FORM 10-K

Annual report pursuant to section 13 and 15(d)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2012
Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934**
For the transition period from to
Commission File Number: 001-35797

Zoetis Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-0696167**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5 Giralda Farms, Madison, NJ	**07940**
(Address of principal executive offices)	(Zip Code)

(973) 660-7491

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Class A Common Stock, $0.01 par value per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer ☐ **Accelerated filer** ☐ **Non-accelerated filer** ☒ **Smaller reporting company** ☐

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

The registrant completed the initial public offering of its Class A common stock on February 6, 2013. There was no public market for the registrant's Class A common stock or Class B common stock as of June 29, 2012, the last business day of the registrant's most recently completed second fiscal quarter. At March 22, 2013, there were 99,015,000 shares of Class A common stock and 400,985,000 shares of Class B common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

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PART I

Item 1. Business.

Overview

Zoetis Inc. is a global leader in the discovery, development, manufacture and commercialization of animal health medicines and vaccines, with a focus on both livestock and companion animals. We market a diverse range of products across four regions: the United States, Europe/Africa/Middle East, Canada/Latin America and Asia/Pacific; eight core species: the livestock species of cattle, swine, poultry, sheep and fish, and the companion animal species of dogs, cats and horses; and five major product categories: anti-infectives, vaccines, parasiticides, medicated feed additives and other pharmaceutical products. For more than 60 years, as a business unit of Pfizer Inc. (Pfizer), we have been committed to enhancing the health of animals and bringing solutions to our customers who raise and care for them.

We were incorporated in Delaware in July 2012. The address of our principal executive offices is currently 5 Giralda Farms, Madison, New Jersey 07940. Unless the context requires otherwise, references to "Zoetis," "the company," "we," "us" or "our" in this Annual Report on Form 10-K for the fiscal year ended December 31, 2012 (2012 Annual Report) refer to Zoetis Inc., a Delaware corporation, and its subsidiaries after giving effect to the transactions described below under "Recent Developments." In addition, unless the context requires otherwise, references to "Pfizer" in this 2012 Annual Report refer to Pfizer Inc., a Delaware corporation, and its subsidiaries other than Zoetis and Zoetis's subsidiaries. Unless the context requires otherwise, statements relating to our history describe the history of Pfizer's animal health business unit, although it is important to note that the net assets, operations and cash flows of Zoetis are not the same as the historical net assets, operations and cash flows of Pfizer's animal health operating segment, and, therefore, the historical financial results of Pfizer's animal health business unit should not be relied upon as indicative of the performance of Zoetis.

On February 6, 2013, an initial public offering (IPO) of our Class A common stock was completed, which represented approximately 19.8% of our total outstanding shares. As of the date of this 2012 Annual Report, Pfizer owns 100% of our outstanding Class B common stock and no shares of our Class A common stock, giving Pfizer 80.2% of the economic interest and the combined voting power in shares of our outstanding common stock, other than with respect to the election of directors, and 97.6% of the combined voting power of our outstanding common stock with respect to the election of directors. On February 1, 2013, our Class A common stock began trading on the New York Stock Exchange (NYSE) under the symbol "ZTS." Prior to and in connection with the IPO, we completed a $3.65 billion senior notes offering (senior notes offering) and Pfizer transferred to us substantially all of the assets and liabilities of their animal health business. We did not receive any of the proceeds from the IPO. We paid an amount of cash equal to substantially all of the net proceeds that we received in the senior notes offering to Pfizer prior to the completion of the IPO. In addition, immediately prior to the completion of the IPO, we and Pfizer entered into certain agreements that provide a framework for our ongoing relationship with Pfizer. We refer to the transactions to separate our business from Pfizer, as described here and elsewhere in this 2012 Annual Report, as the "Separation." For additional information, see Notes to Combined Financial Statements—*Note 19. Subsequent Events*, as well as *Recent Developments* below.

Operating Segments

The animal health medicines and vaccines market is characterized by meaningful differences in customer needs across different regions. This is due to a variety of factors, including:

- economic differences, such as standards of living in developed markets as compared to emerging markets;
- cultural differences, such as dietary preferences for different animal proteins, pet ownership preferences and pet care standards;
- epidemiological differences, such as the prevalence of certain bacterial and viral strains and disease dynamics;
- treatment differences, such as utilization of different types of medicines and vaccines, in particular high-technology products;
- environmental differences, such as seasonality, climate and the availability of arable land and fresh water; and
- regulatory differences, such as standards for product approval and manufacturing.

As a result of these differences, among other things, we organize and operate our business in four segments: the United States, Europe/Africa/Middle East, Canada/Latin America and Asia/Pacific. Within each of these operating segments, we offer a diversified product portfolio for both livestock and companion animal customers so that we can capitalize on local trends and customer needs. Our operating segments are:

- **United States** with revenues of $1,776 million that were 41% of total revenues for the year ended December 31, 2012.
- **Europe/Africa/Middle East** with revenues of $1,096 million that were 25% of total revenues for the year ended December 31, 2012. Key developed markets in this segment include the United Kingdom, Germany and France. Key emerging markets in this segment include Russia, Turkey and South Africa.
- **Canada/Latin America** with revenues of $769 million that were 18% of total revenues for the year ended December 31, 2012. The developed market in this segment is Canada. Key emerging markets in this segment include Brazil and Mexico.
- **Asia/Pacific** with revenues of $695 million that were 16% of total revenues for the year ended December 31, 2012. Key developed markets in this segment include Australia, Japan, New Zealand and South Korea. Key emerging markets in this segment include India and China.

For additional information regarding our performance in each of these operating segments and the impact of foreign exchange rates, as well as significant acquisitions that Pfizer completed in recent years, see *Management's Discussion and Analysis of Financial Condition and Results of*

Operations and Notes to Combined Financial Statements—*Note 17A. Segment, Geographic and Other Revenue Information—Segment Information.*

Products

Since the inception of our business, we have focused on developing a broad portfolio of animal health products. We refer to a single product brand in all of its dosage forms for all species as a product line. We have comprehensive product lines for both livestock and companion animals across each of our major product categories.

Our major product categories are:

- **anti-infectives**: products that prevent, kill or slow the growth of bacteria, fungi or protozoa;
- **vaccines**: biological preparations that prevent diseases of the respiratory, gastrointestinal and reproductive tracts or induce a specific immune response;
- **parasiticides**: products that prevent or eliminate external and internal parasites such as fleas, ticks and worms;
- **medicated feed additives**: products added to animal feed that provide medicines, nutrients and probiotics to livestock; and
- **other pharmaceutical products**: complementary products, such as pain and sedation, oncology and antiemetic products.

Our remaining revenues are derived from other product categories, such as nutritionals and agribusiness, as well as products in complementary areas, including diagnostics, genetics, devices and services such as dairy data management, e-learning and professional consulting. We believe many of these complementary areas represent potential growth opportunities for our business to expand in the future.

Historically, a substantial portion of our products and revenues have been the result of brand lifecycle development. For example, the first product in our Ceftiofur line was an anti-infective approved for treating Bovine Respiratory Disease in cattle that was administered via intramuscular injection. Through follow-on studies and reformulations, we have expanded the product line into additional cattle claims and administration routes, as well as other species and regions. Several products in the line provide a full course of therapy in one injection. The Ceftiofur product line currently includes the brands Excede, Excenel and Naxcel.

In addition to brand lifecycle development, we also pursue the development of new chemical and biological entities through new product research and development (R&D) as part of our growth strategies. Examples of our first-in-class or best-in-class products that we have launched in the past ten years and products that we believe may represent platforms for future brand lifecycle development include:

- Draxxin, a novel antibiotic for livestock that delivers a full course of therapy in one dose, launched in 2003;
- Inforce, the first and only respiratory vaccine for cattle that prevents respiratory disease caused by bovine respiratory syncytial virus (BRSV) while also aiding in the prevention of infectious bovine rhinotracheitis (IBR) and parainfluenza3 (PI3), launched in 2010;
- Improvac/Improvest, the only product that reduces boar taint in male swine without surgical castration, launched in 2004 in Australia and New Zealand and in 2011 in the United States;
- Convenia, the first single-injection anti-infective for common bacterial skin infections in cats and dogs, launched in 2006; and
- Palladia, the first drug to be approved by the FDA for treating cancer in dogs, launched in 2009.

We pursue the development of new vaccines for emerging infectious diseases, with an operating philosophy of “first to know and fast to market.” Examples of the successful execution of this strategy include the first equine vaccine for West Nile Virus in the U.S. and European Union and the first swine vaccine for Pandemic H1N1 Influenza Virus in the U.S.

Our livestock products primarily prevent or treat diseases and conditions to enable the cost-effective production of safe, high-quality animal protein. Human population growth and increasing standards of living are important growth drivers for our livestock products in three major ways. First, as population grows and standards of living rise, there is increased demand for improved nutrition, particularly animal protein. Second, population growth leads to increased natural resource constraints driving a need for enhanced productivity. And, finally, as standards of living improve, there is increased focus on food safety. Livestock products represented approximately 65% of our revenues for the year ended December 31, 2012.

Our companion animal products improve the quality of and extend the life of pets, increase convenience and compliance for pet owners and help veterinarians improve the quality of care they provide. Growth in the companion animal medicines and vaccines sector is driven by economic development and related increases in disposable income, increasing pet ownership, companion animals living longer, increasing medical treatment of companion animals and advances in animal health medicines and vaccines. Companion animal products represented approximately 35% of our revenues for the year ended December 31, 2012.

In 2012, our top selling product line, the Ceftiofur line, contributed approximately 7% of our revenues. The Ceftiofur line and our next two top selling products, Revolution and Draxxin, contributed approximately 20% of our revenues. Our top ten product lines contributed 39% of our revenues. Our product lines and products that represented approximately 1% or more of our revenues in 2012 include:

Livestock products

Product line/ product	Description	Primary species
Anti-infectives		
Aureomycin	Provides livestock producers treatment and convenience against a wide range of respiratory, enteric and reproductive diseases	Cattle, poultry, sheep, swine
BMD	Aids in preventing and controlling enteritis, thereby increasing rate of weight gain and improving feed efficiency	Cattle, poultry, swine
Ceftiofur line	Broad-spectrum cephalosporin antibiotic active against gram-positive and gram-negative bacteria, including ß-lactamase-producing strains, with some formulations producing a single course of therapy in one injection	Cattle, sheep, swine
Draxxin	Single-dose low-volume antibiotic for the treatment and prevention of bovine and swine respiratory disease, infectious bovine kerato conjunctivitis and bovine foot rot	Cattle, swine
Lincomycin line	Aids in preventing and treating Chronic Respiratory Disease associated with mycoplasma and coliform infections in growing chickens and for the treatment of swine dysentery (bloody scours) associated with Brachyspira (Serpulina) hyodysenteriae	Swine, poultry
Spectramast	Aids in preventing and treating mastitis, delivered via intramammary administration. Same active ingredient as the Ceftiofur line	Cattle
Terramycin	Antibiotic for the treatment of susceptible infections	Cattle, poultry, sheep, swine
Vaccines		
Bovishield line	Aids in preventing diseases, including infectious bovine rhinotracheitis (IBR), bovine viral diarrhea (BVD, Types 1 and 2), parainfluenza3 (PI3) virus and bovine respiratory syncytial virus (BRSV), *Leptospira borgpetersenii*, *L. pomona*, *L. grippotyphosa*, *L. canicola* and *L. icterohaemorrhagiae*, depending on formulation	Cattle
Improvac / Improvest	Vaccination to reduce boar taint, as an alternative to surgical castration	Swine
RespiSure line	Aids in preventing chronic pneumonia caused by *Mycoplasma hyopneumoniae*	Swine
Rispoval line	Aids in preventing three key viruses involved in cattle pneumonia-BRSV, PI3 and BVD-as well as other respiratory diseases, depending on formulation	Cattle
Parasiticides		
Cydectin	Injectable or pour-on endectocide to treat and control internal and external cattle parasites, including gastrointestinal roundworms, lungworms, cattle grubs, mites and lice	Cattle, sheep
Dectomax	Injectable or pour-on endectocide, characterized by extended duration of activity, for the treatment and control of internal and external parasite infections	Cattle, swine
Other		
Eazi-Breed CIDR	Progesterone-releasing device for the control of the estrus cycle	Cattle, sheep
Embrex devices	Devices for enhancing hatchery operations efficiency through *in ovo* detection and vaccination	Poultry
Lutalyse	For estrus control or in the induction of parturition or abortion	Cattle, swine
Orbeseal / Teatseal	Non-antibiotic intramammary infusion that prevents new intramammary infections in dairy cattle	Cattle

Companion animal products

Product line/ product	Description	Primary species
Anti-infectives		
Clavamox / Synulox	A broad-spectrum antibiotic and the first and only potentiated penicillin approved for use in dogs and cats	Cats, dogs
Convenia	Anti-infective for the treatment of common bacterial skin infections that provides a course of treatment in a single injection	Cats, dogs
Terramycin	Antibiotic for the treatment of susceptible ophthalmic infections	Cats, dogs, horses
Vaccines		
Vanguard 4-way Lepto	Compatible with Vanguard High Titer and protects against leptospirosis caused by *Leptospira canicola*, *L. grippotyphosa*, *L. icterohaemorrhagiae* and *L. pomona*	Dogs
Vanguard High Titer	Aids in preventing canine distemper caused by canine distemper virus, infectious canine hepatitis caused by canine adenovirus type 1, respiratory disease caused by canine adenovirus type 2, canine parainfluenza caused by canine parainfluenza virus and canine parvoviral enteritis caused by canine parvovirus	Dogs
Parasiticides		
Revolution / Stronghold	An antiparasitic for protection against fleas, heartworm and ear mites in cats and dogs; canine sarcoptic mites and American ticks for dogs and roundworms and hookworms for cats	Cats, dogs
Other		
Cerenia	An oral medication that prevents vomiting due to motion sickness in dogs	Dogs
Rimadyl	For the relief of pain and inflammation associated with osteoarthritis and for the control of postoperative pain associated with soft tissue and orthopedic surgeries	Dogs

International Operations

We directly market our products in approximately 70 countries across North America, Europe, Africa, Asia, Australia and Latin America, and our products are sold in more than 120 countries. Revenues from operations outside of the U.S. accounted for 59% of our total revenues for the year ended December 31, 2012. Through our efforts to establish an early and direct presence in many emerging markets, such as Brazil, China and India, emerging markets contributed 26% of our revenues for the year ended December 31, 2012.

Our international businesses are subject, in varying degrees, to a number of risks inherent in carrying on business in other countries. These include, among other things, currency fluctuations, capital and exchange control regulations, expropriation and other restrictive government actions. See *Item 1A. Risk Factors— Risks related to our international operations*.

Sales and Marketing

Our sales organization includes sales representatives and technical and veterinary operations specialists, as well as contracts with distributors in markets where we do not have a direct commercial presence. In markets where we do not have a direct commercial presence, we generally contract with distributors that provide logistics and sales and marketing support for our products.

Our sales representatives visit our customers, including veterinarians and livestock producers, to inform, promote and sell our products and services. Our technical and veterinary operations specialists provide scientific consulting focused on disease management and herd management, training and education on diverse topics, including responsible product use, and generally have advanced veterinary medicine degrees. These direct relationships with customers allow us to understand the needs of our customers. Additionally, our sales representatives and technical and veterinary operations specialists partner with customers to provide training and support in areas of disease awareness and treatment protocols, including through the use of our products. As a result of these relationships, our sales and consulting visits are typically longer, more meaningful and provide us with better access to customer decision makers as compared to human health. As of December 31, 2012, our sales organization consisted of approximately 3,300 employees.

Our livestock and companion animal products are primarily available by prescription through a veterinarian. On a more limited basis, in certain markets, we sell certain products through local agricultural and farming retail outlets, pharmacies and pet stores. We also market our products by advertising to veterinarians, livestock producers and pet owners.

Customers

We sell our livestock products directly to a diverse set of livestock producers, including beef and dairy farmers as well as pork, poultry and aquaculture operations, and to veterinarians, third-party veterinary distributors and retail outlets that typically then sell the products to livestock producers. We primarily sell our companion animal products to veterinarians or to third-party veterinary distributors that typically then sell our products to veterinarians, and in each case veterinarians then typically sell our products to pet owners. Our two largest customers, both distributors, represented approximately 9% and 6%, respectively, of our revenues for the year ended December 31, 2012 and no other customer represented more than 4% of our revenues for the same period.

Research and Development

Our research and development operations are comprised of our dedicated veterinary medicine research and development organization, research alliances and other operations focused on the development of our products. We spent $409 million in 2012, $427 million in 2011 and $411 million in 2010 on research and development.

While the development of new chemical and biological entities through new product R&D continues to play an important role in our growth strategies, the majority of our R&D investment is focused on brand lifecycle development. New product R&D leverages discoveries of agribusiness, academia, and other pharmaceutical and biotechnology R&D organizations. Our brand lifecycle development leverages our existing product portfolio to expand our product lines by adding new species or claims, achieving approvals in new countries and creating new combinations and reformulations. Our ability to leverage both the discoveries of other industries and of our existing R&D generally leads to a cost-effective, efficient, sustainable and more predictable R&D process. In addition, our other R&D activities include the development of branded generic products, genetics and diagnostics, as well as biodevices and engineering investments for *in ovo* applications.

We prioritize our R&D spending on an annual basis with the goal of transparency and alignment of research and business objectives and do not disaggregate our R&D operations by research stage or by therapeutic area for purposes of managing our business. Instead, we allocate capital based on return on investment criteria, taking into account customer needs, revenues and profitability potential, the probability of technical and regulatory success, and timing of launch. A centralized portfolio management function links development plans with financial systems to build a comprehensive view of the status of project progression and spend without a focus on spending by research stage or by therapeutic area. This comprehensive view facilitates our ability to set targets for project timing and goals for investment efficiency.

Prior to the IPO, we entered into a R&D collaboration and license agreement with Pfizer pursuant to which we will maintain access to Pfizer's proprietary compound library and database to develop new products, subject to certain restrictions. See *Item 13. Certain Relationships and Related Transactions, and Director Independence—Relationship with Pfizer—Research and development collaboration and license agreement*. In addition, we intend to explore opportunities to enter into collaboration agreements and external alliances with other parties.

As of December 31, 2012, we employed approximately 1,000 employees in our global R&D operations. Our R&D headquarters is located in Kalamazoo, Michigan. We have R&D operations co-located with manufacturing sites in Melbourne, Australia; Louvain-la-Neuve, Belgium; Guarulhos, Brazil; Jilin, China; Olot, Spain and San Diego, CA; Charles City, IA and Lincoln, NE in the U.S. We co-locate R&D operations with manufacturing sites to facilitate the efficient transfer of production processes from our laboratories to manufacturing. In addition, we maintained R&D operations in Zaventem, Belgium; São Paulo, Brazil; Victoria, British Columbia, Canada; Mumbai and New Delhi, India; and College Park, MD and Durham, NC in the U.S. As part of the Separation, Pfizer conveyed to us its interest in each of these R&D facilities, with the exception of our Mumbai, India facility, which we expect Pfizer to transfer to us for agreed upon cash consideration, and, in the interim, we will lease the facility from Pfizer. See *Item 13. Certain Relationships and Related Transactions, and Director Independence—Relationship with Pfizer—Mumbai, India interim lease agreement*. Each site is designed to meet the regulatory requirements for working with chemical or infectious disease agents.

Many of our research programs involve an external partnership, often with funding from a non-governmental organization or a government grant. We are generally responsible for providing technical direction and supplemental direct and indirect expertise in, as well as investment for, such external partnerships. Depending on the nature of the agreement, we may act as the commercialization partner for discoveries that originate during the period of collaborative research, or we may own or have exclusive rights to any intellectual property that enables the development of proprietary products or models.

Manufacturing and Supply Chain

Prior to the Separation, our products were manufactured at both sites operated by Pfizer and sites operated by third-party contract manufacturing organizations, which we refer to as CMOs.

In connection with the Separation, Pfizer transferred 29 manufacturing sites to us. These 29 sites consist of all of the sites operated by Pfizer that, immediately prior to the Separation, predominantly manufactured animal health products. We refer to these 29 sites as our global manufacturing network. See *Item 13. Certain Relationships and Related Transactions, and Director Independence—Relationship with Pfizer—Master manufacturing and supply agreements.*

Our global manufacturing network utilizes centralized oversight of a system of 13 “anchor” and 16 “satellite” manufacturing sites to maximize cost efficiencies.

Our global manufacturing network is comprised of the following sites:

Anchor Sites	
Site	**Location**
Catania	Italy
Charles City	Iowa, U.S.
Chicago Heights	Illinois, U.S.
Guarulhos*	Brazil
Haridwar	India
Jilin**	China
Kalamazoo***	Michigan, U.S.
Lincoln	Nebraska, U.S.
Louvain-la-Neuve	Belgium
Melbourne	Australia
Olot	Spain
Suzhou	China
Willow Island	West Virginia, U.S.

Satellite Sites	
Site	**Location**
Campinas	Brazil
Durham	North Carolina, U.S.
Eagle Grove	Iowa, U.S.
Hannibal	Missouri, U.S.
Hsinchu	Taiwan
Laurinburg	North Carolina, U.S.
Longmont	Colorado, U.S.
Medolla	Italy
Salisbury	Maryland, U.S.
San Diego	California, U.S.
Shenzhou	China
Van Buren	Arkansas, U.S.
Victoria	British Columbia, Canada
Wellington	New Zealand
White Hall	Illinois, U.S.
Yantai	China

* This site is owned by us and leased back to Pfizer, pursuant to an arrangement by which Pfizer operates the manufacturing operations at the site for a period of time. See *Item 13. Certain Relationships and Related Transactions, and Director Independence—Relationship with Pfizer—Brazil lease agreements.*

** This site is operated by the Jilin Pfizer Guoyuan joint venture.

*** Prior to the Separation, Pfizer's manufacturing site in Kalamazoo manufactured both human health and animal health products. Since the Separation, we own the portions of this site that predominantly manufacture animal health products and Pfizer owns the portions of this site that predominantly manufacture human health products.

Ownership of these facilities was conveyed to us by Pfizer as part of the Separation, with the exception of our facilities in Hannibal, Missouri, Medolla, Italy and San Diego, California, which are leased sites. The leasehold interests in these sites were conveyed to us by Pfizer as part of the Separation.

In addition to our global manufacturing network, Pfizer continues to manufacture products for us at 14 Pfizer sites located in 13 countries pursuant to a master manufacturing and supply agreement. Included in these 14 Pfizer sites is our facility in Guarulhos, Brazil, where Pfizer will continue its manufacturing operations for a period of time. These 14 Pfizer sites consist of sites operated by Pfizer that, immediately prior to the Separation, predominantly manufactured human health products. The decision to continue manufacturing our products at Pfizer sites will be reevaluated in the future based on several factors, including manufacturing costs and the needs of our business. See *Item 13. Certain Relationships and Related Transactions, and Director Independence—Relationship with Pfizer—Master manufacturing and supply agreements.*

The Pfizer sites that continue to manufacture products for us are listed in the table below. All of these sites are owned by Pfizer with the exception of the Guarulhos, Brazil facility which is owned by us and leased back to Pfizer.

Site	Location
Amboise	France
Andover	Massachusetts, U.S.
Ascoli	Italy
Cairo	Egypt
El Jadida	Morocco
Guarulhos*	Brazil
Istanbul	Turkey
Jakarta	Indonesia
Kalamazoo**	Michigan, U.S.
Nagoya	Japan
Puurs	Belgium

Ringaskiddy	Ireland
Valencia	Venezuela
West Ryde	Australia

* This site is owned by us and leased back to Pfizer, pursuant to an arrangement by which Pfizer operates the manufacturing operations at the site for a period of time. See *Item 13. Certain Relationships and Related Transactions, and Director Independence—Relationship with Pfizer—Brazil lease agreements.*

** Prior to the Separation, Pfizer's manufacturing site in Kalamazoo manufactured both human health and animal health products. Since the Separation, we own the portions of this site that predominantly manufacture animal health products and Pfizer owns the portions of this site that predominantly manufacture human health products.

Our global manufacturing and supply chain is supported by a network of CMOs. As of December 31, 2012, this network was comprised of approximately 200 CMOs, including those centrally managed as well as local CMOs.

We select CMOs based on capacity and financial efficiency analyses, and our regional and global manufacturing teams seek to ensure that all of the CMOs we use adhere to our standards of manufacturing quality and are regularly audited.

We purchase certain raw materials necessary for the commercial production of our products from a variety of third-party suppliers. We utilize distributors as a part of our global supply chain, primarily for shipping and logistics support.

We intend to continue our efficiency improvement programs in our manufacturing and supply chain organization, including Six Sigma and Lean capabilities, which are processes intended to improve manufacturing efficiency. We have strong globally managed and coordinated quality control and quality assurance programs in place at our global manufacturing network sites, and we regularly inspect and audit our global manufacturing network and CMO sites.

Competition

Although our business is the largest based on revenues in the animal health medicines and vaccines industry, we face competition in the regions and sectors in which we compete. Principal drivers of competition vary depending on the particular region, species, product category and individual product, and include new product development, quality, price, service and promotion to veterinary professionals, pet owners and livestock producers.

Our primary competitors include animal health medicines and vaccines companies such as Merck Animal Health, the animal health division of Merck & Co., Inc. (formerly known as Intervet/Schering-Plough); Merial, the animal health division of Sanofi S.A.; Elanco, the animal health division of Eli Lilly and Company; Bayer Animal Health, the animal health division of Bayer AG; Novartis Animal Health, the animal health division of Novartis AG; and Boehringer Ingelheim Animal Health, the animal health division of Boehringer Ingelheim GmbH. In addition, we compete with hundreds of other animal health product producers throughout the world.

The level of competition from generic products varies from market to market. For example, the level of generic competition is higher in Europe and certain emerging markets than in the U.S. However, there is no large, well-capitalized company focused on generic animal health products that exists as a global competitor in the industry. The reasons for this include the smaller average market size of each product opportunity, the importance of direct distribution and education to veterinarians and livestock producers and the primarily self-pay nature of the business. In addition, companion animal health products are often directly prescribed and dispensed by veterinarians.

Our livestock products tend to experience lower generic competition than our companion animal products for several reasons:

- livestock producers tend to be loyal to medicines and vaccines that have been demonstrated to be efficacious; as medicines and vaccines are a small portion of a livestock producer's total production costs and ineffective medicines and vaccines could result in the loss of animals, causing disproportionate harm to such producer's investment. Therefore, we believe that livestock producers value brand name medicines and vaccines and are reluctant to try alternatives to methods that have already been proven to be reliably effective;
- the economic benefits of our livestock medicines and vaccines are easier to measure because livestock production success can be measured solely in economic terms, with the goal of livestock medicines and vaccines tied to better food production; and
- the success of medicines and vaccines used on livestock is generally observed more quickly.

The importance of quality and safety concerns to pet owners, veterinarians and livestock producers also contributes to animal health brand loyalty. As a result, we believe that significant brand loyalty to products often continues after the loss of patent-based and regulatory exclusivity.

Intellectual Property

Our technology, brands and other intellectual property are important elements of our business. We rely on patent, trademark, copyright and trade secret laws, as well as regulatory exclusivity periods and non-disclosure agreements to protect our intellectual property rights. Our policy is to vigorously protect, enforce and defend our rights to our intellectual property, as appropriate.

Our product portfolio enjoys the protection of approximately 4,000 granted patents and 2,000 pending patent applications, filed in more than 60 countries, with concentration in our major market countries as well as other countries with strong patent systems, such as Australia, Brazil, Canada, Europe, Japan and the U.S. Many of the patents and patent applications in our portfolio are the result of our own and Pfizer's work, while other patents and patent applications in our portfolio were at least partially developed by, and are licensed to us, by third parties.

Patents for individual products extend for varying periods depending on the date of the patent filing or grant and the legal term of patents in the countries where such patents are obtained. Several patents cover the Ceftiofur product line, including formulation and use patents that begin expiring in the U.S. in 2015, with others extending until 2024. Draxxin and Convenia are covered by patents in the U.S. with terms that expire in 2021 and 2023, respectively. The compound patent on doramectin, which is the active ingredient in Dectomax, an antiparasitic, has expired in

all regions; however, process patents and the injectable formulation patent for this product do not expire in the U.S. until 2020 and 2016, respectively. The compound patent on selamectin, which is active in Revolution, a parasiticide, expires in the U.S., Canada and Europe in 2014.

Additionally, many of our vaccine products are based on proprietary master seeds and proprietary or patented adjuvant formulations. We actively seek to protect our proprietary information, including our trade secrets and proprietary know-how, including by seeking to require our employees, consultants, advisors and partners to enter into confidentiality agreements and other arrangements upon the commencement of their employment or engagement.

In order to facilitate the Separation and allow Pfizer and our operations to continue with minimal interruption, Pfizer has licensed to us the right to use certain intellectual property rights in the animal health field. We license to Pfizer the right to use certain of our trademarks and substantially all of our other intellectual property rights in the human health field and all other fields outside of animal health. In addition, Pfizer granted us a transitional license to use certain of Pfizer's trademarks and we granted Pfizer a transitional license to use certain of our trademarks for a period of time following the completion of the IPO.

Prior to the Separation, as a business unit of Pfizer, we had the ability to leverage Pfizer's proprietary compound library and database to identify, research and develop compounds suitable as new product candidates for the animal health field. As part of the Separation, we entered into an R&D collaboration and license agreement with Pfizer pursuant to which, subject to certain restrictions, we have continued access to Pfizer's compound library and database for a period of seven years and, subject to Pfizer's approval, we have the possibility to exclusively license compounds from Pfizer that we develop under the R&D collaboration and license agreement using portions of Pfizer's proprietary compound library and database. We believe that this agreement may help bolster our R&D capability to support the continued long-term viability of our product pipeline for animal health.

We seek to file and maintain trademarks around the world based on commercial activities in most regions where we have, or desire to have, a business presence for a particular product or service. We currently maintain more than 9,500 trademark applications and registrations in major regions, identifying goods and services dedicated to the care of livestock and companion animals.

Regulatory

The sale of animal health products is governed by the laws and regulations specific to each country in which we sell our products. To maintain compliance with these regulatory requirements, we have established processes, systems and dedicated resources with end-to-end involvement from product concept to launch and maintenance in the market. Our regulatory function actively seeks to engage in dialogue with various global agencies regarding their policies that relate to animal health products. In the majority of our markets, the relevant health authority is separate from those governing human medicinal products.

United States

United States Food and Drug Administration (FDA). The regulatory body that is responsible for the regulation of animal health pharmaceuticals in the U.S. is the Center for Veterinary Medicine (CVM), housed within the FDA. All manufacturers of animal health pharmaceuticals must show their products to be safe, effective and produced by a consistent method of manufacture as defined under the Federal Food, Drug and Cosmetic Act. The FDA's basis for approving a drug application is documented in a Freedom of Information Summary. Post-approval monitoring of products is required by law, with reports being provided to the CVM's Surveillance and Compliance group. Reports of product quality defects, adverse events or unexpected results are produced in accordance with the law. Additionally, we are required to submit all new information for a product, regardless of the source.

United States Department of Agriculture (USDA). The regulatory body in the U.S. for veterinary vaccines is the USDA. The USDA's Center for Veterinary Biologics is responsible for the regulation of animal health vaccines, including immunotherapeutics. All manufacturers of animal health biologicals must show their products to be pure, safe, effective and produced by a consistent method of manufacture as defined under the Virus Serum Toxin Act. Post-approval monitoring of products is required. Reports of product quality defects, adverse events or unexpected results are produced in accordance with the agency requirements.

Environmental Protection Agency (EPA). The main regulatory body in the U.S. for veterinary pesticides is the EPA. The EPA's Office of Pesticide Programs is responsible for the regulation of pesticide products applied to animals. All manufacturers of animal health pesticides must show their products will not cause “unreasonable adverse effects to man or the environment” as stated in the Federal Insecticide, Fungicide, and Rodenticide Act. Within the U.S., pesticide products that are approved by the EPA must also be approved by individual state pesticide authorities before distribution in that state. Post-approval monitoring of products is required, with reports provided to the EPA and some state regulatory agencies.

Outside of the United States

European Union (EU). The European Medicines Agency (EMA) is a decentralized agency of the EU, located in London. The agency is responsible for the scientific evaluation of medicines developed by pharmaceutical companies for use in the EU. The agency has a veterinary review section

distinct from the medical review section. The Committee for Veterinary Medicinal Products is responsible for scientific review of the submissions for pharmaceuticals and vaccines. The EMA makes the final decision on the approval of products. Once granted by the European Commission, a centralized marketing authorization is valid in all EU and European Economic Area-European Free Trade Association states. A series of Directives, Guidelines and EU Pharmacopeia Monographs provide the requirements for approval in the EU. In general, these requirements are similar to those in the U.S., requiring demonstrated evidence of purity, safety, efficacy, and consistency of manufacturing processes.

Brazil. The Ministry of Agriculture, Livestock Production and Supply (MAPA) is the regulatory body in Brazil that is responsible for the regulation and control of pharmaceuticals, biologicals and medicated feed additives for animal use. MAPA's regulatory activities are conducted through the Secretary of Agricultural Defense and its Livestock Products Inspection Department. In addition, regulatory activities are conducted at a local level through the Federal Agriculture Superintendence. These activities include the inspection and licensing of both manufacturing and commercial establishments for veterinary products, as well as the submission, review and approval of pharmaceuticals, biologicals and medicated feed additives. MAPA is one of the most active regulatory agencies in Latin America, having permanent seats at several international animal health forums, such as Codex Alimentarius, World Organization for Animal Health and Committee of Veterinary Medicines for the Americas. MAPA was also recently invited to be a Latin American representative at International Cooperation on Harmonisation of Technical Requirements for Registration of Veterinary Medicinal Products (VICH) meetings. Several normative instructions issued by MAPA have set regulatory trends in Latin America.

Australia. The Australian Pesticides and Veterinary Medicines Authority (APVMA) is an Australian government statutory authority established in 1993 to centralize the registration of all agricultural and veterinary products into the Australian marketplace. Previously each State and Territory government had its own system of registration. The APVMA assesses applications from companies and individuals seeking registration so they can supply their product to the marketplace. Applications undergo rigorous assessment using the expertise of the APVMA's scientific staff and drawing on the technical knowledge of other relevant scientific organizations, Commonwealth government departments and state agriculture departments. If the product works as intended and the scientific data confirms that when used as directed on the product label it will have no harmful or unintended effects on people, animals, the environment or international trade, the APVMA will register the product. As well as registering new agricultural and veterinary products, the APVMA reviews older products that have been on the market for a substantial period of time to ensure they still do the job users expect and are safe to use. The APVMA also reviews registered products when particular concerns are raised about their safety and effectiveness. The review of a product may result in confirmation of its registration, or it may see registration continue with some changes to the way the product can be used. In some cases the review may result in the registration of a product being cancelled and the product taken off the market.

Rest of world. Country-specific regulatory laws have provisions that include requirements for certain labeling, safety, efficacy and manufacturers' quality control procedures (to assure the consistency of the products), as well as company records and reports. With the exception of the EU, most other countries' regulatory agencies will generally refer to the FDA, USDA, EU and other international animal health entities, including the World Organization for Animal Health, Codex Alimentarius, in establishing standards and regulations for veterinary pharmaceuticals and vaccines.

Global policy and guidance

Joint FAO/WHO Expert Committee on Food Additives. The Joint FAO/WHO Expert Committee on Food Additives is an international expert scientific committee that is administered jointly by the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO). They provide a risk assessment/safety evaluation of residues of veterinary drugs in animal products, exposure and residue definition and maximum residue limit proposals for veterinary drugs. We work with them to establish acceptable safe levels of residual product in food-producing animals after treatment. This in turn enables the calculation of appropriate withdrawal times for our products prior to an animal entering the food chain.

Advertising and promotion review. Promotion of ethical animal health products is controlled by regulations in many countries. These rules generally restrict advertising and promotion to those claims and uses that have been reviewed and endorsed by the applicable agency. We conduct a review of promotion material for compliance with the local and regional requirements in the markets where we sell animal health products.

Food Safety Inspection Service/generally recognized as safe. The FDA is authorized to determine the safety of substances (including “generally recognized as safe” substances, food additives and color additives), as well as prescribing safe conditions of use. However, although the FDA has the responsibility for determining the safety of substances, the Food Safety and Inspection Service, the public health agency in the USDA, still retains, under the tenets of the Federal Meat Inspection Act and the Poultry Products Inspection Act and their implementing regulations, the authority to determine that new substances and new uses of previously approved substances are suitable for use in meat and poultry products.

Employees

As of March 15, 2013, we have more than 9,300 employees worldwide, which includes approximately 3,900 employees in the U.S. and approximately 5,400 in other jurisdictions. Some of these employees are members of unions, works councils, trade associations or are otherwise subject to collective bargaining agreements, including approximately 50 union employees in the United States.

Environmental, Health and Safety

We are subject to various federal, state, local and foreign environmental, health and safety laws and regulations. These laws and regulations govern matters such as the emission and discharge of hazardous materials into the ground, air or water; the generation, use, storage, handling, treatment, packaging, transportation, exposure to, and disposal of hazardous and biological materials, including recordkeeping, reporting and registration

requirements; and the health and safety of our employees. Due to our operations, these laws and regulations also require us to obtain, and comply with, permits, registrations or other authorizations issued by governmental authorities. These authorities can modify or revoke our permits, registrations or other authorizations and can enforce compliance through fines and injunctions.

Certain environmental laws, such as the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (CERCLA), impose joint and several liability, without regard to fault, for cleanup costs on persons who have disposed of or released hazardous substances into the environment, including at third party sites or offsite disposal locations, or that currently own or operate (or formerly owned or operated) sites where such a release occurred. In addition to clean-up actions brought by federal, state, local and foreign governmental

entities, private parties could raise personal injury or other claims against us due to the presence of, or exposure to, hazardous materials on, from or otherwise relating to such a property.

We have made, and intend to continue to make, necessary expenditures for compliance with applicable environmental, health and safety laws and regulations. We are also a party to proceedings in which the primary relief sought is the cost of past and/or future remediation, or remedial measures to mitigate or remediate pollution. In connection with such proceedings, and otherwise, we are investigating and cleaning up environmental contamination from past industrial activity at certain sites, or financing other parties' completion of such activities. As a result, we incurred capital and operational expenditures in 2012 for environmental compliance purposes and for the clean-up of certain past industrial activities as follows:

- environmental-related capital expenditures - $2 million
- other environmental-related expenditures - $14 million

However, we may not have identified all of the potential environmental liabilities relating to our current and former properties, or those liabilities associated with off-site disposal locations. Such liability could materially adversely affect our operating results and financial condition. Furthermore, regulatory agencies are showing increasing concern over the impact of animal health products and livestock operations on the environment. This increased regulatory scrutiny may necessitate that additional time and resources be spent to address these concerns in both new and existing products.

In connection with past acquisitions and divestitures, we have undertaken certain indemnification obligations that require us, or may require us in the future, to conduct or finance environmental cleanups at sites that we no longer own or operate. We have also entered into indemnification agreements in which we are being indemnified for various environmental cleanups; however, such indemnities are limited in both time and scope and may be further limited in the presence of new information, or may not be available at all.

While we cannot predict with certainty our future capital expenditures or operating costs for environmental compliance or remediation of contaminated sites, we have no reason to believe that they will have a material adverse effect on our operating results or financial condition.

Available Information

The company's internet website address is www.zoetis.com. On our website, the company makes available, free of charge, its annual, quarterly and current reports, including amendments to such reports, as soon as reasonably practicable after the company electronically files such material with, or furnishes such material to, the Securities and Exchange Commission (SEC).

Information relating to corporate governance at Zoetis, including our Corporate Governance Principles; Director Qualification Standards; Zoetis Policies on Business Conduct (for all of our employees, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer); and Code of Business Conduct and Ethics for our Directors; and information concerning our Directors; ways to communicate by email with our Directors; Board Committees; and Committee Charters are available on our website. We will provide any of the foregoing information without charge upon written request to our Corporate Secretary, Zoetis Inc., 5 Giralda Farms, Madison, New Jersey 07940. Information relating to shareholder services is also available on our website.

The information contained on our website does not constitute a part of this 2012 Annual Report.

Recent Developments

Senior notes offering

On January 28, 2013, we issued $3.65 billion aggregate principal amount of our senior notes (the senior notes offering) in a private placement, with an original issue discount of $10 million. The senior notes are comprised of $400 million aggregate principal amount of our 1.150% Senior Notes due 2016, $750 million aggregate principal amount of our 1.875% Senior Notes due 2018, $1.35 billion aggregate principal amount of our 3.250% Senior Notes due 2023 and $1.15 billion aggregate principal amount of our 4.700% Senior Notes due 2043. We refer to this private placement as the “senior notes offering.”

We sold $2.65 billion aggregate principal amount of our senior notes through the initial purchasers in the senior notes offering and Pfizer transferred $1.0 billion aggregate principal amount of our senior notes, which we issued to Pfizer prior to the completion of the senior notes offering, to certain of the initial purchasers, who sold such senior notes through the initial purchasers in the senior notes offering. We paid an amount of cash equal to substantially all of the net proceeds that we received in the senior notes offering to Pfizer prior to the completion of the IPO. We refer to the $1.0 billion aggregate principal amount of our senior notes that we issued to Pfizer as the “Pfizer-owned notes.”

Instead of selling the Pfizer-owned notes directly to the initial purchasers for cash, Pfizer first exchanged the Pfizer-owned notes with certain of the initial purchasers, which we refer to, in such role, as the “debt-for-debt exchange parties,” for outstanding indebtedness of Pfizer held by the debt-for-debt exchange parties. The debt-for-debt exchange parties then sold the Pfizer-owned notes to the initial purchasers for cash. This debt-for-debt exchange occurred on the settlement date of the senior notes offering immediately prior to the settlement of the debt-for-debt exchange parties' sale of the Pfizer-owned notes to the initial purchasers. We refer to this exchange as the "debt-for-debt exchange."

The senior notes are governed by an indenture and supplemental indenture (collectively, the indenture) between us and Deutsche Bank Trust Company Americas, as trustee. The indenture contains certain covenants, including limitations on our and certain of our subsidiaries' ability to incur liens or engage in sale leaseback transactions. The indenture also contains restrictions on our ability to consolidate, merge or sell substantially all of our assets. In addition, the indenture contains other customary terms, including certain events of default, upon the occurrence of which, the senior notes may be declared immediately due and payable.

Pursuant to the indenture, we are able to redeem the senior notes of any series, in whole or in part, at any time by paying a “make whole” premium, plus accrued and unpaid interest to, but excluding, the date of redemption. Pursuant to our tax matters agreement with Pfizer, we will

not be permitted to redeem the 2023 notes pursuant to this optional redemption provision, except under limited circumstances. See *Item 13. Certain Relationships and Related Transactions, and Director Independence—Relationship with Pfizer—Tax matters agreement*. Upon the occurrence of a change of control of us and a downgrade of the senior notes below an investment grade rating by each of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, we are, in certain circumstances, required to make an offer to purchase each of the senior notes at a price equal to 101% of the aggregate principal amount of the senior notes together with accrued and unpaid interest to, but excluding, the date of repurchase.

Separation

On January 28, 2013, Pfizer transferred to us substantially all of the assets and liabilities of its animal health business in exchange for all of our Class A and Class B common stock, $1.0 billion of the $3.65 billion senior notes and an amount of cash equal to substantially all of the cash proceeds received by us from the remaining $2.65 billion senior notes issued.

For additional information regarding the Separation transactions see Notes to Combined Financial Statements—*Note 19. Subsequent Events.*

As a result of the Separation, we own or have the right to use substantially all of the assets that were previously used, or held for use, exclusively in Pfizer's animal health business, including the following:

- *Intellectual Property*. As part of the Separation, Pfizer assigned to us ownership of approximately 4,000 patents, 2,000 pending patent applications, and more than 9,500 trademark applications and registrations. In addition, Pfizer licensed to us the right to use certain intellectual property rights in the animal health field. We licensed to Pfizer the right to use certain of our trademarks and substantially all of our other intellectual property rights in the human health field and all other fields outside of animal health. In addition, Pfizer granted us a transitional license to use certain of Pfizer's trademarks and we granted Pfizer a transitional license to use certain of our trademarks for a period of time.
- *Manufacturing Facilities*. Our global manufacturing network consists of 13 “anchor” manufacturing sites and 16 “satellite” manufacturing sites. Ownership of, or the existing leasehold interest in, these facilities was conveyed to us by Pfizer as part of the Separation. Among these 29 manufacturing sites is our facility in Guarulhos, Brazil, which we have leased back to Pfizer. Certain of our products are currently manufactured at 14 Pfizer manufacturing sites, including our Guarulhos, Brazil facility, and will continue to be supplied to us under the terms of a manufacturing and supply agreement we entered into with Pfizer.
- *R&D Facilities*. We have R&D operations co-located with certain of our manufacturing sites in Australia, Brazil, Belgium, Canada, China, Spain and the U.S. to facilitate the efficient transfer of production processes from our laboratories to manufacturing sites. In addition, we maintain R&D operations at non-manufacturing locations in Brazil, Belgium, India and the U.S. As part of the Separation, Pfizer conveyed to us its interest in each of these R&D facilities, with the exception of our Mumbai, India facility, which we expect Pfizer to transfer to us for agreed upon cash consideration, and, in the interim, we will lease the facility from Pfizer.
- *Employees*. Substantially all employees of Pfizer who were substantially dedicated to the animal health business have become our employees. However, labor and employment laws or other business considerations in some jurisdictions may impede or delay Pfizer from transferring to us employees who are substantially dedicated to the animal health business. In those instances, to the extent permissible under applicable law, we and Pfizer have entered into mutually-acceptable arrangements, such as staffing agreements, to provide for continued operation of the business until such time as the employees in those jurisdictions can be transitioned to us.

We and Pfizer have entered into certain agreements that provide a framework for our ongoing relationship with Pfizer. For more information regarding our agreements with Pfizer, see *Item 13. Certain Relationships and Related Transactions, and Director Independence.*

Initial public offering

On February 6, 2013, an IPO of 99,015,000 shares of our Class A common stock (including the exercise of the underwriters' over-allotment option) at a price of $26.00 per share was completed. We did not receive any of the net proceeds from the IPO.

Instead of selling shares of our Class A common stock directly to the underwriters for cash in the IPO, Pfizer first exchanged the shares of our Class A common stock to be sold in the IPO with certain of the underwriters, which we refer to, in such role, as the “debt-for-equity exchange parties,” for outstanding indebtedness of Pfizer held by the debt-for-equity exchange parties. The debt-for-equity exchange parties then sold shares to the underwriters for cash. This debt-for-equity exchange occurred on the settlement date of the IPO immediately prior to the settlement of the debt-for-equity exchange parties' sale of the shares to the underwriters. We refer to this exchange as the "debt-for-equity exchange."

Immediately following the IPO, there were 99,015,000 outstanding shares of Class A common stock and 400,985,000 outstanding shares of Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. The holders of Class A common stock and Class B common stock are each entitled to one vote per share for all matters submitted to a vote of stockholders other than with respect to the election of directors. With respect to the election of directors, the holders of Class B common stock are entitled to ten votes per share, and the holders of Class A common stock are entitled to one vote per share. Each share of Class B common stock

held by Pfizer or one of its subsidiaries is convertible into one share of Class A common stock at any time but will not be convertible if held by any other holder. Currently, Pfizer owns 100% of our outstanding Class B common stock and no shares of our Class A common stock, giving Pfizer 80.2% of the economic interest and the combined voting power in shares of our outstanding common stock other than with respect to the election of directors and 97.6% of the combined voting power of our outstanding common stock with respect to the election of directors.

Commercial paper program

In February 2013, we entered into a commercial paper program with a capacity of up to $1.0 billion. While no commercial paper has been issued under the commercial paper program at this time, we may incur indebtedness under this program in the future.

Credit facility

In December 2012, we entered into a revolving credit agreement with a syndicate of banks providing for a five-year $1.0 billion senior unsecured revolving credit facility, which we refer to as the "credit facility." Subject to certain conditions, we have the right to increase the credit facility to up to $1.5 billion. The credit facility became available for borrowings upon the completion of the IPO, and there are currently no borrowings under this credit facility.

The credit facility bears interest, at our option, equal to either: (a) a base rate determined by reference to the higher of (i) the prime rate of JPMorgan Chase Bank, N.A., (ii) the federal funds rate plus 0.50% and (iii) a Eurodollar rate for a one month interest period plus 1.00%, plus, in each case, an applicable margin; or (b) a Eurodollar rate determined by reference to LIBOR, adjusted for statutory reserve requirements, plus an applicable margin. Additionally, we will pay a facility fee on the commitments under the credit facility, regardless of whether borrowings are outstanding under the credit facility. The applicable margins and the facility fee are determined based on public ratings of our senior unsecured non-credit enhanced long-term debt. Interest on borrowings and the facility fee are generally payable quarterly in arrears; however, for loans bearing interest based on a Eurodollar rate with a term shorter than three months, interest is payable at the end of such term.

We may voluntarily prepay loans and/or reduce the commitment under the credit facility, in whole or in part, without penalty or premium, subject to certain minimum amounts and increments and the payment of customary breakage costs. No mandatory prepayment is required under the credit facility.

The credit facility contains a financial covenant requiring us to not exceed a maximum total leverage ratio of 4.35:1 for fiscal year 2013, 3.95:1 for fiscal year 2014, 3.50:1 for fiscal year 2015 and 3.00:1 thereafter. In addition, the credit facility contains customary affirmative and negative covenants that, among other things, limit or restrict our and our subsidiaries' ability, subject to certain exceptions, to incur liens, merge, consolidate or sell, transfer or lease assets, transact with subsidiaries and incur priority indebtedness. The credit facility also contains customary events of default.

The Distribution

Pfizer has informed us that it may make a tax-free distribution to its stockholders of all or a portion of its remaining equity interest in us, which may include one or more distributions effected as a dividend to all Pfizer stockholders, one or more distributions in exchange for Pfizer shares or other securities, or any combination thereof. We refer to any such potential distribution as the Distribution.

Pfizer has received a private letter ruling from the Internal Revenue Service (IRS) substantially to the effect that, among other things, the Distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code, or the Code. Pfizer has no obligation to pursue or consummate any further dispositions of its ownership interest in us, including through the Distribution, by any specified date or at all. If pursued, the Distribution would be subject to various conditions, including receipt of any necessary regulatory or other approvals, the existence of satisfactory market conditions and the continuing application of Pfizer's private letter ruling from the IRS and the receipt of opinions of counsel to the effect that such Distribution would be tax-free to Pfizer and its stockholders. The conditions to the Distribution may not be satisfied, Pfizer may decide not to consummate the Distribution even if the conditions are satisfied or Pfizer may decide to waive one or more of these conditions and consummate the Distribution even if all of the conditions are not satisfied.

Disclosure Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 (ITRSHRA) requires disclosure by public companies of certain transactions involving the Government of Iran or other entities and individuals targeted by certain U.S. sanctions administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC). In some instances, ITRSHRA requires companies to disclose these types of transactions even if they were permissible under U.S. law or were conducted by a non-U.S. affiliate in accordance with the local law under which such entity operates.

As a global company, we conduct business in multiple jurisdictions throughout the world. During 2012, our activities included supplying animal health products for consumer use in Iran and Syria. U.S. law allows us to seek and rely on licenses issued by OFAC to supply these products to customers in these countries for animal use. We ship these products pursuant to such licenses, and we conduct our activities in accordance with our internal policies, which follow requirements set forth in the laws of the U.S. and other applicable jurisdictions. We will continue our global activities to enhance the health of animals in a manner consistent with applicable laws and our internal policies.

Subject to the discussion of Pfizer's activities below, to our knowledge, none of our activities during 2012 are required to be disclosed pursuant to ITRSHRA, with the following possible exception:

Pursuant to U.S. government authorizations, during 2012, through a non-U.S. affiliate of Pfizer, Pfizer shipped animal health products to authorized customers in Iran. These shipments were backed by letters of credit issued by Bank Tejarat to a non-U.S. company acquired by Pfizer in 2011. The letters of credit were issued by Bank Tejarat and the Pfizer products were shipped to customers in Iran prior to the Bank's designation as a Specially

Designated National (SDN) under Executive Order 13382. After Bank Tejarat's designation, Pfizer's non-U.S. affiliate sought payment from Bank Tejarat by presenting shipping documentation to the non-U.S. affiliate's bank in Europe and, as a result, subsequently received certain payments. Not all funds related to these transactions have been received from Bank Tejarat. Where required, Pfizer requested U.S. government authorization to process the funds received and to be received. For funds received in 2012, our estimated gross revenues associated with these transactions were euro 222,962. Other than as set forth in Notes to Combined Financial Statements—*Note 17. Segment, Geographic and Other Revenue Information*, including the tables therein captioned *Selected Statement of Income Information, Geographic Information* and *Other Revenue Information* in our 2012 Annual Report, we do not allocate net profit on a country-by-country or activity-by-activity basis and, thus, cannot provide specific net profits ascribable to this activity. We believe Zoetis net profits attributable to these transactions in 2012 were a fraction of the gross revenues.

Pursuant to ITRSHRA, we are also required to include disclosure in our 2012 Annual Report regarding our affiliates' activities. The following information regarding Pfizer's activities is based on information provided to us by Pfizer:

As a global biopharmaceutical company, Pfizer conducts business in multiple jurisdictions throughout the world. During 2012, Pfizer's activities included supplying life-saving medicines, nutritional supplements and other medical products (Pfizer products) for patient and consumer use in Iran and Syria. U.S. law allows Pfizer to seek and rely on licenses issued by OFAC to supply Pfizer products to customers in these countries, for both human and animal use. Pfizer ships these Pfizer products pursuant to such licenses, and Pfizer conducts its activities in accordance with its internal policies, which follow requirements set forth in the laws of the U.S. and other applicable jurisdictions. Pfizer plans to continue its global activities in a manner consistent with applicable laws and its internal policies.

To Pfizer's knowledge, none of its activities during 2012 are required to be disclosed pursuant to ITRSHRA, with the possible exceptions of the activity related to Pfizer Animal Health set forth above and the following matters:

Pursuant to U.S. government authorizations, during 2012, Pfizer's Emerging Markets business unit, through a non-U.S. affiliate, shipped Pfizer products to authorized customers in Iran. The shipments were backed by letters of credit issued by Bank Tejarat prior to its designation as an SDN under Executive Order 13382. As a result of the shipments, which also occurred prior to Bank Tejarat's designation, Pfizer's non-U.S. affiliate sought payment from Bank Tejarat by presenting shipping documentation to the non-U.S. affiliate's bank in Europe. In some cases, the presentation of documents occurred before Bank Tejarat's designation, and in other cases after such designation. Not all funds related to these transactions have been received from Bank Tejarat. Pfizer has received U.S. government authorization for several of the foregoing transactions with Bank Tejarat and, where required, has requested U.S. government authorization for the other transactions with Bank Tejarat. For funds received in 2012, Pfizer's estimated gross revenues associated with these transactions were euro 397,071. Other than as set forth in Notes to Consolidated Financial Statements—*Note 18. Segment, Geographic and Other Revenue Information*, including the tables therein captioned *Selected income statement information, Geographic Information* and *Significant Product Revenues* in Pfizer's 2012 Financial Report and in the table captioned *Revenues by Segment and Geographic Area* in the MD&A in Pfizer's 2012 Financial Report, Pfizer does not allocate net profits on a country-by-country or activity-by-activity basis and, thus, cannot provide specific net profits ascribable to this activity. Pfizer's net profits attributable to these transactions in 2012 were a fraction of its gross revenues.

Pursuant to U.S. government authorizations, during 2012, Pfizer's Emerging Markets business unit, through a non-U.S. affiliate, shipped Pfizer products to an authorized customer in Syria. These shipments were backed by a letter of credit issued by Syria International Islamic Bank (SIIB) prior to SIIB's designation as an SDN under Executive Order 13382. As a result of the shipment, which occurred prior to SIIB's designation as an SDN, Pfizer's non-U.S. affiliate sought payment from SIIB by presenting shipping documentation to the non-U.S. affiliate's bank in Europe. Both the presentation of documents and the resulting payment occurred after SIIB was designated as an SDN. Where required, Pfizer has requested U.S. government authorization to process the funds received. Pfizer's estimated gross revenues in 2012 associated with this transaction were euro 315,960. As noted above, Pfizer does not allocate net profits on a country-by-country or activity-by-activity basis and, thus, cannot provide specific net profits ascribable to this activity. Pfizer's net profits attributable to this transaction in 2012 were a fraction of its gross revenues.

Pfizer has informed its customers that, in connection with future transactions with Pfizer, Bank Tejarat, SIIB and any other banks designated as SDNs under Executive Order 13382 are not to be used.

Item 1A. Risk Factors.

In addition to the other information in this 2012 Annual Report, any of the factors described below could materially adversely affect our operating results, financial condition and liquidity, which could cause the trading price of our securities to decline.

This report contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our current views with respect to, among other things, future events and performance. We generally identify forward-looking statements by words such as "anticipate," "estimate," "expect," "intend," "project," "plan," "predict," "believe," "seek," "continue," "outlook," "may," "might," "will," "should," "can have," "likely" or the negative version of these words or comparable words or by using future dates in connection with any discussion of future performance, actions or events. Forward-looking statements are based on beliefs and assumptions made by management using currently available information. These statements are not guarantees of future performance, actions or events.

In particular, forward-looking statements include statements relating to the Separation, our indebtedness, our ability to make interest and principal payments on our indebtedness, our ability to satisfy the covenants contained in our indebtedness, the redemption of the notes, future actions, business plans or prospects, prospective products, product approvals or products under development, R&D costs, timing and likelihood of success, future operating or financial performance, future results of current and anticipated products and services, strategies, sales efforts, expenses, production efficiencies, production margins, interest rates, foreign exchange rates, growth in emerging markets, the outcome of contingencies, such as legal proceedings, dividend plans, the Distribution, our agreements with Pfizer, Pfizer's control of our company, government regulation and financial results. Forward-looking statements are subject to risks and uncertainties, many of which are beyond our control, and are potentially inaccurate assumptions. However, there may also be other risks that we are unable to predict at this time. If one or more of these risks or uncertainties materialize, or if

management's underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. You should not put undue reliance on forward-looking statements. Forward-looking statements speak only as of the date on which they are made.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10-Q and 8-K reports and our other filings

with the SEC. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties.

Risks related to our business and industry

Restrictions and bans on the use of antibacterials in food-producing animals may become more prevalent.

The issue of the potential transfer of increased antibacterials resistance in bacteria from food-producing animals to human pathogens, and the causality of that transfer, are the subject of global scientific and regulatory discussion. Antibacterials refer to small molecules that can be used to treat or prevent bacterial infections and are a sub-categorization of the products that make up our anti-infectives and medicated feed additives portfolios. In some countries, this issue has led to government restrictions and bans on the use of specific antibacterials in some food-producing animals, regardless of the route of administration (in feed or injectable). These restrictions are more prevalent in countries where animal protein is plentiful and governments are willing to take action even when there is scientific uncertainty. For example, in April 2012, the FDA announced guidance calling for the voluntary elimination over a period of time of the use of medically important antibacterials in animal feed for growth promotion in food production animals (medically important antibacterials include classes that are prescribed in animal and human health). The guidance provides for continued use of antibacterials in food producing animals for treatment, control and prevention of disease under the supervision of a veterinarian. The FDA indicated that they took this action to help preserve the efficacy of medically important antibacterials to treat infections in humans. Our revenues attributable to antibacterials for livestock were approximately $1.2 billion for the year ended December 31, 2012. We cannot predict whether antibacterials resistance concerns will result in additional restrictions or bans, expanded regulations or public pressure to discontinue or reduce use of antibacterials in food-producing animals, which could materially adversely affect our operating results and financial condition.

Perceived adverse effects on human health linked to the consumption of food derived from animals that utilize our products could cause a decline in the sales of such products.

Our livestock business depends heavily on a healthy and growing livestock industry. If the public perceives a risk to human health from the consumption of the food derived from animals that utilize our products, there may be a decline in the production of such food products and, in turn, demand for our products. For example, livestock producers may experience decreased demand for their products or reputational harm as a result of evolving consumer views of animal rights, nutrition and health-related or other concerns. Any reputational harm to the livestock industry may also extend to companies in related industries, including our company. Adverse consumer views related to the use of one or more of our products in livestock also may result in a decrease in the use of such products and could have a material adverse effect on our operating results and financial condition.

Increased regulation or decreased governmental financial support relating to the raising, processing or consumption of food-producing animals could reduce demand for our livestock products.

Companies in the livestock industries are subject to extensive and increasingly stringent regulations. If livestock producers are adversely affected by new regulations or changes to existing regulations, they may reduce herd sizes or become less profitable and, as a result, they may reduce their use of our products, which may materially adversely affect our operating results and financial condition. Furthermore, adverse regulations related, directly or indirectly, to the use of one or more of our products may injure livestock producers' market position. More stringent regulation of the livestock industry or our products could have a material adverse effect on our operating results and financial condition. Also, many food-producing companies, including livestock producers, benefit from governmental subsidies, and if such subsidies were to be reduced or eliminated, these companies may become less profitable and, as a result, may reduce their use of our products.

An outbreak of infectious disease carried by animals could negatively affect the sale and production of our products.

Sales of our livestock products could be materially adversely affected by the outbreak of disease carried by animals, such as avian influenza, foot-and-mouth disease or bovine spongiform encephalopathy (otherwise known as BSE or mad cow disease), which could lead to the widespread death or precautionary destruction of animals as well as the reduced consumption and demand for animal protein. In addition, outbreaks of disease carried by animals may reduce regional or global sales of particular animal-derived food products or result in reduced exports of such products, either due to heightened export restrictions or import prohibitions, which may reduce demand for our products due to reduced herd or flock sizes. For example, in April 2012, the USDA announced that it had identified a case of BSE in California. This announcement caused certain countries to implement additional inspections of, or suspend the importation of, U.S. beef. Additionally, in December 2012, the World Animal Health Organization announced that a case of BSE had been identified in Brazil. This announcement similarly caused certain countries to suspend the importation of Brazilian beef. While the restrictions that were implemented as a result of these cases of BSE have not significantly affected demand for our products, the discovery of additional cases of BSE may result in additional restrictions related to, or reduced demand for, animal protein, which may have a material adverse effect on our operating results and financial condition. Also, the outbreak of any highly contagious disease near our main production sites could require us to immediately halt production of our products at such sites or force us to incur substantial expenses in procuring raw materials or products elsewhere.

Consolidation of our customers could negatively affect the pricing of our products.

Veterinarians and livestock producers are our primary customers. In recent years, there has been a trend towards the concentration of veterinarians in large clinics and hospitals. In addition, livestock producers, particularly swine and poultry producers, have seen recent consolidation in their industries. If these trends towards consolidation continue, these customers could attempt to improve their profitability by leveraging their buying power to obtain favorable pricing. The resulting decrease in our prices could have a material adverse effect on our operating results and financial condition.

Our business may be negatively affected by weather conditions and the availability of natural resources.

The animal health industry and demand for many of our animal health products in a particular region are affected by weather conditions, as usage of our products follows varying weather patterns and weather-related pressures from pests, such as ticks. As a result, we may experience regional and seasonal fluctuations in our results of operations.

In addition, livestock producers depend on the availability of natural resources, including large supplies of fresh water. Their animals' health and their ability to operate could be adversely affected if they experience a shortage of fresh water due to human population growth or floods, droughts or other weather conditions. In the event of adverse weather conditions or a shortage of fresh water, livestock producers may purchase less of our products.

For example, the drought currently impacting the U.S. is considered the worst in many years, impacting both the supply of corn and the availability of grazing pasture. The decrease in harvested corn has resulted in higher corn prices, which has impacted the profitability of livestock producers of cattle, pork and poultry. Higher corn prices may contribute to reductions in herd or flock size that may result in reduced spending on animal health products. Reduced availability of grazing pasture may also force cattle producers to cull their herds. Fewer heads of cattle would result in reduced demand for our products. A prolonged drought could have a material adverse effect on our operating results and financial condition.

Our business is subject to risk based on global economic conditions.

The global financial markets have undergone and may continue to experience significant volatility and disruption. The timing and sustainability of an economic recovery is uncertain and additional macroeconomic, business and financial disruptions could have a material adverse effect on our operating results, financial condition and liquidity. Certain of our customers and suppliers have been affected directly by the economic downturn and continue to face credit issues and could experience cash flow problems that have given rise to and could continue to give rise to payment delays, increased credit risk, bankruptcies and other financial hardships that could decrease the demand for our products or hinder our ability to collect amounts due from customers. If one or more of our large customers, including distributors discontinue their relationship with us as a result of economic conditions or otherwise, our operating results and financial condition may be materially adversely affected. In addition, economic concerns may cause some pet owners to forgo or defer visits to veterinary practices or could reduce their willingness to treat pet health conditions or even to continue to own a pet.

Our business is subject to risk based on customer exposure to rising costs and reduced customer income.

Feed, fuel and transportation and other key costs for livestock producers may increase or animal protein prices or sales may decrease. Either of these trends could cause deterioration in the financial condition of our livestock product customers, potentially inhibiting their ability to purchase our products or pay us for products delivered. Our livestock product customers may offset rising costs by reducing spending on our products, including by switching to lower-cost alternatives to our products. In addition, concerns about the financial resources of pet owners also could cause veterinarians to alter their treatment recommendations in favor of lower-cost alternatives to our products. These shifts could result in a decrease of sales of our companion animal products, especially in developed countries where there is a higher rate of pet ownership.

Changes in distribution channels for companion animal products could negatively impact our market share, margins and distribution of our products.

In most markets, companion animal owners typically purchase their animal health products directly from veterinarians. Companion animal owners increasingly could purchase animal health products from sources other than veterinarians, such as Internet-based retailers, “big-box” retail stores or other over-the-counter distribution channels. This trend has been demonstrated by the significant shift away from the veterinarian distribution channel in the sale of flea and tick products in recent years. Companion animal owners also could decrease their reliance on, and visits to, veterinarians as they rely more on Internet-based animal health information. Because we market our companion animal prescription products through the veterinarian distribution channel, any decrease in visits to veterinarians by companion animal owners could reduce our market share for such products and materially adversely affect our operating results and financial condition. In addition, companion animal owners may substitute human health products for animal health products if human health products are deemed to be lower-cost alternatives.

Legislation has also been proposed in the U.S., and may be proposed in the U.S. or abroad in the future, that could impact the distribution channels for our companion animal products. For example, such legislation may require veterinarians to provide pet owners with written prescriptions and disclosure that the pet owner may fill prescriptions through a third party, which may further reduce the number of pet owners who purchase their animal health products directly from veterinarians. Such requirements may lead to increased use of generic alternatives to our products or the increased substitution of our products with other animal health products or human health products if such other products are deemed to be lower-cost alternatives. Many states already have regulations requiring veterinarians to provide prescriptions to pet owners upon request and the American Veterinary Medical Association has long-standing policies in place to encourage this practice.

Over time, these and other competitive conditions may increase our reliance on Internet-based retailers, “big-box” retail stores or other over-the-counter distribution channels to sell our companion animal products. We may be unable to sustain our current margins and we may not be adequately prepared or able to distribute our products if an increased portion of our sales is through these channels. Any of these events could materially adversely affect our operating results and financial condition.

The animal health industry is highly competitive.

The animal health industry is highly competitive. We believe many of our competitors are conducting R&D activities in areas served by our products and in areas in which we are developing products. Our competitors include the animal health businesses of large pharmaceutical companies and specialty animal health businesses. These competitors may have access to greater financial, marketing, technical and other resources. As a result, they may be able to devote more resources to developing, manufacturing, marketing and selling their products, initiating or withstanding substantial price competition or more readily taking advantage of acquisitions or other opportunities. In addition to competition from established market participants, new entrants to the animal health medicines and vaccines industry could substantially reduce our market share or render our products obsolete.

To the extent that any of our competitors are more successful with respect to any key competitive factor or we are forced to reduce, or are unable to raise, the price of any of our products in order to remain competitive, our operating results and financial condition could be materially adversely affected. Competitive pressure could arise from, among other things, safety and efficacy concerns, limited demand growth or a significant number of additional competitive products being introduced into a particular market, price reductions by competitors, the ability of competitors to capitalize on their economies of scale, the ability of competitors to produce or otherwise procure animal health products at lower costs than us and the ability of competitors to access more or newer technology than us.

Generic products may be viewed as more cost-effective than our products.

We face competition from products produced by other companies, including generic alternatives to our products. We depend on patents to provide us with exclusive marketing rights for some of our products. Our patent protection for these products extends for varying periods in accordance with the dates of filing or grant and the legal life of patents in countries in which patents are granted. The protection afforded by our patents, which varies from country to country, is limited by the scope and applicable terms of our patents and the availability of legal remedies in the applicable country. As a result, we may face competition from lower-priced generic alternatives to many of our products. Generic competitors are becoming more aggressive in terms of pricing, and generic products are an increasing percentage of overall animal health sales in certain regions. In addition, private label products may compete with our products. If animal health customers increase their use of new or existing generic or private label products, our operating results and financial condition could be materially adversely affected. We estimate that approximately 80% of our revenues in 2012 were derived from products that are either unpatented (i.e., never patented or off-patent) or covered by our patents that, while providing a competitive advantage, do not provide market exclusivity. Over the next several years, several of our products' patents will expire.

We may not successfully acquire and integrate other businesses, license rights to technologies or products, form and manage alliances or divest businesses.

We may pursue acquisitions, technology licensing arrangements, strategic alliances or divestitures of some of our businesses as part of our business strategy. We may not complete these transactions in a timely manner, on a cost-effective basis or at all. In addition, we may be subject to regulatory constraints or limitations or other unforeseen factors that prevent us from realizing the expected benefits. Even if we are successful in making an acquisition, the products and technologies that are acquired may not be successful or may require significantly greater resources and investments than originally anticipated. We may be unable to integrate acquisitions successfully into our existing business, and we may be unable to achieve expected gross margin improvements or efficiencies. We also could incur or assume significant debt and unknown or contingent liabilities. Our reported results of operations could be negatively affected by acquisition or disposition-related charges, amortization of expenses related to intangibles and charges for impairment of long-term assets. We may be subject to litigation in connection with, or as a result of, acquisitions, dispositions, licenses or other alliances, including claims from terminated employees, customers or third parties, and we may be liable for future or existing litigation and claims related to the acquired business, disposition, license or other alliance because either we are not indemnified for such claims or the indemnification is insufficient. These effects could cause us to incur significant expenses and could materially adversely affect our operating results and financial condition.

We may not successfully implement our business strategies or achieve expected gross margin improvements.

We are and may continue to pursue strategic initiatives that management considers critical to our long-term success, including, but not limited to, increasing sales in emerging markets, base revenue growth through new product development and value-added brand lifecycle development; improving operational efficiency through manufacturing efficiency improvement and other programs; using cash flow from operations to service or reduce debt; and expanding our complementary products and services. In addition to base revenue growth, we also have historically grown our business through Pfizer's acquisitions of large pharmaceutical companies that had animal health businesses, including the Fort Dodge Animal Health business of Wyeth and the Alpharma Animal Health business of King Pharmaceuticals, Inc. However, as a result of the Separation, we are no longer able to benefit from Pfizer's acquisition activity. We also have acquired or partnered with a number of smaller animal health businesses, and we intend to continue to do so in the future. There are significant risks involved with the execution of these initiatives, including significant business, economic and competitive uncertainties, many of which are outside of our control. Accordingly, we cannot predict whether we will succeed in implementing these strategic initiatives. It could take several years to realize the anticipated benefits from these initiatives, if any benefits are achieved at all. We may be unable to achieve expected gross margin improvements on our products and technologies, including those acquired and those developed internally. Additionally, our business strategy may change from time to time, which could delay our ability to implement initiatives that we believe are important to our business.

Our business could be affected adversely by labor disputes, strikes or work stoppages.

Some of our employees are members of unions, works councils, trade associations or are otherwise subject to collective bargaining agreements in certain jurisdictions, including the U.S. As a result, we are subject to the risk of labor disputes, strikes, work stoppages and other labor-relations matters. We may be unable to negotiate new collective bargaining agreements on similar or more favorable terms and may experience work stoppages or other labor problems in the future at our sites. These risks may be increased by the Separation because we are no longer able to benefit from Pfizer's prior relationships and negotiations relating to such agreements. We could experience a disruption of our operations or higher ongoing labor costs, which could have a material adverse effect on our operating results and financial condition, potentially resulting in

canceled orders by customers, unanticipated inventory accumulation or shortages and reduced revenues and net income. In addition, labor problems at our suppliers or CMOs could have a material adverse effect on our operating results and financial condition.

Loss of our executive officers could disrupt our operations.

We depend on the efforts of our executive officers. Our executive officers are not currently, and are not expected to be, subject to non-compete provisions. In addition, we have not entered into employment agreements with our executive officers. Any unplanned turnover or our failure to develop an adequate succession plan for one or more of our executive officer positions could deplete our institutional knowledge base and erode our competitive advantage. The loss or limited availability of the services of one or more of our executive officers, or our inability to recruit and retain qualified executive officers in the future, could, at least temporarily, have a material adverse effect on our operating results and financial condition.

We may be required to write down goodwill or identifiable intangible assets.

Under accounting principles generally accepted in the United States of America (U.S. GAAP), if we determine goodwill or identifiable intangible assets are impaired, we will be required to write down these assets and record a non-cash impairment charge. As of December 31, 2012, we had goodwill of $985 million and identifiable intangible assets, less accumulated amortization, of $868 million. Identifiable intangible assets consist primarily of developed technology rights, brands, trademarks, license agreements, patents and in-process R&D.

Determining whether an impairment exists and the amount of the potential impairment involves quantitative data and qualitative criteria that are based on estimates and assumptions requiring significant management judgment. Future events or new information may change management's valuation of an intangible asset in a short amount of time. The timing and amount of impairment charges recorded in our combined statements of income and write-downs recorded in our combined balance sheets could vary if management's conclusions change. Any impairment of goodwill or identifiable intangible assets could have a material adverse effect on our operating results and financial position.

Our historical combined financial data is not necessarily representative of the results we would have achieved as a standalone company and may not be a reliable indicator of our future results.

Our historical combined financial data included in this 2012 Annual Report does not reflect the financial condition, results of operations or cash flows we would have achieved as a standalone company during the periods presented or those we will achieve in the future. This is primarily the result of the following factors:

- our historical combined financial data does not reflect the Separation;
- our historical combined financial data reflects expense allocations for certain support functions that are provided on a centralized basis within Pfizer, such as expenses for business technology, facilities, legal, finance, human resources, business development, public affairs and procurement, as well as certain manufacturing and supply costs incurred by manufacturing sites that are shared with other Pfizer business units that may be higher or lower than the comparable expenses we would have actually incurred, or will incur, as a standalone company;
- our cost of debt and our capital structure will be different from that reflected in our historical combined financial statements;
- significant increases may occur in our cost structure as a result of our being a standalone public company, including costs related to public company reporting, investor relations and compliance with the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act; and
- effects on our customers and other business relationships, including supplier relationships, and the possible loss of preferred pricing available by virtue of our reduced relationship with Pfizer.

Our financial condition and future results of operations, after giving effect to the Separation, will be materially different from amounts reflected in our historical combined financial statements included in this 2012 Annual Report. As a result of the Separation, it may be difficult for investors to compare our future results to historical results or to evaluate our relative performance or trends in our business.

As a standalone public company, we will expend additional time and resources to comply with rules and regulations that did not previously apply to us, and failure to comply with such rules may lead investors to lose confidence in our financial data.

As a standalone public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, and regulations of the New York Stock Exchange (NYSE). Such requirements will increase our legal, accounting and financial compliance costs, will make some activities more difficult, time-consuming and costly and could be burdensome on our personnel, systems and resources. We will devote significant resources to address these public company-associated requirements, including compliance programs and investor relations, as well as our financial reporting obligations.

Complying with these rules and regulations has and will substantially increase our legal and financial compliance costs and make some activities more time-consuming and costly.

In particular, as a public company, our management will be required to conduct an annual evaluation of our internal controls over financial reporting and include a report of management on our internal controls in our Annual Reports on Form 10-K. Under current rules, we will be subject to these requirements beginning with our Annual Report on Form 10-K for the year ending December 31, 2013. In addition, we will be required to have our independent registered public accounting firm attest to the effectiveness of our internal controls over financial reporting pursuant to Auditing Standard No. 5 beginning with our Annual Report on Form 10-K for the year ending December 31, 2014. If we are unable to conclude that we have effective internal controls over financial reporting, or if our registered public accounting firm is unable to provide us with an attestation and an unqualified report as to the effectiveness of our internal controls over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our securities.

Risks related to research and development

Our R&D, acquisition and licensing efforts may fail to generate new products and brand lifecycle developments.

Our future success depends on both our existing product portfolio and our pipeline of new products, including new products that we may develop through joint ventures and products that we are able to obtain through license or acquisition. We commit substantial effort, funds and other resources to R&D, both through our own dedicated resources and through collaborations with third parties.

We may be unable to determine with accuracy when or whether any of our products now under development will be approved or launched, or we may be unable to develop, license or otherwise acquire product candidates or products. In addition, we cannot predict whether any products, once launched, will be commercially successful or will achieve sales and revenues that are consistent with our expectations. The animal health industry is subject to regional and local trends and regulations and, as a result, products that are successful in some of our markets may not achieve similar success when introduced into new markets. Furthermore, the timing and cost of our R&D may increase, and our R&D may become less predictable. For example, changes in regulations applicable to our industry may make it more time-consuming and/or costly to research, develop and register products.

Products in the animal health industry are sometimes derived from molecules and compounds discovered or developed as part of human health research. In addition to the R&D collaboration and license agreement with Pfizer, we expect to enter into other collaboration or licensing arrangements with third parties to provide us with access to compounds and other technology for purposes of our business. Such agreements are typically complex and require time to negotiate and implement. If we enter into these arrangements, we may not be able to maintain these relationships or establish new ones in the future on acceptable terms or at all. In addition, any collaboration that we enter into may not be successful, and the success may depend on the efforts and actions of our collaborators, which we may not be able to control. If we are unable to access human health-generated molecules and compounds to conduct research and development on cost-effective terms, our ability to develop some types of new products could be limited.

Advances in veterinary medical practices and animal health technologies could negatively affect the market for our products.

The market for our products could be impacted negatively by the introduction and/or broad market acceptance of newly-developed or alternative products that address the diseases and conditions for which we sell products, including “green” or “holistic” health products or specially bred disease-resistant animals. In addition, technological breakthroughs by others may obviate our technology and reduce or eliminate the market for our products. Introduction or acceptance of such products or technologies could materially adversely affect our operating results and financial condition.

Our R&D relies on evaluations in animals, which may become subject to bans or additional regulations.

As an animal health medicines and vaccines business, the evaluation of our existing and new products in animals is required to register our products. Animal testing in certain industries has been the subject of controversy and adverse publicity. Some organizations and individuals have attempted to ban animal testing or encourage the adoption of additional regulations applicable to animal testing. To the extent that the activities of such organizations and individuals are successful, our R&D, and by extension our operating results and financial condition, could be materially adversely affected. In addition, negative publicity about us or our industry could harm our reputation.

Risks related to manufacturing

Manufacturing problems and capacity imbalances may cause product launch delays, inventory shortages, recalls or unanticipated costs.

In order to sell our products, we must be able to produce and ship sufficient quantities. We have a global manufacturing network consisting of 29 manufacturing sites located in 11 countries. In addition, 14 Pfizer sites located in 13 countries manufacture certain of our products for us. Included in these 14 Pfizer sites is our facility in Guarulhos, Brazil, where Pfizer will continue its manufacturing operations for a period of time. These 14 Pfizer sites consist of sites operated by Pfizer that, immediately prior to the Separation, predominantly manufactured human health products. We also employ a network of approximately 200 CMOs. Many of our products involve complex manufacturing processes and are sole-sourced from certain manufacturing sites.

Minor deviations in our manufacturing processes, such as temperature excursions or improper package sealing, could result in delays, inventory shortages, unanticipated costs, product recalls, product liability and/or regulatory action. In addition, a number of factors could cause production interruptions, including:

- the failure of us or any of our vendors or suppliers to comply with applicable regulations and quality assurance guidelines;
- construction delays;
- equipment malfunctions;

- shortages of materials;
- labor problems;
- natural disasters;
- power outages;
- terrorist activities;
- changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements, changes in types of products produced, shipping distributions or physical limitations; and

- the outbreak of any highly contagious diseases near our production sites.

These interruptions could result in launch delays, inventory shortages, recalls, unanticipated costs or issues with our agreements under which we supply third parties, which may adversely affect our operating results. For example, our manufacturing site in Medolla, Italy was damaged in an earthquake in May 2012, which resulted in production interruptions at that site.

Our manufacturing network may be unable to meet the demand for our products or we may have excess capacity if demand for our products changes. The unpredictability of a product's regulatory or commercial success or failure, the lead time necessary to construct highly technical and complex manufacturing sites, and shifting customer demand (including as a result of market conditions or entry of branded or generic competition) increase the potential for capacity imbalances. In addition, construction of sites is expensive, and our ability to recover costs will depend on the market acceptance and success of the products produced at the new sites, which is uncertain.

We rely on third parties to provide us with materials and services and are subject to increased labor and material costs.

The materials used to manufacture our products may be subject to availability constraints and price volatility caused by changes in demand, weather conditions, supply conditions, government regulations, economic climate and other factors. In addition, labor costs may be subject to volatility caused by the supply of labor, governmental regulations, economic climate and other factors. Increases in the demand for, availability or the price of, materials used to manufacture our products and increases in labor costs could increase the costs to manufacture our products. We may not be able to pass all or a material portion of any higher material or labor costs on to our customers, which could materially adversely affect our operating results and financial condition.

In addition, certain third-party suppliers are the sole source of certain materials necessary for production of our products. We may be unable to meet demand for certain of our products if any of our third-party suppliers cease or interrupt operations or otherwise fail to meet their obligations to us.

Risks related to legal matters and regulation

We may incur substantial costs and receive adverse outcomes in litigation and other legal matters.

Our operating results, financial condition and liquidity could be materially adversely affected by unfavorable results in pending or future litigation matters. These matters include, among other things, allegations of violation of U.S. and foreign competition law, labor laws, consumer protection laws, and environmental laws and regulations, as well as claims or litigations relating to product liability, intellectual property, securities, breach of contract and tort. In addition, changes in the interpretations of laws and regulations to which we are subject, or in legal standards in one or more of the jurisdictions in which we operate, could increase our exposure to liability. For example, in the U.S., attempts have been made to allow damages for emotional distress and pain and suffering in connection with the loss of, or injury to, a companion animal. If such attempts were successful, our exposure with respect to product liability claims could increase materially.

Litigation matters, regardless of their merits or their ultimate outcomes, are costly, divert management's attention and may materially adversely affect our reputation and demand for our products. We cannot predict with certainty the eventual outcome of pending or future litigation matters. An adverse outcome of litigation or legal matters could result in our being responsible for significant damages. Any of these negative effects resulting from litigation matters could materially adversely affect our operating results and financial condition.

The misuse or off-label use of our products may harm our reputation or result in financial or other damages.

Our products have been approved for use under specific circumstances for the treatment of certain diseases and conditions in specific species. There may be increased risk of product liability if veterinarians, livestock producers, pet owners or others attempt to use our products off-label, including the use of our products in species (including humans) for which they have not been approved. For example, Ketamine, the active pharmaceutical ingredient in our Ketaset product, is a commonly abused hallucinogen. Furthermore, the use of our products for indications other than those indications for which our products have been approved may not be effective, which could harm our reputation and lead to an increased risk of litigation. If we are deemed by a governmental or regulatory agency to have engaged in the promotion of any of our products for off-label use, such agency could request that we modify our training or promotional materials and practices and we could be subject to significant fines and penalties, and the imposition of these sanctions could also affect our reputation and position within the industry. Any of these events could materially adversely affect our operating results and financial condition.

Animal health products are subject to unanticipated safety or efficacy concerns, which may harm our reputation.

Unanticipated safety or efficacy concerns can arise with respect to animal health products, whether or not scientifically or clinically supported, leading to product recalls, withdrawals or suspended or declining sales, as well as product liability, and other claims. For example, as a result of safety concerns related to our product, PregSure BVD, in 2010, we voluntarily suspended sales of the product and withdrew the marketing authorization in the EU and, in 2011, we also suspended sales and withdrew the marketing authorization for the product in New Zealand.

In addition, we depend on positive perceptions of the safety and quality of our products, and animal health products generally, by our customers, veterinarians and end-users, and such concerns may harm our reputation. These concerns and the related harm to our reputation could materially adversely affect our operating results and financial condition, regardless of whether such reports are accurate.

Our business is subject to substantial regulation.

We will not be able to market new products unless and until we have obtained all required regulatory approvals in each jurisdiction where we propose to market those products. Even after a product reaches market, it may be subject to re-review and may lose its approvals. In connection with the Separation, we will likely change the location of the manufacture of certain of our products and, because of these changes, may be required to obtain new regulatory approvals. Our failure to obtain approvals, delays in the approval process, or our failure to maintain approvals in any jurisdiction, may prevent us from selling products in that jurisdiction until approval or reapproval is obtained, if ever.

In addition, we cannot predict the nature of future laws or regulations, nor can we determine the effect that additional laws or regulations or changes in existing laws or regulations could have on our business when and if promulgated, or the impact of changes in the interpretation of these laws and regulations, or of disparate federal, state, local and foreign regulatory schemes. Changes to such laws or regulations may include, among other things, changes to taxation requirements, such as tax-rate changes and changes affecting the taxation by the U.S. of income earned outside the U.S.

Changes in applicable federal, state, local and foreign laws and regulations could have a material adverse effect on our operating results and financial condition. For example, regulatory agencies have recently increased their focus on the potential for vaccines to induce immunity anomalies. Absent a clear understanding of these anomalies, regulatory scrutiny of vaccines may become stricter. Additional scrutiny or regulation of our vaccine products could materially adversely affect our operating results and financial condition.

We are subject to complex environmental, health and safety laws and regulations.

