

HESKA CORP
Form PRER14A
December 17, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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

HESKA CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

 - (2) Aggregate number of securities to which transaction applies:

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

 - (4) Proposed maximum aggregate value of transaction:

 - (5) Total fee paid:
- .. Fee paid previously with preliminary materials.
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SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON [], 2016

[], 2015

Dear Heska Stockholder:

You are invited to attend Heska Corporation's Special Meeting of Stockholders. The meeting will be held on [], [], 2016, at 9:00 a.m., local time, at the Hilton Hotel, 425 West Prospect Road, Fort Collins, CO 80526.

We encourage you to vote your shares as soon as possible as described in the enclosed proxy statement.

At the meeting, we will be seeking the votes of our stockholders to (1) approve an amendment to our Restated Certificate of Incorporation, as amended, to increase by one million the number of authorized shares of each class of our common stock from 7,500,000 shares to 8,500,000 shares, and (2) approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies for the foregoing proposal.

Your vote is important, so please act at your first opportunity. Whether or not you plan to attend the Special Meeting, I hope you will vote as soon as possible. You may vote by mailing a proxy or in person at the Special Meeting. Please review the instructions in the proxy statement and on the proxy card regarding your voting options.

Thank you for your ongoing support of and continued interest in Heska.

Sincerely,

Kevin S. Wilson

Chief Executive Officer and President,

Heska Corporation

YOUR VOTE IS IMPORTANT

In order to ensure your representation at the meeting, please complete, sign and date the enclosed proxy as promptly as possible and return it in the enclosed envelope (to which no postage need be affixed if mailed in the United States).

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TIME AND DATE	9:00 a.m., local time, on [], [], 2016
PLACE	Hilton Hotel 425 West Prospect Road Fort Collins, CO 80526
ITEMS OF BUSINESS	<ol style="list-style-type: none">1. To approve an amendment to our Restated Certificate of Incorporation, as amended, to increase by one million the number of authorized shares of each class of our common stock from 7,500,000 shares to 8,500,000 shares;2. To approve the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies for Proposal 1; and3. To consider such other business as may properly come before the special meeting or any postponement or adjournment of the special meeting.
RECORD DATE	You can vote if you were a stockholder of record at the close of business on December 11, 2015.
VOTING BY PROXY	Please submit a proxy as soon as possible so that your shares can be voted at the Special Meeting in accordance with your instructions. For specific instructions on voting, please refer to the instructions on the proxy card.

[], 2015
Loveland, Colorado

By Order of the Board of Directors,

Jason A. Napolitano
Executive Vice President, Chief Operating Officer,

Chief Financial Officer and Secretary,
Heska Corporation

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PRELIMINARY COPY

PROXY STATEMENT

ABOUT THE SPECIAL MEETING

This proxy statement is being furnished to holders of all classes of common stock, \$.01 par value per share (the Common Stock), of Heska Corporation (Heska or the Company). Proxies are being solicited on behalf of the Board of Directors of the Company (the Board) to be used at the Special Meeting of Stockholders (the Special Meeting) to be held at the Hilton Hotel, 425 West Prospect Road, Fort Collins, CO 80526 on [], [], 2016, at 9:00 a.m., local time.

The principal purpose of the Special Meeting is to approve an amendment (the Amendment) to our Restated Certificate of Incorporation, as amended (the Charter), to increase by one million the number of authorized shares of each class of the Company s common stock from 7,500,000 shares to 8,500,000 shares (the Authorized Share Increase). We are also seeking your vote to approve the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies for the approval of the Authorized Share Increase and Amendment.

Among other more general reasons described later in this proxy statement, we are seeking to increase our authorized shares of Common Stock to satisfy a condition to the completion of our previously announced acquisition (the Acquisition) of Cuattro Veterinary, LLC (Cuattro International). Due to the small size of the Acquisition, *you are not being asked to approve by a separate vote the Acquisition*, the material terms of which are summarized below. We are providing information to you in this proxy statement about the Acquisition because we expect to use a portion of the additional shares of authorized Common Stock as consideration for the purchase of Cuattro International in the Acquisition.

ACQUISITION SUMMARY TERM SHEET

On November 10, 2015, the Company agreed to acquire Cuattro International from its members in exchange for between 175,000 shares and 200,000 shares of Common Stock, which are intended to equal approximately \$6.0 million in value.

The Company also agreed to issue up to additional 100,000 shares of Common Stock in the Acquisition if specified, uncollectible liabilities of Cuattro International are ultimately recovered by the Company.

Kevin S. Wilson, the Company s Chief Executive Officer and President as well as a member of the Company s Board is the spouse of Shawna M. Wilson (Mrs. Wilson). Including shares held by Mrs. Wilson and by trusts for the benefit of Mr. and Mrs. Wilson s children and family, Mr. Wilson owns a 100% interest in Cuattro, LLC. Cuattro, LLC owns a majority interest in Cuattro International. As such, Mr. Wilson may be deemed own indirectly a majority interest in Cuattro International and to have a substantial interest in the Amendment to the extent of Cuattro, LLC s interest in Cuattro International.

The value of the Common Stock to be issued as consideration for the Acquisition will be based on the average per share price of the Common Stock for the ten trading days ending on the trading day prior to the closing date

of the Acquisition.

Please see the discussion regarding Proposal 1 under the caption *Why is the Amendment necessary to complete the Acquisition, and what are the material terms of the Acquisition?* beginning on page [] for additional information concerning the proposed Acquisition.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON [], [], 2016:

The Proxy Statement and Proxy Card are available at <http://www.heska.com/proxyvote>.

This proxy statement and the accompanying proxy card are being provided to our stockholders of record entitled to vote at the Special Meeting on or about [], 2016.

