – (Continued)

There were no stock option awards granted or employee stock purchase plan enrollments during the three months ended March 31, 2009 and 2008.

The fair value of stock-based compensation awards granted and vested, and the intrinsic value of options exercised during the period were (in thousands, except per share amounts):

	Three Months Ended	
	March 31,	
	2009	2008
Stock Option Awards:		
Weighted average grant date fair value per share	\$ --	\$ --
Total fair value of awards granted	\$ --	\$ --
Total fair value of awards vested.....	\$ 5,460	\$ 7,212
Total intrinsic value of options exercised.....	\$ 8,035	\$ 15,457
Restricted Stock Unit Awards:		
Weighted average grant date fair value per share	\$ 23.60	\$ 33.64
Total fair value of awards granted	\$ 297	\$ 425
Total fair value of awards vested	\$ 4,866	\$ 7,413

The total amount of cash received from the exercise of stock options in the three months ended March 31, 2009 and 2008 was \$4.4 million and \$5.6 million, respectively, and the related tax benefit realized from the exercise of the stock options was \$2.9 million and \$3.8 million, respectively.

Information with respect to stock option activity is as follows:

	Shares (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2008.....	9,218	\$ 13.34	5.7	
Granted	--	--		
Exercised	(436)	9.73		
Forfeited	(2)	9.70		
Outstanding at March 31, 2009.....	<u>8,780</u>	<u>\$ 13.52</u>	<u>5.6</u>	<u>\$ 69,435</u>
Exercisable at March 31, 2009	<u>8,087</u>	<u>\$ 12.43</u>	<u>5.3</u>	<u>\$ 68,549</u>
Vested and expected to vest at March 31, 2009	<u>8,746</u>	<u>\$ 13.47</u>	<u>5.6</u>	<u>\$ 69,391</u>

Information with respect to restricted stock unit activity is as follows:

	Shares (in thousands)	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2008.....	1,356	\$ 23.98
Granted	13	\$ 23.60
Vested	(233)	\$ 13.11
Forfeited	(5)	\$ 21.99
Outstanding at March 31, 2009.....	<u>1,131</u>	<u>\$ 26.23</u>

FLIR SYSTEMS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 3. Stock-based Compensation – (Continued)

There were no shares issued under the 1999 Employee Stock Purchase Plan (the “1999 ESPP”) during the three months ended March 31, 2009. The 1999 ESPP expired for new offerings in January 2009. There were approximately 8,625,000 shares available at March 31, 2009 for issuance under the 1999 ESPP for the final purchase under this plan on April 30, 2009. On May 1, 2009, the Company’s shareholders approved the FLIR Systems, Inc. 2009 Employee Stock Purchase Plan (the “2009 ESPP”). The first offering period under the 2009 ESPP commenced on May 4, 2009. The Company has reserved 5,000,000 shares of common stock for issuance under the 2009 ESPP.

Note 4. Net Earnings Per Share

The following table sets forth the reconciliation of the numerator and denominator utilized in the computation of basic and diluted earnings per share (in thousands):

	Three Months Ended	
	March 31,	
	2009	2008
	(As Adjusted)	
Numerator for earnings per share:		
Net earnings, as reported	\$ 54,272	\$ 36,521
Interest expense, extinguishment gain and other expenses associated with convertible notes, net of tax	2,009	1,920
Net earnings available to common shareholders – diluted	<u>\$ 56,281</u>	<u>\$ 38,441</u>
Denominator for earnings per share:		
Weighted average number of common shares outstanding	143,819	136,992
Assumed exercises of stock options and vesting of restricted shares, net of shares assumed reacquired under the treasury stock method	3,508	5,571
Assumed conversion of convertible notes	15,251	18,925
Diluted shares outstanding	<u>162,578</u>	<u>161,488</u>

The effect of stock options and restricted stock units for the three months ended March 31, 2009 that aggregated 376,000 shares has been excluded for purposes of calculating diluted earnings per share since the effect would have been anti-dilutive. For the three months ended March 31, 2008, no stock options or restricted stock units were excluded from the calculations of diluted earnings per share.

Note 5. Fair Value of Financial Instruments

As of March 31, 2009, the Company had \$226.0 million of cash equivalents. The Company has categorized its cash and cash equivalents as a Level 1 financial asset, measured at fair value based on quoted prices in active markets of identical assets, in accordance with Statement of Financial Accounting Standards No. 157 “Fair Value Measurements.” The Company does not have any other financial assets or liabilities that are measured at fair value.

Note 6. Accounts Receivable

Accounts receivable are net of an allowance for doubtful accounts of \$1.8 million and \$1.3 million at March 31, 2009 and December 31, 2008, respectively.

FLIR SYSTEMS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 7. Inventories

Inventories consist of the following (in thousands):

	March 31, 2009	December 31, 2008
Raw material and subassemblies	\$ 128,419	\$ 129,108
Work-in-progress	40,165	40,325
Finished goods	41,940	38,054
	\$ 210,524	\$ 207,487

Note 8. Property and Equipment

Property and equipment are net of accumulated depreciation of \$89.4 million and \$86.5 million at March 31, 2009 and December 31, 2008, respectively.

Note 9. Goodwill

The carrying value of goodwill by reporting segment and the activity for the three months ended March 31, 2009 is as follows (in thousands):

	Government Systems	Thermography	Commercial Vision Systems	Total
Balance, December 31, 2008	\$ 12,802	\$ 102,313	\$ 110,570	\$ 225,685
Currency translation adjustments	(316)	(3,541)	(430)	(4,287)
Balance, March 31, 2009	\$ 12,486	\$ 98,772	\$ 110,140	\$ 221,398

Note 10. Intangible Assets

Intangible assets are net of accumulated amortization of \$42.4 million and \$43.5 million at March 31, 2009 and December 31, 2008, respectively.

Note 11. Accrued Product Warranties

The following table summarizes the Company's warranty liability and activity (in thousands):

	Three Months Ended March 31,	
	2009	2008
Accrued product warranties, beginning of period	\$ 7,826	\$ 6,594
Amounts paid for warranty services	(3,134)	(1,528)
Warranty provisions for products sold	3,233	2,741
Accrued product warranties, end of period	\$ 7,925	\$ 7,807

Note 12. Credit Agreements

At March 31, 2009, the Company had no borrowings outstanding under its Credit Agreement, dated October 6, 2006, with Bank of America, N.A., Union Bank of California, N.A., U.S. Bank National Association and other Lenders, and \$15.8 million of letters of credit outstanding, which reduces the total available credit.

FLIR SYSTEMS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 13. Long-Term Debt

Long-term debt consists of the following (in thousands):

	<u>March 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
		(As Adjusted)
Convertible notes (see Note 2)	\$ 91,549	\$ 191,419
Issuance cost and discount of the convertible notes	(3,417)	(8,624)
Other long-term debt	26	30
	<u>\$ 88,158</u>	<u>\$ 182,825</u>

On February 5, 2009, the Company commenced an exchange offer for any and all of its outstanding convertible notes. Holders who elected to exchange their notes in this offer and whose notes were accepted for exchange by the Company received 90.1224 shares of the Company's common stock and a cash payment of \$20 per \$1,000 principal amount of notes. The offer expired on March 9, 2009. Notes with an aggregate principal amount of \$99.9 million were exchanged pursuant to the exchange offer and were converted into 9.0 million shares of the Company's common stock. The Company recognized a gain of \$2.2 million from the extinguishment of the notes; the gain and the \$2.0 million expense associated with the cash inducement are reported in other income, net.

Note 14. Shareholders' Equity

The following table summarizes the common stock and additional paid-in capital activity during the three months ended March 31, 2009 (in thousands):

Common stock and additional paid-in capital, December 31, 2008 (As adjusted)	\$ 282,849
Income tax benefit of common stock options exercised	2,944
Common stock issued pursuant to stock-based compensation plans, net	3,012
Stock-based compensation expense	5,065
Repurchase of common stock	(21,155)
Conversion of convertible debt	96,435
Common stock and additional paid in capital, March 31, 2009	<u>\$ 369,150</u>

During the three months ended March 31, 2009, the Company repurchased 1,000,000 shares of the Company's common stock under the February 2009 repurchase authorization by the Company's Board of Directors pursuant to which the Company is authorized to repurchase up to 20.0 million shares of the Company's outstanding common stock through open market purchases, privately negotiated transactions including accelerated stock repurchase agreements, or in such other manner as will comply with the provisions of the Securities Exchange Act of 1934. The February 2009 repurchase authorization will expire in February 2011.

Note 15. Comprehensive Earnings

The following table sets forth the calculation of comprehensive earnings for the periods indicated (in thousands):

	<u>Three Months Ended</u> <u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Net earnings	\$ 54,272	\$ 36,521
Translation adjustment	(20,856)	24,962
Total comprehensive earnings	<u>\$ 33,416</u>	<u>\$ 61,483</u>

FLIR SYSTEMS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued) (Unaudited)

Note 16. Contingencies

In June 2007, the Company was named as a nominal defendant in a shareholder derivative action filed in the United States District Court for the District of Oregon: *Kathleen Edith Sommers v. Earl R. Lewis, et al.* The *Sommers* complaint alleged that certain stock options granted by the Company were dated improperly, purported to assert claims under various common law theories and under the federal securities laws and alleged the Company is entitled to damages from various individual defendants on a variety of legal theories. On June 16, 2008, the court dismissed the complaint, but granted plaintiff leave to amend. On July 31, 2008, plaintiff filed an amended complaint asserting materially the same claims. Defendants moved to dismiss the amended complaint on multiple bases. On February 12, 2009, the court granted defendants' motion to dismiss and on February 19, 2009, entered a judgment dismissing the amended complaint with prejudice. This ruling is under review on appeal.

