



Charter of the Compensation Committee of the Board of Directors of Zoetis Inc. (the “Company”)

Status

The Compensation Committee is a committee of the Board of Directors.

Membership

The Committee shall consist solely of directors of the Company, including such minimum number of independent directors as complies with the New York Stock Exchange (the “NYSE”) corporate governance listing standards. In addition, a person may serve on the Committee only if the Board of Directors determines that he or she (i) is a “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and (ii) satisfies the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code.

The Chair of the Committee shall be designated by the Board of Directors, provided that if the Board of Directors does not designate a Chair, the members of the Committee, by a majority vote, may designate a Chair.

Each member of the Committee shall serve for such term or terms as the Board of Directors may determine or until his or her earlier resignation, removal or death. Any vacancy on the Committee shall be filled by the vote of the majority of the Board of Directors. No member of the Committee shall be removed as a member, except by the vote of the majority of the Board of Directors.

Purpose

The purpose of the Committee is to discharge the responsibilities delegated by the Board of Directors and to assist the Board of Directors in fulfilling its responsibilities relating to the determination and execution of the Company’s compensation philosophy and the compensation of the Company’s Chief Executive Officer (“CEO”) and the other officers of the Company who report directly to the CEO (the “Executive Officers”).

Duties and Responsibilities

The following duties and responsibilities are within the authority of the Committee, consistent with and subject to applicable law and rules and regulations promulgated by the Securities and Exchange Commission (“SEC”), the NYSE or any other applicable regulatory authority.

The following duties and responsibilities with respect to the determination of executive compensation are within the authority of the Committee:

- reviewing and approving the Company’s overall compensation philosophy and overseeing the administration of related compensation and benefit programs, policies and practices;
- reviewing and approving the Company’s peer companies and data sources for purposes of evaluating the Company’s compensation competitiveness and

establishing the appropriate competitive positioning of the levels and mix of compensation elements;

- recommending annual and long-term performance goals and objectives for the Chief Executive Officer (“CEO”) for approval by the independent members of the Board of Directors;
- evaluating the performance of the CEO in light of these goals and objectives and the quality and effectiveness of his or her leadership, and based upon such evaluation recommending each element of the compensation of the CEO for approval by the independent members of the Board of Directors;
- reviewing the goals approved by the CEO for the other Executive Officers; reviewing and approving the CEO’s evaluation of the other Executive Officers in light of the approved performance goals and objectives, and based on such evaluation approving the compensation of each of the Executive Officers;
- approving employment agreements, offers of employment, severance arrangements, and change-in-control and similar arrangements for the Executive Officers;
- recommending employment agreements, offers of employment, severance arrangements, and change-in-control and similar arrangements for the CEO.

The following duties and responsibilities with respect to incentive compensation and equity plans are within the authority of the Committee:

- making recommendations to the Board of Directors with respect to the adoption and amendment of cash-based and equity-based compensation plans;
- overseeing the administration of the Company’s cash-based and equity-based compensation plans;
- reviewing and certifying awards under corporate performance-based plans, or, in the case of the CEO, recommending such awards for approval by the independent members of the Board of Directors;
- granting options and other awards under equity-based plans or, in the case of the CEO, recommending such awards for approval by the independent members of the Board of Directors

The following additional duties and responsibilities are within the authority of the Committee:

- overseeing the Company’s submissions to stockholders on executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, incentive and other executive compensation plans, and amendments to such plans (to the extent required under NYSE listing standards)
- in conjunction with the Corporate Governance Committee (or its designees), engagement with proxy advisory firms and other stockholder groups on executive compensation matters; reviewing the results of stockholder advisory votes on executive compensation and considering such votes in its evaluation of the Company’s executive compensation programs and practices;

- reviewing and setting the compensation structure for senior members of management whose individual compensation is not otherwise approved or recommended by the Committee;
- determining officer stock ownership guidelines and monitoring compliance with such guidelines;
- preparing an annual performance evaluation of the Committee;
- reviewing and discussing with the Company's management the Compensation Discussion and Analysis ("CD&A") to be included in the Company's annual proxy statement and determining whether to recommend to the Board of Directors that the CD&A be included in the proxy statement (or other appropriate filing with the SEC);
- providing the Compensation Committee Report for inclusion in the Company's proxy statement (or other appropriate filing) that complies with the rules and regulations of the SEC;
- reviewing and assessing on an annual basis potential risk to the Company from its compensation plans, programs and policies;
- annually evaluating the adequacy of this Charter; and
- performing such other duties and carrying out such other responsibilities as are consistent with this Charter or are delegated by the Board of Directors.

The Committee has the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion. The Committee also has authority to delegate to one or more executive officers of the Company the authority to grant options and other equity awards to employees other than executive officers within an aggregate limit specified by the Committee.

Outside Advisers

The Committee may, in its sole discretion, employ, at the Company's expense, a compensation consultant to assist in the execution of the responsibilities in this Charter. The Committee shall have the sole authority to approve the fees, to be borne by the Company, and other retention terms with respect to such a compensation consultant. The Committee also has the authority, as necessary and appropriate, to consult with counsel and other outside advisers to assist in its duties to the Company, at the Company's expense.

In selecting a compensation consultant, legal counsel or other adviser, the Committee must take into consideration, all factors relevant to that person's independence from management, including the following:

- The provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
- The amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

- The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Compensation Committee;
- Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company.

The above independence assessment is not required with respect to advice provided by in-house legal counsel or in the limited circumstances set forth in the NYSE listing standards. The Committee may select or receive advice from any compensation consultant, legal counsel or other adviser they prefer, including ones that are not independent. The Committee shall make all determinations with respect to any and all real or potential conflicts of interest of a compensation consultant, including whether any such conflict should be considered and addressing the same.

Meetings

The Committee shall meet at least four times each year and at such other times as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board of Directors with respect to its activities and make recommendations to the Board of Directors as appropriate. The Committee shall maintain minutes of its meetings and records relating to those meetings.

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