HESKA CORP
Form DEF 14A
March 18, 2013
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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

(Amendment No.)

Filed by the Registrant x 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))**
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240 Rule 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):

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):

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¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 15, 2013

Dear Heska Stockholder:

I am pleased to invite you to attend the Annual Meeting of Stockholders of Heska Corporation to be held on Tuesday, April 30, 2013 at 9:00 a.m., local time, at our principal executive offices located at 3760 Rocky Mountain Avenue, Loveland, Colorado 80538.

Details regarding the meeting and the business to be conducted are more fully described in the accompanying Notice of 2013 Annual Meeting and Proxy Statement. This notice and all proxy materials in connection with this Annual Meeting are also available on https://materials.proxyvote.com/42805E.

Your vote is important. Whether or not you plan to attend the 2013 Annual Meeting, I hope you will vote as soon as possible. You may vote by mailing a proxy or in person at the annual 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,

Robert B. Grieve

Chairman and Chief Executive Officer,

Heska Corporation

Loveland, Colorado

YOUR VOTE IS IMPORTANT

In order to ensure your representation at the meeting if you will not attend, 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 2013 ANNUAL MEETING OF STOCKHOLDERS

TIME	9:00 a.m., local time, on Tuesday, April 30, 2013
PLACE	Heska Corporation 3760 Rocky Mountain Avenue Loveland, Colorado 80538
ITEMS OF BUSINESS	1. To elect two Directors to a three-year term.
	2. To amend and restate our 1997 Employee Stock Purchase Plan to, among other things, increase the authorized number of shares by 50,000 and allow for purchase prices no lower than the lesser of (i) a 5% discount at the beginning of an offering period of up to 27 months or (ii) a 15% discount at the time of purchase.
	3. To ratify the appointment of EKS&H LLLP as Heska Corporation's independent registered public accountant.
	4. To offer approval of our executive compensation in a non-binding advisory vote.
	5. To conduct an advisory vote on frequency of advisory vote on executive compensation.
	6. To conduct an advisory vote with respect to discretionary voting by proxyholders, if other business properly comes before the 2013 Annual Meeting.
	7. To consider such other business as may properly come before the 2013 Annual Meeting.
RECORD DATE	You can vote if you were a stockholder of record at the close of business on March 8, 2013.
ANNUAL REPORT AND FORM 10-K	Our corporate 2012 Annual Report and annual report on Form 10-K for the year ended December 31, 2012, which are not a part of the proxy soliciting material, are enclosed.
VOTING BY PROXY	If you will not attend the meeting, please submit a proxy as soon as possible so that your shares can be voted at the 2013 Annual Meeting in accordance with your instructions. For specific instructions on voting, please refer to the instructions on the proxy card.
March 15, 2013	By Order of the Board of Directors

Jason A. Napolitano
Executive Vice President, Chief Financial Officer
and Secretary, Heska Corporation

This proxy statement and accompanying proxy card are being distributed on or about March 20, 2013.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON APRIL 30, 2013

The Proxy Statement, the Proxy Card and our annual report on Form 10-K for the year ended December 31, 2012 are available at https://materials.proxyvote.com/42805E.

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QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS

AND THE 2013 ANNUAL MEETING

Q: ***Why am I receiving these materials?***

A: The Board of Directors (the Board) of Heska Corporation, a Delaware corporation (Heska or the Company), is providing these proxy materials for you in connection with Heska s Annual Meeting of Stockholders (the Annual Meeting). The 2013 Annual Meeting will take place on Tuesday, April 30, 2013. As a stockholder, you are invited to attend the 2013 Annual Meeting and are entitled to and requested to vote on the items of business described in this proxy statement.

Q: ***What information is contained in these materials?***

A: The information included in this proxy statement relates to the proposals to be voted on at the 2013 Annual Meeting, the voting process, the compensation of our Directors and most highly paid Executive Officers, and certain other required information. Our corporate 2012 Annual Report, and annual report on Form 10-K for the year ended December 31, 2012 as filed with the Securities and Exchange Commission (the SEC), are also enclosed.

Q: ***What items of business will be voted on at the 2013 Annual Meeting?***

A: The items of business scheduled to be voted on at the 2013 Annual Meeting are:

(1) The election of two nominees to serve on our Board of Directors for a three-year term;

(2) The approval of an amendment and restatement to our 1997 Employee Stock Purchase Plan to, among other things, increase the authorized number of shares by 50,000 and allow for purchase prices no lower than the lesser of (i) a 5% discount at the beginning of an offering period of up to 27 months or (ii) a 15% discount at the time of purchase;

(3) To ratify the appointment of our independent registered public accountant for fiscal 2013;

(4) To offer approval of our executive compensation in a non-binding advisory vote;

(5) An advisory vote on frequency of an advisory vote on executive compensation; and

(6) An advisory vote with respect to discretionary voting by proxyholders, if other business properly comes before the 2013 Annual Meeting.

We will also consider other business that properly comes before the 2013 Annual Meeting.

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

A: The Board recommends a vote FOR the election of each of the Director nominees, FOR the approval of the amendment and restatement of the 1997 Employee Stock Purchase Plan, FOR the ratification of EKS&H LLLP as the Company s independent registered public accountant, FOR the approval of the Company s executive compensation policies, FOR one year as the frequency of the advisory vote on executive compensation and FOR your preference being that the proxyholders exercise their voting discretion in a manner they determine to be in the best interest of the Company s stockholders, if other business properly comes before the 2013 Annual Meeting and you are voting by proxy.

Q: ***Who is entitled to vote?***

A: Stockholders as of the close of business on March 8, 2013 (the Record Date) are entitled to vote at the 2013 Annual Meeting. As of the Record Date, 5,802,656 shares of our common stock were issued and outstanding. 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 2013 Annual Meeting will be available at the 2013 Annual Meeting and for ten days prior to the meeting during normal business hours at our offices at 3760 Rocky Mountain Avenue, Loveland, Colorado 80538, by contacting our Secretary.

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Q: Will you be able to confirm I am a stockholder entitled to vote if I attend the 2013 Annual Meeting in person?

A: We expect to be able to confirm you as such only under certain limited circumstances. A list of stockholders is maintained and provided to us by Computershare Trust Company, Inc. (Computershare), our registrar and transfer agent. This list forms the basis for tracking votes from given shares. We, through Computershare, should be able to confirm you are a stockholder entitled to vote if you hold shares registered in your name with Computershare (Registered shares). However, a large portion of our shares are held by Cede & Co., a nominee of Depository Trust Company (DTC shares) as we believe is typical for publicly traded companies. We believe DTC shares are more conveniently publicly traded than other Registered shares and thus represent most of our daily trading volume. If a broker buys a position in DTC shares from another broker, we believe the identity of the parties is typically not reported to Computershare or us. We believe Depository Trust Company maintains records of the DTC shares allocated to different entities, such as brokers and banks, and in the case of a broker buying a position in DTC shares from another broker will record an increase in the number of DTC shares allocated to the first broker equal to the number of shares involved as well as a corresponding decrease in the number of shares allocated to the second broker. DTC shares allocated to a given broker in this way may represent many client accounts for which the broker or the broker s agent maintains internal records, which we do not believe are generally shared with Depository Trust Company or Computershare.

If your shares are held through a broker, bank or other nominee and are not registered in your name with Computershare, such shares are herein referred to as being held in Street Name , and you probably received these materials through such broker, bank or other nominee. Computershare will generally not be able to identify the holders of shares held in Street Name as stockholders entitled to vote without further arrangements by the corresponding broker, bank or other nominee.

Q: How can I tell if my shares are held in Street Name?

A: If these proxy materials were mailed to you by an entity other than Computershare, your shares are probably held in Street Name. We believe most of our shares are held in Street Name.

Q: How do I vote?

A: There are two ways you can vote Registered shares:

(1) Sign and date each proxy card you receive and return it in the postage prepaid envelope; and

(2) Vote in-person at the 2013 Annual Meeting.

If you have shares held in Street Name, you should vote the shares via any procedure(s) adopted by your broker, bank or other nominee. These may include proxy voting communicated by mail, the internet or telephone. If you wish to vote these shares at the 2013 Annual Meeting, you must contact your broker, bank or other nominee to obtain the proper documentation and bring it with you to the 2013 Annual Meeting.

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

A: For Registered shares, 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. You may also revoke your proxy and change your vote by voting in person at the meeting.

For shares held in Street Name, you should follow any corresponding procedure(s) adopted by your broker, bank or other nominee. These may include procedures as simple as a later vote via the internet or telephone to change your vote.

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Q: ***Who can help answer my questions?***

A: If you have any questions about the 2013 Annual 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 probably means that you hold shares in more than one account. Sign and return all proxies to ensure that all of your shares are voted.

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

A: The inspector of elections is to be a representative of Computershare.

Q: ***How do you expect votes will be counted for quorum and other purposes?***

A: We intend to count shares underlying proxies containing a for , withhold , against , 1 , 2 , 3 or abstain vote, as well as any signed an proxies without any voting instructions as present for purposes of determining a quorum.

We will consider an abstention or a non-vote on a given matter to be a forfeiture of the right to vote on that matter and a forfeiture of the voting power present at the 2013 Annual 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. An abstention or a non-vote on any matter will not affect your ability to vote on any other matter.