The Company and its subsidiary, Indigo Systems Corporation, (together, the "FLIR Parties") were named in a lawsuit filed by Raytheon Company on March 2, 2007 in the United States District Court for the Eastern District of Texas. On August 11, 2008, Raytheon Company was granted leave to file a second amended complaint. The complaint, as amended, asserts claims for tortious interference, patent infringement, trade secret misappropriation, unfair competition, breach of contract and fraudulent concealment. The FLIR Parties filed an answer to the second amended complaint and counterclaims on September 2, 2008, in which they denied all material allegations. The Company intends to vigorously defend itself in this matter and is unable to estimate the amount or range of potential loss, if any, which might result if the outcome in this matter is unfavorable.

Note 17. Income Taxes

As of March 31, 2009, the Company had approximately \$4.1 million of net unrecognized tax benefits of which all \$4.1 million would affect the Company's effective tax rate if recognized.

The Company classifies interest and penalties related to uncertain tax positions as income tax expense. As of March 31, 2009, the Company had approximately \$375,000 of accrued interest related to uncertain tax positions.

The Company currently has the following tax years open to examination by major taxing jurisdictions:

	<u>Tax Years:</u>
US Federal	1998 – 2008
State of Oregon	1998 – 2008
State of Massachusetts	2002 – 2008
State of California	2003 – 2008
Sweden	1998 – 2008
United Kingdom	2005 – 2008
Germany	2002 – 2008
France	2005 – 2008

FLIR SYSTEMS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 18. Operating Segments and Related Information

Operating Segments

Operating segment information is as follows (in thousands):

	Three Months Ended	
	March 31,	
	2009	2008
Revenue – External Customers:		
Government Systems	\$ 162,208	\$ 113,696
Thermography	63,931	79,536
Commercial Vision Systems	45,857	43,674
	<u>\$ 271,996</u>	<u>\$ 236,906</u>
Revenue – Intersegments:		
Government Systems	\$ 6,432	\$ 10,507
Thermography	2,296	1,069
Commercial Vision Systems	5,566	4,737
Eliminations	(14,294)	(16,313)
	<u>\$ --</u>	<u>\$ --</u>
Earnings from operations:		
Government Systems	\$ 73,385	\$ 42,560
Thermography	15,949	15,850
Commercial Vision Systems	11,299	9,814
Other	(17,267)	(13,118)
	<u>\$ 83,366</u>	<u>\$ 55,106</u>
	March 31,	December 31,
	2009	2008
Segment assets (accounts receivable, net and inventories):		
Government Systems	\$ 280,125	\$ 273,821
Thermography	101,013	112,728
Commercial Vision Systems	63,788	60,121
	<u>\$ 444,926</u>	<u>\$ 446,670</u>

Revenue and Long-Lived Assets by Geographic Area

Information related to revenue by significant geographical location, determined by the end customer, is as follows (in thousands):

	Three Months Ended	
	March 31,	
	2009	2008
United States	\$ 171,513	\$ 149,593
Europe	59,955	51,109
Other foreign	40,528	36,204
	<u>\$ 271,996</u>	<u>\$ 236,906</u>

FLIR SYSTEMS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Unaudited)

Note 18. Operating Segments and Related Information - (Continued)

Long-lived assets by significant geographic locations are as follows (in thousands):

	March 31, 2009	December 31, 2008
United States	\$ 323,476	\$ 318,183
Europe	95,314	105,813
Other foreign	2,325	2,362
	\$ 421,115	\$ 426,358

Major Customers

Revenue derived from major customers is as follows (in thousands):

	Three Months Ended March 31,	
	2009	2008
US Government	\$ 123,442	\$ 88,256

Note 19. Business Acquisition

In 2008, the Company acquired 99.9 percent of the outstanding common stock of Cedip Infrared Systems (“Cedip”), a leading provider of infrared cameras and stabilized gimbaled systems. The purchase price paid by the Company as of March 31, 2008, including professional fees and other costs directly associated with the acquisition, was \$95.3 million.

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

Forward-Looking Statements

This Quarterly Report on Form 10-Q (the "Report"), including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I, Item 2, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding future events and the future results of FLIR Systems, Inc. and its consolidated subsidiaries ("FLIR" or the "Company") that are based on management's current expectations, estimates, projections, and assumptions about the Company's business. Words such as "expects," "anticipates," "intends," "plans," "believes," "sees," "estimates" and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors including, but not limited to, those discussed in the "Risk Factors" in Part II, Item 1A, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I, Item 2, and elsewhere in this Report as well as those discussed from time to time in the Company's other Securities and Exchange Commission filings and reports. In addition, such statements could be affected by general industry and market conditions. Such forward-looking statements speak only as of the date of this Report or, in the case of any document incorporated by reference, the date of that document, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this Report, or for changes made to this document by wire services or Internet service providers. If we update or correct one or more forward-looking statements, investors and others should not conclude that we will make additional updates or corrections with respect to other forward-looking statements.

Results of Operations

Revenue. Revenue for the three months ended March 31, 2009 increased by 14.8 percent, from \$236.9 million in the first quarter of 2008 to \$272.0 million in the first quarter of 2009.

Government Systems revenue increased \$48.5 million, or 42.7 percent, from \$113.7 million in the first quarter of 2008 to \$162.2 million in the first quarter of 2009. The increase in Government Systems revenue in the first quarter of 2009 compared to the same period in 2008 was primarily due to an increase in unit sales across most of our product lines.

Thermography revenue decreased \$15.7 million, or 19.7 percent, from \$79.6 million in the first quarter of 2008 to \$63.9 million in the first quarter of 2009. The decrease in Thermography revenue was primarily due to reduced sales in the United States due to economic conditions and currency translation for worldwide revenues as the US dollar was stronger in the first quarter of 2009 compared to the same period of 2008.

Commercial Vision Systems revenue increased \$2.3 million, or 5.2 percent, from \$43.7 million in the first quarter of 2008 to \$45.9 million in the first quarter of 2009. The increase in Commercial Vision Systems revenue in the first quarter of 2009 compared to the same period in 2008 was due to increased unit sales across most of our product lines.

Since the third quarter of 2008, we have experienced some of the impact of the worldwide weakening of economic conditions. A continuation of those conditions has impacted and may continue to impact the revenue we generate in commercial markets, especially in our Thermography business.

The timing of deliveries against large contracts, especially for our Government Systems and Commercial Vision Systems products, can give rise to quarter-to-quarter and year-over-year fluctuations in the mix of revenue. Consequently, year-over-year comparisons for any given quarter may not be indicative of comparisons using longer time periods. While we currently expect an overall increase in total annual revenue for 2009 of between 11 percent and 16 percent, the mix of revenue between our three business segments and within certain product categories in our business segments will vary from quarter to quarter.

As a percentage of revenue, international sales were 36.9 percent for the quarters ended March 31, 2009 and 2008, respectively. While the percentage of revenue from international sales will continue to fluctuate from quarter to quarter partially due to the timing of shipments under international and domestic government contracts,

management anticipates that revenue from international sales as a percentage of total revenue will continue to comprise a significant percentage of revenue.

At March 31, 2009, we had an order backlog of \$617 million. Backlog in the Government Systems, Thermography and Commercial Vision Systems divisions was \$504 million, \$18 million and \$95 million, respectively. Backlog is defined as orders received for products or services for which a sales agreement is in place and delivery is expected within twelve months.

Gross profit. Gross profit for the quarter ended March 31, 2009 was \$157.7 million compared to \$130.8 million for the same quarter last year. As a percentage of revenue, gross profit increased from 55.2 percent in the first quarter of 2008 to 58.0 percent in the first quarter of 2009. The increase in gross profit as a percentage of revenue for the three month period of 2009 was primarily due to cost and production efficiencies related to increased volume, product mix and lower production costs in Sweden arising from currency conversions.

Research and development expenses. Research and development expenses for the first quarter of 2009 totaled \$22.4 million, compared to \$23.1 million in the first quarter of 2008. The decrease in research and development expenses was due to cost containment efforts in response to current economic conditions. As a percentage of revenue, research and development expenses were 8.2 percent and 9.8 percent for the three months ended March 31, 2009 and 2008, respectively.

Selling, general and administrative expenses. Selling, general and administrative expenses were \$51.9 million for the quarter ended March 31, 2009, compared to \$52.6 million for the quarter ended March 31, 2008. The decrease in selling, general and administrative expenses was due to cost containment efforts in response to current economic conditions. Selling, general and administrative expenses as a percentage of revenue were 19.1 percent and 22.2 percent for the quarters ended March 31, 2009 and 2008, respectively.

Interest expense. Interest expense for the first quarter of 2009 was \$2.8 million, compared to \$3.8 million for the same period of 2008. Interest expense is primarily attributable to the accrual of interest on the convertible notes that were issued in June 2003 and the amortization of the discount recorded on the notes and the costs related to the issuance of the notes. The decrease in interest expense for the first quarter of 2009 compared to the same period of 2008 is primarily due to the conversion of some of our outstanding convertible notes in the fourth quarter of 2008 and in the first quarter of 2009.

Other income/expense. For the quarter ended March 31, 2009, we recorded other income of \$1.0 million, compared to other income of \$18,000 for the same period of 2008. Other income for the quarter ended March 31, 2009 includes interest income of \$0.6 million and foreign currency gains of \$0.9 million. Other income for the quarter ended March 31, 2008 includes interest income of \$1.4 million and foreign currency losses of \$1.3 million.