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The proxy statement is available on the Company's website at www.heska.com/proxyvote. The Company's website address is not intended to function as a hyperlink, and the information on the Company's website is not and should not be considered part of this proxy statement and is not incorporated by reference herein.

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RECOMMENDATIONS OF THE BOARD OF DIRECTORS

The Board recommends that you vote **FOR** the Amendment to effect the Authorized Share Increase, and **FOR** the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies for the approval of the Amendment.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE SPECIAL MEETING

Q: *What classes of stock does Heska's Charter authorize?*

A: Our Charter authorizes three classes of stock. First, our Charter authorizes a class of Common Stock to be referred to as *Traditional Common Stock* if the Amendment passes and defines it as the *Original Common Stock*. We will refer to this class of stock in these proxy materials as the *Original Common Stock*. Second, our Charter authorizes a class of Public Common Stock and defines it as the *Common Stock* or *NOL Restricted Common Stock*. We will refer to this class of stock in these proxy materials as the *Public Common Stock* or *NOL Restricted Common Stock*. Third, our Charter authorizes a class of Preferred Stock. We shall refer to this class of stock in these proxy materials as *Preferred Stock*. For the purpose of these proxy materials, *Common Stock* shall mean collectively *Original Common Stock* and *Public Common Stock*.

Q: *How many shares of Common Stock and Preferred Stock are issued and outstanding?*

A: As of December 11, 2015 (the *Record Date*), there were an aggregate of 6,622,678 shares of Common Stock issued and outstanding and no shares of Preferred Stock issued and outstanding.

Q: *Why am I receiving these materials?*

A: The Board is providing these proxy materials for you in connection with Heska's upcoming Special Meeting. The Special Meeting will take place on [], [], 2016. As a stockholder, you are invited to attend the Special Meeting and are entitled to and requested to vote on the items of business to be conducted at the Special Meeting described in this proxy statement.

Q: *What items of business will be voted on at the Special Meeting?*

A: The items of business scheduled to be voted on at the Special Meeting are:

- (1) To approve an amendment to our Restated Certificate of Incorporation, as amended, to increase by one million the number of authorized shares of each class of the Company's Common Stock from 7,500,000 shares to 8,500,000 shares; and

- (2) To approve the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies for Proposal 1 (the Potential Adjournment).

We will also consider such other business that properly comes before the Special Meeting.

Q: *How does the Board recommend I vote on the proposals?*

A: The Board recommends a vote FOR the Authorized Share Increase and FOR the Potential Adjournment.

Q: *Who is entitled to vote?*

A: Stockholders holding Common Stock as of the close of business on the Record Date are entitled to vote at the Special Meeting. Each stockholder is entitled to one vote for each share of Common Stock held on the Record Date. A list of stockholders entitled to vote at the Special Meeting will be available at the Special Meeting and for ten days prior to the meeting during normal business hours at our offices at 3760 Rocky Mountain Avenue, Loveland, Colorado 80538.

Q: *How do I vote?*

A: There are two ways you can vote:

- (1) Vote by proxy. You may be able to provide your voting instructions via the internet, telephone or mail through procedures explained in other materials included with this mailing. If you choose to provide your voting instructions via mail, please sign and date each proxy card you receive and allow sufficient time for the proxy card to be received as proxy cards received after the polls have closed on a given matter at the Special Meeting will not be counted; or
- (2) Vote in-person at the Special Meeting. If your shares are held of record by a broker, bank or other nominee and you wish to vote your shares at the Special Meeting, you must contact your broker, bank or other nominee to obtain the proper documentation and bring it with you to the Special Meeting.

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Q: *How can I change my vote or revoke my proxy?*

A: You may revoke your proxy and change your vote by voting in person at the meeting if you have the proper documentation. If you are a registered stockholder, you have the right to revoke your proxy and change your vote at any time before the meeting by notifying our Secretary, or returning a later-dated proxy card prior to the Special Meeting.

Q: *Who can help answer my questions?*

A: If you have any questions about the Special Meeting or how to vote or revoke your proxy, you should contact:
Heska Corporation

Attn: Secretary

3760 Rocky Mountain Avenue

Loveland, Colorado 80538

(970) 493-7272

If you need additional copies of this proxy statement or voting materials, please contact our Secretary as described above.

Q: *What does it mean if I get more than one proxy card?*

A: It means that you hold shares of Common Stock registered in more than one account. Sign and return, or otherwise vote, all proxies to ensure that all of your shares are voted.

Q: *Who will serve as inspector of elections?*

A: The inspector of elections will be a representative of Computershare Trust Company, Inc., our transfer agent.

Q: *What are the quorum and voting requirements for the Special Meeting?*

A: The holders of a majority of the outstanding shares of our Common Stock, present in person or represented by proxy at the meeting, will constitute a quorum for the transaction of business at the Special Meeting. Based on the number of shares of Common Stock outstanding as of the Record Date, a quorum requires 3,311,340 shares to be present at the meeting.

We will count shares underlying proxies containing a for , against , or abstain vote, as well as any signed and returned proxies without any specific voting instructions, as present for purposes of determining a quorum. If your shares are held of record by a broker, bank or other nominee, your broker, bank or nominee may not be permitted to exercise voting discretion with respect to any matters to be acted upon and therefore may not submit a proxy. If you do not give your broker, bank or nominee specific instructions, your shares may not be voted and, if so, may not be considered as present and entitled to vote with respect to any of the matters to be considered at the meeting.