If you hold shares in Street Name through a broker, bank or other nominee, your broker, bank or nominee may not be permitted by law, rule or policy to exercise voting discretion with respect to certain matters to be acted upon. If you do not give your broker, bank or nominee specific instructions, your underlying shares may not be voted on those matters and, if so, will not be considered as present

and entitled to vote with respect to those matters. In some cases, your broker, bank or other nominee may not be permitted by law, rule or policy to exercise voting discretion with respect to any matters to be acted upon and, in the absence of specific instructions from you, may not vote or submit a proxy card to anyone at all regarding these matters. In such a circumstance, your underlying shares will not be considered present at the Annual Meeting in person or by proxy and will not be voted on any matters to be acted upon therein.

Q: ***What are the quorum and voting requirements for the 2013 Annual Meeting?***

A: The quorum requirement for holding the 2013 Annual Meeting and transacting business is that holders of a majority of the outstanding shares of our common stock entitled to vote must be present in person or represented by proxy at the meeting.

Election of Directors will be determined by a plurality of the votes of the shares having voting power present in person or by proxy, and entitled to vote, on the subject matter (a Plurality Vote).

The amendment and restatement of our 1997 Employee Stock Purchase Plan is to be approved by the vote of a majority of our outstanding shares (an Absolute Majority Vote). An Absolute Majority Vote will require 2,901,329 shares voting FOR for approval at our 2013 Annual Meeting.

The ratification of our independent registered public accountant for 2013 is to be approved by the vote of a majority of the shares having voting power present in person or by proxy, and entitled to vote, on the subject matter (a Voting Majority).

An offer of approval of our executive compensation in a non-binding advisory vote is to be obtained by a Voting Majority.

Any other business which may properly come before the 2013 Annual Meeting is to be determined by a Voting Majority, provided that enough votes to constitute a majority of a quorum shall be cast in favor of the business to be determined, unless the matter is one upon which by express provision of law or of our Restated Certificate of Incorporation, as amended (the Restated Certificate of Incorporation), or of our Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such matter.

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Q: ***Who can attend the 2013 Annual Meeting?***

A: All stockholders as of the Record Date can attend. If you wish to vote your shares at the 2013 Annual Meeting and your shares are held in Street Name 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 2013 Annual Meeting.

Q: ***What happens if additional matters are presented at the 2013 Annual Meeting?***

A: Other than the five specific items of business described in this proxy statement, we are not aware of any other business to be acted upon at the 2013 Annual Meeting. If other business properly comes before the 2013 Annual Meeting, we will first conduct an advisory vote of stockholders who have granted us a proxy regarding the preference of these stockholders regarding the manner in which the below persons named as proxyholders exercise their voting discretion, and then proceed to consideration of the other business which has properly come before the 2013 Annual Meeting. If you grant a proxy, the persons named as proxyholders Robert B. Grieve, Ph.D., our Chairman and Chief Executive Officer, Jason A. Napolitano, our Executive Vice President, Chief Financial Officer and Secretary and Michael A. Bent, our Vice President, Principal Accounting Officer and Controller will have the discretion to vote your shares on any additional matters presented for a vote at the meeting. It is important to note that while the proxyholders may consider the advisory vote in such a circumstance, the proxyholders retain full discretion to vote as they may determine regardless of any outcome of the advisory vote.

Q: ***What happens if one or more of the nominees for Director is unable to stand for election?***

A: If for any unforeseen reason any of our nominees is not available as a candidate for Director, the persons named as proxyholders Dr. Grieve, Mr. Napolitano and Mr. Bent intend to vote your proxy for such other candidate or candidates who may be nominated by the Board.

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

A: We intend to announce preliminary voting results at the 2013 Annual Meeting, and publish final voting results in an 8-K filing with the SEC within 4 business days of the 2013 Annual Meeting. If final voting results are not available within 4 business days of the 2013 Annual Meeting, we intend to publish preliminary voting results in an 8-K filing with the SEC on the fourth business day following the 2013 Annual Meeting and then publish final voting results in an 8-K filing with the SEC within 4 business days of the final voting results becoming known. We also intend to announce our decision on the frequency of advisory executive compensation stockholder votes in a Form 8-K filed with the SEC no later than 150 days after the 2013 Annual Meeting.

Q: ***May I propose actions for consideration at next year s Annual Meeting or nominate individuals to serve as Directors?***

A: Yes. 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 the annual meeting next year, the written proposal must be received by our Secretary at our principal executive offices under either (1) Rule 14a-8 under the Securities Exchange Act of 1934, as amended (a Rule 14 Proposal) 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 November 18, 2013. If the date of next year s annual meeting is moved more than 30 days before or after the anniversary date of this year s annual meeting, 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 Securities Exchange Act of 1934, as amended (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. These proxy materials for the 2013 Annual Meeting are to be mailed on March 20, 2013. This means that for the 2014 Annual Meeting, that any such proposal must be received no earlier than December 20, 2013 and no later than January 19, 2014.

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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 bylaw 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, 2010. This document is accessible at the website of the SEC at www.sec.gov.

Q: ***Who bears the costs of soliciting votes for the 2013 Annual 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 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 have engaged Morrow & Co., LLC, 470 West Ave., Stamford, CT 06902 (Morrow) to solicit proxies on our behalf for a fee of $10 thousand, which may increase based on Morrow s solicitation activities with non-objecting beneficial owners of our stock, plus reimbursement of certain disbursements. We believe our engagement with Morrow is consistent with customary terms and conditions for soliciting proxies. Charges under the engagement may increase if we direct Morrow to engage in activities not currently contemplated. 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 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.

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BOARD STRUCTURE AND COMMITTEES

Our Board is divided into three classes serving staggered three-year terms. Our Board has three standing Committees, each of which is chaired by an independent Director: (1) Audit (the Audit Committee), (2) Compensation (the Compensation Committee) and (3) Corporate Governance (the Corporate Governance Committee). The membership during 2012 and the function of each Committee are described below. Our Board held seven meetings during 2012. Our Board currently has six (6) Directors, arranging into three classes with overlapping three-year terms of service: Robert B. Grieve, Ph.D., Chairman (Class III), William A. Aylesworth (Class III), Peter Eio (Class II), G. Irwin Gordon (Class I), Sharon L. Riley (Class II) and Carol A. Wrenn (Class I). We encourage our Directors to attend each Annual Meeting and all of our Directors in May 2012 attended our last annual meeting of stockholders. Our Board has voted to reduce the Board s size to five (5) members, with Class I consisting of two (2) Directors, Class II consisting of one (1) Director and Class III consisting of two (2) Directors, beginning at our 2013 Annual Meeting. Ms. Wrenn accepted appointment to our Board on January 1, 2013. John F. Sasen, Sr. served as Director from October 1998 until his death on February 26, 2013. Louise L. McCormick served as Director from January 2008 until March 15, 2013, the effective date of her retirement from our Board following her recent relocation to the United Kingdom. All Board members have attended at least 75% of all Board and applicable Committee meetings. Our Board has nominated two Directors for election as Class I Directors at our 2013 Annual Meeting: G. Irwin Gordon and Carol A. Wrenn.

Board Leadership Structure

Since May 2000, Dr. Grieve has served as both our Chairman and Chief Executive Officer and we believe the Company has benefited from the efficiencies inherent in combining these roles during this time period. In 2010, we amended our bylaws to allow our Board to formally choose a Lead Director. The Lead Director is expected to chair sessions involving only the independent Directors, among other responsibilities as the Board may provide. Mr. Aylesworth has served as our Lead Director since our 2010 Annual Meeting on May 4, 2010. We believe our Lead Director function serves to simplify communications between management and the independent Directors, enhance our Board s operations, in particular in situations where it is appropriate for the independent Directors to act without management involvement, and increase the credibility of the Company s independent Director oversight function.

Board Risk Oversight

Our business, including risk oversight, is conducted with the advice, counsel and direction of our Board. The formal channel for risk-related information to be communicated to our Board is through our Chief Executive Officer. Our Chief Executive Officer periodically conveys the Company s risks, including credit risks, liquidity risks and operational risks to the Board at Board meetings and through other forms of communication, such as email, as appropriate. Our Board may also discuss the Company s risks with other members of management as directed by our Chief Executive Officer or as part of another Board function. For example, our Chief Financial Officer and our Controller have both discussed credit risk with Directors during Audit Committee meetings primarily focused on accounting determinations.

Board Independence

Our Board has determined that each of the Directors standing for re-election has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company) and meets the requirements of independence as set forth in the rules and regulations promulgated by the SEC and the Nasdaq Stock Market listing standards (the Nasdaq Listing Standards). Furthermore, the Board has determined that, with the exception of Dr. Grieve, Heska s Chairman and Chief Executive Officer, all current members of the Board meet the requirements of independence as set forth in the rules and regulations promulgated by the SEC and the Nasdaq Listing Standards.

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Audit Committee

Our Audit Committee has the following responsibilities:

- appoint and replace our independent auditors;
- compensate and oversee the work of our independent auditors;
- oversee and monitor the integrity of our annual and quarterly financial statements;
- review and discuss with management and our independent auditors significant financial reporting issues and critical accounting policies and practices;
- oversee and monitor the qualifications, independence and performance of our independent auditors;
- oversee and monitor our internal accounting and financial controls; and
- provide the results of examinations and recommendations derived therefrom to the Board.