We are subject to various federal, state, local and foreign environmental, health and safety laws and regulations. These laws and regulations govern matters such as the emission and discharge of hazardous materials into the ground, air or water; the generation, use, storage, handling, treatment, packaging, transportation, exposure to, and disposal of hazardous and biological materials, including recordkeeping, reporting and registration requirements; and the health and safety of our employees. Due to our operations, these laws and regulations also require us to obtain, and comply with, permits, registrations or other authorizations issued by governmental authorities. These authorities can modify or revoke our permits, registrations or other authorizations and can enforce compliance through fines and injunctions.

Given the nature of our business, we have incurred, are currently incurring and may in the future incur liabilities under the United States Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or CERCLA, or under other federal, state, local and foreign environmental cleanup laws, with respect to our current or former sites, adjacent or nearby third-party sites, or offsite disposal locations. See *Item 1. Business—Environmental, Health and Safety*. The costs associated with future cleanup activities that we may be required to conduct or finance could be material. Additionally, we may become liable to third parties for damages, including personal injury and property damage, resulting from the disposal or release of hazardous materials into the environment. Such liability could materially adversely affect our operating results and financial condition. Furthermore, regulatory agencies are showing increasing concern over the impact of animal health products and livestock operations on the environment. This increased regulatory scrutiny may necessitate that additional time and resources be spent to address these concerns in both new and existing products.

Our failure to comply with the environmental, health and safety laws and regulations to which we are subject, including any permits issued thereunder, may result in environmental remediation costs, loss of permits, fines, penalties or other adverse governmental or private actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of pollution control equipment or remedial measures. We could also be held liable for any and all consequences arising out of human exposure to hazardous materials or environmental damage. Environmental laws and regulations are complex, change frequently, have tended to become more stringent and stringently enforced over time and may be subject to new interpretation. We cannot assure you that our costs of complying with current and future environmental, health and safety laws, and our liabilities arising from past or future releases of, or exposure to, hazardous materials will not materially adversely affect our business, results of operations or financial condition.

Risks related to our international operations

A significant portion of our operations are conducted in foreign jurisdictions and are subject to the economic, political, legal and business environments of the countries in which we do business.

Our international operations could be limited or disrupted by any of the following:

- volatility in the international financial markets;
- compliance with governmental controls;
- difficulties enforcing contractual and intellectual property rights;
- compliance with a wide variety of laws and regulations, such as the Foreign Corrupt Practices Act and similar non-U.S. laws and regulations;
- compliance with foreign labor laws;
- burdens to comply with multiple and potentially conflicting foreign laws and regulations, including those relating to environmental, health and safety requirements;

- changes in laws, regulations, government controls or enforcement practices with respect to our business and the businesses of our customers;
- political and social instability, including crime, civil disturbance, terrorist activities and armed conflicts;
- trade restrictions and restrictions on direct investments by foreign entities, including restrictions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury;
- changes in tax laws and tariffs;
- costs and difficulties in staffing, managing and monitoring international operations; and
- longer payment cycles and increased exposure to counterparty risk.

The multinational nature of our business subjects us to potential risks that various taxing authorities may challenge the pricing of our cross-border arrangements and subject us to additional tax, adversely impacting our effective tax rate and our tax liability.

In addition, international transactions may involve increased financial and legal risks due to differing legal systems and customs. Compliance with these requirements may prohibit the import or export of certain products and technologies or may require us to obtain a license before importing or exporting certain products or technology. A failure to comply with any of these laws, regulations or requirements could result in civil or criminal legal proceedings, monetary or non-monetary penalties, or both, disruptions to our business, limitations on our ability to import and export products and services, and damage to our reputation. In addition, variations in the pricing of our products between jurisdictions may result in the unauthorized importation of our products between jurisdictions. While the impact of these factors is difficult to predict, any of them could materially adversely affect our operating results and financial condition. Changes in any of these laws, regulations or requirements, or the political environment in a particular country, may affect our ability to engage in business transactions in certain markets, including investment, procurement and repatriation of earnings.

Foreign exchange rate fluctuations and potential currency controls affect our results of operations, as reported in our financial statements.

We conduct operations in many areas of the world, involving transactions denominated in a variety of currencies. In 2012, we generated approximately 54% of our revenues in currencies other than the U.S. dollar, principally the euro, Australian dollar and Brazilian real. We are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. In addition, because our financial statements are reported in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our results of operations.

We also face risks arising from currency devaluations and the imposition of cash repatriation restrictions and exchange controls. Currency devaluations result in a diminished value of funds denominated in the currency of the country instituting the devaluation. Cash repatriation restrictions and exchange controls may limit our ability to convert foreign currencies into U.S. dollars or to remit dividends and other payments by our foreign subsidiaries or businesses located in or conducted within a country imposing restrictions or controls. While we currently have no need, and do not intend, to repatriate or convert cash held in countries that have significant restrictions or controls in place, should we need to do so to fund our operations, we may be unable to repatriate or convert such cash, or unable to do so without incurring substantial costs. We currently have substantial operations in countries that have cash repatriation restrictions or exchange controls in place, including China and Venezuela, and, if we were to need to repatriate or convert such cash, these controls and restrictions may have a material adverse effect on our operating results and financial condition.

For example, on February 13, 2013, the Venezuelan government devalued its currency from a rate of 4.3 to 6.3 Venezuelan bolivar per U.S. dollar. We incurred a foreign currency loss immediately on the devaluation as a result of remeasuring the local balance sheets and we will experience ongoing impacts to earnings as our revenues and expenses will be translated at lower rates.

We may not be able to realize the expected benefits of our investments in emerging markets.

We have been taking steps to increase our presence in emerging markets, including by expanding our manufacturing presence, sales organization and product offerings in these markets. Failure to continue to maintain and expand our business in emerging markets could also materially adversely affect our operating results and financial condition.

Some countries within emerging markets may be especially vulnerable to periods of local, regional or global economic, political or social instability or crisis. For example, our sales in certain emerging markets have suffered from extended periods of disruption due to natural disasters. Furthermore, we have also experienced lower than expected sales in certain emerging markets due to local, regional and global restrictions on banking and commercial activities in those countries. In addition, certain emerging markets have currencies that fluctuate substantially, which may impact our financial performance. For example, in the past, our revenues in certain emerging markets in Latin America have been adversely impacted by currency fluctuations and devaluations. For all these and other reasons, sales within emerging markets carry significant risks.

Risks related to intellectual property

The actual or purported intellectual property rights of third parties may negatively affect our business.

A third party may sue us or otherwise make a claim, alleging infringement or other violation of the third-party's patents, trademarks, trade dress, copyrights, trade secrets, domain names or other intellectual property rights. If we do not prevail in this type of litigation, we may be required to:

- pay monetary damages;
- obtain a license in order to continue manufacturing or marketing the affected products, which may not be available on commercially reasonable terms, or at all; or

- stop activities, including any commercial activities, relating to the affected products, which could include a recall of the affected products and/or a cessation of sales in the future.

The costs of defending an intellectual property claim could be substantial and could materially adversely affect our operating results and financial condition, even if we successfully defend such claims. The intellectual property positions of animal health medicines and vaccines businesses frequently involve complex legal and factual questions, and an issued patent does not guarantee us the right to practice the patented technology or develop, manufacture or commercialize the patented product. We cannot be certain that a competitor or other third party does not have or will not obtain rights to intellectual property that may prevent us from manufacturing, developing or marketing certain of our products, regardless of whether we believe such intellectual property rights are valid and enforceable or we believe we would be otherwise able to develop a more commercially successful product, which may harm our operating results and financial condition.

If our intellectual property rights are challenged or circumvented, competitors may be able to take advantage of our research and development efforts.

Our long-term success largely depends on our ability to market technologically competitive products. We rely and expect to continue to rely on a combination of intellectual property, including patent, trademark, trade dress, copyright, trade secret and domain name protection laws, as well as confidentiality and license agreements with our employees and others, to protect our intellectual property and proprietary rights. If we fail to obtain and maintain adequate intellectual property protection, we may not be able to prevent third parties from using our proprietary technologies or from marketing products that are very similar or identical to ours. Our currently pending or future patent applications may not result in issued patents, or be approved on a timely basis, or at all. Similarly, any term extensions that we seek may not be approved on a timely basis, if at all. In addition, our issued patents may not contain claims sufficiently broad to protect us against third parties with similar technologies or products or provide us with any competitive advantage, including exclusivity in a particular product area. The scope of our patent claims also may vary between countries, as individual countries have their own patent laws. For example, some countries only permit the issuance of patents covering a novel chemical compound itself, and its first use, and thus further methods of use for the same compound, may not be patentable. We may be subject to challenges by third parties regarding our intellectual property, including claims regarding validity, enforceability, scope and effective term. The validity, enforceability, scope and effective term of patents can be highly uncertain and often involve complex legal and factual questions and proceedings. Our ability to enforce our patents also depends on the laws of individual countries and each country's practice with respect to enforcement of intellectual property rights. In addition, if we are unable to maintain our existing license agreements or other agreements pursuant to which third parties grant us rights to intellectual property, including because such agreements expire or are terminated, our operating results and financial condition could be materially adversely affected.

In addition, patent law reform in the U.S. and other countries may also weaken our ability to enforce our patent rights, or make such enforcement financially unattractive. For instance, in September 2011, the U.S. enacted the America Invents Act, which will permit enhanced third-party actions for challenging patents and implement a first-to-invent system, and, in April 2012, Australia enacted the Intellectual Property Laws Amendment (Raising the Bar) Act, which provides higher standards for obtaining patents. These reforms could result in increased costs to protect our intellectual property or limit our ability to patent our products in these jurisdictions.

Additionally, certain foreign governments have indicated that compulsory licenses to patents may be granted in the case of national emergencies, which could diminish or eliminate sales and profits from those regions and materially adversely affect our operating results and financial condition.

Likewise, in the U.S. and other countries, we currently hold issued trademark registrations and have trademark applications pending, any of which may be the subject of a governmental or third party objection, which could prevent the maintenance or issuance of the same and thus create the potential need to rebrand or relabel a product. As our products mature, our reliance on our trademarks to differentiate us from our competitors increases and as a result, if we are unable to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, our business could be materially adversely affected.

Many of our vaccine products and other products are based on or incorporate proprietary information, including proprietary master seeds and proprietary or patented adjuvant formulations. We actively seek to protect our proprietary information, including our trade secrets and proprietary know-how, by requiring our employees, consultants, other advisors and other third parties to execute proprietary information and confidentiality agreements upon the commencement of their employment, engagement or other relationship. Despite these efforts and precautions, we may be unable to prevent a third party from copying or otherwise obtaining and using our trade secrets or our other intellectual property without authorization and legal remedies may not adequately compensate us for the damages caused by such unauthorized use. Further, others may independently and lawfully develop substantially similar or identical products that circumvent our intellectual property by means of alternative designs or processes or otherwise.

The misappropriation and infringement of our intellectual property, particularly in foreign countries where the laws may not protect our proprietary rights as fully as in the U.S., may occur even when we take steps to prevent it. We are currently, and expect to be in the future, party to patent lawsuits and other intellectual property rights claims that are expensive and time consuming, and if resolved adversely, could have a significant impact on our business and financial condition. In the future, we may not be able to enforce intellectual property that relates to our products for various reasons, including licensor restrictions and other restrictions imposed by third parties, and that the costs of doing so may outweigh the value of doing so, and this could have a material adverse impact on our business and financial condition.

Risks related to information technology

We may be unable to successfully manage our online ordering sites.

In many markets around the world, such as the U.S. and Brazil, we provide online ordering sites to customers, often relying on third parties to host and support the application. The operation of our online business depends on our ability to maintain the efficient and uninterrupted operation of our online order-taking and fulfillment operations. Risks associated with our online business include: disruptions in telephone service or power outages; failures of the computer systems that operate our website, including inadequate system capacity, computer viruses, human error, changes in programming, security breaches, system upgrades or migration of these services to new systems; reliance on third parties for computer hardware and software as well as delivery of merchandise to our customers; rapid technology changes; credit card fraud; natural disasters or adverse weather conditions; power and

network outages; changes in applicable federal and state regulations; liability for online content; and consumer privacy concerns. Problems in any one or more of these areas could have a material adverse effect on our operating results and financial condition and could damage our reputation.

We depend on sophisticated information technology and infrastructure.

We rely on various information systems to manage our operations, and we increasingly depend on third parties and applications on virtualized, or "cloud," infrastructure to operate and support our information technology systems. These third parties include large established vendors, as well as many small, privately owned companies. Failure by these providers to adequately service our operations or a change in control or insolvency of these providers could have an adverse effect on our business, which in turn may materially adversely affect our operating results and financial condition.

In connection with the IPO and the Separation, we have substantially changed a number of our business processes, including changes in our financial reporting and supply chain processes. In order to support the new business processes under the terms of our transitional services agreement with Pfizer, we have made significant configuration and data changes within some of our information technology systems. If our information technology and processes are not sufficient to support our business and financial reporting functions, or if we fail to properly implement our new business processes, our financial reporting may be delayed or inaccurate and our operations may be adversely affected and, as a result, our operating results and financial condition may be materially adversely affected.

In addition, over the next few years, we expect to implement new business systems to support our operations including an enterprise resource planning system to better integrate our manufacturing, financial, commercial and business operations. Transitioning to new systems, integrating new systems into current systems or any disruptions or malfunctions (including from circumstances beyond our control) affecting our information systems could cause critical information upon which we rely to be delayed, unreliable, corrupted, insufficient or inaccessible. Any of these potential issues, individually or in aggregation, could have a material adverse effect on our operating results and financial condition.

Even if we are able to implement these systems successfully, all technology systems, despite implementation of security measures, are vulnerable to disability, failures or unauthorized access. If our information technology systems were to fail or be breached, this could materially adversely affect our ability to perform critical business functions and sensitive and confidential data could be compromised.

We may be unable to adequately protect our customers' privacy or we may fail to comply with privacy laws.

The protection of customer, employee and company data is critical and the regulatory environment surrounding information security, storage, use, processing, disclosure and privacy is demanding, with the frequent imposition of new and changing requirements. In addition, our customers expect that we will adequately protect their personal information. Any actual or perceived significant breakdown, intrusion, interruption, cyber-attack or corruption of customer, employee or company data or our failure to comply with federal, state, local and foreign privacy laws could damage our reputation and result in lost sales, fines and lawsuits. Despite our considerable efforts and technology to secure our computer network, security could be compromised, confidential information could be misappropriated or system disruptions could occur. Our systems and procedures meet the payment card industry, or PCI, data security standards, which require periodic audits by independent third parties to assess compliance. Failure to comply with the security requirements or rectify a security issue may result in fines and the imposition of restrictions on our ability to accept payment by credit or debit cards. In addition, PCI is controlled by a limited number of vendors that have the ability to impose changes in PCI's fee structure and operational requirements on us without negotiation. Such changes in fees and operational requirements may result in our failure to comply with PCI security standards, as well as significant unanticipated expenses. Such failures could materially adversely affect our operating results and financial condition.

Risks related to our indebtedness

We have substantial indebtedness.

We have a significant amount of indebtedness, which could materially adversely affect our operating results, financial condition and liquidity. We incurred approximately $3.65 billion aggregate principal amount of senior indebtedness, with an original issue discount of $10 million, including the $1.0 billion of our senior indebtedness that was transferred to Pfizer and subsequently sold by Pfizer. After the completion of the senior notes offering our total debt was $3.64 billion (net of original issue debt discount of $10 million). Immediately prior to the completion of the IPO, we transferred an amount of cash equal to substantially all of the net proceeds we received in the senior notes offering to Pfizer. In addition, we have entered into an agreement for a five-year revolving credit facility and a commercial paper program each with a capacity of up to $1.0 billion. While we currently do not have any amounts drawn under the credit facility nor any commercial paper issued under the commercial paper program, we may incur indebtedness under these arrangements in the future.

We may incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our high level of debt could intensify. Specifically, our high level of debt could have important consequences, including:

- making it more difficult for us to satisfy our obligations with respect to our debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, business development or other general corporate requirements, including dividends;
- increasing our vulnerability to general adverse economic and industry conditions;

- exposing us to the risk of increased interest rates as certain of our borrowings are and may in the future be at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the animal health industry;
- placing us at a competitive disadvantage to other, less leveraged competitors;
- impacting our effective tax rate; and
- increasing our cost of borrowing.

In addition, the instruments governing our indebtedness contain restrictive covenants that will limit our ability to engage in activities that may be in our long-term best interest. For example, our credit facility contains a financial covenant requiring us to not exceed a maximum total leverage ratio and covenants that, among other things, limit or restrict our and our subsidiaries' ability, subject to certain exceptions, to incur liens, merge, consolidate or sell, transfer or lease assets, transact with subsidiaries and incur priority indebtedness. Our failure to comply with such covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures, or to dispose of material assets or operations, alter our dividend policy, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The instruments that will govern our indebtedness may restrict our ability to dispose of assets and may restrict the use of proceeds from those dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations when due.

In addition, we conduct our operations through our subsidiaries. Accordingly, repayment of our indebtedness will depend on the generation of cash flow by our subsidiaries, including our international subsidiaries, and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries may not have any obligation to pay amounts due on our indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness. Each subsidiary is a distinct legal entity, and under certain circumstances, legal, tax and contractual restrictions may limit our ability to obtain cash from our subsidiaries. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, may materially adversely affect our operating results, financial condition and liquidity and our ability to satisfy our obligations under our indebtedness or pay dividends on our common stock.

We may not have the funds necessary to finance the change of control offer required by the indenture governing our senior notes.

Upon the occurrence of a change of control of us and a downgrade below investment grade by Moody's Investor Services, Inc. and Standard & Poor's Rating Services, we will be required to offer to repurchase all of our outstanding senior notes. We did not receive any proceeds from the sale of the $1.0 billion aggregate principal amount of the Pfizer-owned notes and we paid an amount of cash equal to substantially all of the net proceeds that we received in the senior notes offering to Pfizer prior to the completion of the IPO. As a result of these and other factors, we may not have sufficient funds available to finance a change of control offer.

Our credit ratings may not reflect all risks of an investment in our senior notes.

The credit ratings assigned to our senior notes are limited in scope, and do not address all material risks relating to an investment in our senior notes, but rather reflect only the view of each rating agency at the time the rating is issued. There can be no assurance that such credit ratings will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agencies, if, in such rating agency's judgment, circumstances so warrant. Credit ratings are not a recommendation to buy, sell or hold any security. Each agency's rating should be evaluated independently of any other agency's rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market prices of our securities and increase our borrowing costs.

Risks related to our relationship with Pfizer

We may not achieve some or all of the expected benefits of the Separation and Distribution.

We may not be able to achieve the full strategic and financial benefits expected to result from the Separation and Distribution, or such benefits may be delayed or not occur at all. These expected benefits include the following:

- improving strategic and operational flexibility, increasing management focus and streamlining decision-making by providing the flexibility to implement our strategic plan and to respond more effectively to different customer needs and the changing economic environment;
- allowing us to adopt the capital structure, investment policy and dividend policy best suited to our financial profile and business needs, without competing for capital with Pfizer's other businesses;
- creating an independent equity structure that will facilitate our ability to effect future acquisitions utilizing our common stock; and
- facilitating incentive compensation arrangements for employees more directly tied to the performance of our business, and enhancing employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives of our business.

We may not achieve the anticipated benefits of the Separation and Distribution for a variety of reasons, which could adversely affect our operating results and financial condition.

Pfizer controls the direction of our business and the concentrated ownership of our common stock prevents our stockholders from influencing significant decisions.

Pfizer owns 100% of our outstanding Class B common stock and no shares of our Class A common stock, giving Pfizer 80.2% of the economic interest and the combined voting power in shares of our outstanding common stock other than with respect to the election of directors and 97.6% of the combined voting power of our outstanding common stock with respect to the election of directors. As long as Pfizer beneficially controls a majority of the voting power of our outstanding common stock with respect to a particular matter, it will generally be able to determine the outcome of all corporate actions requiring stockholder approval, including the election and removal of directors. Even if Pfizer were to control less than a majority of the voting power of our outstanding common stock, it may be able to influence the outcome of such corporate actions so long as it owns a significant portion of our common stock. If Pfizer does not complete the Distribution or otherwise dispose of its shares of our common stock, it could remain our controlling stockholder for an extended period of time or indefinitely.

Pfizer's interests may not be the same as, or may conflict with, the interests of our other stockholders. Our stockholders, other than Pfizer, will not be able to affect the outcome of any stockholder vote while Pfizer controls the majority of the voting power of our outstanding common stock. As a result, Pfizer is able to control, directly or indirectly and subject to applicable law, all matters affecting us, including:

- any determination with respect to our business direction and policies, including the appointment and removal of officers and directors;
- any determinations with respect to mergers, business combinations or disposition of assets;
- our financing and dividend policy;
- compensation and benefit programs and other human resources policy decisions;
- termination of, changes to or determinations under our agreements with Pfizer relating to the Separation;
- changes to any other agreements that may adversely affect us;
- the payment of dividends on our common stock; and
- determinations with respect to our tax returns.

Because Pfizer's interests may differ from ours or from those of our other stockholders, actions that Pfizer takes with respect to us, as our controlling stockholder, may not be favorable to us or our other stockholders.

The Distribution may not occur.

Pfizer has no obligation to complete the Distribution. Whether Pfizer proceeds with the Distribution, in whole or in part, is subject to a number of conditions, including the receipt of any necessary regulatory or other approvals, the existence of satisfactory market conditions and the continuing application of Pfizer's private letter ruling from the IRS and the receipt of opinions of counsel to the effect that such Distribution would be tax-free to Pfizer and its stockholders. Even if Pfizer elects to pursue the Distribution, Pfizer has the right to abandon or change the structure of the Distribution if Pfizer determines, in its sole discretion, that the Distribution is not in the best interest of Pfizer or its stockholders.

Furthermore, if the Distribution does not occur, or if Pfizer does not otherwise dispose of its shares of our common stock, the risks relating to Pfizer's control of us and the potential business conflicts of interest between Pfizer and us will continue to be relevant to our stockholders. The liquidity of shares of our common stock in the market may be constrained for as long as Pfizer continues to hold a significant position in our stock. A lack of liquidity in our Class A common stock could depress the price of our Class A common stock.

Our Class B common stock may remain as a separate class.

Each share of Class B common stock held by Pfizer or a subsidiary of Pfizer is convertible at any time into one share of Class A common stock at Pfizer's option but is not convertible if held by any other holder. As a result, if Pfizer were to distribute shares of Class B common stock in the Distribution, or otherwise dispose of its shares of Class B common stock, the new holders of such shares would not be able to convert the shares of Class B common stock into Class A common stock. In such event, we may apply to have our Class B common stock listed on a securities exchange. The existence of multiple classes of publicly traded common stock could depress the price of our Class A common stock.

If Pfizer were to distribute shares of Class B common stock in the Distribution, or otherwise dispose of its shares of Class B common stock, our Board of Directors may in the future consider a proposal to amend our certificate of incorporation to mandatorily convert Class B common stock to Class A common stock on a share-for-share basis, subject to the receipt of the required approval by our stockholders. If the proposal is approved by our Board of Directors and presented to our stockholders, a vote by (i) a majority of the shares of Class A common stock and Class B common stock, voting together as a single class, and (ii) a majority of the shares of the Class B common stock, voting as a separate class, will be required for the proposal to be approved. There will be no binding commitment by the Board to, and our Board of Directors may elect not to consider the issue or resolve to present any such proposal to our stockholders at any stockholders' meeting. Moreover, if presented, our stockholders may not approve any such conversion.

If Pfizer sells a controlling interest in our company to a third party in a private transaction, our stockholders may not realize any change-of-control premium on shares of our common stock and we may become subject to the control of a presently unknown third party.

Pfizer owns a significant equity interest in our company and has the ability, should it choose to do so, to sell some or all of its shares of our common stock in a privately negotiated transaction, which, if sufficient in size, could result in a change of control of our company.

The ability of Pfizer to privately sell its shares of our common stock, with no requirement for a concurrent offer to be made to acquire all of the shares of our publicly-traded Class A common stock could prevent our stockholders from realizing any change-of-control premium on shares of our Class A common stock that may otherwise accrue to Pfizer on its private sale of our common stock. Additionally, if Pfizer privately sells its significant equity interest in our company, we may become subject to the control of a presently unknown third party. Such third party may have conflicts of interest with those of other stockholders. In addition, if Pfizer sells a controlling interest in our company to a third party, our indebtedness may be subject to acceleration, Pfizer may terminate the R&D collaboration agreement and license agreement, and other transitional arrangements, and our other commercial agreements and relationships could be impacted, all of which may adversely affect our ability to run our business as described herein and may have a material adverse effect on our operating results and financial condition.

The Distribution or future sales by Pfizer or others of our common stock, or the perception that the Distribution or such sales may occur, could depress our Class A common stock price.

Pfizer owns 100% of our outstanding Class B common stock and no shares of our Class A common stock, giving Pfizer 80.2% of the economic interest and the combined voting power in shares of our outstanding common stock other than with respect to the election of directors and 97.6% of the combined voting power of our outstanding common stock with respect to the election of directors. Subject to the restrictions described in the paragraph below, future sales of these shares in the public market will be subject to the volume and other restrictions of Rule 144 under the Securities Act of 1933, or the Securities Act, for so long as Pfizer is deemed to be our affiliate, unless the shares to be sold are registered with the Securities and Exchange Commission, or SEC. We are unable to predict with certainty whether or when Pfizer will sell a substantial number of shares of our common stock to the extent it retains shares following the Distribution or in the event the Distribution does not occur. The Distribution or sale by Pfizer of a substantial number of shares after the IPO, or a perception that the Distribution or such sales could occur, could significantly reduce the market price of our Class A common stock.

We, our officers and directors and Pfizer have agreed with the underwriters in the IPO that, without the prior written consent of J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC, we and they will not, subject to certain exceptions and extensions, during the period ending 180 days after January 31, 2013 offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock or publicly disclose the intention to make any such offer, sale, pledge or disposition. J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC may, in their sole discretion and at any time without notice, release all or any portion of the shares of our common stock subject to the lock-up.

In addition, if equity securities granted under the Zoetis 2013 Equity and Incentive Plan are sold or it is perceived that they will be sold in the public market, the trading price of our Class A common stock could decline substantially. These sales also could impede our ability to raise future capital.

We are a "controlled company" within the meaning of the rules of the NYSE and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. Our stockholders do not have the same protections afforded to stockholders of companies that are subject to such requirements.

Pfizer controls a majority of the voting power of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the corporate governance standards of the NYSE. Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the Board of Directors consist of independent directors;
- the requirement that our corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that our compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of our corporate governance and compensation committees.

While Pfizer controls a majority of the voting power of our outstanding common stock, we do not currently have and may not have in the future a majority of independent directors or corporate governance and compensation committees consisting entirely of independent directors and we will not be required to have written charters addressing these committees' purposes and responsibilities or have annual performance evaluations of these committees. Accordingly, our stockholders do not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

As a result of the Separation, we will lose Pfizer's brand, reputation, capital base and other resources.

Prior to the IPO, as a business unit of Pfizer, we generally used the name “Pfizer Animal Health,” and we believe the association with Pfizer contributed to our building relationships with our customers due to Pfizer's globally recognized brand and perceived high-quality products. The Separation and Distribution could adversely affect our ability to attract and retain customers, which could result in reduced sales of our products.

The loss of Pfizer's scale, capital base and financial strength may also prompt suppliers to reprice, modify or terminate their relationships with us. In addition, Pfizer's reduction of its ownership of our company may cause some of our existing agreements and licenses to be terminated. We cannot predict with certainty the effect the Separation or the Distribution may have on our business, our clients, vendors or other persons, or whether our new brand, Zoetis, will be accepted in the marketplace.

Pfizer may compete with us.

Pfizer is not restricted from competing with us in the animal health business, including as a result of acquiring a company that operates an animal health business. Due to the significant resources of Pfizer, including financial resources, name recognition and know-how resulting from the previous management of our business, Pfizer could have a significant competitive advantage over us should it decide to engage in the type of business we conduct, which may cause our operating results and financial condition to be materially adversely affected.

Certain of our directors may have actual or potential conflicts of interest because of their positions with Pfizer.

Frank A. D'Amelio (Executive Vice President, Chief Financial Officer and Business Operations for Pfizer), Geno J. Germano (President and General Manager, Specialty Care and Oncology for Pfizer), Douglas E. Giordano (Senior Vice President, Worldwide Business Development for Pfizer), Charles H. Hill (Executive Vice President, Worldwide Human Resources for Pfizer) and Amy W. Schulman (Executive Vice President and General Counsel, Business Unit Lead, Consumer Healthcare for Pfizer) serve on our Board of Directors and are employees of Pfizer. In addition, such directors may own Pfizer common stock, options to purchase Pfizer common stock or other Pfizer equity awards. These individual's holdings of Pfizer common stock, options to purchase common stock of Pfizer or other equity awards may be significant for some of these persons compared to these persons' total assets. Their position at Pfizer and the ownership of any Pfizer equity or equity awards creates, or may create the appearance of, conflicts of interest when these directors are faced with decisions that could have different implications for Pfizer than the decisions have for us.

Pfizer and its directors and officers have limited liability to us or our stockholders for breach of fiduciary duty.

Our certificate of incorporation provides that, subject to any contractual provision to the contrary, Pfizer will have no obligation to refrain from:

- engaging in the same or similar business activities or lines of business as we do;
- doing business with any of our clients or consumers; or
- employing or otherwise engaging any of our officers or employees.

Under our certificate of incorporation, neither Pfizer nor any officer or director of Pfizer, except as provided in our certificate of incorporation, is liable to us or to our stockholders for breach of any fiduciary duty by reason of any of these activities.

To preserve the tax-free treatment to Pfizer and/or its stockholders of the Separation, the debt-for-debt exchange, the debt-for-equity exchange, the transfer of cash proceeds of the senior notes offering to Pfizer and the potential Distribution, we may not be able to engage in certain transactions.

To preserve the tax-free treatment to Pfizer and/or its stockholders of the Separation, the debt-for-debt exchange, the debt-for-equity exchange, the transfer of cash proceeds of the senior notes offering to Pfizer, the potential Distribution and certain related transactions, under the tax matters agreement, we are restricted from taking any action that prevents the Separation, the debt-for-debt exchange, the debt-for-equity exchange, the transfer of cash proceeds of the senior notes offering to Pfizer, the potential Distribution and certain related transactions from being tax-free for U.S. federal, state, local and foreign income tax purposes. These restrictions may limit our ability to pursue certain strategic transactions or engage in other transactions, including taking certain actions with respect to our 3.250% Senior Notes due 2023, which we refer to as the “2023 notes” and the use of our common stock to make acquisitions and equity capital market transactions that might increase the value of our business. See *Item 13. Certain Relationships and Related Transactions, and Director Independence—Relationship with Pfizer—Tax matters agreement.*

The assets and resources that we acquired from Pfizer in the Separation may not be sufficient for us to operate as a standalone company, and we may experience difficulty in separating our assets and resources from Pfizer.

Because we have not operated as a standalone company in the past, we may have difficulty doing so. We may need to acquire assets and resources in addition to those provided by Pfizer to our company, and in connection with the Separation, may also face difficulty in separating our assets from Pfizer's assets and integrating newly acquired assets into our business. Our business, financial condition and results of operations could be harmed if we have difficulty operating as a standalone company, fail to acquire assets that prove to be important to our operations or incur unexpected costs in separating our assets from Pfizer's assets or integrating newly acquired assets.

We will incur significant charges in connection with the Separation and incremental costs as a standalone public company.

We will need to replicate or replace certain functions, systems and infrastructure to which we no longer have the same access after the Separation. We may also need to make investments or hire additional employees to operate without the same access to Pfizer's existing operational and administrative infrastructure. These initiatives may be costly to implement. Due to the scope and complexity of the underlying projects relative to these efforts, the amount of total costs could be materially higher than our estimate, and the timing of the incurrence of these costs is subject to change.

Prior to the Separation, Pfizer performed or supported many important corporate functions for our company. Our combined financial statements reflect charges for these services on an allocation basis. Following the Separation, many of these services will be governed by our transitional services agreement with Pfizer. Under the transitional services agreement we are able to use these Pfizer services for a fixed term established on a service-by-service basis. However, we generally have the right to terminate a service earlier if we give notice to Pfizer. Partial reduction in the provision of any service requires Pfizer's consent. In addition, either party is able to terminate the agreement due to a material breach of the other party, upon prior written notice, subject to limited cure periods.

We pay Pfizer mutually agreed-upon fees for these services, based on Pfizer's costs of providing the services. During the two years following the IPO, the markup for these services will be 0% and, for the remainder of the term of the agreement, Pfizer may introduce a markup of 7%, which we believe is consistent with arm's length pricing for the services provided. However, since our transitional services agreement was negotiated in the context of a parent-subsidiary relationship, the terms of the agreement, including the fees charged for the services, may be higher or lower

than those that would be agreed to by parties bargaining at arm's length for similar services and may be higher or lower than the costs reflected in the allocations in our historical financial statements. Third party costs are passed through to us at Pfizer's or its affiliates' cost. In addition, while these services are being provided to us by Pfizer, our operational flexibility to modify or implement changes with respect to such services or the amounts we pay for them is limited. Prior to the Distribution, if effected, Pfizer will have the unilateral right to resolve disputes under the transitional services agreement.

We may not be able to replace these services or enter into appropriate third-party agreements on terms and conditions, including cost, comparable to those that we receive from Pfizer under our transitional services agreement. Additionally, after the agreement terminates, we may be unable to sustain the services at the same levels or obtain the same benefits as when we were receiving such services and benefits from Pfizer. When we begin to operate these functions separately, if we do not have our own adequate systems and business functions in place, or are unable to obtain them from other providers, we may not be able to operate our business effectively or at comparable costs, and our profitability may decline. In addition, we have historically received informal support from Pfizer, which may not be addressed in our transitional services agreement. The level of this informal support may diminish or be eliminated in the future.

We may not be able to fully realize the expected benefits of our R&D agreement with Pfizer.

Prior to the Separation, as a business unit of Pfizer, we had the ability to leverage Pfizer's proprietary compound library and database to identify, research and develop compounds suitable as new product candidates for the animal health field. As part of the Separation, we entered into an R&D collaboration and license agreement with Pfizer, which we refer to as the "R&D agreement." Pursuant to the R&D agreement, subject to certain restrictions, we will have continued access to Pfizer's compound library and database for a period of seven years and will have, subject to Pfizer's approval, the possibility to exclusively license compounds from Pfizer that we develop under the R&D agreement.

While the R&D agreement is intended to bolster our post-Separation R&D capabilities, certain terms of the R&D agreement may limit our ability to achieve this expected benefit, including:

- Pfizer will retain ownership of, and license to us, the intellectual property that we develop under the R&D agreement. In many circumstances, the intellectual property we license from Pfizer will be non-exclusive as to Pfizer and third parties.

- We are not assured access to Pfizer's newest programs.

- Pfizer can prevent us from progressing pre-development compounds and, under certain circumstances, Pfizer may terminate our rights to a development stage compound by paying us the fair market value for such compound.

- The R&D agreement may be terminated before the expiration of the seven year term in certain circumstances, including if we acquire an interest in or assets of a human pharmaceutical business, we enter into a definitive agreement relating to or undergo a change of control other than the Distribution or Pfizer acquires, or is acquired by, an animal health business.

Each of the foregoing terms and Pfizer's other rights under the R&D agreement and related licenses (if any), could limit our ability to realize the expected benefits of the R&D agreement. If we fail to achieve the expected benefits of the R&D agreement, it may be more difficult, time consuming or expensive for us to develop and commercialize certain new products, or may result in our products being later to market than those of our competitors. We may experience delays in new product development, which may result in our loss of the first-in-class products in a given therapeutic area.

For a summary description of the terms of the R&D collaboration and license agreement, see *Item 13. Certain Relationships and Related Transactions, and Director Independence— Relationship with Pfizer—Research and development collaboration and license agreement.*

We are dependent on Pfizer to prosecute, maintain and enforce certain intellectual property.

Under the patent and know-how license agreement (Pfizer as licensor), Pfizer is responsible for filing, prosecuting and maintaining patents that Pfizer licenses to us. Pfizer also has the first right, and in some cases the sole right, to enforce such patents. In addition, under the patent and know-how license agreement (Zoetis as licensor), subject to certain exceptions, Pfizer has the sole right to enforce the licensed patents if the enforcement relates to the human health field. If Pfizer fails to fulfill its obligations or chooses to not enforce the licensed patents under these agreements, we may not be able to prevent competitors from making, using and selling competitive products.

Pfizer's rights as licensor under the patent and know-how license could limit our ability to develop and commercialize certain products.

Under the patent and know-how license, Pfizer licenses to us certain of its intellectual property. If we fail to comply with our obligations under this license agreement and Pfizer exercises its right to terminate it, our ability to continue to research, develop and commercialize products incorporating that intellectual property will be limited. In addition, in circumstances where Pfizer has an interest in the licensed intellectual property in connection

with its human health development programs, our rights to use the licensed intellectual property are restricted and/or in limited instances, subject to Pfizer's right to terminate such license at will. These limitations and termination rights may make it more difficult, time consuming or expensive for us to develop and commercialize certain new products, or may result in our products being later to market than those of our competitors.

For a summary description of the terms of the patent and know-how license (Pfizer as licensor), see *Item 13. Certain Relationships and Related Transactions, and Director Independence—Relationship with Pfizer—Intellectual property license agreements.*

Risks related to our Class A common stock

The price of our Class A common stock may fluctuate substantially.

Our Class A common stock has a limited trading history and there may be wide fluctuations in the market value of our Class A common stock. Some factors that may cause the market price of our Class A common stock to fluctuate, in addition to the other risks mentioned in this section of our 2012 Annual Report, are:

- our announcements or our competitors' announcements regarding new products or services, enhancements, significant contracts, acquisitions or strategic investments;
- changes in earnings estimates or recommendations by securities analysts, if any, who cover our common stock;
- failures to meet external expectations or management guidance;
- fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in our capital structure or dividend policy, including as a result of the Distribution, future issuances of securities, sales of large blocks of common stock by our stockholders, including Pfizer, or our incurrence of additional debt;
- reputational issues;
- changes in general economic and market conditions in any of the regions in which we conduct our business;
- changes in industry conditions or perceptions;
- changes in applicable laws, rules or regulations and other dynamics; and
- announcements or actions taken by Pfizer as our principal stockholder.

In addition, if the market for stocks in our industry or industries related to our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our Class A common stock could decline for reasons unrelated to our business, financial condition and results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

While we currently intend to pay a quarterly cash dividend to our common stockholders, we may change our dividend policy at any time.

On March 28, 2013, our Board of Directors declared the 2013 second quarter dividend of $0.065 per share to be paid on June 6, 2013 to holders of record on May 1, 2013. Although we currently intend to pay a quarterly cash dividend to our Class A common stockholders and Class B common stockholders, we have no obligation to do so, and our dividend policy may change at any time without notice to our stockholders. Returns on stockholders' investments will primarily depend on the appreciation, if any, in the price of our Class A common stock. We anticipate that we will retain most of our future earnings, if any, for use in the development and expansion of our business, repayment of indebtedness and for general corporate purposes. The declaration and payment of dividends to holders of our Class A common stock and Class B common stock is at the discretion of our Board of Directors in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, cash flows available in the U.S., impact on our effective tax rate, indebtedness, legal requirements and other factors that our Board of Directors deems relevant.

Provisions in our amended and restated certificate of incorporation, amended and restated by-laws and Delaware law may prevent or delay an acquisition of us, which could decrease the trading price of our Class A common stock.

Our amended and restated certificate of incorporation, which we refer to as “our certificate of incorporation,” and amended and restated by-laws, which we refer to as “our by-laws,” contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with our Board of Directors rather than to attempt a hostile takeover. These provisions include:

- a Board of Directors that is divided into three classes with staggered terms;
- a dual class equity structure;

- rules regarding how our stockholders may present proposals or nominate directors for election at stockholder meetings;
- the right of our Board of Directors to issue preferred stock without stockholder approval; and
- limitations on the right of stockholders to remove directors.

In addition, Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock. These provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board of Directors determines is not in our and our stockholders' best interests.

If Pfizer makes the Distribution, and there is later a determination that the Separation, the debt-for-debt exchange, the debt-for-equity exchange, the transfer of cash proceeds of the senior notes offering to Pfizer and/or the Distribution is taxable for U.S. federal income tax purposes because the facts, assumptions, representations or undertakings underlying the IRS private letter ruling and/or any tax opinion are incorrect or for any other reason, then Pfizer and its stockholders could incur significant U.S. federal income tax liabilities, and we could incur significant liabilities.

Pfizer has received a private letter ruling from the IRS substantially to the effect that, among other things, the Distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. If pursued, completion by Pfizer of the Distribution would be conditioned on, among other things, the continuing application of Pfizer's private letter ruling from the IRS and the receipt of opinions of tax counsel, to the effect that, among other things, the Distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. The ruling relies and the opinions will rely on certain facts, assumptions, representations and undertakings from Pfizer and us regarding the past and future conduct of the companies' respective businesses and other matters. If any of these facts, assumptions, representations or undertakings are incorrect or not otherwise satisfied, Pfizer and its stockholders may not be able to rely on the ruling or the opinions of tax counsel and could be subject to significant tax liabilities. Notwithstanding the private letter ruling and opinions of tax counsel, the IRS could determine on audit that the Separation, the debt-for-debt exchange, the debt-for-equity exchange, the transfer of cash proceeds of the senior notes offering to Pfizer and/or the Distribution is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinions that are not covered by the private letter ruling, or for other reasons, including as a result of certain significant changes in the stock ownership of Pfizer or us after the Distribution. If the Separation, the debt-for-debt exchange, the debt-for-equity exchange, the transfer of cash proceeds of the senior notes offering to Pfizer and/or the Distribution is determined to be taxable for U.S. federal income tax purposes, Pfizer and/or its stockholders could incur significant U.S. federal income tax liabilities, and we could incur significant liabilities under applicable law or under the tax matters agreement.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We have R&D operations co-located with certain of our manufacturing sites in Australia, Brazil, Belgium, China, Spain and the U.S. to facilitate the efficient transfer of production processes from our laboratories to manufacturing sites. In addition, we maintain R&D operations at non-manufacturing locations in Belgium, Brazil, Canada, India and the U.S. As part of the Separation, Pfizer conveyed to us its interest in each of these R&D facilities, with the exception of our Mumbai, India facility, which we expect Pfizer to transfer to us for agreed upon cash consideration in the future, and, in the interim, we are leasing this facility from Pfizer. Our largest R&D facility is our owned U.S. research and development site located in Kalamazoo, Michigan, which represents approximately 1.4 million square feet. None of our other non-manufacturing sites are more than 0.2 million square feet.

The address of our principal executive offices is currently 5 Giralda Farms, Madison, New Jersey 07940. In March 2013, we announced that we signed an office lease in Florham Park, New Jersey, and will be relocating our principal executive offices in the first half of 2013.

Following the Separation, our global manufacturing network will be comprised of 13 “anchor” and 16 “satellite” manufacturing sites and Pfizer will continue to manufacture products for us at 14 Pfizer sites located in 13 countries. Included in these 14 Pfizer sites is our facility in Guarulhos, Brazil, where Pfizer will continue its manufacturing operations for a period of time. These 14 Pfizer sites consist of sites operated by Pfizer that, immediately prior to the Separation, predominantly manufactured human health products. The largest manufacturing site in our global manufacturing network is our manufacturing site located in Kalamazoo, Michigan, which represents approximately 0.6 million square feet. No other site in our global manufacturing network was more than 0.6 million square feet. In addition, our global manufacturing network will continue to be supplemented by approximately 200 CMOs. See *Item 1. Business—Manufacturing and Supply Chain* and *Item 13. Certain Relationships and Related Transactions, and Director Independence—Relationship with Pfizer—Master manufacturing and supply agreements.*

We own or lease various additional properties for other business purposes including office space, warehouses and logistics centers. In addition, under the transitional services agreement we entered into with Pfizer, Pfizer granted us continued access to certain of its premises occupied by our employees prior to the IPO.

We believe that our existing properties, as supplemented by sites operated by CMOs, including Pfizer, and access to Pfizer facilities provided under the transitional services agreement are adequate for our current requirements and for our operations in the foreseeable future.

Item 3. Legal Proceedings.

We are from time to time subject to claims and litigation arising in the ordinary course of business. These claims and litigation may include, among other things, allegations of violation of U.S. and foreign competition law, labor laws, consumer protection laws, and environmental laws and regulations, as well as claims or litigation relating to product liability, intellectual property, securities, breach of contract and tort. We operate in multiple jurisdictions and, as a result, a claim in one jurisdiction may lead to claims or regulatory penalties in other jurisdictions. We intend to defend vigorously against any pending or future claims and litigation.

At this time, in the opinion of management, the likelihood is remote that the impact of such proceedings, either individually or in the aggregate, would have a material adverse effect on our combined results of operations, financial condition or cash flows. However, one or more unfavorable outcomes in any claim or litigation against us could have a material adverse effect for the period in which they are resolved. In addition, regardless of their merits or their ultimate outcomes, such matters are costly, divert management's attention and may materially adversely affect our reputation, even if resolved in our favor.

Certain legal proceedings in which we are involved are discussed in Notes to Combined Financial Statements—*Note 16. Commitments and Contingencies*.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

On January 31, 2013, our registration statement on Form S-1 (File No. 333-183254) was declared effective for the IPO, pursuant to which we registered the offering and sale of 99,015,000 shares of our Class A common stock, including 12,915,000 additional shares pursuant to the underwriters' option to purchase additional shares. The IPO was completed on February 6, 2013, at a public offering price of $26.00 per share for an aggregate gross offering price of approximately $2.57 billion.

Instead of selling shares of our Class A common stock directly to the underwriters for cash in the IPO, Pfizer first exchanged the shares of our Class A common stock to be sold in the IPO with certain of the underwriters, which we refer to, in such role, as the "debt-for-equity exchange parties," for outstanding indebtedness of Pfizer held by the debt-for-equity exchange parties. The debt-for-equity exchange parties then sold shares to the underwriters for cash. This debt-for-equity exchange occurred on the settlement date of the IPO immediately prior to the settlement of the debt-for-equity exchange parties' sale of the shares to the underwriters.

We did not receive any proceeds from the sale of shares of our common stock by the debt-for-equity exchange parties, including any shares sold by the debt-for-equity exchange parties in connection with the exercise of the underwriters' option to purchase additional shares. The managing underwriters were J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC. As a result of the offering, the debt-for-equity exchange parties received net proceeds of approximately $2.48 billion, after deducting underwriting discounts and commissions of approximately $95 million.

Shares of our Class A common stock are traded on the NYSE (symbol ZTS). Shares of our Class A common stock have only been publicly traded since February 1, 2013; as a result, we have not set forth quarterly information with respect to the high and low prices for our common stock and the dividends declared on our common stock for the two most recent fiscal years. As of March 14, 2013, there were 32,145 stockholders of record of our Class A common stock. As of the date of this 2012 Annual Report, Pfizer owns 100% of our outstanding Class B common stock and no shares of our Class A common stock, giving Pfizer 80.2% of the economic interest and the combined voting power in shares of our outstanding common stock other than with respect to the election of directors and 97.6% of the combined voting power of our outstanding common stock with respect to the election of directors. See *Item 1. Business—Recent Developments*.

We did not purchase any of our equity securities, nor did we sell any securities, other than to Pfizer upon our formation, pursuant to any unregistered offering, during the period covered by this report.

Dividend Policy

We expect to pay quarterly cash dividends to holders of our Class A common stock and Class B common stock of $0.065 per share, subject to the approval of our Board of Directors. On March 28, 2013, our Board of Directors declared the 2013 second quarter dividend of $0.065 per share to be paid on June 6, 2013 to holders of record on May 1, 2013.

The declaration and payment of dividends to holders of our Class A common stock and Class B common stock will be at the discretion of our Board of Directors in accordance with applicable law after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, cash flows available in the U.S., impact on our effective tax rate, indebtedness, legal requirements and other factors that our Board of Directors deems relevant. In addition, the instruments governing our indebtedness may limit our ability to pay dividends. Therefore, no assurance is given that we will pay any dividends to our common stockholders or as to the amount of any such dividends if our Board of Directors determines to do so.

Because we are a holding company, our ability to pay cash dividends on our common stock will depend on the receipt of dividends or other distributions from our subsidiaries.

Item 6. Selected Financial Data.

The following table sets forth our selected historical combined financial data for the periods indicated.

The selected historical combined statements of income data for the years ended December 31, 2012, 2011 and 2010 and the selected historical combined balance sheet data as of December 31, 2012 and 2011 presented below have been derived from our audited combined financial statements

included in *Item 8. Financial Statements and Supplementary Data*. The selected historical combined balance sheet data as of December 31, 2010, presented below have been derived from our audited combined financial statements not included in this 2012 Annual Report. The selected historical combined balance sheet data as of December 31, 2009 and 2008 have been derived from unaudited combined financial information not included in this 2012 Annual Report.

The revenue data for the year ended December 31, 2009 is derived from our audited combined financial statements not included in this report, and the revenue data for the year ended December 31, 2008, is derived from unaudited combined financial information not included in this 2012 Annual Report.

Our combined financial statements include expense allocations for certain support functions that are provided on a centralized basis within Pfizer, such as expenses for business technology, facilities, legal, finance, human resources, and, to a lesser extent, business development, public affairs and procurement, among others, as well as certain manufacturing and supply costs incurred by manufacturing sites that are shared with other Pfizer business units, Pfizer's global external supply group and Pfizer's global logistics and support group. Pfizer does not routinely allocate these costs to any of its business units. These allocations are based on either a specific identification basis or, when specific

identification is not practicable, proportional cost allocation methods (e.g., using third-party sales, headcount, animal health identified manufacturing costs, etc.), depending on the nature of the services and/or costs.

The financial statements included in this 2012 Annual Report may not be indicative of our future performance and do not necessarily reflect what our financial position and results of operations would have been had we operated as a standalone public company during the periods presented, including changes that will occur in our operations and capital structure as a result of the Separation.

You should read the selected historical combined financial data set forth below in conjunction with *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* and our combined financial statements and notes thereto included in *Item 8. Financial Statements and Supplementary Data*.

	Year Ended December 31,[a]				
(MILLIONS, EXCEPT PER SHARE AMOUNTS)	**2012**	2011	2010	2009	2008 [b]
Statement of income data:					
Revenues	**$ 4,336**	$ 4,233	$ 3,582	$ 2,760	$ 2,825
Net income/(loss) attributable to Zoetis	**436**	245	110	(100)	NA
Balance sheet data:					
Total assets	**$ 6,262**	$ 5,711	$ 5,284	$ 5,598	$ 2,993
Long-term obligations[c]	**509**	575	673	728	—
Other data:					
Adjusted net income[d]	**$ 539**	$ 503	$ 275	$ 189	NA
Earnings per share — basic and diluted[e]:					
Net income/(loss) attributable to Zoetis	**$ 0.87**	$ 0.49	$ 0.22	$ (0.20)	NA
Weighted average shares outstanding — basic and diluted	**500**	500	500	500	500

NA: Not Available

Certain amounts may reflect rounding adjustments.

[a] Starting in 2011, includes the King Animal Health (KAH), business acquired as part of Pfizer's acquisition of King Pharmaceuticals, Inc., commencing on the acquisition date of January 31, 2011. Starting in 2009, includes Fort Dodge Animal Health (FDAH), operations, acquired as part of Pfizer's acquisition of Wyeth, commencing on the acquisition date of October 15, 2009. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Comparability of historical results and our relationship with Pfizer—Recent significant acquisitions and government-mandated divestitures*.

[b] Certain information for 2008 is not available. Over the last five years, there have been significant changes in Pfizer's corporate structure and a number of restructurings and personnel changes which have impacted our business. As such, it is not practicable for us to determine net income/(loss) for the year ended December 31, 2008.

[c] Starting in 2009, primarily includes an allocation of Pfizer debt that was issued to partially finance the acquisition of Wyeth (including FDAH) in 2009. The debt has been allocated on a pro-rata basis using the deemed acquisition cost of FDAH as a percentage of the total acquisition cost of Wyeth.

[d] Adjusted net income (a non-GAAP financial measure) is defined as reported net income attributable to Zoetis excluding purchase accounting adjustments, acquisition-related costs and certain significant items. Management uses adjusted net income, among other factors, to set performance goals and to measure the performance of the overall company, as described in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Adjusted net income*. We believe that investors' understanding of our performance is enhanced by disclosing this performance measure. Reconciliations of U.S. GAAP reported net income attributable to Zoetis to non-GAAP adjusted net income for the years ended December 31, 2012, 2011 and 2010 are provided in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Adjusted net income*. The adjusted net income measure is not, and should not be viewed as, a substitute for U.S. GAAP reported net income attributable to Zoetis.

[e] For each of the years presented, the weighted average number of shares outstanding is calculated using an aggregate of 500 million shares of Class A and Class B common stock outstanding. The same number of shares outstanding has been used to calculate basic and diluted earnings per share.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Introduction

Our management's discussion and analysis of financial condition and results of operations (MD&A) is provided to assist readers in understanding our performance, as reflected in the results of our operations, our financial condition and our cash flows. This MD&A should be read in conjunction with our combined financial statements and notes to combined financial statements included in *Item 8. Financial Statements and Supplementary Data*. The discussion in this MD&A contains a description of our historical performance for periods in which we operated as a business unit of Pfizer, as well as forward-looking statements that involve substantial risks and uncertainties. Our future results could differ materially from historical performance and from those anticipated in the forward-looking statements as a result of various factors such as those discussed in *Item 1A. Risk Factors*, and in the *Forward-looking statements and factors that may affect future results* and *Comparability of historical results and our relationship with Pfizer* sections of this MD&A.

This MD&A is organized as follows:

Section	Description	Page
Overview of our business	A general description of our business and the industry in which we operate. For more information regarding our business and the animal health industry, see *Item 1. Business*.	34
Our performance	Information regarding our 2012 and 2011 financial performance.	35
Our operating environment	Information regarding the animal health industry and factors that affect our company.	35
Our growth strategies	An explanation of our growth strategies.	37
Components of revenues and costs and expenses	An explanation of the components of our combined statements of income.	37
Comparability of historical results and our relationship with Pfizer	Information about the limitations of the predictive value of the combined financial statements.	38
Significant accounting policies and application of critical accounting estimates	Accounting policies and estimates that we consider important to understanding our combined financial statements.	39
Analysis of the combined statements of income	Consists of the following for all periods presented:	
	• *Revenues:* An analysis of our revenues in total, by operating segment and by species.	41
	• *Costs and expenses:* A discussion about the drivers of our costs and expenses.	44
	• *Provision for taxes on income:* A discussion of items impacting our effective tax rates.	47
Adjusted net income	A discussion of adjusted net income, an alternative view of performance used by management. Adjusted net income is a non-GAAP financial measure.	47
Analysis of the combined statements of comprehensive income/(loss)	An analysis of the components of comprehensive income for all periods presented.	50
Analysis of the combined balance sheets	A discussion of changes in certain balance sheet accounts for all balance sheets presented.	50
Analysis of the combined statements of cash flows	An analysis of the drivers of our operating, investing and financing cash flows for all periods presented.	50
Analysis of financial condition, liquidity and capital resources	An analysis of our ability to meet our short-term and long-term financing needs.	51
New accounting standards	Accounting standards that we have recently adopted.	53
Forward-looking statements and factors that may affect future results	A description of the risks and uncertainties that could cause actual results to differ materially from those discussed in forward-looking statements presented in this MD&A and elsewhere in this 2012 Annual Report.	53

Overview of our business

We are a global leader in the discovery, development, manufacture and commercialization of animal health medicines and vaccines, with a focus on both livestock and companion animals. For more than 60 years, as a business unit of Pfizer, we have been committed to enhancing the health of animals and bringing solutions to our customers who raise and care for them.

The animal health medicines and vaccines industry is characterized by meaningful differences in customer needs across different regions. As a result of these differences, among other things, we manage our operations through four geographic operating segments. Within each of these operating segments, we offer a diversified product portfolio for both livestock and companion animal customers in order to capitalize on local and regional trends and customer needs. Our four operating segments are the United States (U.S.), Europe/Africa/Middle East (EuAfME), Canada/Latin America (CLAR) and Asia/Pacific (APAC). See Notes to Combined Financial Statements—*Note 17. Segment, Geographic and Other Revenue Information*.

On February 6, 2013, an initial public offering (IPO) of our Class A common stock was completed, which represented approximately 19.8% of our total outstanding shares. Currently, Pfizer owns 100% of our outstanding Class B common stock and no shares of our Class A common

stock, giving Pfizer 80.2% of the economic interest and the combined voting power in shares of our outstanding common stock other than with respect to the election of directors and 97.6% of the combined voting power of our outstanding common stock with respect to the election of directors. On February 1, 2013, our Class A common stock began trading on the New York Stock Exchange under the symbol "ZTS." Prior to and in connection with the IPO, we completed a $3.65 billion senior notes offering and Pfizer transferred to us substantially all of the assets and liabilities of their animal health business. We refer to the transactions to separate our business from Pfizer as described here and elsewhere in the 2012 Annual Report, as the Separation. For additional information, see Notes to Combined Financial Statements—*Note 19. Subsequent Events.*

Pfizer has informed us that it may make a tax-free distribution to its shareholders of all or a portion of its remaining equity interest in us, which may include one or more distributions effected as a dividend to all Pfizer shareholders, one or more distributions in exchange for Pfizer shares or other securities, or any combination thereof. We refer to any such potential distribution as the Distribution. Pfizer has no obligation to pursue or consummate any further dispositions of its ownership interest in us, including through the Distribution, by any specified date or at all.

We directly market our products to livestock producers and veterinarians located in approximately 70 countries across North America, Europe, Africa, Asia, Australia and Latin America, and are a market leader in nearly all of the major regions in which we operate. Through our efforts to establish an early and direct presence in many emerging markets, such as Brazil, China and India, we believe we are the largest animal health medicines and vaccines business as measured by revenues across emerging markets as a whole. Emerging markets contributed 26% of our revenues for the year ended December 31, 2012. In markets where we do not have a direct commercial presence, we generally contract with distributors that provide logistics and sales and marketing support for our products.

We believe our investments in the industry's largest sales organization, including our extensive network of technical and veterinary operations specialists, our high-quality manufacturing and reliability of supply, and our long track record of developing products that meet customer needs, has led to enduring and valued relationships with our customers. Our R&D efforts enable us to deliver innovative products to address unmet needs and evolve our product lines so they remain relevant for our customers.

Our performance

A summary of our 2012 performance compared to 2011 follows:

(MILLIONS OF DOLLARS)		**2012**		2011	% Change
Revenues	**$**	**4,336**	$	4,233	2
Net income attributable to Zoetis		**436**		245	78
Adjusted net income[(a)]		**539**		503	7

[(a)] Adjusted net income is a non-GAAP financial measure. See page 48 for more information.

Our operating environment

Industry

The animal health industry, which focuses on both livestock and companion animals, is a growing industry that impacts billions of people worldwide. The primary livestock species for the production of animal protein are cattle (both beef and dairy), swine, poultry, sheep and fish. Livestock health and production are essential to meeting the growing demand for animal protein of a global population. Factors influencing growth in demand for livestock medicines and vaccines include:

- human population growth and increasing standards of living, particularly in many emerging markets;
- increasing demand for improved nutrition, particularly animal protein;
- natural resource constraints, such as scarcity of arable land, fresh water and increased competition for cultivated land, resulting in fewer resources that will be available to meet this increased demand for animal protein; and
- increased focus on food safety.

The primary companion animal species are dogs, cats and horses. Industry sources indicate that companion animals improve the physical and emotional well-being of pet owners. Factors influencing growth in demand for companion animal medicines and vaccines include:

- economic development and related increases in disposable income, particularly in many emerging markets;
- increasing pet ownership; and

- companion animals living longer, increasing medical treatment of companion animals and advances in companion animal medicines and vaccines.

Product development initiatives

Our future success depends on both our existing product portfolio and our pipeline of new products, including new products that we may develop through joint ventures and products that we are able to obtain through license or acquisition. We believe we are an industry leader in animal health R&D, with a track record of generating new products and brand lifecycle developments. The majority of our R&D programs focus on brand lifecycle development, which is defined as R&D programs that leverage existing animal health products by adding new species or claims, achieving approvals in new markets or creating new combinations and reformulations.

Perceptions of product quality, safety and reliability

We believe that animal health medicines and vaccines customers value high-quality manufacturing and reliability of supply. The importance of quality and safety concerns to pet owners, veterinarians and livestock producers also contributes to animal health brand loyalty, which we believe often continues after the loss of patent-based and regulatory exclusivity. We depend on positive perceptions of the safety and quality of our products, and animal health products generally, by our customers, veterinarians and end-users.

The issue of the potential transfer of increased antibacterial resistance in bacteria from food-producing animals to human pathogens, and the causality of that transfer, are the subject of global scientific and regulatory discussion. In some countries, this issue has led to government restrictions and bans on the use of specific antibacterials in some food-producing animals, regardless of the route of administration (topical, oral, intramuscular/ subcutaneous injections, or intravenous). These restrictions are more prevalent in countries where animal protein is plentiful and governments are willing to take restrictive actions even when there is scientific uncertainty. Historically, antibacterials for livestock have represented a significant portion of our revenues. We cannot predict whether antibacterial resistance concerns will result in additional restrictions or bans, expanded regulations or public pressure to discontinue or reduce use of antibacterials in food-producing animals.

The overall economic environment

In addition to industry-specific factors, we, like other businesses, continue to face the effects of the current challenging economic environment. Growth in both the livestock and companion animal sectors is driven by overall economic development and related growth, particularly in many emerging markets. Certain of our customers and suppliers have been affected directly by the economic downturn, which could decrease the demand for our products or hinder our ability to collect amounts due from customers.

However, the cost of medicines and vaccines to our livestock producer customers is small relative to other production costs, including feed, and the use of these products improves livestock producers' economic outcomes. As a result, demand for our products has typically been more stable than demand for other production inputs. Similarly, industry sources report that pet owners indicate a preference for reducing spending on other aspects of their lifestyle, including entertainment, clothing and household goods, before reducing spending on pet care.

Competition

The animal health industry is competitive. Although our business is the largest by revenues in the animal health medicines and vaccines industry, we face competition in the regions and sectors in which we compete. Principal methods of competition vary depending on the particular region, species, product category or individual product. Some of these methods include new product development, quality, price, service and promotion to veterinary professionals, pet owners and livestock producers. Our competitors include the animal health businesses of large pharmaceutical companies and specialty animal health businesses. In addition to competition from established market participants, there could be new entrants to the animal health medicines and vaccines industry in the future. In certain markets, we also compete with companies that produce generic products, but the level of competition from generic products varies from market to market. For example, the level of generic competition is higher in Europe and certain emerging markets than in the U.S. However, there is no large, well-capitalized company focused on generic animal health products that exists as a global competitor in the industry.

Weather conditions and the availability of natural resources

The animal health industry and demand for many of our animal health products in a particular region are affected by weather conditions, as usage of our products follows varying weather patterns and weather-related pressures from pests, such as ticks. As a result, we may experience regional and seasonal fluctuations in our results of operations.

In addition, livestock producers depend on the availability of natural resources, including large supplies of fresh water. Their animals' health and their ability to operate could be adversely affected if they experience a shortage of fresh water due to human population growth or floods, droughts or other weather conditions. In the event of adverse weather conditions or a shortage of fresh water, livestock producers may purchase less of our products.

For example, the drought currently impacting the U.S. is considered the worst in many years, impacting both the supply of corn and the availability of grazing pasture. The decrease in harvested corn has resulted in higher corn prices, which has impacted the profitability of livestock producers of cattle, pork and poultry. Higher corn prices may contribute to reductions in herd or flock size that may result in reduced spending on animal health products. Reduced availability of grazing pasture may also force cattle producers to cull their herds. Fewer heads of cattle would result in reduced demand for our products. A prolonged drought could have a material adverse effect on our operating results and financial condition. Our current expectations are that the drought may affect our performance in 2013. Factors influencing the magnitude and timing of any effects of a drought on our performance include, but may not be limited to, weather patterns and herd management decisions taken by livestock producers

Disease outbreaks

Sales of our livestock products could be adversely affected by the outbreak of disease carried by animals. Outbreaks of disease may reduce regional or global sales of particular animal-derived food products or result in reduced exports of such products, either due to heightened export restrictions or import prohibitions, which may reduce demand for our products. Also, the outbreak of any highly contagious disease near our main production sites could require us to immediately halt production of our products at such sites or force us to incur substantial expenses in procuring raw materials or

products elsewhere. Alternatively, sales of products that treat specific disease outbreaks may increase. For example, in 2012, we successfully launched a vaccine for horses against the deadly Hendra virus in Australia.

Foreign exchange rates

Significant portions of our revenues and costs are exposed to changes in foreign exchange rates. Our products are sold in more than 120 countries and, as a result, our revenues are influenced by changes in foreign exchange rates. In 2012, approximately 54% of our revenues were

denominated in foreign currencies. As a business unit of Pfizer and under Pfizer's global cash management system, we sought to manage our foreign exchange risk in part through operating means, including managing same-currency revenues in relation to same-currency costs and same-currency assets in relation to same-currency liabilities. Going forward, we will evaluate if a similar approach to managing foreign exchange risk is appropriate for our company. As we operate in multiple foreign currencies, including the euro, the Brazilian real, the Australian dollar and other currencies, changes in those currencies relative to the U.S. dollar will impact our revenues and expenses, and consequently, net income. Exchange rate fluctuations may also have an impact beyond our reported financials and directly impact operations. These fluctuations may affect the ability to buy and sell our goods and services between markets impacted by significant exchange rate variances. Approximately 46% of our total revenues occur in U.S. dollars, and in 2012 our year-over-year revenue growth was unfavorably impacted by 4% from changes in foreign currency values relative to the U.S. dollar.

For example, on February 13, 2013, the Venezuelan government devalued its currency from a rate of 4.3 to 6.3 Venezuelan bolivar per U.S. dollar. We incurred a foreign currency loss immediately on the devaluation as a result of remeasuring the local balance sheets, and we will experience ongoing adverse impacts to earnings as our revenues, costs and expenses will be translated into U.S. dollars at lower rates. The impacts are not expected to be significant to our financial condition or results of operations.

Our growth strategies

We seek to enhance the health of animals and to bring solutions to our customers who raise and care for them. We have a global presence in both developed and emerging markets and we intend to grow our business by pursuing the following core strategies:

- ***leverage our direct local presence and strong customer relationships***—Through our direct selling commercial model, we can deepen our understanding of our customers' businesses and can encourage the adoption of more sophisticated animal health products;

- ***further penetrate emerging markets***—We seek to maximize our presence where economic development is driving increased demand for animal protein and increased demand for and spending on companion animals;

- ***pursue new product development and value-added brand lifecycle development to extend our product portfolio***—New product R&D and brand lifecycle development enable us to deliver innovative products to address unmet needs and evolve our product lines so they remain relevant for our customers. We seek to leverage our strong direct presence in many regions and cost-effectively develop new products;

- ***remain the partner of choice for access to new products and technologies***—We seek to continue to support cutting-edge research and secure the right to develop and commercialize new products and technologies;

- ***continue to provide high-quality products and improve manufacturing production margins***—We believe our manufacturing and supply chain provides us with a global platform for continued expansion, including in emerging markets, and that our quality and reliability differentiate us from our competitors; and

- ***expand into complementary businesses to become a more complete, trusted partner in providing solutions***—We believe we have the potential to generate incremental and complementary revenues, in the areas of diagnostics, genetics, devices and services such as dairy data management, e-learning and professional consulting, which could also enhance the loyalty of our customer base and may lead to increased product sales.

Components of revenues and costs and expenses

Our revenues, costs and expenses are reported for the fiscal year ended December 31 for each year presented, except for operations outside the U.S., for which the financial information is included in our combined financial statements for the fiscal year ended November 30 for each year presented.

Revenues

Our revenues are primarily derived from our diversified product portfolio of medicines and vaccines used to treat livestock and companion animals. Generally, our products are sold to veterinarians and livestock producers by our sales organization which includes sales representatives and technical and veterinary operations specialists. The depth of our product portfolio enables us to address the varying needs of different customers. In 2012, our top selling product line, the Ceftiofur line, contributed approximately 7% of our revenues. The Ceftiofur line and our next two top selling products, Revolution and Draxxin, contributed approximately 20% of our revenues. Our top ten best-selling product lines contributed approximately 39% of our revenues. For additional information regarding our products, including descriptions of our product lines that each represented approximately 1% or more of our revenues in 2012, see *Item 1. Business—Products*.

Costs and expenses

Costs of sales consist primarily of cost of materials, facilities and other infrastructure used to manufacture our medicine and vaccine products and royalty expenses associated with the intellectual property of our products, when relevant.

Selling, general and administrative (SG&A) expenses consist of, among other things, the internal and external costs of marketing, promotion, advertising and shipping and handling as well as certain costs related to business technology, facilities, legal, finance, human resources, business development, public affairs and procurement.

Research and development (R&D) expenses consist primarily of project costs specific to new product R&D and brand lifecycle development, overhead costs associated with R&D operations and investments that support local market clinical trials for approved indications. We do not disaggregate R&D expenses by research stage or by therapeutic area for purposes of managing our business.

Amortization of intangible assets consists primarily of the amortization expense for identifiable finite-life intangible assets that have been acquired through business combinations. These assets consist of, but are not limited to, developed technology, brands and trademarks.

Restructuring charges and certain acquisition-related costs consist of all restructuring charges (those associated with acquisition activity and those associated with cost reduction/productivity initiatives), as well as costs associated with acquiring and integrating businesses. Restructuring charges are associated with employees, assets and activities that will not continue in the company. Acquisition-related costs are associated with acquiring and integrating acquired businesses, such as the King Animal Health business in 2011 and the Fort Dodge Animal Health business in 2009, and may include transaction costs and expenditures for consulting and the integration of systems and processes.

Other (income)/deductions—net consist primarily of various items including net interest (income)/expense, net (gains)/losses on asset disposals, royalty-related income and certain asset impairment charges.

Comparability of historical results and our relationship with Pfizer

During the periods covered by the combined financial statements in this 2012 Annual Report, we operated solely as a business unit of Pfizer. The combined financial statements have been derived from the consolidated financial statements and accounting records of Pfizer and include allocations for direct costs and indirect costs attributable to the operations of the animal health business of Pfizer. These combined financial statements do not purport to reflect what the results of operations, comprehensive income/(loss), financial position, equity or cash flows would have been had we operated as a standalone public company during the periods presented. In addition, the historical combined financial statements may not be reflective of what our results of operations, comprehensive income/(loss), financial position, equity or cash flows might be in the future as a standalone public company.

For a detailed description of the basis of presentation and an understanding of the limitations of the predictive value of the historical combined financial statements, see Notes to Combined Financial Statements—*Note 2. Basis of Presentation.*

The historical balance sheets may not be comparable to the opening balance sheet of the standalone company, which will reflect the transfer by Pfizer of substantially all of its animal health business to us. Non-comparable elements will include, for example, the allocation of Pfizer debt, which was not transferred, and cash and cash equivalents, which were adjusted in conjunction with the completion of the IPO.

Our historical expenses are not necessarily indicative of the expenses we may incur in the future as a standalone public company. With respect to support functions, for example, our historical combined financial statements include expense allocations for certain support functions that are provided on a centralized basis within Pfizer, such as expenses for business technology, facilities, legal, finance, human resources, and, to a lesser extent, business development, public affairs and procurement, among others. Pursuant to agreements with Pfizer, Pfizer will continue to provide us with some of the services related to these functions on a transitional basis in exchange for agreed-upon fees, and we will incur other costs to replace the services and resources that will not be provided by Pfizer. We will also incur additional costs as a standalone public company. As a standalone public company, our total costs related to such support functions may differ from the costs that were historically allocated to us from Pfizer. We estimate that these costs may exceed the allocated amounts for full year 2012 by a range of approximately $15 million to $25 million in 2013. In addition, we expect to incur internal costs to implement certain new systems, including infrastructure and an enterprise resource planning system, while our legacy systems are being fully supported by Pfizer under the transitional services agreement. We estimate these costs to range between approximately $30 million to $40 million in 2013 and 2014.

We also expect to incur certain non-recurring costs related to becoming a standalone public company, including new branding (which includes changes to the manufacturing process for required new packaging), the creation of a standalone infrastructure, site separation and certain legal registration and patent assignment costs. We expect these costs to range between approximately $170 million to $200 million in 2013 and $70 million to $100 million in 2014. These estimates exclude the impact of any depreciation or amortization of capitalized separation expenditures. In addition, many of our employees currently participate in certain Pfizer equity award plans. Upon any Distribution, Pfizer will accelerate the vesting of, or in some cases the settlement of, on a pro rata basis, certain of the outstanding Pfizer equity awards, which will result in the recognition of additional expense.

Some of our products are manufactured at sites that will be retained by Pfizer or that were operated by Pfizer under a sale-leaseback arrangement. In 2013, pursuant to the master manufacturing and supply agreement with Pfizer, we purchase these products from Pfizer. The historical combined statements of income include allocations of certain manufacturing and supply costs incurred by the manufacturing sites that would not have been charged to us under the master manufacturing and supply agreement with Pfizer had such agreement been in effect in the periods presented, such as operating variances, as well as purchase price and volume variances under a certain threshold. The costs allocated in the historical combined statements of income are higher than the amounts that would have been charged by Pfizer under the master manufacturing and supply agreement, had it been in effect during the periods presented, by approximately $10 million for the year ended December 31, 2012 and approximately $14 million for the year ended December 31, 2011. In connection with the IPO, we and Pfizer have entered into certain agreements that will provide a framework for our ongoing relationship with Pfizer. See Notes to Combined Financial Statements—*Note 19D. Subsequent Events—Agreements with Pfizer.*

Public company expenses

As a result of the IPO, we became subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act. We will have additional procedures and practices to establish as a standalone public company. As a result, we will incur additional costs, including internal audit, investor relations, stock administration and regulatory compliance costs.

Recent significant acquisitions and government-mandated divestitures

The assets, liabilities, operating results and cash flows of acquired businesses are included in our results commencing from their respective acquisition dates.

The King Animal Health business (KAH) was acquired by Pfizer as part of its acquisition of King Pharmaceuticals, Inc. (acquired on January 31, 2011), strengthening our position in the poultry business with a medicated feed additives business and other poultry products and further strengthening our position in the cattle and swine businesses. See Notes to Combined Financial Statements—*Note 4A. Acquisitions, Divestitures and Certain Investments—Acquisition of King Animal Health*. Our combined financial statements for the year ended December 31, 2011 reflect eleven months of KAH's U.S. operations and ten months of KAH's international operations.

The Fort Dodge Animal Health business (FDAH) was acquired by Pfizer as part of its acquisition of Wyeth (acquired on October 15, 2009), adding to our portfolio a broad array of companion animal and livestock brands and strengthening our vaccine portfolio, including a complementary poultry vaccines business. In connection with this acquisition, we made certain government-mandated divestitures. See Notes to Combined Financial Statements—*Note 4C. Acquisitions, Divestitures and Certain Investments—Divestitures*.

Delays in establishing new operating subsidiaries

Due to local regulatory and operational requirements in certain non-U.S. jurisdictions, the transfer to us of certain assets and liabilities of Pfizer's animal health business has not yet legally occurred. We do not expect these assets and liabilities to be material to our combined financial statements, individually or in the aggregate.

Significant accounting policies and application of critical accounting estimates

In presenting our financial statements in conformity with U.S. GAAP, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. For a description of our significant accounting policies, see Notes to Combined Financial Statements—*Note 3. Significant Accounting Policies*.

We believe that the following accounting policies are critical to an understanding of our combined financial statements as they require the application of the most difficult, subjective and complex judgments and, therefore, could have the greatest impact on our financial statements: (i) acquisitions (*Note 3C*); (ii) fair value (*Note 3D*); (iii) revenues (*Note 3F*); (iv) asset impairment reviews (*Note 3J*); and (v) contingencies (*Notes 3N and 3Q*).

Below are some of our more critical accounting estimates. See also Notes to Combined Financial Statements—*Note 3B. Significant Accounting Policies— Estimates and Assumptions* for a discussion about the risks associated with estimates and assumptions.

Acquisitions and fair value

For a discussion about the application of fair value to our recent acquisitions, see Notes to Combined Financial Statements—*Note 4. Acquisitions, Divestitures and Certain Investments*.

For a discussion about the application of fair value to our allocated long-term debt, see Notes to Combined Financial Statements—*Note 9D. Financial Instruments—Allocated Long-Term Debt*.

For a discussion about the application of fair value to our asset impairment reviews, see *Asset impairment reviews* below.

Revenues

Our gross product revenues are subject to deductions that are generally estimated and recorded in the same period that the revenues are recognized and primarily represent sales returns and revenue incentives. For example:

- for sales returns, we perform calculations in each market that incorporate the following, as appropriate: local returns policies and practices; returns as a percentage of revenues; an understanding of the reasons for past returns; estimated shelf life by product; an estimate of the amount of time between shipment and return or lag time; and any other factors that could impact the estimate of future returns, product recalls, discontinuation of products or a changing competitive environment; and

- for revenue incentives, we use our historical experience with similar incentives programs to estimate the impact of such programs on revenues.

If any of our ratios, factors, assessments, experiences or judgments are not indicative or accurate predictors of our future experience, our results could be materially affected. Although the amounts recorded for these revenue deductions are heavily dependent on estimates and assumptions, historically our adjustments to actual results have not been material. The sensitivity of our estimates can vary by program, type of customer and geographic location.

Amounts recorded for revenue deductions can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For further information about the risks associated with estimates and assumptions, see Notes to Combined Financial Statements—*Note 3B. Significant Accounting Policies—Estimates and Assumptions*.

Asset impairment reviews

We review all of our long-lived assets for impairment indicators throughout the year and we perform detailed testing whenever impairment indicators are present. In addition, we perform impairment testing for goodwill and indefinite-lived assets at least annually. When necessary, we record charges for impairments of long-lived assets for the amount by which the fair value is less than the carrying value of these assets.

Our impairment review processes are described below and in Notes to Combined Financial Statements—*Note 3J. Significant Accounting Policies—Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets* and, for deferred tax assets, in *Note 3N. Significant Accounting Policies—Deferred Tax Assets and Liabilities and Income Tax Contingencies*.

Examples of events or circumstances that may be indicative of impairment include:

- a significant adverse change in the extent or manner in which an asset is used. For example, restrictions imposed by the regulatory authorities could affect our ability to manufacture or sell a product.

- a projection or forecast that demonstrates losses or reduced profits associated with an asset. This could result, for example, from the introduction of a competitor's product that results in a significant loss of market share or the inability to achieve the previously projected revenue growth, or from the lack of acceptance of a product by customers.

Our impairment reviews of most of our long-lived assets depend heavily on the determination of fair value, as defined by U.S. GAAP, and these judgments can materially impact our results of operations. A single estimate of fair value can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see Notes to Combined Financial Statements—*Note 3B. Significant Accounting Policies—Estimates and Assumptions*.

Intangible assets other than goodwill

As a result of our intangible asset impairment review work, we recognized a number of impairments of identifiable intangible assets other than goodwill.

We recorded the following identifiable intangible asset impairment charges in *Other (income)/deductions—net*:

- In 2012, the asset impairment charges reflect: (i) approximately $2 million of finite-lived companion animal developed technology rights; (ii) approximately $1 million of finite-lived trademarks related to genetic testing services; and (iii) approximately $2 million of finite-lived patents related to poultry technology. The intangible asset impairment charges for 2012 reflect, among other things, loss of revenues as a result of negative market conditions and, with respect to the poultry technology, a re-assessment of economic viability.

- In 2011, the asset impairment charges reflect: (i) approximately $30 million of finite-lived intangible assets related to parasiticides technology as a result of declining gross margins and increased competition; (ii) approximately $12 million of finite-lived intangible assets related to equine influenza and tetanus technology due to third-party supply issues; (iii) approximately $10 million of finite-lived intangible assets related to genetic testing services that did not find consumer acceptance; and (iv) approximately $17 million related to acquired in-process research and development, or IPR&D projects (acquired from Vetnex in 2010 and from FDAH in 2009), as a result of the termination of the development programs due to a re-assessment of their economic viability.

When we are required to determine the fair value of intangible assets other than goodwill, we use an income approach, specifically the multi-period excess earnings method, also known as the discounted cash flow method. We start with a forecast of all the expected net cash flows associated with the asset, which includes the application of a terminal value for indefinite-lived assets, and then we apply an asset-specific discount rate to arrive at a net present value. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows, which includes the expected impact of competitive, legal and/or regulatory forces on the projections, the impact of technological risk associated with IPR&D assets, as well as the selection of a long-term growth rate; the discount rate, which seeks to reflect the risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows.

While all identifiable intangible assets can be impacted by events and thus lead to impairment, in general, identifiable intangible assets that are at the highest risk of impairment include IPR&D assets (approximately $20 million as of December 31, 2012) and newly acquired or recently impaired indefinite-lived brand assets (none at December 31, 2012). IPR&D assets are higher-risk assets, because R&D is an inherently risky activity. Newly acquired and recently impaired indefinite-lived assets are more vulnerable to impairment because the assets are recorded at fair value and are then subsequently measured at the lower of fair value or carrying value at the end of each reporting period. As such, immediately after acquisition or impairment, even small declines in the outlook for these assets can negatively impact our ability to recover the carrying value and can result in an impairment charge.

For a description of our accounting policy, see Notes to Combined Financial Statements—*Note 3J. Significant Accounting Policies—Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets*.

Goodwill

As a result of our goodwill impairment review work, we concluded that none of our goodwill is impaired as of December 31, 2012. While all reporting units can confront events and circumstances that can lead to impairment, we do not believe that the risk of goodwill impairment for any of our reporting units is significant at this time.

When we are required to determine the fair value of a reporting unit, we use the income approach. The income approach is a forward-looking approach to estimating fair value and relies primarily on internal forecasts. Within the income approach, the method that we use is the discounted cash flow method. We start with a forecast of all the expected net cash flows associated with the reporting unit, which includes the application of a terminal value, and then we apply a reporting unit-specific discount rate to arrive at a net present value. Some of the more significant estimates and assumptions inherent in this approach include: the amount and timing of the projected net cash flows, which includes the expected impact of technological risk and

competitive, legal and/or regulatory forces on the projections, as well as the selection of a long-term growth rate; the discount rate, which seeks to reflect the various risks inherent in the projected cash flows; and the tax rate, which seeks to incorporate the geographic diversity of the projected cash flows.

For all of our reporting units, there are a number of future events and factors that may impact future results and that could potentially have an impact on the outcome of subsequent goodwill impairment testing. For a list of these factors, see *Forward-looking statements and information that may affect future results.*

For a description of our accounting policy, see Notes to Combined Financial Statements—*Note 3J. Significant Accounting Policies—Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets*.

Contingencies

For a discussion about income tax contingencies, see Notes to Combined Financial Statements—*Note 7C. Tax Matters—Tax Contingencies*.

For a discussion about legal contingencies, guarantees and indemnifications, see Notes to Combined Financial Statement—*Note 16. Commitments and Contingencies*.

Analysis of the combined statements of income

The following discussion and analysis of our combined statements of income should be read along with our combined financial statements and the notes thereto, which reflect the results of operations of the business transferred to us from Pfizer. For more information on the carve-out basis of presentation, see Notes to Combined Financial Statements—*Note 2. Basis of Presentation*.

	Year Ended December 31,[a]			% Change	
(MILLIONS OF DOLLARS)	**2012**	2011	2010	**12/11**	11/10
Revenues	**$ 4,336**	$ 4,233	$ 3,582	**2**	18
Costs and expenses:					
Cost of sales[b]	**1,563**	1,652	1,444	**(5)**	14
% of revenues	***36%***	*39%*	*40%*		
Selling, general and administrative expenses[b]	**1,470**	1,453	1,382	**1**	5
% of revenues	***34%***	*34%*	*39%*		
Research and development expenses[b]	**409**	427	411	**(4)**	4
% of revenues	***9%***	*10%*	*11%*		
Amortization of intangible assets	**64**	69	58	**(7)**	19
Restructuring charges and certain acquisition-related costs	**135**	154	202	**(12)**	(24)
Other (income)/deductions—net[c]	**(15)**	84	(93)	*	*
Income before provision for taxes on income	**710**	394	178	**80**	121
% of revenues	***16%***	*9%*	*5%*		
Provision for taxes on income	**274**	146	67	**88**	118
Effective tax rate	***38.6%***	*37.1%*	*37.6%*		
Net income before allocation to noncontrolling interests	**436**	248	111	**76**	123
Less: Net income attributable to noncontrolling interests	**—**	3	1	**(100)**	200
Net income attributable to Zoetis	**$ 436**	$ 245	$ 110	**78**	123
% of revenues	***10%***	*6%*	*3%*		

Certain amounts and percentages may reflect rounding adjustments.

* Calculation not meaningful.

[a] Includes revenues and expenses from acquisitions from the acquisition date. See Notes to Combined Financial Statements—*Note 4. Acquisitions, Divestitures and Certain Investments*.

[b] Exclusive of amortization of intangible assets, except as disclosed in Notes to Combined Financial Statements—*Note 3J. Significant Accounting Policies—Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets*.

[c] Includes interest expense on allocated long-term debt of $31 million, $36 million and $37 million for the years ended December 31, 2012, 2011 and 2010, respectively. See Notes to Combined Financial Statements—*Note 6. Other (Income)/Deductions—Net.*

Revenues

Revenues-overview

Global revenues by operating segment were as follows:

	Year Ended December 31,	% Change

(MILLIONS OF DOLLARS)	2012	2011	2010	12/11	11/10
U.S.	**$ 1,776**	$ 1,659	$ 1,384	**7**	20
EuAfME	**1,096**	1,144	1,020	**(4)**	12
CLAR	**769**	788	664	**(2)**	19
APAC	**695**	642	514	**8**	25
Total	**$ 4,336**	$ 4,233	$ 3,582	**2**	18

Certain amounts and percentages may reflect rounding adjustments.