We will consider an abstention or a non-vote on a given matter to be a forfeiture of the right and entitlement to vote on that matter and a forfeiture of the voting power present at the Special Meeting underlying the forfeited votes regarding that matter. Accordingly, if you abstain or do not vote on a given matter, your shares will not be voted for or against that matter and will not be considered as present and entitled to vote on that matter. However, you may abstain on a given matter for a certain portion of your shares and vote on the same matter with the remaining portion of your shares without forfeiting the votes underlying the shares you choose to vote. For example, a stockholder who has two accounts with 50 shares in each account may choose to abstain on a proposal with 50 shares and vote for the same proposal with the other 50 shares. In this case, the stockholder would forfeit his right to vote 50 shares on the proposal and would have his other 50 votes count for the proposal. In addition, an abstention or a non-vote on any matter will not affect your ability to vote on any other matter.

The Authorized Share Increase is to be approved by the affirmative vote of a majority of our outstanding shares of Common Stock. Based on the number of shares of Common Stock outstanding as of the Record Date, approval requires the affirmative vote of a minimum of 3,311,340 shares. The Potential Adjournment is to be approved by both (1) the affirmative vote of a majority of the shares of our Common Stock present in person or represented by proxy at the Special Meeting and entitled to vote on the subject matter and (2) a minimum affirmative vote of a majority of our quorum requirement. Based on the number of shares of Common Stock outstanding as of the Record Date, approval requires the affirmative vote of a minimum of 1,655,671 shares.

Q: *Who can attend the Special Meeting?*

A: All stockholders as of the Record Date can attend. If you wish to vote your shares at the Special Meeting and your shares are held of record by a broker, bank or other nominee, you must contact your broker, bank or other nominee to obtain the proper documentation and bring it with you to the Special Meeting in order to be admitted.

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Q: *What happens if additional matters are presented at the Special Meeting?*

A: Other than the two items of business described in this proxy statement, we are not aware of any other business to be acted upon at the Special Meeting. If you grant a proxy, the persons named as proxy holders Jason A. Napolitano, our Executive Vice President, Chief Operating Officer, Chief Financial Officer and Secretary, Nancy Wisnewski, Ph.D., our Executive Vice President, Product Development and Customer Support and Daniel J. Pollack, our Treasurer and Assistant Secretary will have the discretion to vote your shares of Common Stock on any additional matters presented for a vote at the meeting.

Q: *Where can I find the voting results of the meeting?*

A: Unless adjourned under Proposal 2, we intend to announce preliminary voting results at the Special Meeting, and publish final voting results in a Current Report on Form 8-K (a Form 8-K) to be filed with the Securities and Exchange Commission (the SEC) within four business days after the Special Meeting. If final voting results are not available within four business days after the Special Meeting, we intend to publish preliminary voting results in a Form 8-K to be filed with the SEC on the fourth business day following Special Meeting and then publish final voting results in a Form 8-K to be filed with the SEC within four business days following the final voting results becoming known.

Q: *Who bears the costs of soliciting votes for the Special Meeting?*

A: Heska is making this solicitation and will pay the entire cost of preparing, printing, assembling and mailing these proxy materials. In addition to the mailing of these proxy materials, certain of our officers, directors and employees may solicit proxies on our behalf in person, by telephone, electronic transmission or facsimile. No additional compensation will be paid to these people for such solicitation. We may enlist the assistance of brokerage firms, fiduciaries, custodians and other third party solicitation firms in soliciting proxies. If we elect to engage any such assistance, our arrangements with the solicitation firm(s) will be on customary terms and conditions, the anticipated cost of which is not anticipated to be material to us. Upon request, we will also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to stockholders.

PROPOSAL 1

APPROVAL OF AN AMENDMENT TO OUR CHARTER TO INCREASE BY ONE MILLION THE NUMBER OF AUTHORIZED SHARES OF EACH CLASS OF THE COMPANY'S COMMON STOCK

FROM 7,500,000 SHARES TO 8,500,000 SHARES

What am I voting on?

You are voting to approve the Amendment to increase by one million the number of authorized shares of each class of the Company's Common Stock from 7,500,000 shares to 8,500,000 shares. The Board has unanimously approved the proposed Amendment to effect the Authorized Share Increase and recommends that you vote **FOR** the approval and adoption of the Amendment. The form of the proposed Amendment is attached to this proxy statement as **Appendix A**

and is incorporated herein by reference.

What is the purpose of the Amendment?

We are seeking your approval of the Amendment to effect the Authorized Share Increase in order to (i) complete the Acquisition, (ii) enable us to utilize fully our stockholder approved Equity Incentive Plans (as defined below), and (iii) provide the Company adequate flexibility in corporate planning and strategies. You are not being asked to approve specifically any of these purposes.

Our Charter currently authorizes the issuance of 17,500,000 shares, consisting of 7,500,000 shares of Original Common Stock, 7,500,000 shares of NOL Restricted Common Stock and 2,500,000 shares of Preferred Stock. Pursuant to our Charter, our NOL Restricted Common Stock automatically converts into an equivalent number of shares of Original Common Stock on the date that the transfer restrictions on the NOL Restricted Common Stock terminate, and we are required at all times to have reserved for issuance the number of shares of Original Common Stock sufficient to permit conversion of the NOL Restricted Common Stock.

As of December 11, 2015, we had 6,622,678 shares of NOL Restricted Common Stock outstanding, no shares of Original Common Stock outstanding but 6,622,678 shares of Original Common Stock reserved for issuance upon conversion of currently outstanding NOL Restricted Common Stock and we had zero treasury shares. We also had an aggregate of 2,824,180 shares reserved for issuance under the Company's 1997 Stock Incentive Plan, as amended and restated, 1997 Employee Stock Purchase Plan, as amended and restated, and 2003 Equity Incentive Plan, as amended and restated (collectively, the Equity Incentive Plans) of which approximately 1,750,768 shares had previously been issued under the Equity Incentive Plans and approximately 858,617 shares were reserved for issuance pursuant to outstanding awards under the Equity Incentive Plans, leaving approximately 214,795 shares of Common Stock available for future issuance under the Equity Incentive Plans.