During 2012, our Audit Committee met six times. Our Audit Committee consisted of Mr. Eio, as Chairman, Mr. Aylesworth, Ms. McCormick and Ms. Riley from July 1, 2011 through February 20, 2013, Mr. Eio, as Chairman, Mr. Aylesworth, Ms. McCormick, Ms. Riley and Ms. Wrenn after February 20, 2013 through Ms. McCormick s retirement from the Board on March 15, 2013 and Mr. Eio, as Chairman, Mr. Aylesworth, Ms. Riley and Ms. Wrenn thereafter. Our Audit Committee is to consist of Mr. Aylesworth, as Chairman, Ms. Riley and Ms. Wrenn beginning at our 2013 Annual Meeting.

Our Board has determined that each of the current members of our Audit Committee meets the requirements of independence as set forth in Section 10A(m)(3) of the Securities Exchange Act of 1934, the rules and regulations promulgated by the SEC and the Nasdaq Listing Standards. Our Board has also determined that William A. Aylesworth is an audit committee financial expert within the meaning of the rules and regulations promulgated by the SEC and he has accounting and related financial management expertise within the meaning of the Nasdaq Listing Standards.

Our Audit Committee has a written charter, which is available on our website at www.heska.com (under Investors Corporate Governance). *The Company s website address provided above 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.*

Compensation Committee

Our Compensation Committee has the following responsibilities:

- discharge the Board s responsibilities relating to compensation of our Executive Officers, including our Chief Executive Officer;
- oversee all compensation programs involving the use of our stock; and

produce an annual report on executive compensation for inclusion in our proxy statement for our annual meeting of stockholders. During 2012, our Compensation Committee met seven times. Our Compensation Committee consisted of Mr. Gordon, as Chairman, Mr. Eio and Mr. Sasen from our 2010 Annual Meeting until Mr. Sasen s death on February 26, 2013 and Mr. Gordon, as Chairman, and Mr. Eio thereafter. Our Compensation Committee is to consist of Mr. Gordon, as Chairman, and Ms. Wrenn beginning at our 2013 Annual Meeting.

Our Board has determined that each of the current members of our Compensation Committee meets the requirements of independence as set forth in the rules and regulations promulgated by the SEC and the Nasdaq Listing Standards.

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Our Compensation Committee has a written charter, which is available on our website at www.heska.com (under Investors Corporate Governance). *The Company s website address provided above 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.*

Corporate Governance Committee

Our Corporate Governance Committee has the following responsibilities:

- assist our Board by identifying qualified candidates for Director, and select the Director nominees for each annual meeting of stockholders;
- lead our Board in its annual review of our Board s performance;
- recommend Director nominees to our Board for each Board Committee;
- develop and recommend to our Board the corporate governance guidelines applicable to the Company; and
- review and advise the Board on Director compensation matters.

During 2012, our Corporate Governance Committee met five times. Our Corporate Governance Committee has consisted of Ms. McCormick, as Chairwoman, Mr. Gordon and Mr. Sasen from our 2010 Annual Meeting to January 1, 2013, Ms. McCormick, as Chairwoman, Mr. Gordon, Ms. Riley and Mr. Sasen from January 1, 2013 until Mr. Sasen s death on February 26, 2013, then Ms. McCormick, as Chairwoman, Mr. Gordon and Ms. Riley through Ms. McCormick s retirement from the Board on March 15, 2013 and Ms. Riley, as Chairwoman, and Mr. Gordon thereafter.

Our Board has determined that each of the current members of our Corporate Governance Committee meets the requirements of independence as set forth in the rules and regulations promulgated by the SEC and the Nasdaq Listing Standards.

Our Corporate Governance Committee has a written charter, which is available on our website at www.heska.com. In addition, our Corporate Governance Committee prepared, and our full Board has approved, Corporate Governance Guidelines outlining the qualifications, responsibilities and other issues related to our Board s governance role and functions. The document is also available on our website at www.heska.com (under Investors Corporate Governance). *The references to the Company s website address provided above 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.*

Director Qualification and Nomination

Service on our Board varies from a couple of months to over 20 years. All of our Directors have gained Company and industry specific knowledge as a result. The experience, qualifications, attributes or skills that qualify our Directors to serve on our Board are discussed on a Director-by-Director basis in the Election of Directors section of this document as well as in this Board Structure and Committees section. None of our Directors is serving as a result of one specific qualification. It is the breadth of their individual experiences and the manner in which they complement each other as a group that make them individually and collectively attractive Directors.

Our Corporate Governance Committee does not have an established policy for minimum qualifications of Director nominees or appointees. However, pursuant to our Corporate Governance Committee Charter, we believe that it is in the best interests of the Corporation and its stockholders to obtain highly qualified candidates for the Board. Our Corporate Governance Committee seeks candidates with excellent decision-making ability, business experience, relevant experience, personal integrity and reputation as candidates for nomination and appointment.

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Our Corporate Governance Committee does not have an established policy for diversity of Director nominees or appointees. However, we believe diversity is inherent in our approach of seeking high quality individuals with complementary skills to create a group dynamic and decision making process that is even stronger than would be obtained by the mere summation of its individual contributors in isolation.

Our Corporate Governance Committee does not have a formalized process for identifying and evaluating nominees or appointees for Director. Our Corporate Governance Committee determines desired Board member skills and attributes and conducts searches for prospective Director candidates whose skills and attributes reflect those desired. This analysis may start with a Board evaluation, including determination of areas of strength and areas for improvement. Particular skills and experience may be desired in areas of improvement. Our Corporate Governance Committee may determine guidelines and parameters for a search for an individual with the desired skills and experience. Our Corporate Governance Committee will evaluate candidates identified by its own initiative as well as candidates referred to it by other members of the Board, by the Company s management, or by external sources. Our Corporate Governance Committee has utilized a third-party executive search firm in the past to identify candidates as well as other sources. Our Corporate Governance Committee has adopted a policy stating it will not consider unsolicited applications for Board membership.

Our Corporate Governance Committee will also consider nominees recommended by stockholders provided such recommendations are made in accordance with our bylaws and the procedures described in this proxy statement under Questions and Answers About the Proxy Materials and the 2013 Annual Meeting. Although to date no stockholder has presented any candidate for Board membership to us, it is expected that recommendations from stockholders would generally be considered in the same manner as recommendations by a Director or an Officer of the Company.

Stockholder Communication with our Board

Stockholders can contact our Board, any Committee thereof, or any Director in particular, by writing to them, c/o Heska Corporation, 3760 Rocky Mountain Avenue, Loveland, Colorado 80538, Attn: Secretary. We will forward any correspondence sent in the foregoing manner to the appropriate addressee without review by management.

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DIRECTOR COMPENSATION

The form and amount of compensation paid to the non-employee Directors is reviewed from time to time by our Corporate Governance Committee. Any revisions to our Director Compensation policy have been recommended by our Corporate Governance Committee and approved by our Board. In 2012, our Corporate Governance Committee worked with the same compensation consultant and the same set of comparable companies our Compensation Committee used to evaluate executive compensation to evaluate Director compensation. The Corporate Governance Committee decided to recommend an enhanced policy for Director compensation designed to deliver a compensation package in the middle of the range. In November 2012, following the recommendation of our Corporate Governance Committee, our Board voted to amend our Director Compensation policy effective January 1, 2013.

In 2012, our sole employee Director did not receive any separate compensation for his Board activities.

2012 Non-Employee Director Compensation

On each date of our Annual Meeting, each continuing non-employee Director who was a Director immediately prior to the Annual Meeting automatically received options to purchase shares of our common stock valued at $37,500, subject to a maximum grant of options to purchase 5,000 shares of our common stock. These grants were to be immediately exercisable and to vest in full on the earlier of (i) the one year anniversary of the date of grant and (ii) the date immediately preceding the date of the Annual Meeting for the year following the year of grant for the award. Any new non-employee Directors appointed or elected to our Board was to be automatically granted options to purchase shares of our common stock valued at $37,500, subject to a maximum grant of option to purchase 5,000 shares of our common stock. Any such grant was to be immediately exercisable and to vest over a period of four years in equal annual installments. The value for options granted pursuant to this paragraph was to be determined pursuant to our option valuation policy at the time of issuance.

Each non-employee Director was also entitled to an annual cash retainer in the amount of $31,500. The Company paid the annual retainer in advance, in quarterly installments on the first business day of each calendar quarter, subject to the non-employee Director s continued service to the Company as a non-employee Director on such date.

Our Lead Director was entitled to an additional annual cash retainer in the amount of $10,000 (the Lead Retainer). The Company was to pay the Lead Retainer in advance, in quarterly installments on the first business day of each calendar quarter, subject to the non-employee Director s continued service as Lead Director on such date. In addition, each non-employee Director who served as Chairperson of a Board Committee was entitled to an annual cash retainer in the amount of $4,500 (the Chair Retainer). The Company paid the Chair Retainer in advance, in quarterly installments on the first business day of each calendar quarter, subject to the non-employee Director s continued service as Chairperson of such Committee on such date. Each non-employee Director who served on a Board Committee was entitled to an annual cash retainer of $3,000 (the Committee Retainer) per committee. A non-employee Director who was also the Chairperson of a Committee was entitled to the Committee Retainer in addition to the Chair Retainer. The Company paid the Committee Retainer in advance, in quarterly installments on the first business day of each calendar quarter, subject to the non-employee Director s continued service as a member of such Committee on such date.

Non-employee Directors also continued to be reimbursed for customary and usual travel and other expenses.

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The following tables provide information for fiscal 2012 compensation for non-employee Directors who served during fiscal 2012.