Income taxes. The income tax provision of \$27.3 million for the three months ended March 31, 2009, represents an effective tax rate of 33.5 percent. We expect the annual effective tax rate for the full year of 2009 to be approximately 32 percent to 34 percent. The effective tax rate is lower than the US Federal tax rate of 35 percent because of foreign tax rates and the effect of federal, foreign and state tax credits.

Liquidity and Capital Resources

At March 31, 2009, we had cash and cash equivalents on hand of \$327.3 million compared to \$289.4 million at December 31, 2008. The increase in cash and cash equivalents was primarily due to cash provided from operations, offset by capital expenditures and the purchase of shares of our outstanding common stock.

Accrued payroll and related liabilities decreased from \$43.3 million at December 31, 2008 to \$32.1 million at March 31, 2009. The decrease is primarily due to the timing of payroll payments, including the payments for commissions and incentives accrued at December 31, 2008.

Cash used in investing activities of \$11.0 million for the three months ended March 31, 2009 primarily related to capital expenditures. Cash used in investing activities of \$80.5 million for the three months ended March 31, 2008 include the acquisitions of Cedip for \$68.2 million, net of cash acquired from Cedip, and capital expenditures.

On October 6, 2006, we entered into the Credit Agreement, which provides for a \$300 million, five-year revolving line of credit. We have the right, subject to certain conditions including approval of additional commitments by

qualified lenders, to increase the line of credit by an additional \$150 million until October 6, 2011. The Credit Agreement includes a \$100 million sublimit multicurrency option, permitting us and certain of our designated subsidiaries to borrow in Euro, Kronor, Sterling and other agreed upon currencies.

Under the Credit Agreement, borrowings will bear interest based upon the prime lending rate of the Bank of America or Eurodollar rates with a provision for a spread over Eurodollar rates based upon the Company's leverage ratio. The Eurodollar interest rate was 1.942 percent and the prime lending rate was 3.25 percent at March 31, 2009. These rates were 2.175 percent and 3.25 percent, respectively, at December 31, 2008. The Credit Agreement requires us to pay a commitment fee on the amount of unused credit at a rate, based on our leverage ratio, which ranges from 0.175 percent to 0.325 percent. At March 31, 2009 and December 31, 2008, the commitment fee rate was 0.175 percent. The Credit Agreement contains five financial covenants that require the maintenance of certain leverage ratios, in addition to minimum levels of EBITDA and consolidated net worth, a maximum level of capital expenditures and, commencing December 31, 2009, a minimum liquidity of cash and availability under the Credit Agreement. The Credit Agreement is collateralized by substantially all assets of the Company. At March 31, 2009 and December 31, 2008, we had no borrowings outstanding under the Credit Agreement and were in compliance with all of its financial covenants. We had \$15.8 million of letters of credit outstanding under the Credit Agreement at March 31, 2009 and December 31, 2008, which reduces the total available credit thereunder.

Our Sweden subsidiary has a 30 million Swedish Kronor (approximately \$3.6 million) line of credit with an interest rate at 1.75 percent at March 31, 2009. At March 31, 2009, the Company had no amounts outstanding on this line of credit. The 30 million Swedish Kronor line of credit is secured primarily by accounts receivable and inventories of the Sweden subsidiary and is subject to automatic renewal on an annual basis.

In June 2003, we issued \$210 million of 3.0 percent senior convertible notes due in 2023 in a private offering pursuant to Rule 144A under the Securities Act of 1933, as amended. The net proceeds from the issuance were approximately \$203.9 million. Issuance costs are being amortized over a period of seven years. Interest is payable semiannually on June 1 and December 1 of each year. The holders of the notes may convert all or some of their notes into shares of our common stock at a conversion rate of 90.1224 shares per \$1,000 principal amount of notes prior to the maturity date in certain circumstances. We may redeem for cash all or part of the notes on or after June 8, 2010. The convertible notes are eligible for conversion at the option of the note holders.

On February 5, 2009, we commenced an exchange offer for any and all of the outstanding convertible notes. The offer was made pursuant to an Offer to Exchange and related documents, each dated February 5, 2009, and the completion of the offer was subject to conditions described in the offer documents. Holders who elected to exchange their notes in this offer and whose notes were accepted for exchange by us received 90.1224 shares of our common stock and a cash payment of \$20 per \$1,000 principal amount of notes. The offer expired on March 9, 2009. Notes with an aggregate principal amount of \$99.9 million were exchanged pursuant to the exchange offer and were converted into 9.0 million shares of the Company's common stock.

As of March 31, 2009, notes with an aggregate principal value of \$118.5 million have been converted into 10.7 million shares of the Company's common stock.

On January 1, 2009, we adopted the provisions of the Financial Accounting Standards Board Staff Position APB 14-1, "Accounting for Convertible Debt Instruments That May be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"). FSP APB 14-1 requires that issuers of convertible debt instruments that may be settled in cash should separately account for the liability and equity components in a manner that reflects the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 was effective for financial statements issued for fiscal years beginning after December 15, 2008 with retrospective application.

Accordingly, we have retrospectively applied the provisions of FSP APB 14-1 to our financial statements beginning in 2003. The retrospective application includes the separation of the liability and equity components of the convertible notes, the reallocation of the \$6.1 million of issuance costs between the liability and equity components, an increase in interest expense for periods subsequent to issuance to reflect the estimated nonconvertible borrowing rate, and the related tax effects.

We believe that our existing cash combined with the cash we anticipate to generate from operating activities and our available credit facilities and financing available from other sources will be sufficient to meet our cash requirements

for the foreseeable future. We do not have any significant capital commitments for the current year nor are we aware of any significant events or conditions that are likely to have a material impact on our liquidity.

New Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 (Revised 2007), “Business Combinations” (“SFAS 141(R)”), which replaces SFAS 141. SFAS 141(R) establishes principles and requirements for how an acquirer in a business combination recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any controlling interest; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) is to be applied prospectively to business combinations for which the acquisition date is on or after an entity’s fiscal year that begins after December 15, 2008.

Critical Accounting Policies and Estimates

The Company reaffirms the critical accounting policies and our use of estimates as reported in our Form 10-K for the year ended December 31, 2008. As described in Note 1 to the Consolidated Financial Statements included in the Form 10K, the determination of fair value for stock-based compensation awards requires the use of management’s estimates and judgments.

Contractual Obligations

As of March 31, 2009, our contractual obligations on our long-term debt were as follows (in thousands):

	Payments Due by Period				
	Total	Less than 1 Year	1 – 3 Years	3 – 5 Years	More than 5 Years
Long-term debt.....	\$ 91,600	\$ 26	\$ 25	\$ --	\$ 91,549
Interest on long-term debt	38,908	2,749	5,493	5,493	25.176

There have been no other material changes to our contractual obligations outside the ordinary course of our business since December 31, 2008.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As of March 31, 2009, the Company has not experienced any changes in market risk exposure that would materially affect the quantitative and qualitative disclosures about market risk presented in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of March 31, 2009, the Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and the Company’s Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures, as such term is defined in Rule 13a-15(e). Based on the evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company’s internal control over financial reporting that occurred during the Company’s fiscal quarter ended March 31, 2009 that has materially affected, or is reasonably likely to materially affect, such internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is subject to legal proceedings, claims and litigation arising in the ordinary course of its business. See Note 16, "Contingencies," of the Notes to the Consolidated Financial Statements for additional information on the Company's legal proceedings.

Item 1A. Risk Factors

There has been no material change in the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which was filed with the Securities and Exchange Commission on February 27, 2009.

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

During the three months ended March 31, 2009, the Company repurchased the following shares:

Period	Total Number of Shares Purchased⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
March 1 to March 31, 2009	1,000,000	\$21.16	1,000,000	19,000,000

(1) All shares were purchased in open market transactions.

All share repurchases are subject to applicable securities law, and are at times and in amounts as management deems appropriate. On February 4, 2009, our Board of Directors authorized the repurchase of up to 20.0 million shares of our outstanding common stock through open market purchases, privately negotiated transactions including accelerated stock repurchase agreements, or in such other manner as will comply with the provisions of the Securities Exchange Act of 1934. This authorization will expire on February 4, 2011.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Shareholders

None.

Item 5. Other Information

None.

Item 6. Exhibits

<u>Number</u>	<u>Description</u>
10.1	2009 Employee Stock Purchase Plan (incorporated by reference to Exhibit A to the Proxy Statement filed on March 20, 2009). ¹
10.2	Executive Employment Agreement between FLIR Systems, Inc. and Earl R. Lewis dated as of May 6, 2009, ¹
10.3	Executive Employment Agreement between FLIR Systems, Inc. and Stephen M. Bailey dated as of May 6, 2009, ¹
10.4	Form of Change in Control Agreement dated as of May 6, 2009. ¹
31.1	Principal Executive Officer Certification Pursuant to Sarbanes-Oxley Act of 2002, Section 302.
31.2	Principal Financial Officer Certification Pursuant to Sarbanes-Oxley Act of 2002, Section 302.
32.1	Principal Executive Officer Certification Pursuant to Sarbanes-Oxley Act of 2002, Section 906.
32.2	Principal Financial Officer Certification Pursuant to Sarbanes-Oxley Act of 2002, Section 906.

¹This exhibit constitutes a management contract or compensatory plan or arrangement.

SIGNATURES

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

FLIR SYSTEMS, INC.