Table of Contents***Why is the Amendment necessary to complete the Acquisition, and what are the material terms of the Acquisition?***

The Amendment to effect the Authorized Share Increase is a stated condition to the closing of the Acquisition. As previously disclosed in a press release and Current Report on Form 8-K that were filed with the SEC on November 10, 2015, the Company entered into a Unit Purchase Agreement (as amended, the Purchase Agreement) with Cuattro International, Kevin S. Wilson, and all members of Cuattro International (the Members), pursuant to which the Company agreed to acquire all of the outstanding units of Cuattro International (the Units) from its Members. Mr. Wilson is a founder of Cuattro International, Cuattro, LLC, Cuattro Software, LLC and Cuattro Medical. Mr. Wilson, Mrs. Wilson and trusts for the benefit of Mr. and Mrs. Wilson's children and family own a 100% interest in Cuattro, LLC and a majority interest in Cuattro Medical, LLC. Cuattro, LLC owns a 100% interest in Cuattro Software, LLC. Our Board appointed a special committee (the Special Committee) of independent Directors to consider, negotiate and make all decisions relating to the Acquisition. All members of our current Board other than Mr. Wilson served on the Special Committee, which was chaired by our former Lead Director and current outside Chair of the Board. The Special Committee engaged counsel and financial advisors and was afforded full access to the Company's financial management to assist the Special Committee in its work. Mr. Wilson did not participate in the deliberations of the Special Committee and its advisors or otherwise have a role in the transaction on behalf of the Company. Mr. Wilson's role in the proposed transaction was limited to negotiating on behalf of Cuattro International with representatives of the Special Committee.

Subject to the Purchase Agreement, the Company has agreed to acquire the Units from the Members in exchange for the issuance to them of an aggregate number of between 175,000 shares and 200,000 shares of Common Stock intended to equal in value to \$6,000,000 (based on the average per share price of the Common Stock for the ten trading days ending on the trading day prior to the closing date of the Acquisition). The Company may also be required to issue up to an additional 100,000 shares of Common Stock to the Members under the Purchase Agreement if any liabilities or obligations to Cuattro International that have been fully reserved as uncollectible from affiliates of Cuattro International (i.e. Cuattro, LLC, Cuattro Software, LLC and Cuattro Medical, LLC), Mr. Wilson and the Members (collectively, the Affiliates), are recovered by the Company. As of September 30, 2015 these liabilities to Cuattro International from Affiliates had a net face value of approximately \$2.7 million when offset against liabilities with a face value of \$2.3 million from Cuattro International to Affiliates as of September 30, 2015 which were fully reserved as uncollectable and cancelled prior to the Company entering into the Purchase Agreement. The number of shares to be issued in respect of the contingent purchase price adjustment shall be equal in value to the amount of the liabilities recovered (based on the average per share price of the Common Stock for the ten trading days ending on the trading day prior to the closing date of the Acquisition), shall be payable within 30 days after the recovery and is limited to 100,000 shares in any case. The Company does not expect to recover any of these liabilities.

The Acquisition is intended to qualify as a reorganization within the meaning of Section 368(b) of the Internal Revenue Code of 1986, as amended (the Code), and the Purchase Agreement is intended to be a plan of reorganization for purposes of Sections 354 and 361 of the Code and within the meaning of Treasury regulation section 1.368-2(g). The description of our Common Stock to be issued in the Acquisition is incorporated herein by reference to our Amendment No. 2 to Registration Statement on Form 8-A/A (File No. 000-222472) filed with the SEC on January 4, 2011. There are no federal or state regulatory requirements that must be complied with or approvals that must be obtained in connection with the Acquisition.

What does Cuattro International do and what are the reasons for the Acquisition?

Cuattro International is a provider to international markets of digital radiography, picture archiving and communication systems (PACS) and other imaging technologies for veterinarians. Its principal executive offices are located at 3755 Precision Drive, Suite 15, Loveland, Colorado 80538, and its telephone number is (800) 709-4515.

There is no active trading market for the Units of Cuattro International.

As a leading provider of advanced veterinary diagnostic and specialty products, our acquisition of Cuattro International is to combine Cuattro International's international reach with our domestic success in the imaging and blood testing space in the United States. International markets represent a significant portion of worldwide veterinary revenues for which the Company intends to compete.

Will I get the opportunity to vote on separately on the Acquisition itself?

No. The Company's stockholders will not have the opportunity to vote upon the Acquisition separate and apart from the proposal to approve the Authorized Share Increase.

Why is the Amendment necessary to enable us to utilize fully our stockholder approved Equity Incentive Plans?

As more fully described above under the caption ***What is the purpose of the Amendment?***, as of December 11, 2015 approximately 858,617 shares of Common Stock were reserved for issuance pursuant to outstanding awards under the Equity Incentive Plans and approximately 214,795 shares of Common Stock were available for future issuance under the Equity Incentive Plans. However, as of December 11, 2015, only approximately 877,322 authorized but unissued shares of Common Stock remained under our Charter. Therefore, the Amendment to effect the Authorized Share Increase is necessary in order to be able to fully utilize the number of shares of

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Common Stock that remain available as contemplated and authorized by our stockholders for future issuance under the Equity Incentive Plans. These additional shares are important to enable the Company to continue to motivate and retain its existing employees and to attract new employees.

How will the Amendment provide the Company flexibility in corporate planning and strategies?