Director Compensation (1)

Name	Fees Earned Or Paid in Cash ($)	Stock Awards ($)	Option Awards ($) (2) (3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
William A. Aylesworth	44,500		20,458				64,958
Peter Eio	42,000		20,458				62,458
G. Irwin Gordon	42,000		20,458				62,458
Louise L. McCormick	42,000		20,484				62,484
Sharon L. Riley	34,500		20,830				55,330
John F. Sasen, Sr.	37,500		20,458				57,958

2012 Equity Grants to Directors

Name	Grant Date	Number of Securities Underlying Options	Exercise Price ($)	Grant Date Fair Value of Option Award ($) (3)
William A. Aylesworth	5/8/12	5,000	12.40	22,536
Peter Eio	5/8/12	5,000	12.40	22,536
G. Irwin Gordon	5/8/12	5,000	12.40	22,536
Louise L. McCormick	5/8/12	5,000	12.40	22,536
Sharon L. Riley	5/8/12	5,000	12.40	22,536
John F. Sasen, Sr.	5/8/12	5,000	12.40	22,536

(1) Reimbursed travel expenses incurred in connection with Board and Board Committee meeting attendance are not included.

(2) Represents cost recognized in 2012 for financial reporting purposes.

(3) Grant date fair value of option awards are based on valuation techniques required by current accounting guidance which we use in preparing our financial statements (Option Accounting Rules). Like any estimate prepared in good faith, the underlying assumptions we use under Option Accounting Rules may vary from our actual future results. The option valuations used for accounting and/or financial reporting purposes do not necessarily represent the value any individual recipient would place on an option award. In addition, Option Accounting Rules prohibit some valuation techniques which may be useful in certain circumstances. A more detailed description of our option valuation techniques and assumptions can be found in our Annual Report on Form 10-K for the year ended December 31, 2012 in our Note 6 of the Notes to Consolidated Financial Statements.

2013 Non-Employee Director Compensation

On each date of our Annual Meeting, each non-employee Director elected and each other continuing non-employee Director who was a Director immediately prior to the Annual Meeting is to automatically receive options to purchase shares of our common stock valued at $50,000 (the Director Value), subject to a maximum grant of options to purchase 5,000 (the Option Cap) shares of our common stock. These grants are to be immediately exercisable and to vest in full on the earlier of (i) the one year anniversary of the date of grant and (ii) the date immediately preceding the date of the Annual Meeting for the year following the year of grant for the award. Any new non-employee Director appointed or elected to our Board between Annual Meetings is to be automatically granted immediately exercisable options to purchase shares of our common stock with Director Value and Option Cap adjusted prorata for the time until the next Annual Meeting and which vest at the same time as options issued to Directors at the last Annual Meeting. The value for options granted pursuant to this paragraph is to be determined pursuant to our option valuation policy at the time of issuance.

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Each non-employee Director is also entitled to an annual cash retainer in the amount of $40,000. The Company pays the annual retainer in advance, in quarterly installments on the first business day of each calendar quarter, subject to the non-employee Director s continued service to the Company as a non-employee Director on such date.

Other cash compensation, payable in advance, in quarterly installments on the first business day of each calendar quarter, subject to the non-employee Director s continued service in such role on such date is as follows (Directors are not to be paid a Chair and member-based fee for serving on the same Committee):

Lead Director	$ 10,000
Audit Chair	$ 20,000
Compensation Chair	$ 12,000
Corporate Governance Chair	$ 7,500
Audit Member	$ 10,000
Compensation Member	$ 6,000
Corporate Governance Member	$ 3,000

Non-employee Directors will also continue to be reimbursed for customary and usual travel and other expenses.

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NON-DIRECTOR EXECUTIVE OFFICERS

Our executive officers who are not directors and their ages as of March 14, 2013 are as follows:

Name	Age	Position
Kevin S. Wilson	41	President and Chief Operating Officer
Jason A. Napolitano	44	Executive Vice President, Chief Financial Officer and Secretary
Michael J. McGinley, Ph.D.	52	President, Biologicals & Pharmaceuticals
Nancy Wisnewski, Ph.D.	50	Executive Vice President, Product Development and Customer Support
Joseph P. Aperfine, Jr.	52	Executive Vice President, Companion Animal Health Sales
Steven M. Asakowicz	47	Executive Vice President, Companion Animal Health Sales
Rodney A. Lippincott	39	Executive Vice President, Companion Animal Health Sales
Michael A. Bent	58	Vice President, Principal Accounting Officer and Controller

Kevin S. Wilson was appointed our President and Chief Operating Officer in February 2013. Mr. Wilson is a founder, member and officer of Cuattro, LLC. Since 2008, he has been involved in developing technologies for radiographic imaging with Cuattro, LLC and including as a founder of Cuattro Software, LLC, Cuattro Medical, LLC and Cuattro Veterinary, LLC. Mr. Wilson served on the board of various private, non-profit, and educational organizations from 2005 to 2011. He was a founder of Sound Technologies, Inc., a diagnostic imaging company, in 1996. After Sound Technologies, Inc. was sold to VCA Antech, Inc. in 2004, Mr. Wilson served as Chief Strategy Officer for VCA Antech, Inc. until 2006. Mr. Wilson attended Saddleback College.

Jason A. Napolitano was appointed Executive Vice President and Chief Financial Officer in May 2002. He was appointed our Secretary in February 2009. He also served as our Secretary from May 2002 to December 2006. Prior to joining us formally, he was a financial consultant. From 1990 to 2001, Mr. Napolitano held various positions at Credit Suisse First Boston, an investment bank, including Vice President in health care investment banking and Director in mergers and acquisitions. He holds a B.S. degree from Yale University.

Michael J. McGinley, Ph.D. was appointed President, Biologicals & Pharmaceuticals in February 2013. He previously served as President and Chief Operating Officer from January 2009 to February 2013, Vice President, Global Operations from April through December 2008, Vice President, Operations and Technical Affairs and General Manager, Heska Des Moines from January 2002 to April 2008 and in other positions beginning in June 1997. Prior to joining the Company, Dr. McGinley held positions with Bayer Animal Health and Fort Dodge Laboratories. He holds Doctorate and M.S. degrees in Immunobiology from Iowa State University and successfully completed the Advanced Management Program at the Harvard Business School in 2008.

Nancy Wisnewski, Ph.D. was appointed Executive Vice President, Product Development and Customer Support in April 2011. She served as Vice President, Product Development and Technical Customer Service from December 2006 to April 2011. From January 2006 to November 2006, Dr. Wisnewski was Vice President, Research and Development. Dr. Wisnewski held various positions in Heska s Research and Development organization between 1993 and 2005. She holds a Doctorate in Parasitology/Biochemistry from the University of Notre Dame and a B.S. in Biology from Lafayette College.

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Joseph P. Aperfine, Jr. was appointed Executive Vice President, Companion Animal Health Sales in February 2013. He previously served as Executive Vice President, Sales and Marketing from May 2011 to February 2013. Prior to joining the Company, Mr. Aperfine held positions with Banfield The Pet Hospital (Banfield), most recently as Chief Learning Officer. Mr. Aperfine was an officer of Banfield since September 2004. Mr. Aperfine was Chief Operating Officer at Merlin Digital Technology, a diagnostic imaging and telemedicine business which shared management and ownership with Banfield, from September 2004 until Merlin s sale in March 2009. He was Vice President of Sales for Novartis Animal Health from May 2003 to September 2004. Mr. Aperfine was employed by IDEXX Laboratories, Inc. in various positions from March 1996 to May 2003. He holds a B.S. in Engineering from the United States Military Academy and is a former U.S. Army Ranger.

Steven M. Asakowicz was appointed Executive Vice President, Companion Animal Health Sales in February 2013. From July 2011 to February 2013, he was employed by Cuattro, LLC as Vice President, Sales US Veterinary and sold exclusively on behalf of Cuattro Veterinary USA, LLC. Mr. Asakowicz previously worked as Sales Director for Sound Technologies, Inc. (Sound) from November 2002 to June 2011, including after Sound was acquired by VCA Antech, Inc. in 2004. Mr. Asakowicz holds a B.A. degree from San Diego State University.

Rodney A. Lippincott was appointed Executive Vice President, Companion Animal Health Sales in February 2013. From July 2011 to February 2013, he was employed by Cuattro, LLC as Vice President, Sales US Veterinary and sold exclusively on behalf of Cuattro Veterinary USA, LLC. Mr. Lippincott held various positions including Sales Director for Sound Technologies, Inc., a unit of VCA Antech, Inc., from September 2007 to June 2011. Prior to entering the animal health market, Mr. Lippincott spent 13.5 years employed by Smith Micro Software, Inc. and held positions including US and International Sales Manager and Director of Marketing. Mr. Lippincott attended Saddleback College and completed the Executive Education Marketing Management Program at Stanford University, Graduate School of Business.

Michael A. Bent was appointed Vice President, Principal Accounting Officer and Controller in May 2002. From September 1999 until April 2002, he was Corporate Controller. From November 1993 until September 1999, Mr. Bent was Director, Accounting Operations at Coors Brewing Company. Mr. Bent holds a B.S. in accounting from the University of Wyoming. Mr. Bent is a CPA in Colorado and Wyoming.

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PROPOSALS TO BE VOTED ON

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our Board is divided into three classes serving staggered three-year terms. Our amended and restated certificate of incorporation requires us to ensure each class is as nearly equal in number as possible. Directors for each class are elected at the Annual Meeting of Stockholders held in the year in which the term for their class expires.