On a global basis, the mix of our revenues between livestock and companion animal products was as follows:

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2012**	2011	2010	**12/11**	11/10
Livestock	**$ 2,806**	$ 2,778	$ 2,233	**1**	24
Companion animal	**1,530**	1,455	1,349	**5**	8
Total	**$ 4,336**	$ 4,233	$ 3,582	**2**	18

Certain amounts and percentages may reflect rounding adjustments.

As a result of the impact of a recent significant acquisition and the related government-mandated divestitures on the revenue numbers in our statements of income for the years ended December 31, 2012, 2011 and 2010, the growth trend on our existing portfolio from year to year is not readily apparent. We believe that it is not only important to understand overall revenue growth, but also existing portfolio growth year over year. As such, we utilize "base revenue growth." Base revenue growth is defined as revenue growth excluding the impact of incremental revenues from recent significant acquisitions, government-mandated divestitures and foreign exchange.

% Change in Revenue: increases/(decreases)	Reported	Resulting from Base Revenue Growth[a]	Resulting from KAH Acquisition[b]	Resulting from Government-Mandated Divestitures[c]	Resulting from Foreign Exchange
2012 vs. 2011					
U.S.	**7**	**6**	**1**	**—**	**—**
EuAfME	**(4)**	**2**	**1**	**—**	**(7)**
CLAR	**(2)**	**4**	**1**	**—**	**(7)**
APAC	**8**	**8**	**1**	**—**	**(1)**
Total revenues	**2**	**5**	**1**	**—**	**(4)**
2011 vs. 2010					
U.S.	20	7	13	—	—
EuAfME	12	3	6	—	3
CLAR	19	9	7	(1)	4
APAC	25	12	7	(2)	8
Total revenues	18	7	9	(1)	3

Certain amounts and percentages may reflect rounding adjustments.

[a] Reflects changes in reported growth excluding the impact of incremental revenues from recent significant acquisitions, government-mandated divestitures and foreign exchange.
[b] Reflects the acquisition of KAH, acquired by Pfizer on January 31, 2011.
[c] Reflects government-mandated divestitures of legacy FDAH and our legacy products in connection with the FDAH acquisition.

Revenue—Total

2012 vs. 2011

Total revenues increased $103 million, or 2%, in 2012 compared to 2011, due to:

- base revenue growth of $212 million, or 5%, with growth across all operating segments; and
- the inclusion of an incremental one month of U.S. and two months of international revenues of $37 million, or 1%, from the KAH acquisition,

partially offset by:

- the unfavorable impact of foreign exchange, which decreased revenues by approximately $146 million, or 4%.

2011 vs. 2010

Total revenues increased $651 million, or 18%, in 2011 compared to 2010, due to:

- base revenue growth of $239 million, or 7%, from growth across all operating segments;
- the inclusion of revenues of $329 million, or 9%, from the acquisition of KAH; and
- the favorable impact of foreign exchange, which increased revenues by approximately $104 million, or 3%,

partially offset by:

- the unfavorable impact of government-mandated divestitures of $21 million, or 1%.

Revenues-operating segment

2012 vs. 2011

U.S. operating segment

U.S. segment revenues increased by $117 million, or 7%, in 2012 compared to 2011. Base revenue growth was $103 million, or 6%, of which approximately $46 million resulted from growth in livestock products and approximately $57 million resulted from growth in companion animal products.

- Livestock product revenue growth was due principally to increased demand for premium anti-infectives in cattle as a result of continued acceptance of our products based on superior efficacy, supported by economic outcomes studies. There was also increased

demand for medicated feed additives in swine, which was partially due to increased incidence of enteric infections in late stage pigs. Additionally, revenue growth was positively impacted by our entry into a new market with the launch of an improved formulation of a swine vaccine that prevents porcine circovirus type 2. This revenue growth was partially offset by the impact of the drought in the U.S.

- Companion animal product revenue growth was driven by parasiticides, benefiting from an extended flea and tick season caused by unusually warm weather and by a temporary competitor supply disruption. Companion animal products also benefited from continued growth in canine vaccines and the success of targeted marketing efforts for anti-infectives and other pharmaceutical products.

EuAfME operating segment

EuAfME segment revenues decreased by $48 million, or 4%, in 2012 compared to 2011. Base revenue growth was $21 million, or 2%, of which approximately $12 million resulted from growth in livestock products and approximately $9 million resulted from growth in companion animal products.

- Livestock product revenue growth was driven by strong demand for cattle parasiticides, particularly in France and the UK, along with a continued growing demand for animal proteins in emerging markets. Additionally, the poultry product portfolio grew due to expansion into emerging markets. Results were partially offset by continued adverse macroeconomic conditions throughout Western Europe and pressure from the ongoing restrictions on the use of certain antibacterials.

- Companion animal product revenues were favorably impacted by parasiticides and the launch of new branded generic products throughout the region. Revenue was also favorably impacted by equine vaccines due to a temporary competitor supply disruption. Results were partially offset by continued adverse macroeconomic conditions throughout Western Europe.

Additionally, segment revenues were unfavorably impacted by foreign exchange, which decreased revenues by approximately $77 million or 7%.

CLAR operating segment

CLAR segment revenues decreased by $19 million, or 2%, in 2012 compared to 2011. Base revenue growth was $35 million, or 4%, of which approximately $17 million resulted from growth in livestock products and approximately $18 million resulted from growth in companion animal products.

- Livestock product revenues were favorably impacted by the launch of an improved formulation of a swine vaccine that prevents porcine circovirus type 2. Swine vaccines also benefited from continued demand in South America for Improvac/Improvest, a product that reduces boar taint without the need for surgical castration. Additionally, marketing initiatives focused on legacy KAH products drove increased demand for poultry medicated feed additives in Brazil. Results were partially offset by the slowdown of the cattle market in Brazil due to increased competition and reduced margins for cattle producers. Additionally, certain markets within the region were impacted by the North American drought.

- Companion animal product revenue growth was attributable to canine vaccines especially in Brazil. Parasiticides performed well across the region, particularly in Canada due to a temporary competitor supply disruption and an extended flea and tick season caused by unusually warm weather.

Additionally, segment revenues were unfavorably impacted by foreign exchange, which decreased revenues by approximately $61 million or 7%.

APAC operating segment

APAC segment revenues increased by $53 million, or 8%, in 2012 compared to 2011. Base revenue growth was $53 million, or 8%, of which approximately $30 million resulted from growth in livestock products and approximately $23 million resulted from growth in companion animal products.

- Livestock product revenues were favorably impacted by the launch of an improved formulation of a swine vaccine that prevents porcine circovirus type 2, particularly in South East Asia, as well as growth in China, Australia and Japan. Increased sales force presence in China drove growth in premium priced swine products. Australia experienced growth in the dairy cattle segment due to higher sales of intramammary products. Revenues in Japan were also driven by broad growth in the poultry portfolio.

- Companion animal product revenues benefited from promotional campaigns in Japan and the resulting increased adoption of our products into veterinarian treatment protocols. Australia benefited from growth in parasiticides as a result of focused sales force efforts that drove demand for these products. China experienced growth in canine vaccines due to expansion of the sales organization.

Additionally, segment revenues were unfavorably impacted by foreign exchange, which decreased revenues by approximately $8 million or 1%.

2011 vs. 2010

U.S. operating segment

U.S. segment revenues increased by $275 million, or 20%, in 2011 compared to 2010. Base revenue growth was $89 million, or 7%, of which approximately $65 million resulted from growth in livestock products and approximately $24 million resulted from growth in companion animal products.

- Livestock product revenue growth was in large part due to increased demand for anti-infectives in cattle and swine as a result of new promotional campaigns focused on superior efficacy supported by economic outcomes studies, as well as general growth in the cattle market. Cattle vaccine growth was driven by FDA approvals for new treatment indications. Additionally, the re-launch of Inovocox, a poultry vaccine, contributed to growth.

- Companion animal product revenue growth was primarily attributable to Rimadyl, an anti-inflammatory, Convenia, a single-injection anti-infective, and canine respiratory vaccines. In addition, we benefited from the full year impact of contracts signed with large veterinary clinic networks during 2010.

Segment revenues were also favorably impacted by the inclusion of $186 million, or 13%, from the acquisition of KAH.

EuAfME operating segment

EuAfME segment revenues increased by $124 million, or 12%, in 2011 compared to 2010. Base revenue growth in the EuAfME operating segment was $31 million, or 3%, of which approximately $13 million resulted from growth in livestock products and approximately $18 million resulted from growth in companion animal products. Adverse macroeconomic conditions throughout Western Europe negatively impacted growth rates for both livestock and companion animal product sales.

- Livestock product revenues were driven by emerging markets, including Turkey, Russia and North Africa, due to strong demand for animal health products used in swine and poultry production. Additionally, growth was driven by Draxxin, a premium anti-infective used in cattle and swine. Livestock product revenues were negatively impacted by $22 million due to the loss of government subsidies of a FDAH product in France, Germany and Spain for the eradication of blue tongue virus in cattle and sheep.

- Companion animal product revenue growth was primarily driven by increased use of Convenia and Clavamox across the region, and by other anti-infective medicines in Germany, France and emerging markets. Increases in vaccine utilization drove additional growth in the U.K. and emerging markets.

Segment revenues were also favorably impacted by the inclusion of $59 million, or 6%, from the acquisition of KAH. Additionally, revenues were favorably impacted by 3% due to foreign exchange.

CLAR operating segment

CLAR segment revenues increased by $124 million, or 19%, in 2011 compared to 2010. Base revenue growth was $56 million, or 9%, of which approximately $38 million resulted from growth in livestock products and approximately $18 million resulted from growth in companion animal products.

- Livestock product revenue growth was driven by the demand for Improvac/Improvest, a product that reduces boar taint without the need for surgical castration, in Brazil and Colombia. Growth also resulted from the implementation of marketing initiatives in Brazil and Mexico, which increased demand for Draxxin and Lincospectin for cattle and poultry, respectively, across the region.

- Companion animal product revenue growth was driven by the demand for canine vaccines, primarily in Brazil and other emerging Latin America markets, and demand for parasiticides in Brazil and Canada.

Segment revenues were also favorably impacted by the inclusion of $49 million, or 7%, from the acquisition of KAH and were negatively impacted by government-mandated divestitures in 2011 related to the acquisition of FDAH, which decreased revenues by 1%. Additionally, revenues were favorably impacted by 4% due to foreign exchange.

APAC operating segment

APAC segment revenues increased $128 million, or 25%, in 2011 compared to 2010. Base revenue growth in the APAC operating segment was $63 million, or 12%, of which approximately $38 million resulted from growth in livestock products and approximately $25 million resulted from growth in companion animal products.

- Livestock product revenue growth was broad-based, driven by both developed and emerging markets. Sales organization investments in China and India further accelerated growth in anti-infectives and vaccines in these two countries. Growth also continued in sheep and cattle vaccines in Australia.

- Companion animal product revenue growth was impacted by broad-based demand for parasiticides, canine vaccines and anti-infectives due to favorable market conditions in developed and emerging markets.

Segment revenues were also favorably impacted by the inclusion of $35 million, or 7%, from the acquisition of KAH and were negatively impacted by government-mandated divestitures in 2011 related to the acquisition of FDAH, which decreased revenues by 2%. Additionally, revenues were favorably impacted by 8% due to foreign exchange.

Costs and expenses

Cost of sales

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2012**	2011	2010	**12/11**	11/10
Cost of sales [(a)]	**$ 1,563**	$ 1,652	$ 1,444	**(5)**	14
% of revenues	**36%**	39%	40%		

Certain amounts and percentages may reflect rounding adjustments.

[(a)] Allocation of corporate enabling functions was: $1 million in 2012, $3 million in 2011, and $6 million in 2010.

2012 vs. 2011

Cost of sales decreased $89 million, or 5%, in 2012 compared to 2011, primarily as a result of:

- the non-recurrence of approximately $24 million of incremental purchase accounting charges in 2011 reflecting the fair value adjustments to inventory acquired from KAH that was subsequently sold in 2011;
- the non-recurrence of a $12 million inventory write-off in 2011 related to suspended sales of 3-Nitro;
- favorable product mix;
- increased operational efficiencies and savings associated with margin improvement initiatives, including plant network optimization, yield improvements and overall cost reductions; and
- favorable foreign exchange,

partially offset by:

- base revenue growth; and
- the inclusion of an incremental one month of U.S. and two months of international KAH operations.

2011 vs. 2010

Cost of sales increased $208 million, or 14%, in 2011 compared to 2010, primarily as a result of:

- the addition of approximately $200 million in costs associated with KAH products inclusive of incremental purchase accounting charges of $24 million reflecting the fair value adjustments to inventory acquired from KAH that was subsequently sold;
- base revenue growth; and
- unfavorable product mix between our legacy portfolio and KAH portfolio,

partially offset by:

- increased operational efficiencies and savings associated with margin improvement initiatives, including plant network optimization, yield improvements and overall cost reductions.

Selling, general and administrative expenses

(MILLIONS OF DOLLARS)	Year Ended December 31,			% Change	
	2012	2011	2010	**12/11**	11/10
Selling, general and administrative expenses [a]	**$ 1,470**	$ 1,453	$ 1,382	**1**	5
% of revenues	**34%**	34%	39%		

Certain amounts and percentages may reflect rounding adjustments.

[a] Allocation of corporate enabling functions was: $254 million in 2012, $268 million in 2011 and $260 million in 2010.

2012 vs. 2011

SG&A expenses increased by $17 million, or 1%, in 2012 compared to 2011, primarily as a result of:

- the inclusion of an incremental one month of U.S. and two months of international KAH operations;
- initiatives to increase our direct sales and marketing presence in certain emerging markets; and
- additional costs associated with the build-up of our capabilities as a standalone company,

partially offset by:

- reductions in costs due to both acquisition-related synergies and cost reduction initiatives; and
- favorable foreign exchange.

2011 vs. 2010

SG&A expenses increased $71 million, or 5%, in 2011 compared to 2010, primarily as a result of:

- the addition of KAH operations, eleven months in the U.S. and ten months internationally; and
- initiatives to increase our direct sales and marketing presence in certain emerging markets,

partially offset by:

- reductions in costs due to both acquisition-related synergies and cost reduction initiatives.

Research and development expenses

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2012**	2011	2010	**12/11**	11/10
Research and development expenses [a]	**$ 409**	$ 427	$ 411	**(4)**	4
% of revenues	**9%**	10%	11%		

Certain amounts and percentages may reflect rounding adjustments.

[a] Allocation of corporate enabling functions was: $55 million in 2012, $64 million in 2011 and $79 million in 2010.

2012 vs. 2011

R&D expenses decreased $18 million, or 4%, in 2012 compared to 2011, primarily as a result of:

- a decreased allocation of enabling functions; and
- a decrease in depreciation related to the closing of an R&D facility in the U.K.

2011 vs. 2010

R&D expenses increased $16 million, or 4%, in 2011 compared to 2010, primarily as a result of $19 million in additional depreciation related to the closing of an R&D facility in the U.K. Also, an incremental $10 million of R&D expenses from the acquisition of KAH and the acquisition of a diagnostics business (in December 2010) contributed to the increase in R&D expenses. These expenses were partially offset by reductions in costs due to acquisition-related synergies and cost reduction initiatives.

Amortization of intangible assets

	Year Ended December 31,	% Change

(MILLIONS OF DOLLARS)	2012	2011	2010	12/11	11/10
Amortization of intangible assets	**$ 64**	$ 69	$ 58	**(7)**	19

Certain amounts and percentages may reflect rounding adjustments.

2012 vs. 2011

Amortization of intangible assets decreased $5 million, or 7%, in 2012 compared to 2011, which reflects the impact of impairments taken in 2012 and 2011.

2011 vs. 2010

Amortization of intangible assets increased $11 million, or 19%, in 2011 compared to 2010, primarily as a result of the addition of finite-lived intangible assets acquired as part of our acquisition of KAH.

Restructuring charges and certain acquisition-related costs

(MILLIONS OF DOLLARS)	Year Ended December 31, 2012	2011	2010	% Change 12/11	11/10
Restructuring charges and certain acquisition-related costs [a]	**$ 135**	$ 154	$ 202	**(12)**	(24)

Certain amounts and percentages may reflect rounding adjustments.

[a] Allocation of *Restructuring charges and certain acquisition-related costs* was: $57 million in 2012, $70 million in 2011 and $104 million in 2010.

We have incurred significant direct costs for restructuring and integrating acquired businesses, such as KAH on January 31, 2011 and FDAH on October 15, 2009, among others, and in connection with our ongoing cost reduction/productivity initiatives.

Our acquisition-related costs primarily related to restructuring charges for employees, assets and activities that will not continue in the combined company. The majority of these charges are termination costs, but we also exited a number of distributor and other contracts and performed some facility rationalization efforts. Our integration costs are generally comprised of consulting costs related to the integration of systems and processes.

The costs associated with our cost reduction/productivity initiatives are predominantly termination costs associated with plant closings initiated by Pfizer's manufacturing division, as well as termination costs associated with reorganization of our commercial operations in Europe. These cost reduction/productivity initiatives are ongoing.

For additional information regarding restructuring charges and acquisition-related costs, see Notes to Combined Financial Statements—*Note 5. Restructuring Charges and Other Costs Associated with Acquisitions and Cost—Reduction/Productivity Initiatives*.

2012 vs. 2011

Restructuring charges and certain acquisition-related costs decreased $19 million, or 12%, primarily as a result of:

- a $24 million decrease in integration costs primarily related to the KAH acquisition; and
- a net $5 million decrease in employee termination expenses which results from lower terminations related to acquisitions and the reversal of a termination reserve upon sale of a manufacturing plant, partially offset by an increase in termination costs associated with cost reduction/ productivity initiatives primarily related to our operations in Europe,

partially offset by:

- a $7 million increase in asset impairment charges primarily from the allocation of the impairment of a Pfizer facility;
- a $5 million increase in exit costs primarily from the allocation of the costs incurred to exit certain Pfizer facilities.

2011 vs. 2010

Restructuring charges and certain acquisition-related costs decreased $48 million, or 24%, in 2011 compared to 2010, primarily as a result of lower integration and restructuring costs related to the KAH acquisition in 2011 and the integration and restructuring costs related to FDAH in 2010 as the FDAH acquisition was significantly larger and more complex than the KAH acquisition.

Other (income)/deductions—net

(MILLIONS OF DOLLARS)	Year Ended December 31, 2012	2011	2010	% Change 12/11	11/10
Other (income)/deductions—net	**$ (15)**	$ 84	$ (93)	*	*

Certain amounts and percentages may reflect rounding adjustments.

* Calculation not meaningful.

Interest expense related to allocated debt of $31 million, $36 million and $37 million was included in *Other (income)/deductions—net* for the years ended December 31, 2012, 2011 and 2010, respectively. Considering the impact of our senior notes offering in January 2013, we expect total interest expense, including amortization of debt discount and fees, to be approximately $114 million in 2013 and $121 million in 2014.

2012 vs. 2011

The change in *Other (income)/deductions—net* reflects a favorable impact of $99 million on income attributable to Zoetis in 2012 compared to 2011, primarily as a result of:

- lower asset impairment charges of identifiable intangible assets of approximately $64 million. See Notes to Combined Financial Statements—*Note 6. Other (Income)/Deductions—Net*; and

- a favorable $14 million settlement in 2012 regarding an intellectual property matter, as well as a $7 million favorable change in an estimate for an environmental-related reserve.

2011 vs. 2010

The change in other (income)/deductions—net reflects an unfavorable impact of $177 million on income attributable to Zoetis in 2011 compared to 2010, primarily as a result of:

- the non-recurrence of net gains of $104 million on asset disposals included in 2010 on government-mandated divestitures in connection with the acquisition of FDAH; and

- asset impairment charges of identifiable intangible assets of $69 million.

For additional information about *Other (income)/deductions—net*, see Notes to Combined Financial Statements—*Note 6. Other (Income)/ Deductions—Net*.

Provision for taxes on income

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2012**	2011	2010	**12/11**	11/10
Provision for taxes on income	**$ 274**	$ 146	$ 67	**88**	118
Effective tax rate	**38.6%**	37.1%	37.6%		

Certain amounts and percentages may reflect rounding adjustments.

The income tax provision in the combined statements of income has been calculated as if Zoetis filed a separate tax return and includes tax costs and benefits, such as uncertain tax positions, repatriation decisions and audit settlements, among others.

During the third quarter of 2012, Pfizer reached a settlement with the U.S. Internal Revenue Service (IRS) with respect to the audits of the Pfizer Inc. tax returns for the years 2006 through 2008. The settlement resulted in an income tax benefit to Zoetis of approximately $29.3 million, representing tax and interest.

During the first quarter of 2011, Pfizer reached a settlement with the IRS with respect to the audits of the Wyeth tax returns for the years 2002 through 2005. The settlement resulted in an income tax benefit to Zoetis of approximately $9.5 million, representing tax and interest.

During the fourth quarter of 2010, Pfizer reached a settlement with the IRS related to issues Pfizer had appealed with respect to the audits of the Pfizer Inc. tax returns for the years 2002 through 2005, as well as the Pharmacia audit for the year 2003 through the date of merger with Pfizer (April 16, 2003). The settlement resulted in an income tax benefit to Zoetis of approximately $33.4 million, representing tax and interest.

For more information, see Notes to Combined Financial Statements—*Note 7A. Tax Matters—Taxes on Income*.

2012 vs. 2011

The higher effective tax rate in 2012 compared to 2011 is primarily due to:

- the change in the jurisdictional mix of earnings, which includes the impact of the location of earnings as well as repatriation costs. The jurisdictional mix of earnings can vary as a result of repatriation decisions and as a result of operating fluctuations in the normal course of business, the impact of non-deductible items and the extent and location of other income and expense items, such as restructuring charges, asset impairments and gains and losses on asset divestitures;
- the tax cost related to changes in uncertain tax positions, see Notes to Combined Financial Statements—*Note 7C. Tax Matters—Tax Contingencies*;
- the non-recurrence of the aforementioned $9.5 million reduction in tax benefits, representing tax and interest, which were recorded as a result of the favorable tax audit settlement pertaining to prior years; and
- the expiration of the research and development tax credit on December 31, 2011,

partially offset by:

- the tax benefit resulting from the aforementioned $29.3 million settlement in 2012 and international tax benefits of approximately $2.7 million, representing tax and interest, resulting from the resolution of certain tax positions pertaining to prior years with various foreign tax authorities and from the lapse of certain statutes of limitations.

2011 vs. 2010

The lower effective tax rate in 2011 compared to 2010 is primarily due to:

- the change in the jurisdictional mix of earnings, which includes the impact of the location of earnings as well as repatriation costs. The jurisdictional mix of earnings can vary as a result of repatriation decisions and as a result of operating fluctuations in the normal course of business, the impact of non-deductible items and the extent and location of other income and expense items, such as restructuring charges, asset impairments and gains and losses on asset divestitures;

- the aforementioned $9.5 million in tax benefits, representing tax and interest, which were recorded as a result of the favorable tax audit settlement pertaining to prior years; and

- the non-recurrence of the write-off of a deferred tax asset of approximately $21.3 million in 2010 to record the impact of the U.S. healthcare legislation concerning the tax treatment of the Medicare Part D subsidy for retiree prescription drug coverage,

partially offset by:

- the non-recurrence of the aforementioned $33.4 million in tax benefits, representing tax and interest, which were recorded as a result of the favorable tax audit settlement pertaining to prior years.

On January 3, 2013, the President of the United States signed into law the American Taxpayer Relief Act of 2012 (the 2012 Act), which extends the U.S. research and development tax credit for tax years 2012 and 2013, as well as other provisions. Given the enactment date of the 2012 Act, the 2012 Act had no impact on our 2012 results. The expected impact in 2013 is not significant.

Adjusted net income

General description of adjusted net income (a non-GAAP financial measure)

Adjusted net income is an alternative view of performance used by management, and we believe that investors' understanding of our performance is enhanced by disclosing this performance measure. We report adjusted net income to portray the results of our major operations, the discovery, development, manufacture and commercialization of animal health medicine and vaccine products, prior to considering certain income statement elements. We have defined adjusted net income as net income attributable to Zoetis before the impact of purchase accounting adjustments, acquisition-related costs and certain significant items. The adjusted net income measure is not, and should not be viewed as, a substitute for U.S. GAAP reported net income attributable to Zoetis.

The adjusted net income measure is an important internal measurement for us. We measure our overall performance on this basis in conjunction with other performance metrics. The following are examples of how the adjusted net income measure is utilized:

- senior management receives a monthly analysis of our operating results that is prepared on an adjusted net income basis;
- our annual budgets are prepared on an adjusted net income basis; and
- other goal setting and performance measurements.

Despite the importance of this measure to management in goal setting and performance measurement, adjusted net income is a non-GAAP financial measure that has no standardized meaning prescribed by U.S. GAAP and, therefore, has limits in its usefulness to investors. Because of its non-standardized definition, adjusted net income, unlike U.S. GAAP net income, may not be comparable to the calculation of similar measures of other companies. Adjusted net income is presented to permit investors to more fully understand how management assesses performance.

We also recognize that, as an internal measure of performance, the adjusted net income measure has limitations, and we do not restrict our performance-management process solely to this metric. A limitation of the adjusted net income measure is that it provides a view of our operations without including all events during a period, such as the effects of an acquisition or amortization of purchased intangibles, and does not provide a comparable view of our performance to other companies. We also use other specifically tailored tools designed to achieve the highest levels of performance.

Purchase accounting adjustments

Adjusted net income is calculated prior to considering certain significant purchase accounting impacts that result from business combinations and net asset acquisitions. These impacts, primarily associated with the Pharmacia Animal Health business (acquired in 2003), FDAH (acquired in 2009) and KAH (acquired in 2011), include the incremental charge to cost of sales from the sale of acquired inventory that was written up to fair value, amortization related to the increase in fair value of the acquired finite-lived intangible assets and depreciation related to the increase/decrease in fair value of the acquired fixed assets. Therefore, the adjusted net income measure includes the revenues earned upon the sale of the acquired products without considering the aforementioned significant charges.

While certain purchase accounting adjustments can occur through 20 or more years, this presentation provides an alternative view of our performance that is used by management to internally assess business performance. We believe the elimination of amortization attributable to acquired intangible assets provides management and investors an alternative view of our business results by providing a degree of parity to internally developed intangible assets for which R&D costs previously have been expensed.

A completely accurate comparison of internally developed intangible assets and acquired intangible assets cannot be achieved through adjusted net income. These components of adjusted net income are derived solely from the impact of the items listed above. We have not factored in the impact of any other differences in experience that might have occurred if we had discovered and developed those intangible assets on our own, and this approach does not intend to be representative of the results that would have occurred in those circumstances. For example, our R&D costs in total, and in the periods presented, may have been different; our speed to commercialization and resulting revenues, if any, may have been different; or our costs to manufacture may have been different. In addition, our marketing efforts may have been received differently by our customers. As such, in total, there can be no assurance that our adjusted net income amounts would have been the same as presented had we discovered and developed the acquired intangible assets.

Acquisition-related costs

Adjusted net income is calculated prior to considering transaction, integration, restructuring and additional depreciation costs associated with significant business combinations or net-asset acquisitions because these costs are unique to each transaction and represent costs that were incurred to restructure and integrate certain businesses as a result of the acquisition decision. We have made no adjustments for the resulting synergies.

We believe that viewing income prior to considering these charges provides investors with a useful additional perspective because the significant costs incurred in a business combination result primarily from the need to eliminate duplicate assets, activities or employees—a natural result of acquiring a fully integrated set of activities. For this reason, we believe that the costs incurred to convert disparate systems, to close duplicative facilities or to eliminate duplicate positions (for example, in the context of a business combination) can be viewed differently from those costs incurred in the ordinary course of business.

The integration and restructuring costs associated with a business combination may occur over several years, with the more significant impacts ending within three years of the transaction. Because of the need for certain external approvals for some actions, the span of time needed to achieve certain restructuring and integration activities can be lengthy. For example, due to the regulated nature of the animal health medicines and vaccines business, the closure of excess facilities can take several years, as all manufacturing changes are subject to extensive validation and testing and must be approved by the FDA and/or other regulatory authorities.

Certain significant items

Adjusted net income is calculated prior to considering certain significant items. Certain significant items represent substantive, unusual items that are evaluated on an individual basis. Such evaluation considers both the quantitative and the qualitative aspect of their unusual nature. Unusual, in this context, may represent items that are not part of our ongoing business; items that, either as a result of their nature or size, we would not expect to occur as part of our normal business on a regular basis; items that would be non-recurring; or items that relate to products that we no longer sell. While not all-inclusive, examples of items that could be included as certain significant items would be a major non-acquisition-related restructuring charge and associated implementation costs for a program that is specific in nature with a defined term, such as those related to our non-acquisition-related cost-reduction and productivity initiatives; amounts related to disposals of products or facilities that do not qualify as discontinued operations as defined by U.S. GAAP; certain intangible asset impairments; adjustments related to the resolution of certain tax positions; the impact of adopting certain significant, event-driven tax legislation; or charges related to legal matters. See Notes to Combined Financial Statements—*Note 16. Commitments and Contingencies*. Our normal, ongoing defense costs or settlements of and accruals on legal matters made in the normal course of our business would not be considered certain significant items.

Reconciliation and detailed descriptions

A reconciliation of net income attributable to Zoetis, as reported under U.S. GAAP, to non-GAAP adjusted net income follows:

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2012**	2011	2010	**12/11**	11/10
GAAP Reported net income attributable to Zoetis	**$ 436**	$ 245	$ 110	**78**	123
Purchase accounting adjustments—net of tax	**35**	55	103	**(36)**	(47)
Acquisition-related costs—net of tax	**34**	78	145	**(56)**	(46)
Certain significant items—net of tax	**34**	125	(83)	**(73)**	*
Non-GAAP adjusted net income[(a)]	**$ 539**	$ 503	$ 275	**7**	83

Certain amounts and percentages may reflect rounding adjustments.

* Calculation not meaningful.

(a) The effective tax rate on adjusted pretax income is 40.8%, 34.3% and 39.9% for full year 2012, 2011 and 2010, respectively. The higher effective tax rate in 2012 compared to 2011 is due to an increase in tax cost related to changes in uncertain tax positions, the non-recurrence of approximately $9.5 million in tax benefits, representing tax and interest, which were recorded as a result of a favorable tax audit settlement pertaining to prior years, and the expiration of the U.S. research and development tax credit; partially offset by international tax benefits of approximately $2.7 million, representing tax and interest, resulting from the resolution of certain tax positions pertaining to prior years with various foreign tax authorities and from the expiration of certain statutes of limitations.

Throughout 2012, we have undertaken a number of internal reorganization steps designed to improve our operational efficiency and reduce costs. We have been granted an incentive tax ruling in Belgium, effective December 1, 2012 that provides for incentive tax rates on certain of our Belgium earnings through 2017. As a result of these items, which will change our jurisdictional mix of earnings, among other impacts, we expect that our future effective tax rate on adjusted pretax income will be lower than historical levels.

The following table provides a reconciliation of reported diluted EPS, as reported under U.S. GAAP, and non-GAAP adjusted diluted EPS:

	Year Ended December 31,			% Change	
	2012	2011	2010	**12/11**	11/10
Earnings per share—diluted[(a)(b)]:					
GAAP Reported net income attributable to Zoetis	**$ 0.87**	$ 0.49	$ 0.22	**78**	123
Purchase accounting adjustments—net of tax	**0.07**	0.11	0.21	**(36)**	(48)
Acquisition-related costs—net of tax	**0.07**	0.16	0.29	**(56)**	(45)
Certain significant items—net of tax	**0.07**	0.25	(0.17)	**(72)**	*
Non-GAAP adjusted net income	**$ 1.08**	$ 1.01	$ 0.55	**7**	84

Certain amounts and percentages may reflect rounding adjustments.

* Calculation not meaningful.

(a) The weighted average shares outstanding for diluted earnings per share for all periods presented was calculated using an aggregate of 500 million shares of Class A and Class B common stock outstanding, which was the number of Zoetis Inc. shares outstanding at the time of the IPO. There were no Zoetis restricted stock units, stock options or performance shares outstanding prior to the IPO.

(b) EPS amounts may not add due to rounding.

Adjusted net income includes the following charges for each of the periods presented:

(MILLIONS OF DOLLARS)	Year Ended December 31, 2012	2011	2010
Interest	**$ 31**	$ 36	$ 37
Taxes	**372**	264	183
Depreciation	**119**	117	103
Amortization	**18**	20	19

Adjusted net income, as shown above, excludes the following items:

(MILLIONS OF DOLLARS)	Year Ended December 31, 2012	2011	2010
Purchase accounting adjustments:			
Amortization and depreciation[a]	**$ 48**	$ 48	$ 41
Cost of sales[b]	**4**	34	107
Total purchase accounting adjustments—pretax	**52**	82	148
Income taxes[k]	**17**	27	45
Total purchase accounting adjustments—net of tax	**35**	55	103
Acquisition-related costs[c]:			
Transaction costs[d]	**—**	2	1
Integration costs[d]	**47**	71	92
Restructuring charges[d]	**(4)**	41	107
Additional depreciation—asset restructuring[g]	**10**	8	17
Total acquisition-related costs—pretax	**53**	122	217
Income taxes[k]	**19**	44	72
Total acquisition-related costs—net of tax	**34**	78	145
Certain significant items[e]:			
Restructuring charges[f]	**92**	40	2
Implementation costs and additional depreciation--asset restructuring[g]	**23**	22	—
Certain asset impairment charges[h]	**—**	69	—
Inventory write-off *(*in *Cost of sales)*	**—**	12	13
Net gains on sale of assets[i]	**—**	—	(104)
Other[j]	**(19)**	29	5
Total certain significant items—pretax	**96**	172	(84)
Income taxes[k]	**62**	47	(1)
Total certain significant items—net of tax	**34**	125	(83)
Total purchase accounting adjustments, acquisition-related costs, and certain significant items—net of tax	**$ 103**	$ 258	$ 165

Certain amounts and percentages may reflect rounding adjustments.

[a] Amortization and depreciation expense related to purchase accounting adjustments with respect to identifiable intangible assets and property, plant and equipment were distributed as follows in 2012, 2011 and 2010, respectively: $49 million, $49 million and $41 million in *Amortization of intangible assets*; $0 million, $1 million and $0 million in *Research and development expenses*; $1 million income, $2 million income and $0 million in *Selling, general and administrative expenses*.

[b] Depreciation expense in *Cost of Sales* of $4 million, $10 million and $22 million in 2012, 2011 and 2010 respectively. Also includes fair value adjustments of acquired inventory of $24 million and $85 million in 2011 and 2010, respectively.

[c] Acquisition-related costs were distributed as follows in 2012, 2011 and 2010, respectively: $9 million, $6 million and $0 million in *Cost of sale*s; $1 million, $3 million and $17 million in *Selling, general and administrative expenses*; $0 million, $1 million income and $0 million in *Other (income)/deductions—net;* $43 million, $114 million and $200 million in *Restructuring charges and certain acquisition-related costs*.

[d] Included in *Restructuring charges and certain acquisition-related costs*. See Notes to Combined Financial Statements—*Note 5. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives* for more information.

[e] Certain significant items were distributed as follows in 2012, 2011 and 2010, respectively: $1 million, $31 million and $19 million in *Cost of sales*; $18 million, $5 million and $0 million in *Selling, general and administrative expenses*; $10 million, $19 million and $0 million in *Research and development expenses*; $25 million income, $77 million and $105 million income in *Other (income)/deductions—net*; $92 million, $40 million and $2 million in *Restructuring charges and certain acquisition-related costs*.

[f] Represents restructuring charges incurred for our cost-reduction/productivity initiatives. Included in *Restructuring charges and certain acquisition-related costs*. See Notes to Combined Financial Statements—*Note 5. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives* for more information.

[g] Amounts in certain significant items relate to our cost-reduction/productivity initiatives and amounts in acquisition-related costs relate to our acquisition activity. See Notes to Combined Financial Statements—*Note 5. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives* for more information.

[h] Included in *Other (income)/deductions—net*. See Notes to Combined Financial Statements—*Note 6. Other (Income)/Deductions—Net* for more information.

[i] Included in *Other (income)/deductions—net*. See Notes to Combined Financial Statements—*Note 6. Other (Income)/Deductions—Net* for more information.

(j) For the year ended December 31, 2012, primarily represents income from a favorable legal settlement related to an intellectual property matter of $14 million income and a change in estimate with respect to transitional manufacturing agreements associated with divestitures of $4 million income. See Notes to Combined Financial Statements—*Note 6. Other (Income)/Deductions—Net.* For the years ended December 31, 2011 and 2010, significantly all reflected charges are related to transitional manufacturing purchase agreements associated with divestitures. See Notes to Combined Financial Statements—*Note 4C. Acquisitions, Divestitures and Certain Investments— Divestitures* for more information.

(k) Included in *Provision for taxes on income*. Income taxes include the tax effect of the associated pre-tax amounts, calculated by determining the jurisdictional location of the pretax amounts and applying that jurisdiction's applicable tax rate. In addition, income taxes for the year ended December 31, 2012 includes a $29.3 million tax benefit recorded in the third quarter and for the year ended December 31, 2010 includes a $33.4 million tax benefit recorded in the fourth quarter, both as a result of settlements of certain audits. See Notes to Combined Financial Statements—*Note 7A. Tax Matters—Taxes on Income* for more information.

Analysis of the combined statements of comprehensive income/(loss)

Virtually all changes in other comprehensive income for all periods presented are related to foreign currency translation adjustments. These changes result from the strengthening or weakening of the U.S. dollar as compared to the currencies in the countries in which we do business. The gains and losses associated with these changes are deferred on the balance sheet in *Accumulated other comprehensive loss* until realized. Specifically, the changes to *Accumulated other comprehensive loss* for 2012 reflect the strengthening of the U.S. dollar against the euro and the Brazilian real. The changes for 2011 reflect the weakening of the U.S. dollar against the Australian dollar and the Indian rupee partially offset by the strengthening of the U.S. dollar against the euro. The changes for 2010 reflect the weakening of the U.S. dollar against the euro, Australian dollar and the Brazilian real.

Analysis of the combined balance sheets

For information about certain of our financial assets and liabilities, including *Cash and cash equivalents, Accounts receivable, less allowance for doubtful accounts* and *Allocated long-term debt*, see *Analysis of financial condition, liquidity and capital resources* below.

For *Inventories*, the increase reflects production increases due to increased demand, achieving higher targeted inventory levels for certain products and changes in our supply points.

For *Accounts payable*, the increase was primarily related to increases in trade accounts payable due to timing of payments, and increases in VAT payable.

For *Other current liabilities*, the overall increase is due primarily to accruals for inventory in the U.S and an increase in deferred revenue, partially offset by a decrease in environmental reserves due to a favorable settlement. See Notes to Combined Financial Statements—*Note 6. Other (Income)/ Deductions—Net.*

For *Other noncurrent liabilities*, the decrease reflects the movement of certain balances to *Other current liabilities* and certain changes to estimates related to contingency reserves. See Notes to Combined Financial Statements—*Note 16A. Commitments and Contingencies—Legal Proceedings.*

Virtually all of our assets and liabilities as of December 31, 2012 compared to December 31, 2011, also reflect changes due to the impact of foreign exchange.

Analysis of the combined statements of cash flows

	Year Ended December 31,			% Change	
(MILLIONS OF DOLLARS)	**2012**	2011	2010	**12/11**	11/10
Cash provided by/(used in):					
Operating activities	**$ 454**	$ 497	$ 254	**(9)**	96
Investing activities	**(135)**	(449)	(9)	**(70)**	*
Financing activities	**(78)**	(30)	(277)	**160**	*
Effect of exchange-rate changes on cash and cash equivalents	**(3)**	(2)	(4)	*	*
Net increase/(decrease) in cash and cash equivalents	**$ 238**	$ 16	$ (36)	*	*

Certain amounts and percentages may reflect rounding adjustments.

* Calculation not meaningful.

Operating activities

2012 vs. 2011

Our net cash provided by operating activities was $454 million in 2012, compared to $497 million in 2011. This decrease in operating cash flows was primarily attributable to:

- higher inventory balances due to increased demand, achieving higher targeted inventory levels for certain products and changes in our supply points,

partially offset by:

- the timing of receipts and payments in the ordinary course of business.

2011 vs. 2010

Our net cash provided by operating activities was $497 million in 2011 compared to $254 million in 2010. The increase in operating cash flows was primarily attributable to:

- the inclusion of operating cash flows from KAH acquired on January 31, 2011; and
- the timing of receipts and payments in the ordinary course of business.

Investing activities

2012 vs. 2011

Our net cash used in investing activities was $135 million in 2012 compared to $449 million in 2011. In 2011, Pfizer acquired KAH for $345 million in cash. See Notes to Combined Financial Statements—*Note 4A. Acquisitions, Divestitures and Certain Investments—Acquisition of King Animal Health*.

2011 vs. 2010

Our net cash used in investing activities was $449 million in 2011 compared to $9 million in 2010. The increase in net cash used by investing activities was primarily attributable to:

- net cash of $345 million paid for the acquisition of KAH; and
- higher 2010 proceeds of $169 million from sales of assets.

See Notes to Combined Financial Statements—*Note 4. Acquisitions, Divestitures and Certain Investments*.

Financing activities

2012 vs. 2011

Our net cash used in financing activities was $78 million in 2012, compared to $30 million in 2011. The increase in net cash used in financing activities was primarily attributable to:

- a decrease in net financing from Pfizer,

partially offset by:

- a decrease in cash dividends paid and a decrease in allocated principal payments on long-term debt.

2011 vs. 2010

Our net cash used in financing activities was $30 million in 2011, compared to $277 million in 2010. The decrease in net cash used in financing activities was primarily attributable to:

- an increase in our financing activities with Pfizer of $596 million primarily related to the acquisition of KAH in 2011,

partially offset by:

- an allocation of principal payments of long-term debt of $143 million; and
- an increase in dividends paid of $209 million.

Analysis of financial condition, liquidity and capital resources

While we believe our cash on hand, our operating cash flows and our anticipated financing arrangements will be sufficient to support our future cash needs, this may be subject to the environment in which we operate. Risks to our meeting future funding requirements include global economic conditions described in the following paragraph.

Over the last five years, the global financial markets have undergone and may continue to experience significant volatility and disruption. The timing and sustainability of an economic recovery is uncertain and additional macroeconomic, business and financial disruptions may arise. As markets change, we will continue to monitor our liquidity position, and there can be no assurance that a challenging economic environment or an economic downturn would not impact our liquidity or our ability to obtain future financing.

Selected measures of liquidity and capital resources

Certain relevant measures of our liquidity and capital resources follow:

(MILLIONS OF DOLLARS)	Year Ended December 31, 2012	2011
Cash and cash equivalents[a]	**$ 317**	$ 79
Accounts receivable, net[b]	**900**	871
Current portion of allocated long-term debt[c]	**73**	—
Allocated long-term debt[c]	**509**	575
Working capital	**1,741**	1,468
Ratio of current assets to current liabilities	**2.55:1**	2.74:1

(a) We have historically participated in Pfizer's centralized cash management system, and generally all of our excess cash was transferred to Pfizer on a daily basis. Cash disbursements for operations and/or investing activities were funded as needed by Pfizer. The cash and cash equivalents presented here are amounts recorded on legal entities that are dedicated to Zoetis.

(b) Accounts receivable are usually collected over a period of 60 to 90 days. For the years ended December 31, 2012 compared to 2011, the number of days that accounts receivables are outstanding was essentially the same. We regularly monitor our accounts receivable for collectability, particularly in markets where economic conditions remain uncertain. We believe that our allowance for doubtful accounts is appropriate. Our assessment is based on such factors as past due history, historical and expected collection patterns, the financial condition of our customers, the robust nature of our credit and collection practices and the economic environment.

(c) The combined financial statements include an allocation of long-term debt from Pfizer that was issued to partially finance the acquisition of Wyeth (including FDAH). The debt has been allocated on a pro-rata basis using the deemed acquisition cost of FDAH as a percentage of the total acquisition cost of Wyeth. No other allocations of debt have been made as none are specifically related to our operations.

For additional information about the sources and uses of our funds, see *Analysis of the combined balance sheets* and *Analysis of the combined statements of cash flows*.

In December 2012, we entered into a revolving credit agreement with a syndicate of banks providing for a five-year $1.0 billion senior unsecured revolving credit facility, which became effective in February 2013 and expires in December 2017. The credit facility contains a financial covenant requiring us to not exceed a maximum total leverage ratio of 4.35:1 for fiscal year 2013, 3.95:1 for fiscal year 2014, 3.50:1 for fiscal year 2015 and 3.00:1 thereafter. In addition, the credit facility contains other customary covenants. Subject to certain conditions, we have the right to increase the credit facility to up to $1.5 billion. The credit facility became available for borrowings upon the completion of the IPO, and there are currently no borrowings under credit facility.

Domestic and international short-term funds

Many of our operations are conducted outside the U.S. As part of the animal health assets transferred to us by Pfizer on January 28, 2013, we received significant portions of cash, cash equivalents and short-term investments held internationally. Approximately 60% of cash transferred was held outside the U.S. Going forward, the amount of funds held in U.S. tax jurisdictions will fluctuate due to the timing of receipts and payments in the ordinary course of business and due to other reasons, such as business-development activities. As part of our ongoing liquidity assessments, we regularly monitor the mix of domestic and international cash flows (both inflows and outflows). Repatriation of overseas funds can result in additional U.S. federal, state and local income tax payments. We record U.S. deferred tax liabilities for certain unremitted earnings, but when amounts earned overseas are expected to be indefinitely reinvested outside the U.S., no accrual for U.S. taxes is provided.

Global economic conditions

The challenging economic environment has not had, nor do we anticipate that it will have, a significant impact on our liquidity. Due to our operating cash flows, financial assets, access to capital markets and available lines of credit and revolving credit agreements, we continue to believe that we have the ability to meet our liquidity needs for the foreseeable future. As markets change, we continue to monitor our liquidity position. There can be no assurance that a challenging economic environment or a further economic downturn would not impact our ability to obtain financing in the future.

Subsequent events

On January 28, 2013, we issued $3.65 billion aggregate principal amount of our senior notes (the senior notes offering) in a private placement, with an original issue discount of $10 million, including the $1.0 billion of our senior notes that were transferred to Pfizer and subsequently sold by Pfizer. On January 28, 2013, Pfizer transferred to us substantially all of the assets and liabilities of its animal health business in exchange for all of our Class A and Class B common stock, $1.0 billion of the $3.65 billion senior notes and an amount of cash equal to substantially all of the cash proceeds received by us from the remaining $2.65 billion senior notes issued. The senior note offering resulted in a change to our balance sheet. See Notes to Combined Financial Statements—*Note 19A. Subsequent Events—Pro forma Information*. After completion of the senior notes offering the Long-term debt was $3.64 billion.

On February 6, 2013, an IPO of 99,015,000 shares of our Class A common stock (including the exercise of the underwriters' over-allotment option) at a price of $26.00 per share was completed. We did not receive any of the net proceeds from the IPO. Immediately following the IPO, there were 99,015,000 outstanding shares of Class A common stock and 400,985,000 outstanding shares of Class B common stock.

In February 2013, we entered into a commercial paper program with a capacity of up to $1.0 billion. While no commercial paper has been issued under the commercial paper program at this time, we may incur indebtedness under this program in the future.

For additional information, see Notes to Combined Financial Statements—*Note 19. Subsequent Events.*

Contractual obligations

Payments due under contractual obligations as of December 31, 2012 are set forth below:

(MILLIONS OF DOLLARS)	Total	2013	2014-2015	2016-2017	There-after
Allocated long-term debt, including current portion and allocated interest obligations[a]	$ 915	$ 102	$ 144	$ 120	$ 549
Other long-term liabilities reflected on our combined balance sheet under U.S. GAAP[b]	19	—	15	—	4
Operating lease commitments	58	16	22	9	11
Purchase obligations and other[c]	99	44	19	14	22
Uncertain tax positions[d]	—	—	—	—	—

Certain amounts may reflect rounding adjustments.

(a) Allocated long-term debt obligations include both expected principal and interest obligations of Pfizer that have been allocated to Zoetis in the combined financial statements. The allocated debt is comprised of U.S. dollar and foreign-currency denominated senior unsecured notes issued by Pfizer to partially finance the acquisition of FDAH. Our calculations of expected interest payments incorporate only current period assumptions for interest rates, foreign currency translation rates and Pfizer hedging strategies, see Notes to Combined Financial Statements—*Note 9D. Financial Instruments—Allocated Long-Term Debt*.

(b) Includes expected payments for an obligation associated with a development and commercialization agreement and expected payments relating to our future benefit payments net of plan assets (included in the determination of the projected benefit obligation) for pension plans that are dedicated to Zoetis employees in the Netherlands, Germany, India and Korea. Excludes pension obligations associated with certain defined benefit plans outside the U.S. that Pfizer intends to transfer to us in 2013 in certain countries as described in the applicable local separation agreement. See Notes to Combined Financial Statements—*Note 13. Benefit Plans.* Excludes approximately $87 million of noncurrent liabilities related to legal and environmental accruals, employee terminations and exit costs, deferred income and other accruals, most of which do not represent contractual obligations. See Notes to Combined Financial Statements—*Note 5. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives* and *Note 16. Commitments and Contingencies*.

(c) Includes agreements to purchase goods and services that are enforceable and legally binding and includes amounts relating to advertising, information technology services, employee benefit administration services and potential milestone payments deemed reasonably likely to occur.

(d) Except for amounts reflected in *Income taxes payable*, we are unable to predict the timing of tax settlements, as tax audits can involve complex issues and the resolution of those issues may span multiple years, particularly if subject to negotiation or litigation.

The table above excludes amounts for potential milestone payments unless the payments are deemed reasonably likely to occur. Payments under these agreements generally become due and payable only upon the achievement of certain development, regulatory and/or commercialization milestones, which may span several years and/or which may never occur. Our historical contractual obligations in the table above are not necessarily indicative of our contractual obligations in the future as a standalone public company.

The senior notes offering will result in a change to our contractual obligations and the *Allocated long-term debt* presented in the table above, which was retained by Pfizer in the Separation. As a result, we expect that our total payments due under contractual obligations associated with the senior notes will be $5,794 million, representing expected principal and interest obligations of $107 million in 2013, $233 million in 2014 through 2015, $624 million in 2016 through 2017 and $4,830 million thereafter.

Off-balance sheet arrangements

We do not currently use off-balance sheet arrangements for the purpose of credit enhancement, hedging transactions, investment or other financial purposes.

In the ordinary course of business and in connection with the sale of assets and businesses, we may indemnify our counterparties against certain liabilities that may arise in connection with a transaction or that are related to activities prior to a transaction. These indemnifications typically pertain to environmental, tax, employee and/or product-related matters, and patent-infringement claims. If the indemnified party were to make a successful claim pursuant to the terms of the indemnification, we would be required to reimburse the loss. These indemnifications generally are subject to threshold amounts, specified claim periods and other restrictions and limitations. Historically, we have not paid significant amounts under these provisions and, as of December 31, 2012 or December 31, 2011, recorded amounts for the estimated fair value of these indemnifications are not significant.

New accounting standards

For discussion of our new accounting standards, see Notes to Combined Financial Statements—*Note 3A. Significant Accounting Policies—New Accounting Standards*.

Forward-looking statements and factors that may affect future results

This report contains “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our current views with respect to, among other things, future events and performance. We generally identify forward-looking statements by using words such as “anticipate,” “estimate,” “expect,” “intend,” “project,” “plan,” “predict,” “believe,” “seek,” “continue,” “outlook,” “may,” “might,” “will,” “should,” “can have,” “likely” or the negative version of these words or comparable words or by using future dates in connection with any discussion of future performance, actions or events. Forward-looking statements are based on beliefs and assumptions made by management using currently available information.

These statements are not guarantees of future performance, actions or events. In particular, forward-looking statements include statements relating to the Separation, our indebtedness, our ability to make interest and principal payments on our indebtedness, our ability to satisfy the covenants contained in our indebtedness, the redemption of the notes, future actions, business plans or prospects, prospective products, product approvals or products under development, R&D costs, timing and likelihood of success, future operating or financial performance, future results of current and anticipated products and services, strategies, sales efforts, expenses, production efficiencies, production margins, interest rates, foreign exchange rates, growth in emerging markets, the outcome of contingencies, such as legal proceedings, dividend plans, the Distribution, our agreements with Pfizer, Pfizer's control of our company, government regulation and financial results. Forward-looking statements are subject to risks and uncertainties, many of which are beyond our control, and are potentially inaccurate assumptions. These risks and uncertainties include those set forth under *Item 1A. Risk Factors* but are not limited to:

- emerging restrictions and bans on the use of antibacterials in food-producing animals;
- perceived adverse effects on human health linked to the consumption of food derived from animals that utilize our products;
- increased regulation or decreased governmental support relating to the raising, processing or consumption of food-producing animals;
- an outbreak of infectious disease carried by animals;

- adverse weather conditions and the availability of natural resources;
- adverse global economic conditions;
- failure of our R&D, acquisition and licensing efforts to generate new products;
- failure to achieve the expected benefits of the Separation or the Distribution, which include improved strategic and operational efficiency, the adoption of a capital structure and investment and dividend policies that are best suited to our standalone company, the use of our equity to facilitate future acquisitions and improved alignment of employee incentives with our performance and growth objectives;
- operation as a standalone public company without many of the resources previously available to us as a business unit of Pfizer;
- control of a majority of the voting power of our common stock by Pfizer and, as a result, Pfizer's ability to determine the outcome of our future corporate actions, including the election of our directors;
- actual or potential conflicts of interest as a result of the fact that several of our directors will simultaneously serve as employees of Pfizer; and
- governmental laws and regulations affecting domestic and foreign operations, including without limitation, tax obligations and changes affecting the tax treatment by the U.S. of income earned outside the U.S. that may result from pending and possible future proposals.

However, there may also be other risks that we are unable to predict at this time. If one or more of these risks or uncertainties materialize, or if management's underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. You should not put undue reliance on forward-looking statements. Forward-looking statements speak only as of the date on which they are made. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10-Q and 8-K reports and our other filings with the SEC. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider the above to be a complete discussion of all potential risks or uncertainties.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Foreign exchange risk

A significant portion of our revenues and costs are exposed to changes in foreign exchange rates. Our primary net foreign currency translation exposures are the euro, the Brazilian real and the Australian dollar. As a business unit of Pfizer and under Pfizer’s risk management umbrella, we managed our foreign exchange risk in part through operational means, including managing same-currency revenues in relation to same-currency costs and same-currency assets in relation to same-currency liabilities. Additionally, as a standalone public company, we may implement a foreign currency hedging strategy to limit our foreign exchange risk.

Item 8. Financial Statements and Supplementary Data.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors
Zoetis Inc.:

We have audited the accompanying combined balance sheets of Zoetis Inc. (the animal health business unit of Pfizer Inc.) (the "Company") as of December 31, 2012 and 2011, and the related combined statements of income, comprehensive income/(loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2012. In connection with our audits of the combined financial statements, we have also audited the combined financial statement schedule. These combined financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic combined financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP
New York, New York
March 28, 2013

ZOETIS INC.
(THE ANIMAL HEALTH BUSINESS UNIT OF PFIZER INC.)
COMBINED STATEMENTS OF INCOME

	Year Ended December 31,		
(MILLIONS, EXCEPT PER SHARE DATA)	**2012**	2011[a]	2010[a]
Revenues	**$ 4,336**	$ 4,233	$ 3,582
Costs and expenses:			
Cost of sales[b]	**1,563**	1,652	1,444
Selling, general and administrative expenses[b]	**1,470**	1,453	1,382
Research and development expenses[b]	**409**	427	411
Amortization of intangible assets	**64**	69	58
Restructuring charges and certain acquisition-related costs	**135**	154	202
Other (income)/deductions—net	**(15)**	84	(93)
Income before provision for taxes on income	**710**	394	178
Provision for taxes on income	**274**	146	67
Net income before allocation to noncontrolling interests	**436**	248	111
Less: Net income attributable to noncontrolling interests	**—**	3	1
Net income attributable to Zoetis	**$ 436**	$ 245	$ 110
Earnings per share — basic and diluted	**$ 0.87**	$ 0.49	$ 0.22
Weighted average shares outstanding — basic and diluted[c]	**500**	500	500

(a) Includes revenues and expenses from acquisitions from the acquisition date, see *Note 2. Basis of Presentation* and *Note 4. Acquisitions, Divestitures and Certain Investments.*

(b) Exclusive of amortization of intangible assets, except as disclosed in *Note 3J. Significant Accounting Policies—Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets.*

(c) The weighted average shares outstanding for both basic and diluted earnings per share for all periods presented was calculated using 500 million shares of Class A and Class B common stock outstanding, which was the number of Zoetis Inc. shares outstanding at the time of the initial public offering, which was completed on February 6, 2013. There were no Zoetis restricted stock units, stock options or performance shares outstanding prior to the initial public offering.

See Notes to Combined Financial Statements, which are an integral part of these statements.

ZOETIS INC.

(THE ANIMAL HEALTH BUSINESS UNIT OF PFIZER INC.)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2012**	2011[a]	2010[a]
Net income before allocation to noncontrolling interests	**$ 436**	$ 248	$ 111
Other comprehensive income/(loss), net of tax and reclassification adjustments[b]:			
Foreign currency translation adjustments, net	**(93)**	4	(121)
Benefit plans: Actuarial gains/(losses), net	**1**	5	(8)
Total other comprehensive income/(loss), net of tax	**(92)**	9	(129)
Comprehensive income/(loss) before allocation to noncontrolling interests	**344**	257	(18)
Less: Comprehensive income attributable to noncontrolling interests	**—**	3	1
Comprehensive income/(loss) attributable to Zoetis	**$ 344**	$ 254	$ (19)

[a] Includes impacts from acquisitions from the acquisition date, see *Note 2. Basis of Presentation* and *Note 4. Acquisitions, Divestitures and Certain Investments.*

[b] Presented net of reclassification adjustments and tax impacts, which are not significant in any period presented. Reclassification adjustments are generally reclassified into *Cost of sales, Selling, general and administrative expenses,* and/or *Research and development expenses,* as appropriate, in the combined statements of income.

See Notes to Combined Financial Statements, which are an integral part of these statements.

ZOETIS INC.
(THE ANIMAL HEALTH BUSINESS UNIT OF PFIZER INC.)
COMBINED BALANCE SHEETS

(MILLIONS OF DOLLARS)	As of December 31, 2012	2011
Assets		
Cash and cash equivalents	**$ 317**	$ 79
Accounts receivable, less allowance for doubtful accounts: 2012—$49 and 2011—$29	**900**	871
Inventories	**1,345**	1,063
Current deferred tax assets	**101**	96
Other current assets	**201**	202
Total current assets	**2,864**	2,311
Property, plant and equipment, less accumulated depreciation	**1,241**	1,243
Identifiable intangible assets, less accumulated amortization	**868**	928
Goodwill	**985**	989
Noncurrent deferred tax assets	**216**	143
Other noncurrent assets	**88**	97
Total assets	**$ 6,262**	$ 5,711
Liabilities and Equity		
Current portion of allocated long-term debt	**$ 73**	$ —
Accounts payable	**319**	214
Income taxes payable	**30**	18
Accrued compensation and related items	**194**	150
Other current liabilities	**507**	461
Total current liabilities	**1,123**	843
Allocated long-term debt	**509**	575
Noncurrent deferred tax liabilities	**323**	311
Other taxes payable	**159**	122
Other noncurrent liabilities	**107**	124
Total liabilities	**2,221**	1,975
Commitments and Contingencies		
Business unit equity	**4,183**	3,785
Accumulated other comprehensive loss	**(157)**	(65)
Total Zoetis equity	**4,026**	3,720
Equity attributable to noncontrolling interests	**15**	16
Total equity	**4,041**	3,736
Total liabilities and equity	**$ 6,262**	$ 5,711

See Notes to Combined Financial Statements, which are an integral part of these statements.

ZOETIS INC.
(THE ANIMAL HEALTH BUSINESS UNIT OF PFIZER INC.)
COMBINED STATEMENTS OF EQUITY

(MILLIONS OF DOLLARS)	Zoetis Business Unit Equity	Zoetis Accumulated Other Comp. Income/ (Loss)	Zoetis Business Unit Equity	Equity Attributable to Noncontrolling Interests	Total Equity
Balance, December 31, 2009	$ 3,516	$ 55	$ 3,571	$ 3	$ 3,574
Comprehensive income/(loss)	110	(129)	(19)	1	(18)
Share-based compensation expense	16	—	16	—	16
Dividends declared and paid	(206)	—	(206)	(1)	(207)
Net transfers between Pfizer and noncontrolling interests	1	—	1	(1)	—
Purchase of subsidiary shares from noncontrolling interests	(1)	—	(1)	(2)	(3)
Net transfers—Pfizer	(18)	—	(18)	—	(18)
Balance, December 31, 2010	3,418	(74)	3,344	—	3,344
Comprehensive income	245	9	254	3	257
Share-based compensation expense	19	—	19	—	19
Investment in Jilin Pfizer Guoyuan Animal Health Co., Ltd.	—	—	—	16	16
Dividends declared and paid	(416)	—	(416)	—	(416)
Net transfers between Pfizer and noncontrolling interests	3	—	3	(3)	—
Net transfers—Pfizer[(a)]	516	—	516	—	516
Balance, December 31, 2011	3,785	(65)	3,720	16	3,736
Comprehensive income/(loss)	**436**	**(92)**	**344**	**—**	**344**
Share-based compensation expense	**28**	**—**	**28**	**—**	**28**
Dividends declared and paid	**(63)**	**—**	**(63)**	**—**	**(63)**
Net transfers between Pfizer and noncontrolling interests	**1**	**—**	**1**	**(1)**	**—**
Net transfers—Pfizer	**(4)**	**—**	**(4)**	**—**	**(4)**
Balance, December 31, 2012	**$ 4,183**	**$ (157)**	**$ 4,026**	**$ 15**	**$ 4,041**

[(a)] See *Note 4A. Acquisitions, Divestitures and Certain Investments—Acquisition of King Animal Health.*

See Notes to Combined Financial Statements, which are an integral part of these statements.

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ZOETIS INC.
(THE ANIMAL HEALTH BUSINESS UNIT OF PFIZER INC.)
COMBINED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2012**	2011	2010
Operating activities			
Net income before allocation to noncontrolling interests	**$ 436**	$ 248	$ 111
Adjustments to reconcile net income before noncontrolling interests to net cash provided by operating activities:			
Depreciation and amortization expense	**200**	205	185
Share-based compensation expense	**28**	19	16
Asset write-offs and impairments	**10**	78	16
Net gains on sales of assets	**—**	(1)	(101)
Deferred taxes	**(74)**	65	(68)
Other non-cash adjustments	**3**	—	(5)
Other changes in assets and liabilities, net of acquisitions and divestitures:			
Accounts receivable	**(65)**	(85)	30
Inventories	**(318)**	40	117
Other assets	**(5)**	11	(19)
Accounts payable	**96**	(16)	25
Other liabilities	**62**	(15)	5
Other tax accounts, net	**81**	(52)	(58)
Net cash provided by operating activities	**454**	497	254
Investing activities			
Purchases of property, plant and equipment	**(126)**	(135)	(124)
Net proceeds from sales of assets	**3**	34	203
Acquisitions, net of cash acquired	**—**	(345)	(81)
Other investing activities	**(12)**	(3)	(7)
Net cash used in investing activities	**(135)**	(449)	(9)
Financing activities			
Allocated principal payments on long-term debt	**—**	(143)	—
Cash dividends paid[(a)]	**(63)**	(416)	(207)
Purchase of subsidiary shares from noncontrolling interests	**—**	—	(3)
Net financing activities with Pfizer	**(15)**	529	(67)
Net cash used in financing activities	**(78)**	(30)	(277)
Effect of exchange-rate changes on cash and cash equivalents	**(3)**	(2)	(4)
Net increase/(decrease) in cash and cash equivalents	**238**	16	(36)
Cash and cash equivalents, as of beginning of year	**79**	63	99
Cash and cash equivalents, as of end of year	**$ 317**	$ 79	$ 63
Supplemental cash flow information			
Cash paid during the period for:			
Income taxes, net	**$ 276**	$ 142	$ 209
Interest	**$ 31**	$ 37	$ 37

[a] Payments to non-Zoetis Pfizer entities.

See Notes to Combined Financial Statements, which are an integral part of these statements.

ZOETIS INC.
(THE ANIMAL HEALTH BUSINESS UNIT OF PFIZER INC.)
NOTES TO COMBINED FINANCIAL STATEMENTS

1. Business Description

The accompanying combined financial statements include the accounts of all operations that comprise the animal health operations of Pfizer Inc. (collectively, Zoetis, the company, we, us and our). We are a global leader in the discovery, development, manufacture and commercialization of animal health medicines and vaccines, with a focus on both livestock and companion animals.

We organize and operate our business in four geographic regions: the United States (U.S.); Europe/Africa/Middle East (EuAfME); Canada/Latin America (CLAR); and Asia/Pacific (APAC).

We market our products in more than 120 countries, including developed markets and emerging markets. Our revenues are mostly generated in the U.S. and EuAfME. We have a diversified business, marketing products across eight core species: cattle, swine, poultry, sheep and fish (collectively, livestock) and dogs, cats and horses (collectively, companion animals); and within five major product categories (anti-infectives, vaccines, parasiticides, medicated feed additives and other pharmaceuticals).

Pfizer formed Zoetis to ultimately acquire, own, and operate the animal health operations of Pfizer Inc. (Pfizer), which are set forth in these combined financial statements. See also *Note 2. Basis of Presentation*. On January 28, 2013, Pfizer transferred substantially all of its animal health business to Zoetis and on February 6, 2013, an initial public offering (IPO) of our Class A common stock was completed, which represented approximately 19.8% of our total outstanding shares. We refer to the transactions to separate our business from Pfizer as described here and elsewhere in the 2012 Annual Report, as the Separation. For additional information, see Notes to Combined Financial Statements—*Note 19. Subsequent Events.*

Pfizer has informed us that it may make a tax-free distribution to its shareholders of all or a portion of its remaining equity interest in us, which may include one or more distributions effected as a dividend to all Pfizer shareholders, one or more distributions in exchange for Pfizer shares or other securities, or any combination thereof. We refer to any such potential distribution as the Distribution. Pfizer has no obligation to pursue or consummate any further dispositions of its ownership interest in us, including through the Distribution, by any specified date or at all.

2. Basis of Presentation

The combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). For operations outside the U.S., the combined financial information is included as of and for the fiscal year ended November 30 for each year presented. All significant intercompany balances and transactions between the legal entities that comprise Zoetis have been eliminated. Balances due to or due from Pfizer have been presented as a component of *Business unit equity*. For those subsidiaries included in these combined financial statements where our ownership is less than 100%, the minority interests have been shown in equity as *Equity attributable to noncontrolling interests*. Certain reclassifications have been made to prior years' financial information to conform to the current year presentation.

On January 31, 2011 (the acquisition date), Pfizer completed the tender offer for the outstanding shares of common stock of King Pharmaceuticals, Inc. (King), including the King Animal Health business (KAH), and acquired approximately 92.5% of King's outstanding shares. On February 28, 2011, Pfizer acquired all of the remaining shares of King. Commencing from the acquisition date, our combined financial statements include the assets, liabilities, operations and cash flows associated with KAH. As a result, and in accordance with our domestic and international reporting periods, our combined financial statements for the year ended December 31, 2011 reflect approximately eleven months of the U.S. operations of KAH and approximately ten months of the international operations of KAH. For additional information, see *Note 4A. Acquisitions, Divestitures and Certain Investments—Acquisition of King Animal Health*.

The combined financial statements have been derived from the consolidated financial statements and accounting records of Pfizer and include allocations for direct costs and indirect costs attributable to the operations of the animal health business of Pfizer. These combined financial statements do not purport to reflect what the results of operations, comprehensive income/(loss), financial position, equity or cash flows would have been had we operated as a standalone public company during the periods presented.

- The combined statements of income include allocations from certain support functions (Enabling Functions) that are provided on a centralized basis within Pfizer, such as expenses for business technology, facilities, legal, finance, human resources, and, to a lesser extent, business development, public affairs and procurement, among others. Pfizer does not routinely allocate these costs to any of its business units. These allocations are based on either a specific identification basis or, when specific identification is not practicable, proportional allocation methods (e.g., using third-party sales, headcount, etc.), depending on the nature of the services.

We allocated the costs associated with business technology, facilities and human resources primarily using proportional allocation methods, and for legal and finance, primarily using specific identification. In all cases, for support function costs where proportional allocation methods were used, we determined whether the costs are primarily influenced by headcount (such as a significant majority of facilities and human resources costs) or by the size of the business (such as most business technology costs) and we also determined whether the associated scope of those services provided are global, regional or local. Based on those analyses, we then allocated the costs based on our share of worldwide revenues, domestic revenues, international revenues, regional revenues, country revenues, worldwide headcount, country headcount or site headcount, as appropriate.

As a result, costs associated with business technology and legal that were not specifically identified were mostly allocated based on revenue drivers and, to a lesser extent, based on headcount drivers; costs associated with finance that were not specifically identified were all allocated based on revenue drivers; and costs associated with facilities and human resources that were not specifically identified were predominantly allocated based on headcount drivers.

- The combined statements of income include allocations of certain manufacturing and supply costs incurred by manufacturing plants that are shared with other Pfizer business units, Pfizer's global external supply group and Pfizer's global logistics and support group (collectively, Pfizer Global Supply, or PGS). These costs may include manufacturing variances and changes in the standard costs of inventory, among others. Pfizer does not routinely allocate these costs to any of its business units. These allocations are based on

either a specific identification basis or, when specific identification is not practicable, proportional allocation methods, such as animal health identified manufacturing costs, depending on the nature of the costs.

- The combined statements of income also include allocations from the Enabling Functions and PGS for restructuring charges, integration costs, additional depreciation associated with asset restructuring and implementation costs. Pfizer does not routinely allocate these costs to any of its business units. For additional information about allocations of restructuring charges and other costs associated with acquisitions and cost-reduction/productivity initiatives, see *Note 5. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives*.

- The combined statements of income include an allocation of transaction costs related to acquired businesses. Pfizer does not routinely allocate these costs to any of its business units. For additional information about allocations of transaction costs, see *Note 5. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives*.

- The combined statements of income include an allocation of share-based compensation expense and certain other compensation expense items, such as certain fringe benefit expenses, maintained on a centralized basis within Pfizer. Pfizer does not routinely allocate these costs to any of its business units. For additional information about allocations of share-based payments, see *Note 15. Share-Based Payments*.

- The combined balance sheets reflect all of the assets and liabilities of Pfizer that are either specifically identifiable or are directly attributable to Zoetis and its operations. For benefit plans, the combined balance sheets only include the assets and liabilities of benefit plans dedicated to animal health employees. For debt, see below.

- The combined financial statements include an allocation of long-term debt from Pfizer that was issued to partially finance the acquisition of Wyeth (including FDAH). The debt and associated interest-related expenses, including the effect of hedging activities, have been allocated on a pro-rata basis using the deemed acquisition cost of FDAH as a percentage of the total acquisition cost of Wyeth. No other allocations of debt have been made as none is specifically related to our operations.

Management believes that the allocations are a reasonable reflection of the services received or the costs incurred on behalf of Zoetis and its operations and that the combined statements of income reflect all of the costs of the animal health business of Pfizer. The allocated expenses from Pfizer include the following:

- Enabling Functions operating expenses—approximately $310 million in 2012, $335 million in 2011 and $345 million in 2010 ($1 million, $3 million and $6 million in *Cost of sales*; $254 million, $268 million and $260 million in *Selling, general and administrative expenses*; and $55 million, $64 million and $79 million in *Research and development expenses*).

- PGS manufacturing costs—approximately $25 million in 2012, $34 million in 2011 and $42 million in 2010 (in *Cost of sales)*.

- Restructuring charges and certain acquisition-related costs—approximately $57 million in 2012, $70 million in 2011 and $104 million in 2010 (in *Restructuring charges and certain acquisition-related costs*).

- Other costs associated with cost reduction/productivity initiatives—additional depreciation associated with asset restructuring—approximately $13 million in 2012, $20 million in 2011 and $17 million in 2010 ($4 million, $1 million and $17 million in *Selling, general and administrative expenses*; and $9 million, $19 million and $0 million in *Research and development expenses*).

- Other costs associated with cost reduction/productivity initiatives—implementation costs—approximately $9 million in 2012, $0 million in 2011 and $0 million in 2010 ($8 million in *Selling, general and administrative expenses and* $1 million in *Research and development expenses*).

- Share-based compensation expense—approximately $33 million in 2012, $25 million in 2011 and $22 million in 2010 ($7 million, $5 million and $3 million in *Cost of sales*; $21 million, $16 million and $15 million in *Selling, general and administrative expenses*; and $5 million, $4 million and $4 million in *Research and development expenses*).

- Transaction costs—approximately $2 million in 2011 and $1 million in 2010 (in *Restructuring charges and certain acquisition-related costs*).

- Compensation-related expenses—approximately $12 million in 2012, $6 million in 2011 and $17 million in 2010 ($5 million, $2 million and $5 million in *Cost of sales*; $5 million, $3 million and $7 million in *Selling, general and administrative expenses*; and $2 million, $1 million and $5 million in *Research and development expenses*).

- Interest expense—approximately $31 million in 2012, $36 million in 2011 and $37 million in 2010 (in *Other (income)/deductions—net)*.

The income tax provision in the combined statements of income has been calculated as if Zoetis filed a separate tax return.

We have historically participated in Pfizer's centralized cash management system and generally all excess cash was transferred to Pfizer on a daily basis. Cash disbursements for operations and/or investing activities were funded as needed by Pfizer. We have also participated in Pfizer's centralized hedging and offsetting programs. As such, in the combined statements of income, we include the impact of Pfizer's derivative financial instruments used for offsetting changes in foreign currency rates net of the related exchange gains and losses for the portion that is deemed to be associated with the animal health operations. Such gains and losses were not material to the combined financial statements for all periods presented.

All balances and transactions among Zoetis and Pfizer and its subsidiaries, which can include dividends as well as intercompany activities, are shown in business unit equity in the combined balance sheets, for all periods presented. As the books and records of Zoetis were not kept on a

separate company basis, the determination of the average net balance due to or from Pfizer is not practicable. See also *Note 18. Related Party Transactions.*

3. Significant Accounting Policies

A. New Accounting Standards

The provisions of the following new accounting and disclosure standards were adopted as of January 1, 2012 and did not have a significant impact on our combined financial statements:

- Presentation of comprehensive income in financial statements. We have presented separate Combined Statements of Comprehensive Income/(Loss).
- An amendment to the guidelines on the measurement and disclosure of fair value that is consistent between U.S. GAAP and International Financial Reporting Standards.

B. Estimates and Assumptions

In preparing the combined financial statements, we use certain estimates and assumptions that affect reported amounts and disclosures, including amounts recorded in connection with acquisitions. These estimates and underlying assumptions can impact all elements of our combined financial statements. For example, in the combined statements of income, in addition to estimates used in determining the allocations of costs and expenses from Pfizer, estimates are used when accounting for deductions from revenues (such as rebates, sales allowances, product returns and discounts), determining cost of sales, allocating cost in the form of depreciation and amortization, and estimating restructuring charges and the impact of contingencies. On the combined balance sheets, estimates are used in determining the valuation and recoverability of assets, such as accounts receivables, inventories, fixed assets, goodwill and other identifiable intangible assets, and estimates are used in determining the reported amounts of liabilities, such as taxes payable, benefit obligations, the impact of contingencies, deductions from revenues and restructuring reserves, all of which also impact the combined statements of income.

Our estimates are often based on complex judgments, probabilities and assumptions that we believe to be reasonable but that can be inherently uncertain and unpredictable. If our estimates and assumptions are not representative of actual outcomes, our results could be materially impacted.

As future events and their effects cannot be determined with precision, our estimates and assumptions may prove to be incomplete or inaccurate, or unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions. We are subject to risks and uncertainties that may cause actual results to differ from estimated amounts, such as changes in competition, litigation, legislation and regulations. We regularly evaluate our estimates and assumptions using historical experience and expectations about the future. We adjust our estimates and assumptions when facts and circumstances indicate the need for change. Those changes generally will be reflected in our combined financial statements on a prospective basis unless they are required to be treated retrospectively under relevant accounting standards. It is possible that others, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

C. Acquisitions

Our combined financial statements include the operations of acquired businesses from the date of acquisition. We account for acquired businesses using the acquisition method of accounting, which requires, among other things, that most assets acquired and liabilities assumed be recognized at their estimated fair values as of the acquisition date and that the fair value of acquired in-process research and development (IPR&D) be recorded on the balance sheet. Transaction costs are expensed as incurred. Any excess of the consideration transferred over the assigned values of the net assets acquired is recorded as goodwill. When we acquire net assets that do not constitute a business as defined in U.S. GAAP, no goodwill is recognized.

Amounts recorded for acquisitions can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions*.

D. Fair Value

Certain assets and liabilities are required to be measured at fair value, either upon initial recognition or for subsequent accounting or reporting. For example, we use fair value extensively in the initial recognition of net assets acquired in a business combination. Fair value is estimated using an exit price approach, which requires, among other things, that we determine the price that would be received to sell an asset or paid to transfer a liability in an orderly market. The determination of an exit price is considered from the perspective of market participants, considering the highest and best use of assets and, for liabilities, assuming that the risk of non-performance will be the same before and after the transfer.

When estimating fair value, depending on the nature and complexity of the asset or liability, we may use one or all of the following approaches:

- Income approach, which is based on the present value of a future stream of net cash flows.

- Market approach, which is based on market prices and other information from market transactions involving identical or comparable assets or liabilities.

- Cost approach, which is based on the cost to acquire or construct comparable assets less an allowance for functional and/or economic obsolescence.

These fair value methodologies depend on the following types of inputs:

- Quoted prices for identical assets or liabilities in active markets (Level 1 inputs).

- Quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active or are directly or indirectly observable (Level 2 inputs).

- Unobservable inputs that reflect estimates and assumptions (Level 3 inputs).

A single estimate of fair value can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions*.

E. Foreign Currency Translation

For most of our international operations, local currencies have been determined to be the functional currencies. We translate functional currency assets and liabilities to their U.S. dollar equivalents at exchange rates in effect at the balance sheet date and we translate functional currency income and expense amounts to their U.S. dollar equivalents at average exchange rates for the period. The U.S. dollar effects that arise from changing translation rates are recorded in *Other comprehensive income/(loss), net of taxes.* The effects of converting non-functional currency assets and liabilities into the functional currency are recorded in *Other (income)/deductions—net.* For operations in highly inflationary economies, we translate monetary items at rates in effect at the balance sheet date, with translation adjustments recorded in *Other (income)/deductions—net*, and we translate non-monetary items at historical rates.

F. Revenues, Deductions from Revenues and the Allowance for Doubtful Accounts

We record revenues from product sales when the goods are shipped and title and risk of loss passes to the customer. At the time of sale, we also record estimates for a variety of deductions from revenues, such as rebates, sales allowances, product returns and discounts. Sales deductions are estimated and recorded at the time that related revenues are recorded except for sales incentives, which are estimated and recorded at the time the related revenues are recorded or when the incentive is offered, whichever is later. As applicable, our estimates are generally based on contractual terms or historical experience, adjusted as necessary to reflect our expectations about the future. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from *Revenues.*

As of December 31, 2012 and 2011, accruals for sales deductions included in *Other current liabilities* are approximately $126 million and $122 million, respectively.

We also record estimates for bad debts. We periodically assess the adequacy of the allowance for doubtful accounts by evaluating the collectability of outstanding receivables based on factors such as past due history, historical and expected collection patterns, the financial condition of our customers, the robust nature of our credit and collection practices and the economic environment.

As of December 31, 2012 and 2011, the allowance for doubtful accounts included in *Accounts receivable, less allowance for doubtful accounts* are approximately $49 million and $29 million, respectively.

Amounts recorded for sales deductions and bad debts can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions.*

G. Cost of Sales and Inventories

Inventories are carried at the lower of cost or market. The cost of finished goods, work-in-process and raw materials is determined using average actual cost. We regularly review our inventories for impairment and adjustments are recorded when necessary.

H. Selling, General and Administrative Expenses

Selling, general and administrative costs are expensed as incurred. Among other things, these expenses include the internal and external costs of marketing, advertising, and shipping and handling as well as certain costs related to business technology, facilities, legal, finance, human resources, business development, public affairs and procurement, among others.

Advertising expenses relating to production costs are expensed as incurred, and the costs of space in publications are expensed when the related advertising occurs. Advertising and promotion expenses totaled approximately $141 million in 2012, $134 million in 2011 and $132 million in 2010.

Shipping and handling costs totaled approximately $59 million in 2012, $66 million in 2011 and $46 million in 2010.

I. Research and Development Expenses

Research and development (R&D) costs are expensed as incurred. Research is the effort associated with the discovery of new knowledge that will be useful in developing a new product or in significantly improving an existing product. Development is the implementation of the research findings. Before a compound receives regulatory approval, we record upfront and milestone payments made by us to third parties under licensing arrangements as expense. Upfront payments are recorded when incurred, and milestone payments are recorded when the specific milestone has been achieved. Once a compound receives regulatory approval in a major market, we record any milestone payments in

Identifiable intangible assets, less accumulated amortization and, unless the assets are determined to have an indefinite life, we amortize them on a straight-line basis over the remaining agreement term or the expected product life cycle, whichever is shorter.

J. Amortization of Intangible Assets, Depreciation and Certain Long-Lived Assets

Long-lived assets include:

- *Goodwill*—goodwill represents the excess of the consideration transferred for an acquired business over the assigned values of its net assets. Goodwill is not amortized.

- *Identifiable intangible assets, less accumulated amortization*—these acquired assets are recorded at our cost. Identifiable intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. Identifiable intangible assets with indefinite lives that are associated with marketed products are not amortized until a useful life can be determined. Identifiable intangible assets associated with IPR&D projects are not amortized until regulatory approval is obtained. The useful life of an amortizing asset generally is determined by identifying the period in which substantially all of the cash flows are expected to be generated.

- *Property, plant and equipment, less accumulated depreciation*—these assets are recorded at our cost and are increased by the cost of any significant improvements after purchase. Property, plant and equipment assets, other than land and construction-in-progress, are depreciated on a straight-line basis over the estimated useful life of the individual assets. Depreciation begins when the asset is ready for its intended use. For tax purposes, accelerated depreciation methods are used as allowed by tax laws.

Amortization expense related to finite-lived identifiable intangible assets that contribute to our ability to sell, manufacture, research, market and distribute products, compounds and intellectual property are included in *Amortization of intangible assets* as they benefit multiple business functions. Amortization expense related to intangible assets that are associated with a single function and depreciation of property, plant and equipment are included in *Cost of sales*, *Selling, general and administrative expenses* and *Research and development expenses*, as appropriate.

We review all of our long-lived assets for impairment indicators throughout the year and we perform detailed testing whenever impairment indicators are present. In addition, we perform impairment testing for goodwill and indefinite-lived assets at least annually. When necessary, we record charges for impairments. Specifically:

- For finite-lived identifiable intangible assets, such as developed technology rights, and for other long-lived assets, such as property, plant and equipment, whenever impairment indicators are present, we calculate the undiscounted value of the projected cash flows associated with the asset, or asset group, and compare this estimated amount to the carrying amount. If the carrying amount is found to be greater, we record an impairment loss for the excess of book value over fair value. In addition, in all cases of an impairment review, we re-evaluate the remaining useful lives of the assets and modify them, as appropriate.

- For indefinite-lived identifiable intangible assets, such as brands and IPR&D assets, when necessary, we determine the fair value of the asset and record an impairment loss, if any, for the excess of book value over fair value. In addition, in all cases of an impairment review other than for IPR&D assets, we re-evaluate whether continuing to characterize the asset as indefinite-lived is appropriate.

- For goodwill, when necessary, we determine the fair value of each reporting unit and compare the fair value to its estimated book value. If the carrying amount is found to be greater, we then determine the implied fair value of goodwill by subtracting the fair value of all the identifiable net assets other than goodwill from the fair value of the reporting unit and record an impairment loss for the excess, if any, of book value of goodwill over the implied fair value.

Impairment reviews can involve a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions.*

K. Restructuring Charges and Certain Acquisition-Related Costs

We may incur restructuring charges in connection with acquisitions when we implement plans to restructure and integrate the acquired operations or in connection with cost-reduction and productivity initiatives. Included in *Restructuring charges and certain acquisition-related costs* are all restructuring charges and certain costs associated with acquiring and integrating an acquired business. Transaction costs and integration costs are expensed as incurred. Termination costs are a significant component of restructuring charges and are generally recorded when the actions are probable and estimable.

Amounts recorded for restructuring charges and other associated costs can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions*.

L. Earnings per Share

The weighted average common shares outstanding for both basic and diluted earnings per share for all periods presented was calculated using an aggregate of 500 million shares of Class A and Class B common stock outstanding, which was the number of Zoetis Inc. shares outstanding at the time of the IPO. There were no Zoetis restricted stock units, stock options or performance shares outstanding prior to the IPO.

M. Cash Equivalents

Cash equivalents include items almost as liquid as cash, such as certificates of deposit and time deposits with maturity periods of three months or less when purchased.

Significant investing activities that affect recognized property, plant and equipment, but that do not result in cash receipts or cash payments in the period are not included in the combined statements of cash flows. Purchases of property, plant and equipment in accounts payable at December 31, 2012 were $14 million, and were insignificant at December 31, 2011 and 2010.

N. Deferred Tax Assets and Liabilities and Income Tax Contingencies

Deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates and laws. We provide a valuation allowance when we believe that our deferred tax assets are not recoverable based on an assessment of estimated future taxable income that incorporates ongoing, prudent and feasible tax planning strategies.