Date May 8, 2009

/s/ STEPHEN M. BAILEY

Stephen M. Bailey
Sr. Vice President, Finance and Chief Financial Officer
(Principal Accounting and Financial Officer
and Duly Authorized Officer)

EXECUTIVE EMPLOYMENT AGREEMENT

PARTIES: FLIR Systems, Inc. (“Company”)
27700 SW Parkway Avenue
Wilsonville, OR 97070

Earl R. Lewis (“Executive”)
58 Ford Road
Sudbury, Massachusetts 01776

EFFECTIVE DATE: January 1, 2009

RECITALS:

The Company wishes to obtain the services of Executive for the duration of this Agreement, and the Executive wishes to provide his services for such period, all upon the terms and conditions set forth in this Agreement.

Therefore, in consideration of the mutual promises contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 “**Base Salary**” means regular cash compensation paid on a periodic basis exclusive of benefits, bonuses or incentive payments.

1.2 “**Board**” means the Board of Directors of the Company.

1.3 “**Cause**” means Executive committed any one or more of the following: (i) willful gross misconduct in the performance of any material duties under this Agreement that results in material damage to the Company, and if such misconduct is susceptible of cure, the failure to effect such cure within thirty (30) days after written notice from the Board of such misconduct is given to Executive; (ii) material use of alcohol or illegal drugs which materially interferes with the performance of Executive’s duties hereunder and materially damages the Company; (iii) theft, embezzlement, fraud, misappropriation of funds, other willful acts of dishonesty or the willful and material violation of any material law, ethical rule or fiduciary duty relating to Executive’s employment by the Company that materially damages the Company; (iv) a felony or any act involving moral turpitude; (v) the willful and material violation of any confidentiality or proprietary rights agreement between Executive and the Company that materially damages the Company; or (vi) the willful and material violation of Company policy or procedure, or breach of any material provision of this Agreement, that materially damages the Company, and if such violation or breach is susceptible of cure, the failure to effect such cure within thirty (30) days after written notice from the Board of such violation or breach is given to Executive.

1.4 “**Disability**” means for purposes of Section 4.5, the inability of Executive to perform his duties under this Agreement, with or without reasonable accommodation, because of physical or mental incapacity for a continuous period of five (5) months, as determined by the Board. For purposes of Section 3.3, Disability means total and permanent disability as defined in Internal Revenue Code section 22(e)(3).

1.5 “**FLIR**” shall mean FLIR Systems, Inc., and its wholly owned subsidiaries.

ARTICLE II

EMPLOYMENT, DUTIES AND TERM

2.1 **Employment.** Upon the terms and conditions set forth in this Agreement, the Company hereby employs Executive as President and Chief Executive Officer, and Executive accepts such employment. During the term of this Agreement, Executive will continue to work with the Board in its efforts to identify an individual to serve as Executive's successor as President and/or Chief Executive Officer.

2.2 **Duties.** Executive shall devote his full-time and best efforts to the Company and to fulfilling the duties of Chief Executive Officer, which shall include such duties as may from time to time be assigned him by the Board, provided that such duties are reasonably consistent with Executive's education, experience and background. Executive shall comply with the Company's policies and procedures to the extent they are not inconsistent with this Agreement in which case the provisions of this Agreement prevail. Executive shall also be permitted to serve on outside boards, commissions and partnerships to the extent such service does not conflict with the provisions of this Agreement.

2.3 **Term.** The term of this Agreement shall be until January 1, 2011, unless earlier terminated in accordance with Article IV. This Agreement may be extended by mutual agreement of the parties.

ARTICLE III

COMPENSATION AND EXPENSES

3.1 **Base Salary.** For all services rendered under this Agreement during the term of Executive's employment, the Company shall pay Executive a minimum annual Base Salary of \$950,000; provided, however, that notwithstanding that Executive has a contractual right, pursuant to the Employment Agreement between Executive and the Company, dated as of February 27, 2008, to a minimum annual Base Salary of \$950,000 for 2009, Executive has agreed to receive a salary of \$825,000 for a portion of 2009 beginning on January 1, 2009 and ending on a date during 2009 that is chosen by the Executive acting in his discretion. In the event that salary adjustments for the Company's executive officers in 2009 are implemented on a retroactive basis, Executive's Base Salary will also be adjusted, on a retroactive basis to January 1, 2009, to \$950,000.

3.2 **Bonus.** Executive shall be eligible for bonuses, incentive payments and other awards as determined by the Board or the Compensation Committee of the Board (the "Committee") in accordance with the FLIR Systems, Inc. 2007 Executive Bonus Plan then in effect, as amended from time to time.

3.3 **Stock Options.**

(a) Executive shall annually be eligible for grants of options to purchase shares of FLIR stock, based upon achievement of objectives and for such quantity of options as determined by the Board. All such grants, including all past and future grants, shall be subject to the terms and conditions set forth in the option agreements between Executive and the Company associated with each such grant. In the event of any inconsistency between this Agreement and the option agreements, the terms and conditions of the option grants shall take precedence.

(b) Attached hereto and incorporated herein as Appendix 1 is a summary of Executive's unexercised stock option grants as of the date hereof.

3.4 **Personal Time Off.** Executive shall earn personal time off during the term of his employment in accordance with the Company's policies regarding paid time off that are applicable to the Company's executive officers.

3.5 **Benefits.** Executive shall be eligible to participate in all Company-sponsored health and welfare benefit plans made available to other executives of the Company for so long as he is employed by the Company.

3.6 **Supplemental Employee Retirement Plan.** The Company shall make all contributions to its Supplemental Employee Retirement Plan ("SERP") on behalf of Executive for each plan year in accordance with the SERP then in effect, as amended from time to time.

3.7 **Business Expenses.** The Company shall, in accordance with, and to the extent of, its policies in effect from time to time, bear all ordinary and necessary business expenses reasonably incurred by Executive in performing his duties as an employee of the Company, provided that Executive accounts promptly for such expenses to the Company in the manner prescribed from time to time by the Company.

3.8 **Taxes and Withholding.** All amounts payable to Executive under this Agreement shall be net of amounts required to be withheld by law. To the extent there is any tax consequence to Executive in connection with payment for work between two states, Executive's Base Salary shall be grossed up to cover the tax consequence to Executive.

ARTICLE IV

EARLY TERMINATION

4.1 **Early Termination.** This Article sets forth the terms for early termination of Executive's employment with the Company.

4.2 **Termination for Cause.** The Company may terminate Executive's employment for Cause immediately upon written notice from the Board to Executive. In the event of termination for Cause pursuant to this Section 4.2, Executive shall be paid Executive's Base Salary through the date of termination at the rate then in effect, and (without regard to any language that may be inconsistent in any option grant) for any option granted on or after the date of this Agreement Executive shall have the lesser of three (3) months from such termination or the remaining option term in which to exercise his vested stock options.

4.3 **Termination Without Cause.** Either Executive or the Company may terminate Executive's employment without Cause on no less than thirty (30) days written notice from or to the Board. In the event Executive terminates his employment without Cause pursuant to this Section 4.3, Executive shall be paid his Base Salary through the date of termination. In the event the Company terminates the Executive's employment without Cause pursuant to this Section 4.3, the Company shall pay to Executive: (i) continuation of Executive's Base Salary in effect at the time of termination for a period of eighteen (18) months or for the duration of the remaining term of the Agreement, whichever is greater, in accordance with the Company's regular payroll practices; (ii) all options or equity awards granted to Executive shall immediately vest; and (iii) Executive shall be entitled to an annual bonus (in lieu of any bonus for the year of termination otherwise set forth in Section 3.2) in an amount not less than one (1) year's Base Salary, which amount shall be paid promptly at termination.

4.4 Termination in Connection with Transition. *In the event Executive's employment terminates at a time when a successor as Chief Executive Officer has been identified by Executive and the Board, the following provisions shall apply:*

(a) The Executive shall be paid his Base Salary through the date of termination.

(b) The Executive shall be eligible to receive a prorated Performance Award under the Company's annual incentive plan in effect for the year in which such a termination occurs. The amount of the Performance Award payable in any such year shall be calculated as follows:

(i) The calculation of Executive's Performance Award shall be based on his Target Award which will accrue at the rate of 25% per quarter and be payable based on the number of full or partial quarters in which Executive is employed by the Company. The Target Award will be determined annually by the Committee.

(ii) The actual Performance Award shall be adjusted 7% upward or downward for each \$0.01 earnings per share (EPS) achievement over or under the Company's EPS target through the quarter in which Executive's employment terminates.

(iii) The Company's quarterly EPS targets will be determined annually by the Committee.

(iv) Example: Executive's employment terminates on August 31, 2009. Assuming Company's EPS performance through the third quarter is a \$0.03 improvement over the Company's EPS target through three quarters, the prorated Target Award (Target Award X .75) shall be adjusted upward by a factor of 1.21 (\$0.03 X 7%).

The prorated Performance Award payable under this Section 4.4(b), if any, shall be paid as soon as is practicable following the Executive's termination and the determination, in the ordinary course, of the Company's performance for the relevant Performance Period; provided, however, that in all events, any such prorated Performance Award will be paid no later than March 15th of the year following the year in which the termination takes place.

Capitalized terms in this Sections 4.4(b) are defined terms in the Company's 2007 Executive Bonus Plan.

Any Performance Award made under this Section 4.4(b) is not considered Compensation as defined in the SERP.

(c) For avoidance of doubt, in the event of a termination that is contemplated by this Section 4.4, the Executive shall not, as is contemplated by Section 8 of the version of the Company Corporate Governance Principles that is in effect as of the date hereof, be required to tender a resignation from the Board.