The terms for two continuing Directors will expire at this 2013 Annual Meeting. Directors elected at the 2013 Annual Meeting will hold office for a three-year term expiring at our 2016 Annual Meeting (or until their respective successors are elected and qualified, or until their earlier death, resignation or removal).

Nominee for Three-Year Terms That Will Expire in 2016 (Class I)

G. Irwin Gordon, age 62, has served us as a Director since May 2001. Mr. Gordon is the CEO of Landes Foods, a Dallas-based food manufacturer, a position he has held since September 2012. Mr. Gordon is also the Managing Partner of Trion LLC, a consulting firm he founded in 2000. From July 2000 until August 2001, Mr. Gordon served as President and Chief Executive Officer of Gruma Corporation, a food manufacturer. He also served as President and Chief Operating Officer of Suiza Foods Corporation, a food manufacturer and distributor, from February 1998 to October 1999. Mr. Gordon joined Suiza in August 1997 as its Executive Vice President and Chief Marketing Officer. Prior to joining Suiza, Mr. Gordon held various positions with subsidiaries of PepsiCo, Inc. (PepsiCo), including most recently as Senior Vice President Global Branding for Frito-Lay, Inc., from May 1996 to August 1997. From 1983 to 1992, Mr. Gordon served as President and General Manager of several international Frito-Lay companies before becoming Senior Vice President Marketing, Sales and Technology for Frito-Lay International from 1992 to 1996. Prior to joining PepsiCo in 1992, Mr. Gordon served in various capacities at the Kellogg Company. Mr. Gordon holds an Education degree from the University of British Columbia and a Management Certificate from Stanford University.

Carol A. Wrenn, age 52, has served us as a Director since January 2013. She founded Sky River Helicopters, LLC in 2010 and has served as President of that company since 2010. She served as an Executive Vice President and the President of the Animal Health Division at Alpharma Inc. from 2001 to 2009. Ms. Wrenn also held the position of Chairman of the Animal Health Institute from 2007 to 2009 and was a member of the board of directors of the International Federation of Animal Health from 2002 to 2009. Prior to joining Alpharma, Ms. Wrenn held various executive positions at Honeywell International Inc. (formerly, AlliedSignal Inc.) from 1984 to 2001. She served as Business Director of Honeywell s Refrigerants, Fluorine Products Division from 2000 to 2001 and was the Commercial Director and Managing Director of Honeywell s European Fluorochemical operations from 1997 to 2000. Ms. Wrenn also held a number of positions in sales, marketing, business development and finance during her tenure with AlliedSignal. Ms. Wrenn serves as a Director of Phibro Animal Health Corporation. She holds a Bachelor s Degree from Union College and an MBA from Lehigh University.

If any nominee is unable or declines to serve as Director at the time of the 2013 Annual Meeting, the proxyholders intend to vote for such other candidate or candidates who may be nominated by the Board.

Vote Required; Recommendation of our Board of Directors

A Plurality Vote is required to elect each of two Directors. If no such Plurality Vote is obtained for one or more Director positions, Mr. Gordon and/or Ms. Wrenn will continue to serve as Directors until their respective successors are elected and qualified, or until their earlier death, resignation or removal, based on the status of their election and length of service.

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Our Board of Directors unanimously recommends a vote FOR the election of its nominees, Mr. Gordon and Ms. Wrenn, as our Directors.

Heska s Directors listed below whose terms are not expiring at the Annual Meeting will continue in office for the remainder of their terms in accordance with our bylaws. Information regarding the business experience and education of each of such Director is provided below.

Directors Whose Terms Will Expire in 2015 (Class III)

William A. Aylesworth, age 70, has served us as a Director since June 2000 and our Lead Director since May 2010. Mr. Aylesworth served as Senior Vice President from 1988 to 2003 and Chief Financial Officer of Texas Instruments Incorporated (Texas Instruments) from 1984 to 2003. He served as Treasurer of Texas Instruments from 1982 to 2002. From 1972 to 1982, he served in treasury services, and from 1967 to 1972, he held numerous assignments in control, manufacturing and marketing for Texas Instruments. Mr. Aylesworth retired from Texas Instruments in 2003. He holds an M.S. in industrial administration from Carnegie Mellon University and a B.E.E. in electrical engineering from Cornell University.

Robert B. Grieve, Ph.D., age 61, one of our founders, currently serves as Chief Executive Officer and Chairman of the Board of Directors. Dr. Grieve was named Chief Executive Officer effective January 1999, Vice Chairman effective March 1992 and Chairman of the Board effective May 2000. Dr. Grieve also served as Chief Scientific Officer from December 1994 to January 1999 and Vice President, Research and Development, from March 1992 to December 1994. He has been a member of our Board of Directors since 1990. He holds a Ph.D. degree from the University of Florida and M.S. and B.S. degrees from the University of Wyoming.

Director Whose Term Will Expire in 2014 (Class II)

Sharon L. Riley, age 52, has served us as a Director since July 2011. Ms. Riley served as Chief Executive Officer UT Southwestern University Hospitals and Vice President for University Hospitals, UT Southwestern Medical Center from 2004 to 2010. From 2000 to 2004 she was the COO at Anne Arundel Health System in Annapolis, Maryland. She held various jobs (Associate Administrator, COO and Corporate Vice President) during her employment in the Nebraska Health System from 1995 to 2000. From 1990 to 1995 she was an Assistant Administrator in the Inova Health System in Virginia. Prior to 1990 she was with Brackenridge Hospital in Austin, Texas and the Good Samaritan Hospital and Health Center in Dayton, Ohio. Ms. Riley currently serves as an Advisor to DigiWorksCorp, and as a member of the Innovation Council of Anthello Healthcare Solutions, Inc. She has also served on various boards and been involved with several community projects. Ms. Riley holds BBA (Business Administration) and MA (Hospital and Health Administration) degrees from the University of Iowa.

Director Whose Term Will Expire at the 2013 Annual Meeting

Peter Eio, age 71, has served us as a Director since October 2002. Mr. Eio served as the President of LEGO Systems, Inc., from 1989 to 2001 and was Managing Director of LEGO UK from 1982 to 1989. He also held various positions with International Playtex, Inc., in Scandinavia and the UK from 1971 to 1981. His previous experience includes marketing, sales and general management positions. Mr. Eio is also a Director of a private company and serves on the Board of several charitable and educational organizations. Mr. Eio holds honorary degrees from Rensselaer Polytechnic Institute (Doctor of laws honoris causa, 1996) and the University of Hartford (Doctor of Commercial Science honoris causa, 2009). He attended the IMD Business School in Lausanne, Switzerland and received the Prince Henrik Medal of Honor for services to Danish industry in 1992.

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PROPOSAL NO. 2

AMENDMENT AND RESTATEMENT OF 1997 EMPLOYEE STOCK PURCHASE PLAN

General

Authorized Shares. We are seeking your approval to amend and restate our 1997 Employee Stock Purchase Plan (the ESPP), including an increase in the number of shares of our common stock available for issuance under the ESPP by 50,000 shares - from 325,000 to 375,000 shares. The proposed 50,000 share increase represents less than 1% of our current shares outstanding.

Background Purchase Price at the end of an Accumulation Period. Our current ESPP is designed to make scheduled purchases at the end of every accumulation period, as is our proposed and amended ESPP. Accumulation periods are six months, or two scheduled purchases per year, under our current ESPP and are to be three months, or four scheduled purchases per year, under our proposed and amended ESPP. The balance of this section refers to the purchase price participants in our ESPP are to pay for shares purchased at the end of these scheduled accumulation periods under our ESPP.

We believe that our ESPP can assist us in attracting and retaining skilled personnel and lower our cash outflows. In the past three years, however, only between approximately 23% and 26% of our employees have participated in any given semi-annual purchase under our ESPP. The participation in our ESPP was typically higher in periods when the purchase price was the lower of (i) a 15% discount to fair market value at the beginning of an offering period and (ii) a 15% discount to fair market value at the time of purchase at the end of any accumulation period (a Traditional Lookback Price), as was the case from the adoption of our ESPP until our ESPP amendment and restatement effective on July 1, 2005. Since our ESPP amendment and restatement effective on July 1, 2005, all ESPP purchases have occurred at a 15% discount to the fair market value at the end of an accumulation period scheduled under our ESPP, without regard to the price at the beginning of the applicable offering period.

We considered adding a Traditional Lookback Price to make our ESPP more attractive to employees and increase participation. We considered that a Traditional Lookback Price potentially gave employees an incentive to help increase the stock price, as employees would get the benefit of buying at a lower price for some time period. However, we were concerned with the potential expense and dilution of using a Traditional Lookback Price. For example, in December 2003 we had employees purchase stock at a discount in excess of 87% (the Deep Discount Purchase) to the market price due to the Lookback Price in our ESPP and steep increase in the market value of our stock in a relatively short period of time, and, accordingly, shares approved under our ESPP were utilized more quickly than anticipated.

We considered features that could lower the cost and dilution of using a Traditional Lookback Price. The first of two such features incorporated in our amended and restated ESPP is to lower the maximum price discount at which shares may be purchased based on the beginning of an offering period to 5%. This is in contrast to a 15% discount at the beginning of an offering period under a Traditional Lookback Price.