We account for income tax contingencies using a benefit recognition model. If we consider that a tax position is more likely than not to be sustained upon audit, based solely on the technical merits of the position, we recognize the benefit. We measure the benefit by determining the amount that is greater than 50% likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. Under the benefit recognition model, if the initial assessment fails to result in the recognition of a tax benefit, we regularly monitor our position and subsequently recognize the tax benefit: (i) if there are changes in tax law, analogous case law or there is new information that sufficiently raise the likelihood of prevailing on the technical merits of the position to more likely than not; (ii) if the statute of limitations expires; or (iii) if there is a completion of an audit resulting in a favorable settlement of that tax year with the appropriate agency. We regularly re-evaluate our tax positions based on the results of audits of federal, state and foreign income tax filings, statute of limitations expirations, changes in tax law or receipt of new information that would either increase or decrease the technical merits of a position relative to the "more-likely-than-not" standard. Liabilities associated with uncertain tax positions are classified as current only when we expect to pay cash within the next 12 months. Interest and penalties, if any, are recorded in *Provision for taxes on income* and are classified on our combined balance sheet with the related tax liability.

Amounts recorded for valuation allowances and income tax contingencies can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions.*

O. Benefit Plans

Generally, most of our employees are eligible to participate in Pfizer's pension plans. The combined statements of income include all of the benefit plan expenses attributable to the animal health operations of Pfizer, including expenses associated with pension plans, postretirement plans and defined contribution plans. The expenses include allocations of direct expenses, as well as expenses that have been deemed attributable to the animal health operations. The combined balance sheets include the benefit plan assets and liabilities of only those plans that are dedicated to animal health employees.

For the dedicated plans, we recognize the overfunded or underfunded status of defined benefit plans as an asset or liability on the combined balance sheets and the obligations generally are measured at the actuarial present value of all benefits attributable to employee service rendered, as provided by the applicable benefit formula. Pension obligations may include assumptions such as long-term rate of return on plan assets, expected employee turnover, participant mortality, and future compensation levels. Plan assets are measured at fair value. Net periodic benefit costs are recognized, as required, into *Cost of sales, Selling, general and administrative expenses* and *Research and development expenses*, as appropriate.

Amounts recorded for benefit plans can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions.*

P. Asset Retirement Obligations

We record accruals for the legal obligations associated with the retirement of tangible long-lived assets, including obligations under the doctrine of promissory estoppel and those that are conditioned upon the occurrence of future events. These obligations generally result from the acquisition, construction, development and/or normal operation of long-lived assets. We recognize the fair value of these obligations in the period in which they are incurred by increasing the carrying amount of the related asset. Over time, we recognize expense for the accretion of the liability and for the amortization of the asset.

As of December 31, 2012 and 2011, accruals for direct asset retirement obligations included in *Other current liabilities* are $0.2 million and $1 million, respectively, and included in *Other noncurrent liabilities* are $15 million and $13 million, respectively.

Amounts recorded for asset retirement obligations can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions.*

Q. Legal and Environmental Contingencies

We are subject to numerous contingencies arising in the ordinary course of business, such as product liability and other product-related litigation, commercial litigation, patent litigation, environmental claims and proceedings, government investigations and guarantees and indemnifications. We record accruals for these contingencies to the extent that we conclude that a loss is both probable and reasonably estimable. If some amount within a range of loss appears to be a better estimate than any other amount within the range, we accrue that amount. Alternatively, when no amount within a range of loss appears to be a better estimate than any other amount, we accrue the lowest amount in the range. We record anticipated recoveries under existing insurance contracts when recovery is assured.

Amounts recorded for contingencies can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions.*

R. Share-Based Payments

Our compensation programs include grants under Pfizer's share-based payment plans. All grants under share-based payment programs are accounted for at fair value and such amounts generally are amortized on a straight-line basis over the vesting term to *Cost of sales, Selling, general and administrative expenses,* and *Research and development expenses*, as appropriate.

Amounts recorded for share-based compensation can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions*.

S. Business Unit Equity

Total business unit equity represents Pfizer's equity investment in Zoetis and the net amounts due to or due from Pfizer. Recorded amounts reflect capital contributions and/or dividends, as well as the results of operations and other comprehensive income/(loss).

4. Acquisitions, Divestitures and Certain Investments

A. Acquisition of King Animal Health

Description of the Transaction and Fair Value of Consideration Transferred

On January 31, 2011 (the acquisition date), Pfizer completed its tender offer for the outstanding shares of common stock of King, including KAH, at a purchase price of $14.25 per share in cash and acquired approximately 92.5% of the outstanding shares. On February 28, 2011, Pfizer acquired all of the remaining shares of King for $14.25 per share in cash. As a result, the total fair value of consideration transferred by Pfizer for King was approximately $3.6 billion in cash ($3.2 billion, net of cash acquired), of which we estimate that approximately $345 million relates to KAH.

Recording of Assets Acquired and Liabilities Assumed

The assets acquired and liabilities assumed from King for KAH follow:

(MILLIONS OF DOLLARS)		Amounts recognized as of the acquisition date
Working capital deficit, excluding inventories[(a)]	$	(11)
Inventories		104
Property, plant and equipment		94
Identifiable intangible assets		130
Net tax accounts		(10)
All other noncurrent assets and liabilities, net		(7)
Total identifiable net assets		300
Goodwill[(b)]		45
Net assets acquired/total consideration transferred	$	345

(a) Includes accounts receivable, other current assets, accounts payable and other current liabilities.

(b) Goodwill recognized as of the acquisition date was attributable to all four of our geographic area operating segments. See *Note 12A. Goodwill and Other Intangible Assets—Goodwill* for additional information.

As of the acquisition date, the fair value of accounts receivable approximated the book value acquired. The gross contractual amount receivable was $52 million, virtually all of which was expected to be collected.

As part of the acquisition, we assumed liabilities for environmental, legal and tax matters, as well as guarantees and indemnifications that KAH incurred in the ordinary course of business. As of the acquisition date, we recorded approximately $11 million for environmental matters (including $4 million for asset retirement obligations), $9 million related to legal contingencies and $18 million related to uncertain tax positions.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. Specifically, the goodwill recorded as part of the acquisition of KAH includes the following:

- the expected synergies and other benefits that we believed would result from combining the operations of KAH with the operations of Zoetis;
- any intangible assets that do not qualify for separate recognition, as well as future, yet unidentified projects and products; and
- the value of the going-concern element of KAH's existing businesses (the higher rate of return on the assembled collection of net assets than if we had acquired all of the net assets separately).

Goodwill is not amortized and is not deductible for tax purposes (see *Note 12A. Goodwill and Other Intangible Assets—Goodwill* for additional information).

Actual and Pro Forma Impact of Acquisition

In 2011, from the acquisition date of January 31, 2011, KAH contributed $329 million in revenues. We are unable to provide the results of operations attributable to KAH as those operations were substantially integrated by mid-2011.

Assuming that the acquisition of KAH had occurred on January 1, 2010 (rather than the actual acquisition date of January 31, 2011), the unaudited pro forma combined revenues of Zoetis and KAH would have been $4,275 million in 2011 and $3,958 million in 2010. The unaudited pro forma combined revenues are based on the historical financial information of Zoetis and KAH, reflecting Zoetis and KAH revenues for a 12-month period and do not purport to project the future revenues of the combined company. We are unable to provide the unaudited pro forma net income/(loss) attributable to Zoetis for 2011 or 2010 as it is impracticable to determine the full year results of KAH, a former division of King, on a U.S. GAAP basis.

B. Other Acquisitions

In December 2010, Pfizer acquired Synbiotics Corporation (Synbiotics), a privately-owned company that was a leader in the development, manufacture and marketing of immunodiagnostic tests for companion and food production animals. The total consideration for this acquisition was approximately $20 million plus $4 million in assumed debt. In connection with this acquisition, we recorded approximately $9 million in *Identifiable intangible assets*, consisting of $8 million of developed technology rights and $1 million of in-process research and development, and approximately $10 million in *Goodwill*.

In May 2010, Pfizer acquired Microtek International, Inc. (Microtek), a company focused on delivering aquatic vaccines and diagnostics used in fish farming. The total consideration for this acquisition was approximately $6 million, which consisted of an upfront payment of $4 million and contingent consideration with an estimated acquisition-date fair value of about $2 million. In connection with this acquisition, we recorded approximately $4 million in *Identifiable intangible assets*, consisting of approximately $2 million in developed technology rights, and $2 million of in-process research and development.

In December 2009 (fiscal 2010), Pfizer acquired Vetnex Animal Health Ltd. (Vetnex), a privately-owned company focusing on poultry, livestock and companion animal healthcare in India. The total consideration for this acquisition was approximately $57 million plus $8 million in assumed debt. In connection with this acquisition, we recorded approximately $47 million in *Identifiable intangible assets*, consisting of approximately $38 million of developed technology rights and $9 million of in-process research and development, and approximately $19 million in *Goodwill*.

C. Divestitures

On October 15, 2009, Pfizer acquired all the outstanding equity of Wyeth, including Fort Dodge Animal Health (FDAH). In connection with the regulatory approval process of that acquisition, we were required to divest certain animal health assets:

- In 2009, immediately following the acquisition date, we sold certain animal health products in the U.S., Canada, and to a lesser extent, Australia and South Africa, including intellectual property rights exclusive to North America as well as some manufacturing facilities and finished goods inventory. The transaction as it related to Europe closed in 2010. The product portfolio was composed of both livestock and companion animal products, virtually all of which were acquired from legacy Wyeth. The proceeds from the sale were approximately $580 million, net of transaction costs, and we recognized a $2 million gain as most of the assets sold had been recorded at fair value on the acquisition date. In 2010, we recognized a $15 million gain in *Other (income)/deductions—net* as a result of the resolution of the contingent consideration as prescribed in the agreement.

- In early 2010, we sold certain animal health products in Australia, including intellectual property rights exclusive to Australia as well as a biological manufacturing facility and finished goods inventory. The product portfolio was composed of livestock products, all acquired from legacy Wyeth. The proceeds from the sale were approximately $10 million, net of transaction costs, and we recognized a $19 million loss on the sale in *Other (income)/deductions—net*, related to the inventory included in the transaction.

- In mid-2010, we sold certain animal health products in Europe, including intellectual property rights exclusive to Europe as well as a manufacturing facility and finished goods inventory. The product portfolio was composed of both livestock and companion animal products from both legacy Wyeth and legacy Pfizer. The proceeds from the sale were approximately $145 million, net of transaction costs, and we recognized a $71 million gain in *Other (income)/deductions—net* on the sale related to the legacy Pfizer assets. In connection with this divestiture, we entered into transitional manufacturing service agreements with the buyer, which included certain purchasing and investment commitments related to the divested manufacturing facility. The incremental charges associated with these commitments were included in *Cost of sales* ($20 million in 2011 and $5 million in 2010) and *Other (income)/deductions—net* ($7 million in 2011).

- In mid-2010, we sold certain animal health products in China. The product portfolio was composed of livestock vaccines from legacy Pfizer. The proceeds from the sale were approximately $38 million, net of transaction costs, and we recognized a $37 million gain in *Other (income)/deductions—net* on the sale.

In addition, there were smaller asset sales of products acquired from legacy Wyeth in Mexico (2010) and Korea (2011), for combined proceeds of about $2 million, with no gain or loss included in the financial statements.

All of the divestiture transactions required transitional supply and service agreements, including technology transfers, where necessary and appropriate, as well as other customary ancillary agreements.

It is possible that additional divestitures of animal health assets may be required based on the ongoing regulatory reviews in other jurisdictions, but they are not expected to be significant to our business.

D. Certain Investments

Formation of Jilin Pfizer Guoyuan Animal Health Co., Ltd.

In October 2011, Pfizer and Jilin Guoyuan Animal Health Company, Ltd. created a new company, Jilin Pfizer Guoyuan Animal Health Co., Ltd. (Jilin), which will focus on swine vaccine development and commercialization in China. In exchange for payments of approximately $14 million, we acquired a 45% equity interest in Jilin. We have determined that Jilin is a variable interest entity and that Zoetis is the primary beneficiary of Jilin since Zoetis (i) has the power to direct the activities of Jilin that most significantly impact Jilin's economic performance, (ii) has the right to appoint the majority of the Board of Directors and (iii) has the obligation to absorb losses of Jilin that could potentially be significant to Jilin and the right to receive benefits from Jilin that could potentially be significant to Jilin. As such, since the formation of Jilin, we have included all of the operating results, assets, liabilities and cash flows of Jilin in our combined financial statements. The 55% interest held by Jilin Guoyuan Animal Health Company is reflected in our combined balance sheet as a noncontrolling interest. In connection with this investment, we recorded approximately $3 million in *Identifiable intangible assets*, consisting of a manufacturing license and an industrial land-use right in China, and approximately $10 million in *Goodwill*.

5. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives

The combined statements of income include significant costs associated with Pfizer's cost-reduction initiatives (several programs initiated since 2005) and the acquisitions of FDAH on October 15, 2009 and KAH on January 31, 2011. The expenses include direct costs and charges as well as an allocation of indirect costs and charges that have been deemed attributable to the operations of the company. The combined balance sheets reflect the accrued restructuring charges directly attributable to the animal health operations. For example:

- In connection with cost-reduction/productivity initiatives, we typically incur costs and charges associated with site closings and other facility rationalization actions, workforce reductions and the expansion of shared services, including the development of global systems; and
- In connection with acquisition activity, we typically incur costs and charges associated with executing the transactions, integrating the acquired operations, which may include expenditures for consulting and the integration of systems and processes, and restructuring the combined company, which may include charges related to employees, assets and activities that will not continue in the combined company.

All operating functions can be impacted by these actions, including sales and marketing, manufacturing and research and development, as well as support functions such as business technology, shared services and corporate operations.

The components of costs incurred in connection with acquisitions and cost-reduction/productivity initiatives follow:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2012**	2011	2010
Restructuring Charges and Certain Acquisition-Related Costs:			
Integration costs[a]	**$ 26**	$ 30	$ 43
Restructuring charges:[b]			
Employee termination costs	**49**	53	15
Asset impairment charges	**4**	—	5
Exit costs	**(1)**	1	35
Total Direct	**78**	84	98
Transaction costs[c]	**—**	2	1
Integration costs[a]	**21**	41	49
Restructuring charges:[b]			
Employee termination costs	**19**	20	25
Asset impairment charges	**10**	7	13
Exit costs	**7**	—	16
Total Allocated	**57**	70	104
Total *Restructuring charges and certain acquisition-related costs*	**135**	154	202

Other Costs Associated with Cost-Reduction/Productivity Initiatives:			
Additional depreciation associated with asset restructuring—direct[d]	**11**	9	—
Additional depreciation associated with asset restructuring—allocated[d]	**13**	20	17
Implementation costs—direct[e]	**—**	3	—
Implementation costs—allocated[e]	**9**	—	—
Total costs associated with acquisitions and cost-reduction/productivity initiatives	**$ 168**	$ 186	$ 219

(a) Integration costs represent external, incremental costs directly related to integrating acquired businesses and primarily include expenditures for consulting and the integration of systems and processes.

(b) Restructuring charges are primarily related to our cost-reduction/ productivity initiatives in 2012, the integration of KAH in 2011 and the integration of FDAH in 2010.

The direct restructuring charges are associated with the following:

- 2012 Direct—EuAfME ($51 million), CLAR ($3 million), APAC ($1 million income) and manufacturing/research/corporate ($1 million income).
- 2011 Direct—U.S. ($2 million), EuAfME ($33 million), CLAR ($2 million), APAC ($2 million income) and manufacturing/research/corporate ($19 million).
- 2010 Direct—U.S. ($14 million income), EuAfME ($24 million), CLAR ($4 million), APAC ($10 million) and manufacturing/research/corporate ($31 million).

(c) Transaction costs represent external costs directly related to acquiring businesses and primarily include expenditures for banking, legal, accounting and other similar services.

(d) Additional depreciation associated with asset restructuring represents the impact of changes in the estimated lives of assets involved in restructuring actions. In 2012, included in *Cost of sales* ($10 million), *Selling, general and administrative expenses* ($5 million) and *Research and development expenses* ($9 million). In 2011, included in *Cost of sales* ($6 million), *Selling, general and administrative expenses* ($4 million) and *Research and development expenses* ($19 million). In 2010, included in *Selling, general and administrative expenses* ($17 million).

(e) Implementation costs, represent external, incremental costs directly related to implementing cost-reduction/productivity initiatives, and primarily include expenditures related to system and process standardization and the expansion of shared services. In 2012, included in *Selling, general and administrative expenses* ($8 million) and *Research and development expenses* ($1 million). In 2011, included in *Selling, general and administrative expenses* ($2 million) and *Research and development expenses* ($1 million).

The components and activity of our direct restructuring charges identified with Zoetis follow:

(MILLIONS OF DOLLARS)	Employee Termination Costs	Asset Impairment Charges	Exit Costs	Accrual
Balance, December 31, 2009	$ 180	$ —	$ 5	$ 185
Provision	15	5	35	55
Utilization and other[a]	(105)	(5)	(29)	(139)
Balance, December 31, 2010	90	—	11	101
Provision	53	—	1	54
Utilization and other[a]	(73)	—	(1)	(74)
Balance, December 31, 2011[b]	70	—	11	81
Provision	**49**	**4**	**(1)**	**52**
Utilization and other[a]	**(51)**	**(4)**	**(4)**	**(59)**
Balance, December 31, 2012[b]	**$ 68**	**$ —**	**$ 6**	**$ 74**

(a) Includes adjustments for foreign currency translation.

(b) At December 31, 2012 and 2011, included in *Other current liabilities* ($63 million and $53 million, respectively) and *Other noncurrent liabilities* ($11 million and $28 million, respectively).

6. Other (Income)/Deductions—Net

The components of *Other (income)/deductions—net* follow:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2012**	2011	2010
Interest expense on allocated long-term debt[a]	**$ 31**	$ 36	$ 37
Royalty-related income	**(32)**	(26)	(30)
Net gains on sales of certain assets[b]	**—**	—	(104)
Identifiable intangible asset impairment charges[c]	**5**	69	—
Certain legal matters, net[d]	**(19)**	—	—
Other, net	**—**	5	4
Other (income)/deductions—net	**$ (15)**	$ 84	$ (93)

(a) The interest expense on allocated long-term debt reflects an allocation of Pfizer's weighted average effective interest rate on the Wyeth/FDAH-related acquisition debt, issued in March and June of 2009, of 5.3% in 2012, 5.1% in 2011 and 5.1% in 2010. See also *Note 9D. Financial Instruments—Allocated Long-Term Debt.*

(b) Represents net gains on the sales of certain animal health assets divested in connection with Pfizer's 2009 acquisition of Wyeth/FDAH. See also *Note 4C. Acquisitions, Divestitures and Certain Investments—Divestitures.*

(c) In 2012, the asset impairment charges include (i) approximately $2 million of finite-lived companion animal developed technology rights; (ii) approximately $1 million of finite-lived trademarks related to genetic testing services; and (iii) approximately $2 million of finite-lived patents related to poultry technology. The asset impairment charges for 2012 reflect, among other things, loss of revenues as a result of negative market conditions and, with respect to the poultry technology, a re-assessment of economic viability. In 2011, the asset impairment charges include (i) approximately $30 million of finite-lived intangible assets related to parasiticides technology as a result of declining gross margins and increased competition; (ii) approximately $12 million of finite-lived intangible assets related to equine influenza and tetanus technology due to third-party supply issues; (iii) approximately $10 million of finite-lived intangible assets related to genetic testing services that did not find consumer acceptance; and (iv) approximately $17 million related to in-process research and development projects (acquired from Vetnex in 2010 and from FDAH in 2009), as a result of the termination of the development programs due to a re-assessment of economic viability.

(d) In 2012, represents income from a favorable legal settlement related to an intellectual property matter ($14 million income) and a change in estimate for an environmental-related reserve ($7 million income), partially offset by litigation-related charges ($2 million).

7. Tax Matters

A. Taxes on Income

During the periods presented in the combined financial statements, Zoetis did not generally file separate tax returns, as Zoetis was generally included in the tax grouping of other Pfizer entities within the respective entity's tax jurisdiction. The income tax provision included in these combined financial statements has been calculated using the separate return basis, as if Zoetis filed a separate tax return.

The components of *Income before provision for taxes on income* follow:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2012**	2011	2010
United States	**$ 340**	$ (239)	$ (349)
International	**370**	633	527
Income before provision for taxes on income[(a)(b)]	**$ 710**	$ 394	$ 178

(a) 2012 vs. 2011—The increase in United States income is primarily due to sales growth in both livestock and companion animals. Other factors include reduced restructuring charges and increased operational efficiencies. The decrease in international income was largely driven by the unfavorable impact of foreign exchange and lower revenues due to adverse macroeconomic conditions.

(b) 2011 vs. 2010—The decrease in the United States loss was primarily due to lower integration and restructuring costs and cost reductions due to both acquisition-related synergies and initiatives undertaken during the year, partially offset by the non-recurrence of gains related to FDAH divestitures. The increase in the international income was due to cost reductions which were the result of both acquisition-related synergies and cost reduction/productivity initiatives undertaken during the year.

The components of *Provision for taxes on income* based on the location of the taxing authorities, follow:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2012**	2011	2010
United States:			
Current income taxes:			
Federal	**$ 132**	$ (3)	$ (22)
State and local	**5**	(1)	(3)
Deferred income taxes:			
Federal	**(7)**	(19)	(11)
State and local	**11**	(3)	(8)
Total U.S. tax provision/(benefit)	**141**	(26)	(44)
International:			
Current income taxes	**211**	85	160
Deferred income taxes	**(78)**	87	(49)
Total international tax provision	**133**	172	111
Provision for taxes on income[(a)(b)(c)(d)]	**$ 274**	$ 146	$ 67

(a) In 2012, the *Provision for taxes on income* reflects the following:

- U.S. tax benefits of approximately $29.3 million, representing tax and interest, resulting from a multi-year settlement with the U.S. Internal Revenue Service with respect to audits for the years 2006 through 2008, and international tax benefits of approximately $2.7 million, representing tax and interest, resulting from the resolution of certain tax positions pertaining to prior years with various foreign tax authorities and from the expiration of certain statutes of limitations;
- U.S. tax expense of approximately $9 million as a result of providing U.S. deferred income taxes on certain current-year funds earned outside the U.S. that will not be indefinitely reinvested overseas (see *Note 7B. Tax Matters—Deferred Taxes*);
- The expiration of the U.S. research and development tax credit on December 31, 2011; and
- Tax cost related to changes in uncertain tax positions (see *Note 7C. Tax Matters—Tax Contingencies*).

(b) In 2011, the *Provision for taxes on income* reflects the following:

- U.S tax expense of approximately $9 million as a result of providing U.S. deferred income taxes on certain current-year funds earned outside of the U.S. that will not be indefinitely reinvested overseas (see *Note 7B. Tax Matters—Deferred Taxes*); and

- U.S. tax benefits of approximately $9.5 million, representing tax and interest, resulting from the tax benefit recorded in connection with the settlement of certain audits with the U.S. Internal Revenue Service.

(c) In 2010, the *Provision for taxes on income* reflects the following:

- U.S. tax expense of approximately $39 million as a result of providing U.S. deferred income taxes on certain current-year funds earned outside of the U.S. that will not be indefinitely reinvested overseas (see *Note 7B. Tax Matters—Deferred Taxes*);
- U.S. tax benefits of approximately $33.4 million, representing tax and interest, resulting from a settlement with the U.S. Internal Revenue Service;
- U.S. tax benefit resulting from a decrease in deferred income tax liabilities related to fair value adjustments recorded in connection with our acquisition of FDAH; and
- U.S. tax expense of approximately $21.3 million related to the write-off of deferred income tax assets related to the Medicare Part D subsidy for retiree prescription drug coverage resulting from the provision of the U.S. Healthcare Legislation.

(d) In all years, federal, state and international tax liabilities assumed or established as part of a business acquisition are not included in *Provision for taxes on income* (see *Note 4. Acquisitions, Divestitures, and Certain Investments*).

Tax Rate Reconciliation

The reconciliation of the U.S. statutory income tax rate to our effective tax rate follows:

	Year Ended December 31,		
	2012	2011	2010
U.S. statutory income tax rate	**35.0 %**	35.0 %	35.0 %
State and local taxes, net of federal benefits[a]	**1.7**	(0.2)	(2.3)
Taxation of non-U.S. operations[b][c][d][e]	**5.6**	2.7	8.2
Tax settlements and resolution of certain tax positions[f]	**(4.1)**	(2.4)	(18.7)
U.S. healthcare legislation[g]	**(0.4)**	0.3	12.0
U.S. research and development tax credit and manufacturing deduction[h]	**(0.3)**	(2.3)	(3.1)
Non-deductible items[h]	**0.8**	2.1	4.2
All other—net	**0.3**	1.9	2.3
Effective tax rate	**38.6 %**	37.1 %	37.6 %

[a] The rate impact of this component is influenced by the specific level of U.S. earnings in a specific year. In 2012, the increase in the impact of state taxes on the effective tax rate as compared to 2011 reflects an increase in state earnings. In 2011 and 2010, the rate impact reflects state losses in both years, with larger losses in 2010.

[b] For taxation of non-U.S. operations, this rate impact reflects the income tax rates and relative earnings in the locations where we do business outside of the U.S., together with the cost of repatriation decisions, as well as changes in uncertain tax positions not included in the reconciling item called "Tax settlements and resolution of certain tax positions": (i) the jurisdictional location of earnings is a component of our effective tax rate each year as tax rates outside of the U.S. are generally lower than the U.S. statutory income tax rate. The rate impact of the jurisdictional location of earnings is influenced by the specific location of non-U.S. earnings and the level of such earnings as compared to our total earnings. This rate impact is then offset or more than offset by the cost of repatriation decisions and other U.S. tax implications of our foreign operations, which may significantly impact the taxation of non-U.S. operations; and (ii) the impact of changes in uncertain tax positions not included in the reconciling item called "Tax settlements and resolution of certain tax positions" is a component of our effective tax rate each year that can result in either an increase or decrease to our effective tax rate. The jurisdictional mix of earnings, which includes the impact of the location of earnings as well as repatriation costs, can vary as a result of the repatriation decisions and as a result of operating fluctuations in the normal course of business, the impact of non-deductible items and the extent and location of other income and expense items, such as restructuring charges, asset impairments and gains and losses on asset divestitures.

[c] The rate impact of taxation of non-U.S. operations was an increase to our effective tax rate in all periods presented due to (i) the cost of repatriation decisions and other U.S. tax implications that more than offset the impact of the generally lower tax rates outside of the U.S.; (ii) the tax impact of non-deductible items in those jurisdictions; and (iii) the tax impact of changes in uncertain tax positions related to our non-U.S. operations.

[d] The increase in the rate in 2012 as compared to 2011 is primarily due to increases in uncertain tax positions (see *Note 7C. Tax Matters—Tax Contingencies*, for current and prior period increases to uncertain tax positions), of which a significant portion relates to our non-U.S. operations. The decrease in the rate in 2011 as compared to 2010 is primarily due to changes in jurisdictional mix of earnings, as discussed above.

[e] For all periods presented, in Singapore, our non-dedicated entities benefited from an incentive tax rate applicable to income from manufacturing and other operations (rate effective through 2016). In 2012, in Singapore, our dedicated entities benefited from an incentive tax rate applicable to certain earnings (rate effective from October 29, 2012 through October 29, 2016).

[f] For a discussion about tax settlements and resolution of certain tax positions, see above in this *Note 7A Tax Matters—Taxes on Income*.

[g] The decrease in the rate in 2012 primarily relates to the tax benefit recorded in connection with the establishment of deferred income tax assets related to the Medicare Part D subsidy for retiree prescription drug coverage. The increase in the rate in 2010 is related to the write-off of deferred income tax assets related to the Medicare Part D subsidy for retiree prescription drug coverage resulting from the provision of the U.S. Healthcare Legislation.

[h] We received no benefit from the U.S. research and development tax credit in 2012 as the credit expired on December 31, 2011 and was not extended until January 2013. In all years, we received a benefit from the U.S. manufacturing deduction. Non-deductible items include meals and entertainment expenses.

B. Deferred Taxes

Deferred taxes arise as a result of basis differentials between financial statement accounting and tax amounts.

The components of our deferred tax assets and liabilities, shown before jurisdictional netting, follow:

	2012 Deferred Tax		2011 Deferred Tax	
(MILLIONS OF DOLLARS)	**Assets**	**(Liabilities)**	Assets	(Liabilities)
Prepaid/deferred items	**$ 75**	**$ (6)**	$ 77	$ (4)
Inventories	**12**	**(3)**	46	(5)
Intangibles	**47**	**(234)**	5	(273)
Property, plant and equipment	**48**	**(109)**	1	(122)
Employee benefits	**54**	**—**	34	—
Restructuring and other charges	**32**	**(5)**	37	(1)
Legal and product liability reserves	**21**	**(1)**	17	—
Net operating loss/credit carry forwards	**219**	**—**	212	—
Unremitted earnings	**—**	**(86)**	—	(93)
All other	**4**	**(7)**	3	(1)
Subtotal	**512**	**(451)**	432	(499)
Valuation allowance	**(69)**	**—**	(5)	—
Total deferred taxes	**$ 443**	**$ (451)**	$ 427	$ (499)
Net deferred tax liability[a][b]		**$ (8)**		$ (72)

[a] 2012 vs. 2011-The decrease in net deferred tax liability position in 2012 reflects an increase in noncurrent deferred tax assets recorded in connection with book/tax basis differentials primarily related to intangibles and PP&E, established as a result of certain restructuring activities and a decrease in deferred income tax liabilities related to unremitted earnings, primarily as a result of distributions, partially offset by an increase in valuation allowances representing the amounts determined to be unrecoverable.

[b] In 2012, included in *Current deferred tax assets* ($101 million), *Noncurrent deferred tax assets* ($216 million), *Other current liabilities* ($2 million) and *Noncurrent deferred tax liabilities* ($323 million). In 2011, included in *Current deferred tax assets* ($96 million), *Noncurrent deferred tax assets* ($143 million) and *Noncurrent deferred tax liabilities* ($311 million).

We have carry forwards, primarily related to net operating losses, which are available to reduce future U.S. federal and state, as well as international income taxes payable with either an indefinite life or expiring at various times from 2013 to 2032. Certain of our U.S. net operating losses are subject to limitations under Internal Revenue Code Section 382.

Valuation allowances are provided when we believe that our deferred tax assets are not recoverable based on an assessment of estimated future taxable income that incorporates ongoing, prudent and feasible tax planning strategies.

As of December 31, 2012, we have not made a U.S. tax provision on approximately $2.5 billion of unremitted earnings of our international subsidiaries. As these earnings are intended to be indefinitely reinvested overseas, the determination of a hypothetical unrecognized deferred tax liability as of December 31, 2012 is not practicable.

C. Tax Contingencies

We are subject to income tax in many jurisdictions, and a certain degree of estimation is required in recording the assets and liabilities related to income taxes. All of our tax positions are subject to audit by the local taxing authorities in each tax jurisdiction. These tax audits can involve complex issues, interpretations and judgments and the resolution of matters may span multiple years, particularly if subject to negotiation or litigation. Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but our estimates of unrecognized tax benefits and potential tax benefits may not be representative of actual outcomes, and variation from such estimates could materially affect our financial statements in the period of settlement or when the statute of limitations expire. We treat these events as discrete items in the period of resolution.

For a description of our accounting policies associated with accounting for income tax contingencies, see *Note 3N. Significant Accounting Policies—Deferred Tax Assets and Liabilities and Income Tax Contingencies.* For a description of the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions.*

Uncertain Tax Positions

As tax law is complex and often subject to varied interpretations, it is uncertain whether some of our tax positions will be sustained upon audit. As of December 31, 2012 and 2011, we had approximately $112 million and $82 million, respectively, in net liabilities associated with uncertain tax positions, excluding associated interest:

- Tax assets associated with uncertain tax positions primarily represent our estimate of the potential tax benefits in one tax jurisdiction that could result from the payment of income taxes in another tax jurisdiction. These potential benefits generally result from cooperative efforts among taxing authorities, as required by tax treaties to minimize double taxation, commonly referred to as the competent authority process. The recoverability of these assets, which we believe to be more likely than not, is dependent upon the actual payment of taxes in one tax jurisdiction and, in some cases, the successful petition for recovery in another tax jurisdiction. As

of December 31, 2012 and 2011, we had approximately $32 million for both years in assets associated with uncertain tax positions recorded in *Other noncurrent assets*.

- Tax liabilities associated with uncertain tax positions represent unrecognized tax benefits, which arise when the estimated benefit recorded in our financial statements differs from the amounts taken or expected to be taken in a tax return because of the uncertainties described above. These unrecognized tax benefits relate primarily to issues common among multinational corporations. Substantially all of these unrecognized tax benefits, if recognized, would impact our effective income tax rate.

The reconciliation of the beginning and ending amounts of gross unrecognized tax benefits follows:

(MILLIONS OF DOLLARS)	**2012**	2011	2010
Balance, January 1	**$ (114)**	$ (93)	$ (143)
Acquisitions[a]	**—**	(19)	—
Increases based on tax positions taken during a prior period[b]	**(2)**	—	(4)
Decreases based on tax positions taken during a prior period[b][c]	**40**	1	37
Decreases based on cash payments for a prior period	**3**	7	11
Increases based on tax positions taken during the current period[b]	**(73)**	(10)	(10)
Decreases based on tax positions taken during the current period	**—**	—	16
Lapse in statute of limitations	**2**	—	—
Balance, December 31[d]	**$ (144)**	$ (114)	$ (93)

[a] The amount in 2011 primarily relates to the acquisition of KAH.
[b] Primarily included in *Provision for taxes on income.*
[c] In all years, the decreases are primarily a result of effectively settling certain issues with the U.S. and non-U.S. tax authorities. See *Note 7A. Tax Matters—Taxes on Income.*
[d] In 2012, included in *Noncurrent deferred tax assets* ($6 million) and *Other taxes payable* ($138 million). In 2011, included in *Noncurrent deferred tax assets* ($6 million) and *Other taxes payable* ($108 million).

- Interest related to our unrecognized tax benefits is recorded in accordance with the laws of each jurisdiction and is recorded in *Provision for taxes on income* in our combined statements of income. In 2012, we recorded a net interest expense of $1.3 million; in 2011, interest expense was de minimis; and in 2010, we recorded a net interest benefit of $5 million. Gross accrued interest totaled $17 million and $14 million as of December 31, 2012 and 2011, respectively, and were included in *Other taxes payable*. Accrued penalties are not significant.

Status of Tax Audits and Potential Impact on Accruals for Uncertain Tax Positions

The U.S. is one of our major tax jurisdictions:

- With respect to Pfizer Inc., tax years 2009-2010 are currently under audit. Tax years 2011-2012 are not under audit. All other tax years are closed.

- With respect to Wyeth, tax years 2006 through the Wyeth acquisition date (October 15, 2009) are currently under audit. All other tax years are closed.

- With respect to King, the audit for tax year 2008 has been effectively settled, and for Alpharma Inc. (a subsidiary of King), tax years 2005-2007 have been effectively settled. For King, tax years 2009 through the date of acquisition (January 31, 2011) are open but not under audit. All other tax years are closed.

In addition to the open audit years in the U.S., we have open audit years in other major tax jurisdictions, such as Canada (2001-2012), Asia-Pacific (2007-2012 primarily reflecting Australia and Japan), Europe (2007-2012, primarily reflecting Ireland, the United Kingdom, France, Italy, Spain and Germany) and Latin America (1988 - 2012, primarily reflecting Brazil and Mexico).

Any settlements or statute of limitations expirations could result in a significant decrease in our uncertain tax positions. We do not expect that within the next twelve months any of our gross unrecognized tax benefits, exclusive of interest, could significantly decrease as a result of settlements with taxing authorities or the expiration of the statutes of limitations. Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but our estimates of unrecognized tax benefits and potential tax benefits may not be representative of actual outcomes, and any variation from such estimates could materially affect our financial statements in the period of settlement or when the statutes of limitations expire, as we treat these events as discrete items in the period of resolution. Finalizing audits with the relevant taxing authorities can include formal

administrative and legal proceedings, and, as a result, it is difficult to estimate the timing and range of possible change related to our uncertain tax positions, and such changes could be significant.

8. Accumulated Other Comprehensive Income/(Loss)

Changes, net of tax, in *Accumulated other comprehensive income/(loss)* follow:

(MILLIONS OF DOLLARS)	Currency Translation Adjustment Net Unrealized Gains/(Losses)	Benefit Plans Actuarial Gains/(Losses)	Accumulated Other Comprehensive Income/(Loss)
Balance, December 31, 2009	$ 58	$ (3)	$ 55
Other comprehensive loss	(121)	(8)	(129)
Balance, December 31, 2010	(63)	(11)	(74)
Other comprehensive income	4	5	9
Balance, December 31, 2011	(59)	(6)	(65)
Other comprehensive income/(loss)	**(93)**	**1**	**(92)**
Balance, December 31, 2012	**$ (152)**	**$ (5)**	**$ (157)**

9. Financial Instruments

The combined balance sheets include the financial assets and liabilities that are directly attributable to the animal health operations of Pfizer, except that the combined balance sheets also include an allocation of long-term debt from Pfizer, see *Note 2. Basis of Presentation.*

A. Financial Assets and Liabilities

As of December 31, 2012 and 2011, financial assets and liabilities consist primarily of cash and cash equivalents, accounts receivable, accounts payable, current portion of allocated long-term debt and allocated long-term debt.

The recorded amounts for cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short-term nature of these instruments. For an estimate of the fair value of our long-term debt, see *Note 9D. Financial Instruments—Allocated Long-Term Debt*.

B. Accounts Receivable

As of December 31, 2012 and 2011, *Accounts receivable, less allowance for doubtful accounts,* of $900 million and $871 million, respectively, includes approximately $43 million and $48 million of other receivables, such as trade notes receivable and royalty receivables, among others.

C. Credit Facility

In December 2012, we entered into a revolving credit agreement with a syndicate of banks providing for a five-year $1.0 billion senior unsecured revolving credit facility (the credit facility). The credit facility contains a financial covenant requiring us to not exceed a maximum total leverage ratio of 4.35:1 for fiscal year 2013, 3.95:1 for fiscal year 2014, 3.50:1 for fiscal year 2015 and 3.00:1 thereafter. In addition, the credit facility contains other customary covenants. Subject to certain conditions, we have the right to increase the credit facility to up to $1.5 billion. The credit facility became available for borrowings upon the completion of the IPO, and there are currently no borrowings under credit facility.

D. Allocated Long-Term Debt

Long-term debt, including the current portion, as of December 31, 2012 and 2011 of $582 million and $575 million, respectively, represents an allocation of Pfizer debt that was issued to partially finance the acquisition of Wyeth (including FDAH) and that has been allocated on a pro-rata basis using the deemed acquisition cost of FDAH as a percentage of the total acquisition cost of Wyeth. The allocated long-term debt has a weighted average interest rate of approximately 5.7% for both December 31, 2012 and 2011. On December 31, 2011, one of the allocated debt instruments was called by Pfizer.

The allocated long-term debt is carried at historical proceeds and is adjusted for any gains or losses associated with changes in interest rates since Pfizer holds derivative financial instruments designated and qualifying as fair value hedging instruments for interest rate risk.

As of December 31, 2012 and 2011, the fair value of the allocated long-term debt is $732 million and $690 million, respectively. The fair value of the allocated long-term debt is determined using a third-party matrix-pricing model that uses significant inputs derived from or corroborated by observable market data and Pfizer's credit rating. The fair value of the allocated long-term debt does not purport to reflect the fair value that might have been determined if Zoetis had operated as a standalone public company for the periods presented or if we had used Zoetis's credit rating in the calculation.

The annual maturity of the allocated long-term debt outstanding as of December 31, 2012 follows:

(MILLIONS OF DOLLARS)	2013	2014	2015	2016	2017	After 2017	Total
Maturities	$ 73	$ —	$ 92	$ 79	$ —	$ 338	$ 582

For a description of certain debt issued in January 2013, see *Note 19A. Subsequent Events—Senior Notes Offering and Asset Transfer*.

10. Inventories

The combined balance sheets include all of the inventory directly attributable to the animal health operations of Pfizer.

The components of inventory follow:

	As of December 31,	
(MILLIONS OF DOLLARS)	**2012**	2011
Finished goods[a]	**$ 799**	$ 608
Work-in-process	**332**	284
Raw materials and supplies	**214**	171
Inventories	**$ 1,345**	$ 1,063

[a] Increase in 2012 is due primarily to production increases as a result of increased demand, achieving higher targeted inventory levels for certain products and changes in our supply points.

11. Property, Plant and Equipment

The combined balance sheets include the property, plant and equipment specifically identifiable with the animal health operations of Pfizer. The combined statements of income include all of the depreciation and amortization charges deemed attributable to the animal health operations.

The components of property, plant and equipment follow:

	Useful Lives	As of December 31,	
(MILLIONS OF DOLLARS)	(Years)	**2012**	2011
Land	—	**$ 35**	$ 31
Buildings	33 1/3 - 50	**860**	822
Machinery and equipment	8 - 20	**1,071**	1,021
Furniture, fixtures and other	3 - 12 1/2	**127**	124
Construction-in-progress	—	**159**	151
		2,252	2,149
Less: Accumulated depreciation		**1,011**	906
Property, plant and equipment		**$ 1,241**	$ 1,243

Depreciation expense was $133 million in 2012, $135 million in 2011 and $127 million in 2010.

12. Goodwill and Other Intangible Assets

The combined balance sheets include all of the goodwill and other intangible assets directly attributable to the animal health operations of Pfizer. The combined statements of income include all of the amortization expense and impairment charges associated with these intangible assets.

A. Goodwill

The components and changes in the carrying amount of goodwill follow:

(MILLIONS OF DOLLARS)	U.S.	EuAfME	CLAR	APAC	Total
Balance, December 31, 2010	$ 476	$ 148	$ 155	$ 155	$ 934
Additions[a]	28	9	9	9	55
Balance, December 31, 2011	504	157	164	164	989
Other[b]	**(2)**	**—**	**(1)**	**(1)**	**(4)**

Balance, December 31, 2012	**$ 502**	**$ 157**	**$ 163**	**$ 163**	**$ 985**

(a) Primarily reflects the acquisition of KAH and the formation of Jilin *(*see *Note 4A. Acquisitions, Divestitures and Certain Investments—Acquisition of King Animal Health* and *Note 4D. Acquisitions, Divestitures and Certain Investments—Certain Investments*).

(b) Primarily reflects adjustments for foreign currency translation.

The gross goodwill balance was $1.5 billion as of December 31, 2012 and 2011. Accumulated goodwill impairment losses (generated entirely in fiscal 2002) were $536 million as of December 31, 2012 and 2011.

B. Other Intangible Assets

The components of identifiable intangible assets follow:

	As of December 31,					
	2012			2011		
(MILLIONS OF DOLLARS)	**Gross Carrying Amount**	**Accumulated Amortization**	**Identifiable Intangible Assets, less Accumulated Amortization**	Gross Carrying Amount	Accumulated Amortization	Identifiable Intangible Assets, less Accumulated Amortization
Finite-lived intangible assets:						
Developed technology rights	**$ 762**	**$ (173)**	**$ 589**	$ 755	$ (128)	$ 627
Brands	**216**	**(88)**	**128**	216	(77)	139
Trademarks and trade names	**54**	**(36)**	**18**	54	(30)	24
Other	**122**	**(115)**	**7**	129	(118)	11
Total finite-lived intangible assets	**1,154**	**(412)**	**742**	1,154	(353)	801
Indefinite-lived intangible assets:						
Brands	**39**	**—**	**39**	39	—	39
Trademarks and trade names	**67**	**—**	**67**	67	—	67
In-process research and development	**20**	**—**	**20**	21	—	21
Total indefinite-lived intangible assets	**126**	**—**	**126**	127	—	127
Identifiable intangible assets	**$ 1,280**	**$ (412)**	**$ 868**	$ 1,281	$ (353)	$ 928

Developed Technology Rights

Developed technology rights represent the amortized cost associated with developed technology, which has been acquired from third parties and which can include the right to develop, use, market, sell and/or offer for sale the product, compounds and intellectual property that we have acquired with respect to products, compounds and/or processes that have been completed. These assets include technologies related to the care and treatment of cattle, swine, poultry, fish, sheep, dogs, cats and horses.

Brands

Brands represent the amortized or unamortized cost associated with product name recognition, as the products themselves do not receive patent protection. The more significant finite-lived brands are Excenel, Lutalyse and Spirovac and the more significant indefinite-lived brands are the Linco family products and Mastitis.

Trademarks and Tradenames

Trademarks and tradenames represent the amortized or unamortized cost associated with legal trademarks and tradenames. The more significant components of indefinite-lived trademarks and tradenames are indefinite-lived trademarks and tradenames acquired from SmithKlineBeecham. The more significant finite-lived trademarks and tradenames are finite-lived trademarks and tradenames for vaccines acquired from CSL Animal Health.

In-Process Research and Development

IPR&D assets represent research and development assets that have not yet received regulatory approval in a major market. The majority of these IPR&D assets were acquired in connection with our acquisition of FDAH.

IPR&D assets are required to be classified as indefinite-lived assets until the successful completion or abandonment of the associated research and development effort. Accordingly, during the development period after the date of acquisition, these assets will not be amortized until approval is obtained in a major market, typically either the U.S. or the European Union, or in a series of other countries, subject to certain specified conditions and

management judgment. At that time, we will determine the useful life of the asset, reclassify the asset out of IPR&D and begin amortization. If the associated research and development effort is abandoned, the related IPR&D assets will be written-off, and we will record an impairment charge.

For IPR&D assets, there can be no certainty that these assets ultimately will yield a successful product.

C. Amortization

The weighted average life of our total finite-lived intangible assets, developed technology rights, and finite-lived brands is approximately 14 years. Total amortization expense for finite-lived intangible assets was $67 million in 2012, $70 million in 2011 and $58 million in 2010.

The annual amortization expense expected for the years 2013 through 2017 is as follows:

(MILLIONS OF DOLLARS)	2013	2014	2015	2016	2017
Amortization expense	$ 63	$ 63	$ 62	$ 62	$ 62

D. Impairments

For information about intangible asset impairments, see *Note 6. Other (Income)/Deductions—Net.*

13. Benefit Plans

The combined statements of income include all of the benefit plan expenses attributable to the animal health operations of Pfizer, including expenses associated with pension plans, postretirement plans and defined contribution plans. The expenses include allocations of direct expenses, as well as expenses that have been deemed attributable to the animal health operations. The combined balance sheets include the benefit plan assets and liabilities of only those plans that are dedicated to animal health employees. All dedicated benefit plans are pension plans.

A. Pension Plans

Generally, most of our employees were eligible to participate in Pfizer's pension plans. An employee's benefits are determined based on a combination of years of service and average earnings, as defined in the specific plans. Participants in Pfizer's U.S. plans generally vested in benefits after three years of service. Participant vesting in the international plans varies based on the specific plan in each country.

Our employees ceased to participate in the Pfizer U.S. qualified defined benefit pension plan effective December 31, 2012, and liabilities associated with our employees under the plan were retained by Pfizer. Our employees became 100% vested under the plan in their accrued benefits as of December 31, 2012. Pfizer will continue crediting certain employees' service with us generally through December 31, 2017 (or termination of employment from us, if earlier) for certain early retirement benefits with respect to the defined benefit pension plan. Outside of the U.S., Pfizer intends to transfer to us certain defined benefit plan pension assets and liabilities associated with the employees transferring to us in certain countries as described in the applicable local separation agreements. In certain countries, it is anticipated that liabilities with respect to past service with Pfizer will be retained by Pfizer. For additional information see *Note 19D. Subsequent Events—Agreements with Pfizer—Employee matters agreement.*

Pension expense, associated with the U.S. and certain significant international locations, totaled approximately $61 million in 2012, $64 million in 2011 and $64 million in 2010.

Below, we have provided additional information about the expenses, assets and liabilities of the pension plans in the Netherlands, Germany, India, and Korea as these plans are dedicated to animal health employees.

Information about these dedicated pension plans is provided in the tables below.

Virtually all of our dedicated pension plan assets are associated with the dedicated pension plan in the Netherlands. The Netherlands plan is financed through an insurance contract for which the insurer is responsible for the investment of the plan assets. The insurance contract covers certain investment and mortality risks in relation to accrued benefits earned in the plan. The assets held in the insurance contract are predominantly fixed income securities. The expected return on assets is determined based on the yields available on those assets. During 2012, the Netherlands manufacturing plant was sold. The active participants in the plan were transferred to the buyer at the time of sale and the plan liability associated with inactive participants remained with the insurance contract. The insurance contract, which is used to finance the plan, was also transferred to the buyer although we remain liable for the proportion of administrative costs that relate to inactive members under the terms of this contract through December 31, 2013. Under the terms of the sale agreement, the buyer is required to terminate the existing insurance contract on or before December 31, 2013. Upon termination of the insurance contract, the liability for benefits associated with this plan will revert in full to the insurance company and Zoetis will have effectively settled the plan liability.

Net Periodic Benefit Costs and Other Costs—Dedicated Plans

The net periodic benefit cost associated with dedicated pension plans recognized in our combined statements of income is approximately $2 million in 2012, $3 million in 2011 and $2 million 2010, the majority of which relate to service cost and interest cost.

The other changes associated with dedicated pension plans recognized in our combined statements of comprehensive income/(loss) are approximately $1 million income in 2012, $5 million income in 2011 and $8 million expense in 2010. These other changes are primarily due to changes in actuarial assumptions.

The amount in *Accumulated other comprehensive loss* expected to be amortized into 2013 net periodic benefit cost is $0.1 million attributable to the amortization of previously unrecognized actuarial losses.

Actuarial Assumptions—Dedicated Plans

The following table provides the weighted average actuarial assumptions for the dedicated pension plans:

	As of December 31,		
(PERCENTAGES)	**2012**	2011	2010
Weighted average assumptions used to determine benefit obligations:			
Discount rate	**4.6%**	5.8%	5.1%
Rate of compensation increase	**5.3%**	2.7%	2.7%
Weighted average assumptions used to determine net benefit cost for the year ended December 31:			
Discount rate	**5.8%**	5.1%	6.0%
Expected return on plan assets	**3.6%**	3.6%	4.0%
Rate of compensation increase	**2.7%**	2.7%	2.6%

The assumptions above are used to develop the benefit obligations at the end of the year and to develop the net periodic benefit cost for the following year. Therefore, the assumptions used to determine the net periodic benefit cost for each year are established at the end of each previous year, while the assumptions used to determine the benefit obligations are established at each year-end. The net periodic benefit cost and the benefit obligations are based on actuarial assumptions that are reviewed on an annual basis. The assumptions are revised based on an annual evaluation of long-term trends, as well as market conditions that may have an impact on the cost of providing retirement benefits. In 2012, the calculation of the weighted average expected rate of compensation increase used to determine benefit obligations excludes the Netherlands plan as that plan has no active participants at December 31, 2012.

Actuarial and other assumptions for pension plans can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For a description of the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions*.

Obligations and Funded Status—Dedicated Plans

An analysis of the changes in our benefit obligations, plan assets and funded status of our dedicated plans follows:

	As of and for the Year Ended December 31,	
(MILLIONS OF DOLLARS)	**2012**	2011
Change in benefit obligation:		
Projected benefit obligation, beginning	**$ 37**	$ 39
Changes in actuarial assumptions and other	**2**	(5)
Adjustments for foreign currency translation	**(1)**	2
Other—net	**1**	1
Benefit obligation, ending	**39**	37
Change in plan assets:		
Fair value of plan assets, beginning	**33**	31
Actual return on plan assets	**2**	1
Company contributions	**2**	2
Adjustments for foreign currency translation	**(1)**	1
Other—net	**(1)**	(2)
Fair value of plan assets, ending	**35**	33
Funded status—Projected benefit obligation in excess of plan assets at end of year[(a)]	**$ (4)**	$ (4)

(a) Included in *Other noncurrent liabilities.*

Actuarial gains/losses totaled to an approximate $5 million loss at December 31, 2012 and $6 million loss at December 31, 2011. The actuarial gains and losses primarily represent the cumulative difference between the actuarial assumptions and actual return on plan assets, changes in discount rates and changes in other assumptions used in measuring the benefit obligations. These actuarial gains and losses are recognized in *Accumulated other comprehensive income/(loss)*. Included in the actuarial loss at December 31, 2012 is an approximate $3 million loss associated with the Netherlands plan. The actuarial loss associated with the Netherlands plan will be recognized into net periodic benefit costs in full upon termination of the insurance contract associated with the Netherlands plan on or before December 31, 2013. The remaining losses will be amortized into net periodic benefit costs over an average period of 15.2 years.

Information related to the funded status of selected plans follows:

	As of December 31,	
(MILLIONS OF DOLLARS)	**2012**	2011
Pension plans with an accumulated benefit obligation in excess of plan assets:		
Fair value of plan assets[(a)]	**$ 35**	$ —
Accumulated benefit obligation[(a)]	**38**	2
Pension plans with a projected benefit obligation in excess of plan assets:		
Fair value of plan assets	**35**	33
Projected benefit obligation	**39**	37

(a) 2012 amounts reflect the anticipated settlement of the Netherlands plan liability in fiscal year 2013.

Plan Assets—Dedicated Plans

The components of plan assets follow:

	As of December 31,	
(MILLIONS OF DOLLARS)	**2012**	2011
Cash and cash equivalents	**$ 1**	$ 1
Equity securities: Equity commingled funds	**5**	4
Debt securities: Government bonds	**28**	26
Other investments	**1**	2
Total[(a)]	**$ 35**	$ 33

(a) Fair values are determined based on valuation inputs categorized as Level 1, 2 or 3 (see *Note 3D. Significant Accounting Policies—Fair Value*). All investment plan assets are valued using Level 2 inputs.

A single estimate of fair value can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions.*

Specifically, the following methods and assumptions were used to estimate the fair value of our pension assets:

- Equity commingled funds—observable market prices.
- Government bonds and other investments—principally observable market prices.

The long-term target asset allocations and the percentage of the fair value of plans assets for dedicated benefit plans follow:

	As of December 31,		
	Target allocation percentage	Percentage of Plan Assets	
(PERCENTAGES)	**2012**	**2012**	2011
Cash and cash equivalents	**0-20%**	**1.8%**	2.7%
Equity securities	**0-20%**	**13.0%**	13.3%
Debt securities	**65-80%**	**79.5%**	78.2%
Other investments	**0-20%**	**5.7%**	5.8%
Total	**100%**	**100.0%**	100.0%

The insurer utilizes long-term asset allocation ranges in the management of our Netherlands plans' invested assets. Long-term return expectations are developed based on the insurer's investment strategy, which takes into account historical experience, as well as the impact of portfolio diversification,

active portfolio management, and the insurer's view of current and future economic and financial market conditions. As market conditions and other factors change, the insurer may adjust the targets accordingly and actual asset allocations may vary from the target allocations.

The insurer's long-term asset allocation ranges reflect its asset class return expectations and tolerance for investment risk within the context of the respective plans' long-term benefit obligations. These ranges are supported by an analysis that incorporates historical and expected returns by asset class, as well as volatilities and correlations across asset classes and our liability profile. This analysis, referred to as an asset-liability analysis, also provides an estimate of expected returns on plan assets, as well as a forecast of potential future asset and liability balances.

The insurer reviews investment performance with Zoetis on a quarterly basis in total, as well as by asset class, relative to one or more benchmarks.

Cash Flows—Dedicated Plans

Our plans are generally funded in amounts that are at least sufficient to meet the minimum requirements set forth in applicable employee benefit laws and local tax and other laws.

We expect to contribute $1 million to our dedicated pension plans in 2013. The benefit payment for 2013 is expected to be approximately $35 million as the majority of this payment is expected to be made in association with the planned settlement of the liability for the Netherlands plan. Zoetis will fund virtually all of the plan settlement using the existing plan assets. The expected benefit payment for each of the next four years is approximately $0.1 million per year, and $0.2 million for each of the following five years. These expected benefit payments reflect the future plan benefits subsequent to 2013 projected to be paid from the plans or from the general assets of Zoetis entities in Germany, India, and Korea under the current actuarial assumptions used for the calculation of the projected benefit obligation and, therefore, actual benefit payments may differ from projected benefit payments.

B. Postretirement Plans

Many of our employees are eligible to participate in postretirement plans sponsored by Pfizer. Postretirement benefit expense, associated with the U.S. and certain significant international locations, totaled approximately $17 million in 2012, $17 million in 2011 and $19 million in 2010.

Our employees ceased to participate in the Pfizer U.S. retiree medical plan effective December 31, 2012, and liabilities allocable to our employees under the plan were retained by Pfizer. Pfizer will continue crediting certain employees' service with us generally through December 31, 2017 (or termination of employment from us, if earlier) for plan eligibility with respect to the retiree medical plan. For additional information see *Note 19D. Subsequent Events—Agreements with Pfizer—Employee matters agreement.*

C. Defined Contribution Plans

Our U.S. employees are eligible to participate in Pfizer's defined contribution plans, whereby employees may contribute a portion of their salaries and bonuses to the plans, which is partially matched by Pfizer, largely in Pfizer stock or Pfizer stock units. The matching contributions in Pfizer stock are sourced through open market purchases. Employees are permitted to subsequently diversify all or any portion of their company matching contribution. Once the contributions have been paid, Pfizer has no further payment obligations. Contribution expense, associated with the U.S. defined contribution plan, totaled approximately $20 million in 2012, $18 million in 2011 and $15 million in 2010.

14. Earnings per Share Attributable to Common Shareholders

The weighted average shares outstanding for both basic and diluted earnings per share for all periods presented was calculated using an aggregate of 500 million shares of Class A and Class B common stock outstanding, which was the number of Zoetis Inc. shares outstanding at the time of the IPO. There were no Zoetis restricted stock units, stock options or performance shares outstanding prior to the IPO.

The following table presents the calculation of basic and diluted earnings per share:

	Year Ended December 31,		
(IN MILLIONS, EXCEPT PER SHARE DATA)	**2012**	2011	2010
Numerator			
Net income before allocation to noncontrolling interests	**$ 436**	$ 248	$ 111
Less: Net income attributable to noncontrolling interests	**—**	3	1
Net income attributable to Zoetis	**$ 436**	$ 245	$ 110
Denominator			
Weighted average shares outstanding—basic and diluted	**500**	500	500
Earnings per share attributable to Zoetis shareholders—basic and diluted	**$ 0.87**	$ 0.49	$ 0.22

15. Share-Based Payments

Our compensation programs include grants under Pfizer's share-based payment programs. The combined statements of income include all of the share-based payment expenses directly attributable to the animal health operations of Pfizer. The expenses include allocations of direct expenses as well as expenses that have been deemed attributable to the animal health operations.

Compensation programs can include share-based payments under various Pfizer employee stock and incentive plans. The primary share-based compensation programs and their general terms and conditions are as follows:

- Stock options, which when vested, entitle the holder to purchase a specified number of shares of Pfizer common stock at a price per share equal to the market price of Pfizer common stock on the date of grant.

- Restricted Stock Units (RSUs), which when vested, entitle the holder to receive a specified number of shares of Pfizer common stock, including shares resulting from dividend equivalents paid on such RSUs.

- Total Shareholder Return Units (TSRUs), which when vested, entitle the holder to receive, two or four years after the end of the three-year vesting term, a number of shares of Pfizer common stock with a value equal to the difference between the defined settlement price and the closing price of Pfizer common stock on the date of grant, plus accumulated dividend equivalents through the payment date, if and to the extent the total value is positive.

- Performance Share Awards (PSAs), which when vested, entitle the holder to receive a number of shares of Pfizer common stock, within a range of shares from zero to a specified maximum. Dividend equivalents accumulate on PSAs and are paid at the end of the vesting term in respect of any shares that are paid.

Many of our employees currently participate in certain Pfizer equity award plans. Upon any Distribution, Pfizer will accelerate the vesting of, or in some cases the settlement of, on a pro rata basis, certain of the outstanding Pfizer equity awards, which will result in the recognition of additional expense.

In January 2013, Zoetis's Board of Directors approved the 2013 Equity and Incentive Plan. See *Note 19E. Subsequent Events—Zoetis 2013 Equity and Incentive Plan* for a description of this plan.

A. Impact on Net Income

The components of share-based compensation expense and the associated tax benefit follow:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2012**	2011	2010
Stock option expense	**$ 13**	$ 8	$ 7
RSU expense	**12**	10	8
TSRU/PSA expense	**3**	1	1
Share-based compensation expense—direct	**28**	19	16
Share-based compensation expense—allocated	**5**	6	6
Share-based compensation expense—total	**33**	25	22
Tax benefit for share-based compensation expense	**(10)**	(6)	(7)
Share-based compensation expense, net of tax	**$ 23**	$ 19	$ 15

B. Stock Options

Stock options are accounted for using a fair-value-based method at the date of grant in the combined statements of income. The values determined through this fair-value-based method generally are amortized on a straight-line basis over the vesting term into *Cost of sales, Selling, general and administrative expenses,* and *Research and development expenses,* as appropriate.

All eligible employees may receive Pfizer stock option grants. In virtually all instances, Pfizer stock options vest after three years of continuous service from the grant date and have a contractual term of 10 years. In most cases, Pfizer stock options must be held for at least one year from the grant date before any vesting may occur. In the event of a sale or restructuring, Pfizer stock options held by employees are immediately vested and are exercisable for a period from three months to their remaining term, depending on various conditions.

The fair-value-based method for valuing each Pfizer stock option grant on the grant date uses, for virtually all grants, the Black-Scholes-Merton option-pricing model, which incorporates a number of valuation assumptions noted in the following table, shown at their weighted average values:

	Year Ended December 31,		
	2012	2011	2010
Expected dividend yield[(a)]	**4.10%**	4.14%	4.00%
Risk-free interest rate[(b)]	**1.28%**	2.59%	2.87%
Expected stock price volatility[(c)]	**23.78%**	25.55%	26.85%
Expected term[(d)] (years)	**6.5**	6.25	6.25

(a) Determined using a constant dividend yield during the expected term of the Pfizer stock option.
(b) Determined using the interpolated yield on U.S. Treasury zero-coupon issues.
(c) Determined using implied volatility, after consideration of historical volatility for Pfizer stock.
(d) Determined using historical exercise and post-vesting termination patterns.

The Pfizer stock option activity for direct Zoetis employees under Pfizer plans follows:

	Shares (THOUSANDS)	Weighted-average Exercise Price Per Share	Weighted-average Remaining Contractual Term (YEARS)	Aggregate Intrinsic Value[a] (MILLIONS)
Outstanding, December 31, 2009	15,682	$ 28.47		
Granted	2,723	17.61		
Exercised	—	—		
Forfeited	(6)	17.47		
Canceled	(620)	32.39		
Outstanding, December 31, 2010	17,779	26.67		
Granted	3,196	18.97		
Exercised	—	—		
Forfeited	(11)	18.90		
Canceled	(1,347)	41.60		
Outstanding, December 31, 2011	19,617	24.40		
Transferred[b]	**2,481**	**24.40**		
Granted	**4,023**	**21.07**		
Exercised	**(1,382)**	**14.94**		
Forfeited	**(5)**	**21.03**		
Canceled	**(1,762)**	**36.66**		
Outstanding, December 31, 2012	**22,972**	**$ 23.44**	**5.4**	**$ 80**
Vested and expected to vest[c], December 31, 2012	**22,440**	**$ 23.54**	**5.3**	**$ 77**
Exercisable, December 31, 2012	**12,329**	**$ 26.83**	**3.0**	**$ 19**

(a) Market price of underlying Pfizer common stock less exercise price.
(b) Represents stock options outstanding as of December 31, 2011 for certain Pfizer employees transferred to Zoetis in 2012.
(c) The number of options expected to vest takes into account an estimate of expected forfeitures.

Data related to Pfizer stock option activity for direct Zoetis employees under Pfizer plans follows:

	Year Ended/As of December 31,		
(MILLIONS OF DOLLARS, EXCEPT PER STOCK OPTION AMOUNTS)	**2012**	2011	2010
Weighted average grant date fair value per stock option	**$ 2.80**	$ 3.15	$ 3.24
Aggregate intrinsic value on exercise	**$ 11**	$ —	$ —
Cash received upon exercise	**$ 21**	$ —	$ —
Tax benefits realized related to exercise	**$ 6**	$ —	$ —
Total compensation cost related to nonvested stock options not yet recognized, pretax	**$ 8**	$ 9	$ 8
Weighted average period in years over which stock option compensation cost is expected to be recognized	**1.8**	1.8	1.8

C. Restricted Stock Units (RSUs)

RSUs are accounted for using a fair-value-based method that utilizes the closing price of Pfizer common stock on the date of grant. In virtually all instances, the units vest after three years of continuous service from the grant date and the values determined using the fair-value-based method are amortized on a straight-line basis over the vesting term into *Cost of sales, Selling, general and administrative expenses,* and *Research and development expenses,* as appropriate.

The RSU activity for direct Zoetis employees under Pfizer plans follows:

	Shares (THOUSANDS)	Weighted-Average Grant Date Fair Value Per Share
Nonvested, December 31, 2009	1,486	$ 20.53
Granted	599	17.53
Vested	(489)	25.86
Reinvested dividend equivalents	61	17.92
Forfeited	(1)	18.42
Nonvested, December 31, 2010	1,656	17.79
Granted	699	18.83
Vested	(508)	22.91
Reinvested dividend equivalents	75	18.44
Forfeited	(1)	16.59
Nonvested, December 31, 2011	1,921	16.78
Transferred[(a)]	**338**	**16.78**
Granted	**907**	**21.08**
Vested	**(733)**	**13.55**
Reinvested dividend equivalents	**91**	**22.81**
Forfeited	**(5)**	**20.55**
Nonvested, December 31, 2012	**2,519**	**$ 19.34**

(a) Represents nonvested restricted stock units as of December 31, 2011 for certain Pfizer employees transferred to Zoetis in 2012.

Data related to all RSU activity for direct Zoetis employees under Pfizer plans follows:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2012**	2011	2010
Total grant date fair-value-based amount of shares vested	**$ 16**	$ 12	$ 13
Total compensation cost related to nonvested RSU awards not yet recognized, pretax	**$ 13**	$ 12	$ 8
Weighted average period over which RSU cost is expected to be recognized (years)	**1.9**	1.9	1.9

16. Commitments and Contingencies

We and certain of our subsidiaries are subject to contingencies arising in the ordinary course of business. For a discussion of our tax contingencies, see *Note 7C. Tax Matters—Tax Contingencies*.

A. Legal Proceedings

Our non-tax contingencies include, among others, the following:

- Product liability and other product-related litigation, which can include injury, consumer, off-label promotion, antitrust and breach of contract claims.
- Commercial and other matters, which can include product-pricing claims and environmental claims and proceedings.
- Patent litigation, which typically involves challenges to the coverage and/or validity of our patents or those of third parties on various products or processes.
- Government investigations, which can involve regulation by national, state and local government agencies in the U.S. and in other countries.

Certain of these contingencies could result in losses, including damages, fines and/or civil penalties, and/or criminal charges, which could be substantial.

We believe that we have strong defenses in these types of matters, but litigation is inherently unpredictable and excessive verdicts do occur. We do not believe that any of these matters will have a material adverse effect on our financial position. However, we could incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on our results of operations or cash flows in the period in which the amounts are paid.

We have accrued for losses that are both probable and reasonably estimable. Substantially all of these contingencies are subject to significant uncertainties and, therefore, determining the likelihood of a loss and/or the measurement of any loss can be complex. Consequently, we are unable to estimate the range of reasonably possible loss in excess of amounts accrued. Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but the assessment process relies heavily on estimates and assumptions that may prove to be incomplete or inaccurate, and unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions.

Amounts recorded for legal and environmental contingencies can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. For information about the risks associated with estimates and assumptions, see *Note 3B. Significant Accounting Policies—Estimates and Assumptions.*

The principal matters to which we are a party are discussed below. In determining whether a pending matter is significant for financial reporting and disclosure purposes, we consider both quantitative and qualitative factors in order to assess materiality, such as, among other things, the amount of damages and the nature of any other relief sought in the proceeding, if such damages and other relief are specified; our view of the merits of the claims and of the strength of our defenses; whether the action purports to be a class action and our view of the likelihood that a class will be certified by the court; the jurisdiction in which the proceeding is pending; any experience that we or, to our knowledge, other companies have had in similar proceedings; whether disclosure of the action would be important to a reader of our financial statements, including whether disclosure might change a reader's judgment about our financial statements in light of all of the information about the company that is available to the reader; the potential impact of the proceeding on our reputation; and the extent of public interest in the matter. In addition, with respect to patent matters, we consider, among other things, the financial significance of the product protected by the patent.

Roxarsone®(3-Nitro)

We are defendants in nine actions involving approximately 140 plaintiffs that allege that the distribution of the medicated feed additive Roxarsone allegedly caused various diseases in the plaintiffs, including cancers and neurological diseases. Other defendants, including various poultry companies, are also named in these lawsuits. Compensatory and punitive damages are sought in unspecified amounts.

In September 2006, the Circuit Court of Washington County returned a defense verdict in one of the lawsuits, Mary Green, et al. v. Alpharma, Inc. et al. In 2008, this verdict was appealed and affirmed by the Arkansas Supreme Court. Certain summary judgments favoring the poultry company co-defendants in Mary Green, et al. v. Alpharma, Inc. et al. were reversed by the Arkansas Supreme Court in 2008. These claims were retried in 2009 and that trial also resulted in a defense verdict, which was affirmed by the Arkansas Supreme Court in April 2011. In October 2012, we entered into an agreement to resolve these cases. The resolution is subject to the execution of full releases or dismissals with prejudice by all of the claimants or our waiver of these requirements. The trial schedule has been suspended pending the outcome of the proposed settlement.

In June 2011, we announced that we would suspend sales in the U.S. of Roxarsone (3-Nitro) in response to a request by the U.S. FDA and subsequently stopped sales in several international markets.

Following our decision to suspend sales of Roxarsone (3-Nitro) in June 2011, Zhejiang Rongyao Chemical Co., Ltd., the supplier of certain materials used in the production of Roxarsone (3-Nitro), filed a lawsuit in the U.S. District Court for the District of New Jersey alleging that we are liable for damages it suffered as a result of the decision to suspend sales.

In September 2012, we were named as defendants in a purported class action in the Circuit Court of Arkansas County, Arkansas. The lawsuit alleges that the distribution of medicated feed additives, including Roxarsone, caused chickens to produce manure that contains an arsenical compound, which, when used as agricultural fertilizer by rice farmers, degrades into inorganic arsenic and allegedly caused contamination of rice produced by Arkansas farmers. Other defendants, including various poultry companies, are also named in these lawsuits. Compensatory damages, punitive damages, and attorney fees are sought in an unspecified amount. On March 4, 2013, plaintiffs filed a motion to dismiss the class action without prejudice. On March 7, 2013, the Court granted plaintiffs' motion and entered an order dismissing the case without prejudice.

PregSure®

We have received in total approximately 80 claims in Europe and New Zealand seeking damages related to calves claimed to have died of Bovine Neonatal Pancytopenia (BNP) on farms where PregSure BVD, a vaccine against Bovine Virus Diarrhea (BVD) was used. BNP is a rare syndrome that first emerged in cattle in Europe in 2006. Studies of BNP suggest a potential association between the administration of PregSure and the development of BNP, although no causal connection has been established. The cause of BNP is not known.

In 2010, we voluntarily stopped sales of PregSure BVD in Europe, and recalled the product at wholesalers while investigations into possible causes of BNP continue. In 2011, after incidences of BNP were reported in New Zealand, we voluntarily withdrew the marketing authorization for PregSure throughout the world.

We have settled approximately 20 of these claims for amounts that are not material individually or in the aggregate. Investigations into possible causes of BNP continue and these settlements may not be representative of any future claims resolutions.

Advocin

On January 30, 2012, Bayer filed a complaint against Pfizer alleging infringement and inducement of infringement of Bayer patent US 5,756,506 covering, among other things, a process for treating bovine respiratory disease (BRD) by administering a single high dose of fluoroquinolone. The complaint was filed after Pfizer's product Advocin® was approved as a single dose treatment of BRD, in addition to its

previous approval as a multi-dose treatment of BRD. Bayer seeks a permanent injunction, damages and a recovery of attorney's fees, and has demanded a jury trial. Discovery has now concluded. We have filed motions for summary judgment of non-infringement and invalidity of the Bayer patent, which are currently pending before the Court.

Ulianopolis, Brazil

In February 2012, the Municipality of Ulianopolis (State of Para, Brazil) filed a complaint against Fort Dodge Saúde Animal Ltda. (FDSAL) and five other large companies alleging that waste sent to a local waste incinerator for destruction, but that was not ultimately destroyed as the facility lost its operating permit, caused environmental impacts requiring cleanup.

The Municipality is seeking recovery of cleanup costs purportedly related to FDSAL's share of all waste accumulated at the waste incineration facility awaiting destruction, and compensatory damages to be allocated among the six defendants. We believe we have strong arguments against the claim, including defense strategies against any claim of joint and several liability.

At the request of the Municipal prosecutor, in April 2012, the lawsuit was suspended for one year. Since that time, the prosecutor has initiated investigations into the Municipality's actions in the matter as well as the efforts undertaken by the six defendants to remove and dispose of their individual waste from the local incineration facility.

B. Guarantees and Indemnifications

In the ordinary course of business and in connection with the sale of assets and businesses, we often indemnify our counterparties against certain liabilities that may arise in connection with the transaction or related to activities prior to the transaction. These indemnifications typically pertain to environmental, tax, employee and/or product-related matters and patent-infringement claims. If the indemnified party were to make a successful claim pursuant to the terms of the indemnification, we would be required to reimburse the loss. These indemnifications are generally subject to threshold amounts, specified claim periods and other restrictions and limitations. Historically, we have not paid significant amounts under these provisions and, as of December 31, 2012, recorded amounts for the estimated fair value of these indemnifications are not significant.

C. Purchase Commitments

As of December 31, 2012, we have agreements totaling $99 million to purchase goods and services that are enforceable and legally binding and include amounts relating to contract manufacturing and information technology services. Included in this amount are approximately $1 million of potential milestone payments that are deemed reasonably likely to occur.

D. Brazil Lease Agreements

In September 2012, Pfizer's subsidiary, Laboratórios Pfizer Ltda. (“Laboratórios”), as lessee, and our subsidiary, PAH Brasil Participações Ltda., (“PAH Brasil”), as lessor, entered into: (i) the Private Instrument of Non Residential Lease Agreement and Others, which establishes and regulates the use of the real property at our Guarulhos, Brazil facility (the “Real Property Lease”) and (ii) the Private Instrument of Lease Agreement Movable Assets and Others, which establishes the terms of the use of the fixed assets at the same site (the “Fixed Asset Lease” and, together with the Real Property Lease, the “Brazil Leases”). As a result of a merger of PAH Brasil into Fort Dodge Saúde Animal Ltda. (“Fort Dodge Brazil”) with Fort Dodge Brazil surviving, the Brazil Leases were assigned to Fort Dodge Brazil.

Rent, rent adjustment and penalty. The monthly rent under the Brazil Leases corresponds to the amount of depreciation of the fixed assets and real property covered by the leases. During the first month that the leases were in effect, the rent under the Fixed Asset Lease was R$752,459 (approximately $0.4 million) and the rent under the Real Property Lease was R$479,977 (approximately $0.2 million). In subsequent periods, the parties will adjust these amounts to reflect the anticipated monthly depreciation amount and previously paid amounts may be adjusted if the amounts paid differ from actual depreciation. Late payments under Brazil Leases are subject to an adjustment plus a penalty equal to 2% and interest on arrears of 1% per month. A breach of either of the Brazil Leases that is not cured within 30 days from receipt of notice thereof is subject to a penalty equal to three monthly rent payments under the applicable lease. In addition to the rent, Laboratórios will pay expenses related to water consumption, sewerage and electricity as well as all taxes levied on the property.

Covenants and obligations. Laboratórios is required to maintain the fixed assets and real property in the same condition as they were received, except for normal wear and tear and any improvements thereon, and is responsible for the repair of any damage. Improvements on the existing fixed assets and investments in new fixed assets are permitted under the Fixed Asset Lease, provided Fort Dodge Brazil is given notice thereof and consents to Laboratórios' proposal. Costs for such improvements are paid or reimbursed by Fort Dodge Brazil unless the fixed asset is used solely to manufacture human health products, in which case the cost shall be the responsibility of Laboratórios and, in the event a new asset is purchased, exclusive ownership shall be retained by Laboratórios. The Real Property Lease also permits improvements on the property to be implemented by Laboratórios as long as Fort Dodge Brazil provides its written consent. Laboratórios is entitled to reimbursement for any related costs as long as Fort Dodge Brazil consented to the implementation of the improvements.

Term and termination. The Brazil Leases will last for a period of five years commencing in September 2012. The Real Property Lease provides for automatic renewals for successive periods of one year at Laboratórios's discretion, unless notice of non-renewal is provided by Laboratórios. The Fixed Asset Lease can be extended for additional terms of five years by executing an amendment to such lease.

The Brazil Leases terminate at any time if agreed upon by the parties. The Brazil Leases also terminate upon satisfaction of certain regulatory conditions that will permit the animal health manufacturing operations of Laboratórios to be transferred to Fort Dodge Brazil and the human pharmaceutical manufacturing operations to be transferred to another facility or party. The Fixed Asset Lease automatically terminates upon the termination of the Real Property Lease or the master manufacturing and supply agreement that provides for Zoetis-supplied products. The Real Property Lease automatically terminates upon the termination of the Fixed Asset Lease or the expropriation of the property and cannot be terminated by Fort Dodge Brazil prior to termination of the master manufacturing and supply agreement that provides for Zoetis-supplied products. In the event the property is partially or completely destroyed, Laboratórios has the option to terminate the Real Property Lease.

E. Commitments under Operating Leases

We have facilities, vehicles and office equipment under various non-cancellable operating leases with third parties. Total rent expense, net of sublease rental income, was approximately $17 million in 2012, $21 million in 2011 and $19 million in 2010.

Future minimum lease payments under non-cancellable operating leases as of December 31, 2012 follow:

(MILLIONS OF DOLLARS)	2013	2014	2015	2016	2017	After 2017	Total
Maturities	$ 16	$ 13	$ 9	$ 6	$ 3	$ 11	$ 58

17. Segment, Geographic and Other Revenue Information

A. Segment Information

The animal health medicines and vaccines industry is characterized by meaningful differences in customer needs across different regions. As a result of these differences, among other things, we manage our operations through four geographic regions. Each operating segment has responsibility for its commercial activities. Within each of these regional operating segments, we offer a diversified product portfolio, including vaccines, parasiticides, anti-infectives, medicated feed additives and other pharmaceuticals, for both livestock and companion animal customers.

Operating Segments

- The United States (U.S.).
- Europe/Africa/Middle East (EuAfME)—Includes, among others, the United Kingdom, Germany, France, Italy, Spain, Northern Europe and Central Europe as well as Russia, Turkey and South Africa.
- Canada/Latin America (CLAR)—Includes Canada, Brazil, Mexico, Central America and Other South America.
- Asia/Pacific (APAC)—Includes Australia, Japan, New Zealand, South Korea, India, China/Hong Kong, Northeast Asia, Southeast Asia and South Asia.

Our chief operating decision maker uses the revenues and earnings of the four operating segments, among other factors, for performance evaluation and resource allocation.

Other Costs and Business Activities

Certain costs are not allocated to our operating segment results, such as costs associated with the following:

- R&D, which is generally responsible for research projects.
- Corporate, which is responsible for platform functions such as business technology, facilities, legal, finance, human resources, business development, public affairs and procurement, among others. These costs also include compensation costs and other miscellaneous operating expenses not charged to our operating segments, as well as interest income and expense.
- Certain transactions and events such as (i) purchase accounting adjustments, where we incur expenses associated with the amortization of fair value adjustments to inventory, intangible assets and property, plant and equipment; (ii) acquisition-related activities, where we incur costs for restructuring and integration; and (iii) certain significant items, which include non-acquisition-related restructuring charges, certain asset impairment charges and costs associated with cost reduction/productivity initiatives.

Segment Assets

We manage our assets on a total company basis, not by operating segment. Therefore, our chief operating decision maker does not regularly review any asset information by operating segment and, accordingly, we do not report asset information by operating segment. As of December 31, 2012 and 2011, total assets were approximately $6.3 billion and $5.7 billion, respectively.

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Selected Statement of Income Information

Selected statement of income information follows:

(MILLIONS OF DOLLARS)	Revenues[a]	Earnings[b]	Depreciation and Amortization[c]
Year ended December 31, 2012:			
U.S.	**$ 1,776**	**$ 921**	**$ 28**
EuAfME	**1,096**	**375**	**28**
CLAR	**769**	**253**	**23**
APAC	**695**	**236**	**17**
Total reportable segments	**4,336**	**1,785**	**96**
Other business activities[e]	**—**	**(275)**	**16**
Reconciling Items:			
Corporate[f]	**—**	**(506)**	**25**
Purchase accounting adjustments[g]	**—**	**(52)**	**52**
Acquisition-related costs[h]	**—**	**(53)**	**10**
Certain significant items[i]	**—**	**(96)**	**1**
Other unallocated[j]	**—**	**(93)**	**—**
	$ 4,336	**$ 710**	**$ 200**
Year ended December 31, 2011[d]:			
U.S.	$ 1,659	$ 820	$ 26
EuAfME	1,144	365	25
CLAR	788	275	25
APAC	642	196	15
Total reportable segments	4,233	1,656	91
Other business activities[e]	—	(279)	15
Reconciling Items:			
Corporate[f]	—	(504)	31
Purchase accounting adjustments[g]	—	(82)	59
Acquisition-related costs[h]	—	(122)	6
Certain significant items[i]	—	(172)	3
Other unallocated[j]	—	(103)	—
	$ 4,233	$ 394	$ 205
Year ended December 31, 2010:			
U.S.	$ 1,384	$ 656	$ 13
EuAfME	1,020	328	25
CLAR	664	203	19
APAC	514	146	14
Total reportable segments	3,582	1,333	71
Other business activities[e]	—	(264)	17
Reconciling Items:			

Corporate[f]	—	(533)	34
Purchase accounting adjustments[g]	—	(148)	63
Acquisition-related costs[h]	—	(217)	—
Certain significant items[i]	—	84	—
Other unallocated[j]	—	(77)	—
	$ 3,582	$ 178	$ 185

(a) Revenues denominated in euros were approximately $639 million in 2012, $710 million in 2011 and $680 million in 2010.

(b) Defined as income/(loss) before provision/(benefit) for taxes on income.

(c) Certain production facilities are shared. Depreciation and amortization is allocated to the reportable operating segments based on estimates of where the benefits of the related assets are realized.

(d) For 2011, includes KAH commencing from the acquisition date of January 31, 2011.

(e) Other business activities reflect the research and development costs managed by our Research and Development organization.

(f) Corporate includes, among other things, administration expenses, allocated interest expense, certain compensation and other costs not charged to our operating segments.

(g) Purchase accounting adjustments include certain charges related to the fair value adjustments to inventory, intangible assets and property, plant and equipment not charged to our operating segments.

(h) Acquisition-related costs can include costs associated with acquiring, integrating and restructuring newly acquired businesses, such as allocated transaction costs, integration costs, restructuring charges and additional depreciation associated with asset restructuring (see *Note 5. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives* for additional information).

(i) Certain significant items are substantive, unusual items that, either as a result of their nature or size, would not be expected to occur as part of our normal business on a regular basis. Such items primarily include restructuring charges and implementation costs associated with our cost-reduction/productivity initiatives that are not associated with an acquisition, the impact of certain asset impairments, inventory write-offs and divestiture-related gains and losses (see *Note 4. Acquisitions, Divestitures and Certain Investments, Note 5. Restructuring Charges and Other Costs Associated with Acquisitions and Cost-Reduction/Productivity Initiatives,* and *Note 6. Other (Income)/Deductions—Net,* for additional information).

- For 2012, certain significant items includes primarily: (i) restructuring charges and implementation costs associated with our cost-reduction/productivity initiatives that are not associated with an acquisition of $115 million; (ii) income from a favorable legal settlement related to an intellectual property matter of $14 million; and (iii) a change in estimate with respect to transitional manufacturing agreements associated with divestitures of $4 million income.
- For 2011, certain significant items includes: (i) restructuring charges and implementation costs associated with our cost-reduction/productivity initiatives that are not associated with an acquisition of $62 million, (ii) certain asset impairment charges of $69 million; (iii) certain charges to write-off inventory of $12 million; (iv) charges related to transitional manufacturing purchase agreements associated with divestitures of $27 million; and (v) other costs of $2 million.
- For 2010, certain significant items includes: (i) net gains on sales of businesses of $104 million, (ii) charges related to transitional manufacturing purchase agreements associated with divestitures of $4 million, (iii) certain charges to write-off inventory of $13 million; and (iv) restructuring charges and implementation costs associated with our cost-reduction/productivity initiatives that are not associated with an acquisition of $3 million.

(j) Includes overhead expenses associated with our manufacturing operations.

B. Geographic Information

Revenues exceeded $100 million in each of eight countries outside the U.S. in 2012, 2011 and 2010. The U.S. was the only country to contribute more than 10% of total revenues in each year.

Property, plant and equipment, less accumulated depreciation, by geographic region follow:

	As of December 31,	
(MILLIONS OF DOLLARS)	**2012**	2011
U.S.	**$ 788**	$ 787
EuAfME	**224**	229
CLAR	**72**	75
APAC	**157**	152
Property, plant and equipment, less accumulated depreciation	**$ 1,241**	$ 1,243

C. Other Revenue Information

Significant Customers

We sell our livestock products primarily to veterinarians and livestock producers as well as third-party veterinary distributors, and retail outlets who generally sell the products to livestock producers. We sell our companion animal products primarily to veterinarians who then sell the products to pet owners. No single customer accounts for 10% or more of our total revenues in 2012, 2011 or 2010.