4.5 Termination in the Event of Death or Disability. In the event Executive's employment terminates as a result of the death or Disability of Executive, the following provisions shall apply:

(a) In the event of Executive's death, the Company shall pay all accrued wages owing through the date of termination, plus an amount equal to one year's Base Salary. Such amount shall be paid (1) to the beneficiary or beneficiaries designated in writing to the Company by Executive, (2) in the absence of such designation, to the surviving spouse, or (3) if there is no surviving spouse, or such surviving spouse disclaims all or any part, then the full amount, or such disclaimed portion, shall be paid to the executor, administrator or other personal representative of Executive's estate. The amount shall be paid as a lump sum as soon as practicable following the Company's receipt of notice of Executive's death, but in no event later than December 31 of the year of death if Executive dies between January 1 and October 31. If Executive dies in November or December, such payment shall be made in January of the year following the year of death.

(b) In the event of Disability, Base Salary shall be paid through the final day of the fifth (5th) month referenced in the definition of "Disability."

4.6 Entire Termination Payment. The compensation provided for in this Article IV shall constitute Executive's sole remedy for early termination of Executive's employment. Executive shall not be entitled to any other termination or severance payment which may be payable to Executive under any other agreement between Executive and the Company or under any policy in effect at, preceding or following the date of termination except that, in the event that Executive's employment terminates for any reason, the vested benefits accrued under tax-qualified retirement plans, if any, and the Supplemental Executive Retirement Plan (SERP) will be paid as such plans are ordinarily payable upon a termination of employment.

ARTICLE V

CONFLICT OF INTEREST

5.1 During the term of employment with the Company, Executive will engage in no activity or employment which may conflict with the interests of the Company, and will comply with the Company's policies and guidelines pertaining to business conduct and ethics.

ARTICLE VI

GENERAL PROVISIONS

6.1 **Successors and Assigns.** Except as otherwise provided in Article VI, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, administrators,

executors, legatees, and heirs. In that this Agreement is a personal services contract, it shall not be assigned by Executive.

6.2 **Notices.** All notices, requests and demands given to or made pursuant hereto shall, except as otherwise specified herein, be in writing and be delivered or mailed to any such party at its address as set forth at the beginning of this Agreement (if to Company, to the attention of the General Counsel). Either party may change its address, by notice to the other party given in the manner set forth in this Section. Any notice, if mailed properly addressed, postage prepaid, registered or certified mail, shall be deemed dispatched on the registered date or that stamped on the certified mail receipt, and shall be deemed received within the third (3rd) business day thereafter or when it is actually received, whichever is sooner.

6.3 **Caption.** The various headings or captions in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

6.4 **Governing Law and Jurisdiction.** The validity, construction and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts, without regard to its choice of laws provisions.

6.5 **Mediation.** In the case of any dispute arising under this Agreement which cannot be settled by reasonable discussion, the parties agree that, prior to commencing any proceeding, they will first engage the services of a professional mediator agreed upon by the parties and attempt in good faith to resolve the dispute through confidential nonbinding mediation. Each party shall bear one-half (½) of the mediator's fees and expenses and shall pay all of its own attorneys' fees and expenses related to the mediation. This Section 6.5 shall not apply to any action to enforce Executive's obligations under a confidentiality or proprietary rights agreement.

6.6 **Indemnification.** If Executive is made a party or identified as a witness to any threatened or pending action, suit, or proceeding (whether civil, criminal, administrative or investigative) in any matter concerning or relating to Executive's service to or actions or omissions on behalf of the Company as an employee or agent thereof, then the Company shall, to the maximum extent permitted by law, and in addition to any such right granted to or available to Executive under the Company's Charter, By-Laws or standing or other resolutions or agreements, defend, indemnify and hold Executive harmless against all expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement. The Company shall, upon Executive's request, promptly advance or pay any amounts for reasonable costs, charges, or expenses (including any legal fees and expenses incurred by Executive) subject to indemnification hereunder or in furtherance of such right, subject to a later determination as to Executive's ultimate right to receive indemnification. Executive's right to indemnification will survive until the expiration of all applicable statutes of limitations, without regard to the earlier cessation of Executive's employment or any termination or expiration of this Agreement.

6.7 **Attorney Fees.** In the event of any suit, action or arbitration to interpret or enforce this Agreement, the prevailing party shall be entitled to recover its attorney fees, costs and out-of-pocket expenses at trial and on appeal.

6.8 **Construction.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

6.9 **Waivers.** No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by any related document or by law.

6.10 **Modification.** This Agreement may not be and shall not be modified or amended except by written instrument signed by the parties hereto.

6.11 **Section 409A.** Any reimbursement of expenses under this Agreement (including, for example, under Section 3.7) shall occur not later than March 15 of the year following the year in which the expense was incurred. Any amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year shall not affect the amount of expenses eligible for reimbursement, or in-kind benefit to be provided, during any other calendar year. The right to any reimbursement or in-kind benefit pursuant to this Agreement shall not be subject to liquidation or exchange for any other benefit. In the event Executive is a "specified employee" within the meaning of Section 409A of the Internal Revenue Code at the time of the termination of Executive's employment, any payments on termination due hereunder (other than accrued salary and vacation pay) which are considered deferred compensation and are payable during the six (6) month period beginning on Executive's termination will be deferred and paid, together with interest at eight percent (8%), in a lump sum six (6) months and one (1) day after the date of termination (or, if earlier, upon Executive's death).

It is the intention of the parties that no payment or entitlement pursuant to this Agreement will give rise to any adverse tax consequences to Executive under Section 409A of the Internal Revenue Code and any guidance issued thereunder. Notwithstanding any provision of this Agreement to the contrary, this Agreement shall be interpreted, applied and (to the minimum extent necessary) amended so that it does not fail to meet, and is operated in accordance with, the requirements of that Section. Any reference in this Agreement to Section 409A of the Internal Revenue Code shall also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to that Section by the U.S. Department of the Treasury or the Internal Revenue Service.

6.12 **Entire Agreement.** Except as set forth in Section 3.3, this Agreement constitutes the entire agreement between the parties and supersedes all prior or contemporaneous oral or written understandings, statements, representations or promises with respect to its subject matter. This Agreement was the subject of negotiation between the parties and, therefore, the parties agree that the rule of construction requiring that the agreement be construed against the drafter shall not apply to the interpretation of this Agreement.

6.13 **Status of Prior Executive Employment Agreements.** The parties acknowledge that this Agreement constitutes an amendment and restatement of the prior Executive Employment Agreements between the Executive and the Company, with effective dates of November 1, 2000, January 1, 2002, January 1, 2003, January 1, 2004, January 1, 2005, January 1, 2006, January 1, 2007 and January 1, 2008, and does not effect a termination of any such prior Agreement.

6.14 **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

Signed this 6th day of May 2009.

EARL R. LEWIS

FLIR SYSTEMS, INC.

/s/ Earl R. Lewis

By: /s/ Angus L. Macdonald
Title: Chairman of the Compensation Committee

EXECUTIVE EMPLOYMENT AGREEMENT

PARTIES: FLIR Systems, Inc. (“Company”)
27700 SW Parkway Avenue
Wilsonville, Oregon 97070

Stephen M. Bailey (“Executive”)
16740 SW Pinot Place
Hillsboro, Oregon 97123

EFFECTIVE DATE: January 1, 2009

RECITALS:

The Company wishes to obtain the services of Executive for the duration of this Agreement, and the Executive wishes to provide his services for such period, all upon the terms and conditions set forth in this Agreement.

Therefore, in consideration of the mutual promises contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 **“Base Salary”** means regular cash compensation paid on a periodic basis exclusive of benefits, bonuses or incentive payments.

1.2 **“Board”** means the Board of Directors of the Company.

1.3 **“Cause”** means Executive committed any one or more of the following: (i) willful gross misconduct in the performance of any material duties under this Agreement that results in material damage to the Company, and if such misconduct is susceptible of cure, the failure to effect such cure within thirty (30) days after written notice from the Board and/or the Company’s Chief Executive Officer of such misconduct is given to Executive; (ii) material use of alcohol or illegal drugs which materially interferes with the performance of Executive’s duties hereunder and materially damages the Company; (iii) theft, embezzlement, fraud, misappropriation of funds, other willful acts of dishonesty or the willful and material violation of any material law, ethical rule or fiduciary duty relating to Executive’s employment by the Company that materially damages the Company; (iv) a felony or any act involving moral turpitude; (v) the willful and material violation of any confidentiality or proprietary rights agreement between Executive and the Company that materially damages the Company; or (vi) the willful and material violation of Company policy or procedure, or breach of any material provision of this Agreement, that materially damages the Company, and if such violation or breach is susceptible of cure, the failure to effect such cure within thirty (30) days after written notice from the Board and/or Chief Executive Officer of such violation or breach is given to Executive.

1.4 **“Change of Control”** means the occurrence of a “change in the ownership,” a “change in the effective control” or a “change in the ownership of a substantial portion of the assets” of the Company, as determined in accordance with this Section 1.4. In determining whether an event shall be considered a “change in the ownership,” a “change in the effective control” or a “change in the ownership of a substantial portion of the assets” of the Company, the following provisions shall apply:

(a) A “change in the ownership” of the Company shall occur on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(v).

(b) A “change in the effective control” of the Company shall occur on the date on which a majority of the members of the Company’s Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company’s Board of Directors before the date of the appointment or election, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(vi).