The stockholders' approval of additional authorized but unissued shares of Common Stock under the Amendment is important to the Company for a number of reasons. It would allow the Company to complete future acquisitions of other businesses or products including the acquisition of equity in Heska Imaging US, LLC (Heska Imaging) not currently owned by the Company, establish strategic partnerships, complete equity financings, provide equity incentives to new and existing employees, pay stock dividends, and effect stock splits and other recapitalizations. From time to time the Company considers these types of transactions as market conditions or other opportunities arise.

It can become increasingly important to have additional shares available in the event the Board needs to undertake any of the foregoing actions on an expedited basis and thus avoid the time and expense of seeking stockholder approval in connection with the contemplated issuance of Common Stock. Such additional authorized shares may be issued for such purposes and for such consideration as the Board may determine without further stockholder approval, unless stockholder approval is required by applicable law or the requirements of the Nasdaq Stock Market or any national securities exchange on which our securities may be listed from time to time. For example, the Company may obtain the right, but not the obligation, to issue up to approximately an additional 650,000 shares of Common Stock to acquire from the minority owners the remaining position in Heska Imaging not already owned by the Company. The Board may determine to use shares of Common Stock for that purpose, should the opportunity arise, in order to preserve cash or for other commercial reasons determined in the best interests of the Company's stockholders at the time. We do not anticipate that stockholders will have the right to vote on any voluntary purchase of the remaining minority position in Heska Imaging from the minority holders. Please see the information provided below under the caption ***Do any of Heska's officers or directors, or persons associated with them, have a substantial interest in the Amendment?*** for an additional discussion of the possible future issuance of shares of Common Stock in respect of the ownership of Heska Imaging.

Does the Board presently anticipate issuing additional shares of Common Stock for unidentified reasons if the Amendment is approved?

Except for the issuance of shares of Common Stock in connection with the Acquisition, pursuant to the Equity Incentive Plans for employees and for the purchase of the equity in Heska Imaging not currently owned by the Company, the Company has no present arrangement, agreement, understanding or plan for the issuance of any additional shares of Common Stock proposed to be authorized by the Amendment.

Do any of Heska's officers or directors, or persons associated with them, have a substantial interest in the Amendment?

Mr. Wilson, one of our directors and our Chief Executive Officer and President, is a founder of Cuattro, LLC, one of the Members of Cuattro International that will receive shares of our Common Stock if the Acquisition is completed following an approval of the Amendment. Including shares held by Mrs. Wilson and by trusts for the benefit of Mr. and Mrs. Wilson's children and family, Mr. Wilson owns a 100% interest in Cuattro, LLC. Cuattro, LLC owns a majority interest in Cuattro International. As such, he may be deemed to have a substantial interest in the Amendment to the extent of his pecuniary interest in Cuattro, LLC.

Any shares received in the Acquisition by the Members will be subject to lock-up agreement that will restrict the Members from transferring the shares they receive for a period of 181 days after the completion of the transaction. In addition, Mr. Wilson and his associates who are identified below in this discussion and who are also Members of Heska Imaging may also be deemed to benefit from any assumption by the Company of the debt obligation of Cuattro International that is currently owed to Heska Imaging. As of November 30, 2015, the aggregate amount outstanding of such debt obligations was approximately \$1.5 million.

Cuattro, LLC is currently a supplier to Heska Imaging of software products, and other products and services, under an Amended and Restated Master License Agreement between the parties (the License Agreement) and a Supply Agreement between the parties (the Supply Agreement), respectively. If the Acquisition closes, the License Agreement and the Supply Agreement are to be assigned from Heska Imaging to a newly created legal entity 100% owned by Heska Corporation. Heska Imaging and Cuattro International are to be approved sub-distributors for the software products, and other products and services obtained under the License Agreement and the Supply Agreement, respectively. Mr. Wilson may be deemed to have a substantial interest in the Amendment to the extent license payments increase, unit volumes purchased increase and/or other similar matters improve the profitability of Cuattro, LLC from what it otherwise would have been as a result of the Acquisition.

Mr. Wilson and his associates may also be deemed to have a substantial interest in the Amendment to the extent that the Company determines, in its sole discretion, to use a portion of the additional shares authorized to purchase the remaining minority position in Heska Imaging, an entity in which Heska acquired a 54.6% controlling interest in February 2013. Depending on the

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performance of Heska Imaging, we may either have the right or the obligation to purchase the remaining minority position from the minority holders. Although we believe either instance is most likely to arise following the audit of our financial statements for the calendar year 2016 or the calendar year 2017, it is possible that either instance could occur following the audit of our financial statements for calendar year 2015. In either instance, the Company may use up to approximately 650,000 shares of Common Stock to pay for a portion of the purchase price for the minority position. Shawna M. Wilson, Steven M. Asakowicz, Rodney A. Lippincott, Kevin S. Wilson and Cuattro, LLC own approximately 29.75%, 4.09%, 3.07%, 0.05% and 0.05% of Heska Imaging, respectively. Steven M. Asakowicz serves as Executive Vice President, Companion Animal Health Sales for the Company. Rodney A. Lippincott serves as Executive Vice President, Companion Animal Health Sales for the Company.

What are the anticipated effects of the Amendment and any additional anti-takeover considerations on existing stockholders of Heska?

If the Amendment is approved, except as may be required by law or the listing requirements of Nasdaq Stock Market, no further stockholder approval would be required prior to the issuance of the additional shares authorized by the Amendment. For example, there would be no separate opportunity for the stockholders to vote on the Acquisition and the issuance of shares of Common Stock in connection with the Acquisition under the Purchase Agreement. Upon issuance, the additional shares of authorized Common Stock would have rights identical to the currently outstanding shares of the Company's Common Stock. Adoption of the Amendment would not have an immediate dilutive effect on the proportionate voting power or other rights of existing stockholders. As is true for shares presently authorized but unissued, however, the future issuance of Common Stock authorized by the Amendment may, among other things, dilute the earnings per share of Common Stock, decrease existing stockholders' percentages of equity ownership, dilute the voting rights of existing stockholders and, depending on the price at which they are issued, could have a negative effect on the market price of the Company's Common Stock. Current stockholders have no preemptive or similar rights. Accordingly, current stockholders do not have a prior right to purchase any new issue of Common Stock in order to maintain their proportionate ownership thereof.