Revenues by Species

Significant species revenues are as follows:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2012**	2011	2010
Livestock:			
Cattle	**$ 1,608**	$ 1,617	$ 1,464
Swine	**590**	562	433
Poultry	**501**	501	265
Other (Fish and Sheep)	**107**	98	71
	2,806	2,778	2,233
Companion Animal:			
Horses	**187**	168	159
Dogs and Cats	**1,343**	1,287	1,190
	1,530	1,455	1,349

Total revenues[a]	**$ 4,336**	$ 4,233	$ 3,582

[a] In accordance with our domestic and international year-ends, 2011 includes approximately eleven months of KAH's U.S. operations and approximately ten months of KAH's international operations.

Revenues by Major Product Category

Significant revenues by major product category are as follows:

	Year Ended December 31,		
(MILLIONS OF DOLLARS)	**2012**	2011	2010
Anti-infectives	**$ 1,268**	$ 1,311	$ 1,117
Vaccines	**1,117**	1,077	1,014
Parasiticides	**692**	645	602
Medicated feed additives	**403**	347	86
Other pharmaceuticals	**712**	724	653
Other non-pharmaceuticals	**144**	129	110
Total revenues[(a)]	**$ 4,336**	$ 4,233	$ 3,582

(a) In accordance with our domestic and international year-ends, 2011 includes approximately eleven months of KAH's U.S. operations and approximately ten months of KAH's international operations.

18. Related Party Transactions

These financial statements include related party transactions:

- We did not have sales to Pfizer and its subsidiaries during any of the periods presented.
- The costs of goods manufactured in manufacturing plants that are shared with other Pfizer business units were approximately $420 million in 2012, $340 million in 2011 and $350 million in 2010. Some of these sites transferred to us as part of the asset transfer on January 28, 2013. See *Note 19A. Subsequent Events—Senior Notes Offering and Asset Transfer*.
- Historically, Pfizer has provided significant corporate, manufacturing and shared services functions and resources to us. Our combined financial statements reflect an allocation of these costs. For further information about the cost allocations for these services and resources, see *Note 2. Basis of Presentation*. Management believes that these allocations are a reasonable reflection of the services received. However, these allocations may not reflect the expenses that would have been incurred if we had operated as a standalone public company for the periods presented. The costs for these services as a standalone public company would depend on a number of factors, including how we chose to organize as a company, our employee sourcing decisions and strategic decisions in areas such as information technology systems and infrastructure.

Pfizer uses a centralized approach to cash management and financing its operations. During the periods covered by these financial statements, cash deposits were remitted to Pfizer on a regular basis and are reflected within equity in the combined financial statements. Similarly, Zoetis's cash disbursements were funded through Pfizer's cash accounts and are reflected within equity in combined financial statements.

19. Subsequent Events

A. Senior Notes Offering and Asset Transfer

Senior notes offering

On January 28, 2013, we issued $3.65 billion aggregate principal amount of our senior notes (the senior notes offering) in a private placement, with an original issue discount of $10 million. The senior notes are comprised of $400 million aggregate principal amount of our 1.150% Senior Notes due 2016, $750 million aggregate principal amount of our 1.875% Senior Notes due 2018, $1.35 billion aggregate principal amount of our 3.250% Senior Notes due 2023 and $1.15 billion aggregate principal amount of our 4.700% Senior Notes due 2043.

We sold $2.65 billion aggregate principal amount of our senior notes through the initial purchasers in the senior notes offering and Pfizer transferred $1.0 billion aggregate principal amount of our senior notes to certain of the initial purchasers, who sold such senior notes through the initial purchasers in the senior notes offering.

The senior notes are governed by an indenture and supplemental indenture (collectively, the indenture) between us and Deutsche Bank Trust Company Americas, as trustee. The indenture contains certain covenants, including limitations on our and certain of our subsidiaries' ability to incur liens or

engage in sale leaseback transactions. The indenture also contains restrictions on our ability to consolidate, merge or sell substantially all of our assets. In addition, the indenture contains other customary terms, including certain events of default, upon the occurrence of which, the senior notes may be declared immediately due and payable.

Pursuant to the indenture, we are able to redeem the senior notes of any series, in whole or in part, at any time by paying a “make whole” premium, plus accrued and unpaid interest to, but excluding, the date of redemption. Pursuant to our tax matters agreement with Pfizer, we will not be permitted to redeem the 2023 notes pursuant to this optional redemption provision, except under limited circumstances. Upon the occurrence of a change of control of us and a downgrade of the senior notes below an investment grade rating by each of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, we are, in certain circumstances, required to make an offer to purchase each of the senior notes at a price equal to 101% of the aggregate principal amount of the senior notes together with accrued and unpaid interest to, but excluding, the date of repurchase.

Asset transfer

On January 28, 2013, Pfizer transferred to us substantially all of the assets and liabilities of its animal health business in exchange for all of our Class A and Class B common stock, $1.0 billion of the $3.65 billion senior notes and an amount of cash equal to substantially all of the cash proceeds received by us from the remaining $2.65 billion senior notes issued.

Pro forma (Unaudited)

The following unaudited table reflects, on a pro forma basis, selected impacts of the senior notes offering, the asset transfer and the removal of Pfizer allocated long-term debt, which will be retained by Pfizer, as if these transactions had occurred on December 31, 2012. The unaudited pro forma information is for illustrative and informative purposes and may not reflect our long-term debt, capital stock or additional paid-in capital if the transactions described had actually occurred as of December 31, 2012.

(MILLIONS OF DOLLARS)		
Long-term debt:		
Current portion of allocated long-term debt, reported	$	73
Allocated long-term debt, reported		509
Total allocated long-term debt, reported		582
Pro forma adjustment: elimination of allocated long-term debt (to be retained by Pfizer)		(582)
Pro forma adjustment: issuance of long-term debt—Senior notes, net of discount		3,640
Long-term debt, pro forma	**$**	**3,640**
Business unit equity:		
Business unit equity, reported	$	4,183
Pro forma adjustment: elimination of allocated long-term debt (to be retained by Pfizer)		582
Pro forma adjustment: reclassification of business unit equity on asset transfer		(4,765)
Business unit equity, pro forma	**$**	**—**
Capital stock:		
Capital stock, reported	$	—
Pro forma adjustment: issuance of capital stock to Pfizer in connection with asset transfer		5
Capital stock, pro forma	**$**	**5**
Additional paid-in capital:		
Additional paid-in capital, reported	$	—
Pro forma adjustment: reclassification of Business unit equity on asset transfer		4,765
Pro forma adjustment: establishment of capital stock on asset transfer		(5)
Pro forma adjustment: consideration paid to Pfizer in connection with asset transfer		(3,559)
Additional paid-capital, pro forma	**$**	**1,201**

B. Commercial Paper Program

In February 2013, we entered into a commercial paper program with a capacity of up to $1.0 billion. While no commercial paper has been issued under the commercial paper program at this time, we may incur indebtedness under this program in the future.

C. Initial Public Offering

On February 6, 2013, an IPO of 99,015,000 shares of our Class A common stock (including the exercise of the underwriters' over-allotment option) at a price of $26.00 per share was completed. We did not receive any of the net proceeds from the IPO.

Immediately following the IPO, there were 99,015,000 outstanding shares of Class A common stock and 400,985,000 outstanding shares of Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. The holders of Class A common stock and Class B common stock are each entitled to one vote per share for all matters submitted to a vote of stockholders other than with respect to the election of directors. With respect to the election of directors, the holders of Class B common stock are entitled to ten votes per share, and the holders of Class A common stock are entitled to one vote per share. Each share of Class B common stock

held by Pfizer or one of its subsidiaries is convertible into one share of Class A common stock at any time but will not be convertible if held by any other holder. Currently, Pfizer owns 100% of our outstanding Class B common stock and no shares of our Class A common stock, giving Pfizer 80.2% of the economic interest and the combined voting power in shares of our outstanding common stock other than with respect to the election of directors and 97.6% of the combined voting power of our outstanding common stock with respect to the election of directors.

D. Agreements with Pfizer

In connection with the IPO, we and Pfizer entered into agreements that provide a framework for our ongoing relationship with Pfizer, certain of which are described below.

- *Global separation agreement.* This agreement governs the relationship between Pfizer and us following the IPO and includes provisions related to the allocation of assets and liabilities, indemnification, delayed transfers and further assurances, mutual releases, insurance and certain covenants.

- *Transitional services agreement.* This agreement grants us the right to continue to use certain of Pfizer's services and resources related to our corporate functions, such as business technology, facilities, finance, human resources, public affairs and procurement, in exchange for mutually agreed-upon fees based on Pfizer's costs of providing these services.

- *Tax matters agreement.* This agreement governs ours and Pfizer's respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes. Pursuant to this agreement, we have also agreed to certain covenants that contain restrictions intended to preserve the tax-free status of certain transactions, and we have agreed to indemnify Pfizer and its affiliates against any and all tax-related liabilities incurred by them relating to these transactions to the extent caused by an acquisition of our stock or assets or by any other action undertaken by us.

- *Research and development collaboration and license agreement.* This agreement permits certain of our employees to be able to review a Pfizer database to identify compounds that may be of interest to the animal health field. Pfizer has granted to us an option to enter into a license agreement subject to certain restrictions and requirements and we will make payments to Pfizer.

- *Employee matters agreement.* This agreement governs ours and Pfizer's respective rights, responsibilities and obligations with respect to the following matters: employees and former employees (and their respective dependents and beneficiaries) who are or were associated with Pfizer, us or the parties' respective subsidiaries or affiliates; the allocation of assets and liabilities generally relating to employees, employment or service-related matters and employee benefit plans; and other human resources, employment and employee benefits matters.

- *Master manufacturing and supply agreements.* These two agreements govern our manufacturing and supply arrangements with Pfizer. Under one of these agreements, Pfizer will manufacture and supply us with animal health products. Under this agreement, our manufacturing and supply chain leadership will have oversight responsibility over product quality and other key aspects of the manufacturing process with respect to the Pfizer-supplied products. Under the other agreement, we will manufacture and supply certain human health products to Pfizer.

- *Environmental matters agreement.* This agreement governs the performance of remedial actions for liabilities allocated to each party under the global separation agreement; addresses our substitution for Pfizer with respect to animal health assets and remedial actions allocated to us (including substitution related to, for example, permits, financial assurances and consent orders); allows our conditional use of Pfizer's consultants and contractors to assist in the conduct of remedial actions; and addresses the exchange of related information between the parties. The agreement also sets forth standards of conduct for remedial activities at the co-located facilities: Guarulhos, Brazil; Catania, Italy; Hsinchu, Taiwan; and Kalamazoo, Michigan in the U.S. In addition, the agreement sets forth site-specific terms to govern conduct at several of these co-located facilities.

- *Screening services agreement.* This agreement requires us to provide certain high throughput screening services to Pfizer's R&D organization for which Pfizer pays to us agreed-upon fees.

- *Intellectual property license agreements.* Under these agreements (i) Pfizer and certain of its affiliates licensed to us and certain of our affiliates the right to use certain intellectual property rights in the animal health field; (ii) we licensed to Pfizer and certain of its affiliates certain rights to intellectual property in all fields outside of the animal health field; and (iii) Pfizer granted us rights with respect to certain trademarks and copyrighted works.

E. Zoetis 2013 Equity and Incentive Plan

In January 2013, Zoetis's 2013 Equity and Incentive Plan (Equity Plan) became effective. Awards under the Equity Plan may be in the form of stock options, or other stock-based awards, including awards of restricted stock, restricted stock units and performance share awards. The Equity Plan also provides for the grant of cash-based awards. The principal types of stock-based awards available under the Equity Plan may include, but are not limited to, the following:

- *Stock Options.* Stock options represent the right to purchase shares of our common stock within a specified period of time at a specified price. The exercise price for a stock option will be not less than 100% of the fair market value of the common stock on the date of grant. Stock options will have a maximum term of ten years from the date of grant. Stock options granted may include those intended to be “incentive stock options” within the meaning of Section 422 of the Code.

- *Restricted Stock and Restricted Stock Units.* Restricted stock is a share of our common stock that is subject to a risk of forfeiture or other restrictions that will lapse subject to the recipient's continued employment, the attainment of performance goals, or both. Restricted stock units represent the right to receive shares of our common stock in the future (or cash determined by reference to the value of our common stock), subject to the recipient's continued employment, the attainment of performance goals, or both.

- *Performance-Based Awards.* Performance awards will require satisfaction of pre-established performance goals, consisting of one or more business criteria and a targeted performance level with respect to such criteria as a condition of awards vesting or being settled. Performance may be measured over a period of any length specified.

- *Other Equity-Based or Cash-Based Awards*. Our Compensation Committee will be authorized to grant awards in the form of other equity-based awards or other cash-based awards, as deemed to be consistent with the purposes of the Equity Plan. The maximum value of the aggregate payment to be paid to any participant with respect to cash-based awards under the Equity Plan in respect of an annual performance period will be $10 million.

In order to provide long-term incentives to, and facilitate the retention of, our employees, we granted restricted stock units and stock options (or other awards as appropriate with respect to our employees in non-U.S. jurisdictions) under the Equity Plan to approximately 1,700 of our employees in connection with the IPO. The grant price was equal to the IPO price of $26.00 per share. These awards will vest on the third anniversary of the date of grant.

F. Venezuela Currency Devaluation

On February 13, 2013, the Venezuelan government devalued its currency from a rate of 4.3 to 6.3 Venezuelan bolivar per U.S. dollar. We incurred a foreign currency loss immediately on the devaluation as a result of remeasuring the local balance sheets and we will experience ongoing adverse impacts to earnings as our revenues and expenses will be translated into U.S. dollars at lower rates.

20. Selected Quarterly Financial Data (Unaudited)

(MILLIONS OF DOLLARS, EXCEPT PER COMMON SHARE DATA)	FIRST	SECOND	THIRD	FOURTH
2012:				
Revenues	**$ 1,047**	**$ 1,094**	**$ 1,019**	**$ 1,176**
Costs and expenses[a]	**851**	**818**	**800**	**1,022**
Restructuring charges and certain acquisition-related costs	**25**	**24**	**6**	**80**
Income before provision for taxes on income	**171**	**252**	**213**	**74**
Provision for taxes on income[b]	**59**	**79**	**52**	**84**
Net income/(loss) before allocation to noncontrolling interests	**112**	**173**	**161**	**(10)**
Less: Net income/(loss) attributable to noncontrolling interests	**1**	**0**	**(1)**	**—**
Net income/(loss) attributable to Zoetis	**$ 111**	**$ 173**	**$ 162**	**$ (10)**
Earnings/(loss) per common share--basic and diluted[c]	**$ 0.22**	**$ 0.35**	**$ 0.32**	**$ (0.02)**
2011:				
Revenues	$ 983	$ 1,074	$ 1,049	$ 1,127
Costs and expenses	834	950	850	1,051
Restructuring charges and certain acquisition-related costs	37	20	51	46
Income before provision for taxes on income	112	104	148	30
Provision for taxes on income[b]	35	38	53	20
Net income before allocation to noncontrolling interests	77	66	95	10
Less: Net income attributable to noncontrolling interests	1	—	1	1
Net income attributable to Zoetis	$ 76	$ 66	$ 94	$ 9
Earnings per common share--basic and diluted[c]	$ 0.15	$ 0.13	$ 0.19	$ 0.02

[a] Costs and expenses in the fourth quarter reflect seasonal trends as well as specific costs associated with the build-up of our capabilities as a standalone company and costs associated with establishing our own compensation plans.

[b] The income tax provision in the combined statements of income has been calculated as if Zoetis filed a separate tax return. The tax rate for the fourth quarter of 2012 includes tax costs related to uncertain tax positions, substantially all of which will remain with Pfizer, and to a lesser extent, tax costs associated with repatriation decisions among others. See Notes to Combined Financial Statements—*Note 19D. Subsequent Events—Agreements with Pfizer.*

[c] The weighted average common shares outstanding for both basic and diluted earnings per share for all periods presented was calculated using an aggregate of 500 million shares of Class A and Class B common stock outstanding, which was the number of Zoetis Inc. shares outstanding at the time of the IPO. There were no Zoetis restricted stock units, stock options or performance shares outstanding prior to the IPO.

Basic and diluted EPS are computed independently for each of the periods presented. Accordingly, the sum of the quarterly EPS amounts may not agree to the total for the year.

Our historical combined quarterly financial data may not be representative of the results we would have achieved as a standalone company.

Zoetis Inc.
Schedule II—Valuation and Qualifying Accounts

(MILLIONS OF DOLLARS)	Balance, Beginning of Period	Additions	Deductions	Balance, End of Period
Year Ended December 31, 2012				
Allowance for doubtful accounts	**$ 29**	**$ 23**	**$ (3)**	**$ 49**
Year Ended December 31, 2011				
Allowance for doubtful accounts	26	5	(2)	29
Year Ended December 31, 2010				
Allowance for doubtful accounts	30	13	(17)	26

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation as of December 31, 2012, the company's Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures are effective in alerting them in a timely manner to material information required to be disclosed in our periodic reports filed with the SEC.

Management's Report on Internal Control over Financial Reporting

This 2012 Annual Report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

Changes in Internal Controls

During our most recent fiscal quarter ended December 31, 2012, there has not been any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers. Our Board of Directors consists of nine members.

Name	Age	Position
Juan Ramón Alaix	61	Chief Executive Officer and Director
Richard A. Passov	54	Executive Vice President and Chief Financial Officer
Sandra J. Beaty	55	Executive Vice President of Corporate Affairs
Alejandro Bernal	40	Executive Vice President and Area President of the Europe, Africa and Middle East region
Heidi C. Chen	46	Executive Vice President, General Counsel and Corporate Secretary
Catherine A. Knupp	52	Executive Vice President and President of Research and Development
Roxanne Lagano	48	Executive Vice President and Chief Human Resources Officer
Joyce J. Lee	40	Executive Vice President and Area President of the Canada and Latin America region
Clinton A. Lewis, Jr.	46	Executive Vice President and President of U.S. Operations
Kristin C. Peck	41	Executive Vice President and Group President
Stefan Weiskopf	53	Executive Vice President and Area President of the Asia Pacific region
Frank A. D'Amelio	55	Chairman and Director
Geno J. Germano	52	Director
Douglas E. Giordano	50	Director
Charles H. Hill	57	Director
Amy W. Schulman	52	Director
Michael B. McCallister	60	Director
Gregory Norden	55	Director
William C. Steere, Jr.	76	Director

Set forth below is information concerning our directors and executive officers as of the date of this report.

Juan Ramón Alaix has served as our Chief Executive Officer and Director since July 2012 and as President of Pfizer's animal health business unit since 2006. Mr. Alaix joined Pfizer in 2003 and held various positions, including Regional President of Central/Southern Europe for Pfizer's pharmaceutical business. Mr. Alaix held various positions, including Market President, Spain at Pharmacia Spain from 1998 until its acquisition by Pfizer in 2003. Mr. Alaix currently serves as President and as a member of the Board of Directors and the executive committee of the International Federation for Animal Health.

Mr. Alaix's experience described above, including his knowledge and leadership of our company, his business and management experience and his experience in the animal health industry, provides him with the qualifications and skills to serve as a director on our board.

Richard A. Passov has served as our Executive Vice President and Chief Financial Officer since July 2012. Mr. Passov joined Pfizer in 1997 and served as Senior Vice President and Treasurer for Pfizer from 2001 to 2012 and served as Assistant Treasurer from 1997 to 2001.

Sandra J. Beaty has served as our Executive Vice President of Corporate Affairs since October 2012. Ms. Beaty joined Pfizer in 1996 and held various positions, including Senior Vice President of Public Affairs and Chief of Staff to the former Pfizer Chairman and CEO.

Alejandro Bernal has served as our Executive Vice President and Area President of the Europe, Africa and Middle East region since October 2012 and as Area President of that region for Pfizer's animal health business unit since 2010. Mr. Bernal joined Pfizer in 2000 and held various positions, including Area President Canada and Latin America region; Regional Director of Southwest and Central Latin America; Division Director for Central America and Colombia; Swine and Poultry Team Leader for Mexico; and Swine Product Manager for Northern Latin America for Pfizer's animal health business unit.

Heidi C. Chen has served as our Executive Vice President, General Counsel since October 2012, as our Corporate Secretary since July 2012 and as Vice President and Chief Counsel of Pfizer's animal health business unit since 2009. Ms. Chen joined Pfizer in 1998 and held various legal and compliance positions, including lead counsel for Pfizer's Established Products business unit.

Catherine A. Knupp has served as our Executive Vice President and President of Research and Development since October 2012 and as Vice President of Pfizer's Veterinary Medicine Research and Development since September 2005. Dr. Knupp joined Pfizer in July 2001 and held various positions, including Vice President of Pfizer's Michigan laboratories for Pharmacokinetics, Dynamics and Metabolism.

Roxanne Lagano has served as our Executive Vice President and Chief Human Resources Officer since October 2012. Ms. Lagano joined Pfizer in 1997 and held various positions, including Senior Vice President, Pfizer Global Compensation, Benefits and Wellness and Senior Director, Business Transactions, Pfizer Worldwide Human Resources.

Joyce J. Lee has served as our Executive Vice President and Area President of the Canada and Latin America region since October 2012 and as Area President of the same region for Pfizer's animal health business unit since December 2010. Ms. Lee joined Pfizer in 2003 with the acquisition of Pharmacia and held various positions, including Vice President of Global Poultry and Vice President of Global Business Technology for Pfizer's animal health business unit.

Clinton A. Lewis, Jr. has served as our Executive Vice President and President of U.S. Operations since October 2012 and as President of U.S. Operations for Pfizer's animal health business unit since 2007. Mr. Lewis joined Pfizer in 1988 and held various positions across sales, marketing and general management including Senior Vice President of Sales, U.S.; General Manager, Pfizer Caribbean; and General Manager, U.S. Anti-Infectives.

Kristin C. Peck has served as our Executive Vice President and Group President since October 2012. Ms. Peck joined Pfizer in 2004 and held various positions, including Executive Vice President, Worldwide Business Development and Innovation; Senior Vice President of Worldwide Business Development, Strategy and Innovation; Senior Vice President, Worldwide Strategy and Innovation; Vice President, Strategic Planning; Chief of Staff to the Vice Chairman; and Senior Director, Strategic Planning. Ms. Peck also served as a member of Pfizer's Executive Leadership Team.

Stefan Weiskopf has served as our Executive Vice President and Area President of the Asia Pacific region, which expands to Australia and New Zealand, since October 2012 and as Area President of that region for Pfizer's animal health unit since 2007. Mr. Weiskopf joined Pfizer in 1988 and held various positions, including Division Director Animal Health for Germany, Austria and Switzerland.

Frank A. D'Amelio has served as a member of our board since July 2012 and as Executive Vice President, Chief Financial Officer and Business Operations for Pfizer since December 2010. Mr. D'Amelio joined Pfizer in September 2007 and held various positions, including Senior Vice President and Chief Financial Officer. From November 2006 to August 2007, Mr. D'Amelio held the position of Senior Executive Vice President of Integration and Chief Administrative Officer at Alcatel-Lucent, S.A. Mr. D'Amelio currently serves on the Board of Directors of Humana Inc. and is Chair of the Humana Inc. Audit Committee. Mr. D'Amelio also currently serves as a member of the National Advisory Board of JPMorgan Chase & Co.

Mr. D'Amelio's experience described above, including his business, management and leadership experience and his experience serving on the board of another public company, provides him with the qualifications and skills to serve as a member of our board.

Geno J. Germano has served as a member of our board since July 2012 and as President and General Manager, Specialty Care and Oncology for Pfizer since December 2010. Mr. Germano joined Pfizer in October 2009 and held various positions, including President and General Manager, Specialty Care. From 2004, Mr. Germano held various positions with Wyeth, including President, U.S. Pharmaceuticals Business Units; Executive Vice President and General Manager for Wyeth Global Vaccines; Managing Director, Wyeth Australia and New Zealand; and Executive Vice President and General Manager of the Wyeth Pharmaceutical Business Unit, until Pfizer's acquisition of Wyeth in October 2009.

Mr. Germano's experience described above, including his business, operational and management experience and his many years of leadership roles in the pharmaceutical industry, provides him with the qualifications and skills to serve as a member of our board.

Douglas E. Giordano has served as a member of our board since July 2012 and as Senior Vice President, Worldwide Business Development for Pfizer since June 2010. Mr. Giordano joined Pfizer in 1991 and held various positions in finance, manufacturing, operations and business development, including Vice President, Worldwide Business Development; and Vice President, U.S. Planning and Business Development.

Mr. Giordano's experience described above, including his knowledge of our company, his leadership experience, his experience in the pharmaceutical industry and his business development and management background, provides him with the qualifications and skills to serve as a member of our board.

Charles H. Hill has served as a member of our board since July 2012 and as Executive Vice President, Worldwide Human Resources for Pfizer since December 2010. Mr. Hill joined Pfizer in 1987 and held various positions, including Senior Vice President of Human Resources for Pfizer's Worldwide Biopharmaceuticals Businesses; Vice President, Human Resources, Worldwide Pharmaceuticals Operations; Vice President, Human Resources, Pfizer Global Pharmaceuticals in the Europe/Canada, AfME (which includes South America, Central America, Mexico, Africa and the Middle East) and Latin America regions; Vice President, Corporate Finance; and Director of Human Resources, Health & Safety and Community Relations, Pfizer Global Manufacturing.

Mr. Hill's experience described above, including his business and leadership experience, his experience in the pharmaceutical industry and his extensive experience as an executive officer at Pfizer, provides him with the qualifications and skills to serve as a director on our board.

Amy W. Schulman has served as a member of our board since July 2012, as Executive Vice President and General Counsel for Pfizer since December 2010 and as Business Unit Lead, Consumer Healthcare for Pfizer since August 2012. Ms. Schulman joined Pfizer in June 2008 and held various positions, including Senior Vice President and General Counsel and President and General Manager, Nutrition. Prior to joining Pfizer, from 1997 to June 2008, Ms. Schulman was a partner at DLA Piper LLP (US).

Ms. Schulman's experience described above, including her business and leadership experience, her experience in the pharmaceutical industry and her legal expertise, provides her with the qualifications and skills to serve as a member of our board.

Michael B. McCallister has served as a member of our board since January 2013. Mr. McCallister has been the Chairman of the Board of Directors of Humana Inc. since 2010. Mr. McCallister joined Humana Inc. in 1974 and has held various positions, including Chief Executive Officer from 2000 until December 31, 2012. Humana Inc. is a healthcare company that offers a wide range of insurance products and health and wellness services. Mr. McCallister currently serves on the Board of Directors of Fifth Third Bancorp and Bellarmine University. Mr. McCallister also served on the Board of Directors of National City Corporation until its merger with PNC Financial Services Group in December 2008 as well as on the Board of Directors and as Chairman of the Health and Retirement Task Force of the Business Roundtable.

Mr. McCallister's experience described above, including experience in the healthcare industry and his knowledge of the operational, financial and strategic development of another public company, provides him with the qualifications and skills to serve as a member of our board.

Gregory Norden has served as a member of our board since January 2013. Mr. Norden is the Managing Director of G9 Capital Group LLC which invests in early stage ventures and provides corporate finance advisory services. From 1989 to 2010, Mr. Norden held various senior positions with Wyeth/American Home Products, most recently as Wyeth's Senior Vice President and Chief Financial Officer (from 2007 to 2010). Prior to this role, Mr. Norden was Executive Vice President and Chief Financial Officer of Wyeth Pharmaceuticals. Prior to his affiliation with Wyeth, Mr. Norden served as Audit Manager at Arthur Andersen & Co. Mr. Norden also serves on the Board of Directors of Welch Allyn, a provider of medical diagnostic equipment, and NanoString Technologies, a provider of life science tools for translational research and development of molecular diagnostic products. Mr. Norden is a former director of Human Genome Sciences, Inc., where he served until 2012.

Mr. Norden's experience described above, including his background in finance and experience as a senior executive in the global healthcare and pharmaceutical industries, provides him with the qualifications and skills to serve as a member of our board.

William C. Steere, Jr. has served as a member of our board since January 2013. Mr. Steere has been Chairman Emeritus of Pfizer since July 2001. Mr. Steere joined Pfizer in 1959 and held various positions, including Chief Executive Officer from 1991 until 2000; Chairman of the Board of Directors from 1992 until 2001; and member of the Board of Directors until 2011. Mr. Steere is currently on the Board of Directors of Health Management Associates, Inc. Mr. Steere also served on the boards of directors of Dow Jones & Company, Inc. until 2007 and MetLife, Inc. until 2010.

Mr. Steere's experience described above, including his expertise leading another public company and knowledge of, and experience with, the pharmaceutical and health care industries, provides him with the qualifications and skills to serve as a member of our board.

Composition of Board; Classes of Directors

Our Board of Directors consists of nine members. Three of our directors (Michael B. McCallister, Gregory Norden and William C. Steere, Jr.) are independent under the applicable rules of the NYSE and the Exchange Act.

Pfizer controls a majority of our outstanding common stock. As a result, we are a “controlled company” under the corporate governance rules of the NYSE. As a controlled company, we will be eligible for exemption from some of the requirements of these rules, including:

- the requirement that a majority of the Board of Directors consist of independent directors;
- the requirement that our corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that our compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of our corporate governance and compensation committees.

While Pfizer continues to control a majority of our outstanding common stock, we may not have a majority of independent directors or corporate governance and compensation committees consisting entirely of independent directors and we will not be required to have written charters addressing these committees' purposes and responsibilities or have annual performance evaluations of these committees. In the event that we cease to be a controlled company within the meaning of these rules, we will be required to comply with these requirements after specified transition periods. Following the Distribution, if any, we may no longer be a “controlled company.”

Our Board of Directors is divided into three classes, denominated as class I, class II and class III. Members of each class will hold office for staggered three-year terms. At each annual meeting of our stockholders beginning in 2014, the successors to the directors whose term expires at that meeting will be elected to serve until the third annual meeting after their election or until their successors have been elected and qualified. Mr. Germano, Mr. Giordano and Mr. Norden serve as class I directors whose terms expire at the 2014 annual meeting of stockholders. Mr. Hill, Ms. Schulman and Mr. Steere serve as class II directors whose terms expire at the 2015 annual meeting of stockholders. Mr. Alaix, Mr. D'Amelio and Mr. McCallister serve as class III directors whose terms expire at the 2016 annual meeting of stockholders.

Committees of the Board of Directors

The standing committees of our Board of Directors are described below.

Audit Committee

The Audit Committee is composed of three directors, Mr. Norden (Chair), and Messrs. McCallister and Steere, who are not otherwise currently employed by either us or Pfizer. Mr. Norden and Mr. McCallister each qualifies as independent and as an “audit committee financial expert” as such term is defined in the regulations under the Exchange Act. The Audit Committee complies with the applicable standards of the NYSE and the Exchange Act. The Audit Committee is responsible for, among other things, the oversight of the integrity of our financial statements and system of

internal controls, the qualifications and independence of our independent registered accounting firm and the performance of our internal auditor and independent auditor. The Audit Committee also has the sole authority and responsibility to select, determine the compensation of, evaluate and, when appropriate, replace our independent registered public accounting firm. In addition, the Audit Committee reviews reports from management, legal counsel and third parties relating to the status of compliance with laws, regulations and internal procedures. The Audit Committee is responsible for reviewing and discussing with management our policies with respect to risk assessment and risk management. For so long as the "controlled company" exception applies to our company, the Audit Committee will be responsible for administering policies and procedures regarding related persons transactions.

A copy of our Audit Committee Charter is available on our website.

Corporate Governance Committee

The Corporate Governance Committee is composed of Ms. Schulman (Chair), and Messrs. Germano, Giordano, McCallister and Steere. The Corporate Governance Committee is responsible for, among other things, matters of corporate governance and matters relating to the practices, policies and procedures of the Board of Directors, identifying and recommending candidates for election to our Board of Directors and each committee of our Board of Directors, and reviewing, at least annually, our corporate governance principles. The Corporate Governance Committee also advises on and recommends director compensation, which will be approved by the full Board of Directors. As a "controlled company," we are not required to have a corporate governance committee comprised entirely of independent directors. After the "controlled company" exception no longer applies to our company, the Corporate Governance Committee will be responsible for administering policies and procedures regarding related persons transactions.

A copy of our Corporate Governance Committee Charter is available on our website.

Compensation Committee

The Compensation Committee is composed of Mr. Hill (Chair), and Messrs. D'Amelio, Germano and Norden. The Compensation Committee is responsible for, among other things, reviewing and approving our overall compensation philosophy and overseeing the administration of related compensation benefit programs, policies and practices. The Compensation Committee is also responsible for annually reviewing and approving the corporate goals and objectives relevant to the compensation of our chief executive officer and other executive officers and evaluating their performance in light of these goals, reviewing the compensation of our executive officers and other appropriate officers, and administering our incentive and equity-based compensation plans. As a "controlled company," we are not required to have a compensation committee comprised entirely of independent directors.

A copy of our Compensation Committee Charter is available on our website.

Compensation Committee Interlocks and Insider Participation

We do not have any interlocking relationships between any member of our Compensation Committee and any of our executive officers that would require disclosure under the applicable rules promulgated under the federal securities laws.

Code of Ethics

All of our employees, including our Chief Executive Officer, Chief Financial Officer and Controller, are required to abide by our policies on business conduct to ensure that our business is conducted in a consistently legal and ethical manner. A copy of the Code of Conduct can be found on our website www.zoetis.com under Corporate Compliance. We will disclose any future amendments to, or waivers from, provisions of these ethics policies and standards affecting our Chief Executive Officer, Chief Financial Officer, and Controller on our website as promptly as practicable, as may be required under applicable SEC and NYSE rules.

Section 16(a) beneficial ownership reporting compliance

Section 16(a) of the Exchange Act requires our directors, officers and beneficial owners of more than 10 percent of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and to furnish us with copies of all forms filed. Prior to our IPO, we had no class of equity securities registered pursuant to Section 12 of the Exchange Act. Our directors, officers and beneficial owners of more than 10 percent of our common stock were not required to file with the SEC any such reports and as a result, to our knowledge, all Section 16(a) filing requirements applicable to our directors, officers and beneficial owners of more than 10 percent of our Class A common stock were met.

Item 11. Executive Compensation.

Compensation Discussion and Analysis

Introduction

Our executive officers whose compensation is discussed in this compensation discussion and analysis, or CD&A, and who we refer to as our named executive officers, or NEOs, are Juan Ramón Alaix, Chief Executive Officer, or CEO; Richard A. Passov, Executive Vice President and Chief Financial Officer, or CFO; Kristin C. Peck, Executive Vice President and Group President; Catherine A. Knupp, Executive Vice President and President of Research and Development; and Clinton A. Lewis, Jr., Executive Vice President and President of U.S. Operations.

Background

Prior to the IPO, we operated as a business unit of Pfizer. As a result, Pfizer determined the 2012 compensation of our employees, including our NEOs. Accordingly, the compensation arrangements discussed in this CD&A are those of Pfizer. These compensation arrangements, as well as the compensation program we expect to adopt when the Pfizer compensation plans no longer apply to us are discussed below. Because our NEOs (other than Ms. Peck) were not executive officers of Pfizer, their cash compensation was initially determined by Pfizer's senior management in accordance with the philosophy adopted by the Compensation Committee of Pfizer's Board of Directors, but was not specifically determined or reviewed by the Compensation Committee of Pfizer's Board of Directors. As a member of Pfizer's Executive Leadership Team, Ms. Peck's cash compensation was reviewed and determined by Pfizer's Compensation Committee, with the advice of the Committee's independent consultant.

Philosophy, goals and principles of Pfizer's executive compensation program

Pfizer's executive compensation philosophy, which is set by the Compensation Committee of Pfizer's Board of Directors, is to align each executive's compensation with Pfizer's short-term and long-term performance and to provide the compensation and incentives needed to

attract, motivate and retain key executives who are crucial to Pfizer's long-term success. A significant portion of the total compensation opportunity for each of Pfizer's executives (including our NEOs) is directly related to Pfizer's stock price performance and to other performance factors that measure progress against the goals of Pfizer's strategic and operating plans, as well as Pfizer's performance against that of the pharmaceutical peer group described below.

Pfizer seeks to implement its compensation philosophy and achieve the goals of its program by following three key principles:

- positioning total direct compensation and each compensation element at approximately the median of its peer companies, with emphasis on pharmaceutical companies with large market capitalization;
- aligning annual short-term incentive awards with annual operating and financial objectives; and
- rewarding absolute and relative performance in total shareholder return through long-term equity incentive awards.

Pfizer's executive compensation framework

In support of its compensation philosophy, Pfizer targets the median compensation values of both a peer group of pharmaceutical companies and a general industry comparator group to determine an appropriate total value and mix of pay for our executives. Pfizer's Compensation Committee reviews these peer groups on an annual basis.

Pfizer's pharmaceutical peer group for 2012 consisted of the following companies, which were selected based on their size and market capitalization and the complexity of their businesses, as well as the availability of comparative data. Pfizer's Compensation Committee recognizes that while data is available on the performance of Pfizer's non-U.S.-based peer companies, the compensation data is limited in terms of comparable benchmarks and other information as compared to peers based in the U.S.

Pfizer's 2012 pharmaceutical peer group

Abbott Laboratories	Johnson & Johnson
Amgen	Merck
AstraZeneca	Novartis
Bristol-Myers Squibb	Roche
Eli Lilly	Sanofi-Aventis
GlaxoSmithKline	

The general industry comparator group for 2012 was selected by Pfizer's Compensation Committee from other industry sectors based on the same criteria as described above.

Pfizer's 2012 general industry comparator group

Alcoa	Honeywell
Altria Group	IBM
Boeing	Lockheed Martin
Caterpillar	PepsiCo
Chevron	Procter & Gamble
Coca-Cola	TimeWarner
Comcast	United Parcel Service
Dell	United Technologies
Dow Chemical	UnitedHealth Group
DuPont	Verizon
FedEx	Walt Disney

Given the differences between Pfizer and us in industry focus, market capitalization and other factors that impact executive compensation, we have selected a different group of peer companies as described under "*—Our anticipated compensation program post-IPO.*"

Applying Pfizer's compensation framework to executive positions

Pfizer uses median compensation data for similar positions in its pharmaceutical peer and general industry comparator groups, as well as an evaluation of internal equity among Pfizer executives, as a guide in setting compensation targets for each of its executives, including our NEOs. Each compensation target is assigned a numbered salary grade to simplify the compensation administration process and help maintain internal equity.

Pfizer uses salary grades to determine the preliminary salary recommendation, target annual incentive award opportunity, and target long-term equity incentive award value for each executive position. Each salary grade is expressed as a range, with minimum, midpoint, and maximum salary levels. Minimum and maximum salary range levels for each grade are set 25% below and above the salary range midpoint, which is

intended to approximate the bottom and top quartiles for positions assigned to that grade. This framework provides a guide for Pfizer's Compensation Committee determinations. The actual total compensation and/or amount of each compensation element for an individual executive may be more or less than this median.

Overview of Pfizer's compensation program design

This section will explain how Pfizer determined the design of its 2012 executive compensation program as it relates to our NEOs.

Role of Pfizer's compensation consultant. Since 2003, Pfizer's Compensation Committee has engaged the firm of Frederic W. Cook & Co., represented by George Paulin, its Chief Executive Officer, as the Committee's independent compensation consultant. Below are some of the consultant's primary responsibilities:

- advise Pfizer's Compensation Committee on management proposals, as requested;
- attend Pfizer's Compensation Committee meetings;
- review Pfizer's compensation philosophy, peer group and competitive positioning and advise Pfizer's Compensation Committee on their reasonableness and appropriateness;
- review Pfizer's executive compensation program and advise Pfizer's Compensation Committee of plans or practices that might be changed to improve effectiveness;
- review the selected peer group and survey data for competitive comparisons;
- oversee and review survey data on executive pay practices and amounts that come before Pfizer's Compensation Committee;
- provide market data and recommendations on Chief Executive Officer compensation without prior review by management (except for necessary fact-checking); and
- proactively advise Pfizer's Compensation Committee on best-practice approaches for governance of executive compensation as well as areas of concern and risk in Pfizer's program.

Elements of pay

Base salary. In accordance with Pfizer practice, base salaries for our NEOs have generally been determined by evaluating the responsibilities of the executive's position, the executive's experience and the competitive marketplace. The competitive marketplace has been determined with the use of survey data, as described under "*—Role of Pfizer's compensation consultant.*" Future base salary adjustments for our NEOs are expected to take into account changes in the executive's responsibilities, the executive's performance and changes in the competitive marketplace.

Annual incentive plan. For 2012, eligible employees, including our NEOs, participated in Pfizer's annual incentive program—the Global Performance Plan, or GPP. The GPP utilizes a funded pool based on Pfizer's performance on three financial metrics: total revenue (revenue), weighted 40%; adjusted diluted earnings per share, weighted 40%; and cash flow from operations (cash flow), weighted 20%. The GPP pool funding percentage can range from 0% to 200% of target award levels; however, the pool is not funded unless performance exceeds a threshold level. Earned individual payouts also can range from 0% to 200% of target and reflect allocations from the available earned pool based on corporate, business unit/function, and individual performance.

As indicated by the following table, Pfizer's actual 2012 performance exceeded the targets for revenue and adjusted diluted earnings per share, and exceeded the threshold for cash flow. The 2012 amounts below exclude the results from the Nutrition Business Unit of Pfizer, which was sold in 2012.

Financial objective	Revenue (a)	Adj. diluted EPS[(b)]	Cash flow[(c)]
2012 Threshold	$54.5 billion	$1.97	$15.5 billion
2012 Target	$59.0 billion	$2.17	$19.0 billion
2012 Achievement	$59.2 billion	$2.26	$18.4 billion

(a) Total revenue for annual incentive purposes is based on budgeted foreign exchange rates. Therefore, 2012 achievement differs from U.S. GAAP revenue of $59.0 billion.

(b) Adjusted diluted EPS for annual incentive purposes is based on budgeted foreign exchange rates and excludes certain non-recurring items.

(c) 2012 target and achievement exclude certain tax and other discretionary timing items for compensation purposes (non-GAAP amounts).

Our NEOs' 2012 annual incentive awards were based on:

- the financial performance of Pfizer (measured by revenue, adjusted diluted earnings per share and cash flow, as described above);
- the financial performance of their respective business unit/function measured by annual budgets for revenue and income before adjustments (as applicable);
- the achievement of selected strategic and operational goals for their respective business unit/function; and
- an assessment by Pfizer's Chief Executive Officer of each executive's individual performance.

The 2012 annual incentive award for Mr. Alaix was recommended by Pfizer's Chief Executive Officer. With respect to our other NEOs, Messrs. Passov and Lewis, Ms. Peck and Dr. Knupp, their 2012 annual incentive awards were recommended by Mr. Alaix, as head of the Pfizer Animal Health business, and reviewed and approved by Pfizer's Chief Executive Officer. Although Pfizer's Compensation Committee approved the payment of such amounts, Pfizer's Compensation Committee was not involved in making the specific annual incentive award recommendations for our NEOs. Each of our NEOs was determined to have exceeded their overall objectives for 2012.

2012 financial performance of business unit/function. The financial performance of Pfizer resulted in an overall GPP funding pool of 120% of target. The financial performance of the animal health business of Pfizer, based on annual budgets for revenue and income before adjustments, resulted in a funding pool of 115% of target.

2012 strategic and operational objectives.

As President of the Pfizer Animal Health business, Mr. Alaix's 2012 strategic and operational objectives included: (i) improving effectiveness of field force and veterinary operations; (ii) growing income before taxes faster than revenue; (iii) expanding the product portfolio through superior research and development and targeted business development and global alliances; (iv) realizing targeted savings in operational expenses; (v) improving the engagement of Pfizer Animal Health colleagues at all levels; and (vi) realizing operational readiness for the Pfizer Animal Health strategic alternatives review.

As Treasurer of Pfizer until October 2012, Mr. Passov's 2012 strategic and operational objectives included: (i) contributing at least $250 million of income from portfolio and pension plan initiatives; (ii) establishing a debt refinancing program; (iii) maximizing the EPS impact of the share repurchases; and (iv) maximizing the value of any potential transaction involving Pfizer Animal Health.

As Executive Vice President, Worldwide Business Development and Innovation of Pfizer, until November 2012, Ms. Peck's 2012 strategic and operational objectives included: (i) identifying and closing key business development acquisition, licensing and partnership opportunities; (ii) increasing the return and reducing the risk of Pfizer's R&D portfolio through creative partnerships and business development; (iii) maximizing the value of business units and assets identified for divestiture to create optimal shareholder value; (iv) developing an enterprise-wide digital strategy that will create opportunities to drive growth and efficiency and add value for Pfizer's key stakeholders; and (v) supporting initiatives to reduce costs and ensure efficiency in Pfizer's commercial operating model.

As head of Veterinary Medicine Research and Development of the Pfizer Animal Health business, Dr. Knupp's 2012 strategic and operational objectives included: (i) delivering the product portfolio by implementing investment strategies across all segments (vaccines and medicines) and stages; (ii) creating opportunities to position new businesses (genetics, diagnostics, etc.) and emerging markets for value generation; (iii) ensuring ongoing success of the global research organization in a new operating model; and (iv) ensuring business stability through the Pfizer Animal Health strategic alternatives review.

As head of U.S. Operations for Pfizer Animal Health, Mr. Lewis' 2012 strategic and operational objectives included: (i) achieving revenue of $1.6 billion; (ii) developing a plan to expand coverage of the Inside Sales Team; (iii) continuing to strengthen colleague engagement; (iv) ensuring the successful integration of new business/service platforms into a comprehensive solutions offering; and (v) supporting the Pfizer Animal Health strategic alternatives review.

The threshold, target and maximum incentive award opportunities for each of our NEOs for 2012 are set forth in the “2012 grants of plan-based awards table.”

2012 long-term equity incentives. A key element of Pfizer's compensation program is long-term equity incentive awards granted under the Pfizer Inc. 2004 Stock Plan, as amended and restated, or the 2004 Stock Plan. In 2012, our employees received equity awards under the 2004 Stock Plan intended to:

- align the interests of our executives with Pfizer's stockholders;
- focus our executives' efforts on improving Pfizer's total shareholder return, both on an absolute and relative basis; and
- promote retention through the use of multi-year vesting schedules.

The 2012 grants to our NEOs were made in the form of (1) restricted stock units, or RSUs, (2) 5- and 7-year total shareholder return units, or TSRUs, and (3) performance share awards, or PSAs. RSUs represent the right to receive shares of Pfizer common stock in the future, subject to continued service with Pfizer. Pfizer RSUs vest on the third anniversary of the date of grant. Dividend equivalent units, or DEUs, are accumulated during the vesting period. Both RSUs and DEUs are payable in shares of Pfizer common stock, and only on vesting.

TSRUs vest in three years and are settled on the fifth or seventh anniversary of the date of grant. The number of shares that may be earned for each TSRU is equal to the difference between the settlement price (the 20-day average of the closing prices of Pfizer common stock prior to settlement) and

the grant price (the closing price of Pfizer common stock on the date of grant) plus the value of dividend equivalents accumulated over the term, subject to the results being positive.

PSAs vest in three years and provide an opportunity for executives to receive shares of Pfizer common stock contingent upon Pfizer corporate performance in relation to the performance of the Pfizer pharmaceutical peer group over a designated period of time (generally, three years). The number of shares that may be earned under the PSAs over the performance period is based on Pfizer's Total Shareholder Return, or TSR (defined as change in stock price plus dividends), relative to the TSR of the Pfizer pharmaceutical peer group and ranges from 0% to 200% of the initial award. Dividend equivalents are applied to the shares actually earned.

Prior to the IPO, the amounts, terms and conditions of the equity awards granted to our NEOs were determined by Pfizer. Our equity awards going forward will be determined by our Compensation Committee.

Treatment of outstanding Pfizer equity awards

Following the IPO, the Pfizer equity awards previously granted to our NEOs continue to relate to Pfizer equity, provided that service with Zoetis will be counted as service with Pfizer for all purposes. Upon the Distribution, if any, it is intended that each outstanding, unvested Pfizer stock option will vest and, in general, Pfizer stock options will be exercisable for Pfizer common stock until the earliest to occur of (i) the three year anniversary of the Distribution, (ii) the option-holder's termination of employment from Zoetis and (iii) the expiration of the stock option. Upon any Distribution, Pfizer will accelerate the vesting of, or in some cases the settlement of, on a pro rated basis, certain of the outstanding Pfizer equity awards, subject, in each case, to the requirements of Section 409A of the Code, the terms of the 2004 Stock Plan and the applicable award agreements and any outstanding deferral elections.

Employment and retirement benefits

Deferred compensation. Pfizer permits its executives, including our NEOs, to defer receipt of earned annual incentives and any shares earned under PSAs. Annual incentives may be deferred into either a Pfizer stock unit fund or a cash fund earning interest at 120% of the applicable federal long-term rate (which fluctuated between 2.59% and 3.42% in 2012). The Pfizer stock unit fund is credited with reinvested dividend equivalent units. PSAs may be deferred only into Pfizer common stock units. Certain RSUs are mandatorily deferred on vesting if payment would result in the loss of a tax deduction for Pfizer, see "*—Tax deductibility of NEO compensation.*"

Insurance plans. Pfizer provides a number of health and family security benefits, such as medical insurance, dental insurance, life insurance and long-term disability insurance. These benefits are available to all U.S. and Puerto Rico-based employees, including our NEOs, and are comparable to those provided by the companies in the Pfizer pharmaceutical and general industry comparator groups. These programs are designed to provide certain basic quality of life benefits and protections to Pfizer employees, including our NEOs, and at the same time enhance Pfizer's attractiveness as an employer of choice. The annual cost of benefits for each of our NEOs for these Pfizer benefits ranges from approximately $13,000 to $25,000.

Pension and savings plans. Pfizer maintains qualified defined benefit pension plans for the benefit of all its eligible U.S. and Puerto Rico-based employees, including our NEOs, hired prior to January 1, 2011. For those U.S. employees earning in excess of the Code limit ($250,000 for 2012), including our NEOs, Pfizer maintains related supplemental benefit restoration plans. The provisions and features of the qualified defined benefit pension plans and the related supplemental benefit restoration plans apply to all participants in those plans, including our NEOs. Pfizer also maintains savings plans that permit participants to make pre-tax, after-tax and/or Roth contributions of a portion of their eligible pay, up to certain limits. In addition, Pfizer maintains non-qualified savings plans that permit eligible participants to make pre-tax contributions in excess of tax law limitations on qualified plans. Pfizer provides matching contributions with respect to employee contributions, up to certain limits. The provisions and features of the qualified savings plans and the related non-qualified supplemental savings plans apply to all participants in those plans, including our NEOs. These plans are described in the narrative accompanying the "2012 pension benefits table" and the "2012 non-qualified deferred compensation table" below.

Post-employment compensation. Pfizer's Senior Leadership Council Separation Plan, or the SLC Separation Plan, provides a competitive level of severance protection for certain senior executives to help Pfizer attract and retain key talent. Our NEOs participate in the SLC Separation Plan, which provides severance upon a termination of employment without cause, equal to the sum of one-times pay (defined as base salary and target bonus). In addition, the executive would be eligible for 12 months of health and insurance benefits continuation at active rates, plus outplacement assistance as offered by Pfizer.

Effective November 1, 2012, Pfizer adopted a severance plan, the Sale of Business Severance Plan, to cover certain of our executives, including each of our NEOs, in the event of a sale of the Pfizer Animal Health business. The Sale of Business Severance Plan is intended to give key executives assurances as to severance pay and benefits in the event of a sale of the Pfizer Animal Health business to a third party, in order to allow them to focus on making decisions that are in the best overall interests of Pfizer and Zoetis. The Sale of Business Severance Plan provides benefits in the event that an executive's employment is involuntarily terminated other than for cause or the executive resigns for good reason within two years following the consummation of a sale to a third party. The Sale of Business Severance Plan would not be triggered by the Distribution. For our NEOs, the severance plan provides for a cash payment equal to the sum of two times the executive's base salary, plus two times the executive's bonus target (each determined as of the date of termination). In addition, the executive would be eligible for 12 months of health and insurance benefits continuation at active rates, plus outplacement assistance as offered by Pfizer. Payments made under the Sale of Business Severance Plan would be offset to the extent that severance is payable under the SLC Separation Plan, in order to avoid duplication of benefits. Severance payments and benefits for our NEOs under the SLC Separation Plan, and the Sale of Business Severance Plan, are described in "*—Estimated benefits upon termination.*"

Our Anticipated Compensation Program

The following section describes the compensation program we anticipate implementing for our senior executives, including our NEOs, when the Pfizer compensation program no longer applies to us. Pfizer has engaged Compensation Advisory Partners (CAP), on our behalf, to assist in designing our executive compensation program. Our Compensation Committee expects to retain its own compensation consultant to advise the Compensation Committee in its compensation planning decisions.

Zoetis Compensation Committee

Our Compensation Committee, which was appointed by our Board of Directors, will determine the appropriate compensation plans and programs for our executives. Our Compensation Committee will review and evaluate our executive compensation plans and programs to ensure they are aligned with our compensation philosophy.

Peer group analysis

Based upon the advice of CAP, we have identified the following eleven companies as our "core" peers:

Agilent Technologies Inc.	Life Technologies Corp.
Allergan Inc.	Mead Johnson Nutrition
Biogen Idec Inc.	Monsanto Co.
Covance Inc.	Mylan Inc.
Endo Health Solutions Inc.	Watson Pharmaceuticals Inc.
Forest Laboratories Inc.	

Based on their sales and market capitalization, as well as the nature of their businesses, histories, industries and the availability of relevant comparative compensation data, we believe this core peer group is appropriate given the unique nature of our business and industry.

In addition to these eleven core peer companies, we have identified six additional companies (Bio-Rad Laboratories, Celgene, Hospira, Mettler-Toledo International, PerkinElmer, and Perrigo) that have similar sales and market capitalization, but do not have readily available comparative compensation data, that we will use as "supplemental" peer companies, as appropriate. We will utilize the proxy data for these supplemental peer companies for purposes of determining comparative compensation for certain of our executives.

In addition to the data from these peer companies, additional data from similarly-sized companies in life sciences and general industry may be used for benchmarking purposes to ensure robust data.

Zoetis 2013 equity and incentive plan

The Zoetis 2013 Equity and Incentive Plan (the "Equity Plan") is a comprehensive incentive compensation plan that permits us to grant both equity-based and non-equity based compensation awards to employees of Zoetis (and its subsidiaries) and to our directors. The Equity Plan became effective January 28, 2013.

In order to provide long-term incentives to, and facilitate the retention of, our employees, we granted restricted stock units and stock options (or other awards as appropriate with respect to our employees in non-U.S. jurisdictions) under the Equity Plan to approximately 1,700 of our employees, including each of our NEOs, in connection with the IPO. We refer to these grants as the "2013 equity grants." These 2013 equity grants represent the long-term incentive compensation component of such individuals' total 2013 compensation.

These awards will vest on the third anniversary of the date of grant. The 2013 equity grant target value for each employee was based on each employee's job level. The value of the award to an employee was split equally among restricted stock units and stock options (or such other awards as appropriate with respect to our employees in non-U.S. jurisdictions). The approximate aggregate target value of the 2013 equity grants to all employees is $45 million. Of that amount, the approximate target values of the 2013 equity grants to our NEOs are as follows: Mr. Alaix - $4.0 million, Mr. Passov - $1.4 million, Ms. Peck - $1.12 million, Mr. Lewis - $0.6 million, and Dr. Knupp - $0.6 million. However, the actual value realized by the recipients of the 2013 equity grants will depend on a number of factors, including future vesting and the future market value of Zoetis shares.

Stock ownership and holding requirements

We have adopted share ownership guidelines for our NEOs. Our guidelines require Mr. Alaix to hold Zoetis shares with a value of five times his annual base salary, Mr. Passov and Ms. Peck to hold Zoetis shares with a value of three times their respective base salaries, and all remaining executive officers to hold Zoetis shares with a value of two times their respective base salaries, before they can sell any shares upon the exercise of options or the vesting of other awards. Our NEOs will have five years from the establishment of the guidelines to achieve the share ownership requirement.

Clawback policy

We are developing a clawback policy whereby our Compensation Committee may, if permitted by law, make retroactive adjustments to any cash- or equity-based incentive compensation paid to NEOs and other executives where a payment is predicated upon the achievement of specified financial results that are the subject of a subsequent restatement. Where applicable, we may seek to recover any amount determined to have been inappropriately received by the individual executive officer. In addition, we expect that the equity incentive awards that we grant will contain such compensation recovery provisions. Our Compensation Committee will monitor the regulatory developments related to clawbacks and expects to modify its policy, to the extent necessary, once final rules are issued.

Hedging policy

We adopted a policy prohibiting any of our directors or employees, including the NEOs, from "hedging" their ownership in shares of our common stock or other equity-based interests in our company, including by engaging in short sales or trading in derivative securities relating to our common stock.

Tax deductibility of NEO compensation

Section 162(m) of the Code generally disallows a tax deduction to public corporations for compensation greater than $1 million paid in any fiscal year to the CEO and four other most highly compensated executive officers, other than the CFO, as of the end of any fiscal year. None of the compensation paid to our NEOs in 2012 was subject to the limitations on deductibility under Section 162(m), because our NEOs were not among the executives of Pfizer who were subject to Section 162(m).

We generally intend to structure our equity-based and cash-based incentive awards to meet the exception under Section 162(m) for "performance-based" compensation, taking advantage of transitional rules under Section 162(m) that will apply to Zoetis, such that these amounts are fully deductible for tax purposes. RSUs do not qualify as "performance-based" compensation. Consequently, certain of our NEOs may be required to defer the receipt of RSUs. However, to maintain flexibility in compensating our executives, we do not have a policy requiring compensation to be deductible.

Compensation Committee Report

The Zoetis Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this 2012 Annual Report. Based on its review and discussions with management, the Zoetis Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this 2012 Annual Report.

Compensation Committee:
Charles H. Hill, Chair
Frank A. D'Amelio
Geno J. Germano
Gregory Norden

Compensation tables

Unless otherwise stated, the compensation tables included in this section reflect amounts paid or payable or awards granted to our NEOs by Pfizer under Pfizer's compensation plans and programs. Going forward, the NEOs will receive compensation and benefits under our compensation programs and plans.

2012 Summary Compensation Table

Name and principal position	Year	Salary ($)	Bonus ($)	Stock awards(3)($)	Option awards(4) ($)	Non-equity incentive plan compensation(5) ($)	Change in pension value and non-qualified deferred compensation earnings(6) ($)	All other compen-sation(7) ($)	Total ($)
Juan Ramón Alaix	2012	613,533	—	438,013	441,787	500,000	458,739	49,559	2,501,631
Chief Executive Officer	2011	566,075	—	412,106	368,983	400,000	687,446	57,658	2,492,268
Richard A. Passov									
Executive Vice President and Chief	2012	587,875	—	297,322	299,889	309,300	264,300	42,729	1,801,415
Financial Officer	2011	591,700 (1)	—	332,519	297,732	335,000	589,014	44,148	2,190,113
Kristin C. Peck									
Executive Vice President and Group									
President	2012	526,250	250,000 (2)	421,189	424,843	396,000	208,815	51,316	2,278,413
Clint A. Lewis Jr.									
Executive Vice President and President									
of U.S. Operations	2012	373,800	—	428,837	129,951	174,900	261,964	13,946	1,383,398
Catherine A. Knupp									
Executive Vice President and President									
of Research and Development	2012	362,733	—	423,874	124,954	174,900	196,166	25,375	1,308,002

(1) The amount shown in the "Salary" column for Mr. Passov in 2011 includes a one-time lump sum merit increase payment of $18,000.

(2) The amount shown in the "Bonus" column for Ms. Peck represents a one-time bonus in recognition of her leadership and efforts related to the sale of the Pfizer Nutrition business.

(3) The amounts shown in this column represent the aggregate grant date fair values for the RSUs and PSAs granted in 2012 and for Messrs. Alaix and Passov, in 2011. Further information regarding the 2012 awards is included in the "2012 grants of plan-based awards table" and "2012 outstanding equity awards at fiscal year-end table." The aggregate grant date fair values of the PSAs reflected in this column are the target payouts based on the probable outcome of the performance condition, determined as of the grant date. The maximum potential values of the 2012 PSAs would be as follows: Mr. Alaix-$438,013, Mr. Passov-$297,322, Ms. Peck-$421,189, Mr. Lewis-$128,830 and Dr. Knupp-$123,867. The maximum potential values of the 2011 PSAs were as follows: Mr. Alaix- $461,520, and Mr. Passov-$372,390. Additional information related to the PSAs is included in "*—2012 long-term equity incentives.*" The aggregate grant date fair values have been determined based on the assumptions and methodologies set forth above in Note 15. *Share-Based Payments.*

(4) The amounts shown in this column represent the aggregate grant date fair values of the TSRUs awarded in 2012 and for Messrs. Alaix and Passov, in 2011. The aggregate grant date fair values have been determined based on the assumptions and methodologies set forth above in Note 15. *Share-Based Payments.*

(5) Amounts shown in the "Non-equity incentive plan compensation" column represent annual cash incentive awards made under the GPP.

(6) Pfizer does not pay "above market" interest on non-qualified deferred compensation to employees; therefore, this column reflects pension accruals only. The 2012 pension accrual amounts represent the difference between the December 31, 2012 and December 31, 2011 present values of age 65 accrued pensions under the Pfizer Retirement Plan and supplemental retirement plan, based on the pension plan assumptions for each year, as shown in the footnotes to the "Pension plan assumptions table." Further information regarding pension plans is included in the "2012 pension benefits table."

(7) The amounts shown in this column represent, as of December 31, 2012, the sum of Pfizer's Savings Plan and Supplemental Savings Plan matching contributions, for Mr. Alaix, gross-up payments of $1,776 related to taxes due on relocation benefits and for Ms. Peck, a health assessment credit, financial counseling services and use of Pfizer's aircraft. The savings plan matching contributions include matching funds under the Pfizer Savings Plan (a tax-qualified retirement savings plan) and under the related Supplemental Savings Plan. The matching contributions for each NEO were as follows: Mr. Alaix-$45,609, Mr. Passov-$41,529, Ms. Peck-$40,331, Mr. Lewis- $11,250 and Dr. Knupp-$25,375. These plans are discussed in more detail in the "2012 non-qualified deferred compensation table."

The following "2012 grants of plan-based awards table" provides additional information about non-equity incentive awards and long-term incentive awards granted to our NEOs by Pfizer during the year ended December 31, 2012. The long-term incentive awards were made under the 2004 Stock Plan, as amended and restated, and are described in "*—2012 long-term equity incentives.*"

2012 grants of plan-based awards table

		Estimated future payouts under non-equity incentive plan awards			Estimated future payouts under equity incentive plan awards						
Name (a)	Grant date (b)	Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Threshold (#) (f)	Target (#)(1) (g)	Maximum (#) (h)	All other stock awards: number of shares of stock or units(1) (#) (i)	All other TSRU awards: number of securities underlying TSRUs[1] (#) (j)	Exercise or base price of TSRU awards ($/Sh) (k)	Grant date fair value of stock and TSRUs[2] ($) (l)
Juan Ramón Alaix	2/23/2012	0 (3)	344,820 (3)	689,640 (3)					53,635	21.03	219,904
									45,468	21.03	221,884
								10,414			219,006
					0 (4)	10,414 (4)	20,828 (4)				219,006
Richard A. Passov	2/23/2012	0 (3)	258,168 (3)	516,336 (3)					36,408	21.03	149,273
									30,864	21.03	150,616
								7,069			148,661
					0 (4)	7,069 (4)	14,138 (4)				148,661
Kristin C. Peck	2/23/2012	0 (3)	344,820 (3)	689,640 (3)					51,578	21.03	211,470
									43,724	21.03	213,373
								10,014			210,594
					0 (4)	10,014 (4)	20,028 (4)				210,594
Clinton A. Lewis, Jr.	2/23/2012	0 (3)	139,224 (3)	278,448 (3)					15,777	21.03	64,686
									13,374	21.03	65,265
								3,063			64,415
					0 (4)	3,063 (4)	6,126 (4)				64,415
	12/31/2012							11,962			300,007
Catherine A. Knupp	2/23/2012	0 (3)	139,224 (3)	278,448 (3)					15,170	21.03	62,197
									12,860	21.03	62,757
								2,945			61,933
					0 (4)	2,945 (4)	5,890 (4)				61,933
	12/31/2012							11,962			300,007

(1) The PSA and RSU award values were converted to units using the Pfizer closing stock price of $21.22 on February 21, 2012; the 5-Year and 7-Year TSRU values were converted using $4.12, and $4.86, respectively, the estimated value using the Monte Carlo Simulation model as of February 21, 2012. Pfizer's closing stock price on December 31, 2012 was $25.08.

(2) The amounts shown in this column represent the award values as of the grant dates. The values of RSUs, PSAs and 5-Year and 7-Year TSRUs are shown at the respective fair values of $21.03, $21.03, $4.10 and $4.88, as of February 23, 2012.

(3) The amounts represent the threshold, target and maximum non-equity incentive plan awards under the GPP for 2012.

(4) The amounts represent the threshold, target, and maximum share payouts under the Pfizer Performance Share Award Program for the January 1, 2012-December 31, 2014 performance period. The payment for threshold performance is 0% of target.

The following table summarizes the equity awards Pfizer made to our NEOs that were outstanding as of December 31, 2012.

2012 outstanding equity awards at fiscal year-end table

		Option/SAR/TSRU awards [2]							Stock awards [3]			
Name (a)	Grant Date Perf Share Period(1)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Number of Securities Underlying Unexercised SARs/ TSRUs (#) Vested (d)	Number of Securities Underlying Unexercised SARs/TSRUs (#) Unvested (e)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)(f)	Option Exercise Price ($) (g)	Option Expiration Date (h)	Number of Shares or Units of Stock That Have Not Vested (#) (i)	Market Value of Shares or Units of Stock That Have Not Vested ($) (j)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (k)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (l)
Juan Ramón Alaix	4/30/2003	49,000					30.74	4/29/2013				
	2/26/2004	40,000					37.15	2/25/2014				
	2/24/2005	49,500					26.20	2/23/2015				
	2/23/2006	80,000					26.20	2/22/2016				
	2/22/2007	63,500					25.87	2/21/2017				
	2/28/2008			23,595			22.55	2/28/2013				
	2/26/2009			38,557			12.70	2/26/2014				
	12/31/2009			37,473			18.19	12/31/2014				
	2/25/2010				36,599		17.69	2/25/2015	10,122	253,861		
	2/24/2011				42,348		18.90	2/24/2016	10,280	257,810		
	2/24/2011				35,058		18.90	2/24/2018				
	2/23/2012				53,635		21.03	2/23/2017	10,707	268,532		
	2/23/2012				45,468		21.03	2/23/2019				
	1/1/2010-12/31/2012										9,053	227,049
	1/1/2011-12/31/2013										9,595	240,643
	1/1/2012-12/31/2014										10,414	261,183
Richard A. Passov	2/27/2003	70,000					29.33	2/26/2013				
	2/26/2004	80,000					37.15	2/25/2014				
	2/24/2005	79,000					26.20	2/23/2015				
	2/23/2006	97,000					26.20	2/22/2016				
	2/22/2007	63,000					25.87	2/21/2017				
	2/28/2008			36,946			22.55	2/28/2013				
	2/26/2009			40,423			12.70	2/26/2014				
	2/25/2010				32,939		17.69	2/25/2015	9,110	228,484		
	2/24/2011				34,171		18.90	2/24/2016	8,294	208,022		
	2/24/2011				28,288		18.90	2/24/2018				
	2/23/2012				36,408		21.03	2/23/2017	7,268	182,279		
	2/23/2012				30,864		21.03	2/23/2019				
	1/1/2010-12/31/2012										8,148	204,352

1/1/2011-12/31/2013	7,742	194,169
1/1/2012-12/31/2014	7,069	177,291

2012 outstanding equity awards at fiscal year-end table (continued)

		Option/SAR/TSRU awards [2]							Stock awards [3]			
Name (a)	Grant Date Perf Share Period(1)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Number of Securities Underlying Unexercised SARs/ TSRUs (#) Vested (d)	Number of Securities Underlying Unexercised SARs/ TSRUs (#) Unvested (e)	Equity Incentive Plan Awards: Number of Securities Under lying Unexercised Unearned Options (#)(f)	Option/ Exercise Price ($) (g)	Option/ Expiration Date (h)	Number of Shares or Units of Stock That Have Not Vested (#) (i)	Market Value of Shares or Units of Stock That Have Not Vested ($) (j)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (k)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (l)
Kristin C. Peck	2/9/2004	7,000					38.32	2/8/2014				
	2/24/2005	5,000					26.20	2/23/2015				
	2/23/2006	8,500					26.20	2/22/2016				
	2/22/2007	14,500					25.87	2/21/2017				
	2/28/2008			15,768			22.55	2/28/2013				
	2/26/2009			24,493			12.70	2/26/2014				
	12/31/2009			26,767			18.19	12/31/2014				
	2/25/2010				28,857		17.69	2/25/2015	7,981	200,162		
	2/24/2011				34,171		18.90	2/24/2016	8,294	208,022		
	2/24/2011				28,288		18.90	2/24/2018				
	2/23/2012				51,578		21.03	2/23/2017	10,296	258,217		
	2/23/2012				43,724		21.03	2/23/2019				
	1/1/2010-12/31/2012										7,138	179,021
	1/1/2011-12/31/2013										7,742	194,169
	1/1/2012-12/31/2014										10,014	251,151
Clinton A. Lewis, Jr.	2/27/2003	33,700					29.33	2/26/2013				
	2/26/2004	27,000					37.15	2/25/2014				
	2/24/2005	15,000					26.20	2/23/2015				
	2/23/2006	33,000					26.20	2/22/2016				
	2/22/2007	28,000					25.87	2/21/2017				
	2/28/2008			9,208			22.55	2/28/2013				
	2/26/2009			11,940			12.70	2/26/2014				
	12/31/2009			10,707			18.19	12/31/2014				
	2/25/2010				11,655		17.69	2/25/2015	3,223	80,844		
	2/24/2011				11,682		18.90	2/24/2016	2,836	71,123		
	2/24/2011				9,671		18.90	2/24/2018				
	2/23/2012				15,777		21.03	2/23/2017	3,149	78,981		
	2/23/2012				13,374		21.03	2/23/2019				
	12/31/2012								11,962	300,007		
	1/1/2010-12/31/2012										2,883	72,306

1/1/2011-12/31/2013	2,647	66,387
1/1/2012-12/31/2014	3,063	76,820

2012 outstanding equity awards at fiscal year-end table (continued)

		Option/SAR/TSRU awards [2]							Stock awards [3]			
Name (a)	Grant Date Perf Share Period(1)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Number of Securities Under lying Unexercised SARs/TSRUs (#) Vested (d)	Number of Securities Underlying Unexercised SARs/ TSRUs (#) Unvested (e)	Equity Incentive Plan Awards: Number of Securities Under lying Unexercised Unearned Options (#)(f)	Option/ Exercise Price ($) (g)	Option/ Expiration Date (h)	Number of Shares or Units of Stock That Have Not Vested (#) (i)	Market Value of Shares or Units of Stock That Have Not Vested ($) (j)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (k)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (l)
Catherine A. Knupp	2/27/2003	26,000					29.33	2/26/2013				
	2/26/2004	27,500					37.15	2/25/2014				
	2/24/2005	21,700					26.20	2/23/2015				
	2/23/2006	30,000					26.20	2/22/2016				
	2/22/2007	20,000					25.87	2/21/2017				
	2/28/2008			7,021			22.55	2/28/2013				
	2/26/2009			9,204			12.70	2/26/2014				
	12/31/2009			16,060			18.19	12/31/2014				
	2/25/2010				10,417		17.69	2/25/2015	2,881	72,263		
	2/24/2011				11,682		18.90	2/24/2016	2,836	71,123		
	2/24/2011				9,671		18.90	2/24/2018				
	2/23/2012				15,170		21.03	2/23/2017	3,028	75,939		
	2/23/2012				12,860		21.03	2/23/2019				
	12/31/2012								11,962	300,007		
	1/1/2010-12/31/2012										2,577	64,631
	1/1/2011-12/31/2013										2,647	66,387
	1/1/2012-12/31/2014										2,945	73,861

(1) For better understanding of this table, we have included an additional column showing the grant date of stock options, stock appreciation rights and restricted stock units and the associated performance period for the performance share awards.

(2) Stock options become exercisable in accordance with the vesting schedule below:

Grant Date	Vesting
2/27/2003	1/3 per year in years 3, 4 and 5
4/30/2003	Full vesting after 3 years
2/9/2004	Full vesting after 3 years
2/26/2004	1/3 per year in years 3, 4 and 5
2/24/2005	Full vesting after 3 years
2/23/2006	Full vesting after 3 years
2/22/2007	Full vesting after 3 years
2/28/2008	Full vesting after 3 years

Stock Appreciation Rights (SARs)/TSRUs vest in accordance with the schedule below:

Grant Date	Vesting
2/28/2008	Full vesting after 3 years and become payable after 5 years
2/26/2009	Full vesting after 3 years and become payable after 5 years
12/31/2009	Full vesting after 3 years and become payable after 5 years
2/25/2010	Full vesting after 3 years and become payable after 5 years
2/24/2011	Full vesting after 3 years and become payable after 5 years and 7 years
2/23/2012	Full vesting after 3 years and become payable after 5 years and 7 years

Restricted Stock Units vest in accordance with the schedule below:

Grant Date	Vesting
2/25/2010	3 year cliff vesting
2/24/2011	3 year cliff vesting
2/23/2012	3 year cliff vesting

(3) The values provided are based on Pfizer's closing stock price of $25.08 on December 31, 2012.

The following "2012 option exercises and stock vested table" provides additional information about the value realized by the NEOs on option award exercises and the vesting of stock/unit awards during the year ended December 31, 2012.

2012 option exercises and stock vested table

	Option awards		Restricted stock/ restricted stock units(1)			Performance shares 2010-2012 paid February 2013(2)		
Name	Number of shares acquired on exercise (#)	Value realized on exercise ($)	Number of shares acquired on vesting (#)	Number of shares withheld to cover taxes (#)	Value realized on vesting ($)	Number of shares acquired on vesting (#)	Number of shares withheld to cover taxes (#)	Value realized on vesting ($)
Juan Ramón Alaix	—	—	24,090	8,726	552,599	15,787 (3)	—	432,090
Richard A. Passov	—	—	25,811	9,380	546,702	14,208	5,253	388,873
Kristin C. Peck	—	—	16,162	5,832	372,578	12,448	4,574	340,702
Clinton A. Lewis, Jr.	—	—	7,199	2,573	164,601	5,027	1,722	137,589
Catherine A. Knupp	—	—	7,812	2,507	183,634	4,494	1,402	123,001

(1) The RSUs vested on February 26, 2012 at $28.18 for all of our NEOs and on December 31, 2012 at $25.08 for Messrs. Alaix and Lewis, Dr. Knupp and Ms. Peck.
(2) The performance shares were determined based on relative TSR performance over the 2010-2012 performance period and were paid on February 28, 2013 at $27.37.
(3) These shares were deferred per Mr. Alaix's election.

The following "2012 pension benefits table" shows the estimated present value of accumulated benefits payable to each of our NEOs under the Pfizer Consolidated Pension Plan, or the Pfizer Retirement Plan, which for 2012 retained the pension formula under the Pfizer Retirement Annuity Plan, or the PRAP, and the related non-funded Pfizer Supplemental Retirement Plan, or the Supplemental Retirement Plan.

2012 pension benefits table

Name	Plan name	Number of years of credited service (#)	Present value of accumulated benefit(1) ($)	Payments during last fiscal year ($)
Juan Ramón Alaix(2)	Pfizer Retirement Plan	14	609,868	—
	Supplemental Retirement Plan		2,308,495	—
Richard A. Passov	Pfizer Retirement Plan	15	478,666	—
	Supplemental Retirement Plan		1,793,172	—
Kristin C. Peck	Pfizer Retirement Plan	8	159,519	—
	Supplemental Retirement Plan		400,171	—
Clinton A. Lewis, Jr.	Pfizer Retirement Plan	24	536,838	—
	Supplemental Retirement Plan		778,939	—
Catherine A. Knupp	Pfizer Retirement Plan	11	363,377	—

	Supplemental Retirement Plan	362,127	—

(1) The present value of these benefits is based on the December 31, 2012 assumptions as shown below, used in determining Pfizer's annual pension expense for fiscal 2012.

(2) Amounts shown here for Mr. Alaix will be offset by retirement benefits accrued under the Plan de Pensiones de los Empleados de Pharmacia Spain, S.A. during his service with Pfizer in Spain (formerly Pharmacia Spain) from July 1998 until August 2003. A portion of this accrued benefit was transferred to an individual account in accordance with Spanish pension regulations, and the remainder of the benefit is payable under an insurance contract in the form of an annuity calculated at age 65.

The Pfizer retirement plan

The Pfizer Retirement Plan is a funded, tax-qualified, non-contributory defined benefit pension plan that covers certain employees, including our NEOs, hired prior to January 1, 2011.

Pfizer Retirement Plan (PRAP formula) and Supplemental Retirement Plan. Benefits under the Pfizer Retirement Plan (PRAP formula) are based on the employee's years of service and highest average earnings for a five calendar-year period and are payable after retirement in the form of an annuity or a lump sum.

Benefits under the Pfizer Retirement Plan are calculated as an annuity equal to the greater of:

- 1.4% of the employee's highest final average earnings for a five-year calendar period multiplied by years of service; or
- 1.75% of such earnings less 1.5% of the primary Social Security benefit multiplied by years of service.

Years of service under these formulas cannot exceed 35.

Compensation covered by the Pfizer Retirement Plan and the related Supplemental Retirement Plan for the NEOs for 2012 equals the sum of the amounts set forth for 2012 in the "Salary" and "Non-equity incentive plan compensation" columns of the "2012 summary compensation table." Covered compensation for Mr. Passov also includes restricted stock awards granted on or prior to April 26, 2001. After the payment of the awards for the five-year period ended on December 31, 2004, no further performance-based share awards are included in the determination of pensions under the Pfizer Retirement Plan or the Supplemental Retirement Plan.

Pfizer Retirement Plan – Dr. Knupp

Prior to January 1, 2012, Dr. Knupp earned pension benefits under the Warner-Lambert formula in the Pfizer Retirement Plan and the related Warner-Lambert nonqualified supplemental retirement plan. As of January 1, 2012, Dr. Knupp began earning pension benefits under the PRAP formula and ceased earning additional accruals under the Warner-Lambert formula. Dr. Knupp's total retirement benefit will reflect the Warner-Lambert formula for service prior to 2012 and the PRAP formula for service after 2011.

Benefits under the Warner-Lambert formula are based on the employee's years of service and pensionable earnings and are payable after retirement in the form of an annuity.

Benefits under the Warner Lambert formula are calculated based on the following:

- for each year of plan participation, a participant earns two types of retirement credits: Earnings-Related Credits and Service-Related Credits; the benefit under the Warner-Lambert formula is the sum of these two credits;
- Earnings-Related Credits are equal to 1.5% of Annual Earnings;
- Service-Related Credits are equal to $96 x years of service;
- there was an update as of December 31, 2011, which can increase a participant's accrued benefit at December 31, 2011;
- the update formula is 1.2% of Average Earnings up to the Covered Compensation Level plus 1.5% of Average Earnings in excess of the Covered Compensation Level, times years of service as of December 31, 2011; and
- years of service under these formulas is not capped.

General. Contributions to the Pfizer Retirement Plan are made entirely by Pfizer and are paid into a trust fund from which benefits are paid.

The amount of annual earnings that may be considered in calculating benefits under the Pfizer Retirement Plan is limited by the Code. For 2012, the annual limitation was $250,000. The Code also limits the amount of pension that can be paid under the Pfizer Retirement Plan to a 2012 annual maximum of $200,000, payable at age 65 in accordance with the Code requirements. Under the Supplemental Retirement Plan, Pfizer provides, out of its general assets, amounts substantially equal to the difference between the amount that may be paid under the Pfizer Retirement Plan and the amount that would be paid in the absence of these Code limits. The Supplemental Retirement Plan is non-funded.

The present value of accumulated benefits has been computed based on the assumptions as of December 31, 2012 in the following table, which were used in developing Pfizer's financial statement disclosures:

Pension plan assumptions[(1)]

Assumptions as of	**12/31/2012**

Discount Rate	4.30% for qualified pension plans, 3.90% for non-qualified pension plans
Lump Sum Interest Rate	1.02% for annuity payments expected to be made during first 5 years; 3.71% for payments made between 5 and 20 years; and 4.67% for payments made after 20 years prior.
Percent Electing Lump Sum	80%/70%[2]
Mortality Table for Lumps Sums	For Pfizer, unisex mortality table specified by IRS Revenue Ruling 2007-67, based on RP 2000 table, with projected mortality improvements (7-15 years).
Mortality Table for Annuities	Separate annuitant and non-annuitant rates for the 2012 plan year, as set forth in regulation 1.412(l)(7)-1

(1) These assumptions also are used to determine the change in pension value in the 2012 Summary Compensation Table.
(2) 80% relates to the Pfizer Retirement Plan and 70% relates to the Supplemental Retirement Plan. Only applies to the extent the executive is eligible to receive a lump sum.

Early retirement provisions. Under the Pfizer Retirement Plan and Supplemental Retirement Plan, the normal retirement age is 65. Under the Pfizer Retirement Plan (PRAP formula), if a participant terminates employment with an age and years of service combination equal to or

greater than 90, the employee is entitled to receive either an annuity or a lump sum that is unreduced under the terms of the Pfizer Retirement Plan or the Supplemental Retirement Plan for early payment. If an employee retires on or after age 55 with 10 or more years of service, that participant may elect to receive either an early retirement annuity payment reduced by 4% per year (prorated for partial years) for each year between benefit commencement and age 65, or such amount in a lump sum payment. If an employee does not satisfy any of the above criteria and has three years of vesting service under the Retirement Plan, that participant may elect to receive an annuity starting on or after age 55, which is reduced by 6% per year for each year (prorated for partial years) prior to age 65; a lump sum payment is not available.

For Dr. Knupp, under the Warner-Lambert formula the normal retirement age is 65. If she terminates employment after age 55 with 5 or more years of service, she may elect to receive an early retirement annuity payment where the benefit Earning-Related Credits accrued will be reduced by 3% per year from age 60 to 62, or 6% for each year from age 55 to age 60; there is no reduction if payments start at or after age 62.

The following "2012 non-qualified deferred compensation table" summarizes activity during 2012 and account balances in the various Pfizer non-qualified savings and deferral plans for our NEOs as of December 31, 2012 (except as otherwise provided below). The following plans and programs permit the executives to defer amounts previously earned on a pre-tax basis: Pfizer's Non-Funded Deferred Compensation and Supplemental Savings Plan, or the PSSP; Pfizer's Deferred Compensation Plan for GPP, PSAs, and STI Shift Awards. RSUs are also subject to mandatory deferral if the executive is subject to, or is likely to be subject to, Section 162(m) of the Code. The PSSP is a non-qualified supplemental savings plan that provides for the deferral of compensation that otherwise could have been deferred under the related tax-qualified 401(k) plans but for the application of certain Code limitations and for company matching contributions based on the executive's contributions. Other than the matching contributions (and the earnings thereon) in the PSSP, the account balances in these plans are generally attributable to deferrals of previously earned compensation and the earnings on those amounts.

2012 non-qualified deferred compensation table[(1)]

Name	Plan[(2)]	Executive contributions in 2012 ($)	Company contributions in 2012 ($)	Aggregate earnings in 2012 ($)	Aggregate withdrawals/ distributions ($)	Aggregate balance at 12/31/12 ($)
Juan Ramón Alaix	PSSP	123,141	34,634	127,945	—	1,157,566
	Deferred GPP	168,000	—	33,595	—	1,186,349
	Deferred PSA	274,472	—	332,733	—	1,941,881
	Deferred STI Shift	—	—	19,434	—	665,215
	Total:	565,613	34,634	513,707	—	4,951,011
Richard A. Passov	PSSP	143,759	32,346	139,386	—	2,583,728
	Deferred GPP	268,000	—	6,319	—	274,319
	Deferred PSA	—	—	333,666	—	1,965,472
	Total:	411,759	32,346	479,371	—	4,823,519
Kristin C. Peck	PSSP	38,775	29,081	50,752	—	356,049
	Deferred GPP	—	—	—	—	—
	Deferred PSA	—	—	—	—	—
	Total:	38,775	29,081	50,752	—	356,049
Clinton A. Lewis, Jr.	PSSP	—	—	—	—	—
	Deferred GPP	—	—	—	—	—
	Deferred PSA	—	—	23,083	—	135,974
	Total:	—	—	23,083	—	135,974
Catherine A. Knupp	PSSP	41,139	14,285	53,910	—	516,254
	Deferred GPP	—	—	—	—	—

	Deferred PSA	—	—	—	—	—
	Total:	41,139	14,285	53,910	—	516,254

(1) Contribution amounts reflected in this table are reflected in the “2012 summary compensation table.” Aggregate earnings are not reflected in the “2012 summary compensation table.”

(2) The PSSP contributions were based on the executive's deferral election and the salary shown in the “2012 summary compensation table,” as well as annual incentive awards paid in 2012, previously reported. PSSP amounts shown reflect actual contributions and aggregate earnings through December 31, 2012.

Pfizer savings plans

Pfizer provides the Pfizer Savings Plan, or the Savings Plan, to U.S.-based employees of Pfizer and the PSSP to employees who meet the eligibility requirements, including our NEOs. Contribution amounts are reflected in the “2012 summary compensation table.” Earnings have not been included. These plans are described below.

The Savings Plan is a tax-qualified retirement savings plan. Participating employees may contribute up to 20% of “regular earnings” on a before-tax basis, Roth 401(k) basis and after-tax basis, into their Savings Plan accounts. “Regular earnings” for the Savings Plan include both salary and bonus or annual incentive awards. In addition, under the Savings Plan, Pfizer generally matches an amount equal to one dollar for

each dollar contributed by participating employees on the first 3% of their regular earnings, and fifty cents for each additional dollar contributed on the next 3% of their regular earnings. Matching contributions generally are invested in Pfizer common stock. Plan participants have the ability to immediately diversify the matching contribution investments.