(c) A “change in the ownership of a substantial portion of the assets” of the Company shall occur on the date on which any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(vii). A transfer of assets shall not be treated as a “change in the ownership of a substantial portion of the assets” when such transfer is made to an entity that is controlled by the shareholders of the Company, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(vii)(B).

1.5 “**Disability**” means for purposes of Sections 4.5 and 4.6, the inability of Executive to perform his duties under this Agreement, with or without reasonable accommodation, because of physical or mental incapacity for a continuous period of five (5) months, as determined by the Board.

ARTICLE II

EMPLOYMENT, DUTIES AND TERM

2.1 **Employment.** Upon the terms and conditions set forth in this Agreement, the Company hereby employs Executive as Senior Vice President, Finance and Chief Financial Officer, and Executive accepts such employment.

2.2 **Duties.** Executive shall devote his full-time and best efforts to the Company and to fulfilling the duties of Chief Financial Officer, which shall include such duties as may from time to time be assigned him by the Board and Chief Executive Officer, provided that such duties are reasonably consistent with Executive’s education, experience and background. Executive shall comply with the Company’s policies and procedures to the extent they are not inconsistent with this Agreement in which case the provisions of this Agreement prevail. Executive shall also be permitted to serve on outside boards, commissions and partnerships to the extent such service does not conflict with the provisions of this Agreement.

2.3 **Term.** The term of this Agreement shall be until January 1, 2011, unless earlier terminated in accordance with Article IV. This Agreement may be extended by mutual agreement of the parties.

ARTICLE III

COMPENSATION AND EXPENSES

3.1 **Base Salary.** For all services rendered under this Agreement during the term of Executive’s employment, the Company shall pay Executive a minimum annual Base Salary of \$400,000; provided, however, that notwithstanding that Executive has a contractual right, pursuant to the Employment Agreement between Executive and the Company, dated as of February 27, 2008, to a minimum annual Base Salary of \$400,000 for 2009, Executive has agreed to receive a salary of \$370,000 for a portion of 2009 beginning on January 1, 2009 and ending on a date during 2009 that is chosen by the Executive acting in his discretion. In the event that salary adjustments for the Company’s executive officers in 2009

are implemented on a retroactive basis, Executive's Base Salary will also be adjusted, on a retroactive basis to January 1, 2009, to \$400,000.

3.2 **Bonus.** Executive shall be eligible for bonuses, incentive payments and other awards as determined by the Board or the Compensation Committee of the Board (the "Committee") in accordance with the FLIR Systems, Inc. 2007 Executive Bonus Plan then in effect, as amended from time to time.

3.3 **Equity Awards.** Executive shall annually be eligible for grants of equity awards as determined by the Board. All such grants, including all past and future grants, shall be subject to the terms and conditions set forth in the grant agreements between Executive and the Company associated with each such grant. In the event of any inconsistency between this Agreement and the grant agreements, the terms and conditions of the grant agreements shall take precedence.

3.4 **Personal Time Off.** Executive shall earn personal time off during the term of his employment in accordance with the Company's policies regarding paid time off that are applicable to the Company's executive officers.

3.5 **Benefits.** Executive shall be eligible to participate in all Company-sponsored health and welfare benefit plans as made available to other executives of the Company and notwithstanding any provision herein to the contrary, following termination for a reason other than Cause the Company will pay Executive's COBRA premiums for continuation of coverage in any Company-sponsored group health benefit plans for Executive and any of Executive's dependents eligible to participate in the plans until the earliest of (a) 18 months, (b) such time as Executive obtains comparable benefits through employment or otherwise and (c) age 65.

3.6 **Supplemental Employee Retirement Plan.** The Company shall make all contributions to its Supplemental Employee Retirement Plan ("SERP") on behalf of Executive for each plan year in accordance with the SERP then in effect, as amended from time to time.

3.7 **Business Expenses.** The Company shall, in accordance with, and to the extent of, its policies in effect from time to time, bear all ordinary and necessary business expenses reasonably incurred by Executive in performing his duties as an employee of the Company, provided that Executive accounts promptly for such expenses to the Company in the manner prescribed from time to time by the Company.

3.8 **Taxes and Withholding.** All amounts payable to Executive under this Agreement shall be net of amounts required to be withheld by law. To the extent there is any tax consequence to Executive in connection with payment for work between two states, Executive's Base Salary shall be grossed up to cover the tax consequence to Executive.

ARTICLE IV

EARLY TERMINATION

4.1 **Early Termination.** This Article sets forth the terms for early termination of this Executive's employment with the Company.

4.2 **Termination for Cause.** The Company may terminate this Agreement and Executive's employment for Cause immediately upon written notice from the Board and/or the Company's Chief Executive Officer to Executive. In the event of termination for Cause pursuant to this Section 4.2, Executive shall be paid Executive's Base Salary through the date of termination at the rate then in effect, and (without regard to any language that may be inconsistent in any option grant) for any option granted on or after the date of this Agreement Executive shall have the lesser of three (3) months from such termination or the remaining option term in which to exercise his vested stock options.

4.3 **Termination Without Cause.** Either Executive or the Company may terminate this Agreement and Executive's employment without Cause on no less than thirty (30) days written notice from or to the Chief Executive Officer. In the event Executive terminates his employment without Cause pursuant to this

Section 4.3, Executive shall be paid his base salary through the date of termination. In the event the Company terminates the Executive's employment without Cause pursuant to this Section 4.3 except for a termination described in section 4.4, the Company shall pay to Executive: (i) continuation of Executive's Base Salary in effect at the time of termination for a period of eighteen (18) months or for the duration of the remaining term of the Agreement, whichever is greater, in accordance with the Company's regular payroll practices; (ii) all equity awards granted to Executive shall immediately vest; and (iii) Executive shall be entitled to an annual bonus (in lieu of any bonus for the year of termination otherwise set forth in Section 3.2) in an amount not less than sixty percent (60%) of one (1) year's Base Salary, which amount shall be paid promptly at termination.

4.4 Termination in Connection with Transition. In the event Executive's employment terminates at a time when a successor as Chief Financial Officer has been identified who will assume such office immediately following the termination of the Executive's employment, the following provisions shall apply:

(d) The Executive shall be paid his Base Salary through the date of termination.

(e) The Executive shall be eligible to receive a prorated Performance Award under the Company's annual incentive plan in effect for the year in which such a termination occurs. The amount of the Performance Award payable in any such year shall be calculated as follows:

(i) The calculation of Executive's Performance Award shall be based on his Target Award which will accrue at the rate of 25% per quarter and be payable based on the number of full or partial quarters in which Executive is employed by the Company. The Target Award will be determined annually by the Committee.

(ii) The actual Performance Award shall be adjusted 7% upward or downward for each \$0.01 earnings per share (EPS) achievement over or under the Company's EPS target through the quarter in which Executive's employment terminates.

(iii) The Company's quarterly EPS targets will be determined annually by the Committee.

(iv) Example: Executive's employment terminates on August 31, 2009. Assuming Company's EPS performance through the third quarter is a \$0.03 improvement over the Company's EPS target through three quarters, the prorated Target Award (Target Award X .75) shall be adjusted upward by a factor of 1.21 ($\$0.03 \times 7\%$).

The prorated Performance Award payable under this Section 4.4(b), if any, shall be paid as soon as is practicable following the Executive's termination and the determination, in the ordinary course, of the Company's performance for the relevant Performance Period; provided, however, that in all events, any such prorated Performance Award will be paid no later than March 15th of the year following the year in which the termination takes place.

Capitalized terms in this Section 4.4(b) are defined terms in the Company's 2007 Executive Bonus Plan.

Any Performance Award made under this Section 4.4(b) is not considered Compensation as defined in the SERP.

4.5 Termination Following Change of Control. If a Change of Control occurs during the term of this Agreement and either (i) Executive's employment is terminated by the Company for a reason other than Cause within sixty (60) days before the Change of Control or one hundred eighty (180) days after the Change of Control or (ii) Executive terminates his employment due to Good Reason by delivery of a notice to the Company within one hundred eighty (180) days after the Change of Control setting forth the conditions that constitute Good Reason, then Executive will be entitled to the benefits provided in this Section 4.5 in lieu of any benefits otherwise payable under Sections 4.3, 4.4 or 4.6; provided that

Executive shall not be entitled to such benefits if such termination is due to Executive's death or Disability. As used in this paragraph, Good Reason means, without Executive's express written consent, the occurrence of any of the following conditions: (i) a material reduction in Executive's base compensation; (ii) a material diminution in Executive's authority, duties, or responsibilities; or (iii) a relocation of Executive's primary employment duties by more than 50 miles; provided, however, that the occurrence of any such condition shall not constitute Good Reason unless Executive provides notice to the Company of the existence of such condition not later than the earlier to occur of (A) 90 days after the initial existence of such condition and (B) 180 days after the date of the Change of Control, and the Company shall have failed to remedy such condition within 30 days after receipt of such notice.

In the event Executive becomes eligible for benefits under this Section 4.5, Executive will receive (i) any benefits to which Executive is entitled pursuant to and in accordance with the terms of any plan of the Company then in effect and any existing contract between Executive and the Company, and (ii) the following benefits, conditioned upon Executive signing a release of claims in a form reasonably satisfactory to the Company not later than twenty-one (21) calendar days after the date of Executive's termination:

(a) Executive's unvested equity awards will immediately vest and become exercisable; and

(b) a lump sum payment in an amount equal to Executive's Cash Compensation received by Executive from the Company for the two (2) most recent taxable years ending before the date upon which the Change of Control occurred, payable upon the latest of (i) thirty (30) calendar days from the date Executive's employment terminates, (ii) thirty (30) calendar days from the date of the Change of Control or (iii) the expiration of any applicable revocation period under the release, but in no event later than March 15th of the year following the year in which the termination of employment occurs. As used in this paragraph, Cash Compensation means Executive's Base Salary and Performance Award payment, in each case including any amounts deferred in the Company's 401(k) plan and deferred compensation plan.