If the Board determines that a hostile takeover attempt or a change in control of management of the Company is not in the best interest of the Company's stockholders, the Board could use the additional shares of Common Stock that would become available for issuance if this Proposal is approved, to oppose, delay or prevent such attempted takeover or change, which could discourage certain transactions in which our stockholders might otherwise receive a premium for their shares over the then current market prices. The authorization of such Common Stock will have no current anti-takeover effect. No hostile take-over attempts are, to our management's knowledge, currently threatened.

Am I entitled to dissenters or appraisal rights in connection with the proposed Amendment?

The holders of shares of our Common Stock will have no dissenters rights of appraisal under Delaware law, our Charter or our Bylaws with respect to the Amendment to effect the Authorized Share Increase.

How many votes are needed for this proposal?

Approval of this Proposal requires the affirmative vote of a majority of the outstanding shares of our Common Stock entitled to vote on this Proposal. Based on the number of shares of Common Stock outstanding as of the Record Date, this requires the affirmative vote of a minimum of 3,311,340 shares.

How does the Board recommend that I vote?

The Board recommends that you vote **FOR** the Amendment to effect the Authorized Share Increase.

PROPOSAL 2

**APPROVAL OF THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY OR
APPROPRIATE,**

TO SOLICIT ADDITIONAL PROXIES FOR THE AMENDMENT PROPOSAL

What am I voting on?

We are asking our stockholders to vote on a proposal to approve the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies for Proposal 1 described above.

Why is this proposal necessary?

As discussed above, our Board recommends a vote for the Amendment and Authorized Share Increase under Proposal 1. In order to implement the Authorized Share Increase, the Company is required under Delaware law to obtain the affirmative vote of a majority of all shares of Common Stock outstanding. While we hope to have a majority of all shares of Common Stock outstanding vote for the Authorized Share Increase at the Special Meeting and implement the Authorized Share Increase, it is possible we will not have sufficient

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votes to do so. For example, we could convene the Special Meeting with a quorum of 55% of shares outstanding and with 49%, 3% and 3% of shares outstanding voting for, against and abstaining on Proposal 1. In this case, Proposal 1 would not pass and we would not be able to implement the Authorized Share Increase. If this were to happen and Proposal 2 were to pass, however, we could solicit and obtain votes underlying an additional 2% of shares outstanding in the week following the Special Meeting, reconvene the Special Meeting, pass Proposal 1 and implement the Authorized Share Increase.

How many votes are needed for this proposal?

The affirmative vote of (1) a majority of shares of Common Stock present in person or by proxy at the Special Meeting and entitled to vote on the subject matter and (2) a minimum affirmative vote of a majority of our quorum requirement is required to approve this proposal. Based on the number of shares of Common Stock outstanding as of the Record Date, approval requires the affirmative vote of a minimum of 1,655,671 shares.

How does the Board of Directors recommend that I vote?

The Board recommends that you vote **FOR** the approval to adjourn the Special Meeting, if necessary or appropriate to solicit additional proxies for the Authorized Share Increase proposal.

OTHER MATTERS

The Board knows of no other business to be transacted at the Special Meeting.

COMMUNICATIONS

How do I propose actions for consideration at the next annual meeting of stockholders or nominate individuals to serve as directors?

You may submit proposals, including director nominations, for consideration at future stockholder meetings. All proposals or nominations should be addressed to: Secretary, Heska Corporation, 3760 Rocky Mountain Avenue, Loveland, Colorado 80538.

Stockholder Proposals: For a stockholder proposal to be considered for inclusion in our proxy statement for our next annual meeting, the written proposal must be received by our Secretary at our principal executive offices under either (1) Rule 14a-8 (a Rule 14 Proposal) under the Securities Exchange Act of 1934, as amended (the Exchange Act), or (2) the bylaws of Heska (a Bylaws Proposal). A Rule 14 Proposal must be received by our Secretary at our principal executive offices no later than December 1, 2015. If the date of next year s annual meeting is moved more than 30 days before or after the anniversary date of our 2015 annual meeting of stockholders, the deadline for inclusion of proposals in our proxy statement is instead a reasonable period of time before we begin to print and mail our proxy materials. Such proposals also will need to comply with Rule 14a-8 under the Exchange Act regarding the inclusion of stockholder proposals in company-sponsored proxy materials. For a Bylaws Proposal, the stockholder must deliver a written notice of intent to propose such action in accordance with our bylaws, which in general require that the notice be received by us not less than 60 days nor more than 90 days prior to the first anniversary of the date on which notice of the prior year s annual meeting was mailed to stockholders. The proxy materials for the 2015 annual meeting of stockholders were mailed on March 30, 2015. This means that for the 2016 annual meeting of stockholders, that any such proposal must be received no earlier than December 31, 2015 and no later than January 30, 2016.

Director Nominees: You may propose director candidates for consideration by the Board's Corporate Governance Committee. Any such recommendations should be directed to our Secretary at our principal executive offices. In addition, you may nominate a director for consideration by Heska's stockholders if you give timely and adequate notice to our Secretary of your intention to make such nomination in accordance with our bylaws, which require that the notice be received by the Secretary within the time periods described above under "Stockholder Proposals" and with the detail regarding your nomination as is required by our bylaws.