Pursuant to tax law limitations, effective for 2012, the Pfizer Savings Plan limits the "additions" that can be made to a participating employee's account to $49,000 per year. "Additions" include Pfizer matching contributions, before-tax contributions, Roth 401(k) contributions and after-tax contributions.

The Code limits the amounts that may be allocated to tax-qualified savings plans and the amount of compensation that can be taken into account in computing benefits under the Savings Plan. The 2012 maximum before-tax and Roth 401(k) contribution limit was $17,000 per year (or $22,000 per year for eligible participants age 50 and over). In addition, no more than $250,000 of annual compensation may be taken into account in computing benefits under the Savings Plan.

The PSSP is intended to pay, out of the general assets of Pfizer, an amount substantially equal to the difference between the amount that would have been allocated to an employee's account as before-tax contributions, Pfizer matching contributions and the amount actually allocated under the Savings Plan in the absence of the limits described in the preceding paragraph. Under the PSSP, participants can elect to defer up to 20% of eligible wages on a before-tax basis. Generally, under the PSSP, participants can elect to receive payments as a lump sum or in one to twenty annual installments following termination from service. Participants who do not make an election receive lump sum payments. In certain circumstances, Pfizer has established and funded trusts to secure its obligations to make payments under the PSSP.

Amounts deferred, if any, under the PSSP by the NEOs for 2012 are included in the "Salary" and "Non-equity incentive plan compensation" columns of the "2012 summary compensation table." In the "2012 non-qualified deferred compensation table," PSSP values are shown for each NEO. Executive contributions reflect the percent of salary and bonus the executive has elected to defer under the PSSP. The Pfizer matching contributions are shown in the "Company contributions" column of the table. For the NEOs, Pfizer's matching contributions under the Savings Plan and the PSSP are shown in the "All other compensation" column of the "2012 summary compensation table." The "Aggregate Earnings" column in the table above represents the amount by which the PSSP balance changed in the past fiscal year, net of employee and employer contributions.

Estimated benefits upon termination

The following table shows the estimated benefits payable upon a hypothetical termination of employment under Pfizer's SLC Separation Plan and the Sale of Business Plan under various termination scenarios as of December 31, 2012. Severance benefits under the severance plans are subject to the execution of a release agreement.

Estimated benefits upon various termination scenarios

			Termination Without Cause		Sale of Business Severance [4]	Termination on Change in Control		Death or Disability
Name	Severance[1] (A) ($)	Other[2] (B) ($)	Long-Term Award Payouts[3] (C) ($)	Total (A+B+C) ($)	(D)($)	Long-Term Award Payouts[5] (E) ($)	Total (B+D+E) ($)	Long-Term Award Payouts[6] ($)
Juan Ramón Alaix	1,094,800	17,136	3,019,640	4,131,576	2,189,600	3,924,919	6,131,655	3,924,919
Richard A. Passov	873,200	23,355	2,326,540	3,223,095	1,746,400	3,170,450	4,940,205	3,170,450
Kristin C. Peck	949,820	20,205	2,201,915	3,171,940	1,899,640	3,236,131	5,155,976	3,236,131
Clinton A. Lewis, Jr.	539,200	23,034	875,961	1,438,195	1,078,400	1,507,751	2,609,185	1,507,751
Catherine A. Knupp	539,200	21,185	841,677	1,402,062	1,078,400	1,464,233	2,563,818	1,464,233

(1) These amounts represent severance payable under the SLC Separation Plan, equal to one year's pay (defined as base salary and target bonus).

(2) These amounts represent the cost of 12 months of active employee medical and life insurance coverage. In addition, executives would be entitled to education and outplacement assistance.

(3) These amounts represent the value of long-term incentive awards which vest on termination of employment without cause using Pfizer's closing stock price of $25.08 on December 31, 2012.

(4) These amounts represent severance equal to 2 times the NEO's annualized base salary plus target bonus, payable under the Sale of Business Severance Plan.

(5) These amounts represent the value of long-term incentive awards which vest following a change in control using Pfizer's closing stock price of $25.08 on December 31, 2012.

(6) These amounts represent the value of long-term incentive awards which vest on termination of employment due to death or disability using Pfizer's closing stock price of $25.08 on December 31, 2012.

Payments made upon disability. Under the Pfizer flexible benefits program, eligible employees are provided with company-paid long-term disability coverage of 50% of total pay, and may buy an increased level of coverage of up to 70% of total pay, subject to a $500,000 annual benefit limit. Beginning January 1, 2012, health and life insurance benefits are provided for 24 months and Pfizer Retirement Plan benefits do not continue to accrue to those who begin to receive long-term disability benefits.

Under the 2004 Stock Plan, in the event of disability, PSAs are paid out at target; RSUs are paid in full; SARs/TSRUs vest and are settled on the fifth or seventh anniversary of the date of grant; and outstanding stock options continue to vest and become exercisable for the full option term, provided the executive remains permanently and totally disabled.

Payments made upon death. Under the Pfizer flexible benefits program, eligible employees have the ability to purchase life insurance benefits of eight times pay (subject to evidence of insurability requirements) up to a maximum of $4.0 million. Pfizer provides an amount equal to base pay with a maximum cap of $2.0 million paid by Pfizer. The deceased executive's pension and deferred compensation are also payable in accordance with the plans and the executive's election.

Under the 2004 Stock Plan, in the event of death, PSAs are paid out at target; RSUs are paid in full; SARs/TSRUs vest and are immediately settled; and outstanding stock options are exercisable for the remainder of the option term if the participant is eligible for retirement; if not, the stock options remain exercisable for up to two years.

Payments made upon retirement. Under the 2004 Stock Plan, if a participant retires (after attaining age 55 with at least 10 years of service) after the first anniversary of the grant date, RSUs are prorated based on service subsequent to the grant date; SARs/TSRUs continue to vest and are settled on the fifth or seventh anniversary of the grant date; and outstanding stock options are exercisable for the full term of the option. PSAs are prorated at the end of the performance period if the participant is employed through December 31 of the year of grant. If the retirement takes place prior to the first anniversary of the grant date, these long-term awards are forfeited. Based on age and years of service, Mr. Alaix is the only NEO eligible for retirement treatment and would receive approximately $2,579,000 under his long-term awards as of December 31, 2012 in the event of his retirement.

See "*—Employment and retirement benefits*" for further information on health care, retirement and savings plan benefits under Pfizer's plans.

Payments made upon change in control. Under the 2004 Stock Plan, if a participant's employment is terminated within 24 months of a change in control, PSAs are paid out at target; RSUs are paid in full; unvested SARs/TSRUs vest and are immediately settled; vested SARs/TSRUs are settled on the fifth or seventh anniversary of the date of grant; and outstanding stock options are exercisable for the remainder of the option term.

Director Compensation

We provide competitive compensation to our non-employee directors that will enable us to attract and retain high quality directors, provide them with compensation at a level that is consistent with our compensation objectives and encourage their ownership of our stock to further align their interests with those of our stockholders. Our directors who are our or Pfizer's full-time employees will receive no additional compensation for service as a member of our Board of Directors. Our non-employee directors' compensation consists of the following:

- an annual cash retainer for each non-employee director of $100,000;
- an annual cash retainer for the Chair of each committee of the Board of $25,000; and
- an equity retainer to each non-employee director upon his or her first election as such and annually thereafter with a value of $140,000 on the date of grant (i.e., respectively, the date of his or her first election and the date of the annual meeting of our stockholders), based upon the closing price of our common stock on that date.

In connection with the IPO, we granted the initial equity retainer of 5,384 deferred stock units under the Equity Plan to each of the three non-employee directors with a value of $140,000 for each grant. Each non-employee director would have a right to receive the shares of Class A common stock underlying the deferred stock units only upon termination of service as our director.

Additional cash retainers will be payable to a Lead Director of the Board or non-executive Chair of the Board, if an individual is in the future elected or appointed to fill either such role.

In addition, we have adopted share ownership guidelines applicable to non-employee directors, requiring the directors to hold Zoetis shares with a value of three times their annual cash retainer of $100,000. Each employee director will have five years from (a) the date upon which the guidelines were established, or (b) if later, the date of his or her first election as a director, to achieve the share ownership requirement.

Item 12. Security Ownership Of Certain Beneficial Owners And Management And Related Stockholder Matters.

The following table sets forth certain information regarding beneficial ownership of our common stock as of March 25, 2013 for:

- each person known to us to be the beneficial owner of more than 5% of our common stock;
- each named executive officer;
- each of our directors; and

- all of our executive officers and directors as a group.

We did not have any equity compensation plans as of December 31, 2012. In January 2013, our 2013 Equity and Incentive Plan (Equity Plan) became effective. Awards under the Equity Plan may be in the form of stock options, or other stock-based awards, including awards of restricted stock, restricted stock units and performance share awards. The Equity Plan also provides for the grant of cash awards.

Unless otherwise noted below, the address of each beneficial owner listed on the table is 5 Giralda Farms, Madison, NJ 07940. We have determined beneficial ownership in accordance with the rules of the SEC. We believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own.

Beneficial ownership representing less than 1% is denoted with an asterisk (*).

Name of beneficial owner	Class A common stock		Class B common stock	
	Number of shares	Percentage of class	Number of shares	Percentage of class
5% Beneficial Owner:				
Pfizer Inc.[a]	—	—%	400,985,000	100%
Lazard Asset Management LLC[b]	8,394,620	8.5%	—	—
Directors and Named Executive Officers:				
Juan Ramón Alaix	—	—	—	—
Richard A. Passov	—	—	—	—
Catherine A. Knupp	1,000	*	—	—
Clinton A. Lewis, Jr.	500	*	—	—
Kristin C. Peck	—	—	—	—
Frank A. D'Amelio	5,000	—	—	—
Geno J. Germano	5,000	—	—	—
Douglas E. Giordano	5,000	*	—	—
Charles H. Hill	5,000	*	—	—
Amy W. Schulman	5,000	*	—	—
Michael B. McCallister	—	—	—	—
Gregory Norden	3,000	*	—	—
William C. Steere, Jr.	4,500	*	—	—
Directors and executive officers as a group (19 persons)	42,500	*	—	—

(a) The address for Pfizer is 235 East 42nd Street, New York, NY 10017.

(b) Based solely on a Schedule 13G filed by Lazard Asset Management LLC on March 11, 2013: Lazard Asset Management LLC has sole voting power with respect to 2,765,309 of these shares and sole dispositive power with respect to all of these shares and Lazard Asset Management LLC's address is 30 Rockefeller Plaza, New York, NY 10112.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Relationship with Pfizer

Prior to the completion of the senior notes offering, Pfizer transferred to us subsidiaries holding substantially all of the assets and liabilities of its animal health business. In exchange, we issued or transferred to Pfizer: (i) all of the issued and outstanding shares of our Class A common stock; (ii) all of the issued and outstanding shares of our Class B common stock; (iii) the Pfizer-owned notes; and (iv) an amount of cash equal to substantially all of the net proceeds we received in the senior notes offering, which amount was paid immediately prior to the completion of the IPO. Prior to the completion of the IPO, all of our outstanding shares of common stock were owned by Pfizer. Immediately following the completion of the IPO, Pfizer owned 100% of our outstanding Class B common stock and no shares of our Class A common stock, giving Pfizer 80.2% of the economic interest and combined voting power in shares of our outstanding common stock other than with respect to the election of directors and 97.6% of the combined voting power of our outstanding common stock with respect to the election of directors.

In connection with the IPO and the Separation, we and Pfizer entered into, certain agreements that provide a framework for our ongoing relationship with Pfizer. Of the agreements summarized below, the material agreements are filed as exhibits to this 2012 Annual Report, and the summaries of these

agreements set forth the terms of the agreements that we believe are material. The summaries below are qualified in their entirety by reference to the full text of such agreements.

Global separation agreement

We entered into a global separation agreement with Pfizer immediately prior to the completion of the IPO that governs the relationship between Pfizer and us following the IPO.

Allocation of assets and liabilities. Notwithstanding the transfer of assets and assumption of liabilities that occurred prior to the completion of the senior notes offering, the global separation agreement generally allocates assets and liabilities to us and Pfizer according to the business to which such assets or liabilities relate. In general, Pfizer conveyed, leased or licensed to us ownership of all assets that are used exclusively or held for use exclusively in Pfizer's animal health business and we have assumed all of Pfizer's historical and future liabilities to the extent relating to, arising out of or resulting from, the operation of the animal health business (whether before, on or after the consummation of the IPO), including:

- warranty obligations created as part of the animal health business;
- product liability claims with respect to any animal health product;

- environmental liabilities relating to the animal health business and environmental liabilities at the real property that we acquired from Pfizer;
- liabilities related to animal health businesses or operations that were discontinued or divested by Pfizer;
- litigation liabilities; and
- our debt obligations, including under the senior notes offering.

We and Pfizer agreed that our cash balance on the date of the completion of the IPO would be at least $300 million.

Indemnification. Generally, each party will indemnify, defend and hold harmless the other party and its subsidiaries (and each of their affiliates) and their respective officers, employees and agents from and against any and all losses relating to, arising out of or resulting from: (i) liabilities assumed by the indemnifying party and (ii) any breach by the indemnifying party or its subsidiaries of the global separation agreement and the other agreements described in this section (unless such agreement provides for separate indemnification). The global separation agreement also specifies procedures with respect to claims subject to indemnification.

Delayed transfers and further assurances. To the extent transfers of assets and assumptions of liabilities related to our business were not completed prior to the date of the agreement because of a necessary consent or governmental approval or because a condition precedent to any such transfer was not satisfied or any related relevant fact was not realized, the parties will cooperate to effect such transfers or assumptions for agreed upon consideration as promptly as practicable.

Each of the parties agreed to cooperate with the other party and use commercially reasonable best efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary, proper or advisable under applicable law, regulations and agreements to consummate and make effective the transactions contemplated by the global separation agreement and the other agreements described in this section.

Mutual releases. Generally, each of Pfizer and us released the other party from any and all liabilities. The liabilities released include liabilities arising under any contract or agreement, existing or arising from any acts or events occurring or failing to occur or any conditions existing before the completion of the IPO.

Insurance. Our directors and officers are covered under a directors' and officers' insurance program established by us, but otherwise we will continue to enjoy coverage under Pfizer's existing insurance program. After the date on which Pfizer and its affiliates hold 50% or less of our then outstanding common stock, pursuant to either the Distribution or any other disposition, we will arrange for our own insurance policies and will not benefit from any of Pfizer's or its affiliates' insurance policies that may provide any such coverage.

The agreement also sets forth procedures for the administration of insured claims and will allocate the right to claim coverage and control over the prosecution and defense of claims.

Covenants. We agreed to certain covenants, including covenants regarding:

- disclosure of information about our financial controls to Pfizer for so long as Pfizer is required to consolidate our results of operations and financial position or to account for its investment in us under the equity method of accounting;
- delivery of quarterly and annual financial information to Pfizer for so long as Pfizer is required to consolidate our results of operations and financial position or to account for its investment in us under the equity method of accounting;
- restrictions on incurring any debt obligations without Pfizer's prior written consent, following the consummation of the IPO and through the date of the final transfer pursuant to the Distribution, if effected, or of any other disposition that results in Pfizer and its affiliates holding 50% or less of our then outstanding common stock; and
- restrictions on issuance of our capital stock without Pfizer's prior written consent through the date of the final transfer pursuant to the Distribution, if effected, or of any other disposition that results in Pfizer and its affiliates holding 50% or less of our then outstanding common stock.

Pfizer is entitled to nominate directors for election to our board. The number of such Pfizer designees will depend on the level of beneficial ownership by Pfizer and its subsidiaries of the total voting power of all classes of our then outstanding capital stock entitled to vote generally with respect to the election of directors.

Term. The global separation agreement will continue unless terminated by us and Pfizer, although certain rights and obligations may terminate upon a reduction in Pfizer's ownership of our outstanding common stock.

Transitional services agreements

We entered into a transitional services agreement with Pfizer immediately prior to the completion of the IPO that granted us the right to continue to use certain of Pfizer's services and resources related to our corporate functions, such as business technology, facilities, finance, human resources, public affairs and procurement. We refer to these services and resources, collectively, as the "Pfizer services."

We will pay Pfizer mutually agreed-upon fees for the Pfizer services, which will be based on Pfizer's costs of providing the Pfizer services. During the two years following the completion of the IPO, the markup for these services will be 0% and, for the remainder of the term of the agreement, Pfizer may introduce a markup of 7%. We will be able to request good faith negotiations of the applicable fees if we believe that the fees materially overcompensate Pfizer for any of the Pfizer services and Pfizer has reciprocal rights if it believes the fees materially under compensate Pfizer. Third party costs will be passed through to us at Pfizer's or its affiliates' cost. Prior to the Distribution, if effected, Pfizer will have the unilateral right to resolve disputes under the transitional services agreement.

Under the agreement we are able to use the Pfizer services for a fixed term established on a service-by service basis. However, we generally have the right to terminate a service earlier if we give notice to Pfizer. Partial reduction in the provision of any service requires Pfizer's consent. In addition, either party will be able to terminate the agreement due to a material breach of the other party, subject to limited cure periods.

In addition, we may, from time to time agree to provide to Pfizer certain limited reverse transitional services with respect to the continued use of certain assets or resources that Pfizer conveyed to us prior to the completion of the IPO. To the extent such services are provided, Pfizer will pay us a mutually agreed-upon fee for these services, which fee will be based on our costs of providing the service to Pfizer.

Tax matters agreement

Allocation of taxes. We entered into a tax matters agreement with Pfizer immediately prior to the completion of the IPO that governs the parties' respective rights, responsibilities and obligations with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes. In general, under the agreement:

- Pfizer will be responsible for any U.S. federal, state, local or foreign income taxes and any U.S. state or local non-income taxes (and any related interest, penalties or audit adjustments and including those taxes attributable to our business) reportable on a consolidated, combined or unitary return that includes Pfizer or any of its subsidiaries (and us and/or any of our subsidiaries) for any periods or portions thereof ending on or prior to December 31, 2012. We will be responsible for the portion of any such taxes for periods or portions thereof beginning on or after January 1, 2013, as would be applicable to us if we filed the relevant tax returns on a standalone basis.

- We will be responsible for any U.S. federal, state, local or foreign income taxes and any U.S. state or local non-income taxes (and any related interest, penalties or audit adjustments) that are reportable on returns that include only us and/or any of our subsidiaries, for all tax periods whether before or after the completion of the IPO.

- Pfizer will be responsible for certain specified foreign taxes directly resulting from certain aspects of the Separation.

We will not generally be entitled to receive payment from Pfizer in respect of any of our tax attributes or tax benefits or any reduction of taxes of Pfizer. Neither party's obligations under the agreement will be limited in amount or subject to any cap. The agreement also assigns responsibilities for administrative matters, such as the filing of returns, payment of taxes due, retention of records and conduct of audits, examinations or similar proceedings. In addition, the agreement provides for cooperation and information sharing with respect to tax matters.

Pfizer will be primarily responsible for preparing and filing any tax return with respect to the Pfizer affiliated group for U.S. federal income tax purposes and with respect to any consolidated, combined, unitary or similar group for U.S. state or local or foreign income tax purposes or U.S. state or local non-income tax purposes that includes Pfizer or any of its subsidiaries, including those that also include us and/or any of our subsidiaries. We will generally be responsible for preparing and filing any tax returns that include only us and/or any of our subsidiaries.

The party responsible for preparing and filing a given tax return will generally have exclusive authority to control tax contests related to any such tax return. We will generally have exclusive authority to control tax contests with respect to tax returns that include only us and/or any of our subsidiaries.

Preservation of the tax-free status of certain aspects of the Separation. We and Pfizer intend the Separation, the debt-for-debt-exchange, the debt-for-equity exchange, the transfer of cash proceeds of the senior notes offering to Pfizer and the potential Distribution to qualify as a reorganization pursuant to which no gain or loss is recognized by Pfizer or its shareholders for federal income tax purposes under Sections 355, 368(a)(1)(D) and related provisions of the Code. In addition, we and Pfizer intend for the Separation, the debt-for-debt-exchange, the debt-for- equity exchange, the potential Distribution and certain related transactions to qualify for tax-free treatment under U.S. federal, state and local tax law and/or foreign tax law.

Pfizer has received a private letter ruling from the IRS to the effect that, among other things, the Separation, the senior notes offering, the debt-for-equity exchange, the transfer of cash proceeds of the senior notes offering to Pfizer and the potential Distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. In addition, Pfizer has received and will receive opinions from its outside tax advisors regarding the tax-free status of these transactions and certain related transactions. In connection with the ruling and the opinions, we and Pfizer have made and will make certain representations regarding the past and future conduct of our respective businesses and certain other matters.

We have agreed to certain covenants that contain restrictions intended to preserve the tax-free status of the Separation, the senior notes offering, the debt-for-equity exchange, the transfer of cash proceeds of the senior notes offering to Pfizer, the potential Distribution and certain related transactions. Such covenants will generally restrict our ability to pre-pay, pay down, redeem, retire or otherwise acquire, however effected, including pursuant to the terms thereof, the 2023 notes prior to stated maturity of the 2023 notes or to take or permit to be taken any action at any time, including, without limitation, any modification to the terms of the 2023 notes that could jeopardize, directly or indirectly, the qualification, in whole or part, of any of the Pfizer-owned notes as “securities” within the meaning of Section 361(a) of the Code. However, pursuant to the tax matters agreement, we will be permitted to redeem the 2023 notes pursuant to the change of control redemption provision contained in the indenture governing the notes. We may

take certain actions prohibited by these covenants only if Pfizer receives a private letter ruling from the IRS or we obtain and provide to Pfizer an opinion from a U.S. tax counsel or accountant of recognized national standing, in either case acceptable to Pfizer in its sole and absolute discretion, to the effect that such action would not jeopardize the tax-free status of these transactions. We will be barred from taking any action, or failing to take any action, where such action or failure to act adversely affects or could reasonably be expected to adversely affect the tax-free status of these transactions, for all time periods. In addition, during the time period ending two years after the date of the potential Distribution these covenants will include specific restrictions on our:

- issuance or sale of stock or other securities (including securities convertible into our stock but excluding certain compensatory arrangements);

- sales of assets outside the ordinary course of business; and
- entering into any other corporate transaction which would cause us to undergo a 40% or greater change in our stock ownership.

We will generally agree to indemnify Pfizer and its affiliates against any and all tax-related liabilities incurred by them relating to the Separation, the debt-for-debt-exchange, the debt-for-equity exchange, the transfer of cash proceeds of the senior notes offering to Pfizer, the potential Distribution and/or certain related transactions to the extent caused by an acquisition of our stock or assets or by any other action undertaken by us. This indemnification provision applies even if Pfizer has permitted us to take an action that would otherwise have been prohibited under the tax-related covenants described above.

Research and development collaboration and license agreement

We entered into an R&D collaboration and license agreement with Pfizer immediately prior to the completion of the IPO. Under the agreement, certain of our employees are able to review a Pfizer database to identify compounds that may be of interest to us in the animal health field, and upon identifying any such compounds, we will be able to request permission (known as "intent to access") to conduct certain limited research activities. If Pfizer grants intent to access, the scope of permitted research activities will be specified on a case-by case basis by Pfizer and may include screening the Pfizer compound library. To conduct further research and development on the class of compounds identified during intent to access, we must request permission (known as "approval in principle") from a joint steering committee described below and any approval will be subject to any restrictions specified by the joint steering committee. Certain compounds that we began researching prior to the completion of the IPO were granted approval in principle as of the completion of the IPO.

Upon granting approval in principle, Pfizer will grant us an option to enter into a license agreement, which will be exercisable no later than five years after the approval in principle is granted. Prior to exercising the option, our license from Pfizer under the agreement will be non-exclusive, except with respect to patents and know-how that we develop, for which our license will be exclusive (except as to Pfizer and its affiliates). Accordingly, in the case of non-exclusive licenses, Pfizer could itself, or could enable a third party to, conduct research on compounds that are the same or similar to those that we are researching. If we exercise the option and enter into the license agreement for a particular compound, our license to research, develop and commercialize products with such compounds for the animal health field will be exclusive, subject to any restrictions imposed by Pfizer and the joint steering committee. Except for certain compounds we began researching prior to the completion of the IPO, pursuant to any such license agreement, we will pay Pfizer an upfront payment, a milestone payment upon obtaining regulatory approval in a major market country and royalties on net sales. Our obligation to pay royalties will expire on a product-by-product and country-by-country basis upon the later of: (i) the expiration of the related patents and data exclusivity or (ii) ten years after the first commercial sale of such product.

During the term of the agreement, we are required to reimburse Pfizer's and its affiliates' costs in connection with the agreement. Certain of such costs will be paid in the form of an annual access fee and others will be invoiced on a quarterly basis. The joint steering committee will be comprised of an equal number of representatives from each party and will act by consensus. If consensus cannot be reached, the matter will be referred to each party's alliance manager to propose potential solutions. If the alliance managers fail to propose such a solution, the matter will be referred to senior executives of each party. If the senior executives do not resolve the matter, Pfizer will have final decision making authority.

Pfizer will own all intellectual property invented or generated under the agreement (subject to any third party rights) and will have sole discretion regarding filing, prosecuting and maintaining such intellectual property, subject to our rights, in certain instances, to request that Pfizer file or continue to maintain patents at our cost. Pfizer will have sole discretion regarding enforcement of any intellectual property licensed to us under the agreement.

We will have confidentiality and other obligations related to the security of intellectual property and other confidential information and materials. If Pfizer reasonably believes that we violated these provisions, Pfizer will be able to deny our access to such intellectual property and other confidential information and materials.

The term of the agreement is seven years, subject to extension by mutual agreement. The agreement will terminate with respect to particular compounds if intent to access or approval in principle is denied or we fail to exercise our license option. Pfizer will also be able to terminate our rights under the agreement or any related license agreement (as applicable) with respect to any compound for which approval in principle has been granted (including compounds for which we have exercised the option and entered into a license agreement) if Pfizer pays us an agreed upon amount which is intended to reflect the fair market value of the compound under our license. This right will expire on a compound-by-compound basis when we submit a regulatory approval application for each compound in a major market country and will not apply to compounds for which approval in principle was granted prior to the completion of the IPO.

In the event of either party's uncured material breach, the other party will be able to terminate the agreement. If the material breach concerns any security measures or confidentiality or use restrictions and such breach is the result of bad faith, gross negligence or willful misconduct, such breach will be deemed to not be curable and, in addition to the agreement terminating, Pfizer will be able to terminate any license agreements that we have entered into after exercising our option (except to the extent any license agreement relates to a commercial product).

The agreement will terminate automatically if we enter into an agreement resulting in our change of control, we assign or another party assumes this agreement without Pfizer's consent or we are otherwise acquired by a third party, or if either party becomes insolvent or certain other events related to our bankruptcy or indebtedness occur. If we acquire a certain interest in, or assets of, a human health company, Pfizer will be able to terminate the agreement, and if Pfizer acquires or is acquired by an animal health business of a certain size, either party will be able to terminate the agreement. Following expiration and termination for specific reasons, we will be granted a non-exclusive license to any intellectual property that we developed under the agreement to conduct research in the animal health field, subject to certain exclusions (which exclusions will include the compounds that we researched and developed under the agreement and other compounds designated by Pfizer on a case-by-case basis). Except as set forth above, license agreements entered into pursuant to the R&D collaboration and license agreement will not terminate if the R&D collaboration and license agreement terminates.

Employee matters agreement

We entered into an employee matters agreement with Pfizer immediately prior to the completion of the IPO. The employee matters agreement governs Pfizer's, our and the parties' respective subsidiaries' and affiliates' rights, responsibilities and obligations post-IPO with respect to the following matters in connection with the animal health business:

- employees and former employees (and their respective dependents and beneficiaries) who are or were associated with Pfizer, us or the parties' respective subsidiaries or affiliates;
- the allocation of assets and liabilities generally relating to employees, employment or service-related matters and employee benefit plans; and
- other human resources, employment and employee benefits matters.

Employment. We offered employment to employees who are providing services to our business and who did not otherwise transfer to our entities by operation of law. To the extent that severance obligations were triggered by such transfers, Pfizer administered the severance pay obligations in accordance with the terms and conditions of the applicable Pfizer severance pay plan or policy. Our employees who were providing services to our business and are on long-term disability on the applicable employee transfer date will remain employees of Pfizer to the extent permissible under applicable law, collective bargaining agreements, trade union agreements or work council agreements.

Benefit plans generally. Prior to the completion of the IPO, except to the extent provided in respect of certain jurisdictions, we became a participating employer in the Pfizer benefit plans (including legacy King Pharmaceuticals, Inc. benefit plans where applicable). We will cease to be a participating employer in the Pfizer plans and will adopt our own benefit plans on a date following the completion of the IPO, which will be determined by the parties, which we refer to as the “Plan Transition Date,” and which may vary by benefit plan and by country. An appropriate allocation of our costs incurred under Pfizer benefit plans prior to the Plan Transition Date shall be charged back to Zoetis. Pfizer will retain the right to amend or terminate the plans for our employees.

Credited service. We anticipate causing our employee benefit plans to credit service with Pfizer prior to the Plan Transition Date for all purposes, except as otherwise specified in the employee matters agreement.

Defined benefit and retiree medical plans. Our employees ceased to participate in the Pfizer U.S. qualified defined benefit pension plan and the U.S. retiree medical plan effective December 31, 2012, and liabilities allocable to our employees under such plans were retained by Pfizer. Our employees under the U.S. qualified defined benefit pension plan became 100% vested in their accrued benefits as of December 31, 2012. Pfizer will continue crediting certain employees' service with us generally through December 31, 2017 (or termination of employment from us, if earlier) for certain early retirement benefits with respect to the defined benefit pension plan, and for plan eligibility with respect to the retiree medical plan. Outside of the U.S., Pfizer intends to transfer to us its defined benefit plan pension assets and liabilities associated with the employees transferring to us in certain countries as described in the applicable local separation agreements. In certain countries, it is anticipated that liabilities with respect to past service with Pfizer will be retained by Pfizer.

Nonqualified defined benefit pension plans. We ceased to be a participating employer in the Pfizer U.S. nonqualified defined benefit pension plans on December 31, 2012 and Pfizer will continue crediting certain employees' service with us through December 31, 2017 (or termination of employment from us if earlier) for certain early retirement benefits. Our employees under the U.S. nonqualified defined benefit pension plan became 100% vested in their accrued benefits as of December 31, 2012. It is anticipated that Pfizer will retain the liabilities allocable to our employees under the U.S. nonqualified pension plans.

Defined contribution plans. The employee matters agreement provides for the transfer from the U.S. Pfizer qualified defined contribution plan to a U.S. Zoetis qualified defined contribution plan on the Plan Transition Date, with assets and liabilities allocable to the participants who transferred to us. Our employees under the Pfizer qualified defined contribution benefit plan will be 100% vested in their account balances as of the Plan Transition Date. Outside of the U.S., we generally intend that Pfizer will transfer to our defined contribution plans assets and liabilities allocable to the employees transferring to us in the certain countries as described in any applicable local separation agreement.

Deferred compensation plans. With respect to the supplemental savings plan in the U.S., we intend that Pfizer will transfer liabilities allocable to the employees who transferred to us as described in the employee matters agreement. Liabilities allocable to our employees under other Pfizer nonqualified plans will be retained by Pfizer.

Health and welfare plans. We generally expect to establish or continue (or assume the obligation of contributing to) health and welfare plans or arrangements in every country where we have employees. We anticipate that health and welfare liabilities allocable to our employees prior to the Plan Transition Date will be retained by Pfizer and the allocated cost for these plans will be charged to us.

Master manufacturing and supply agreements

We have entered into two master manufacturing and supply agreements with Pfizer. Under one of these agreements, Pfizer will manufacture and supply us with animal health products, which we refer to as the "Pfizer-supplied products." Under this agreement, our manufacturing and supply chain leadership will have oversight responsibility over product quality and other key aspects of the manufacturing process with respect to the Pfizer-supplied products. For a list of the Pfizer sites that will manufacture and supply us with the Pfizer-supplied products pursuant to this agreement and a list of manufacturing sites that were transferred to us as part of the Separation, see See *Item 1. Business—Manufacturing and supply chain.* Under the other agreement, we will manufacture and supply Pfizer with human health products, which we refer to as the "Zoetis-supplied products." Only our Kalamazoo manufacturing site will manufacture Zoetis-supplied products. Following the termination of the lease agreements related to our Guarulhos manufacturing site and subject to the receipt of various regulatory approvals in Brazil, we expect that the Guarulhos site may also manufacture Zoetis-supplied products pursuant to this agreement. See "*—Brazil lease agreements*." We do not expect that any of our other sites will manufacture products for Pfizer.

Under the agreement related to the Pfizer-supplied products, our supply price is Pfizer's costs plus a percentage markup. Subject to limited exceptions, during the two years following the completion of the IPO, the markup will be 0% and, for the remainder of the term of the agreement, the markup will be 15%. The cost of each Pfizer-supplied product is subject to annual review, and there is a year-end true-up mechanism with respect to differences between budgeted and actual amounts. The agreement related to the Zoetis-supplied products contains reciprocal payment provisions pursuant to which Pfizer will make payments related to the Zoetis supplied products.

These agreements will expire five years following the completion of the IPO, with limited exceptions. In addition, these agreements require that Pfizer or us, as the case may be, use commercially reasonable efforts to develop the capabilities and facilities to manufacture the applicable products on its own behalf or to establish alternative sources of supply reasonably prior to expiration of the applicable agreement. The party purchasing products under the agreement may terminate the agreement with respect to any manufacturing site upon at least six months' prior notice. Also, either party may terminate for customary reasons, including for material breach of the other party (subject to a 90-day cure period) or for a force majeure event affecting the other party that continues for at least 30 days.

Environmental matters agreement

We entered into an environmental matters agreement with Pfizer immediately prior to the completion of the IPO. The agreement sets forth standards for each party's performance of remedial actions for liabilities allocated to each party under the global separation agreement, addresses our substitution for Pfizer with respect to animal health assets and remedial actions allocated to us (including substitution related to, for example, permits, financial assurances and consent orders), allows our conditional use of Pfizer's consultants and contractors to assist in the conduct of remedial actions and address the exchange of related information between the parties.

The agreement will also set forth standards of conduct for remedial activities at the co-located facilities: Guarulhos, Brazil; Catania, Italy; Hsinchu, Taiwan; and Kalamazoo, Michigan in the U.S. In addition, the agreement will set forth site-specific terms to govern conduct at several of these co-located facilities. The agreement lasts perpetually; however, the agreement will terminate automatically if the global separation agreement terminates.

Screening services agreement

We entered into an agreement with Pfizer immediately prior to the completion of the IPO, pursuant to which we provide certain high throughput screening services to Pfizer's R&D organization. Pfizer will pay us agreed-upon fees for these services.

Intellectual property license agreements

Immediately prior the completion of the IPO, we entered into a patent and know-how license agreements with Pfizer, pursuant to which: (i) Pfizer and certain of its affiliates have licensed to us and certain of our affiliates the right to use certain intellectual property rights in the animal health field; and (ii) we have licensed to Pfizer and certain of its affiliates certain rights to intellectual property in all fields outside of the animal health field.

Patent and know-how license agreement (Pfizer as licensor). Immediately prior to the completion of the IPO, we entered into a patent and know-how license agreement with Pfizer. Pursuant to the agreement, Pfizer granted us a royalty-free, fully paid-up, sublicensable (subject to certain restrictions), worldwide, exclusive license to certain patents and know-how to research, develop and commercialize certain commercial, development-stage, and early stage products in the field of animal health. We do not have rights to use most of these patents and know-how with any compounds other than those for which we are expressly licensed.

Pfizer also granted us a royalty-free, fully paid-up, sublicensable (subject to certain restrictions) non-exclusive, worldwide license to certain other Pfizer patents and know-how to research, develop and commercialize certain other products in the animal health field. Under the agreement, we also have been granted a royalty-free, fully paid-up, sublicensable (subject to certain restrictions) non-exclusive, worldwide license for the animal health field to certain know-how that is not compound-related or product-related.

Pfizer also granted us a sublicense of certain third party intellectual property for use in the animal health field, the terms of which are royalty-free and fully paid-up as between us and Pfizer, but otherwise vary based on each third party agreement. With respect to certain of such third party intellectual property, Pfizer will have a right of first negotiation with us for an exclusive license to improvements to such third party intellectual property and related patents that we own.

Pfizer controls filing, prosecuting and maintaining patents licensed to us, except that at our cost we are able to file patent applications covering certain know-how licensed to us and certain know-how invented by us. We will grant Pfizer a royalty-free, fully paid-up, sublicensable, exclusive license for the human health field to any such patent applications and patents that issue from these patent applications that we own. We will be required to pay certain costs associated with filing and maintaining the patents exclusively licensed to us, or our license will convert to a non-exclusive license.

Pfizer will have the right to forego, and cease paying for, prosecution and maintenance of the licensed patents and it may delegate responsibility to prosecute and maintain exclusively licensed patents to us or assign such patents to us. If Pfizer assigns such patents to us, we will grant Pfizer a

royalty-free license to the assigned patents in all fields of use, but this license will exclude (and we will retain) all rights that Pfizer exclusively licensed to us under the agreement before assigning the patents to us.

Pfizer will have the right to enforce against third party infringements all patents licensed to us and patents that it may later assign to us if the infringement is within the scope of Pfizer's license to such assigned patents, unless Pfizer does not pay for certain prosecution and maintenance costs and the patents are exclusively licensed or assigned to us, in which case, we will have rights to enforce such patents against third party infringements within the scope of our exclusive rights. We also will have the right to enforce new patents that we file and own.

The agreement expires, with respect to licensed patents, upon expiration of the last to expire patent right that Pfizer owns, with respect to third party intellectual property, upon expiration or termination of the agreement pursuant to which such third party intellectual property is licensed to Pfizer and with respect to know-how that Pfizer owns, upon the thirtieth anniversary of the agreement. Upon expiration of the agreement in its

entirety, our licenses to know-how owned by Pfizer convert to fully paid-up, perpetual licenses. We will be able to terminate the agreement in whole or in part upon prior written notice to Pfizer. In the event of either party's uncured material breach, the other party will be able to terminate the agreement. The agreement also provides that insolvency of either party and the occurrence of certain other events related to each party's bankruptcy or indebtedness will also result in automatic termination. In addition, in circumstances where Pfizer has an interest in the licensed intellectual property in connection with its human health development programs, our rights to use the licensed intellectual property are restricted and/or in limited instances, subject to Pfizer's right to terminate such license at will. Pfizer also has the ability to terminate any third party agreements under which it is sublicensing rights to us.

Patent and know-how license agreement (Zoetis as licensor). Immediately prior to the completion of the IPO, we entered into a patent and know-how license agreement with Pfizer. Pursuant to the agreement, we granted Pfizer a royalty-free, fully paid-up, sublicensable (subject to certain restrictions), exclusive license to all patents and know-how that we own or have been licensed from third parties as of the IPO (excluding any patents and know-how licensed from third parties to which our rights are limited to animal health) for Pfizer to research, develop, and commercialize any products throughout the world in all fields except the animal health field. Under the agreement, we also granted Pfizer a royalty-free, fully paid-up, perpetual, sublicensable (subject to certain restrictions), non-exclusive license to certain patents filed within a certain period of time following the IPO that cover know-how that we own. Pfizer will be permitted to use such patents in connection with its research, development, and commercialization of products outside the animal health field.

Upon notice from Pfizer, we will be required to file patent applications covering know-how licensed to Pfizer or continue to prosecute and maintain patents that have already been filed. In each case, Pfizer reimburses us for related costs, which vary depending on whether patents are filed at the time of Pfizer's notice. We will have the sole right to enforce patents that are licensed to Pfizer under this agreement in the animal health field. Pfizer will have rights to enforce the licensed patents in all other fields (including the human health field) only if it reimburses us for certain costs related to prosecution and maintenance of such patents. If Pfizer decides that it will not reimburse us for such costs, we will have the right to enforce in such fields.

The agreement expires, with respect to licensed patents that we own, upon the expiration of the last to expire patent right, with respect to third party intellectual property, upon the expiration or termination of the agreement pursuant to which such third party intellectual property is licensed to us and with respect to know-how that we own, upon the thirtieth anniversary of the agreement. Upon expiration of the agreement in its entirety, Pfizer's licenses to any know-how owned by us will convert to fully paid-up, perpetual licenses. Pfizer is able to terminate the agreement in whole or in part upon prior notice to us. In the event of either party's uncured material breach, the other party is be able to terminate the agreement. The agreement also provides that the insolvency of either party and the occurrence of certain other events related to bankruptcy or indebtedness will also result in automatic termination. Upon termination of the agreement, all licenses terminate.

Trademark and copyright license agreements. Immediately prior to the completion of the IPO, we entered into a trademark and copyright license agreement with Pfizer, pursuant to which Pfizer granted us rights with respect to certain trademarks and copyrighted works. Specifically, Pfizer granted us an exclusive, worldwide, royalty-free, perpetual and fully paid-up license to use certain scheduled trademarks in the same manner that we used such trademarks as a business unit of Pfizer and in connection with any modifications or line extensions of products with which such trademarks were used as a business unit of Pfizer. We are able to sublicense such trademarks to third parties with Pfizer's prior written consent, which Pfizer cannot unreasonably withhold, but such consent is not be required for sublicenses granted to our customers and distributors in the ordinary course of business. We do not have the right to register domain names that incorporate the trademarks or use the trademarks in the address of any social media or use the trademarks in any trade name, corporate name or “doing business as” name.

Pfizer also granted us a non-exclusive, worldwide, royalty-free, perpetual and fully paid-up license to use, copy and distribute to ourselves and our affiliates copyrights in certain policies and guidelines, and any related derivative works, that are necessary for us to continue to conduct certain aspects of our business in the same manner as they were conducted when we were a business unit of Pfizer.

The agreement will terminate on a trademark-by-trademark or copyrighted work-by-copyrighted work basis upon our written notice to Pfizer that we have ceased bona fide commercial use of such trademark or copyrighted work and it will terminate as to one of our affiliates if such affiliates ceases being an affiliate of us. We granted a similar license to Pfizer to use the Aureomycin trademark and variants thereof in connection with Pfizer's human health business.

Registration rights agreement

We entered into a registration rights agreement with Pfizer immediately prior to the completion of the IPO, pursuant to which we agreed that, upon the request of Pfizer, we will use our reasonable best efforts to effect the registration under applicable federal and state securities laws of any shares of our common stock retained by Pfizer following the IPO.

Demand registration. Pfizer will be able to request registration under the Securities Act of all or any portion of our shares covered by the agreement and we will be obligated, subject to limited exceptions, to register such shares as requested by Pfizer. Pfizer will be able to request that we complete two demand registrations and four underwritten offerings in a twelve month period subject to limitations on minimum offering size. Pfizer will be able to designate the terms of each offering effected pursuant to a demand registration, which may take any form, including a shelf registration.

Piggy-back registration. If we at any time intend to file on our behalf or on behalf of any of our other security holders a registration statement in connection with a public offering of any of our securities on a form and in a manner that would permit the registration for offer and sale of our common stock held by Pfizer, Pfizer will have the right to include its shares of our common stock in that offering.

Registration expenses. We will be generally responsible for all registration expenses in connection with the performance of our obligations under the registration rights provisions in the registration rights agreement. Pfizer is responsible for its own internal fees and expenses, any applicable underwriting discounts or commissions and any stock transfer taxes.

Indemnification. Generally, the agreement contains indemnification and contribution provisions by us for the benefit of Pfizer and, in limited situations, by Pfizer for the benefit of us with respect to the information provided by Pfizer included in any registration statement, prospectus or related document.

Transfer. If Pfizer transfers shares covered by the agreement, it will be able to transfer the benefits of the registration rights agreement to transferees of 5% of the shares of our common stock outstanding immediately following the completion of the IPO, provided that each transferee agrees to be bound by the terms of the registration rights agreement.

Term. The registration rights remains in effect with respect to any shares covered by the agreement until:

- such shares have been sold pursuant to an effective registration statement under the Securities Act;
- such shares have been sold to the public pursuant to Rule 144 under the Securities Act;
- such shares may be sold to the public pursuant to Rule 144 under the Securities Act without being subject to the volume restrictions in such rule; or
- such shares have been sold in a transaction in which the transferee is not entitled to the benefits of the registration rights agreement.

Brazil lease agreements

In September 2012, Pfizer's subsidiary, Laboratórios Pfizer Ltda. (“Laboratórios”), as lessee, and our subsidiary, PAH Brasil Participações Ltda., (“PAH Brasil”), as lessor, entered into: (i) the Private Instrument of Non Residential Lease Agreement and Others, which establishes and regulates the use of the real property at our Guarulhos, Brazil facility (the “Real Property Lease”) and (ii) the Private Instrument of Lease Agreement Movable Assets and Others, which establishes the terms of the use of the fixed assets at the same site (the “Fixed Asset Lease” and, together with the Real Property Lease, the “Brazil Leases”). As a result of a merger of PAH Brasil into Fort Dodge Saúde Animal Ltda. (“Fort Dodge Brazil”) with Fort Dodge Brazil surviving, the Brazil Leases were assigned to Fort Dodge Brazil.

Rent, rent adjustment and penalty. The monthly rent under the Brazil Leases corresponds to the amount of depreciation of the fixed assets and real property covered by the leases. During the first month that the leases were in effect, the rent under the Fixed Asset Lease was R$752,459 (approximately $0.4 million) and the rent under the Real Property Lease was R$479,977 (approximately $0.2 million). In subsequent periods, the parties will adjust these amounts to reflect the anticipated monthly depreciation amount and previously paid amounts may be adjusted if the amounts paid differ from actual depreciation. Late payments under Brazil Leases are subject to an adjustment plus a penalty equal to 2% and interest on arrears of 1% per month. A breach of either of the Brazil Leases that is not cured within 30 days from receipt of notice thereof is subject to a penalty equal to three monthly rent payments under the applicable lease. In addition to the rent, Laboratórios will pay expenses related to water consumption, sewerage and electricity as well as all taxes levied on the property.

Covenants and obligations. Laboratórios is required to maintain the fixed assets and real property in the same condition as they were received, except for normal wear and tear and any improvements thereon, and is responsible for the repair of any damage. Improvements on the existing fixed assets and investments in new fixed assets are permitted under the Fixed Asset Lease, provided Fort Dodge Brazil is given notice thereof and consents to Laboratórios' proposal. Costs for such improvements are paid or reimbursed by Fort Dodge Brazil unless the fixed asset is used solely to manufacture human health products, in which case the cost shall be the responsibility of Laboratórios and, in the event a new asset is purchased, exclusive ownership shall be retained by Laboratórios. The Real Property Lease also permits improvements on the property to be implemented by Laboratórios as long as Fort Dodge Brazil provides its written consent. Laboratórios is entitled to reimbursement for any related costs as long as Fort Dodge Brazil consented to the implementation of the improvements.

Term and termination. The Brazil Leases will last for a period of five years commencing in September 2012. The Real Property Lease provides for automatic renewals for successive periods of one year at Laboratórios's discretion, unless notice of non-renewal is provided by Laboratórios. The Fixed Asset Lease can be extended for additional terms of five years by executing an amendment to such lease.

The Brazil Leases terminate at any time if agreed upon by the parties. The Brazil Leases also terminate upon satisfaction of certain regulatory conditions that will permit the animal health manufacturing operations of Laboratórios to be transferred to Fort Dodge Brazil and the human pharmaceutical manufacturing operations to be transferred to another facility or party. The Fixed Asset Lease automatically terminates upon the termination of the Real Property Lease or the master manufacturing and supply agreement that provides for Zoetis-supplied products. The Real Property Lease automatically terminates upon the termination of the Fixed Asset Lease or the expropriation of the property and cannot be terminated by Fort Dodge Brazil prior to termination of the master manufacturing and supply agreement that provides for Zoetis-supplied products. In the event the property is partially or completely destroyed, Laboratórios has the option to terminate the Real Property Lease.

Mumbai, India interim lease agreement

We entered into an interim lease agreement with respect to our R&D facility in Mumbai, India. We will pay Pfizer a mutually agreed-upon rent for the facility and we anticipate the lease would expire upon the completion of the transfer of the Mumbai, India facility from Pfizer.

Local market distribution agreements

In many markets throughout the world, the regulatory process of transferring marketing authorizations and product registrations for animal health products to Zoetis legal entities will not be completed for several months following the completion of the IPO. In many of those markets, we have or will enter into distribution agreements with Pfizer legal entities to enable continued sales of the impacted products in such markets until the regulatory process is completed.

Policy concerning related person transactions

Our Board of Directors has adopted a written policy, which we refer to as the "related person transaction approval policy," for the review of any transaction, arrangement or relationship in which we are a participant, if the amount involved exceeds $120,000 and one of our executive

officers, directors, director nominees or beneficial holders of more than 5% of our total equity (or their immediate family members), each of whom we refer to as a "related person," has a direct or indirect material interest. This policy was not in effect when we entered into the transactions described above.

Each of the agreements between us and Pfizer and its subsidiaries that have been entered into prior to the completion of the IPO, and any transactions contemplated thereby, have been deemed to be approved and not subject to the terms of such policy. If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a "related person transaction," the related person must report the proposed related person transaction to the chair of our Audit Committee for so long as the controlled company exception applies and the Corporate Governance Committee thereafter (for purposes of this section only, we refer to each of these committees as the "Committee"). The policy calls for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by the Committee. In approving or rejecting such proposed transactions, the Committee is required to consider relevant facts and circumstances. The Committee will approve only those transactions that, in light of known circumstances, are deemed to be in our best interests. In the event that any member of the Committee is not a disinterested person with respect to the related person transaction under review, that member will be excluded from the review and approval or rejection of such related person transaction; provided, however, that such Committee member may be counted in determining the presence of a quorum at the meeting of the Committee at which such transaction is considered. If we become aware of an existing related person transaction which has not been approved under the policy, the matter will be referred to the Committee. The Committee will evaluate all options available, including ratification, revision or termination of such transaction. In the event that management determines that it is impractical or undesirable to wait until a meeting of the Committee to consummate a related person transaction, the chair of the Committee may approve such transaction in accordance with the related person transaction approval policy. Any such approval must be reported to the Committee at its next regularly scheduled meeting.

A copy of our related person transaction approval policy is available on our website.

Director Independence

Three of our directors (Michael B. McCallister, Gregory Norden and William C. Steere, Jr.) are independent under the applicable rules of the NYSE and the Exchange Act. See *Directors and Executive Officers of the Registrant*.

Item 14. Principal Accounting Fees and Services

The following table presents aggregate fees for professional audit services rendered by KPMG LLP (KPMG) for the years ended December 31, 2012 and 2011 for the audits of our financial statements, and fees for other services rendered by KPMG during those periods.

		2012		2011
Audit fees[1]	**$**	**6,393,500**	$	7,100,000
Audit-related fees[2]		—		—
Tax fees[3]		—		—
All other fees[4]		—		—
Total	**$**	**6,393,500**	$	7,100,000

(1) Audit fees were principally for audit work performed on the combined financial statements, as well as statutory audits.
(2) There were no audit-related fees incurred in 2012 and 2011.
(3) There were no tax fees incurred in 2012 and 2011.
(4) KPMG LLP did not provide any "other services" during the period.

Pfizer's Policy on Pfizer Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

During 2012 and 2011, we were a subsidiary of Pfizer Inc. Pursuant to the policy of the Pfizer Audit Committee and consistent with requirements of the SEC and the Public Accounting Oversight Board regarding auditor independence, the Pfizer Audit Committee has responsibility for appointing, setting the compensation of and overseeing the work of the independent registered public accounting firm. In recognition of this responsibility, the Pfizer Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm.

Prior to engagement of the independent registered public accounting firm for the next year's audit, management submits for Pfizer Audit Committee approval a list of services and related fees expected to be rendered during that year within each of four categories of services:

1. ***Audit*** services include audit work performed on the financial statements and internal control over financial reporting, as well as work that generally only the independent registered public accounting firm can reasonably be expected to provide, including comfort letters, statutory audits, and discussions surrounding the proper application of financial accounting and/or reporting standards.

2. ***Audit-related*** services are for assurance and related services that are traditionally performed by the independent registered public accounting firm, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

3. ***Tax*** services include all services, except those services specifically related to the audit of the financial statements, performed by the independent registered public accounting firm's tax personnel, including tax analysis; assisting with coordination of execution of tax-related activities, primarily in the area of corporate development; supporting other tax-related regulatory requirements; and tax compliance and reporting.

4. ***All other*** services are those services not captured in the audit, audit-related or tax categories. The company generally does not request such services from the independent registered public accounting firm.

Prior to engagement, the Pfizer Audit Committee pre-approves independent registered public accounting firm services within each category and the fees for each category are budgeted. The Pfizer Audit Committee requires the independent registered public accounting firm and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval categories. In those instances, the Pfizer Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm.

The company has been advised that all of the services relating to the fees set forth in the table were pre-approved in accordance with the Pfizer Audit Committee policy. We expect the Zoetis Audit Committee to adopt a similar policy for our 2013 services.

PART IV

Item 15. Exhibits, Financial Statement Schedules

The following entire exhibits are included:

A. (1) The financial statements and notes to financial statements are filed as part of this report in Item 8. Financial Statements and Supplementary Data.

(2) The financial statement schedule is listed in the Index to Financial Statements on page 57.

(3) The exhibits are listed in the Index to Exhibits.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Zoetis Inc.

By: /S/ JUAN RAMÓN ALAIX

Juan Ramón Alaix

Chief Executive Officer and Director

We, the undersigned directors and officers of Zoetis Inc., hereby severally constitute Juan Ramón Alaix and Heidi Chen, and each of them singly, our true and lawful attorneys with full power to them and each of them to sign for us, in our names in the capacities indicated below, any and all amendments to this Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Under the requirements of the Securities Exchange Act of 1934, this report was signed by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

Name	Title	Date
/S/ JUAN RAMÓN ALAIX Juan Ramón Alaix	Chief Executive Officer and Director (Principal Executive Officer)	March 28, 2013
/S/ RICHARD A. PASSOV Richard A. Passov	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 28, 2013
/S/ FRANK A. D'AMELIO Frank A. D'Amelio	Chairman and Director	March 28, 2013
/S/ GENO J. GERMANO Geno J. Germano	Director	March 28, 2013
/S/ DOUGLAS E. GIORDANO Douglas E. Giordano	Director	March 28, 2013
/S/ CHARLES H. HILL Charles H. Hill	Director	March 28, 2013
/S/ MICHAEL B. MCCALLISTER Michael B. McCallister	Director	March 28, 2013
/s/ GREGORY NORDEN Gregory Norden	Director	March 28, 2013

/S/ AMY W. SCHULMAN Amy W. Schulman	Director	March 28, 2013
/S/ WILLIAM C. STEERE, JR. William C. Steere, Jr.	Director	March 28, 2013

The exhibits listed below and designated with a † are filed with this report. The exhibits listed below and not so designated are incorporated by reference to the documents following the descriptions of the exhibits.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Registrant †
3.2	Amended and Restated By-laws of the Registrant †
4.1	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.1 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
4.2	Indenture, dated as of January 28, 2013, between Zoetis Inc. and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
4.3	First Supplemental Indenture, dated as of January 28, 2013, between Zoetis Inc. and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4.3 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
4.4	Form of 1.150% Senior Notes due 2016 (incorporated by reference to Exhibit 4.4 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
4.5	Form of 1.875% Senior Notes due 2018 (incorporated by reference to Exhibit 4.5 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
4.6	Form of 3.250% Senior Notes due 2023 (incorporated by reference to Exhibit 4.6 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
4.7	Form of 4.700% Senior Notes due 2043 (incorporated by reference to Exhibit 4.7 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
10.1	Global Separation Agreement, dated February 6, 2013, by and between Zoetis Inc. and Pfizer Inc. †
10.2	Transitional Services Agreement, dated February 6, 2013, by and between Zoetis Inc. and Pfizer Inc. †
10.3	Tax Matters Agreement, dated February 6, 2013, by and between Zoetis Inc. and Pfizer Inc. †
10.4	Research and Development Collaboration and License Agreement, dated February 6, 2013, by and between Zoetis Inc. and Pfizer Inc. †
10.5	Employee Matters Agreement (incorporated by reference to Exhibit 10.5 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
10.6	Pfizer Inc. 2004 Stock Plan, as Amended and Restated (incorporated by reference to Exhibit 10.6 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))*
10.7	Pfizer Inc. Amended and Restated Nonfunded Supplemental Retirement Plan, together with all material Amendments (incorporated by reference to Exhibit 10.7 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))*
10.8	Patent and Know-How License Agreement (Zoetis as licensor), dated February 6, 2013, by and between Zoetis Inc. and Pfizer Inc. †
10.9	Patent and Know-How License Agreement (Pfizer as licensor), dated February 6, 2013, by and between Zoetis Inc. and Pfizer Inc. †
10.10	Trademark and Copyright License Agreement, dated February 6, 2013, by and between Zoetis Inc. and Pfizer Inc. †
10.11	Private Instrument of Non Residential Lease Agreement and Others, dated September 28, 2012, by and between PAH Brasil Participações Ltda. and Laboratórios Pfizer Ltda. (incorporated by reference to Exhibit 10.11 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
10.12	Private Instrument of Lease Agreement Movable Assets and Others, dated September 28, 2012, by and between PAH Brasil Participações Ltda. and Laboratórios Pfizer Ltda. (incorporated by reference to Exhibit 10.12 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
10.13	Environmental Matters Agreement, dated February 6, 2013, by and between Zoetis Inc. and Pfizer Inc. †
10.14	Master Manufacturing and Supply Agreement, dated October 1, 2012, by and between Pfizer Inc. and Zoetis Inc. (Pfizer as manufacturer) (incorporated by reference to Exhibit 10.14 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
10.15	Registration Rights Agreement, dated February 6, 2013, by and between Zoetis Inc. and Pfizer Inc. †
10.16	Zoetis Inc. 2013 Equity and Incentive Plan *†

Exhibit Number	Description
10.17	Sale of Business Plan *†
10.18	Revolving Credit Agreement, dated as of December 21, 2012, among Zoetis Inc., the lenders named therein and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.18 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
10.19	Form of Indemnification Agreement for directors and officers (incorporated by reference to Exhibit 10.19 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
10.20	Registration Rights Agreement, dated as of January 28, 2013, by and among Zoetis Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., J.P. Morgan Securities LLC and Deutsche Bank Securities Inc., as representatives of the several initial purchasers (incorporated by reference to Exhibit 10.20 of Zoetis Inc.'s registration statement on Form S-1 (File No. 333-183254))
10.21	Form of Restricted Stock Unit Award agreement *†
10.22	Form of Stock Option Award agreement *†
10.23	Form of Non-Employee Director Deferred Stock Unit Award agreement *†
10.24	Form of Cash Award agreement *†
21.1	Subsidiaries of the Registrant †
23.1	Consent of KPMG LLP †
24.1	Power of Attorney (included as part of signature page) †
31.1	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 †
31.2	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 †
32.1	Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 †
32.2	Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 †

† Filed herewith

* Management contracts or compensatory plans or arrangements

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

ZOETIS INC.

Zoetis Inc. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "GCL"), does hereby certify as follows:

1. The name of the Corporation is Zoetis Inc. The Corporation was originally incorporated under the name Zoetis Inc., pursuant to the original Certificate of Incorporation of the Corporation (the "Original Certificate of Incorporation") filed with the office of the Secretary of State of the State of Delaware on July 25, 2012.

2. This Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation") was duly adopted by the Board of Directors of the Corporation (the "Board of Directors") and by the stockholders of the Corporation in accordance with Sections 228, 242 and 245 of the GCL.

3. This Certificate of Incorporation restates and integrates and further amends the Original Certificate of Incorporation of the Corporation, as heretofore amended or supplemented.

4. The text of the Original Certificate of Incorporation is amended and restated in its entirety as follows:

FIRST: The name of the Corporation is Zoetis Inc.

SECOND: The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, 19801. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corpora-tion may be organized under the GCL as set forth in Title 8 of the GCL.

FOURTH: A. The total number of shares of stock which the Corporation shall have authority to issue is 7,000,000,000 shares, of which the Corporation shall have authority to issue (i) 5,000,000,000 shares of Class A Common Stock, each having a par value of $0.01 ("Class A Common Stock"), (ii) 1,000,000,000 shares of Class B Common Stock, each having a par value of $0.01 ("Class B Common Stock," and together with Class A Common Stock, "Common Stock"), and (iii) 1,000,000,000 shares of Preferred Stock, each having a par value of $0.01 (the "Preferred Stock").

B. Common Stock.

1. *General*. Except as otherwise expressly provided herein or required by the GCL, shares of Class A Common Stock and Class B Common Stock shall have the same rights and privileges and rank equally, share ratably and be identical in all respects as to all matters. Holders of Class A Common Stock and Class B Common Stock will have no preemptive subscription or redemption rights. The outstanding shares of Common Stock are fully paid and non-assessable.

2. *Voting.* Except as otherwise expressly provided herein or required by the GCL, holders of shares of each class of Common Stock shall be entitled to vote, and shall vote together as one class, on all matters to be voted on by stockholders of the Corporation. Except as otherwise expressly provided herein or required by the GCL, (x) with respect to all matters submitted to a vote of stockholders other than elections of directors, each holder of shares of Class A Common Stock and Class B Common Stock shall be entitled to one vote per share and (y) with respect to elections of directors, each holder of shares of Class A Common Stock shall be entitled to one vote per share, and each holder of shares of Class B Common Stock shall be entitled to ten votes per share.

3. *Conversion*. (a) Each share of Class B Common Stock held by Pfizer (as defined below) shall be convertible at the option of Pfizer into one share of Class A Common Stock, until such time at which any person other than

Pfizer owns any shares of Class B Common Stock. Subject to clause (b) below, each share of Class B Common Stock held by any holder other than Pfizer shall not be convertible at any time into any shares of Class A Common Stock. Shares of Class A Common Stock are not convertible into any other shares of the Corporation's capital stock. As used herein, "Pfizer" means Pfizer Inc., a Delaware corporation, any and all successors to Pfizer Inc. by way of merger, consolidation or sale of all or substantially all of its assets, and any and all corporations, partnerships, joint ventures, limited liability companies, associations and other entities (i) in which Pfizer Inc. owns, directly or indirectly, more than fifty percent (50%) of the outstanding voting stock, voting power, partnership interests or similar ownership interests, (ii) of which Pfizer Inc. otherwise directly or indirectly controls or directs the policies or operations or (iii) that would be considered subsidiaries of Pfizer Inc. within the meaning of Regulation S-K or Regulation S-X of the general rules and regulations under the Securities Act of 1933, as amended, now or hereafter existing; provided, however, that the term "Pfizer" shall not include the Corporation.

(b) The Board of Directors may propose to convert the Class B Common Stock to Class A Common Stock on a share-for-share-basis, subject to the receipt of approval by the stockholders. If such proposal is approved by the Board of Directors and presented to the stockholders, a vote by (i) a majority of the shares of Class A Common Stock and Class B Common Stock, voting together as a single class, and (ii) a majority of the shares of Class B Common Stock, voting as a separate class, will be required for the proposal to be approved.

(c) Following the effectiveness of the conversion of all Class B Common Stock into Class A Common Stock pursuant to clauses (a) or (b) above, Section B shall be deleted in its entirety from this Article Fourth automatically and without further action by the stockholders or the Corporation, with appropriate renumbering of the remaining sections hereof, and each reference to "Class A Common Stock", "Class B Common Stock" or "Common Stock" in this Certificate of Incorporation shall thereafter be deemed to be a reference to Common Stock, par value $0.01. Unless prohibited by the GCL, the Corporation may restate this Certificate of Incorporation in its entirety to give effect to this provision and any such restatement need not include this clause (c) and may renumber and/or appropriately relocate this paragraph within this Article FOURTH.

4. *Amendments*. Notwithstanding any other provision of this Certificate of Incorporation to the contrary, (i) for so long as any shares of Class A Common Stock are outstanding, the Corporation shall not, without the affirmative vote of the holders of a majority of the voting power of the outstanding shares of Class A Common Stock, amend, alter or repeal any provision of this Certificate of Incorporation so as to affect adversely the relative rights, preferences, qualifications, limitations or restrictions of the Class A Common Stock as compared to those of the Class B Common Stock and (ii) for so long as any shares of Class B Common Stock are outstanding, the Corporation shall not, without the affirmative vote of the holders of a majority of the voting power of the outstanding shares of Class B Common Stock, amend, alter or repeal any provision of this Certificate of Incorporation so as to affect adversely the relative rights, preferences, qualifications, limitations or restrictions of the Class B Common Stock as compared to those of the Class A Common Stock; provided, that, for the foregoing purposes, any alteration or change with respect to, and any provision for, the voluntary, mandatory or other conversion or exchange of the Class B Common Stock into or for Class A Common Stock on a one-for-one basis shall be deemed not to adversely affect the rights of the Class A Common Stock.

5. *Dividends*. No dividend or distribution may be declared or paid on any share of Class A Common Stock unless a dividend or distribution, payable in the same consideration and manner, is simultaneously declared or paid, as the case may be, on each share of Class B Common Stock, nor shall any dividend or distribution be declared or paid on any share of Class B Common Stock unless a dividend or distribution, payable in the same consideration and manner, is simultaneously declared or paid, as the case may be, on each share of Class A Common Stock, in each case without preference or priority of any kind; provided, however, that if dividends are declared that are payable in shares of Class A Common Stock or in Class B Common Stock or in rights, options, warrants or other securities convertible into or exchangeable for shares of Class A Common Stock or Class B Common Stock, dividends shall be declared that are payable at the same rate on both classes of Common Stock and the dividends payable in shares of Class A Common Stock or in rights, options, warrants or other securities convertible into or exchangeable for shares of Class A Common Stock shall be payable to holders of Class A Common Stock and the dividends payable in shares of Class B Common Stock or in rights, options, warrants or other securities convertible into or exchange for shares of Class B Common Stock shall be payable to holders of Class B Common Stock.

6. *Merger, Consolidation or Reorganization*. The Corporation shall not enter into any reorganization, or into any merger, share exchange, consolidation or combination of the Corporation with one or more other entities (whether or not the Corporation is the surviving entity), unless each holder of an outstanding share of Class A Common Stock shall be entitled to receive with respect to such share the same kind and amount of consideration (including shares of stock and other securities and property (including cash)), if any, receivable upon such reorganization, merger, share exchange, consolidation or other combination by a holder of an outstanding share of Class B Common Stock, and each holder of an outstanding share of Class B Common Stock shall be entitled to receive with respect to such share the same kind and amount of consideration (including shares of stock and other securities and property (including cash)), if

any, receivable upon such reorganization, merger, share exchange, consolidation or other combination by a holder of an outstanding share of Class A Common Stock, in each case

without distinction between classes of Common Stock.

7. *Liquidation*. Upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of Class A Common Stock and Class B Common Stock will be entitled to receive their ratable share of the Corporation's net assets available after payment of all debts and other liabilities, subject to the prior rights of any outstanding Preferred Stock. For purposes of this paragraph, unless otherwise provided with respect to any then outstanding series of Preferred Stock, the voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the assets of the Corporation or a consolidation or merger of the Corporation with one or more other corporations (whether or not the Corporation is the corporation surviving such consolidation or merger) shall not be deemed to be a liquidation, dissolution or winding up, either voluntary or involuntary.

C. Preferred Stock.

The Board of Directors is expressly authorized, without the need for stockholder approval, to provide for the issuance of all or any shares of Preferred Stock in one or more classes or series, and to fix for each such class or series such voting powers, full or limited, or no voting powers, and such distinctive designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series and as may be permitted by the GCL, including, with-out limitation, the authority to provide that any such class or series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (iv) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

FIFTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for the further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

A. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

B. The directors shall be divided into three classes, designated class I, class II and class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the entire Board of Directors. The term of the initial class I directors shall terminate on the date of the 2014 annual meeting of stockholders; the term of the initial class II directors shall terminate on the date of the 2015 annual meeting of stockholders; and the term of the initial class III directors shall terminate on the date of the 2016 annual meeting of stockholders or, in each case, upon such director's earlier death, resignation or removal. At each succeeding annual meeting of stockholders beginning in 2014, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term and until their successors are duly elected and qualified. If the number of directors is changed, any increase or decrease shall be apportioned by the Board of Directors among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class or from the removal from office, death, disability, resignation or disqualification of a director or other cause shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors have the effect of removing or shortening the term of any incumbent director. In addition to any vote of the Board of Directors required by this Certificate of Incorporation or the GCL, for so long as Pfizer owns a majority of the total voting power of the outstanding shares of all classes of capital stock entitled to vote (on matters other than the election of directors), the affirmative vote of a majority of the votes entitled to be cast thereon by the holders of the then outstanding capital stock of the Corporation shall be required to amend, alter or repeal, or adopt any provision inconsistent with, this paragraph B of Article FIFTH; thereafter, the affirmative vote of at least eighty percent (80%) of the votes entitled to be cast thereon by the holders of the then outstanding capital stock of the Corporation shall be required to amend, alter or repeal, or adopt any provision inconsistent with, this paragraph B of Article FIFTH.

C. No stockholder shall be entitled to exercise any right of cumulative voting.

D. The Board of Directors shall have the power, without the need for stockholder approval, to adopt, alter, amend, change, add to or repeal the By-Laws of the Corporation. For so long as Pfizer owns a majority of the total voting power of the outstanding shares of all classes of capital stock entitled to vote (on matters other than the election of directors), the affirmative vote of a majority of the votes entitled to be cast thereon by the holders of the then outstanding capital stock of

the Corporation shall be required to adopt, alter, amend, change, add to or repeal any provision inconsistent with, this paragraph D of Article FIFTH; thereafter, the By-Laws may be adopted, altered, amended, changed, added to or repealed by the affirmative vote of at least eighty percent (80%) of the votes entitled to be cast thereon by the holders of the then outstanding capital stock of the Corporation.

E. The number of directors of the Corporation (exclusive of directors who may be elected by the holders of any one or more series of Preferred Stock which may at any time be outstanding, voting separately as a class or classes) shall be not less than 5 nor more than 15, the exact number within said limits to be fixed from time to time solely by resolution of the Board of Directors, acting by not less than a majority of the directors then in office. Election of directors need not be by written ballot unless the By-Laws so provide.

F. Subject to the rights of the holders of any one or more series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled solely by the Board of Directors, acting by not less than a majority of the Directors then in office, although less than a quorum. Any director so chosen shall hold office until his successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

G. No director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the GCL or (iv) for any transaction from which the director derived an improper personal benefit. If the GCL is amended to authorize the further elimination or limitation of the liability of a director, then the liability of the directors shall be eliminated or limited to the fullest extent permitted by the GCL, as so amended. Any repeal or modification of this Article FIFTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

H. The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The right to indemnification conferred by this paragraph H of Article FIFTH shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition, except where the director or officer pleads guilty or *nolo contendere* in a criminal proceeding (excluding traffic violations and other minor offenses), upon receipt by the Corporation of an undertaking by or on behalf of the director or officer receiving advancement to repay the amount advanced if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation under this paragraph H of Article FIFTH. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this paragraph H of Article FIFTH to directors and officers of the Corporation. The rights to indemnification and to the advancement of expenses conferred in this paragraph H of Article FIFTH shall not be exclusive of any other right which any person may have or hereafter acquire under this Certificate of Incorporation, the By-Laws of the Corporation, any statute, agreement, vote of stockholders or disinterested directors or otherwise. Any repeal or modification of this paragraph H of Article FIFTH by the stockholders of the Corporation shall not adversely affect any rights to indemnification and to the advancement of expenses of a director, officer, employee or agent of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

I. In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the GCL, this Certificate of Incorporation, and any By-Laws of the Corporation; provided, however, that no By-Laws hereafter adopted by the stockholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

SIXTH: In anticipation that the Corporation and Pfizer may engage in the same or similar business activities or lines of business and have an interest in the same areas of corporate opportunities, and in recognition of the benefits to be derived by the Corporation through its continued contractual, corporate and business relations with Pfizer (including service of officers and directors of Pfizer as directors of the Corporation), the provisions of this Article SIXTH are set forth to regulate

and define the conduct of certain affairs of the Corporation as they may involve Pfizer and its officers and directors, and the powers, rights, duties and liabilities of the Corporation and its officers, directors and stockholders in connection therewith.

A. Subject to any contractual provisions to the contrary, Pfizer shall have the right to, and shall have no duty to refrain from: (i) engaging in the same or similar business activities or lines of business as the Corporation; (ii) doing business with any client or customer of the Corporation; and (iii) employing or otherwise engaging any officer or employee of the Corporation, and neither Pfizer nor any officer or director thereof (except as provided in Section B of this Article SIXTH) shall be liable to the Corporation or its stockholders for breach of any fiduciary duty by reason of any such activities of Pfizer or of such person's participation therein. In the event that Pfizer acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both Pfizer and the Corporation, Pfizer shall have no duty to communicate or present such corporate opportunity to the Corporation and shall not be liable to the Corporation or its stockholders for breach of any fiduciary duty as a stockholder of the Corporation by reason of the fact that Pfizer pursues or acquires such corporate opportunity for itself, directs such corporate opportunity to another person or entity or does not present such corporate opportunity to the Corporation.

B. If a director or officer of the Corporation who is also a director or officer of Pfizer acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both the Corporation and Pfizer, such director or officer of the Corporation: (i) shall have fully satisfied and fulfilled such person's fiduciary duty to the Corporation and its stockholders with respect to such corporate opportunity; (ii) shall not be liable to the Corporation or its stockholders for breach of any fiduciary duty by reason of the fact that Pfizer pursues or acquires such corporate opportunity for itself or directs such corporate opportunity to another person or does not present such corporate opportunity to the Corporation; (iii) shall be deemed to have acted in good faith and in a manner such person reasonably believes to be in and not opposed to the best interests of the Corporation for the purposes of this Certificate of Incorporation; and (iv) shall be deemed not to have breached such person's duty of loyalty to the Corporation or its stockholders or to have derived an improper personal benefit therefrom for the purposes of this Certificate of Incorporation, if such director or officer acts in good faith in a manner consistent with the following policy: (a) a corporate opportunity offered to any person who is an officer of the Corporation and who is also a director but not an officer of Pfizer shall belong to the Corporation, unless such opportunity is expressly offered to such person solely in his or her capacity as a director of Pfizer in which case such opportunity shall belong to Pfizer; (b) a corporate opportunity offered to any person who is a director but not an officer of the Corporation and who is also a director or officer of Pfizer shall belong to the Corporation only if such opportunity is expressly offered to such person solely in his or her capacity as a director of the Corporation and otherwise shall belong to Pfizer; and (c) a corporate opportunity offered to any person who is an officer of both the Corporation and Pfizer shall belong to Pfizer unless such opportunity is expressly offered to such person solely in his or her capacity as an officer of the Corporation, in which case such opportunity shall belong to the Corporation.

C. For the purposes of this Article SIXTH, "corporate opportunities" shall include, but not be limited to, business opportunities that the Corporation is financially able to undertake, which are, from their nature, in the line of the Corporation's business, are of practical advantage to it and are ones in which the Corporation has an interest or a reasonable expectancy, and in which, by embracing the opportunities, the self-interest of Pfizer or its officers or directors will be brought into conflict with that of the Corporation.

D. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article SIXTH.

E. If any contract, agreement, arrangement or transaction between the Corporation and Pfizer involves a corporate opportunity and is approved in accordance with the procedures set forth in Article SEVENTH of this Certificate of Incorporation, Pfizer and its officers and directors shall also for the purposes of this Article SIXTH and the other provisions of this Certificate of Incorporation: (i) have fully satisfied and fulfilled their fiduciary duties to the Corporation and its stockholders; (ii) be deemed to have acted in good faith and in a manner such persons reasonably believe to be in and not opposed to the best interests of the Corporation; and (iii) be deemed not to have breached their duties of loyalty to the Corporation and its stockholders and not to have derived an improper personal benefit therefrom. Any such contract, agreement, arrangement or transaction involving a corporate opportunity not so approved shall not by reason thereof result in any such breach of any fiduciary duty or duty of loyalty or failure to act in good faith or in the best interests of the Corporation or derivation of any improper personal benefit, but shall be governed by the other provisions of this Article SIXTH, this Certificate of Incorporation, the By-Laws, the GCL and other applicable law.

F. Notwithstanding anything in this Certificate of Incorporation to the contrary and in addition to any vote of the Board of Directors required by this Certificate of Incorporation or the GCL, until the occurrence of the Operative Date (as defined below), for so long as Pfizer owns a majority of the total voting power of the outstanding shares of all classes of capital stock entitled to vote (on matters other than the election of directors), the affirmative vote of a majority of the votes entitled to

be cast thereon by the holders of the then outstanding capital stock of the Corporation shall be required to amend, alter or repeal, or adopt any provision inconsistent with, this Article SIXTH; thereafter, the affirmative vote of at least eighty percent (80%) of the votes entitled to be cast thereon by the holders of the then outstanding capital stock of the Corporation shall be required to amend, alter or repeal, or adopt any provision inconsistent with, any provision of this Article SIXTH. Neither the amendment, alteration, termination or repeal of this Article SIXTH nor the adoption of any provision inconsistent with this Article SIXTH shall eliminate or reduce the effect of this Article SIXTH in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article SIXTH, would accrue or arise, prior to such amendment, alteration, termination, repeal or adoption.

G. For purposes of this Article SIXTH:

(i) "Corporation" means the Corporation and all corporations, partnerships, joint ventures, limited liability companies, trusts, associations and other entities in which the Corporation owns (directly or indirectly) fifty percent (50%) or more of the outstanding voting stock, voting power, partnership interests or similar ownership interests; and

(ii) "Operative Date" means the first date on which Pfizer ceases to beneficially own (as such term is defined in Rule 16a-1(a)(2) promulgated by the SEC under the Exchange Act), in the aggregate, shares entitled to twenty percent (20%) or more of the votes entitled to be cast (on matters other than the election of directors) by the holders of the then outstanding Common Stock.

H. Following the Operative Date, any contract, agreement, arrangement or transaction involving a corporate opportunity not approved or allocated as provided in this Article SIXTH shall not by reason thereof result in any breach of any fiduciary duty or duty of loyalty or failure to act in good faith or in the best interests of the Corporation or derivation of any improper personal benefit, but shall be governed by the other provisions of this Certificate of Incorporation, the By-Laws, the GCL and other applicable law.

I. This Article SIXTH shall become inoperative and of no further effect following the Operative Date.

SEVENTH: In anticipation that the Corporation and Pfizer may enter into contracts or otherwise transact business with each other and that the Corporation may derive benefits therefrom, the provisions of this Article SEVENTH are set forth to regulate and define certain contractual relations and other business relations of the Corporation as they may involve Pfizer, and the powers, rights, duties and liabilities of the Corporation in connection therewith. The provisions of this Article SEVENTH are in addition to, and not in limitation of, the provisions of the GCL and the other provisions of this Certificate of Incorporation. Any contract or business relation that does not comply with the procedures set forth in this Article SEVENTH shall not by reason thereof be deemed void or voidable or result in any breach of any fiduciary duty or duty of loyalty or failure to act in good faith or in the best interests of the Corporation or derivation of any improper personal benefit, but shall be governed by the provisions of this Certificate of Incorporation, the By-Laws, the GCL and other applicable law.

A. No contract, agreement, arrangement or transaction between the Corporation and Pfizer shall be void or voidable solely for the reason that Pfizer is a party thereto, and Pfizer and its directors and officers (i) shall have fully satisfied and fulfilled their fiduciary duties to the Corporation and its stockholders with respect thereto; (ii) shall not be liable to the Corporation or its stockholders for any breach of fiduciary duty by reason of the entering into, performance or consummation of any such contract, agreement, arrangement or transaction; (iii) shall be deemed to have acted in good faith and in a manner they reasonably believed to be in and not opposed to the best interests of the Corporation for purposes of this Certificate of Incorporation; and (iv) shall be deemed not to have breached their duties of loyalty to the Corporation and its stockholders and not to have derived an improper personal benefit therefrom for the purposes of this Certificate of Incorporation, if:

(i) the material facts as to such contract, agreement, arrangement or transaction are disclosed to or are known by the Board of Directors or the committee thereof that authorizes such contract, agreement, arrangement or transaction, and the Board of Directors or such committee in good faith authorizes such contract, agreement, arrangement or transaction by the affirmative vote of a majority of the disinterested directors, even if the disinterested directors constitute less than a quorum;

(ii) the material facts as to such contract, agreement, arrangement or transaction are disclosed to or are known by the holders of shares of Common Stock entitled to vote thereon, and such contract, agreement, arrangement or transaction is specifically approved in good faith by the affirmative vote of a majority of the votes entitled to be cast thereon by the holders of the then outstanding Common Stock, except shares of Common Stock that are beneficially owned (as such term is defined in Rule 16a-1(a)(2) promulgated by the SEC under the Exchange Act) or the voting of which is controlled by Pfizer; or

(iii) such contract, agreement, arrangement or transaction, when viewed in light of the

circumstances at the time of the commitment, is fair to the Corporation.

B. Directors of the Corporation who are also directors or officers of Pfizer may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes such contract, agreement, arrangement or transaction. Shares of Common Stock owned by Pfizer may be counted in determining the presence of a quorum at a meeting of stockholders called to authorize such contract, agreement, arrangement or transaction.

C. Any person or entity purchasing or otherwise acquiring any interest in any shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article SEVENTH.

D. For purposes of this Article SEVENTH, any contract, agreement, arrangement or transaction with any corporation, partnership, joint venture, limited liability company, trust, association or other entity in which the Corporation owns (directly or indirectly) fifty percent (50%) or more of the outstanding voting stock, voting power, partnership interests or similar ownership interests, or with any officer or director thereof, shall be deemed to be a contract, agreement, arrangement or transaction with the Corporation.

E. For the purpose of this Article SEVENTH, "Corporation" and "Operative Date" have the meanings set forth in Article SIXTH of this Certificate of Incorporation.

F. Notwithstanding anything in this Certificate of Incorporation to the contrary and in addition to any vote of the Board of Directors required by this Certificate of Incorporation or the GCL, until the occurrence of the Operative Date, for so long as Pfizer owns a majority of the total voting power of the outstanding shares of all classes of capital stock entitled to vote (on matters other than the election of directors), the affirmative vote of a majority of the votes entitled to be cast thereon by the holders of the then outstanding capital stock of the Corporation shall be required to amend, alter or repeal, or adopt any provision inconsistent with, this Article SEVENTH; thereafter, the affirmative vote of at least eighty percent (80%) of the votes entitled to be cast thereon by the holders of the then outstanding capital stock of the Corporation shall be required to amend, alter or repeal, or adopt any provision inconsistent with, any provision of this Article SEVENTH. Neither the amendment, alteration, termination or repeal of this Article SEVENTH nor the adoption of any provision inconsistent with this Article SEVENTH shall eliminate or reduce the effect of this Article SEVENTH in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article SEVENTH, would accrue or arise, prior to such amendment, alteration, termination, repeal or adoption.

G. This Article SEVENTH shall become inoperative and of no further effect following the Operative Date.

EIGHTH: A. In anticipation that Pfizer will remain a stockholder of the Corporation and may have continued contractual, corporate and business relations with the Corporation, the provisions of this Article EIGHTH are set forth to regulate and define the conduct of certain affairs of the Corporation as they may impact Pfizer and its legal and regulatory status.

B. The Corporation shall not, without the prior written consent of Pfizer (which shall not be unreasonably withheld, conditioned or delayed), engage, directly or indirectly, in any act or activity, which, to the knowledge of the Corporation, would: (i) require Pfizer to obtain any approval, consent or authorization of or otherwise become subject to any statute, rule, regulation, ordinance, order, decree or other legal restriction of any federal, state, local or foreign governmental, administrative or regulatory authority, agency or instrumentality (collectively, "Applicable Laws"); or (ii) cause any director of the Corporation who is also a director or officer of Pfizer to be ineligible to serve, or prohibited from serving, as a director of the Corporation or, in the case where such person is a director of Pfizer, ineligible to serve as a director of Pfizer under or pursuant to any Applicable Law. Pfizer shall not be liable to the Corporation or its stockholders, in each case, for breach of any fiduciary duty by reason of the fact that Pfizer gives or withholds any consent for any reason in connection with this Article EIGHTH. No vote cast or other action taken by any person who is an officer, director or other representative of Pfizer which vote is cast or action is taken by such person in his or her capacity as a director of the Corporation shall constitute a consent of Pfizer for the purpose of this Article EIGHTH. For purposes of this Article EIGHTH, the Corporation shall be deemed to have knowledge of (x) all Applicable Laws in effect on the date hereof and of all Applicable Laws in effect immediately prior to taking any action or engaging in any activity which would have any of the effects contemplated by clause (i) or (ii) above and (y) all of the businesses and activities in which Pfizer is engaged on the date hereof and of all businesses and activities in which Pfizer is engaged immediately prior to taking any action or engaging in any activity which would have any of the effects contemplated by clause (i) or (ii) above, in each case to the extent that such business or activity is disclosed in the public domain.

C. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article EIGHTH.

D. For purposes of this Article EIGHTH, the "Corporation" and the "Operative Date" have the meanings set forth in Article SIXTH of this Certificate of Incorporation.

E. Notwithstanding anything in this Certificate of Incorporation to the contrary and in addition to any vote of the Board of Directors required by this Certificate of Incorporation or the GCL, until the occurrence of the Operative Date, for so long as Pfizer owns a majority of the total voting power of the outstanding shares of all classes of capital stock entitled to vote (on matters other than the election of directors), the affirmative vote of a majority of the votes entitled to be cast thereon by the holders of the then outstanding capital stock of the Corporation shall be required to amend, alter or repeal, or adopt any provision inconsistent with, this Article EIGHTH; thereafter, the affirmative vote of at least eighty percent (80%) of the votes entitled to be cast thereon by the holders of the then outstanding capital stock of the Corporation shall be required to amend, alter or repeal, or adopt any provision inconsistent with, any provision of this Article EIGHTH. Neither the amendment, alteration, termination or repeal of this Article EIGHTH nor the adoption of any provision inconsistent with this Article EIGHTH shall eliminate or reduce the effect of this Article EIGHTH in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article EIGHTH, would accrue or arise, prior to such amendment, alteration, termination, repeal or adoption.