Notwithstanding any other provision of this Agreement, if any payment or benefit Executive would receive pursuant to a Change of Control of the Company (each a "Payment" and collectively the "Payments") could constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), then the Company shall reduce the Payments so that the maximum amount of the Payments shall be One Dollar (\$1.00) less than the amount that would cause the Payments to be subject to the excise tax imposed by Section 4999 of the Code.

If a reduction in Payments is necessary under Section 4.5, reduction shall occur in the following order unless Executive elects in writing a different order (provided, however, that such election shall be subject to Company approval if made on or after the date on which the event that triggers the Payment occurs): reduction of cash payments and then cancellation of accelerated vesting of equity awards. A nationally recognized, independent accounting firm selected by the Company shall perform the calculations required by this Agreement. The Company shall bear all reasonable expenses with respect to the determinations by such accounting firm required to be made hereunder. The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with supporting documentation, to the Company and Executive promptly after the date on which Executive's right to a Payment is triggered (if requested at that time by Executive or the Company) or such other time as requested by Executive or the Company, including a reasonable time prior to the Payment trigger date. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon Executive and the Company.

4.6 Termination in the Event of Death or Disability. In the event Executive's employment terminates as a result of the death or Disability of Executive, the following provisions shall apply:

(a) In the event of Executive's death, the Company shall pay all accrued wages owing through the date of termination, plus an amount equal to one year's Base Salary. Such amount shall be paid (1) to the beneficiary or beneficiaries designated in writing to the Company by Executive, (2) in the absence of such designation, to the surviving spouse, or (3) if there is no surviving spouse, or such surviving spouse disclaims all or any part, then the full amount, or such disclaimed portion, shall be paid to

the executor, administrator or other personal representative of Executive's estate. The amount shall be paid as a lump sum as soon as practicable following the Company's receipt of notice of Executive's death but in no event later than December 31 of the year of death if Executive dies between January 1 and October 31. If Executive dies in November or December, such payment shall be made in January of the year following the year of death.

(b) In the event of Disability, Base Salary shall be paid through the final day of the fifth (5th) month referenced in the definition of "Disability."

4.7 **Entire Termination Payment.** The compensation provided for in this Article IV shall constitute Executive's sole remedy for early termination of Executive's employment. Executive shall not be entitled to any other termination or severance payment which may be payable to Executive under any other agreement between Executive and the Company or under any policy in effect at, preceding or following the date of termination except that, in the event that Executive's employment terminates for any reason, the vested benefits accrued under tax-qualified retirement plans, if any, and the Supplemental Executive Retirement Plan (SERP) will be paid as such plans are ordinarily payable upon a termination of employment.

ARTICLE V

CONFLICT OF INTEREST

5.1 During the term of employment with the Company, Executive will engage in no activity or employment which may conflict with the interests of the Company, and will comply with the Company's policies and guidelines pertaining to business conduct and ethics.

ARTICLE VI

GENERAL PROVISIONS

6.1 **Successors and Assigns.** Except as otherwise provided in Article VI, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, administrators, executors, legatees, and heirs. In that this Agreement is a personal services contract, it shall not be assigned by Executive.

6.2 **Notices.** All notices, requests and demands given to or made pursuant hereto shall, except as otherwise specified herein, be in writing and be delivered or mailed to any such party at its address as set forth at the beginning of this Agreement (if to Company, to the attention of the General Counsel). Either party may change its address, by notice to the other party given in the manner set forth in this Section. Any notice, if mailed properly addressed, postage prepaid, registered or certified mail, shall be deemed dispatched on the registered date or that stamped on the certified mail receipt, and shall be deemed received within the third (3rd) business day thereafter or when it is actually received, whichever is sooner.

6.3 **Caption.** The various headings or captions in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

6.4 **Governing Law and Jurisdiction.** The validity, construction and performance of this Agreement shall be governed by the laws of the State of Oregon, without regard to its choice of laws provisions.

6.5 **Mediation.** In the case of any dispute arising under this Agreement which cannot be settled by reasonable discussion, the parties agree that, prior to commencing any proceeding, they will first engage the services of a professional mediator agreed upon by the parties and attempt in good faith to resolve the dispute through confidential nonbinding mediation. Each party shall bear one-half (½) of the mediator's fees and expenses and shall pay all of its own attorneys' fees and expenses related to the mediation. This Section 6.5 shall not apply to any action to enforce Executive's obligations under a confidentiality or proprietary rights agreement.

6.6 **Indemnification.** If Executive is made a party or identified as a witness to any threatened or pending action, suit, or proceeding (whether civil, criminal, administrative or investigative) in any matter concerning or relating to Executive's service to or actions or omissions on behalf of the Company as an employee or agent thereof, then the Company shall, to the maximum extent permitted by law, and in addition to any such right granted to or available to Executive under the Company's Charter, By-Laws or standing or other resolutions or agreements, defend, indemnify and hold Executive harmless against all expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement. The Company shall, upon Executive's request, promptly advance or pay any amounts for reasonable costs, charges, or expenses (including any legal fees and expenses incurred by Executive) subject to indemnification hereunder or in furtherance of such right, subject to a later determination as to Executive's ultimate right to receive indemnification. Executive's right to indemnification will survive until the expiration of all applicable statutes of limitations, without regard to the earlier cessation of Executive's employment or any termination or expiration of this Agreement.

6.7 **Attorney Fees.** In the event of any suit, action or arbitration to interpret or enforce this Agreement, the prevailing party shall be entitled to recover its attorney fees, costs and out-of-pocket expenses at trial and on appeal.

6.8 **Construction.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

6.9 **Waivers.** No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by any related document or by law.

6.10 **Modification.** This Agreement may not be and shall not be modified or amended except by written instrument signed by the parties hereto.

6.11 **Section 409A.** Any reimbursement of expenses under this Agreement (including, for example, under Section 3.7) shall occur not later than March 15 of the year following the year in which the expense was incurred. Any amount of expenses eligible for reimbursement, or in-kind benefit provided, during a calendar year shall not affect the amount of expenses eligible for reimbursement, or in-kind benefit to be provided, during any other calendar year. The right to any reimbursement or in-kind benefit pursuant to this Agreement shall not be subject to liquidation or exchange for any other benefit. In the event Executive is a "specified employee" within the meaning of Section 409A of the Code at the time of the termination of Executive's employment, any payments on termination due hereunder (other than accrued salary and vacation pay) which are considered deferred compensation and are payable during the six (6) month period beginning on Executive's termination will be deferred and paid, together with interest at eight percent (8%), in a lump sum six (6) months and one (1) day after the date of termination (or, if earlier, upon Executive's death).

It is the intention of the parties that no payment or entitlement pursuant to this Agreement will give rise to any adverse tax consequences to Executive under Section 409A of the Code and any guidance issued thereunder. Notwithstanding any provision of this Agreement to the contrary, this Agreement shall be interpreted, applied and (to the minimum extent necessary) amended so that it does not fail to meet, and is operated in accordance with, the requirements of that Section. Any reference in this Agreement to Section 409A of the Code shall also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to that Section by the U.S. Department of the Treasury or the Internal Revenue Service.

6.12 **Entire Agreement.** Except as set forth in Section 3.3, this Agreement constitutes the entire agreement between the parties and supersedes all prior or contemporaneous oral or written understandings, statements, representations or promises with respect to its subject matter. This Agreement was the subject

of negotiation between the parties and, therefore, the parties agree that the rule of construction requiring that the agreement be construed against the drafter shall not apply to the interpretation of this Agreement.

6.13 **Status of Prior Executive Employment Agreement.** The parties acknowledge that this Agreement constitutes an amendment and restatement of the prior Executive Employment Agreements between the Executive and the Company, with effective dates of January 1, 2007 and January 1, 2008, and does not effect a termination of such prior Agreements.

6.14 **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

Signed this 6th day of May, 2009.

STEPHEN M. BAILEY

FLIR SYSTEMS, INC.

/s/ Stephen M. Bailey

By: /s/ Angus L. Macdonald
Title: Chairman of the Compensation Committee

[name]
[address]

Re: Change of Control Agreement

Dear [name]:

FLIR Systems, Inc., an Oregon corporation with its Corporate offices located at 27700 SW Parkway Avenue, Wilsonville, Oregon 97070 (the "Company"), considers the establishment and maintenance of a sound and vital management team to be essential to protecting and enhancing the best interests of the Company and its shareholders. To this end, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a Change of Control may exist and that such possibility, and the uncertainty and questions that it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders. Accordingly, the Board of Directors of the Company, acting through its Compensation Committee (the "Committee") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management to their assigned duties without distraction in circumstances arising from the possibility of a Change of Control of the Company.

To induce you to remain in the employ of the Company, this letter agreement ("Agreement") sets forth the severance benefits which the Company will provide to you in the event your employment with the Company is terminated in connection with a Change of Control, as defined herein, under the circumstances described below.