Copy of Bylaw Provisions: You may contact our Secretary at our principal executive offices for a copy of the relevant Bylaws provisions regarding the requirements for making stockholder proposals and nominating Director candidates. A copy of our Bylaws has also been filed with the SEC with our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, a copy of which is accessible at the website of the SEC at www.sec.gov.

OTHER INFORMATION

Householding of Proxy Materials

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as "householding", potentially provides extra convenience for stockholders and

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cost savings for companies. Heska and some brokers household proxy materials, delivering a single proxy statement to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent to such householding. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, or if you are receiving multiple copies of the proxy statement and wish to receive only one, please notify your broker if your shares are held in a brokerage account or us if you hold registered shares. You can notify us by sending a written request to Investor Relations, Heska Corporation, 3760 Rocky Mountain Avenue, Loveland, Colorado 80538.

Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their broker.

Table of Contents**OWNERSHIP OF SECURITIES COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information as of December 11, 2015 (except where otherwise noted), regarding the beneficial ownership of shares of Common Stock by each director of the Company, by the persons named in the summary compensation table (the Named Executive Officers) in the Company's proxy statement relating to its 2015 Annual Meeting of Stockholders, by all current directors and executive officers of the Company as a group, and by each person who is known by us to be the beneficial owner of more than 5% of our Common Stock. We had 6,622,678 shares of Common Stock outstanding on December 11, 2014.

Beneficial Ownership Table

Name and Address of Beneficial Owner	Shares Beneficially Owned (1)	Percentage Beneficially Owned (1)
G. Irwin Gordon (2)	56,893	*
Sharon L. Riley (2)	29,500	*
David E. Sveen, Ph.D. (2)(3)	33,652	*
Bonnie J. Trowbridge (2)	6,346	*
Kevin S. Wilson (2)(4)	449,480	6.8%
Carol A. Wrenn (2)	20,630	*
Steven M. Asakowicz (2)	23,069	*
Rodney A. Lippincott (2)	19,171	*
Michael J. McGinley, Ph.D. (2)	122,296	1.8%
Jason A. Napolitano (2)(5)(6)	199,405	3.0%
All Directors and Executive Officers as a group (13 persons)(2)(3)(4)(5)(6)	1,087,049	15.4%
<u>Former Director and Executive Officer</u>		
Robert B. Grieve, Ph.D. (6)(7)	217,987	3.2%

* Amount represents less than 1% of our common stock.

- (1) To our knowledge and unless otherwise noted, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws where applicable and the information contained in the footnotes to this table. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to securities. Includes options to purchase fractional shares resulting from the Company's 2010 1-for-10 reverse stock split exercisable with 60 days of December 11, 2015. The Company intends to issue whole shares only from option exercises. Shares of Common Stock issuable upon exercise of stock options exercisable within 60 days of December 11, 2015 are deemed outstanding and beneficially owned by the person holding such option for purposes of computing such person's percentage ownership, but are not deemed outstanding for the purpose of computing the percentage ownership of any other person.
- (2) Includes full shares underlying options exercisable within 60 days of December 11, 2015 as follows: Mr. Gordon: 43,387, Ms. Riley: 25,000, Dr. Sveen: 5,000, Ms. Trowbridge: 6,346, Mr. Wilson: 21,561, Ms. Wrenn: 16,630, Mr. Asakowicz: 12,405, Mr. Lippincott: 8,507, Dr. McGinley: 89,911, Mr. Napolitano: 123,256 and all Directors

- and Officers as a group: 432,145. Includes additional fractional shares underlying options exercisable within 60 days of November 13, 2015 as follows Mr. Gordon: 1.5, Dr. McGinley: 2.0, Mr. Napolitano: 1.0 and all Directors and Executive Officers as a group: 5.5. Includes unvested shares as of December 11, 2015 as follows Mr. Wilson: 55,000, Mr. Asakowicz: 9,786, Mr. Lippincott: 9,786, Dr. McGinley: 16,455, Mr. Napolitano: 17,446 and all Directors and Executive Officers as a group: 132,605.
- (3) Includes 14,285 shares held by Bethany Creek Partners, LP and 7,143 shares held by Lindberg Capital Partners, LP. Dr. Sveen is a general partner of, and an investor in, both Bethany Creek Partners, LP and Lindberg Capital Partners, LP.
- (4) Includes 124,099 shares of Common Stock held by Cuattro, LLC. Mr. Wilson, Mrs. Wilson and trusts for the benefit of their children and family own a 100% interest in Cuattro, LLC. Also includes 20,092 shares owned by Mrs. Wilson and 65,728 shares held in trusts for the benefit of Mr. and Mrs. Wilson's children for which a third party is trustee. Mr. Wilson disclaims beneficial ownership of the shares held by Mrs. Wilson and trusts for the benefit of Mr. and Mrs. Wilson's children.
- (5) Mr. Napolitano is the spouse of a woman (Mrs. Napolitano) who owns 602 shares of Common Stock which is included in the table above, with respect to which Mr. Napolitano disclaims beneficial ownership.

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- (6) Includes one share jointly owned by Dr. Grieve and Mr. Napolitano.
- (7) Includes 2,025 shares of Common Stock held for the benefit of Dr. Grieve's children, of which Dr. Grieve disclaims beneficial ownership. Includes 129,205 shares underlying options held by Dr. Grieve which are exercisable within 60 days of December 11, 2015. Includes 7,857 unvested shares as of December 11, 2015.