F. This Article EIGHTH shall become inoperative and of no further effect following the Operative Date.

NINTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the GCL) within or without the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

TENTH: A. Until the first date on which Pfizer ceases to beneficially own a majority of the total voting power of the outstanding shares of all classes of capital stock entitled to vote (on matters other than the election of directors), any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of capital stock entitled to vote thereon were present and voted. From and after the first date on which Pfizer ceases to beneficially own a majority of the total voting power of the outstanding shares of all classes of capital stock entitled to vote (on matters other than the election of directors), any action required or permitted to be taken by the stockholders of the Corporation must be effected solely at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

B. In addition to any vote of the Board of Directors required by this Certificate of Incorporation or the GCL, for so long as Pfizer owns a majority of the total voting power of the outstanding shares of all classes of capital stock entitled to vote (on matters other than the election of directors), the affirmative vote of a majority of the votes entitled to be cast thereon by the holders of the then outstanding capital stock of the Corporation shall be required to amend, alter or repeal, or adopt any provision inconsistent with, this Article TENTH; thereafter, the affirmative vote of at least eighty percent (80%) of the votes entitled to be cast thereon by the holders of the then outstanding capital stock of the corporation shall be required to amend, alter or repeal, or adopt any provision inconsistent with, any provision of this Article TENTH.

ELEVENTH: Unless the Corporation (through approval of the Board of Directors) consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any actual or purported derivative action or proceeding brought on behalf of the Corporation; (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation's stockholders; (iii) any action asserting a claim arising pursuant to any provision of the GCL; or (iv) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to consented to the provisions of this Article ELEVENTH.

TWELFTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be executed on its behalf on this 6th day of February, 2013.

ZOETIS INC.

By: /s/ Heidi C. Chen

Name: Heidi C. Chen

Title: Executive Vice President,
General Counsel and
Corporate Secretary

Exhibit 3.2

ZOETIS INC.

Form of Amended and Restated By-laws

Effective as of February 6, 2013

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FORM OF AMENDED AND RESTATED BY-LAWS OF ZOETIS INC.

Effective as of [ ]

Article I

Stockholders' Meetings.

1. ***Place of Meetings***. Meetings of the stockholders shall be held at such time and place within or without the State of Delaware as may be designated by the Board of Directors.

2. ***Annual Meetings.*** The annual meeting of the stockholders shall be held on such date and at such time and place as the Board of Directors may designate. At such annual meeting, the stockholders shall elect directors, in accordance with the requirements of the Certificate of Incorporation, and transact such other business as may properly be brought before the meeting.

3. ***Special Meetings***. Except as otherwise provided by law, special meetings of the stockholders for any purpose or purposes may only be called by the Chair of the Board, and shall be called by the Chair of the Board or the Secretary at the request in writing of a majority of the Board of Directors.

4. Notice. Written notice of an annual or special meeting shall be given to each stockholder entitled to vote thereat, not less than ten nor more than sixty days prior to the meeting. The date, place and time of the meeting shall be stated in the notice of such meeting delivered to or mailed to stockholders. If mailed, such notice shall be deemed to be given when deposited in the mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

5. ***Quorum; Adjournments; Postponement***. The holders of stock representing a majority of the voting power of all shares of stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall be requisite for and shall constitute a quorum of all meetings of the stockholders, except as otherwise provided by law, by the Certificate of Incorporation or by these By-laws. In the absence of a quorum, holders of stock representing a majority of the voting power of all shares present in person or represented by proxy at the meeting, or the Chair of the meeting, may adjourn any meeting of stockholders, annual or special, from time to time, to reconvene at the same or some other place, until a quorum shall be present or represented. Notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. Furthermore, after the meeting has been duly organized, the Chair of the meeting may adjourn any meeting of stockholders, annual or special, from time to time, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place, if any, thereof and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. Any previously scheduled meeting of stockholders may be postponed by the Board of Directors prior to the date previously scheduled for such meeting and the Corporation shall publicly announce such postponement.

6. ***Voting; Proxies***. At each meeting of the stockholders of the Corporation, every stockholder having the right to vote may authorize another person to act for him by proxy. Such authorization must be in writing and executed by the stockholder or his authorized officer, director, employee, or agent. To the extent permitted by law, a stockholder may authorize another person or persons to act for him as proxy by transmitting or authorizing the transmission of an electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that the electronic transmission either sets forth or is submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder. A copy, facsimile transmission or other reliable reproduction of a writing or transmission authorized by this paragraph 6 of Article I may be substituted for or used in lieu of the original writing or electronic transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile transmission or other reproduction shall be a complete reproduction of the entire original writing or transmission. No proxy authorized hereby shall be voted or acted upon more than three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing a subsequent duly executed proxy with the Secretary of the Corporation. The vote for directors shall be by ballot. No ballot, proxies or votes, nor any revocations thereof or changes thereto shall be accepted after the time set for the closing of the polls pursuant to paragraph 10 of Article I of these By-laws unless the Court of Chancery upon

application of a stockholder shall determine otherwise. Each proxy shall be delivered to the inspectors of election prior to or at the meeting. Unless a greater number of affirmative votes is required by the Certificate of Incorporation, these By-laws, the rules or regulations of any stock exchange applicable to the Corporation, or as otherwise required by law or pursuant to any regulation applicable to the Corporation, if a quorum exists at any meeting of stockholders, stockholders shall have approved any matter, other than the election of directors, if the votes cast by stockholders present in person or represented by proxy at the meeting and entitled to vote on the matter in favor of such matter exceed the votes cast by such stockholders against such matter. A nominee for director shall be elected to the Board of Directors if the votes cast for such nominee's election exceed the votes cast against such nominee's election; provided, however, that directors shall be elected by a plurality of

the votes cast at any meeting of stockholders for which the Secretary of the Corporation determines that the number of nominees exceeds the number of directors to be elected as of the record date for such meeting. If directors are to be elected by a plurality of the votes cast, stockholders shall not be permitted to vote against a nominee.

7. ***Inspectors of Election***. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the Chair of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation present or represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation present or represented at the meeting and such inspectors' count of all votes and ballots. Such certification shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

8. ***List of Stockholders Entitled to Vote***. At least ten days before every meeting of the stockholders a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, with the post office address of each, and the number of shares held by each, shall be prepared by the Secretary. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting, during ordinary business hours at the Corporation's headquarters or on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, and shall be produced and kept at the time and place of meeting during the whole time thereof and subject to the inspection of any stockholder who may be present. The original or duplicate stock ledger shall be provided at the time and place of each meeting and shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders or to vote in person or by proxy at such meeting.

9. ***Organization***. Meetings of stockholders shall be presided over by the Chair of the Board, or in his absence by a Chair designated by the Board of Directors, or in the absence of such designation by a Chair chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the Chair of the meeting may appoint any person to act as secretary of the meeting.

10. ***Conduct of Meetings.*** The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at such meeting by the Chair of the meeting. The Board of Directors of the Corporation may adopt by resolution such rules or regulations for the conduct of meetings of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the Chair of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such Chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the Chair of the meeting, may include, without limitation, the following: (1) the establishment of an agenda or order of business for the meeting; (2) rules and procedures for maintaining order at the meeting and the safety of those present; (3) limitations on attendance at or participation in the meeting, to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the Chair shall permit; (4) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (5) limitations on the time allotted to questions or comments by participants. The Chair of any meeting shall determine all matters relating to the conduct of the meeting, including, but not limited to, determining whether any nomination or other item of business has been properly brought before the meeting in accordance with these By-laws, and if the Chair should so determine and declare that any nomination or other item of business has not been properly brought before the meeting, then such business shall not be transacted at such meeting. Unless and to the extent determined by the Board of Directors or the Chair of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

11. ***Fixing Date for Determination of Stockholders of Record***. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment or postponement thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment or postponement thereof, shall, unless otherwise required by law, not be more than sixty nor less than ten days before the date of such meeting; and (2) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed: (a) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the date next preceding the day

on which the meeting is held; and (b) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating, thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment or postponement of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned or postponed meeting.

12. ***Consent of Stockholders in Lieu of Meeting***. Any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents

in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of the capital stock entitled to vote thereon were present and voted, only as provided in and for the period specified in Article TENTH of the Certificate of Incorporation. Such consents shall be delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days after the earliest dated consent delivered in the manner required by this paragraph 12 of Article I to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation as provided above in this paragraph 12 of Article I.

13. ***Notice of Stockholder Proposal***. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting business must be: (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder (i) who is a stockholder of record on the date of the giving of the notice provided for in this paragraph 13 of this Article I and on the record date for the determination of stockholders entitled to notice of and to vote at such annual meeting and (ii) who complies with the notice procedures set forth in this paragraph 13 of this Article I. For business to be properly brought before an annual meeting by a stockholder (other than the nomination of a person for election as a director, which is governed by paragraphs 16, 17 and 18 of Article II of these By-laws), the stockholder intending to propose the business (the "Proponent") must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a Proponent's notice must be delivered to or mailed (including by courier) and received by the Secretary at the principal executive offices of the Corporation not less than 90 days nor more than 120 days in advance of the anniversary of the previous year's annual meeting; provided, however, that in the event the annual meeting is called for a date that is not within 25 days before or after such anniversary date, notice by the stockholder in order to be timely must be so received no later than the close of business on the 10th day following the date on which such notice of the date of the annual meeting was mailed or the public disclosure of the date of the annual meeting was made, whichever first occurs. If no annual meeting was held in the previous year, then a shareholder's notice, in order to be considered timely, must be received by the Secretary of the Corporation not later than the later of the close of business on the 90th day prior to such annual meeting or the 10th day following the day on which notice of the date of the annual meeting was mailed or public disclosure of such date was made. In no event shall the adjournment or postponement of the annual meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. (For purposes of these By-laws, public disclosure shall be deemed to include a disclosure made in a press release reported by the Dow Jones News Services, Associated Press or a comparable national news service or in a document filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). To be in proper written form, a Proponent's notice to the Secretary must set forth: (a) as to each matter the Proponent proposes to bring before the annual meeting, a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, and (b) as to the Proponent and the beneficial owner, if any, on whose behalf the proposal is being made, (i) the name and address of each such person, and of any holder of record of the Proponent's shares as they appear on the Corporation's books, (ii) (A) the class and number of all shares of capital stock of the Corporation that are owned by each such person (beneficially and of record) and owned by any holder of record of each such person's shares, as of the date of the Proponent's notice, and a representation that the Proponent will notify the Corporation in writing of the class and number of such shares owned of record and beneficially by each such person as of the record date for the meeting not later than five business days following the later of the record date or the date notice of the record date is first publicly disclosed and (B) the name of each nominee holder of shares of stock of the Corporation owned but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (iii) any material interest of each such person, or any affiliates or associates of each such person, in such business, (iv) a description of any transaction, agreement, arrangement or understanding with respect to such business between or among each such person and any of its affiliates or associates, and any others (including their names) in connection with the proposal of such business and any interest of such person or any affiliates or associates in such business, including the contemplated benefit therefrom to such person or affiliate or associate of such person, and a representation that the Proponent will notify the Corporation in writing of any such transaction, agreement, arrangement or understanding in effect as of the record date for the meeting not later than five business days following the later of the record date or the date notice of the record date is first publicly disclosed, (v) a description of any transaction, agreement, arrangement or understanding (including any derivative instruments, swaps, warrants, short positions, profit

interests, options, hedging transactions, borrowed or loaned shares or other transactions) that has been entered into as of the date of the Proponent's notice by, or on behalf of, each such person or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of each such person or any of its affiliates or associates with respect to shares of stock of the Corporation, and a representation that the Proponent will notify the Corporation in writing of any such transaction, agreement, arrangement or understanding in effect as of the record date for the meeting not later than five business days following the later of the record date or the date notice of the record date is first publicly disclosed, (vi) a representation that the Proponent is a holder of record or beneficial owner of shares of the Corporation entitled to vote at the annual meeting and intends to appear in person or by proxy at the meeting to propose such business, (vii) a representation whether

the Proponent intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding shares required to approve the proposal and/or otherwise to solicit proxies from stockholders in support of the proposal, and (viii) any other information relating to each such person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies by each such person with respect to the proposed business to be brought by each such person before the annual meeting pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder.

14. ***Compliance with Procedures***. Notwithstanding anything in these By-laws to the contrary: (a) no business shall be conducted at any annual meeting except in accordance with the procedures set forth in paragraph 13 of this Article I, and (b) unless otherwise required by law, if a Proponent intending to propose business at an annual meeting pursuant to paragraph 13 of this Article I does not provide the information required under paragraph 13 to the Corporation (including providing the updated information required by clauses (b)(ii), (b)(iv) and (b)(v) of paragraph 13 by the deadlines specified therein), or the Proponent (or a qualified representative of the Proponent) does not appear at the meeting to present the proposed business, such business shall not be transacted, notwithstanding that proxies in respect of such business may have been received by the Corporation. The Chair of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of paragraph 13 of this Article I, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Nothing contained in paragraphs 13 and 14 of this Article I shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act (or any successor provision).

Article II

Directors.

1. ***Number; Election; Term***. The number of directors which shall constitute the whole Board shall not be less than 5, nor more than 15, the exact number within said limits to be fixed from time to time solely by resolution of the Board, acting by the vote of not less than a majority of the directors then in office. The directors shall be divided into three classes, designated class I, class II and class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the entire Board of Directors. The term of the initial class I directors shall terminate on the date of the 2014 annual meeting; the term of the initial class II directors shall terminate on the date of the 2015 annual meeting; and the term of the initial class III directors shall terminate on the date of the 2016 annual meeting or, in each case, upon such director's earlier death, resignation or removal. At each succeeding annual meeting beginning in 2014, successors to the class of directors whose term expires at that annual meeting shall be elected for a three-year term and until their successors are duly elected and qualified. If the number of directors is changed, any increase or decrease shall be apportioned by the Board of Directors among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class or from the removal from office, death, disability, resignation or disqualification of a director or other cause shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors have the effect of removing or shortening the term of any incumbent director.

2. ***Vacancies***. Subject to the rights of the holders of any one or more series of Preferred Stock then outstanding, if the office of any director becomes vacant for any reason or any new directorship is created by any increase in the authorized number of directors, a majority of the directors then in office, although less than a quorum, may choose a successor or successors or fill the newly created directorship. Any director so chosen shall hold office until the next election of the class for which such director shall have been chosen and until his successor shall be elected and qualified.

3. ***Duties and Powers***. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-laws required to be exercised or done by the stockholders.

4. ***Place of Meetings; Records.*** The directors may hold their meetings either within or without the State of Delaware and keep the books of the Corporation outside of the State of Delaware at such places as they may from time to time determine.

5. ***Organizational Meeting***. As necessary, the Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, at its first meeting after or immediately prior to each annual meeting of stockholders. Such meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or in a consent and waiver of notice thereof signed by all of the directors.

6. ***Regular Meetings***. Regular meetings of the Board may be held without notice at such time and place either within or without the State of Delaware as shall from time to time be determined by the Board.

7. ***Special Meetings***. Special meetings of the Board may be called by the Chair of the Board, the President or Chief Executive Officer by the mailing of notice to each director at least 48 hours before the meeting or by notifying each director of the meeting at least 24 hours prior thereto either personally, by telephone or by electronic transmission; special meetings shall be called on like notice by the Chair of the Board, the President or Chief Executive Officer or, on the written request of any two directors, by the Secretary, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

8. ***Organization.*** At each meeting of the Board of Directors or any committee thereof, the Chair of the Board of Directors or the chair of such committee, as the case may be, or, in his absence or if there be none, a director chosen by a majority of the directors present, shall act as chair. Except as provided below, the Secretary of the Corporation shall act as secretary at each meeting of the Board and of each committee thereof. In case the Secretary shall be absent from any meeting of the Board of Directors or of any committee thereof, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chair of the meeting may appoint any person to act as secretary of the meeting. Notwithstanding the foregoing, the members of each committee of the Board of Directors may appoint any person to act as secretary of any meeting of such committee and the Secretary or any Assistant Secretary of the Corporation may, but need not if such committee so elects, serve in such capacity.

9. ***Quorum.*** At all meetings of the Board the presence of a majority of the total number of directors determined by resolution pursuant to paragraph 1 of this Article II to constitute the Board of Directors shall be necessary and sufficient to constitute a quorum for the

transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law, by the applicable rules of any securities exchange, by the Certificate of Incorporation or by these By-laws.

10. ***Committees.*** The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each member of a committee must meet the requirements for membership, if any, imposed by applicable law and the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or

quoted for trading. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation as the Board of Directors may by resolution duly delegate to it except as prohibited by law, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required. Notwithstanding anything to the contrary contained in this Article II, the resolution of the Board of Directors establishing any committee of the Board of Directors and/or the charter of any such committee may establish requirements or procedures relating to the governance and/or operation of such committee that are different from, or in addition to, those set forth in these By-laws and, to the extent that there is any inconsistency between these By-laws and any such resolution or charter, the terms of such resolution or charter shall be controlling. Nothing herein shall limit the authority of the Board of Directors to appoint other committees consisting in whole or in part of persons who are not directors of the Corporation to carry out such functions as the Board may designate. Unless otherwise provided for in any resolution of the Board of Directors designating a committee pursuant to this paragraph 10 of Article II: (i) a quorum for the transaction of business of such committee shall be a majority of the authorized number of members of such committee; and (ii) the act of a majority of the members of such committee present at any meeting of such committee at which there is a quorum shall be the act of the committee (except as otherwise specifically provided by law, the Certificate of Incorporation or by these By-laws).

11. ***Presence at Meeting.*** Members of the Board of Directors or any committee designated by the Board may participate in the meeting of the Board or committee by means of conference telephone or similar communications equipment by means of which all persons in the meeting can hear each other and participate. The ability to participate in a meeting in the above manner shall constitute presence at said meeting for purposes of a quorum and any action thereat.

12. ***Action Without Meetings.*** Any action required or permitted to be taken at any meeting of the Board of Directors or any committee designated by the Board may be taken without a meeting, if all members of the Board or committee consent thereto in writing and the writing or writings are filed with the minutes of the proceedings of the Board or committee.

13. ***Compensation.*** The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary for service as director, payable in cash and/or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for service as committee members.

14. ***Interested Directors.*** No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors constitute less than a quorum; or (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

15. ***Eligibility to Make Nominations.*** Nominations of candidates for election as directors at an annual meeting of stockholders or a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (an "Election Meeting") may be made (1) by any stockholder (a) who is a stockholder of record on the date of the giving of the notice provided for in paragraph 16 of this Article II and on the record date for the determination of stockholders entitled to notice of and to vote at such Election Meeting and (b) who complies with the notice procedures set forth in paragraph 16 of this Article II, or (2) by or at the direction of the Board of Directors (or any duly authorized committee thereof); provided, however, that nothing in these By-laws shall be deemed to limit any class voting rights upon the occurrence of dividend arrearages provided to holders of Preferred Stock. In order to be eligible for election as a director, any director nominee must first be nominated in accordance with the provisions of these By-laws.

16. ***Procedure for Nominations by Stockholders.*** Any stockholder (i) who is a stockholder of record on the date of the giving of the notice provided for in this paragraph 16 of this Article II and on the record date for the determination of stockholders entitled to notice of and to vote at such Election Meeting and (ii) who complies with the notice procedures set forth in this paragraph 16 of this Article II may nominate one or more persons for such election only if written notice of such stockholder's intent to make such nomination is delivered to or mailed (including by courier) and received by the Secretary of the Corporation at the principal executive offices of the Corporation. In addition to any other applicable

requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, such notice must be received by the Secretary (1) with respect to an annual meeting of stockholders, not less than 90 days nor more than 120 days in advance of the anniversary of the previous year's annual meeting; provided, however, that in the event the annual meeting is called for a date that is not within 25 days before or after such anniversary date, notice by the stockholder in order to be timely must be so received no later than the close of business on the 10th day following the date on which such notice of the date of the annual meeting was mailed or the public disclosure of the date of the annual meeting was made, whichever first occurs; and (2) with respect to a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting, by the close of business on the 10th day following the date on which such notice of

the date of the special meeting was mailed or the public disclosure of the date of the special meeting was made, whichever first occurs. If no annual meeting was held in the previous year, then a shareholder's notice, in order to be considered timely, must be received by the Secretary of the Corporation not later than the later of the close of business on the 90th day prior to such annual meeting or the 10th day following the day on which notice of the date of the annual meeting was mailed or public disclosure of such date was made. In no event shall the adjournment or postponement of the annual meeting or a special meeting called for the purpose of electing directors, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be in proper written form, the notice of the stockholder intending to make the nomination (the "Proponent") shall set forth: (a) as to each person whom the stockholder proposes to nominate for election as director (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of all shares of capital stock of the Corporation that are owned of record and beneficially by such person, (iv) a statement whether each such nominee, if elected, intends to tender, promptly following such person's failure to receive the required vote for election or reelection at the next meeting at which such person would face election or reelection, an irrevocable resignation effective upon acceptance of such resignation by the Board of Directors, in accordance with the Corporation's Corporate Governance Principles, (v) as an appendix, a completed and signed questionnaire, representation and agreement required by paragraph 18 of this Article II, and (vi) any other information relating to such nominee that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies for election as directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, and (b) as to the Proponent and the beneficial owner, if any, on whose behalf the nomination is being made: (i) the name and address of each such person, and of any holder of record of the Proponent's shares as they appear on the Corporation's books, (ii) (A) the class and number of all shares of capital stock of the Corporation that are owned by each such person (beneficially and of record) and owned by any holder of record of each such person's shares, as of the date of the Proponent's notice, and a representation that the Proponent will notify the Corporation in writing of the class and number of such shares owned of record and beneficially by each such person as of the record date for the meeting not later than five business days following the later of the record date or the date notice of the record date is first publicly disclosed and (B) the name of each nominee holder of shares of stock of the Corporation owned but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (iii) a description of any transaction, agreement, arrangement or understanding with respect to such nomination between or among each such person and any of its affiliates or associates, and any others (including their names) in connection with the proposal of such nomination and any interest of such person or any affiliates or associates in such nomination, including the contemplated benefit therefrom to such person or affiliate or associate of such person, and a representation that the Proponent will notify the Corporation in writing of any such transaction, agreement, arrangement or understanding in effect as of the record date for the meeting not later than five business days following the later of the record date or the date notice of the record date is first publicly disclosed, (iv) a description of any transaction, agreement, arrangement or understanding (including any derivative instruments, swaps, warrants, short positions, profit interests, options, hedging transactions, borrowed or loaned shares or other transactions) that has been entered into as of the date of the Proponent's notice by, or on behalf of, each such person or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of each such person or any of its affiliates or associates with respect to shares of stock of the Corporation, and a representation that the Proponent will notify the Corporation in writing of any such transaction, agreement, arrangement or understanding in effect as of the record date for the meeting not later than five business days following the later of the record date or the date notice of the record date is first publicly disclosed, (v) a representation that the Proponent is a holder of record or beneficial owner of shares of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice, (vi) a representation whether the Proponent intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee and/or otherwise to solicit proxies from stockholders in support of the nomination, and (vii) any other information relating to each such person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies for election as directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

17. ***Compliance with Procedures.*** If the Chair of the Election Meeting determines that a nomination of any candidate for election as a director was not made in accordance with the applicable provisions of these By-laws, such nomination shall be void. Notwithstanding anything in these By-laws to the contrary, unless otherwise required by law, if a Proponent intending to make a nomination at an annual or special meeting pursuant to paragraph 16 of this Article II does not provide the information required under paragraph 16 to the Corporation (including providing the updated information required by clauses (b)(ii), (b)(iii) and (b)(iv) of paragraph 16 by the deadlines specified therein), or the Proponent (or a qualified representative of the Proponent) does not appear at the meeting to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Corporation.

18. ***Submission of Questionnaire; Representation and Agreement.*** To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under paragraph 16 of this Article II of these By-laws) to the Secretary of the Corporation at the principal executive offices of the Corporation, a written questionnaire, with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (i) is not and will not become a party to (A) any transaction, agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment")

that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any transaction, agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with, applicable law and all applicable publicly disclosed corporate governance, conflict of interest, corporate opportunities, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

Article III

Officers.

1. ***Election; Term of Office; Appointments.*** The Board of Directors, at its first meeting after or immediately prior to each annual meeting of stockholders, shall elect at least the following officers: a Chair of the Board, a President and/or Chief Executive Officer, a Treasurer and a Secretary. The Board may also elect, appoint, or provide for the appointment of such other officers and agents as may from time to time appear necessary or advisable in the conduct of the affairs of the Corporation. Officers of the Corporation shall hold office until their successors are chosen and qualify in their stead or until their earlier death, resignation or removal, and shall perform such duties as from time to time shall be prescribed by these By-laws and by the Board and, to the extent not so provided, as generally pertain to their respective offices. The Board of Directors may fill any vacancy occurring in any office of the Corporation at any regular or special meeting. Two or more offices may be held by the same person.

2. ***Removal and Resignation.*** Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer elected or appointed by the Board becomes vacant for any reason, the vacancy may be filled by the Board. Any officer may resign at any time upon written notice to the Corporation.

3. ***Voting Securities Owned by the Corporation.*** Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or Chief Executive Officer or any Vice President or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

4. ***Chair of the Board.*** The Chair of the Board shall preside at all meetings of the stockholders and of the Board of Directors and shall perform such duties, and exercise such powers, as from time to time shall be prescribed by these By-laws or by the Board of Directors.

5. ***President and/or Chief Executive Officer.*** The President or Chief Executive Officer, in the absence of the Chair of the Board, shall preside at meetings of the Directors. The President and/or Chief Executive Officer shall have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President and/or Chief Executive Officer shall have the power to execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-laws, the Board of Directors or the President or Chief Executive Officer. The President and/or Chief Executive Officer shall have such authority and perform such duties in the management of the Corporation as from time to time shall be prescribed by the Board of Directors and, to the extent not so prescribed, he shall have such authority and perform such duties in the management of the Corporation, subject to the control of the Board, as generally pertain to the office of President or Chief Executive Officer.

6. ***Vice Presidents.*** Vice Presidents shall perform such duties as from time to time shall be prescribed by these By-laws, by the Chair of the Board, by the President or Chief Executive Officer or by the Board of Directors, and except as otherwise prescribed by the Board of Directors, they shall have such powers and duties as generally pertain to the office of Vice President**.**

7. ***Secretary.*** The Secretary or person appointed as secretary at all meetings of the Board and of the stockholders shall record all votes and the minutes of all proceedings in a book to be kept for that purpose, and he shall perform like duties for the committees of the Board when required. He shall give, or cause to be given, notice of all meetings of the stockholders, and of the Board of Directors if required. He shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest to the affixing by such officer's signature. He shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be. He shall perform such other duties as may be prescribed by these By-laws or as may be assigned to him by the Chair of the Board, the President or Chief Executive Officer or the Board of Directors, and, except as otherwise prescribed by the Board of Directors, he shall have such powers and duties as generally pertain to the office of Secretary.

8. Treasurer. The Treasurer shall have custody of the Corporation's funds and securities. He shall perform such other duties as may be prescribed by these By-laws or as may be assigned to him by the Chair of the Board, the President or Chief Executive Officer or the Board of Directors, and, except as otherwise prescribed by the Board of Directors, he shall have such powers and duties as generally pertain to the office of Treasurer.

Article IV

Stock.

1. ***Stock.*** The shares of the Corporation shall be represented by certificates or shall be uncertificated. Each registered holder of shares, upon request to the Corporation, shall be provided with a certificate of stock representing the number of shares owned by such holder. The certificates of stock of the Corporation shall be in the form or forms from time to time approved by the Board of Directors. Such certificates shall be numbered and registered, shall exhibit the holder's name and the number of shares, and shall be signed in the name of the Corporation by the following officers of the Corporation: the Chair of the Board of Directors, or the President or a Vice President; and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary. If any certificate is manually signed (1) by a transfer agent other than the Corporation or its employee, or (2) by a registrar other than the Corporation or its employee, any other signature on the certificate, including those of the aforesaid officers of the Corporation, may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

2. ***Lost Certificates.*** The Board of Directors or any officer of the Corporation to whom the Board of Directors has delegated authority may authorize any transfer agent of the Corporation to issue, and any registrar of the Corporation to register, at any time and from time to time unless otherwise directed, a new certificate or certificates of stock in the place of a certificate or certificates theretofore issued by the Corporation, alleged to have been lost or destroyed, upon receipt by the transfer agent of evidence of such loss or destruction, which may be the affidavit of the applicant; a bond indemnifying the Corporation and any transfer agent and registrar of the class of stock involved against claims that may be made against it or them on account of the lost or destroyed certificate or the issuance of a new certificate, of such kind and in such amount as the Board of Directors shall have authorized the transfer agent to accept generally or as the Board of Directors or an authorized officer shall approve in particular cases; and any other documents or instruments that the Board of Directors or an authorized officer may require from time to time to protect adequately the interest of the Corporation. A new certificate may be issued without requiring any bond when, in the judgment of the Board, it is proper to do so.

3. ***Transfers of Stock.*** Transfers of stock shall be made upon the books of the Corporation: (1) upon presentation of the certificates by the registered holder in person or by a duly authorized attorney, or upon presentation of proper evidence of succession, assignment or authority to transfer the stock, and upon surrender of the appropriate certificate(s), or (2) in the case of uncertificated shares, upon receipt of proper transfer instructions from the registered owner of such uncertificated shares, or from a duly authorized attorney or from an individual presenting proper evidence of succession, assignment or authority to transfer the stock.

4. ***Holder of Record.*** The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the State of Delaware.

5. ***Transfer and Registry Agents.*** The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

6. Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the General Corporation Law of the State of Delaware and the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with paragraph 12 of Article II hereof), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve**.**

Article V

Indemnification.

1. Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, nonprofit entity, or other enterprise, including service with respect to employee benefit plans, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The Corporation shall be required to indemnify a person in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

2. Prepayment of Expenses. The Corporation shall pay the expenses (including attorneys' fees) incurred by an officer or director of the Corporation in defending any proceeding in advance of its final disposition, except where the officer or director pleads guilty or nolo contendere in a criminal proceeding (excluding traffic violations and other minor offenses), provided, however, that the payment of such expenses shall be made only upon receipt of an undertaking by the director or officer to repay all amounts advanced if it shall ultimately be determined that the director or officer is not entitled to be indemnified. Payment of such expenses incurred by former officers or directors or other employees and agents of the Corporation may be made by the Board of Directors in its discretion upon such terms and conditions, if any, as it deems appropriate.

3. Claims. If a claim for indemnification or payment of expenses (including attorneys' fees) under this Article is not paid in full within sixty days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

4. Nonexclusivity of Rights. The right conferred on any person by this Article V shall not be exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, these By-laws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

5. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article V.

6. Certain Definitions. For purposes of this Article V, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article V with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article V, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article V.

7. Survival of Indemnification and Advancement of Expenses. The indemnification and, subject to the discretion of the Board of Directors, advancement of expenses provided by, or granted pursuant to, this Article V shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

8. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or non profit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, non profit entity, or other enterprise.

9. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article V shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior ***to the time of such repeal or modification.***

10. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article V to directors and officers of the Corporation.

Article VI

Miscellaneous.

1. ***Delaware Office.*** The address of the registered office of the Corporation in the State of Delaware shall be at Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801 and the name of its registered agent at such address is Corporation Trust Company.

2. ***Other Offices.*** The Corporation may also have offices at other such places, both within and without the State of Delaware, as the Board of Directors from time to time may appoint or the business of the Corporation may require.

3. ***Seal.*** The corporate seal shall be in the form adopted by the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. The seal may be affixed by any officer of the Corporation to any instrument executed by authority of the Corporation, and the seal when so affixed may be attested by the signature of any officer of the Corporation.

4. ***Notice.*** Whenever notice is required to be given by law, the Certificate of Incorporation or these By-laws, a written waiver signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting, is not lawfully called or convened. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under applicable law, the Certificate of Incorporation or these By-laws shall be effective if given by a form of electronic transmission if consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed to be revoked if (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices by the Corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given by electronic transmission, as described above, shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network, together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder. Notice to directors or committee members may be given personally or by means of electronic transmission.

5. ***Amendments.*** The Board of Directors shall have the power to adopt, amend or repeal the By-laws of the Corporation by the affirmative action of a majority of its members. For so long as Pfizer Inc. owns a majority of the outstanding capital stock of the Corporation, the By-laws may be adopted, amended or repealed by the affirmative vote of a majority of the voting power of all shares issued and outstanding and entitled to vote at any regular meeting of stockholders or at any special meeting of the stockholders if notice of such proposed adoption, amendment or repeal be contained in the notice of such special meeting; thereafter, the By-laws may be adopted, amended or repealed by the affirmative vote of at least eighty percent (80%) of the voting power of all shares issued and outstanding and entitled to vote at any regular meeting of the stockholders or at any special meeting of the stockholders if notice of such proposed adoption, amendment or repeal be contained in the notice of such special meeting.

6. ***Form of Records***. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minutes books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

7. ***Checks***. All checks, drafts, notes and other orders for the payment of money shall be signed by such officer or officers or agents as from time to time may be designated by the Board of Directors or by such officers of the Corporation as may be designated by the Board to make such designation.

8. ***Fiscal Year.*** The fiscal year of the Corporation shall be fixed by the Board of Directors.

Exhibit 10.1

GLOBAL SEPARATION AGREEMENT

by and between

PFIZER INC.

and

ZOETIS INC.

Dated as of February 6, 2013

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GLOBAL SEPARATION AGREEMENT

THIS GLOBAL SEPARATION AGREEMENT, dated as of February 6, 2013, is by and between PFIZER INC., a Delaware corporation ("Pfizer") and ZOETIS INC., a Delaware corporation (the "Company"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I hereof.

R E C I T A L S

WHEREAS, the Board of Directors of Pfizer (the "Pfizer Board") has determined that it is in the best interests of Pfizer and its stockholders to separate the Animal Health Business from the other businesses conducted by Pfizer and its Subsidiaries;

WHEREAS, in furtherance of the foregoing, on January 28, 2013 (the "Contribution Date"), Pfizer transferred the capital stock and equity interests of the Transferred Entities (which then held substantially all of the Animal Health Assets and had previously assumed the Animal Health Liabilities, all as more fully described in this Agreement, the Ancillary Agreements and the Local Separation Agreements) and, in exchange therefor, the Company (i) issued to Pfizer shares of Company Common Stock, (ii) issued certain Senior Indebtedness that qualifies as "securities" for the purposes of Section 361 of the Code (the "Debt-for-Debt Senior Indebtedness") and (iii) agreed to pay Pfizer $[Ÿ], in cash, at the time of, or prior to, the consummation of the Debt-for-Equity Exchange, pursuant to the Contribution Agreement;

WHEREAS, following the Contribution, Pfizer transferred the Debt-for-Debt Senior Indebtedness to certain Persons (the "Debt-for-Debt Exchange Parties") in exchange for certain debt obligations of Pfizer held by the Debt-for-Debt Exchange Parties as principals for their own account (the "Debt-for-Debt Exchange");

WHEREAS, following the Debt-for-Debt Exchange, the Debt-for-Debt Exchange Parties sold the Debt-for-Debt Senior Indebtedness and the Company sold the Senior Indebtedness other than the Debt-for-Debt Senior Indebtedness (together, the "Company Debt Financing");

WHEREAS, on the Effective Date, Pfizer will transfer shares of Class A Common Stock to certain Persons (the "Debt-for-Equity Exchange Parties") in exchange for certain debt obligations of Pfizer held by the Debt-for-Equity Exchange Parties as principals for their own account (the "Debt-for-Equity Exchange") and the Debt-for-Equity Exchange Parties will make an offer and sale to the public of shares of Class A Common Stock transferred in the Debt-for-Equity Exchange, which will take place pursuant to a registration statement on Form S-1 (the "IPO");

WHEREAS, after the IPO, Pfizer may (i) transfer shares of Class B Common Stock to holders of shares of Pfizer Common Stock by means of one or more distributions by Pfizer to holders of Pfizer Common Stock of shares of Class B Common Stock, one or more offers to holders of Pfizer Common Stock to exchange their Pfizer Common Stock for shares of Class B Common Stock, or any combination thereof (the "Distribution"), (ii) effect a disposition of its Class B Common Stock pursuant to a public or private offering or transaction ("Other Disposition"); or (iii) continue to hold its interest in shares of Class B Common Stock;

WHEREAS, Pfizer has received a private letter ruling from the U.S. Internal Revenue Service substantially to the effect that, among other things, the Contribution (as defined below) and the Distribution, if effected, taken together, will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Section 355 and 368(a)(1)(D) of the Code (the "Private Letter Ruling");

WHEREAS, for U.S. federal income tax purposes, the Contribution and Distribution, if effected, taken together, are intended to qualify as a tax-free spin-off under Section 355 and Section 368(a)(1)(D) of the Code;

WHEREAS, this Agreement is intended to be a "plan of reorganization" within the meaning of Treas. Reg. Section 1.368-2(g); and

WHEREAS, it is appropriate and desirable to set forth the principal corporate transactions required to effect the Contribution, the Debt-for-Debt Exchange, the Company Debt Financing, the Debt-for-Equity Exchange, the IPO, and the Distribution or Other Disposition, if effected, and certain other agreements that will govern certain matters relating thereto (collectively, the "Transactions"), and the relationship of Pfizer, the Company and their respective Subsidiaries following the IPO.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Definitions. For the purpose of this Agreement the following terms shall have the following meanings:

"Action" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Additional Company Transfer Documents" has the meaning set forth in Section 2.07.

"Additional Pfizer Transfer Documents" has the meaning set forth in Section 2.07.

"Additional Transfer Documents" has the meaning set forth in Section 2.07.

"Affiliate" of any Person means a Person that controls, is controlled by, or is under common control with such Person. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise. It is expressly agreed that, from and after the Effective Date, solely for purposes of this Agreement (1) no member of the Company Group shall be deemed to be an Affiliate of any member of the Pfizer Group and (2) no member of the Pfizer Group shall be deemed to be an Affiliate of any member of the Company Group.

"Agreement" means this Global Separation Agreement, including all of the schedules and exhibits hereto.

"Ancillary Agreements" means the Transitional Services Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the R&D Agreement, the Manufacturing and Supply Agreements, the Screening Services Agreement, the Patent and Know-How License Agreements, the Environmental Matters Agreement, the Trademark and Copyright License Agreement, the Trademark License Agreement, the IP Assignments, the Brazil Lease Agreements, the Registration Rights Agreement, the Interim Business Agreements, the Site Services Agreement, the Additional Transfer Documents, the Delayed Market Distribution Agreements, the Delayed Market Management Agreement and other agreements related thereto.

"Animal Health Assets" has the meaning set forth in Section 2.03(a).

"Animal Health Business" means the business of discovery, research, development, manufacturing, formulation, licensing, marketing, distribution of, and leasing and/or selling of products, including, pharmaceuticals (including pesticides), nutritionals, crop pesticides and biologicals (including vaccines, biologics, antibodies, hormones, large molecule therapeutics, proteins and peptides), diagnostic products, biodevices, genetic tests and services solely to the extent applicable to non-human animals for the Animal Health Field, in each case, as conducted as of the Effective Date, but excluding all of the other products, services or businesses of Pfizer or any of its Affiliates, including, Pfizer's human pharmaceutical, consumer health and nutrition businesses.

"Animal Health Commercial Products" means those products that, from time to time, the parties identify as, and agree in writing are, Animal Health Commercial Products.

"Animal Health Contracts" means the following Contracts to which Pfizer or any of its Affiliates is a party or by which it or any of its Affiliates or any of their respective Assets is bound, whether or not in writing, except for any such Contract that is expressly contemplated to be retained by Pfizer or any Person in the Pfizer Group pursuant to any provision of this Agreement or any Ancillary Agreement:

(a) any Contract (including any customer, distribution, supply or vendor contracts or agreements and any joint venture agreements) that relates exclusively to the Animal Health Business (excluding any IP Contracts);

(b) any guarantee, indemnity, representation, warranty or other Liability of any Person in the Company Group or the Pfizer Group in respect of any other Animal Health Contract, any Animal Health Liability or the Animal Health Business (including guarantees of financing incurred by customers or other third parties in connection with purchases of products or services from the Animal Health Business);

(c) Animal Health IP Contracts; and

(d) any Contract that is otherwise expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to the Company or any other Person in the Company Group.

"Animal Health Disclosure Matters" means all information and material set forth in, or incorporated by reference into, any Disclosure Document (including the IPO Registration Statement) to the extent relating to (i) the Company Group, (ii) the Animal Health Business or (iii) the Transactions.

"Animal Health Field" means the diagnosis, prevention, palliation, or treatment of any disease, disorder, syndrome, or condition (including pest infestation) in non-human animals solely for non-human animals (and not, for clarity, humans) and the use of pesticides on crops. For clarity, the Animal Health Field (i) excludes uses in non-human animals for the research, development, manufacture or commercialization of any products to diagnose, prevent, palliate, or treat any disease, disorder, syndrome or condition in humans and (ii) includes the treatment of non-human animals that may indirectly impact the health of humans, including uses for food safety and/or environmental vector-borne disease control where such disease control may impact both non-human animals and humans.

"Animal Health Intellectual Property" means:

(a) the Patent Rights that, from time to time, the parties identify as, and agree in writing are, Animal Health Intellectual Property;

(b) the Trademarks set forth on Schedule 1.01(a);

(c) the Copyrights (i) set forth on Schedule 1.01(b) or (ii) in Marketing Materials exclusively used or held for use in the Animal Health Business;

(d) the Compound Know-How exclusively used and held for use for the Animal Health Business to the extent such Know-How relates solely to the Animal Health R&D Molecules in the Animal Health Field; and

(e) the Product Know-How exclusively used and held for use for the Animal Health Business to the extent such Know-How relates solely to the (i) Animal Health Commercial Products in the Animal Health Field or (ii) the Animal Health Other R&D Products in the Animal Health Field.

"Animal Health IP Contracts" means the IP Contracts exclusively used and held for use in the Animal Health Business.

"Animal Health Liabilities" has the meaning set forth in Section 2.04(a).

"Animal Health Other R&D Products" that, from time to time, the parties identify as, and agree in writing are, Animal Health Other R&D Products.

"Animal Health R&D Molecules" means those molecules that, from time to time, the parties identify as, and agree in writing are, Animal Health R&D Molecules.

"Annual Financial Statements" has the meaning set forth in Section 7.01(e).

"Antitrust Obligations" has the meaning set forth in Section 7.05(e).

"Applicable Period" has the meaning set forth in Section 7.02.

"Assets" means assets, properties, claims and rights (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following:

(a) all accounting and other legal and business books, records, ledgers and files and all personnel records, in each case, whether printed, electronic, contained on storage media or written, or in any other form;

(b) all apparati, computers and other electronic data processing and communication equipment, telephone and facsimile numbers, fixtures, machinery, furniture, office equipment, automobiles, motor vehicles and other transportation equipment, special and general tools, test devices, prototypes and models and other tangible personal property;

(c) all inventories of materials, parts, active pharmaceutical ingredients, biological materials, including master and working seeds, challenge materials, cell lines and reagents, analytical and research materials, raw materials, supplies, work-in-process and finished goods and products;

(d) all interests in real property of whatever nature, including easements, whether as owner, mortgagee, lessor, sublessor, lessee, sublessee or otherwise;

(e) all interests in any capital stock or other equity interests of any Person, all bonds, notes, debentures or other securities issued by any Person, all loans, advances or other extensions of credit or capital contributions to any Person and all other investments in any Person;

(f) all leases of personal property, open purchase orders for active pharmaceutical ingredients, raw materials, supplies, parts or services and unfilled orders for the manufacture and sale of products;

(g) all deposits, letters of credit and performance and surety bonds;

(h) all Intellectual Property;

(i) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product data, Marketing Materials, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(j) all prepaid expenses, trade accounts and other accounts and notes receivable;

(k) all Contracts and rights thereunder, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choices in action and similar rights, whether accrued or contingent;

(l) all employee contracts, including the right thereunder to restrict an employee thereunder from competing in certain respects;

(m) all rights under insurance policies and all rights in the nature of insurance, indemnification, recovery or contribution;

(n) all licenses, permits, approvals, consents, registrations and authorizations, including, without limitation, marketing authorizations for any products requiring such to be sold, which have been issued by or obtained from any Governmental Authority;

(o) all cash or cash equivalents, certificates of deposit, banker's acceptances and other investment securities of any form or maturity and all bank accounts, lock boxes and other deposit arrangements and all brokerage accounts;

(p) all receivables from Tax authorities; and

(q) all interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

"Brazil Lease Agreements" means the lease agreements between Fort Dodge Saúde Animal Ltda (as successor to PAH Brasil Participações Ltda) and Laboratorios Pfizer Ltda with respect to the manufacturing facility located in Guarulhos, Brazil.

"Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions are authorized or obligated by Law to be closed in New York, New York.

"Class A Common Stock" means the Class A Common Stock, $0.01 par value per share, of the Company.

"Class B Common Stock" means the Class B Common Stock, $0.01 par value per share, of the Company.

"CMS" has the meaning set forth in Section 4.07.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commercial Paper Program" shall mean the commercial paper program to be entered into by the Company, on such terms and conditions as agreed to by the Company, as may be amended, modified, restated or replaced at any time.

"Commission" means the U.S. Securities and Exchange Commission.

"Company" has the meaning set forth in the preamble hereto.

"Company Accounts" has the meaning set forth in Section 2.08(a).

"Company Auditors" has the meaning set forth in Section 7.02(a).

"Company Balance Sheet" means the Unaudited Pro Forma Condensed Combined Balance Sheet of Zoetis Inc. (the Animal Health business unit of Pfizer Inc.) as of September 30, 2012.

"Company Board" means the Board of Directors of the Company.

"Company Books and Records" means originals or true and complete copies thereof, including electronic copies (if available), of (a) all minute books, corporate charters and bylaws or comparable constitutive documents, records of share issuances and related corporate records of each member of the Company Group, (b) all books and records exclusively relating to (i) Company Transferred Employees, (ii) the purchase of materials, supplies and services for the Animal Health Business and (iii) dealings with customers of the Animal Health Business and (c) all files relating exclusively to any Action the Liability with respect to which is an Animal Health Liability. Notwithstanding the foregoing, "Company Books and Records" shall not include any Tax Returns or other information, documents or materials relating to Specified Taxes.

"Company Cash Balance" has the meaning set forth in Section 2.01(e).

"Company Common Stock" shall mean the Class A Common Stock and the Class B Common Stock.

"Company Debt Financing" has the meaning set forth in the recitals.

"Company Debt Obligations" means all Indebtedness of the Company or any member of the Company Group, including without limitation Indebtedness incurred pursuant to the Company Financing Arrangements and the Debt-for-Debt Senior Indebtedness.

"Company Financing Arrangements" means the Senior Indebtedness, the Commercial Paper Program and the Credit Facility.

"Company Group" means the Company, each Transferred Entity, each other Subsidiary of the Company and each other Person that either (x) is controlled directly or indirectly by the Company immediately after the Effective Date or (y) becomes controlled by the Company following the Effective Date.

"Company Indemnitees" has the meaning set forth in Section 4.03.

"Company Non-Voting Stock" means any class or series of the Company's capital stock, and any warrant, option or right in such stock, other than Company Voting Stock.

"Company Public Documents" has the meaning set forth in Section 7.01(h).

"Company Transferred Employees" has the meaning set forth in the Employee Matters Agreement.

"Company Voting Stock" has the meaning set forth in Section 7.03(a).

"Compound Know-How" means Know-How to the extent related to the properties, manufacture or use of any compounds (including, for clarity, large molecules).

"Consents" means any consents, waivers or approvals from, or notification requirements to, any third parties.

"Contract" means any written or oral commitment, contract, subcontract, agreement, lease, sublease, license, understanding, sales order, purchase order, instrument, indenture, note or other commitment that is binding on any Person or any part of its property under applicable Law.

"Contribution" has the meaning set forth in Section 2.01(a).

"Contribution Agreement" means the Contribution Agreement, dated as of January 28, 2013, by and between Pfizer and the Company.

"Contribution Date" has the meaning set forth in the recitals.

"Contribution Payment" has the meaning set forth in Section 2.11(b).

"Copyrights" has the meaning set forth in the definition of "Intellectual Property."

"Coverage End Date" has the meaning set forth in Section 2.16(a).

"Covered Claims" has the meaning set forth in Section 2.16(b).

"Credit Facility" means the revolving credit facility pursuant to the credit agreement to be entered into by the Company, as borrower, the bank named therein as agent and the lending banks named therein, as may be amended, modified, restated or replaced at any time.

"Debt-for-Debt Exchange" has the meaning set forth in the recitals.

"Debt-for-Debt Exchange Parties" has the meaning set forth in the recitals.

"Debt-for-Debt Senior Indebtedness" has the meaning set forth in the recitals.

"Debt-for-Equity Exchange" has the meaning set forth in the recitals.

"Debt-for-Equity Exchange Agreement" means the exchange agreement to be entered into among Pfizer, the Debt-for-Equity Exchange Parties and the Company with respect to the Debt-for-Equity Exchange.

"Debt-for-Equity Exchange Parties" has the meaning set forth in the recitals.

"Delayed Market Distribution Agreements" means the Distribution Agreement, dated as of the Effective Date, between Pfizer Animal Health SA and Pfizer Pharm Algerie SPA, and the Distribution Agreement, dated as of the Effective Date, between PAH Singapore Pte. Ltd. and PT. Pfizer Indonesia.

"Delayed Market Management Agreement" means the Delayed Market Management Agreement, effective as of Effective Date, by and between Pfizer and the Company.

"Disclosing Party" has the meaning set forth in Section 6.09(a).

"Disclosure Documents" shall mean any form, statement, schedule or other material filed with or furnished to the Commission or any other Governmental Authority by or on behalf of any party or any of its controlled Affiliates, and also any information statement, prospectus, offering memorandum, offering circular or similar disclosure document (including in connection with the IPO) and any schedule thereto or document incorporated therein by reference, whether or not filed with or furnished to the Commission or any other Governmental Authority.

"Disposition Date" means (i) the Distribution Date, if the Distribution is effected, or (ii) the date that Pfizer and its Affiliates cease to hold in excess of 50% of the outstanding shares of Company Common Stock, if an Other Disposition is effected.

"Distribution" has the meaning set forth in the recitals.

"Distribution Date" means, if the Distribution is effected, the date upon which Pfizer no longer holds shares of Class B Common Stock pursuant to the Distribution.

"Effective Date" means the date of the closing of the IPO.

"Employee Matters Agreement" means the Employee Matters Agreement, dated as of the Effective Date, by and between Pfizer and the Company.

"Environmental Law" means any Law relating to (A) human or occupational health and safety; (B) pollution or protection of the environment (including ambient air, indoor air, water vapor, surface water, groundwater, wetlands, drinking water supply, land surface or subsurface strata, biota and other natural resources); or (C) Hazardous Materials including any Law relating to exposure to, or use, generation, manufacture, processing, management, treatment, recycling, storage, disposal, emission, discharge, transport, distribution, labeling, presence, possession, handling, Release or threatened Release of, any Hazardous Material and any Law relating to recordkeeping, notification, disclosure, registration and reporting requirements respecting Hazardous Materials.

"Environmental Liabilities" means all Liabilities (including all removal, remediation, cleanup or monitoring costs, investigatory costs, response costs, natural resources damages, property damages, personal injury damages, costs of compliance with any product take back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith) relating to, arising out of or resulting from any (a) actual or alleged (i) compliance or noncompliance with any Environmental Law, (ii) generation, use, storage, manufacture, processing, recycling, labeling, handling, possession, management, treatment, transportation, distribution, emission, discharge or disposal of any Hazardous Material, or (iii) presence, Release or threatened Release of, or exposure to, any Hazardous Material (including any exposure of any Pfizer Employee, Company Employee, Former Company Employee, Inactive Company Employee, Company Transferred Employee (as each is defined in the Employee Matters Agreement) or any individual who is, or was, an independent contractor, temporary employee, temporary service worker, consultant, freelancer, agency employee, on-call worker, incidental worker, or non-payroll worker of Pfizer or any Person in the Pfizer Group or the Company or any Person in the Company Group, as the case may be, to Hazardous Materials, except for claims that arise under, or are covered or barred by, workers' compensation laws and/or workers' compensation, disability or other insurance providing medical care and/or compensation to injured workers) or (b) contract, agreement, or other consensual arrangement pursuant to which Liability is assumed or imposed with respect to any of the foregoing.

"Environmental Matters Agreement" means the Environmental Matters Agreement, dated as of the Effective Date, by and between Pfizer and the Company.

"Equity Underwriters" means the underwriters for the IPO.

"Equity Underwriting Agreement" means the underwriting agreement to be entered into among the Debt-for-Equity Exchange Parties, the Equity Underwriters, the Company and Pfizer with respect to the IPO.

"Escalation Notice" has the meaning set forth in Section 8.02(a).

"Excess Director Number" has the meaning set forth in Section 7.03(d).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Excluded Assets" has the meaning set forth in Section 2.03(b).

"Excluded Environmental Liabilities" has the meaning set forth in Section 2.04(b)(iii)(D).

"Excluded Liabilities" has the meaning set forth in Section 2.04(b).

"Financial Statements" means the Annual Financial Statements and Quarterly Financial Statements collectively.

"GAAP" means accounting principles generally accepted in the United States of America, applied on a basis consistent within the Financial Statements.

"Government Official" means (a) any elected or appointed governmental official (e.g., a member of a ministry of health), (b) any employee or person acting for or on behalf of a governmental official, agency or enterprise performing a governmental function, (c) any candidate for public office, political party officer, employee or person acting for or on behalf of a political party or candidate for public office or (d) any person otherwise categorized as a Government Official under local Law. As used in this definition, "Government" is meant to include all levels and subdivisions of non-U.S. governments (i.e., local, regional or national and administrative, legislative or executive).

"Governmental Approvals" means any notices, reports or other filings to be made, or any consents, registrations, approvals, licenses, permits or authorizations to be obtained from, any Governmental Authority.

"Governmental Authority" means any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof.

"Group" means either the Company Group or the Pfizer Group, as the context requires.

"Guarantee" has the meaning set forth in Section 2.13(a).

"Hazardous Material" means (A) any petroleum or petroleum products, radioactive materials, toxic mold, radon, asbestos or asbestos-containing materials in any form, lead-based paint, urea formaldehyde foam insulation, or polychlorinated biphenyls (PCBs); and (B) any

chemicals, materials, substances, compounds, mixtures, products or byproducts, biological agents, living or genetically modified materials, pollutants, contaminants or wastes that are now or hereafter become defined or characterized as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "special waste," "toxic substances," "pollutants," "contaminants," "toxic," "dangerous," "corrosive," "flammable," "reactive," "radioactive," or words of similar import, under any Environmental Law.

"Indebtedness" of any Person means (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services, (f) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, lien, pledge, or other encumbrance on property owned or acquired by such Person, whether or not the obligations secured

thereby have been assumed, (g) all guarantees by such Person of indebtedness of others, (h) all capital lease obligations of such Person and (i) all securities or other similar instruments convertible or exchangeable into any of the foregoing, but excluding daily cash overdrafts associated with routine cash operations.

"Indemnifying Party" has the meaning set forth in Section 4.04(a).

"Indemnitee" has the meaning set forth in Section 4.04(a).

"Indemnity Payment" has the meaning set forth in Section 4.04(a).

"Information" means information in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, Contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data but excluding the Company Books and Records and the Pfizer Books and Records.

"Insurance Proceeds" means those monies:

(a) received by an insured from a third party insurance carrier;

(b) paid by a third party insurance carrier on behalf of the insured; or

(c) received (including by way of setoff) from any third party in the nature of insurance, contribution or indemnification in respect of any Liability; in each such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof and excluding, for the avoidance of doubt, proceeds from any self-insurance, captive insurance or similar program.

"Intellectual Property" means all intellectual property throughout the world, including all U.S. and foreign (i) patents, invention disclosures, and all related continuations, continuations-in-part, divisionals, provisionals, renewals, reissues, re-examinations, additions, extensions (including all supplementary protection certificates), and all applications and registrations therefor ("Patent Rights"), (ii) trademarks, service marks, names, corporate names, trade names, domain names, logos, slogans, trade dress, design rights, and other similar designations of source or origin and all applications and registrations therefor, together with the goodwill symbolized by any of the foregoing ("Trademarks"), (iii) copyrights and copyrightable subject matter and all applications and registrations therefor ("Copyrights"), and (iv) any and all trade secrets, confidential data and technical information, including practices, techniques, methods, processes, inventions, developments, specifications, formulations, manufacturing processes, structures, chemical or biological manufacturing control data, analytical and quality control information and procedures, pharmacological, toxicological and clinical test data and results, stability data, studies and procedures and regulatory information ("Know-How").

"Intercompany Accounts" has the meaning set forth in Section 2.06(a).

"Interim Business Agreements" means the Interim Business Agreements between a member of the Pfizer Group and a member of the Company Group which are in effect as of the Effective Date.

"IP Assignments" means (if necessary or applicable), collectively, (i) the Patent Assignment, dated as of the Effective Date, by and between any member of the Pfizer Group, on the one hand, and any member of the Company, on the other hand, (ii) the Trademark Assignment, dated as of the Effective Date, by and between any member of the Pfizer Group, on the one hand, and any member of the Company Group, on the other hand, and (iii) the Copyright Assignment, dated as of the Effective Date, by and between any member of the Pfizer Group, on the one hand, and any member of the Company Group, on the other hand.

"IP Contracts" means all Contracts pursuant to which a party hereto or any of its Affiliates grants or obtains any rights to use Intellectual Property (other than Contracts in which such Intellectual Property is incidental to such Contracts).

"IPO" has the meaning set forth in the recitals.

"IPO Registration Statement" means the registration statement on Form S-l (File No. 333-183254) filed under the Securities Act, pursuant to which the Class A Common Stock to be issued in the IPO will be registered, together with all amendments thereto (including post-effective amendments and registration statements filed pursuant to Rule 462(b) under the Securities Act).

"Know-How" has the meaning set forth in the definition of "Intellectual Property."

"Law" means any United States or non-United States federal, national, supranational, state, provincial, local or similar law (including common law), statute, ordinance, regulation, rule, code, order, treaty, license, permit, authorization, registration, approval, consent, decree, injunction, judgment, notice of liability, request for information, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued, entered or otherwise put into effect by a Governmental Authority.

"Liabilities" means any and all indebtedness, claims, debts, Taxes, liabilities, demands, causes of actions, Actions and obligations, whether accrued, fixed or contingent, mature or inchoate, known or unknown, reflected on a balance sheet or otherwise, including, without limitation, those arising under any Law, Action or any judgment of any court of any kind or any award of any arbitrator of any kind, and those arising under any Contract, commitment or undertaking.

"Lien" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

"Local Separation Agreements" means each of the asset transfer agreements, share transfer agreements (including the Contribution Agreement), business transfer agreements, certificates of demerger and merger and other agreements and instruments that provides for the transfer or assumption of Animal Health Assets and Animal Health Liabilities by a member of the Pfizer Group to a member of the Company Group as contemplated by the Plan of Reorganization.

"Losses" means any and all damages, losses, deficiencies, Liabilities, Taxes, obligations, penalties, judgments, settlements, claims, payments, fines, charges, interest, costs and expenses, whether or not resulting from third party claims, including the costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the costs and expenses of attorneys', accountants', consultants' and other professionals' fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder.

"Manufacturing and Supply Agreements" means the Master Manufacturing and Supply Agreements, each dated as of October 1, 2012, by and between Pfizer and the Company, and any product addenda thereto.

"Marketing Materials" means all labeling, marketing, promotional materials and inserts.

"Other Disposition" has the meaning set forth in the recitals.

"Patent and Know-How License Agreements" means (a) the Patent and Know-How License Agreement (Pfizer as Licensor), and (b) the Patent and Know-How License Agreement (the Company as Licensor), each, dated as of the Effective Date, by and between Pfizer and the Company.

"Person" means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"Pfizer" has the meaning set forth in the preamble hereto.

"Pfizer Accounts" has the meaning set forth in Section 2.08(a).

"Pfizer Annual Statements" has the meaning set forth in Section 7.01(e).

"Pfizer Auditors" has the meaning set forth in Section 7.02(b).

"Pfizer Board" has the meaning set forth in the recitals.

"Pfizer Books and Records" means originals or true and complete copies thereof, including electronic copies (if available) of (a) minute books, corporate charters and bylaws or comparable constitutive documents, records of share issuances and related corporate records, of the Pfizer Group; (b) all books and records relating to (i) Pfizer Employees, (ii) the purchase of materials, supplies and services for the Pfizer Business and (iii) dealings with customers of the Pfizer Business; and (c) all files relating to any Action the Liability with respect to which is a Retained Liability. Notwithstanding the foregoing, "Pfizer Books and Records" shall not include any Tax Returns or other information, documents or materials relating to Specified Taxes and shall not include Company Books and Records.

"Pfizer Business" means any business or operations of the Pfizer Group (whether conducted independently or in association with one or more third parties through a partnership, joint venture or other mutual enterprise) other than the Animal Health Business.

"Pfizer Common Stock" means the common stock, par value $0.05 per share, of Pfizer.

"Pfizer Designee" has the meaning set forth in Section 7.03(a).

"Pfizer Employees" has the meaning set forth in the Employee Matters Agreement.

"Pfizer Group" means Pfizer, each other Subsidiary of Pfizer involved in the Transactions and each other Person that either (x) is controlled directly or indirectly by Pfizer immediately after the Effective Date or (y) becomes controlled by Pfizer following the Effective Date; provided, however, that neither the Company nor any other member of the Company Group shall be members of the Pfizer Group.

"Pfizer Indemnitees" has the meaning set forth in Section 4.02.

"Pfizer Public Filings" has the meaning set forth in Section 7.01(l).

"Pfizer Transferee" has the meaning set forth in Section 7.08.

"Plan of Reorganization" shall mean the Pfizer Inc. Animal Health Global Macro Step Plan version 30.0, which shall be finalized on or about February 15, 2013.

"Policies" or "Policy" shall mean insurance policies and insurance contracts of any kind, including primary, excess and umbrella, comprehensive general liability, directors and officers, automobile, products, workers' compensation, employee dishonesty, property and crime insurance policies and self-insurance and captive insurance company arrangements, together with the rights, benefits and privileges thereunder.

"Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. (or any successor thereto or other major money center commercial bank agreed to by the parties hereto) as its prime rate in effect from time to time at its principal office in New York City.

"Private Letter Ruling" has the meaning set forth in the recitals.

"Privilege" has the meaning set forth in Section 6.11(a).

"Product Know-How" means Know-How to the extent related to the properties, manufacture or use of any products.

"Quarterly Financial Statements" has the meaning set forth in Section 7.01(d).

"R&D Agreement" means the Research and Development Collaboration and License Agreement, dated as of the Effective Date, by and between Pfizer and the Company.

"Receiving Party" has the meaning set forth in Section 6.09(a).

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of the Effective Date, by and between Pfizer and the Company.

"Regulatory Approval" means the approval, registration, license or authorization of a Governmental Authority necessary for the manufacturing, distribution, use, promotion and sale of a pharmaceutical or biological product for one or more indications in a country or other regulatory jurisdiction, including approval of New Drug Applications, Biologics License Applications and New Animal Drug Applications (each as defined by applicable Law) in the United States and Marketing Authorizations (as such term is defined by applicable Law) in the European Union.

"Release" means any release, spill, emission, leaking, dumping, pumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the indoor or outdoor environment (including ambient air, surface water, groundwater, land surface or subsurface strata, soil and sediments) or into, through, or within any property, building, structure, fixture or equipment.

"Retained Names" means the Trademarks set forth on Schedule 1.01(c), and any Trademarks related thereto or containing or comprising the foregoing, including any Trademarks derivative thereof or confusingly similar thereto.

"Screening Services Agreement" means the Master High Throughput Screening Services Contract, dated as of the Effective Date, by and between Pfizer and the Company.

"Section 111 Report" has the meaning set forth in Section 4.07.

"Securities Act" means the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Senior Indebtedness" means the Indebtedness transferred in the Company Debt Financing, as may be amended, modified, restated or replaced at any time.

"Services" has the meaning set forth in the Transitional Services Agreement.

"Shared Contract Liability" means any Liability related to, arising out of or resulting from a Shared Contract.

"Shared Contracts" means each Contract entered into prior to the Effective Date which is between Pfizer or any of its Subsidiaries (including any member of the Company Group), on the one hand, and one or more third parties, on the other hand, that has benefits or imposes obligations on the Animal Health Business, but does not exclusively relate to the Animal Health Business.

"Shared Policies" shall mean Policies in existence prior to the Effective Date where both the Animal Health Business and the Pfizer Business are eligible for coverage and/or where the employees, directors or agents of both the Animal Health Business and the Pfizer Business are eligible for coverage.

"Site Services Agreement" means the Site Services Agreement, effective as of October 1, 2012, by and between Pfizer and the Company.

"Specified Taxes" has the meaning set forth in the Tax Matters Agreement.

"Subsidiary" means, when used with respect to any Person, (a) a corporation in which such Person or one or more Subsidiaries of such Person, directly or indirectly, owns capital stock having a majority of the total voting power in the election of directors of all outstanding shares of all classes and series of capital stock of such corporation entitled generally to vote in such election; and (b) any other Person (other than a corporation) in which such Person or one or more Subsidiaries of such Person, directly or indirectly, has (i) a majority

ownership interest or (ii) the power to elect or direct the election of a majority of the members of the governing body of such first-named Person.

"Tax Matters Agreement" means the Tax Matters Agreement, dated as of the Effective Date, by and between Pfizer and the Company.

"Tax Records" has the meaning set forth in the Tax Matters Agreement.

"Tax Return" has the meaning set forth in the Tax Matters Agreement.

"Taxes" has the meaning set forth in the Tax Matters Agreement.

"Third Party Claim" has the meaning set forth in Section 4.05(a).

"Trademark and Copyright License Agreement" means the Trademark and Copyright License Agreement, dated as of the Effective Date, by and between Pfizer and the Company.

"Trademark License Agreement" means the Trademark License Agreement, dated as of the Effective Date, by and between Pfizer and the Company.

"Trademarks" has the meaning set forth in the definition of "Intellectual Property."

"Transactions" has the meaning set forth in the recitals.

"Transferred Entities" has the meaning set forth in Section 2.03(a)(v).

"Transitional Names" means the Trademarks set forth on Schedule 1.01(d), and any Trademarks related thereto or containing or comprising the foregoing, including any Trademarks derivative thereof or confusingly similar thereto.

"Transitional Services Agreement" means the Transitional Services Agreement, dated as of the Effective Date, by and between Pfizer and the Company.

ARTICLE II

THE SEPARATION

Section 2.01. Transfer of Assets and Assumption of Liabilities

(a) Subject to Section 2.05, pursuant to the Contribution Agreement, on the Contribution Date (i) Pfizer contributed, assigned, transferred, conveyed and delivered or caused to be contributed, assigned, transferred, conveyed and delivered to the Company, and the Company acquired or caused to be acquired from Pfizer, all of Pfizer's right, title and interest in all Animal Health Assets, and (ii) the Company assumed, agreed to pay, perform, satisfy, discharge or otherwise defend or caused to be assumed and paid, performed, satisfied, discharged or otherwise defended on a timely basis all of the Animal Health Liabilities in accordance with their respective terms, regardless of (A) when or where such Liabilities arose or arise, (B) whether the facts on which they are based occurred on, prior to or subsequent to the Contribution Date, (C) when, where or against whom such Liabilities are asserted or determined, (D) whether asserted or determined on, prior to or subsequent to the Contribution Date, or (E) whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any Person in the Pfizer Group or the Company Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates (the "Contribution"). In exchange for the Contribution, the Company (i) issued to Pfizer shares of Company Common Stock, (ii) issued the Debt-for-Debt Senior Indebtedness, and (iii) agreed to make the Contribution Payment.

(b) In furtherance and not in limitation of Section 2.01(a) to the extent not completed prior to the Effective Date as a step of the Plan of Reorganization or pursuant to the Contribution, but subject to Section 2.05 and Section 6.01:

(i) Pfizer shall contribute, assign, transfer, convey and deliver, and cause its applicable Subsidiaries to contribute, assign, transfer, convey and deliver, to the Company or a Subsidiary of the Company designated by the Company and reasonably acceptable to Pfizer, and the Company and such Subsidiaries shall acquire from Pfizer or its applicable Subsidiary, all of Pfizer's and such Subsidiaries' respective right, title and interests in all Animal Health Assets (it being understood that if any Animal Health Asset shall be held by a Transferred Entity, this Section 2.01(b) shall be deemed satisfied in respect of such Animal Health Asset as a result of the transfer of the capital stock or other equity interests of such Transferred Entity from Pfizer or its applicable Subsidiaries to the Company or its applicable Subsidiaries).

(ii) The Company or one of its Subsidiaries designated by the Company and reasonably acceptable to Pfizer shall assume, and agree to pay, perform, satisfy, discharge or otherwise defend on a timely basis all of the Animal Health Liabilities in accordance with their respective terms, regardless of (A) when or where such Liabilities arose or arise, (B) whether the facts on which they are based occurred on, prior to or subsequent to the Effective Date, (C) when, where or against whom such Liabilities are asserted or determined, (D) whether asserted or determined on, prior to or subsequent to the Effective Date, or (E) whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any Person in the Pfizer Group or Company Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates (it being understood that if any Animal Health Liabilities shall be held by a Transferred Entity, this Section 2.01(b) shall be deemed satisfied in respect of such Animal Health Liability as a result of the transfer of the capital stock or other equity interests of such Transferred Entity from Pfizer or its applicable Subsidiaries to the Company or its applicable Subsidiaries).

(c) The Company hereby waives compliance by each and every member of the Pfizer Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Animal Health Assets to any member of the Company Group.

(d) For a period of seven (7) years following the Effective Date, in the event that at any time or from time to time, any party hereto (or Person in of such party's respective Group), shall receive or otherwise possess any Asset or Liability, as applicable, that is allocated to any other Person pursuant to this Agreement, any Ancillary Agreement or any Local Separation Agreement, such party shall use its commercially reasonable efforts to promptly transfer, or cause to be transferred, such Asset or Liability, as applicable, to the Person so entitled thereto. Prior to any such transfer, the Person receiving or possessing such Asset or Liability shall hold such Asset or Liability in trust for any such other Person.

Section 2.02. [Reserved].

Section 2.03 Animal Health Assets. (a) For purposes of this Agreement, "Animal Health Assets" shall mean all of Pfizer's and its Subsidiaries' right, title and interest as of the Contribution Date, in and to:

(i) any and all Assets (excluding any Intellectual Property) of Pfizer and its Subsidiaries that are used exclusively and/or held for use exclusively in the Animal Health Business, except as expressly otherwise contemplated in this Agreement or the Ancillary Agreements;

(ii) all Animal Health Intellectual Property, except as expressly otherwise contemplated in this Agreement or any Ancillary Agreement;

(iii) all Animal Health Contracts;

(iv) all Assets reflected as assets of the Company and its Subsidiaries in the Company Balance Sheet, other than any such Assets disposed of subsequent to the date of the Company Balance Sheet;

(v) all issued and outstanding capital stock and other equity interests of the entities set forth on Schedule 2.03(a)(v) and each of their Subsidiaries (the "Transferred Entities"); and

(vi) any and all Assets (A) that are expressly contemplated by this Agreement or any other Ancillary Agreement (including any schedule or exhibit hereto or thereto) as Assets to be transferred to the Company or any other member of the Company Group (excluding any Intellectual Property) or (B) listed or described on Schedule 2.03(a)(vi).

Notwithstanding anything to the contrary in this Agreement, the Animal Health Assets shall not in any event include any Assets that are included in the Excluded Assets referred to in Section 2.03(b).

(b) For the purposes of this Agreement, "Excluded Assets" shall mean (without duplication):

(i) the Assets listed or described on Schedule 2.03(b)(i);

(ii) the Retained Names and all other Intellectual Property of Pfizer and its Affiliates that is not Animal Health Intellectual Property;

(iii) any and all Assets that are contemplated by this Agreement, any Local Separation Agreement or any Ancillary Agreement (including any schedule or exhibit hereto or thereto) as Assets to be retained by Pfizer or any other Person in the Pfizer Group;

(iv) the capital stock and other equity interests of each of Pfizer's Subsidiaries other than the Company and the Transferred Entities;

(v) all Contracts to which Pfizer or any of its Subsidiaries is a party or by which they or any of their respective Assets are bound and any rights or claims (whether accrued or contingent) of Pfizer or any of its Subsidiaries arising thereunder, other than Animal Health Contracts;

(vi) subject to Section 2.10, all rights under Shared Contracts;

(vii) any collateral securing any Excluded Liability existing immediately prior to the Effective Date; and

(viii) all other Assets of Pfizer and its Subsidiaries that are not Animal Health Assets.

Section 2.04. Animal Health Liabilities. (a) For the purposes of this Agreement, "Animal Health Liabilities" shall mean (without duplication with Section 2.04(b)):

(i) any and all Liabilities that are (A) expressly contemplated by this Agreement or any Ancillary Agreement (or any other schedules hereto or thereto) as Liabilities to be retained, assumed or retired by the Company or any Person in the Company Group (including any Transferred Entity), and all agreements, obligations and Liabilities of any Person in the Company Group under this Agreement, any Local Separation Agreement or any of the Ancillary Agreements or (B) listed or described on Schedule 2.04(a)(i);

(ii) any and all Liabilities to the extent relating to, arising out of or resulting from any Animal Health Assets;

(iii) any and all Liabilities, including any Environmental Liabilities (other than the Excluded Environmental Liabilities), relating to, arising out of or resulting from:

(A) the conduct and operation of the Animal Health Business, at any time prior to, on or after the Effective Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, manager, member, employee or agent of any member of the Pfizer Group or Company Group (whether or not such act or failure to act is or was within such Person's authority));

(B) the conduct and operation of any other business conducted by any Person in the Company Group at any time after the Effective Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, manager, member, employee or agent of any member of the Company Group (whether or not such act or failure to act is or was within such Person's authority));

(C) the ownership, operation or use of any Animal Health Assets (including any Animal Health Contracts and any real property and leasehold interests);

(D) any warranty or similar obligation entered into, created or incurred in the course of business of the Animal Health Business with respect to its products or services;

(E) any product liability claims or other claims of third parties relating to any product developed, manufactured, marketed, distributed, leased or sold by the Animal Health Business; and

(F) any of the Interim Business Agreements, including any and all Liabilities, costs and expenses of any member of the Pfizer Group or any of their Affiliates to any member of the Company Group or any of their Affiliates or any third party in connection with any Interim Business Agreement, including in connection with breach or performance of any provision thereof by any party thereto or claims of third parties relating thereto or to any product thereunder, in any such case whether occurring or arising before, on or after the Effective Date;

(iv) any and all Environmental Liabilities (other than the Excluded Environmental Liabilities) relating to, arising out of or resulting from:

(A) except as otherwise provided in Section 2.04(b)(iii)(B), researching, developing, manufacturing, finishing, marketing, distributing, leasing, selling or other operations associated with the Animal Health Business as

conducted by Pfizer and its Subsidiaries, or the predecessors in interest of each in existence, at any time at or prior to the Effective Date, in any such case whether occurring or arising before, on or after the Effective Date;

(B) any real property that is an Animal Health Asset, whether occurring or arising before, on or after the Effective Date, other than Environmental Liabilities to the extent relating to, arising out of or resulting from operations conducted by Pfizer or its Subsidiaries at certain real property set forth on Schedule 2.04(a)(iv)(B), occurring or arising after the Effective Date; or

(C) any real property that is an Excluded Asset, to the extent directly relating to, arising out of or resulting from operations conducted by the Company or its Subsidiaries at certain real property set forth on Schedule 2.04(b)(iii)(B), occurring or arising after the Effective Date;

(v) any and all Liabilities, including any Environmental Liabilities (other than the Excluded Environmental Liabilities), relating to, arising out of or resulting from any of the terminated, divested or discontinued businesses and operations of Pfizer and its Subsidiaries that would have comprised part of, or related to, the Animal Health Business had they not been terminated, divested or discontinued prior to the Effective Date;

(vi) any and all Liabilities, including any Environmental Liabilities (other than the Excluded Environmental Liabilities), reflected as liabilities or obligations of the Company in the Company Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Company Balance Sheet;

(vii) any and all Liabilities relating to, resulting from or arising out of any Action relating to the Animal Health Business;

(viii) any and all Liabilities arising out of claims made by the Company's directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Pfizer Group or the Company Group to the extent relating to the Animal Health Business or the Contribution;

(ix) any and all Company Debt Obligations (whether incurred prior to, on, or after the Effective Date);

(x) any and all Liabilities arising under Company Financing Arrangements;

(xi) any and all Shared Contract Liabilities allocated to the Company pursuant to Section 2.10; and

(xii) any and all Liabilities (including under applicable federal and state securities Laws) relating to, arising out of or resulting from (i) any Disclosure Document of a member of the Company Group and (ii) any Animal Health Disclosure Matters contained in any other Disclosure Document, including any Liabilities arising from or based upon misstatements in or omissions from any such Disclosure Documents (in the case of clause (ii), solely to the extent relating to an Animal Health Disclosure Matter) other than any misstatement in or omission from any Disclosure Document of a member of the Company Group in respect of information regarding any member of the Pfizer Group solely to the extent such information was furnished in writing to the Company by Pfizer expressly for use in a Disclosure Document.

Notwithstanding anything to the contrary in this Agreement, the Animal Health Liabilities shall not in any event include any Liabilities that are included in the Excluded Liabilities referred to in Section 2.04(b).

(b) For the purposes of this Agreement, "Excluded Liabilities" shall mean:

(i) any and all Liabilities that are (A) expressly contemplated by this Agreement or any Ancillary Agreement (or any other schedule hereto or thereto) as Liabilities to be retained or assumed by Pfizer or any other Person in the Pfizer Group, and all agreements and obligations of any Person in the Pfizer Group under this Agreement, any Local Separation Agreement or any of the Ancillary Agreements or (B) listed or described on Schedule 2.04(b)(i);

(ii) any and all Liabilities to the extent relating to, arising out of or resulting from any Excluded Assets, except as otherwise provided in (iii)(B) below;

(iii) any and all Environmental Liabilities to the extent relating to, arising out of or resulting from:

(A) except as otherwise provided in Section 2.04(a)(iv)(B), researching, developing, manufacturing, finishing, marketing, distributing, leasing, selling or other operations associated with the Pfizer Business (excluding, for the avoidance of doubt, the Animal Health Business) as conducted by Pfizer or any of its Subsidiaries, or the predecessors in interest of each in existence, at any time at or prior to the Effective Date in any such case whether occurring or arising before, on or after the Effective Date;

(B) any real property that is an Excluded Asset, whether occurring or arising before, on or after the Effective Date, other than Environmental Liabilities to the extent relating to, arising out of or resulting from operations conducted by the Company or its Subsidiaries at certain real property set forth on Schedule 2.04(b)(iii)(B), occurring or arising after the Effective Date;

(C) any real property that is an Animal Health Asset, to the extent relating to, arising out of or resulting from operations conducted by Pfizer or its Subsidiaries at certain real property set forth on Schedule 2.04(a)(iv)(B), occurring or arising after the Effective Date; or

(D) matters set forth or described on Schedule 2.04(b)(iii)(D) (the "Excluded Environmental Liabilities");

(iv) any and all Shared Contract Liabilities that are allocated to Pfizer pursuant to Section 2.10;

(v) any and all Liabilities relating to, arising out of or resulting from any Indebtedness of any member of the Pfizer Group (whether incurred prior to, or after the Effective Date); and

(vi) any and all other Liabilities of Pfizer and its Subsidiaries that are not Animal Health Liabilities.

Section 2.05. Transfers Not Effected on or Prior to the Contribution Date; Transfers Deemed Effective as of the Effective Date.

(a) To the extent that any transfers of Assets (including the capital stock or equity interests of any Transferred Entity) or assumptions of Liabilities contemplated by this Article II shall not have been consummated on, at or prior to the Contribution Date because of a necessary Consent or Governmental Approval or because a condition precedent to any such transfer had not been satisfied or any relevant fact related thereto had not been realized, the parties shall cooperate to effect such transfers or assumptions, as the case may be, as promptly following the Effective Date as shall be practicable. Without limiting anything in this Section 2.05, the parties agree that certain Assets will be transferred following the Effective Date solely as set forth and described on Schedule 2.05(a), unless expressly set forth therein. Nothing herein shall be deemed to require the transfer of any Assets or the assumption of any Liabilities which by their terms or operation of Law cannot be transferred or assumed; provided, however, that the parties shall, and shall cause the respective members of their Groups to, cooperate and use commercially reasonable efforts to seek to obtain any necessary Consents or Governmental Approvals for the transfer of all Assets and assumption of all Liabilities contemplated to be transferred or assumed pursuant to this Article II. In the event that any transfer of Assets or assumption of Liabilities contemplated by this Agreement has not been consummated at or prior to the Contribution Date, then from and after the Contribution Date (i) the party (or relevant member in its Group) retaining such Asset shall thereafter hold (or shall cause such member in its Group to hold) such Asset for the use and benefit of the party (or relevant member in its Group) entitled thereto (at the expense of the Person entitled thereto) and (ii) the party intended to assume such Liability shall, or shall cause the applicable member of its Group to, pay or reimburse the party (or the relevant member of its Group) retaining such Liability for all amounts paid or incurred in connection with the retention of such Liability. In addition, the party retaining such Asset or Liability (or relevant member of its Group) shall (or shall cause such member in its Group to) treat, insofar as reasonably possible and to the extent permitted by applicable Law, such Asset or Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the party to which such Asset or Liability is to be transferred or assumed in order to place such party, insofar as reasonably possible, in the same position as if such Asset or Liability had been transferred or assumed on or prior to the Contribution Date as contemplated hereby and so that all the benefits and burdens relating to such Asset or Liability, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Asset or Liability, are to inure from and after the Contribution Date to the relevant member of the Pfizer Group or the Company Group, as the case may be, entitled to the receipt of such Asset or Liability. In furtherance of the foregoing, the parties agree that, as of the Effective Date, each party shall be deemed to have acquired complete and sole beneficial ownership over all of the Assets, together with all rights, powers and privileges incident thereto, and shall be deemed to have assumed in accordance with the terms of this Agreement all of the Liabilities, and all duties, obligations and responsibilities incident thereto, which such party is entitled to acquire or required to assume pursuant to the terms of this Agreement or, as applicable, an Ancillary Agreement.

(b) Except as otherwise reflected in the Plan of Reorganization, with respect to the capital stock or other equity interest of any Transferred Entity that will not be transferred on the Contribution Date, Pfizer and the Company agree that from the Contribution Date until the earlier of (i) the time such capital stock or other equity interests are conveyed to the Company or any of its Subsidiaries and (ii) 24 months following the Effective Date, Pfizer, or the member of the Pfizer Group that directly or indirectly owns such capital stock or other equity interests, shall cause the applicable Transferred Entity not to declare or pay any dividends or other distributions, except as required by applicable Law, to Pfizer or any other member of the Pfizer Group and shall cause such Transferred Entity not to redeem, repurchase or otherwise acquire any of its capital stock or other equity interests. In such case that the applicable Transferred Entity (i) shall so declare or pay any dividend or other distribution, Pfizer or the member of the Pfizer Group that directly or indirectly owns such Transferred Entity shall promptly pay the amount of such distribution received by Pfizer or such member of the Pfizer Group to the Company or the Subsidiary of the Company designated by the Company and reasonably acceptable to Pfizer or (ii) shall so redeem, repurchase or otherwise acquire any of its capital stock or other equity interest, then Pfizer or the member of the Pfizer Group that directly or indirectly owns such Transferred Entity shall promptly pay any amount received thereon to the Company or the Subsidiary of the Company designated by the Company and reasonably acceptable to the Pfizer.

(c) If and when the Consents, Governmental Approvals and/or conditions or facts, the absence, non-satisfaction or existence of which caused the deferral of transfer of any Asset or assumption of any Liability pursuant to Section 2.05(a), are obtained, satisfied or realized, the transfer, assignment or novation of the applicable Asset or Liability shall be effected in accordance with and subject to the terms of this Agreement and/or the applicable Ancillary Agreement as promptly as practicable after the receipt of such Consents, Governmental Approvals, satisfaction of such conditions or realization of such facts.

Section 2.06. Termination of Agreements. (a) Except as set forth in Section 2.06(b), in furtherance of the releases and other provisions of Section 4.01 hereof, the Company and each Person in the Company Group, on the one hand, and Pfizer and each Person in the Pfizer Group, on the

other hand, hereby terminate any and all agreements, arrangements, commitments or understandings (including all intercompany accounts payable or accounts receivable between a member of the Pfizer Group, on the one hand, and a member of the Company Group, on the other hand ("Intercompany Accounts") accrued as of the Effective Date), whether or not in writing, between or among the Company and any Person in the Company Group, on the one hand, and Pfizer and any Person in the Pfizer Group, on the other hand, effective as of the Effective Date. No such terminated agreement, arrangement, commitment, understanding or Intercompany Account (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Date. Each party shall, at the reasonable request of any other party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.06(a) shall not apply to any of the following agreements, arrangements, commitments, understandings or Intercompany Accounts (or to any of the provisions thereof): (i) this Agreement, the Local Separation Agreements and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement, any Local Separation Agreement or any Ancillary Agreement to be entered into by any of the parties hereto or any Person in their respective Groups); (ii) trade payables and receivables between the Company and Pfizer, or any of their respective Affiliates, incurred in the ordinary course of business on or prior to the Effective Date; (iii) any agreements, arrangements, commitments or understandings set forth or described on Schedule 2.06(b)(iii); (iv) any agreements, arrangements, commitments or understandings (including any Shared Contracts) to which any Person other than the parties hereto and their respective Affiliates is a party; and (iv) any other agreements, arrangements, commitments, understandings or Intercompany Accounts that this Agreement, any Local Separation Agreement or any Ancillary Agreement expressly contemplates will survive the Effective Date.