1. Term of Agreement. The term of this Agreement is April 30, 2009, until December 31, 2011; provided, however, that (i) the term of the Agreement shall be extended automatically by additional, consecutive 12-month periods unless the Company notifies you in writing of its decision to terminate the Agreement at least one hundred eighty (180) days prior to the date on which the Agreement is scheduled to expire and (ii) if a Change of Control, as defined in Section 2 below, occurs during the term of this Agreement, then notwithstanding any notice of termination pursuant to clause (i), the Agreement shall continue in effect for a period of one hundred eighty (180) days after the date of such Change of Control. Notwithstanding anything to the contrary set forth herein, this Agreement shall immediately terminate upon the termination of your employment with the Company under circumstances other than as described in Section 3 hereof.

2. Change of Control. For the purpose of this Agreement, "Change of Control" shall mean the occurrence of a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of the Company, as determined in accordance with this Section 2. In determining whether an event shall be considered a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of the Company, the following provisions shall apply:

(a) A "change in the ownership" of the Company shall occur on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(v).

(b) A "change in the effective control" of the Company shall occur on the date on which a majority of the members of the Company's Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's Board of Directors before the date of the appointment or election, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(vi).

(c) A "change in the ownership of a substantial portion of the assets" of the Company shall occur on the date on which any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(vii). A transfer of assets shall not be treated as a "change in the ownership of a substantial portion of the assets" when such

transfer is made to an entity that is controlled by the shareholders of the Company, as determined in accordance with Treasury Regulation §1.409A-3(i)(5)(vii)(B).

3. Termination Following Change of Control. If a Change of Control occurs during the term of this Agreement and either (i) your employment is terminated by the Company for a reason other than Cause within sixty (60) days before the Change of Control or one hundred eighty (180) days after the Change of Control or (ii) you terminate your employment due to Good Reason by delivery of a notice to the Company within one hundred eighty (180) days after the Change of Control setting forth the conditions that constitute Good Reason, then you will be entitled to the benefits provided in Section 4 below; provided that you shall not be entitled to such benefits if such termination is due to your death or Disability. For the purpose of this Section 3:

(a) Cause” means you committed any one or more of the following: (i) theft, embezzlement, fraud, misappropriation of funds, other acts of dishonesty or the violation of any law or ethical rule relating to your employment by the Company; (ii) a felony or any act involving moral turpitude for which you were convicted or entered a plea of nolo contendere; (iii) a breach of any material provision of this Agreement or any confidentiality agreement between you and the Company, and if such violation or breach is susceptible of cure, the failure to effect such cure within 30 calendar days after written notice of such breach is given to you; or (iv) a breach of your fiduciary duty to the Company.

(b) “Disability” means your inability to perform the duties of your position under this Agreement for a continuous period of five (5) months, with or without reasonable accommodation, because of a physical or mental impairment, as determined by the Committee.

(c) “Good Reason” shall mean, without your express written consent, the occurrence of any of the following conditions:

- (i) a material reduction in your base compensation;
- (ii) a material diminution in your authority, duties, or responsibilities; or
- (iii) a relocation of your primary employment duties by more than 50 miles;

provided, however, that the occurrence of any such condition shall not constitute Good Reason unless you provide notice to the Company of the existence of such condition not later than the earlier to occur of (A) 90 days after the initial existence of such condition and (B) 180 days after the date of the Change of Control, and the Company shall have failed to remedy such condition within 30 days after receipt of such notice.

4. Change of Control Benefits.

(a) In the event you become eligible for benefits under Section 3, you will receive (i) any benefits to which you are entitled pursuant to and in accordance with the terms of any plan of the Company then in effect and any existing contract between you and the Company, and (ii) the following benefits, conditioned upon your signing a release of claims in a form reasonably satisfactory to the Company not later than twenty-one (21) calendar days after the date of your termination:

(i) your unvested equity awards will immediately vest and become exercisable;

(ii) a lump sum payment in an amount equal to your Cash Compensation received by you from the Company for the two (2) most recent taxable years ending before the date upon which the Change of Control occurred, payable upon the latest of (i) thirty (30) calendar days from the date your employment terminates, (ii) thirty (30) calendar days from the date of the Change of Control or (iii) the expiration of any applicable revocation period under the release, but in no event later than March 15th of the year following the year in which the termination occurs. As used in this paragraph, Cash Compensation means your base salary and your annual incentive plan payment, in each case including any amounts deferred in the Company’s 401(k) plan and deferred compensation plan; and

(iii) until the earlier of (a) eighteen (18) months, (b) such time as you obtain comparable benefits through employment or otherwise, or (c) age sixty-five (65), the Company will pay the COBRA premiums for continuation of group health insurance coverage for you and any of your eligible dependents that were covered under the Company's health plans on your date of termination.

(b) Notwithstanding any other provision of this Agreement, if any payment or benefit you would receive pursuant to a Change of Control of the Company or otherwise (each a "Payment" and collectively the "Payments") could constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), then the Company shall reduce the Payments so that the maximum amount of the Payments shall be One Dollar (\$1.00) less than the amount that would cause the Payments to be subject to the excise tax imposed by Section 4999 of the Code.

(c) If a reduction in Payments is necessary under Section 4(b), reduction shall occur in the following order unless you elect in writing a different order (provided, however, that such election shall be subject to Company approval if made on or after the date on which the event that triggers the Payment occurs): reduction of cash payments; cancellation of accelerated vesting of equity awards; and then reduction of COBRA premiums. A nationally recognized, independent accounting firm selected by the Company shall perform the calculations required by this Agreement. The Company shall bear all reasonable expenses with respect to the determinations by such accounting firm required to be made hereunder. The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with supporting documentation, to the Company and you promptly after the date on which your right to a Payment is triggered (if requested at that time by you or the Company) or such other time as requested by you or the Company, including a reasonable time prior to the Payment trigger date. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon you and the Company.

5. Right to Terminate. Nothing in this Agreement modifies the "at will" nature of your employment with Company. Both you and the Company retain the right to terminate the employment relationship at any time.

6. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Company, each subsidiary and their respective successors and assigns, and shall be binding upon you, your administrators, executors, legatees, and heirs. In that this Agreement is a personal service contract, you may not assign it.

7. Notices. All notices, requests and demands given to or made pursuant to this Agreement shall, except as otherwise specified herein, be in writing and be delivered or mailed to any such party at its address as set forth in this Agreement (if to Company, to the attention of the General Counsel). Either party may change its address, by notice to the other party given in the manner set forth in this Section. Any notice, if mailed properly addressed, postage prepaid, registered or certified mail, shall be deemed dispatched on the registered date or that stamped on the certified mail receipt, and shall be deemed received within the third (3rd) business day thereafter or when it is actually received, whichever is sooner.

8. Captions. The various headings or captions in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

9. Mediation & Arbitration.

(a) In the case of any dispute arising under this Agreement which cannot be settled by reasonable discussion (a "Dispute"), the parties agree that, prior to commencing any proceeding to enforce any rights under this Agreement, they will first engage the services of a professional mediator agreed upon by the parties and attempt in good faith to resolve the dispute through confidential nonbinding mediation. Each party shall bear one-half (1/2) of the mediator's fees and expenses and shall pay all of its own attorneys' fees and expenses related to the mediation.

(b) If any Dispute cannot be resolved pursuant to Section 9(a), such Dispute shall be settled by arbitration in Portland, Oregon or such other location to which the parties may agree administered by the American Arbitration Association, with any such dispute or controversy arising under this Agreement being so administered in accordance with its Commercial Rules then in effect, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including, without limitation, the issuance of an injunction. Except as necessary in court proceedings to enforce this arbitration provision or an award rendered hereunder, or to obtain interim relief, neither a party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of the Company and you. You and the Company acknowledge that this Agreement evidences a transaction involving interstate commerce. Notwithstanding any choice of law provision included in this Agreement, the United States Federal Arbitration Act shall govern the interpretation and enforcement of this arbitration provision.

10. Governing Law and Jurisdiction. The validity, construction and performance of this Agreement shall be governed by the laws of the State of Oregon, without regard to its choice of laws provisions.

11. Attorney Fees. In the event of any suit, action or arbitration to interpret or enforce this Agreement, the prevailing party shall be entitled to recover its attorney fees, costs and out-of-pocket expenses at trial and on appeal.

12. Construction. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

12. Waivers. No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by any related document or by law.

13. Modification. This Agreement may not be modified or amended except by written instrument signed by the parties hereto.

14. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior or contemporaneous oral or written understandings, agreements, statements, representations or promises with respect to its subject matter. This Agreement was the subject of negotiation between the parties and, therefore, the parties agree that the rule of construction requiring that the agreement be construed against the drafter shall not apply to the interpretation of this Agreement.

If you accept the terms and conditions set forth herein, please so indicate by signing below and returning this Agreement to the Company's Vice President – Human Resources.

Signed this 6th day of May, 2009.

FLIR Systems, Inc.

By: /s/ Earl R. Lewis
Earl R. Lewis
Chairman, President and Chief Executive Officer

ACCEPTED AND AGREED:

[employee name]

I, Earl R. Lewis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FLIR Systems, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control of financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date May 8, 2009

/s/ EARL R. LEWIS
Earl R. Lewis
President and Chief Executive Officer

I, Stephen M. Bailey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FLIR Systems, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control of financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date May 8, 2009

/s/ STEPHEN M. BAILEY
Stephen M. Bailey
Chief Financial Officer

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

In connection with the Quarterly Report of FLIR Systems, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Earl R. Lewis, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date May 8, 2009

/s/ EARL R. LEWIS
Earl R. Lewis
President and Chief Executive Officer

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

In connection with the Quarterly Report of FLIR Systems, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen M. Bailey, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date May 8, 2009

/s/ STEPHEN M. BAILEY
Stephen M. Bailey
Chief Financial Officer