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WHERE YOU CAN FIND MORE INFORMATION

The Company files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information the Company files at the SEC's public reference room located at 100 F Street N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. These SEC filings are also available to the public at the website maintained by the SEC at <http://www.sec.gov>, and by visiting the investor relations portion of the Company's website at <https://www.heska.com>. The Company does not intend for information contained on or accessible through its website to be part of this proxy statement, other than the documents that the Company files with the SEC that are incorporated by reference into this proxy statement.

The SEC allows the Company to incorporate by reference business and financial information that is not included in or delivered with this document, which means that the Company can disclose important information to you by referring to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this document, except for any information that is superseded by information in this document or incorporated by reference subsequent to the date of this document.

This proxy statement incorporates by reference the documents listed below that the Company has previously filed with the SEC:

- (1) The Annual Report on Form 10-K (File No.000-22427) for the fiscal year ended December 31, 2014, filed with the SEC on March 25, 2015, as amended by the Amendment No. 1 to the Annual Report on Form 10-K/A (File No.000-22427) for the fiscal year ended December 31, 2014, filed with the SEC on May 8, 2015;
- (2) The Quarterly Report on Form 10-Q (File No.000-22427) for the quarter ended September 30, 2015, filed with the SEC on November 16, 2015;
- (3) The Current Reports on Form 8-K (File Nos. 000-22427) filed with the SEC on January 29, 2015, March 23, 2015, May 8, 2015, October 1, 2015, October 16, 2015, November 24, 2015 and December 16, 2015; and
- (4) The description of common stock contained in the Registration Statement on Form 8-A (File No. 000-22427), filed with the SEC on April 24, 1997, as amended by Amendment No.1 to Registration Statement on Form 8-A/A filed with the SEC on May 6, 2010, and Amendment No. 2 to Registration Statement on Form 8-A/A filed with the SEC on January 4, 2011.

In addition, the Company incorporates by reference additional documents that it may subsequently file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act between the date of this proxy statement and the date of the Company's Special Meeting (other than information furnished and not filed with the SEC). These documents include periodic reports such as annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

The Company hereby undertakes to provide, without charge, to each person to whom a copy of this proxy statement is delivered, upon written or oral request of any such person, by first class mail or other equally prompt means within

one business day of receipt of a request, a copy of any and all of the documents that have been incorporated by reference in this proxy statement (other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into the information that the proxy statement incorporates). Copies of these documents are available to stockholders upon written request to the Company at: Heska Corporation, Attn: Secretary, 3760 Rocky Mountain Avenue, Loveland, Colorado 80538; telephone: (970) 493-7272.

If you would like to request documents from the Company, please do so by Monday, December 28, 2015 to receive timely delivery of the documents in advance of the Special Meeting.

By order of the Board of Directors,

Jason A. Napolitano

*Executive Vice President, Chief Operating
Officer, Chief Financial Officer and Secretary,*

Heska Corporation

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APPENDIX A
FORM OF
CERTIFICATE OF AMENDMENT
TO THE
RESTATED CERTIFICATE OF INCORPORATION, AS AMENDED,
OF
HESKA CORPORATION

Heska Corporation (the Corporation), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the DGCL), does hereby certify:

1. This Certificate of Amendment to the Corporation's Restated Certificate of Incorporation, as amended (the Certificate), has been duly adopted in accordance with the provisions of Section 242 of the DGCL.
2. This Certificate of Amendment to the Certificate amends Article IV of the Certificate by deleting the existing Paragraph A of Article IV in its entirety and substituting therefore a new Paragraph A of Article IV, to read in its entirety as follows:

A. **Authorized Stock.** The total authorized stock of the Corporation, which shall be an aggregate of 19,500,000 shares, shall consist of three classes: (i) a first class consisting of 8,500,000 shares of Traditional Common Stock having a par value of \$0.01 per share (the Original Common Stock); (ii) a second class consisting of 8,500,000 shares of Public Common Stock having a par value of \$0.01 per share (the Common Stock or NOL Restricted Common Stock and, together with the Original Common Stock, the Common Stock Securities); and (iii) a third class consisting of 2,500,000 shares of Preferred Stock having a par value of \$0.01 per share (the Preferred Stock).
3. This Certificate of Amendment shall become effective at the time this Certificate of Amendment to the Restated Certificate of Incorporation, as amended, is filed with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be executed by a duly authorized officer on this [] day of January, 2016.

Heska Corporation

By:
Name:
Title:

APPENDIX B

FORM OF PROXY CARD

[] SPECIAL MEETING OF SHAREHOLDERS

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Jason A. Napolitano, Nancy Wisnewski and Daniel J. Pollack, and each of them, as proxies, with full power of substitution, and hereby authorizes them to represent and vote, as designated below, all shares of the Common Stock of Heska Corporation, a Delaware corporation (the *Company*), held of record by the undersigned on December 11, 2015, at the Special Meeting of Stockholders (the *Special Meeting*) to be held at the Hilton Hotel, 425 West Prospect Road, Fort Collins, CO 80526 at 9:00 a.m., local time, on [], 2016, or at any adjournment or postponement thereof, with all the powers that the undersigned would have if personally present at the meeting.

The undersigned hereby acknowledges receipt of the Notice of Special Meeting and Proxy Statement, dated [], 2015. The undersigned hereby expressly revokes any and all proxies heretofore given or executed by the undersigned with respect to the shares of stock represented by this proxy and, by filing this proxy with the Secretary of Heska Corporation, gives notice of such revocation. **This proxy, when properly executed, will be voted in accordance with the specifications made by the undersigned stockholder, and grant discretionary authority as to any and all other matters that may properly come before the meeting.**

THIS PROXY MAY BE REVOKED AT ANY TIME PRIOR TO THE TIME IT IS VOTED.

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each stockholder named should sign.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON []

The Proxy Statement and this Proxy Card are available at <https://www.heska.com/proxyvote>.