The second of two features we installed to lower the cost and dilution of using a Traditional Lookback Price is to set a cap on the discount to fair market value at which shares could be purchased in situations where the discounted price available under the ESPP based on the fair market value at the beginning of the applicable offering period was less than the discounted price available under the ESPP based on the fair market value at the time of purchase. It was such a scenario that led to the Deep Discount Purchase. Such purchases may be made in compliance with Section 423 of the Internal Revenue Code (the Code) at discounts to fair market value at the time of purchase of 87% or more because the price is based on the price at the beginning of the applicable offering period. Our amended and restated ESPP sets a maximum discount, or cap, of 35% of the fair market value at the time of purchase in such circumstances. So if the stock prices that led to the 87% under the Deep Discount Purchase were to recur, the shares would be purchased at a 35% discount under our Amended and Restated ESPP. This may lead to purchases under our ESPP that are at less than a 5% discount, equal to, or at a premium to fair market value at the beginning of the corresponding offering period.

Our amended and restated ESPP, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Sections 421 and 423 of the Code. We believe the proposed amendment to our ESPP retains the economically attractive benefits of a plan utilizing a Traditional Lookback Price but will be less expensive and dilutive to stockholders. We believe our amended and restated ESPP will increase our participation rate and correspondingly lower cash outflows for employee compensation for what they otherwise would have been.

In March 2013, our Board of Directors approved this amendment contingent on the affirmative vote of a majority of our shares outstanding. The amended and restated ESPP is enclosed as Appendix A to this proxy statement. A summary of essential ESPP features is provided below.

Summary of Employee Stock Purchase Plan

General. Our ESPP was originally approved by our Board of Directors and stockholders in April 1997, and provides our employees with the opportunity to increase their proprietary interest in the success of the Company by purchasing shares of common stock on favorable terms. The number of shares of common stock previously authorized for issuance by our stockholders under our ESPP was 325,000. 316,607 of these authorized shares have been used to purchase shares under our ESPP to date, leaving us with only 8,393 shares available for issuance under our ESPP. If an increase in shares is not approved, based on recent experience we believe this will allow us to make one more full purchase for employees in June 2013 and one partial purchase, where eligible employees receive prorated share amounts significantly less than they would have otherwise received, in December 2013.

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Administration. The Compensation Committee of our Board of Directors is responsible for the administration of our ESPP. Our ESPP, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Sections 421 and 423 of the Code. All questions of interpretation or application of our ESPP are to be determined by the Board of Directors or its appointed committee, and its decisions are final, conclusive and binding upon all participants.

Eligibility and Participation. Currently, all U.S. employees who work more than 20 hours per week for more than five months per calendar year, and are employed by us or one of our U.S. subsidiaries are eligible to participate in our ESPP, unless the employee would own 5% or more of the total combined voting power of our stock at the start of an offering period. Participation in the ESPP is voluntary.

Offering Periods and Accumulation Periods. Shares of stock are offered for purchase through a series of consecutive, overlapping 27-month offering periods. New offering periods start on each January 1, April 1, July 1 and October 1. Each offering period includes up to nine successive three-month accumulation periods which start on each January 1, April 1, July 1 and October 1 and end with a planned stock purchase on each March 31, June 30, September 30 and December 31, respectively. The maximum number of shares which may be purchased in any given 27-month offering period is 1,800 shares.

Market-based Enrollment in a Subsequent Offering Period. When the fair market value of stock at the beginning of a new offering period is lower than that at the beginning of the offering period in which a participant is currently enrolled, such participant is automatically enrolled in such new offering period, subject to certain limitations. Participants have the right to opt-out of this automatic enrollment as well as to opt-in to an offering period in which they would not have been automatically enrolled.

Purchase Price at the end of an Accumulation Period. The purchase price per share at the end of an accumulation period is to be no lower than the lesser of (i) a 5% discount to fair market value at the beginning of an offering period not to exceed 27 months and (ii) a 15% discount to fair market value at the time of purchase. If the fair market value of stock has increased by enough in a given offering period, the purchase price may occur at lower than a 5% discount, equal to, or at a premium to fair market value at the beginning of the corresponding offering period due to the maximum discount feature of our plan as described in the fifth paragraph of the Background Purchase Price at the end of an Accumulation Period section above.

Payroll Deductions; Payment of Purchase Price. Employees may authorize payroll deductions in 1% multiples of cash compensation for each accumulation period they complete within an offering period, up to a maximum of 10%. No more than $25,000 from payroll deductions may be used in any calendar year to purchase stock under our ESPP. An employee may discontinue his or her payroll deductions in our ESPP at any time and may increase or decrease the rate of payroll deduction no more than two times during any accumulation period.

Purchase of Stock. An employee properly enrolled in our ESPP is entitled to purchase shares on the last day of the accumulation period. The number of shares to be purchased at the end of an accumulation period is determined by dividing the amount accumulated in such participant s account during the period by the applicable purchase price, subject to a maximum of 200 shares. Unless the employee s participation is discontinued prior to such purchase, his or her purchase of the shares will occur automatically at the end of the accumulation period at the applicable price.

Participants may forego any or further payroll deductions in an offering period and may also make a one-time deposit as part of a decision to purchase shares at a 5% discount to the fair market value effective at the beginning of any offering period or at 5 p.m. on any day prior to the last day of an accumulation period. Any participant choosing this option may not enter a new offering period, including following a withdrawal from our ESPP, until the end of such 27-month offering period.

Notwithstanding the foregoing, no participant may participate in our ESPP if immediately after such election to participate, the participant would own stock and/or outstanding options to purchase stock possessing five percent or more of the total combined voting power of our stock. In addition, no participant is permitted to purchase stock with a value in excess of $25,000 (determined at the fair market value of the stock as of the beginning of the applicable offering period) in any calendar year.

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Withdrawal. Generally, a participant may withdraw from an offering period at any time by written notice without affecting his or her eligibility to participate in future offering periods. However, once a participant withdraws from a particular offering period, that participant may not participate again in the same offering period. To participate in a subsequent offering period, the participant must re-enroll in our ESPP.

Termination of Employment. Termination of a participant s employment for any reason, including disability or death, cancels his or her participation in our ESPP immediately. In such event, the payroll deductions credited to the participant s account will be returned to him or her or, in the case of death, to the person or persons entitled as provided in our ESPP unless otherwise prohibited by law.

Changes in Capitalization. The number of shares reserved under our ESPP, the accumulation period share purchase limit, offering period-related purchase limits and relevant accumulation and offering period purchase price per share provisions under our ESPP shall be proportionately adjusted for any increase or decrease in the number of outstanding shares of our common stock resulting from a subdivision or consolidation of shares or the payment of a stock dividend, any other increase or decrease in such shares effected without receipt or payment of consideration by us, the distribution of the shares of a subsidiary to our stockholders or a similar event. Such adjustment shall be made by our Board of Directors, whose determination in that respect shall be final, binding and conclusive.

Change of Control, Merger or Consolidation. In the event of a change of control (as defined in our ESPP), any accumulation periods and offering periods then in progress shall terminate and shares are to be purchased under our ESPP immediately prior to the effective time of the change in control. In the event of a merger or consolidation which does not constitute a change of control, the ESPP shall continue unless the plan of merger or consolidation provides otherwise.

Amendment and Termination of the ESPP. The Board of Directors may at any time terminate or amend our ESPP. No amendment shall be effective unless it is approved by the holders of a majority of the votes cast at a duly held stockholders meeting, if such amendment would require stockholder approval in order to comply with Section 423 of the Code.

Incorporation by Reference. The foregoing is only a summary of our ESPP and is qualified in its entirety by reference to its full text, a copy of which is attached hereto as Appendix A.

Federal Income Tax Consequences

The following brief summary of our understanding of the effect of U.S. federal income taxation upon the participant and us with respect to the shares purchased under the ESPP does not purport to be complete, and does not discuss the tax consequences of a participant s death or the income tax laws of any state or foreign country in which the participant may reside.

Our ESPP, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Sections 421 and 423 of the Code. Under these provisions, no income will be taxable to a participant until the shares purchased under the ESPP are sold or otherwise disposed of. Upon sale or other disposition of the shares, the participant will generally be subject to tax in an amount that depends upon the holding period. If the shares are sold or otherwise disposed of more than two years from the first day of the applicable offering period and one year from the applicable date of purchase, the participant will recognize ordinary income measured as the lesser of (a) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price, or (b) an amount equal to 5% of the fair market value of the shares as of the first day of the applicable offering period. Any additional gain will be treated as long-term capital gain. If the shares are sold or otherwise disposed of before the expiration of these holding periods, the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares on the date the shares are purchased over the purchase price. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on the holding period. The Company generally is not entitled to a deduction for amounts taxed as ordinary income or capital gain to a participant except to the extent of ordinary income recognized by participants upon a sale or disposition of shares prior to the expiration of the holding periods described above.

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Participation in the ESPP

We are unable to predict the amount of benefits that will be received by or allocated to any particular participant under our ESPP. The following table sets forth the number of shares purchased under our ESPP during 2012 by each of (i) the Named Executive Officers; (ii) all Executive Officers as a group; and (iii) all employees, including all Executive Officers, as a group. Non-employee directors are not eligible for participation in our ESPP.

Name and Position	Number of Shares Purchased	Weighted Average Purchase Price
Robert B. Grieve, Ph.D. Chairman of the Board and Chief Executive Officer		$
Michael J. McGinley, Ph.D. President, Biologicals & Pharmaceuticals	374	$ 7.98
Jason A. Napolitano Executive Vice President, Chief Financial Officer and Secretary	500	$ 8.20
Joseph P. Aperfine, Jr. Executive Vice President, Companion Animal Health Sales	500	$ 8.20
Nancy Wisnewski, Ph.D. Executive Vice President, Product Development and Customer Support		$
All executive officers as a group (9 persons)(1)	1,851	$ 8.14
All employees, including all Executive Officers, as a group	15,242	$ 8.05

(1) Kevin S. Wilson, Steven M. Asakowicz and Rodney A. Lippincott were not employees in 2012 and thus were ineligible for our ESPP.

Vote Required; Recommendation of the Board of Directors

An Absolute Majority Vote is required to approve this proposal. Therefore, failure to vote will have the same effect as a vote against the amendment and restatement. If approved by the stockholders, the proposed Amended and Restated 1997 Employee Stock Purchase Plan will become effective immediately. If an Absolute Majority vote FOR this proposal is not obtained, our ESPP will continue in its current form.

The Board of Directors recommends a vote FOR the proposal to amend and restate the 1997 Employee Stock Purchase Plan.

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PROPOSAL NO. 3

RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANT

Our Board of Directors is submitting the appointment of EKS&H LLLP (EKS&H) as the Company's independent registered public accountant for stockholder ratification at the 2013 Annual Meeting. EKS&H has served as our independent registered public accountant since March 31, 2006. A representative of EKS&H is expected to be present at the Annual Meeting and will have an opportunity to make a statement if the representative desires to do so. Such representative also is expected to be available to answer questions at the meeting.

Vote Required; Recommendation of our Board of Directors

Stockholder ratification of the appointment of EKS&H as our independent registered public accountant is not required by our bylaws or otherwise. Our Board, however, is submitting the appointment of EKS&H to the stockholders for ratification as a matter of good corporate governance practice. If a Voting Majority is FOR this proposal, we will consider the ratification of our independent registered public accountant for 2013 complete. If stockholders fail to ratify the appointment, our Audit Committee will reconsider whether or not to retain EKS&H as our independent registered public accountant, although our Audit Committee maintains the full discretion to continue to retain EKS&H in such a circumstance. Even if the appointment is ratified, our Audit Committee in its discretion may direct the appointment of a different independent registered public accountant at any time during the year if it determines that such a change would be in the best interest of the Company and its stockholders.

Our Board unanimously recommends a vote FOR the ratification of EKS&H as our independent registered public accountant for fiscal 2013.

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PROPOSAL NO. 4

OFFER APPROVAL OF EXECUTIVE COMPENSATION IN A NON-BINDING ADVISORY VOTE

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), enacted in July 2010, and Section 14A of the Securities and Exchange Act of 1934 require that we provide you with the opportunity to vote to approve, on a non-binding advisory basis, the compensation of our named executive officers. We are asking for your advisory vote on the following resolution (the say-on-pay resolution):

RESOLVED, that the compensation paid to the company s named executive officers, as disclosed in the subsection of this proxy statement titled Executive Compensation , including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED

We have never offered a stockholder vote on executive compensation prior to such a vote being required under Dodd-Frank as we believe this topic is best handled by a deliberative compensation committee with access to detailed information on each executive s individual performance, which it may not be appropriate or in a company s best interest to disclose, and accordingly, a general vote on the subject is unlikely to provide valuable insight to such a committee in its role of determining appropriate compensation for a given executive officer.

Compensation Philosophy

As described in greater detail under the heading Executive Compensation , we seek to closely align the interests of our named executive officers with the interests of our stockholders. The ultimate objective of our executive compensation program is to attract, retain and reward executives who will enhance the value and profitability of the Company and increase stockholder value. The Compensation Committee strives to provide competitive compensation opportunities with the ultimate amount of compensation received tied significantly to short-term and long-term Company performance. Inherent in our approach is the philosophy that compensation can align behavior and actions with stockholder interests, attract and retain stronger executives and thus create value for stockholders over time.

The vote on this resolution is not intended to address any specific element of compensation, but rather relates to the overall compensation of our named executive officers, as described in this proxy statement in accordance with the compensation disclosure rules of the SEC.

Vote Required; Recommendation of our Board of Directors

If a Voting Majority is FOR this proposal, we will consider the non-binding, advisory approval of the compensation paid to our named executive officers to have occurred. If such a Voting Majority is not obtained, our Compensation Committee may consider changes to some of our executive compensation policies, although our Compensation Committee maintains its full discretion in this area as this is an advisory vote only.

Our Board unanimously recommends a vote FOR approval, on a non-binding, advisory basis, of the compensation paid to our named executive officers in fiscal year 2012.

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PROPOSAL NO. 5

ADVISORY VOTE ON FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE COMPENSATION

Dodd-Frank and Section 14A of the Securities and Exchange Act of 1934 require that we seek your advisory vote this year on how often the Company should hold a say-on-pay vote. By law, stockholders in public companies like Heska are to have an opportunity to cast an advisory vote on the frequency of the advisory executive compensation vote at least every six years.

By law, as a stockholder you will be able to specify one of four choices for the frequency of the vote on the say-on-pay proposal as follows: (i) one year; (ii) two years; (iii) three years; or (iv) abstain. This vote is advisory only and therefore will not be binding on our Board or the Company. Our Board may decide that it is in the best interests of our stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than any preference indicated by our stockholders.

The Company is to announce its decision on the frequency of advisory executive compensation stockholder votes in a Form 8-K filed with the SEC no later than 150 days after the Annual Meeting. Our Board may change the vote frequency of advisory executive compensation stockholder votes at its discretion.

Vote Required; Recommendation of our Board of Directors

Our Board may consider this advisory vote in making its decision on the frequency of advisory executive compensation votes, although our Board maintains its full discretion in this area as this is an advisory vote only.

Our Board unanimously recommends a vote for ONE year as the frequency for holding a non-binding, advisory vote on the compensation paid to our named executive officers as our Board believes this has come to be regarded as a corporate governance best practice.

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POTENTIAL VOTE NO. 6

ADVISORY VOTE WITH RESPECT TO DISCRETIONARY VOTING BY

PROXYHOLDERS

Other than the five items of business previously described in Proposal No. 1, Proposal No. 2, Proposal No. 3, Proposal No. 4 and Proposal No. 5, we are not aware of any other business to be acted upon at the 2013 Annual Meeting. Since our 1997 initial public offering, only items that were described in the proxy materials made available to stockholders prior to the corresponding Annual Meeting or Special Meeting were resolved by a vote of our stockholders at such meetings. While we have taken steps to ensure this remains the case, it is possible other business may properly come before our 2013 Annual Meeting, via the efforts of a stockholder or otherwise. In such a circumstance, our proxyholders Robert B. Grieve, our Chairman and Chief Executive Officer, Jason A. Napolitano, our Executive Vice President, Chief Financial Officer and Secretary and Michael A. Bent, our Vice President, Principal Accounting Officer and Controller will have the discretion to vote shares for which we have been granted a proxy as they may determine. As a matter of good corporate governance practice, we are asking stockholders to submit an advisory vote for the proxyholders consideration in such a circumstance. We will interpret a for vote as an indication that the stockholder s preference is that the proxyholders exercise their voting discretion in a manner they determine to be in the best interest of the Company s stockholders, a no vote as an indication that the stockholder s preference is that the proxyholders exercise their voting discretion against any proposal brought to a vote as outlined above, including a proposal the proxyholders otherwise believe to be in the best interests of the Company s stockholders, and an abstain or non-vote as an indication that the stockholder does not wish to express a preference regarding such a circumstance. It is important to note this is an advisory vote only, and that while the proxyholders may consider the advisory vote in such a circumstance, the proxyholders retain full discretion to vote as they may determine regardless of any outcome of the advisory vote.

Recommendation of our Board of Directors

Our Board unanimously recommends a vote FOR your preference being that the proxyholders exercise their voting discretion in a manner they determine to be in the best interest of the Company s stockholders, if other business properly comes before the 2013 Annual Meeting and you are voting by proxy.

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COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables show the number of shares of our common stock beneficially owned as of March 1, 2013 by each of the Named Executive Officers listed in the Summary Compensation Table, each of our Directors, all of our Directors and Executive Officers as a group, and each person who is known by us to be the beneficial owner of more than 5% of our common stock. We had 5,799,156 shares outstanding on March 1, 2013.

Ownership Table

Name and Address of Beneficial Owner	Shares Beneficially Owned (1)	Percentage Beneficially Owned (1)
5% Stockholders		
Zesiger Capital Group LLC (2) 320 Park Avenue, 30th Floor New York, NY 10022	606,950	10.5%
CMC Master Fund, L.P. (3) 525 University Avenue, Suite 200 Palo Alto, CA 94301	526,045	9.1%
Executive Officers and Directors		
William A. Aylesworth (4)	80,958	1.4%
Peter Eio (4)	54,881	*
G. Irwin Gordon (4)	51,012	*
Robert B. Grieve, Ph.D. (4)(5)(6)	269,679	4.5%
Louise L. McCormick (4)	36,727	*
Sharon L. Riley (4)	11,000	*
Carol A. Wrenn (4)	4,630	*
Joseph P. Aperfine, Jr. (4)	21,186	*
Michael J. McGinley, Ph.D. (4)	86,712	1.5%
Jason A. Napolitano (4)(6)(7)	196,141	3.3%
Kevin S. Wilson (4)(8)	260,657	4.5%
Nancy Wisnewski, Ph.D. (4)	65,503	1.1%
All Directors and Executive Officers as a group (15 persons)(4)(5)(6)(7)(8)	1,192,983	18.5%

* 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. Shares of common stock issuable upon exercise of stock options exercisable within 60 days of March 1, 2013, including fractional shares discussed in footnote 4 below, 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) Based upon information derived from a Schedule 13G filed by Zesiger Capital Group LLC on February 14, 2013 for holdings on December 31, 2012. According to the Schedule 13G, Zesiger Capital Group LLC has the sole power to vote 425,500 shares and the sole power to dispose of 606,950 shares.

(3) Based upon information derived from a Schedule 13D filed by CMC Master Fund, L.P. on October 17, 2012 for holdings on October 12, 2012. According to the Schedule 13D, CMC Master Fund, L.P. beneficially owns 526,045 shares.

(4) Includes Shares Owned, Exercisable Options from Exercisable Option Table and Aggregate Fractional Shares Underlying Options from footnote 2 of Exercisable Option Table below for each Director and Named Executive Officer, as well as for all Directors and Executive Officers as a group. A fractional share has been counted as a whole share for purposes of this table.

(5)

Includes 6,154 shares of common stock held for the benefit of Dr. Grieve s children and 1,564 shares of common stock held by Dr. Grieve s wife, all of with respect to which Dr. Grieve disclaims beneficial ownership.

(6) Includes one share jointly owned by Dr. Grieve and Mr. Napolitano.

(7) Includes 602 shares of common stock held by Mr. Napolitano s wife, with respect to which Mr. Napolitano disclaims beneficial ownership.

(8) Includes 153,027 shares held by Cuattro, LLC. Mr. Wilson, his wife and trusts for the benefit of his children and family own a 100% interest in Cuattro, LLC. Also includes 20,092 shares owned by Mr. Wilson s wife and 65,728 shares held in trusts for the benefit of Mr. Wilson s children for which a third party is trustee. Mr. Wilson disclaims beneficial ownership of the shares held by his wife and trusts for the benefit of his children.

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Exercisable Option Table

Name	Shares Owned (1)	Exercisable Options (2)	Exercisable Option Price Range (3)	Exercisable Option Average Price (4)	Weighted Average Remaining Contractual Life (5)	Exercisable In-the money Options (6)	Net Shares from Exercisable Options (7)
William A. Aylesworth	33,997	46,956	$ 4.60-26.87	$ 12.04	4.65	14,200	3,521
Peter Eio	6,204	48,668	$ 4.60-27.30	$ 10.54	4.54	14,200	3,521
G. Irwin Gordon	9,488	41,519	$ 4.60-26.87	$ 12.95	4.52	9,000	1,243
Robert B. Grieve, Ph.D. (8)(9)	94,397	175,278	$ 4.40-23.00	$ 7.64	4.32	17,498	5,558
Louise L. McCormick	7,200	29,526	$ 4.60-18.30	$ 10.94	6.65	10,000	3,312
Sharon L. Riley	1,000	10,000	$ 9.74-12.40	$ 11.87	8.59		
Carol A. Wrenn	3,000	1,630	$ 8.10-8.10	$ 8.10	9.67	1,630	62
Joseph P. Aperfine, Jr.	750	20,436	$ 6.76-8.55	$ 6.81	8.26	20,103	3,904
Michael J. McGinley, Ph.D.	14,902	71,806	$ 4.40-23.00	$ 10.62	5.94	30,060	12,197
Jason A. Napolitano (9)(10)	80,413	115,727	$ 4.40-23.00	$ 11.52	4.85	36,395	15,608
Kevin S. Wilson (11)	260,657						
Nancy Wisnewski, Ph.D.	6,974	58,527	$ 4.40-18.30	$ 10.71	5.70	21,446	7,882
All Directors and Executive Officers as a group (15 persons) (8)(9)(10)(11)	528,754	664,196	$ 4.40-27.30	$ 10.20	5.11	188,527	63,316

(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 in the column, subject to community property laws where applicable and the information contained in the footnotes of this table.

(2) Represents shares of common stock issuable upon exercise of stock options exercisable within 60 days of March 1, 2013, excluding exercisable options to purchase fractional shares resulting from Heska s December 2010 1-for-10 reverse stock split as follows:

Name	Aggregate Fractional Shares Underlying Options	Exercisable Option Price Range	Exercisable Option Average Price	Weighted Average Remaining Contractual Life
William A. Aylesworth	4.7	$ 7.80-26.87	$ 15.80	1.40
Peter Eio	8.6	$ 7.80-27.30	$ 17.10	1.42
G. Irwin Gordon	4.5	$ 7.80-26.87	$ 15.31	1.43
Robert B. Grieve, Ph.D.	4.0	$ 4.40-18.30	$ 11.09	5.23
Louise L. McCormick	0.8	$ 18.30-18.30	$ 18.30	4.84
Sharon L. Riley				
Carol A. Wrenn				
Joseph P. Aperfine, Jr.				
Michael J. McGinley, Ph.D.	4.0	$ 8.80-23.00	$ 15.37	2.36
Jason A. Napolitano	1.0	$ 17.17-17.17	$ 17.17	3.70
Kevin S. Wilson				
Nancy Wisnewski, Ph.D.	2.0	$ 12.50-17.17	$ 14.84	3.25
All Directors and Executive Officers as a group (15 persons)	31.6	$ 4.40-27.30	$ 16.54	2.76

Heska intends to issue whole shares only from option exercises.

(3) Represents the lowest and highest strike price for stock options exercisable within 60 days of March 1, 2013, excluding options to purchase fractional shares resulting from Heska s December 2010 reverse stock split.
(4) Represents the average strike price for stock options exercisable within 60 days of March 1, 2013, excluding options to purchase fractional shares resulting from Heska s December 2010 reverse stock split.
(5) Represents the weighted average remaining contractual life, in years, for stock options exercisable within 60 days of March 1, 2013, excluding options to purchase fractional shares resulting from Heska s December 2010 reverse stock split.
(6) Represents shares of common stock issuable upon exercise of stock options exercisable within 60 days of March 1, 2013, excluding options to purchase fractional shares resulting from Heska s December 2010 reverse stock split, that have a strike price less than $8.42, the closing market price per share of Heska stock on March 1, 2013.
(7) Represents net shares under the Treasury Stock method assuming a market price per share of $8.42, the closing market price per share of Heska stock on March 1, 2013, for shares of common stock issuable upon exercise of stock options exercisable within 60 days of March 1, 2013 that have a strike price less than $8.42, excluding options to purchase fractional shares resulting from Heska s December 2010 reverse stock split.
(8) Includes 6,154 shares of common stock held for the benefit of Dr. Grieve s children and 1,564 shares of common stock held by Dr. Grieve s wife, all of with respect to which Dr. Grieve disclaims beneficial ownership.
(9) Includes one share jointly owned by Dr. Grieve and Mr. Napolitano.
(10) Includes 602 shares of common stock held by Mr. Napolitano s wife, with respect to which Mr. Napolitano disclaims beneficial ownership.
(11) Includes 153,027 shares held by Cuattro, LLC. Mr. Wilson, his wife and trusts for the benefit of his children and family own a 100% interest in Cuattro, LLC. Also includes 20,092 shares owned by Mr. Wilson s wife and 65,728 shares held in trusts for the benefit of Mr. Wilson s children for which a third party is trustee. Mr. Wilson disclaims beneficial ownership of the shares held by his wife and trusts for the benefit of his children.

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Outstanding Option Table

Name	Shares Owned (1)	Outstanding Options (2)	Outstanding Option Price Range (3)	Outstanding Option Average Price (4)	Weighted Average Remaining Contractual Life (5)	Outstanding In-the-money Options (6)	Net Shares from Outstanding Options (7)
William A. Aylesworth	33,997	46,956	$ 4.60-26.87	$ 12.04	4.82	14,200	3,521
Peter Eio	6,204	48,781	$ 4.60-27.30	$ 12.15	4.70	14,200	3,521
G. Irwin Gordon	9,488	41,696	$ 6.66-26.87	$ 12.93	4.66	9,064	1,248
Robert B. Grieve, Ph.D. (8)(9)	94,397	228,968	$ 4.40-23.00	$ 13.36	4.49	48,271	14,565
Louise L. McCormick	7,200	29,526	$ 4.60-18.30	$ 10.94	6.82	10,000	3,312
Sharon L. Riley	1,000	10,000	$ 9.74-12.40	$ 11.07	8.76		
Carol A. Wrenn	3,000	1,630	$ 8.10-8.10	$ 8.10	9.84	1,630	62
Joseph P. Aperfine, Jr.	750	49,000	$ 6.76-8.55	$ 6.93	8.43	45,000	8,697
Michael J. McGinley, Ph.D.	14,902	103,223	$ 4.40-23.00	$ 9.56	6.11	47,727	17,261
Jason A. Napolitano (9)(10)	80,413	144,499	$ 4.40-23.00	$ 10.65	5.02	56,000	20,095
Kevin S. Wilson (11)	260,657	11,000	$ 8.35-8.35	$ 8.35	9.98	11,000	89
Nancy Wisnewski, Ph.D.	6,974	83,748	$ 4.40-18.30	$ 9.71	5.73	35,500	11,330
All Directors and Executive Officers as a group (15 persons)(8)(9)(10)(11)	528,754	867,025	$ 4.40-27.30	$ 10.98	5.29	326,592	