Section 2.07. Documents Relating to Other Transfers of Assets and Assumption of Liabilities. In furtherance of the assignment, transfer and conveyance of Animal Health Assets and the assumption of Animal Health Liabilities set forth in Section 2.01(a) and (b) simultaneously with the execution and delivery hereof or as promptly as practicable thereafter, (i) Pfizer shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such bills of sale, stock powers, certificates of title, deeds, assignments of Contracts and other instruments of transfer, conveyance and assignment (collectively, the "Additional Pfizer Transfer Documents") as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Pfizer's and its Subsidiaries' right, title and interest in and to the Animal Health Assets to the Company, and (ii) the Company shall execute and deliver, to Pfizer and shall cause its Subsidiaries to execute and deliver, such bills of sale, stock powers, certificates of title, assumptions of Contracts and other instruments of assumption (collectively, the "Additional Company Transfer Documents", and together with the Additional Pfizer Transfer Documents, the "Additional Transfer Documents") as and to the extent necessary to evidence the valid and effective assumption of the Animal Health Liabilities by the Company or a Subsidiary of the Company. For the avoidance of doubt, Additional Transfer Documents shall exclude the Local Separation Agreements.

Section 2.08. Bank Accounts; Cash Balances. (a) To the extent not completed prior to the Effective Date, Pfizer and the Company each agrees to take, or cause the respective members of their respective Groups to take, at or prior to the Effective Date, all actions necessary to amend all Contracts governing each bank and brokerage account owned by the Company or any other member of the Company Group (collectively, the "Company Accounts") so that such Company Accounts, if linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter "linked") to any bank or brokerage account owned by Pfizer or any other member of the Pfizer Group (collectively, the "Pfizer Accounts") are de-linked from the Pfizer Accounts.

(b) It is intended that, following consummation of the actions contemplated by Section 2.08(a), the Company and Pfizer will maintain separate bank accounts and separate cash management processes.

(c) With respect to any outstanding checks issued by Pfizer, the Company, or any of their respective Subsidiaries prior to the Effective Date, such outstanding checks shall be honored following the Effective Date by the Person or Group owning the account on which the check is drawn.

(d) Except as provided in Section 2.16, as between Pfizer and the Company (and the members of their respective Groups), all payments made and reimbursements received after the Effective Date by either party (or member of its Group) that relate to a business, Asset or Liability of the other party (or member of its Group), shall be held by such party in trust for the use and benefit of the party entitled thereto and, promptly upon receipt by such party of any such payment or reimbursement, such party shall pay over, or shall cause the applicable member of its Group to pay over to the other party the amount of such payment or reimbursement without right of set-off.

Section 2.09. Other Ancillary Agreements. Each of Pfizer and the Company will execute and deliver, and cause each of their applicable Subsidiaries to execute and deliver, as applicable, all Ancillary Agreements to which it is a party.

Section 2.10. Shared Contracts. (a) Subject to Section 2.10(d) and other than with respect to the provision of Services under the Transitional Services Agreement or Shared Contracts that are sublicensed to the Company and other Persons in the Company Group pursuant to the Patent and Know-How License Agreement (Pfizer as Licensor) or the Trademark and Copyright License Agreement, from and after the Effective Date, Pfizer may, in its sole discretion, make available to the Company Group the benefits and rights under Shared Contracts to the extent such benefits and rights have historically been and currently are provided to the Animal Health Business. With respect to any Shared Contracts made available to the Company Group pursuant to this Section 2.10(a), (i) no Person in the Company Group shall take any action, or refrain from taking any action, if (A) such action or inaction is reasonably likely to or does result in a breach on the part of any Person in the Pfizer Group under any Shared Contract and (B) such Person in the Company Group would otherwise be obligated to take or not take such action under the Shared Contract had such Person become severally liable under the Shared Contract at the Effective Date and (ii) each Person in the Company Group shall reasonably cooperate with Pfizer and, at Pfizer's reasonable request, take such actions that are permissible and reasonably necessary or desirable to ensure that Pfizer is able to perform its obligations constituting Shared Contract Liabilities under such Shared Contract.

(b) With respect to Shared Contract Liabilities pursuant to, under or relating to a given Shared Contract, such Shared Contract Liabilities shall be allocated, unless otherwise allocated pursuant to this Agreement or an Ancillary Agreement, between the parties as follows: (i) first, if a Liability is incurred exclusively in respect of a benefit received by one party or its Group, the party or Group receiving such benefit shall be responsible for such Liability and (ii) second, if a Liability cannot be exclusively allocated to one party or its Group under clause (i) above, such Liability shall be allocated among both parties and their respective Groups based on the relative proportions of total benefit received (over the term of the Shared Contract, measured as of the date of allocation) under the relevant Shared Contract. Notwithstanding the foregoing, each party and its Group shall be responsible for any or all Liabilities arising out of or resulting from such party's or Group's breach of the relevant Shared Contract.

(c) If Pfizer or any member of the Pfizer Group, on the one hand, or the Company or any member of the Company Group, on the other hand, receives any benefit or payment under any Shared Contract which was intended for the other party or its Group, Pfizer, on the one hand, or the Company, on the other hand, will use its respective commercially reasonable efforts, or will cause any member of its Group to use its commercially reasonable efforts, to deliver, transfer or otherwise afford such benefit or payment to the other party.

(d) It shall be the responsibility of the Company to obtain the agreement of the third party that is the counterparty to each Shared Contract to enter into a new Contract effective as of the Effective Date pursuant to which the Company and its Affiliates will receive substantially the same benefits provided by the Shared Contract to the Animal Health Business prior to the Effective Date. Except as expressly provided under the Transitional Services Agreement, none of Pfizer or any other member of the Pfizer Group shall be obligated to make available to the Company Group the benefits and rights under any Shared Contracts. In no event shall Pfizer be liable to the Company for (i) any Liabilities arising out of such new Contracts or (ii) Liabilities arising out of the failure of the Company to obtain any replacement contract.

(e) As promptly as practicable following the Effective Date, Pfizer shall calculate the aggregate balance of the cash, cash equivalents and short term investments of the Company Group (the "Company Cash Balance"), as of the close of business on the Effective Date after giving effect to the consummation of the transactions contemplated in this Agreement to occur on or prior to the Effective Date, including the payment to Pfizer of the Contribution Payment. The calculation of Company Cash Balance shall be made by Pfizer in good faith and in its reasonable discretion and shall be final and binding on the Company. If the Company Cash Balance on the Effective Date was less than $300 million, then Pfizer shall, as promptly as practicable, contribute or otherwise transfer to the Company an amount equal to such deficit. The Company shall give Pfizer and its representatives access at all reasonable times to the Company's properties, books, records, working papers and personnel to the extent requested to calculate the Company Cash Balance.

Section 2.11. Financing Arrangements; Contribution Payment. (a) Prior to or concurrently with the Contribution, the Company entered into the Company Financing Arrangements. To the extent applicable and to the extent not undertaken and completed prior to the execution of this Agreement, the Company shall take all such reasonable actions as may be necessary to ensure that the Company assumes all obligations under the Company Financing Arrangements and the full release and discharge of each of Pfizer and any other member of the Pfizer Group of all of its obligations thereunder as of the Effective Date.

(b) On the Effective Date, immediately prior to the First Exchange Closing (as defined in the Debt-for-Equity Exchange Agreement), the Company shall pay an amount of cash equal to $[ ] in satisfaction of its obligations under the Contribution Agreement (the "Contribution Payment").

Section 2.12. Disclaimer of Representations and Warranties (a) EACH OF PFIZER (ON BEHALF OF ISELF AND EACH PERSON IN THE PFIZER GROUP) AND THE COMPANY (ON BEHALF OF ITSELF AND EACH PERSON IN THE COMPANY GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORT HEREIN, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT, ANY LOCAL SEPARATION AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT, ANY LOCAL SEPARATION AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING TO ANY OTHER PARTY HERETO OR THERETO IN ANYWAY, EXPRESS OR IMPLIED, AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR GOVERNMENTAL APPROVALS REQUIRED IN CONNECTION HEREWITH OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY LIENS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT, CERTIFICATE OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF, EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS", "WHERE IS" BAIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE WITHOUT WARRANTY)AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEAGAL RISKS THAT (I) ANY CONVEYANCE SHALL PROVE TO BE INSUFFICENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY LIEN, ENCUMBRANCE, CHARGE, ASSESSMENT OR OTHER ADVERS CLAIM, AND (II) ANY NECESSARY CONSENTS OR GOVERNMENTAL APPROVALS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH, ALL WARRANTIES OF HABITABILITY, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, FUNCTION, ENVIRONMENTAL CONDITION, OPERATIONAL CONDITION, NON-INFRINGEMENT, VALIDITY AND ENFORCEABILITY AND ALL OTHER WARRANTIES ARISING UNDER THE UNIFORM COMMERCIAL CODE (OR SIMILAR NON-U.S. LAWS) ARE HEREBY DISCLAIMED.

Section 2.13. Guarantees. (a) Pfizer and the Company shall each use their commercially reasonable efforts to cause a member of the Company Group to be substituted in all respects for a member of the Pfizer Group, as applicable, and for the members of the Pfizer Group, as applicable, to be otherwise removed or released, effective as of the Effective Date, in respect of all obligations of any member of the Company Group under each guarantee, indemnity, surety bond, letter of credit and letter of comfort (each, a "Guarantee"), given or obtained by any member of the Pfizer Group for the benefit of any member of the Company Group or the Animal Health Business. If Pfizer and the Company have been unable to effect any such substitution, removal, release and termination with respect to any such Guarantee as of the Effective Date then, following the Effective

Date, the Company shall effect such substitution, removal, release and termination as soon as reasonably practicable after the Effective Date; provided that from and after Effective Date, the Company shall indemnify against, hold harmless and promptly reimburse the members of the Pfizer Group for any payments made by members of the Pfizer Group and for any and all Liabilities of the members of the Pfizer Group arising out of, or in performing, in whole or in part, any performance obligation in accordance with the underlying obligation under any such Guarantee (except to the extent the performance obligation under any such Guarantee shall have been triggered solely by an act or failure to act of the applicable guarantor (rather than the underlying obligor)).

(b) Pfizer and the Company shall each use their commercially reasonable efforts to cause a member of the Pfizer Group to be substituted in all respects for a member of the Company Group, as applicable, and for the members of the Company Group, as applicable, to be otherwise removed or released, effective as of the Effective Date, in respect of all obligations of any member of the Pfizer Group under each Guarantee, given or obtained by any member of the Company Group for the benefit of any member of the Pfizer Group or the Pfizer Business. If Pfizer and the Company have been unable to effect any such substitution, removal, release and termination with respect to any such Guarantee by the Effective Date then, following the Effective Date, Pfizer shall effect such substitution, removal, release and termination as soon as reasonably practicable after the Effective Date; provided that from and after Effective Date, Pfizer shall indemnify against, hold harmless and promptly reimburse the members of the Company Group for any payments made by members of the Company Group and for the Liabilities of the members of the Company Group arising out of, or in performing, in whole or in part, any performance obligation in accordance with the underlying obligation under any such Guarantee (except to the extent the performance obligation under any such Guarantee shall have been triggered solely by an act or failure to act of the applicable guarantor (rather than the underlying obligor)).

Section 2.14. Novation of Animal Health Liabilities. (a) The Company shall use its reasonable best efforts to obtain, or to cause to be obtained, as soon as practicable following the Effective Date, any consent, substitution, approval, release or amendment requested by Pfizer required to novate or assign to the applicable Person in the Company Group all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute Animal Health Liabilities (other than any Animal Health Liability that constitutes a Shared Contract Liability), or to obtain in writing the unconditional release of all parties to such arrangements other than any Person in the Company Group, so that, in any such case, the Company and its Subsidiaries will be solely responsible for such Liabilities; provided, however, that neither Pfizer nor the Company shall be obligated to pay any consideration therefor to any third party from whom such consents, approvals, substitutions, amendments and releases are requested; provided, further, however, that any legal fees or other administrative costs associated with obtaining such consents, approvals, substitution, amendments and releases shall be borne by the Company.

(b) If the Company is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, release or amendment, the applicable Person in the Pfizer Group shall continue to be bound by such agreements, leases, licenses and other obligations that constitute Animal Health Liabilities and, unless not permitted by Law or the terms thereof, the Company shall, as agent or subcontractor for Pfizer or such other Person, as the case may be, pay, perform and discharge fully all such obligations or other Liabilities of Pfizer or such other Person that constitute Animal Health Liabilities, as the case may be, thereunder from and after the Effective Date. The Company shall indemnify each Pfizer Indemnitee, and hold each of them harmless against any Liabilities arising in connection therewith. Pfizer shall, without further consideration, pay or remit, or cause to be paid or remitted, to the Company promptly all money, rights and other consideration received by it or any Person in the Pfizer Group in respect of such performance. If and when any such consent, approval, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, Pfizer shall thereafter assign, or cause to be assigned, all its rights, obligations and other Liabilities thereunder or any rights or obligations of any Person in its Group to the Company without payment of further consideration and the Company shall, without the payment of any further consideration, assume such rights and obligations.

Section 2.15. Novation of Excluded Liabilities. (a) Pfizer shall use its reasonable best efforts to obtain, or to cause to be obtained, as soon as practicable following the Effective Date, any consent, substitution, approval, release or amendment requested by the Company required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute Excluded Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any Person in the Pfizer Group, so that, in any such case, the Persons in the Pfizer Group will be solely responsible for such Liabilities; provided, however, that neither Pfizer nor the Company shall be obligated to pay any consideration therefor to any third party from whom such consents, approvals, substitutions, amendments and releases are requested; provided, further, however, that any legal fees or other administrative costs associated with obtaining such consents, approvals, substitution, amendments and releases shall be borne by the Pfizer.

(b) If Pfizer is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, release or amendment, the applicable Person in the Company Group shall continue to be bound by such agreements, leases, licenses and other obligations and, unless not permitted by Law or the terms thereof, Pfizer shall cause a Person in the Pfizer Group, as agent or subcontractor for such Person in the Company Group, to pay, perform and discharge fully all the obligations or other Liabilities of such Person in the Company Group thereunder from and after the Effective Date. Pfizer shall indemnify each Company Indemnitee and hold each of them harmless against any Liabilities arising in connection therewith. The Company shall cause each Person in the Company Group without further consideration, to pay or remit, or cause to be paid or remitted, to Pfizer or to another Person in the Pfizer Group specified by Pfizer promptly all money, rights and other consideration received by it or any Person in the Company Group in respect of such performance. If and when any such consent, approval, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, the Company shall thereafter assign, or cause to be assigned, all its rights, obligations and other Liabilities thereunder or any rights or obligations of any Person in the Company Group to Pfizer or to another Person in the Pfizer Group specified by Pfizer without payment of further consideration and Pfizer, without the payment of any further consideration shall, or shall cause such other Person in the Pfizer Group to, assume such rights and obligations.

Section 2.16. Insurance Policies.

(a) Commencing on or prior to the Effective Date, the Company shall maintain in effect the insurance policies set forth on Schedule 2.16(a). As of the date at which Pfizer and its Affiliates cease to hold in excess of 50% of the outstanding shares of Company Common Stock pursuant to the Distribution or Other Disposition (the "Coverage End Date"), the coverage under all Shared Policies shall continue in force only for the benefit of Pfizer and its Affiliates and not for the benefit of the Company or any of its Affiliates except for such policies owned by the Transferred Entities. Effective from and after the Coverage End Date, the Company shall arrange for its own insurance policies with respect to the Animal Health Business covering all periods (whether prior to or following the Effective Date) and

agrees not to seek, through any means, benefit from any of Pfizer's or its Affiliates' insurance policies that may provide coverage for claims relating in any way to the Animal Health Business prior to the Coverage End Date.

(b) Where Shared Policies with an unaffiliated third party insurer (and excluding, for the avoidance of doubt, any self-insurance, captive insurance or similar program) cover Animal Health Liabilities reported after the Effective Date and before the Coverage End Date, with respect to an occurrence prior to the Coverage End Date, under an occurrence-based or claims-made policy (collectively, "Covered Claims"), then the members of the Company Group may claim coverage for such Covered Claims under such Shared Policies, control the prosecution and defense of such Covered Claims and receive any insurance recoverables with respect thereto, without any prejudice or limitation to Pfizer seeking insurance under the Shared Policies for its own claims. After the Effective Date, Pfizer shall procure and administer the Shared Policies, provided that such administration shall in no way limit, inhibit or preclude the right of the members of the Company Group to insurance coverage thereunder in accordance with this Section 2.16(b), in each case, with respect to Covered Claims. The Company shall promptly notify Pfizer of any Covered Claims, and Pfizer agrees to reasonably cooperate with the Company concerning the pursuit by the Company of any such Covered Claim, in each case at the expense of the Company (to the extent such expenses are not covered by the applicable Shared Policies).

(c) The Company shall be responsible for complying with terms of the Shared Policies to obtain coverage for such Covered Claims, including if the Shared Policy requires any payments to be made in connection therewith (including self-insured retentions or deductibles), and the Company shall make any such required payments and maintain any required or appropriate accruals or reserves for such Covered Claims. Any proceeds received by Pfizer from any insurance carrier that relate to Covered Claims shall be paid promptly to the Company. In the event that Covered Claims relate to the same occurrence for which Pfizer is seeking coverage under such Shared Policies and for which the parties have a shared defense, the Company and Pfizer shall jointly defend any such claim and waive any conflict of interest necessary to conduct a joint defense, and shall bear any expenses in connection therewith equally (to the extent such expenses are not covered by the applicable Shared Policies), including self-insured retentions or deductibles. In the event that policy limits under an applicable Shared Policy are not sufficient to fund all claims of Pfizer and members of the Pfizer Group and the Company and members of the Company Group, amounts due under such Shared Policy shall be paid on a first come first served basis, and any amounts simultaneously due shall be paid to the respective entities in proportion to the assessed value of each respective entity's claim or claims.

ARTICLE III

THE IPO AND ACTIONS PENDING THE IPO; OTHER TRANSACTIONS

Section 3.01. The Debt-for-Equity Exchange. The Company shall cooperate with, and take all actions reasonably requested by, Pfizer and the Debt-for-Equity Exchange Parties in connection with the Debt-for-Equity Exchange. In furtherance thereof, to the extent not undertaken and completed prior to the execution of this Agreement, the Company shall enter into the Debt-for-Equity Exchange Agreement, in form and substance reasonably satisfactory to Pfizer and shall comply with its obligations thereunder.

Section 3.02. The IPO. The Company shall cooperate with, and take all actions reasonably requested by, Pfizer in connection with the IPO. In furtherance thereof, to the extent not undertaken and completed prior to the execution of this Agreement:

(a) The Company shall file the IPO Registration Statement, and such amendments or supplements thereto, as may be necessary in order to cause the same to become and remain effective as required by the Equity Underwriting Agreement, the Commission and applicable Law, including federal, state or foreign securities Laws. The Company shall also cooperate in preparing, filing with the Commission and causing to become effective a registration statement registering the Class A Common Stock under the Exchange Act, and any registration statements or amendments thereof that are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the IPO or the other transactions contemplated by this Agreement and the Ancillary Agreements.

(b) The Company shall enter into the Equity Underwriting Agreement, in form and substance reasonably satisfactory to Pfizer and shall comply with their respective obligations thereunder.

(c) The Company shall use its commercially reasonable efforts to take all such action as may be necessary or appropriate under state securities and blue sky laws of the United States (and any comparable Laws under any foreign jurisdictions) in connection with the IPO.

(d) The Company shall participate in the preparation of materials and presentations as any of Pfizer, the Debt-for-Equity Exchange Parties, and the Equity Underwriters shall deem necessary or desirable in connection with the IPO.

(e) The Company will cooperate in all respects with Pfizer, the Debt-for-Equity Exchange Parties and the Equity Underwriters in connection with the pricing of the Class A Common Stock to be issued in the IPO and the timing of the IPO and will, at any such party's request, promptly take any and all actions necessary or desirable to consummate the IPO as contemplated by the IPO Registration Statement and the Equity Underwriting Agreement.

(f) The Company shall prepare, file and use its commercially reasonable efforts to seek to make effective an application for listing of the Class A Common Stock issued in the IPO on the New York Stock Exchange.

Section 3.03. Proceeds of the IPO. The IPO shall be effected to permit the Equity Underwriters to sell all or a portion of the Class A Common Stock that the Debt-for-Equity Exchange Parties receive in the Debt-for-Equity Exchange. Accordingly, the Debt-for-Equity Exchange Parties will receive any cash proceeds from such sale of Class A Common Stock in the IPO.

Section 3.04. Charter; By-laws. Prior to the effectiveness of the IPO Registration Statement, Pfizer and the Company will each take all actions that may be required to provide for the adoption by the Company of the Amended and Restated Certificate of Incorporation of the Company substantially in the form attached as Exhibit A and the Amended and Restated By-laws of the Company substantially in the form attached as Exhibit B.

Section 3.05. The Distribution or Other Disposition.

(a) Pfizer shall, in its sole and absolute discretion, determine (i) whether to proceed with all or part of the Distribution or Other Disposition and (ii) all terms of the Distribution or Other Disposition, as applicable, including the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution or Other Disposition and the timing of and conditions to the consummation of the Distribution or Other Disposition. In addition, in the event that Pfizer determines to proceed with the Distribution or Other Disposition, Pfizer may at any time and from time to time until the completion of the Distribution or Other Disposition abandon, modify or change any or all of the terms of the Distribution or Other Disposition, including, without limitation, by accelerating or delaying the timing of the consummation of all or part of the Distribution or Other Disposition.

(b) The Company shall cooperate with Pfizer in all respects to accomplish the Distribution or Other Disposition and shall, at Pfizer's direction, promptly take any and all actions necessary or desirable to effect the Distribution or Other Disposition, including, without limitation, the

registration under the Securities Act of the offering of Class B Common Stock on an appropriate registration form or forms to be designated by Pfizer and the filing of any necessary documents pursuant to the Exchange Act. Pfizer shall select any investment bank, manager, underwriter or dealer manager in connection with the Distribution or Other Disposition, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting, tax and other advisors and service providers in connection with the Distribution or Other Disposition, as applicable. The Company and Pfizer, as the case may be, will provide to the exchange agent all share certificates and any information required in order to complete the Distribution or Other Disposition.

Section 3.06. Company Common Stock. Notwithstanding anything to the contrary herein, if at any time all shares of Class B Common Stock are converted into Class A Common Stock, then from and after such time, all references herein to Class A Common Stock or Class B Common Stock shall be deemed to be references to Company Common Stock.

ARTICLE IV

MUTUAL RELEASES; INDEMNIFICATION

Section 4.01. Release of Pre-Closing Claims. (a) Except as provided in Section 4.01(a) and Section 4.03, effective as of the Effective Date, the Company does hereby, for itself and for each member of the Company Group as of the Effective Date and their respective successors and assigns and all Persons who at any time prior to the Effective Date, have been directors, officers, agents or employees of any member of the Company Group (in each case, in their respective capacities as such), release and forever discharge Pfizer and each member of the Pfizer Group, and all Persons who at any time prior to the Effective Date have been stockholders, directors, officers, managers, members, agents or employees of any Person in the Pfizer Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any rights of contribution or recovery), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed in each case on or before the Effective Date, including in connection with the transactions and all other activities to implement the Transactions and any of the other transactions contemplated hereunder, and under any of the Ancillary Agreements and pursuant to the Plan of Reorganization.

(b) Except as provided in Section 4.01(c) and Section 4.02, effective as of the Effective Date, Pfizer does hereby, for itself and for each member of the Pfizer Group as of the Effective Date and their respective successors and assigns and all Persons who at any time prior to the Effective Date, have been directors, officers, agents or employees of any member of the Pfizer Group (in each case, in their respective capacities as such), remise, release and forever discharge the Company and each member of the Company Group as of the Effective Date, and all Persons who at any time prior to the Effective Date have been stockholders, directors, officers, managers, members, agents or employees of any Person in the Company Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators successors and assigns, from any and all Liabilities whatsoever, whether at law or in equity (including any rights of contribution or recovery), whether arising under any Contract, by operation of Law or otherwise, including for fraud, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed in each case on or before the Effective Date, including in connection with the transactions and all other activities to implement the Transactions and any of the other transactions contemplated hereunder, under any of the Ancillary Agreements and pursuant to the Plan of Reorganization.

(c) Nothing contained in Section 4.01(a) or (b) shall (x) impair any right of any Person to enforce this Agreement, any Local Separation Agreement, any Ancillary Agreement or any Contracts that are specified in Section 2.06(b) or the applicable schedules thereto not to terminate as of the Effective Date, in each case in accordance with its terms or (y) release any Person from:

(i) any Liability provided in or resulting from any Contract among any Persons in the Pfizer Group or the Company Group that is specified in Section 2.06(b) or the applicable schedules thereto as not to terminate as of the Effective Date, or any other Liability specified in such Section 2.06(b) as not to terminate as of the Effective Date;

(ii) any Liability assumed or retained by, or transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any Person in any Group under, this Agreement, any Local Separation Agreement or any Ancillary Agreement, including (A) with respect to the Company, any Animal Health Liability and (B) with respect to Pfizer, any Excluded Liability;

(iii) any Liability provided in or resulting from any Contract or understanding that is entered into after the Effective Date between a member of the Pfizer Group, on the one hand, and a member of the Company Group, on the other hand;

(iv) any Liability that the parties may have with respect to claim for indemnification, recovery or contribution brought pursuant to this Agreement or any Ancillary Agreement, which Liability shall be governed by the provisions of this Article IV or, if applicable, the appropriate provisions of the Ancillary Agreements; or

(v) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.01.

In addition, nothing contained in Section 4.01(a) shall release Pfizer from indemnifying any director, officer or employee of the Company who was a director, officer or employee of Pfizer or any of its Affiliates on or prior to the Effective Date, to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which he or she was entitled to such indemnification pursuant to obligations existing prior to the Effective Date, it being understood that if the underlying obligation giving rise to such Action is an Animal Health Liability, the Company shall indemnify Pfizer for such Liability (including Pfizer's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article IV.

(d) The Company shall not, and shall not permit any Person in the Company Group, to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution, recovery or any indemnification, against Pfizer or any Person in the Pfizer Group, or any other Person released pursuant to Section 4.01(a), with respect to any Liabilities released pursuant to Section 4.01(a). Pfizer shall not, and shall not permit any Person in the Pfizer Group, to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution, recovery or any indemnification against the Company or any Person in the Company Group, or any other Person released pursuant to Section 4.01(b), with respect to any Liabilities released pursuant to Section 4.01(b).

(e) It is the intent of each of Pfizer and the Company, by virtue of the provisions of this Section 4.01, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have

occurred or to have failed to occur and all conditions existing or alleged to have existed in each case on or before the Effective Date, between or among the Company or any Person in the Company Group, on the one hand, and Pfizer or any Person in the Pfizer Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such Persons on or before the Effective Date), except as expressly set forth in Section 4.01(c). At any time, at the request of any other party, each party shall cause each Person in its respective Group and to the extent practicable each other Person to execute and deliver releases reflecting the provisions hereof.

(f) If any Person associated with either Pfizer or the Company (including any of their respective directors, officers, agents or employees) initiates an Action with respect to claims released by this Section 4.01, the party with which such Person is associated shall indemnify the other party against such Action in accordance with the provisions set forth in this Article IV.

Section 4.02. Indemnification by the Company. Except as provided in Section 4.04, the Company shall indemnify, defend and hold harmless each member of the Pfizer Group and each of their Affiliates and each member of the Pfizer Group's and their respective Affiliates' directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Pfizer Indemnitees"), from and against any and all Losses of the Pfizer Indemnitees relating to, arising out of or resulting from any of the following items (without duplication and including any such Losses arising by way of setoff, counterclaim or defense or enforcement of any Lien):

(i) all Animal Health Liabilities;

(ii) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in any Disclosure Document with respect to the IPO other than any such statement or omission in the Disclosure Document furnished by Pfizer solely in respect of Pfizer expressly for use in the Disclosure Document; and

(iii) any breach by the Company or any Person in the Company Group of this Agreement, any Local Separation Agreement or any Ancillary Agreement, unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case, any such indemnification claims may be made thereunder.

Notwithstanding anything to the contrary herein, in no event will any Pfizer Indemnitee have the right to seek indemnification from any Person in the Company Group with respect to any claim or demand against any Person in the Pfizer Group for the satisfaction of the Excluded Liabilities.

Section 4.03. Indemnification by Pfizer. Except as provided in Section 4.04, Pfizer shall indemnify, defend and hold harmless each member of the Company Group and each of their Affiliates and each member of the Company Group's and their respective Affiliates' respective directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Company Indemnitees"), from and against any and all Losses of the Company Indemnitees relating to, arising out of or resulting from any of the following items (without duplication and including any Losses arising by way of setoff, counterclaim or defense or enforcement of any Lien):

(i) all Excluded Liabilities; and

(ii) any breach by Pfizer or any Person in the Pfizer Group of this Agreement, any Local Separation Agreement or any Ancillary Agreement, unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case, any such indemnification claims may be made thereunder.

Notwithstanding anything to the contrary herein, in no event will any Company Indemnitee have the right to seek indemnification from any Person in the Pfizer Group with respect to any claim or demand against any Person in the Company Group for the satisfaction of the Animal Health Liabilities.

Section 4.04. Indemnification Obligations Net of Insurance Proceeds and Other Amounts. (a) The parties intend that any Loss subject to indemnification or reimbursement pursuant to this Article IV will be net of Insurance Proceeds that actually reduce the amount of the Loss. Accordingly, the amount which any party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification hereunder (an "Indemnitee") will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in respect of the related Loss. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Loss and subsequently receives Insurance Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed

that no insurer or any other third party shall be entitled to a "wind-fall" (i.e., a benefit such insurer or other third party would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Nothing contained in this Agreement or any Ancillary Agreement shall obligate any Person in any Group to seek to collect or recover any Insurance Proceeds.

(c) Any Indemnity Payment made by the Company shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such Indemnity Payment, each Pfizer Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed. Any Indemnity Payment made by Pfizer shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such Indemnity Payment, each Company Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed.

(d) If an indemnification claim is covered by the indemnification provisions of an Ancillary Agreement, the claim shall be made under the Ancillary Agreement to the extent applicable and the provisions thereof shall govern such claim. In no event shall any party be entitled to double recovery from the indemnification provisions of this Agreement and any Ancillary Agreement.

Section 4.05. Procedures for Indemnification of Third Party Claims. (a) If an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a Person in the Pfizer Group or the Company Group of any claim or of the commencement by any such Person of any Action with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.02 or Section 4.03, or any other Section of this Agreement (collectively, a "Third Party Claim"), such Indemnitee shall give such Indemnifying Party written notice thereof as promptly as practicable (and in any event within forty-five (45) days) after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 4.05(a) shall not relieve the related Indemnifying Party of its obligations under this Article IV, except to the extent, and only to the extent, that such Indemnifying Party is materially prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect (but shall not be required) to defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel (which counsel shall be reasonably satisfactory to the Indemnitee), any Third Party Claim; provided that the Indemnifying Party shall not be entitled to defend and shall pay the reasonable fees and expenses of one separate counsel for all Indemnitees if the claim for indemnification relates to or arises in connection with any criminal action, indictment or allegation. Within forty-five (45) days after the receipt of notice from an Indemnitee in accordance with Section 4.05(a) (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions to its defense. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee; provided, however, in the event that (i) the Indemnifying Party has elected to assume the defense of the Third Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice or (ii) the Third Party Claim involves injunctive or equitable relief, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnitees shall be borne by the Indemnifying Party.

(c) If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in Section 4.05(b), such Indemnitee may defend such Third Party Claim at the cost and expense of the Indemnifying Party. Any legal fees and expenses incurred by the Indemnitee in connection with defending such claim shall be paid by the Indemnifying Party at the then applicable regular rates charged by counsel, without regard to any flat fee or special fee arrangement otherwise in effect between such counsel and the Indemnitee.

(d) Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnitee may settle or compromise any Third Party Claim without the consent of the Indemnifying Party. If an Indemnifying Party has failed to assume the defense of the Third Party Claim within the time period specified in clause (b) above, it shall not be a defense to any obligation to pay any amount in respect of such Third Party Claim that the Indemnifying Party was not consulted in the defense thereof, that such Indemnifying Party's views or opinions as to the conduct of such defense were not accepted or adopted, that such Indemnifying Party does not approve of the quality or manner of the defense thereof or that such Third Party Claim was incurred by reason of a settlement rather than by a judgment or other determination of liability.

(e) In the case of a Third Party Claim, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the consent of the Indemnitee if the effect thereof is (i) to permit any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against any Indemnitee or (ii) to ascribe any fault on any Indemnitee in connection with such defense.

(f) Notwithstanding the foregoing, the Indemnifying Party shall not, without the prior written consent of the Indemnitee, settle or compromise any Third Party Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnitee of a written release from all Liability in respect of such Third Party Claim.

Sectioin 4.06. Additional Matters. (a) Any claim on account of a Loss which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such Indemnitee as contemplated by this Agreement.

(b) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(c) In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the parties shall endeavor to substitute the Indemnifying Party for the named defendant or otherwise hold the Indemnifying Party as party thereto, if at all practicable. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a

court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement with respect to such Third Party Claim.

Section 4.07. Medicare Reporting. The Parties acknowledge that the resolution of any Third Party Claim (subject to this Agreement) by way of a settlement, judgment, award or other payment to or on behalf of a Medicare beneficiary where medical expenses are claimed or released may impose reporting obligations pursuant to Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA), and the regulations and program guidance then in effect ("Section 111 Report"). Accordingly, so that the Indemnitee can timely and effectively investigate and discharge its reporting obligations, if any, to the Centers for Medicare and Medicaid Services ("CMS"), the Indemnifying Party agrees to:

(a) Notify the Indemnitee no later than ten (10) days after making a settlement or payment of any award to or on behalf of a Medicare beneficiary and provide and/or confirm information that the Indemnitee will require to meet its Section 111 reporting obligation.

(b) Notify the Indemnitee prior to the settlement of any claim or payment of any award to a plaintiff or claimant in this matter for the purpose of providing Indemnitee identifying information on the proposed plaintiff or claimant-recipient, and such other information as may be required, to enable the Indemnitee to ascertain whether a Section 111 Report will be required. If Medicare's interests are implicated by the terms of the proposed settlement, judgment, award or other payment, the Indemnitee shall also have the right to suggest proposed terms and processes for the expected payment that will address and protect the Indemnitee's interests under Section 111 and the Medicare Secondary Payer Act.

(c) Subject to the terms of this Article IV, indemnify, defend, repay and hold harmless the Indemnitee for any Liabilities (including double damages) for delayed or defective reporting to CMS under Section 111 in the event that the Indemnifying Party fails to timely provide the notice set forth in this Section 4.07.

Section 4.08. Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

Section 4.09. Survival of Indemnities. The indemnity and contribution agreements contained in this Article IV shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee; and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification or contribution hereunder. The rights and obligations of each of Pfizer and the Company and their respective Indemnitees under this Article IV shall survive the merger or consolidation of any party, the sale or other transfer by any party of any Assets or businesses or the assignment by it of any Liabilities, or the change of form or change of control of any party.

Sectioin 4.10. Special Damages. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT OR ANY ANCILLARY AGREEMENT TO THE CONTRARY, IN NO EVENT WILL EITHER PARTY OR ANY OF ITS GROUP MEMBERS BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOST PROFITS SUFFERED BY AN INDEMNIFIED PARTY, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, IN CONNECTION WITH ANY DAMAGES ARISING HEREUNDER OR THEREUNDER; PROVIDED, HOWEVER, THAT TO THE EXTENT AN INDEMNIFIED PARTY IS REQUIRED TO PAY ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOST PROFITS TO A PERSON WHO IS NOT A MEMBER OF EITHER GROUP IN CONNECTION WITH A THIRD PARTY CLAIM, SUCH DAMAGES WILL CONSTITUTE DIRECT DAMAGES AND NOT BE SUBJECT TO THE LIMITATION SET FORTH IN THIS SECTION 4.10.

ARTICLE V

CERTAIN BUSINESS MATTERS

Section 5.01. No Restriction on Competition. It is the explicit intent of each of the parties hereto that the provisions of this Agreement shall not include any non-competition or other similar restrictive arrangements with respect to the range of business activities which may be conducted by the parties hereto. Accordingly, each of the parties hereto acknowledges and agrees that nothing set forth in this Agreement shall be construed to create any explicit or implied restriction or other limitation on (i) the ability of any party hereto to engage in any business or other activity which competes with the business of any other party hereto or (ii) the ability of any party to engage in any specific line of business or engage in any business activity in any specific geographic area.

Section 5.02. No Solicitation of Employees. For and during the twelve (12) month period following the date on which Pfizer and its Affiliates cease to hold in excess of 50% of the outstanding shares of Company Common Stock pursuant to the Distribution or Other Disposition, none of Pfizer, the Company or any member of their respective Groups will, without the prior written consent of the other applicable party, either directly or indirectly, on their own behalf or in the service or on behalf of others, solicit, aid, induce or encourage any employee at the level of Director or higher of any other party's respective Group to leave his or her employment; provided, however, that nothing in this Section 5.02 shall restrict or preclude the rights of Pfizer, the Company or any member of their respective Groups from soliciting or hiring (i) any employee who responds to a general solicitation or advertisement that is not specifically targeted or focused on the employees employed by any other party's respective Group (and nothing shall prohibit such generalized searches for employees through various means, including, but not limited to, the use of advertisements in the media (including trade media) or the engagement of search firms to engage in such searches); provided that the applicable party has not encouraged or advised such firm to approach any such employee; (ii) any employee whose employment has been terminated by the other party's respective Group; or (iii) any employee whose employment has been terminated by such employee after sixty (60) days from the date of termination of such employee's employment. For purposes of this Section 5.02 only, the written consent of the other applicable party shall be secured by seeking permission from, in the case of Pfizer, the VP, M&A HR, and in the case of the Company, from the VP, Total Rewards.

Section 5.03. No Use of Certain Names: Transitional Licenses.

(a) Retained Names. Following the Effective Date, the Company Group shall, as soon as practicable, but in no event later than ninety (90) days following the Effective Date, (i) cease to use any Retained Names and hold themselves out as having any affiliation with the Pfizer Group, and (ii) strike over, or otherwise obliterate all Retained Names from the Animal Health Assets and all Assets and other materials owned by the Company Group, including any sales and product literature, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, websites, email, computer software and other materials and systems; provided that, for a period of no more than three (3) years following the Effective Date, (a) with respect to any inventory of products in the Company Group's possession as of the Effective Date, the Company Group shall be permitted to use such Retained Names until such inventory is depleted and (b) with respect to any products for which such Retained Names are required to be used under a Regulatory Approval, the Company Group shall be permitted to continue to use such Retained Names until the use of such Retained Names is no longer required under a Regulatory Approval and the Company shall coordinate with Pfizer and take such steps reasonably necessary to obtain or change the applicable Regulatory Approval to ensure that the use of such Retained Names is no longer required; provided further that, with respect to the foregoing (b), if the Company Group has been diligent in its efforts to transition from one or more Retained Names to different Trademarks, but due to circumstances outside the Company Group's reasonable control, the Company Group will not be able to so transition by expiration of the three (3) year period, the Company Group may extend such period with respect to such Retained Names for up to two additional periods of twelve (12) months each so long as the Company Group remains diligent with respect to such transition during such extension and upon Pfizer's request, provides written notice of the need for any such extension. Any use by the Company Group of any of the Retained Names as permitted in this Section 5.03 is subject to their use of the Retained Names in the same form and manner, and with standards of quality, of that in effect for the Retained Names as of the Effective Date. The Company Group shall not use the Retained Names in a manner that may reflect negatively on such name and marks or on Pfizer or any of its Affiliates. Without limitation to any other remedies, Pfizer shall have the right to terminate the foregoing license, effective immediately, if any of the Company Group fails to comply with the foregoing terms and conditions or otherwise fails to comply with any reasonable direction of Pfizer or any of its Affiliates in relation to the use of the Retained Names. The Company shall indemnify and hold harmless Pfizer and its Affiliates for any Losses arising from or relating to the use by the Company Group of the Retained Names pursuant to this Section 5.03.

(b) Transitional Names. Following the Effective Date, the Pfizer Group shall, as soon as practicable, but in no event later than ninety (90) days following the Effective Date, (i) cease to use any Transitional Names and hold themselves out as having any affiliation with the Company Group, and (ii) strike over, or otherwise obliterate all Transitional Names from the Excluded Assets and all assets and other materials owned by the Pfizer Group, including any sales and product literature, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, websites, email, computer software and other materials and systems; provided that, for a period of three (3) years following

the Effective Date, (a) with respect to any inventory of products in the Pfizer Group's possession as of the Effective Date, the Pfizer Group shall be permitted to use such Transitional Names until such inventory is depleted and (b) with respect to any products for which such Transitional Names are required to be used under a Regulatory Approval, the Pfizer Group shall be permitted to continue to use such Transitional Names until the use of such Transitional Names is no longer required under a Regulatory Approval and Pfizer shall coordinate with the Company and take such steps reasonably necessary to obtain or change the applicable Regulatory Approval to ensure that the use of such Transitional Names is no longer required; provided further that, with respect to the foregoing (b), if the Pfizer Group has been diligent in its efforts to transition from one or more Transitional Names to different Trademarks, but due to circumstances outside the Pfizer Group's reasonable control, the Pfizer Group will not be able to so transition by expiration of the three (3) year period, the Pfizer Group may extend such period with respect to such Transitional Names for up to two additional periods of twelve (12) months each so long as the Pfizer Group remains diligent with respect to such transition during such

extension and upon the Company's request, provides written notice of the need for any such extension. Any use by the Pfizer Group of any of the Transitional Names as permitted in this Section 5.03 is subject to their use of the Transitional Names in the same form and manner, and with standards of quality, of that in effect for the Transitional Names as of the Effective Date. The Pfizer Group shall not use the Transitional Names in a manner that may reflect negatively on such name and marks or on Pfizer or any of its Affiliates. Without limitation to any other remedies, the Company shall have the right to terminate the foregoing license, effective immediately, if any of the Pfizer Group fails to comply with the foregoing terms and conditions or otherwise fails to comply with any reasonable direction of the Company or any of its Affiliates in relation to the use of the Transitional Names. Pfizer shall indemnify and hold harmless the Company Group and its Affiliates for any Losses arising from or relating to the use by the Pfizer Group of the Transitional Names pursuant to this Section 5.03. For purposes of clarity, nothing in this Section 5.03 shall preclude any uses of the Transitional Names by the Pfizer Group that are required or otherwise not prohibited under applicable Law, including uses of the Transitional Names not in commerce, uses that would not cause confusion as to the origin of a good or service, and references to the Transitional Names in historical, tax, and similar records.

ARTICLE VI

EXCHANGE OF INFORMATION; CONFIDENTIALITY

Section 6.01. Provision of Corporate Records. As soon as practicable after the Effective Date, subject to the provisions of this Section 6.01, Pfizer and the Company shall discuss and negotiate in good faith to agree to a plan to transition (i) to the Company all Company Books and Records in the possession of Pfizer or any member of the Pfizer Group, and (ii) to Pfizer all Pfizer Books and Records in the possession of the Company or any member of the Company Group. The foregoing shall be limited by the following:

(a) The transition of books and records shall require only deliveries of (i) specific and discrete books and records or a reasonably limited class of items requested by the other party and (ii) specific and discrete books and records identified by either party in the ordinary course of business and determined by such party to be material to the other's business. Without limiting any express delivery requirements under any other provision of this Agreement or any Ancillary Agreement, neither party shall be required to conduct any general search or investigation of its files.

(b) Each party may retain copies of books and records delivered to the other, subject to holding in confidence in accordance with Section 6.09 information contained in such books and records.

(c) Each party may in good faith refuse to furnish any books and records under this Section 6.01 if it reasonably believes in good faith that doing so could materially adversely affect its ability to successfully assert a claim of Privilege.

(d) Neither party shall be required to deliver to the other books and records or portions thereof which are subject to any Law or confidentiality agreements which would by their terms prohibit such delivery; provided, however, that if requested by the other party, such party shall use reasonable best efforts to seek a waiver of or other relief from such confidentiality restriction.

(e) Nothing in this Section 6.01 shall affect the rights and obligations of any party to the Tax Matters Agreement with respect to the sharing of information related to Specified Taxes.

Section 6.02. Agreement for Exchange of Information; Archives (a) Each of Pfizer and the Company, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other Group, at any time before or after the Effective Date, as soon as reasonably practicable after written request therefor, access to any Information in the possession or under the control of such respective Group that can be retrieved without unreasonable disruption to its business which the requesting party reasonably needs (i) to comply with reporting, disclosure, filing, record retention or other requirements imposed on the requesting party (including under applicable securities or tax Laws) by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any other judicial, regulatory, administrative, tax or other proceeding or in order to satisfy audit, accounting, regulatory, litigation, environmental, tax or other similar requirements, in each case other than claims or allegations that one party to this Agreement or any member of its Group has against the other party or any member of its Group, or (iii) subject to the foregoing clause (ii), to comply with its obligations under this Agreement.

(b) After the Effective Date, each of the Pfizer Group on the one hand, and the Company Group on the other hand, shall provide to such other Group access during regular business hours (as in effect from time to time) to Information that relates to the business and operations of such Group that are located in archives retained or maintained by such other Group (or, if such Information does not exclusively relate to a party's business, to the portions of such Information that so exclusively relate), subject to appropriate restrictions for proprietary, privileged or confidential information and to the requirements of an applicable state and/or federal regulation such as a Code of Conduct or Standard of Conduct, to the personnel, properties and information of such party and its Subsidiaries, and only insofar as such access is reasonably required by the other party for legitimate business reasons, and only for the duration such access is required, and relates to such other party or the conduct of the business prior to the Effective Date. The Company or Pfizer, as applicable, may obtain copies (but not originals) at their own expense of such Information for bona fide business purposes. The Company or Pfizer, as applicable, shall pay the applicable fee or rate per hour for archives research services (subject to increase from time to time to reflect rates then in effect) for the providing party generally. Nothing herein shall be deemed to restrict the access of the providing party to any Information or to impose any liability on the providing party if any such Information is not maintained or preserved by such party.

(c) After the Effective Date, without limiting the parties' rights and obligations in Section 6.02 hereof, each of Pfizer and the Company (i) shall maintain in effect at its own cost and expense adequate systems and controls to the extent necessary to enable the Persons in the other Group to satisfy their respective reporting, accounting, audit and other obligations, and (ii) shall provide, or cause to be provided, to the other party (in such form as the providing party retains such Information for its own use) all financial and other data and Information in such party's

possession or control as such requesting party determines necessary or advisable in order to prepare its financial statements and reports or filings with any Governmental Authority.

(d) After the Effective Date, without limiting the parties' rights and obligations in Section 6.02 hereof, upon reasonable written notice, the parties shall furnish or cause to be furnished to each other and their employees, counsel, auditors and representatives reasonable access, during normal business hours, to such Information and assistance relating to the Animal Health Business, the Animal Health Assets and the Animal Health Liabilities as is required by applicable Law, including Section 404 of the Sarbanes-Oxley Act of 2002, or is reasonably necessary for financial reporting and accounting matters (including with respect to the preparation of any financial statements), letters of representation, reports or forms, the preparation and filing of any Tax Returns or the defense of any Tax claim or assessment. Each party shall reimburse the other for reasonable out-of-pocket costs and expenses incurred in assisting the other pursuant to this Section 6.02(d). Neither party shall be required by this Section 6.02(d) to take any action that would unreasonably interfere with the conduct of its business or unreasonably disrupt its normal operations.

(e) Nothing in this Section 6.02 shall affect the rights and obligations of any party to the Tax Matters Agreement with respect to the sharing of information related to Specified Taxes.

(f) In the event any party reasonably determines that any such provision of Information could be commercially detrimental, violate any Law or Contract, or result in the waiver any Privilege, the parties shall take all commercially reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

Section 6.03. Ownership of Information. Any Information owned by one Group that is provided to a requesting party pursuant to Section 6.01 shall be deemed to remain the property of the providing party. Unless expressly set forth in this Agreement, nothing contained in this Agreement shall be construed as granting or conferring any right, title or interest (whether by license or otherwise) in, to or under any such Information.

Section 6.04. Compensation for Providing Information. The party requesting access to Information agrees to reimburse the other party for the reasonable costs, if any, of providing such access, including costs of salaries and benefits of employees who are involved in providing access to the Information or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service as providing the access to Information and the costs incurred in creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting party.

Section 6.05. Record Retention. To facilitate the possible exchange of Information pursuant to this Article VI and other provisions of this Agreement after the Effective Date, the parties agree to use their commercially reasonable efforts to retain all Information in their respective possession or control on the Effective Date in accordance with the policies of Pfizer as in effect from time to time or such other policies as may be reasonably adopted by the appropriate party after the Effective Date. For the avoidance of doubt, such policies shall be deemed to apply to any Information in a party's possession or control on the Effective Date relating to the other party or members of its Group. Notwithstanding the foregoing, to the extent such Information relates to Environmental Liabilities, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). Nothing in this Section 6.05 shall affect the rights and obligations of any party to the Tax Matters Agreement with respect to Tax Records.

Section 6.06. Limitations of Liability. Except as otherwise provided in this Article VI, no party shall have any liability to any other party in the event that any Information, other than Information provided under the Medicare Secondary Payer Act, exchanged or provided pursuant to this Agreement is found to be inaccurate or the requested Information is not provided, in the absence of willful misconduct by the party requested to provide such Information. No party shall have any liability to any other party if any Information is destroyed after commercially reasonable efforts by such party to comply with the provisions of Section 6.05.

Section 6.07. Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention, rights to use, or confidential treatment of Information set forth in any Ancillary Agreement.

Section 6.08. Production of Witnesses; Records; Cooperation. (a) After the Effective Date, except in the case of any Action involving or relating to a conflict or dispute between any member of the Pfizer Group, on the one hand, and any member of the Company Group, on the other hand, each party hereto will use its commercially reasonable efforts to make available to each other party, upon written request, the then current directors, officers, employees, other personnel and agents of the Person in its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which indemnification is or may reasonably be expected to be sought that the requesting party may from time to time be involved. The requesting party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party or Indemnitee chooses to defend or to seek to compromise or settle any Third Party Claim, the other party shall make available to such Indemnifying Party or Indemnitee, as applicable, upon written request then current directors, officers, employees, other personnel and agents of the Persons in its respective Group as witnesses and any Information within its control or possession, to the extent that any such Person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise reasonably cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions in which indemnification is or may reasonably be expected to be sought.

(d) The obligation of the parties to provide witnesses pursuant to this Section 6.08 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses employees and other officers without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 6.08(a)).

(e) In connection with any matter contemplated by this Section 6.08 the parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any Person in any Group.

Section 6.09. Confidentiality. (a) Subject to Section 6.10, each of Pfizer and the Company (each, a "Receiving Party"), on behalf of itself and each Person in its respective Group, agree to hold, and to cause its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives to hold in strict confidence, with at least the same degree of care that applies to the confidential and proprietary information of Pfizer pursuant to policies in effect as of the Effective Date, all Information with respect to Pfizer,

solely concerning the Animal Health Business (for which the Company shall be the "Disclosing Party") and with respect to the Company, concerning the Pfizer Business (for which Pfizer shall be the "Disclosing Party") that is accessible to it, in its possession (including Information in its possession prior to the Effective Date) or furnished by the Disclosing Party or any Person in its respective Group, or accessible to, in the possession of, or furnished to the Company's respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives at any time pursuant to this Agreement or otherwise, except, in each case, to the extent that such Information (i) is or becomes part of the public domain through no breach of this Agreement by the Receiving Party or any of its Group, its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives, (ii) information that was independently developed following the Effective Date by employees or agents of the Receiving Party or any Person in its respective Group, its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives who have not accessed or otherwise received the applicable Information; provided that such independent development can be demonstrated by competent, contemporaneous written records of the Receiving Party or any Person in its respective Group, or (iii) becomes available to the Receiving Party or any Person in its respective Group following the Effective Date on a non-confidential basis from a third party who is not bound directly or indirectly by a duty of confidentiality to the Disclosing Party.

(b) Each party acknowledges that it and the other members of its Group may have in their possession confidential or proprietary Information of third parties that was received under confidentiality or non-disclosure agreements with such third party prior to the Effective Date. Such party will hold, and will cause the other members of its Group and their respective representatives to hold, in strict confidence the confidential and proprietary information of third parties to which they or any other member of their respective Groups has access, in accordance with the terms of any agreements entered into prior to the Effective Date between one or more members of such party's Group (whether acting through, on behalf of, or connection with, the separated businesses) and such third parties.

(c) Upon the written request of a party, the other party shall promptly destroy any copies of such confidential or proprietary Information (including any extracts therefrom) specifically identified by the requesting party to be destroyed. Upon the written request of such requesting party, the other party shall cause one of its duly authorized officers to certify in writing to such requesting party that the requirements of the preceding sentence have been satisfied in full.

(d) Notwithstanding anything to the contrary in this Article VI, (i) to the extent that an Ancillary Agreement or other Contract pursuant to which a party hereto or a Person in its respective Group is bound or its confidential Information is subject provides that certain Information shall be maintained confidential on a basis that is more protective of such Information or for a longer period of time than provided for herein, then the applicable provisions contained in such Ancillary Agreement or other Contract shall control with respect thereto and (ii) a Party and the Persons in its respective Group shall have no right to use any Information of the Disclosing Party unless otherwise provided for in this Agreement, an Ancillary Agreement or Contract between the Parties or a Person in its respective Group.

Section 6.10. Protective Arrangements

. In the event that the Receiving Party or any Person in its Group either determines on the advice of its counsel that it is required to disclose any Information pursuant to applicable Law (including the rules and regulations of the Commission or any national securities exchange) or receives any request or demand from any Governmental Authority to disclose or provide Information of the Disclosing Party (or any Person in the Disclosing Party's Group) that is subject to the confidentiality provisions hereof, such party shall notify the other party prior to disclosing or providing such Information and shall cooperate at the expense of such other party in seeking any reasonable protective arrangements (including by seeking confidential treatment of such Information) requested by such other party. Subject to the foregoing, the Person that received such a request or determined that it is required to disclose Information may thereafter disclose or provide Information to the extent required by such Law (as so advised by counsel) or requested or required by such Governmental Authority; provided, however, that such Person provides the other party, to the extent legally permissible, upon request with a copy of the Information so disclosed.

Section 6.11. Preservation of Legal Privileges. (a) Pfizer and the Company recognize that the members of their respective groups possess and will possess information and advice that has been previously developed but is legally protected from disclosure under legal privileges, such as the attorney-client privilege or work product exemption and other concepts of legal protection ("Privilege"). Each party recognizes that they shall be jointly entitled to the Privilege with respect to such privileged information and that each shall be entitled to maintain, preserve and assert for its own benefit all such information and advice, but both parties shall ensure that such information is maintained so as to protect the Privileges with respect to the other party's interest. To that end, neither party will knowingly waive or compromise any Privilege associated with such information and advice without the prior written consent of the other party. In the event that privileged information is required to be disclosed to any arbitrator or mediator in connection with a dispute between the parties, such disclosure shall not be deemed a waiver of Privilege with respect to such information, and any party receiving it in connection with a proceeding shall be informed of its nature and shall be required to safeguard and protect it.

(b) The rights and obligations created by this Section 6.11 shall apply to all information relating to the Animal Health Business as to which, but for the Contribution, either party would have been entitled to assert or did assert the protection of a Privilege, including (i) any and all information generated prior to the Effective Date but which, after the Contribution, is in the possession of either party and (ii) all information generated, received or arising after the Effective Date that refers to or relates to information described in the preceding clause (i).

(c) Upon receipt by either party of any subpoena, discovery or other request that may call for the production or disclosure of information that is the subject of a Privilege, or if a party obtains knowledge that any current or former employee of a party has received any subpoena, discovery or other request that may call for the production or disclosure of such information, such party shall provide the other party a reasonable opportunity to review the information and to assert any rights it may have under this Section 6.11 or otherwise to prevent the production or disclosure of such information. Absent receipt of written consent from the other party to the production or disclosure of information that may be covered by a Privilege, each party agrees that it will not produce or disclose any information that may be covered

by a Privilege unless a court of competent jurisdiction has entered a final, nonappealable order finding that the information is not entitled to protection under any applicable Privilege.

(d) Pfizer's transfer of Company Books and Records and other Information to the Company, Pfizer's agreement to permit the Company to obtain Information existing prior to the Effective Date, the Company's transfer of Pfizer Books and Records and other Information and the Company's agreement to permit Pfizer to obtain Information existing prior to the Effective Date are made in reliance on Pfizer's and the Company's respective agreements, as set forth in Section 6.09, Section 6.10 and this Section 6.11, to maintain the confidentiality of such Information and to take the steps provided herein for the preservation of all Privileges that may belong to or be asserted by Pfizer or the Company, as the case may be. The access to Information being granted pursuant to Section 6.02 hereof, the agreement to provide witnesses and individuals pursuant to Section 6.08 hereof and the disclosure to Pfizer and the Company of Privileged Information relating to the Animal Health Business or Pfizer Business pursuant to this Agreement in connection with the Contribution shall not be asserted by Pfizer or the Company to constitute, or otherwise deemed, a waiver of any Privilege that has been or may be asserted under this Section 6.11 or otherwise. Nothing in this Agreement shall operate to reduce, minimize or condition the rights granted to Pfizer and the Company in, or the obligations imposed upon the parties by, this Section 6.11.

ARTICLE VII

FINANCIAL AND OTHER COVENANTS

Section 7.01. Disclosure and Financial Controls. The Company agrees that, for so long as Pfizer is required to consolidate the results of operations and financial position of the Company and any other members of the Company Group or to account for its investment in the Company under the equity method of accounting (determined in accordance with GAAP and consistent with Commission reporting requirements):

(a) Disclosure of Financial Controls. The Company will, and will cause each other member of the Company Group to, maintain, as of and after the Effective Date, disclosure controls and procedures and internal control over financial reporting as defined in Exchange Act Rule 13a-15; the Company will cause each of its principal executive and principal financial officers to sign and deliver certifications to the Company's periodic reports and will include the certifications in the Company's periodic reports, as and when required pursuant to Exchange Act Rule 13a-14 and Item 601 of Regulation S-K; the Company will cause its management to evaluate the Company's disclosure controls and procedures and internal control over financial reporting (including any change in internal control over financial reporting) as and when required pursuant to Exchange Act Rule 13a-15; the Company will disclose in its periodic reports filed with the Commission information concerning the Company management's responsibilities for and evaluation of the Company's disclosure controls and procedures and internal control over financial reporting (including, without limitation, the annual management report and attestation report of the Company's independent auditors relating to internal control over financial reporting) as and when required under Items 307 and 308 of Regulation S-K and other applicable Commission rules; and, without limiting the general application of the foregoing, the Company will, and will cause each other member of the Company Group to, maintain as of and after the Effective Date internal systems and procedures that will provide reasonable assurance that (A) the Financial Statements are reliable and timely prepared in accordance with GAAP and applicable Law, (B) all transactions of members of the Company Group are recorded as necessary to permit the preparation of the Financial Statements, (C) the receipts and expenditures of members of the Company Group are authorized at the appropriate level within the Company, and (D) unauthorized use or disposition of the assets of any member of the Company Group that could have a material effect on the Financial Statements is prevented or detected in a timely manner.

(b) Fiscal Year. The Company will, and will cause each member of the Company Group organized in the U.S. to maintain a fiscal year that commences and ends on the same calendar days as Pfizer's fiscal year commences and ends, and to maintain monthly accounting periods that commence and end on the same calendar days as Pfizer's monthly accounting periods commence and end. The Company will, and will cause each member of the Company Group organized outside the U.S. to maintain a fiscal year that commences and ends on the same calendar days as the fiscal year of the members of the corresponding Pfizer Group organized outside the U.S. commences and ends, and to maintain monthly accounting periods that commence and end on the same calendar days as the monthly accounting periods of members of the corresponding Pfizer Group organized outside the U.S. commence and end.

(c) Monthly and Quarterly Financial Information. The Company and each of its Subsidiaries and Affiliates will deliver to Pfizer an income statement and balance sheet and supplemental data related to cash flows and other necessary disclosures on a quarterly basis in accordance with Schedule 7.01(c) in such format and detail as Pfizer may request. The Company will be responsible for reviewing its results and data and for informing Pfizer immediately of any post-closing adjustments that come to its attention. The Company must provide final sign-off of its results, using Pfizer materiality, no later than seven (7) Business Days after the quarterly close period end for the income statement and no later than fourteen (14) Business Days after the quarterly close period end for the balance sheet and supplemental data. A certification will be provided by the Controller and Chief Financial Officer and President of the Company pertaining to the quarter financials and internal controls no later than five (5) Business Days prior to Pfizer's filing of its quarterly financial statements with the Commission.

(d) Quarterly Financial Statements. As soon as practicable, in accordance with Schedule 7.01(d), the Company will deliver to Pfizer drafts of (A) the consolidated financial statements of the Company Group (and notes thereto) for such periods and for the period from the beginning of the current fiscal year to the end of such quarter, setting forth in each case in comparative form for each such fiscal quarter of the Company the consolidated figures (and notes thereto) for the corresponding quarter and periods of the previous fiscal year and all in reasonable detail and prepared in accordance with Article 10 of Regulation S-X and GAAP, and (B) a discussion and analysis by management of the Company Group's financial condition and results of operations for such fiscal period, including, without limitation, an explanation of any material period-to-period change and any off-balance sheet transactions, all in reasonable detail and prepared in accordance with Item 303(b) of Regulation S-K; provided, however, that the Company will deliver such information at such earlier time upon Pfizer's written request with thirty (30) days' notice resulting from Pfizer's determination to accelerate the timing of the filing of its financial statements with the Commission. The information set forth in (A) and (B) above is referred to in this Agreement as the "Quarterly Financial Statements." No later than five (5) Business Days prior to the date the Company publicly files the Quarterly Financial Statements with the Commission or otherwise makes such Quarterly Financial Statements publicly available, the Company will deliver to Pfizer the final form of the Company Quarterly Financial Statements and certifications thereof by the principal executive and

financial officers of the Company in substantially the forms required under Commission rules for periodic reports and in form and substance satisfactory to Pfizer; provided, however, that the Company may continue to revise such Quarterly Financial Statements prior to the filing thereof in order to make corrections and non-substantive changes which corrections and changes will be delivered by the Company to Pfizer as soon as practicable, and in any event within eight (8) hours of making any such corrections or changes; provided, further, that Pfizer's and the Company's financial representatives will actively consult with each other regarding any changes (whether or not substantive) which the Company may consider making to its Quarterly Financial Statements and related disclosures during the five (5) Business Days immediately prior to any anticipated filing with the Commission, with particular focus on any changes which would have an effect upon Pfizer's financial statements or related disclosures. In addition to the foregoing, no Quarterly Financial Statement or any other document which refers, or contains information not previously publicly disclosed with respect to the ownership of the Company by Pfizer or the Transactions, will be filed with

the Commission or otherwise made public by any Company Group member without the prior written consent of Pfizer, which consent shall not be unreasonably withheld. Notwithstanding anything to the contrary in this Section 7.01(d), the Company will not file its Quarterly Financial Statements with the Commission prior to the time that Pfizer files the Pfizer quarterly financial statements with the Commission unless otherwise required by applicable Law.

(e) Annual Financial Statements. On an annual basis, in accordance with Schedule 7.01(e), the Company will deliver to Pfizer an income statement and balance sheet and supplemental data related to cash flows and other necessary disclosures for such period in such format and detail as Pfizer may request. The Company will be responsible for reviewing its results and data and for informing Pfizer immediately of any post-closing adjustments in excess of $10 million pre-tax that come to its attention and of any adjustments below $10 million within eight (8) hours of its awareness. The Company must provide final sign-off of its results, using Pfizer materiality, no later than seven (7) Business Days after the annual close period end for the income statement and no later than fourteen (14) Business Days after the annual close period end for the balance sheet and supplemental data. A certification will be provided by the Controller and Chief Financial Officer and President of the Company pertaining to the financials and internal controls no later than seven (7) Business Days prior to Pfizer's filing of its audited annual financial statements (the "Pfizer Annual Statements") with the Commission. As soon as practicable, and in any event no later than fifteen (15) Business Days prior to the date on which Pfizer has notified the Company that Pfizer intends to file its annual report on Form 10-K or other document containing annual financial statements with the Commission, the Company will deliver to Pfizer (A) any financial and other information and data with respect to the Company Group and its business, properties, financial position, results of operations and prospects as is reasonably requested by Pfizer in connection with the preparation of Pfizer's financial statements and annual report on Form 10−K. As soon as practicable, and in any event no later than five (5) Business Days prior to the date on which the Company is required to file an annual report on Form 10-K or other document containing its Annual Financial Statements (as defined below) with the Commission, the Company will deliver to Pfizer (A) drafts of the consolidated financial statements of the Company Group (and notes thereto) for such year, setting forth in each case in comparative form the consolidated figures (and notes thereto) for the previous fiscal years and all in reasonable detail and prepared in accordance with Regulation S-X and GAAP and (B) a discussion and analysis by management of the Company Group's financial condition and results of operations for such year, including, without limitation, an explanation of any material period-to-period change and any off-balance sheet transactions, all in reasonable detail and prepared in accordance with Items 303(a) and 305 of Regulation S-K. The information set forth in (A) and (B) above is referred to in this Agreement as the "Annual Financial Statements." The Company will deliver to Pfizer all revisions to such drafts as soon as any such revisions are prepared or made. No later than five (5) Business Days prior to the date the Company publicly files the Annual Financial Statements with the Commission or otherwise makes such Annual Financial Statements publicly available, the Company will deliver to Pfizer the final form of its annual report on Form 10-K and certifications thereof by the principal executive and financial officers of the Company in substantially the forms required under Commission rules for periodic reports and in form and substance satisfactory to Pfizer; provided, however, that the Company may continue to revise such Annual Financial Statements prior to the filing thereof in order to make corrections and non-substantive changes which corrections and changes will be delivered by the Company to Pfizer as soon as practicable, and in any event within eight (8) hours of making any such corrections or changes; provided, further, that Pfizer and the Company financial representatives will actively consult with each other regarding any changes (whether or not substantive) which the Company may consider making to its Annual Financial Statements and related disclosures during the three (3) Business Days immediately prior to any anticipated filing with the Commission. In addition to the foregoing, no Annual Financial Statement or any other document which refers, or contains information not previously publicly disclosed with respect to the ownership of the Company by Pfizer or the Transactions will be filed with the Commission or otherwise made public by any Company Group member without the prior written consent of Pfizer. Beginning with the 2013 fiscal year, the Company will use its reasonable best efforts to deliver to Pfizer, no later than three (3) Business Days prior to the date on which Pfizer has notified the Company that Pfizer intends to file the Pfizer Annual Statements with the Commission, the final form of the Annual Financial Statements accompanied by an opinion thereon by the Company's independent certified public accountants. Notwithstanding anything to the contrary in this Section 7.01(e), the Company will not file its Annual Financial Statements with the Commission prior to the time that Pfizer files the Pfizer Annual Statements with the Commission unless otherwise required by applicable Law.

(f) Affiliate Financial Statements. The Company will deliver to Pfizer all quarterly financial statements and annual financial statements of each Company Affiliate which is itself required to file financial statements with the Commission or otherwise make such financial statements publicly available, with such financial statements to be provided in the same manner and detail and on the same time schedule as Quarterly Financial Statements and Annual Financial Statements required to be delivered to Pfizer pursuant to this Section 7.01.

(g) Conformance with Pfizer Financial Presentation. All information provided by any Company Group member to Pfizer or filed with the Commission pursuant to Section 7.01(c) through (f) inclusive will be consistent in terms of format and detail and otherwise with Pfizer's policies with respect to the application of GAAP and practices in effect on the Effective Date with respect to the provision of such financial information by such Company Group member to Pfizer (and, where appropriate, as presently presented in financial reports to the Pfizer Board), with such changes therein as may be requested by Pfizer from time to time consistent with changes in such accounting principles and practices.

(h) Company Reports Generally. The Company shall, and shall cause each Company Group member that files information with the Commission, to deliver to Pfizer: (A) substantially final drafts, as soon as the same are prepared, of (x) all reports, notices and proxy and information statements to be sent or made available by such Company Group member to its respective security holders, (y) all regular, periodic and other reports to be filed or furnished under Sections 13, 14 and 15 of the Exchange Act (including reports on Forms 10-K, 10-Q and 8-K and annual reports to shareholders), and (z) all registration statements and prospectuses to be filed by such Company Group member with the Commission or any securities exchange pursuant to the listed company manual (or similar requirements) of such exchange (collectively, the documents identified in clauses (x), (y) and (z) are referred to in this Agreement as "Company Public Documents"), and (B) as soon as practicable, but in no event later than five (5) Business Days (other than with respect to Form 8-Ks) prior to the earliest of the dates the same are printed, sent or filed, current drafts of all such Company Public Documents and, with respect to Form 8-Ks, as soon as practicable, but in no event later than three (3) Business Days prior to the earliest of the dates the same are printed, sent or

filed in the case of planned Form 8-Ks and as soon as practicable, but in no event less than 2 hours in the case of unplanned Form 8-Ks; provided, however, that the Company may continue to revise such Company Public Documents prior to the filing thereof in order to make corrections and non-substantive changes which corrections and changes will be delivered by the Company to Pfizer as soon as practicable, and in any event within eight (8) hours of making any such corrections or changes; provided, further, that Pfizer and the Company financial representatives will actively consult with each other regarding any changes (whether or not substantive) which the Company may consider making to any of its Company Public Documents and related disclosures prior to any anticipated filing with the Commission, with particular focus on any changes which would have an effect upon Pfizer's financial statements or related disclosures. In addition to the foregoing, no Company Public Document or any other document which refers, or contains information not previously publicly disclosed with respect to the ownership of the Company by Pfizer or the Transactions will be filed with the Commission or otherwise made public by any Company Group member without the prior written consent of Pfizer.

(i) Budgets and Financial Projections. The Company will, as promptly as practicable, deliver to Pfizer copies of all annual budgets and financial projections (consistent in terms of format and detail mutually agreed upon by the parties) relating to the Company on a consolidated basis and will provide Pfizer an opportunity to meet with management of the Company to discuss such budgets and projections.

(j) Other Information. With reasonable promptness, the Company will deliver to Pfizer such additional financial and other information and data with respect to the Company Group and their business, properties, financial positions, results of operations and prospects as from time to time may be reasonably requested by Pfizer.

(k) Press Releases and Similar Information. The Company and Pfizer will consult with each other as to the timing of their annual and quarterly earnings releases and any interim financial guidance for a current or future period and will give each other the opportunity to review the information therein relating to the Company Group and to comment thereon. Pfizer and the Company will make reasonable efforts to issue their respective annual and quarterly earnings releases at approximately the same time on the same date. Pfizer and the Company shall coordinate the timing of their respective earnings release conference calls such that the Company shall be permitted to hold such calls prior to those of Pfizer. No later than eight (8) hours prior to the time and date that a party intends to publish its regular annual or quarterly earnings release or any financial guidance for a current or future period, such party will deliver to the other party copies of substantially final drafts of all related press releases and other statements to be made available by any member of that party's Group to employees of any member of that party's Group or to the public concerning any matters that could be reasonably likely to have a material financial impact on the earnings, results of operations, financial condition or prospects of any Company Group member. In addition, prior to the issuance of any such press release or public statement that meets the criteria set forth in the preceding two sentences, the issuing party will consult with the other party regarding any changes (other than typographical or other similar minor changes) to such substantially final drafts. Immediately following the issuance thereof, the issuing party will deliver to the other party copies of final drafts of all press releases and other public statements. Prior to the Effective Date, the Company shall consult with Pfizer prior to issuing any press releases or otherwise making public statements with respect to the Transactions or any of the other transactions contemplated hereby and prior to making any filings with any Governmental Authority with respect thereto. This Section 7.01(k) shall not apply with respect to Pfizer's 2012 earnings release or Pfizer's 2013 interim financial guidance.

(l) Cooperation on Pfizer Filings. The Company will cooperate fully, and cause Company Auditors to cooperate fully, with Pfizer to the extent requested by Pfizer in the preparation of Pfizer's public earnings or other press releases, quarterly reports on Form 10-Q, annual reports to shareholders, annual reports on Form 10-K, any current reports on Form 8-K and any other proxy, information and registration statements, reports, notices, prospectuses and any other filings made by Pfizer with the Commission, any national securities exchange or otherwise made publicly available (collectively, the "Pfizer Public Filings"). The Company agrees to provide to Pfizer all information that Pfizer reasonably requests in connection with any Pfizer Public Filings or that, in the judgment of Pfizer's Legal Division, is required to be disclosed or incorporated by reference therein under any Law, rule or regulation. The Company will provide such information in a timely manner on the dates requested by Pfizer (which may be earlier than the dates on which the Company otherwise would be required hereunder to have such information available) to enable Pfizer to prepare, print and release all Pfizer Public Filings on such dates as Pfizer will determine but in no event later than as required by applicable Law. The Company will use its commercially reasonable efforts to cause Company Auditors to consent to any reference to them as experts in any Pfizer Public Filings required under any Law, rule or regulation. If and to the extent requested by Pfizer, the Company will diligently and promptly review all drafts of such Pfizer Public Filings and prepare in a diligent and timely fashion any portion of such Pfizer Public Filing pertaining to the Company. Prior to any printing or public release of any Pfizer Public Filing, an appropriate executive officer of the Company will, if requested by Pfizer, certify that the information relating to any Company Group member or the Animal Health Business in such Pfizer Public Filing is accurate, true, complete and correct in all material respects. Unless required by Law, rule or regulation, the Company will not publicly release any financial or other information which conflicts with the information with respect to any Company Group member or the Animal Health Business that is included in any Pfizer Public Filing without Pfizer's prior written consent. Prior to the release or filing thereof, Pfizer will provide the Company with a draft of any portion of a Pfizer Public Filing containing information relating to the Company Group and will give the Company an opportunity to review such information and comment thereon; provided that Pfizer will determine in its sole and absolute discretion the final form and content of all Pfizer Public Filings.

Section 7.02. Auditors and Audits; Annual Statements and Accounting. The Company agrees that for so long as Pfizer is required to consolidate the results of operations and financial position of the Company and any other members of the Company Group or to account for its investment in the Company under the equity method of accounting (determined in accordance with GAAP and consistent with Commission reporting requirements) (an "Applicable Period"); provided that the Company's obligations pursuant to Section 7.02(e) and (f) shall continue beyond an Applicable Period to the extent any amendments to, or restatements or modifications of, Pfizer Public Filings are necessary with respect to any such Applicable Period:

(a) Selection of Company Auditors. Unless required by Law, the Company will not select a different accounting firm than KPMG (or its affiliate accounting firms) (unless so directed by Pfizer in accordance with a change by Pfizer in its accounting firm) to serve

as its (and the Company Affiliates') independent certified public accountants ("Company Auditors") without Pfizer's prior written consent (which will not be unreasonably withheld); provided, however, that, to the extent any such Company Affiliates are currently using a different accounting firm to serve as their independent certified public accountants, such Company Affiliates may continue to use such accounting firm provided such accounting firm is reasonably satisfactory to Pfizer.

(b) Audit Timing. Beginning with the 2013 fiscal year, the Company will use its reasonable best efforts to enable Company Auditors to complete their audit such that they will date their opinion on the Annual Financial Statements on the same date that Pfizer's independent certified public accountants ("Pfizer Auditors") date their opinion on the Pfizer Annual Statements, and to enable Pfizer to meet its timetable for the printing, filing and public dissemination of the Pfizer Annual Statements, all in accordance with Section 7.01(a) hereof and as required by applicable Law.

(c) Quarterly Review. Beginning with the 2013 fiscal year, the Company shall use its reasonable best efforts to enable Pfizer Auditors to complete their quarterly review procedures on the Quarterly Financial Statements on the same date that Pfizer Auditors complete their quarterly review procedures on Pfizer's quarterly financial statements.

(d) Information Needed by Pfizer. The Company will provide to Pfizer on a timely basis all information that Pfizer reasonably requires to meet its schedule for the preparation, printing, filing, and public dissemination of the Pfizer Annual Statements in accordance with Section 7.01(a) hereof and as required by applicable Law. Without limiting the generality of the foregoing, the Company will provide all required financial information with respect to the Company Group to Company Auditors in a sufficient and reasonable time and in sufficient detail to permit Company Auditors to take all steps and perform all reviews necessary to provide sufficient assistance to Pfizer Auditors with respect to information to be included or contained in the Pfizer Annual Statements.

(e) Access to Company Auditors. The Company will authorize Company Auditors to make available to Pfizer Auditors both the personnel who performed, or are performing, the annual audit and quarterly reviews of the Company and work papers related to the annual audit and quarterly reviews of the Company, in all cases within a reasonable time prior to Company Auditors' opinion date, so that Pfizer Auditors are able to perform the procedures they consider necessary to take responsibility for the work of Company Auditors as it relates to Pfizer Auditors' report on Pfizer's statements, all within sufficient time to enable Pfizer to meet its timetable for the printing, filing and public dissemination of the Pfizer Annual Statements.

(f) Access to Records. If Pfizer determines in good faith that there may be some inaccuracy in a Company Group member's financial statements or deficiency or inadequacy in a Company Group member's internal accounting controls or operations that could materially impact Pfizer's financial statements or a breach of Section 7.05(d), at Pfizer's request, the Company will provide Pfizer's internal auditors with access to the Company Group's books and records so that Pfizer may conduct reasonable audits relating to the financial statements provided by the Company under this Agreement as well as to the internal accounting controls and operations of the Company Group.

(g) Notice of Changes. Subject to Section 7.01(g), the Company will give Pfizer as much prior notice as reasonably practicable of any proposed determination of, or any significant changes in, the Company's accounting estimates or accounting principles from those in effect on the Effective Date. The Company will consult with Pfizer and, if requested by Pfizer, the Company will consult with Pfizer Auditors with respect thereto. The Company will not make any such determination or changes without Pfizer's prior written consent if such a determination or a change would be sufficiently material to be required to be disclosed in the Company's or Pfizer's financial statements as filed with the Commission or otherwise publicly disclosed therein.

(h) Accounting Changes Requested by Pfizer. Notwithstanding clause (g) above, the Company will make any changes in its accounting estimates or accounting principles that are requested by Pfizer in order for the Company's accounting practices and principles to be consistent with those of Pfizer.

(i) Special Reports of Deficiencies or Violations. The Company will report in reasonable detail to Pfizer the following events or circumstances promptly after any executive officer of the Company or any member of the Company Board becomes aware of such matter: (A) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting; (C) any illegal act within the meaning of Section 10A(b) and (f) of the Exchange Act; and (D) any report of a material violation of Law that an attorney representing any Company Group member has formally made to any officers or directors of the Company pursuant to the SEC's attorney conduct rules (17 C.F.R. Part 205).

Section 7.03. Company Board Representation.

(a) Following the Effective Date, and for so long as the Pfizer Group beneficially owns shares of Company Common Stock representing a majority of the total voting power of all classes of then outstanding capital stock of the Company entitled to vote generally with respect to the election of directors ("Company Voting Stock"), Pfizer shall have the right to designate for nomination by the Company Board (or any nominating committee thereof) for election to the Company Board (each person so designated, a "Pfizer Designee") a majority of the members of the Company Board, including the Chairman of the Board. For so long as the Pfizer Group beneficially owns shares of Company Common Stock representing less than a majority but at least 10% of the total voting power of all of the outstanding shares of Company Voting Stock, Pfizer shall have the right to designate for nomination by the Company Board (or any nominating committee thereof) for election to the Company Board a proportionate number of Pfizer Designees to the Company Board, as calculated in accordance with Section 7.03(d). Notwithstanding anything to the contrary set forth herein, (i) the Company's obligations with respect to the election or appointment of Pfizer Designees shall be limited to the obligations set forth under this Section 7.03 and (ii) shall be further limited by the Company's compliance with Law and any applicable Commission or stock exchange director independence requirements.

(b) For so long as the Pfizer Group beneficially owns shares of Company Common Stock representing a majority of the total voting power of all of the outstanding shares of Company Voting Stock, the Company shall use reasonable best efforts to exempt itself, as applicable, from compliance with corporate governance requirements relating to director independence. For so long as the Pfizer Group beneficially owns shares of Company Common Stock representing a majority of the total voting power for the election of the Company's directors, commencing with the annual meeting of stockholders of the Company to be held in 2013 and prior to each annual meeting of stockholders of the Company thereafter, Pfizer shall be entitled to present to the Company Board or any nominating committee thereof for nomination thereby such number of Pfizer Designees for election to the Company Board (or if there is a classified board, the class of directors up for election) at such annual meeting as would result in Pfizer having the appropriate number of Pfizer Designees on the Company Board as determined pursuant to this Section 7.03.

(c) The Company shall at all such times exercise all authority under applicable Law and use reasonable best efforts to cause all such Pfizer Designees to be nominated for election as Company Board members by the Company Board (or any nominating committee thereof). The Company shall cause each Pfizer Designee for election to the Company Board to be included in the slate of nominees recommended by the Company Board to holders of Company Common Stock (including at any special meeting of stockholders held for the election of directors) and shall use reasonable best efforts to cause the election of each such Pfizer Designee, including soliciting proxies in favor of the election of such persons. In the event that any Pfizer Designee elected to the Company Board shall cease to serve as a director for any reason, the vacancy resulting therefrom shall be filled by the Company Board with a substitute Pfizer Designee. In the event that as a result of any increase in the size of the Company Board, Pfizer is entitled to have one or more additional Pfizer Designees elected to the Company Board pursuant to this Section 7.03, the Company Board shall appoint the appropriate number of such additional Pfizer Designees.

(d) If at any time the Pfizer Group beneficially owns shares of Company Common Stock representing less than a majority but at least 10% of the total voting power of all of the outstanding shares of Company Voting Stock, the number of persons Pfizer shall be entitled to designate for nomination by the Company Board (or any nominating committee thereof) for election to the Company Board shall be equal to the number of directors computed using the following formula (rounded to the nearest whole number): the product of (i) the percentage of the total voting power of all of the outstanding shares of Company Voting Stock beneficially owned by the Pfizer Group and (ii) the number of directors then on the Company Board (assuming no vacancies exist). Notwithstanding the foregoing, if the calculation set forth in the foregoing sentence would result in Pfizer being entitled to elect a majority of the members of the Company Board, the formula will be recalculated with the product being rounded down to the nearest whole number; provided, however, that if the Pfizer Group, at any time, acquires additional shares of Company Common Stock so that the Pfizer Group beneficially owns shares of Company Common Stock representing a majority of the total voting power of all of the outstanding shares of Company Voting Stock, then the number of persons Pfizer shall be entitled to designate for nomination by the Company Board (or any nominating committee thereof) for election to the Company Board shall be adjusted upward, if appropriate as a result of rounding, in accordance with the provisions of this Section 7.03(d). If the number of Pfizer Designees serving on the Company Board exceeds the number determined pursuant to the foregoing sentences of this Section 7.03(d) (such difference being herein called the "Excess Director Number"), then Pfizer in its sole discretion shall instruct such Pfizer Designees (the number of which designees shall be equal to the Excess Director Number) to promptly resign from the Company Board, and, to the extent such persons do not so resign, Pfizer shall assist the Company in increasing the size of the Company Board, so that after giving effect to such increase, the number of Pfizer Designees on the Company Board is in accordance with the provisions of this Section 7.03(d).

(e) The parties hereto agree that the Company Board shall consist of three classes of directors at the Effective Date, which shall include two (2) Pfizer Designees in Class I, two (2) Pfizer Designees in Class II and one (1) Pfizer Designee in Class III.

Section 7.04. Committees. As of the Effective Date and for so long as the Pfizer Group beneficially owns shares of Company Common Stock representing a majority of the total voting power of all of the outstanding shares of Company Voting Stock, any committee of the Board of Directors of the Company (other than the Audit Committee) shall, unless Pfizer consents otherwise, be composed of directors at least a majority of which are Pfizer Designees. As of the Effective Date and for so long as the Pfizer Group beneficially owns shares of Company Common Stock representing less than a majority but at least 10% of the total voting power of all of the outstanding shares of Company Voting Stock, each committee of the Company Board of Directors (other than the Audit Committee) shall, unless Pfizer consents otherwise, include at least one Pfizer Designee to the extent permitted by Law or applicable Commission or stock exchange requirement.

Section 7.05. Other Covenants. In addition to the other covenants contained in this Agreement and the Ancillary Agreements, the Company hereby covenants and agrees that, for so long as Pfizer beneficially owns at least a majority of the total voting power of all classes of then outstanding Company Voting Stock:

(a) The Company will not, without the prior written consent of Pfizer (which Pfizer may withhold in its sole and absolute discretion), take, or cause to be taken, directly or indirectly, any action, including making or failing to make any election under the Law of any state, which has the effect, directly or indirectly, of restricting or limiting the ability of Pfizer to freely sell, transfer, assign, pledge or otherwise dispose of shares of Company Common Stock or would restrict or limit the rights of any transferee of Pfizer as a holder of Company Common Stock. Without

limiting the generality of the foregoing, the Company will not, without the prior written consent of Pfizer (which Pfizer may withhold in its sole and absolute discretion), (i) adopt or thereafter amend, supplement, restate, modify or alter any stockholder rights plan in any manner that would result in (A) an increase in the ownership of Company Common Stock by Pfizer causing the rights thereunder to detach or become exercisable and/or (B) Pfizer and its transferees not being entitled to the same rights thereunder as other holders of Company Common Stock or (ii) take any action, or take any action to recommend to its stockholders any action, which would among other things, limit the legal rights of, or deny any benefit to, Pfizer as a the Company stockholder either (A) solely as a result of the amount of Company Common Stock owned by Pfizer or (B) in a manner not applicable to the Company stockholders generally.

(b) Prior to the Disposition Date, the Company will not, without the prior written consent of Pfizer (which it may withhold in its sole and absolute discretion), issue any shares of Company capital stock or any rights, warrants or options to acquire the Company capital

stock (including, without limitation, securities convertible into or exchangeable for the Company capital stock); provided, that in no case shall any such issuance, if after giving effect to such issuance and considering all of the shares of the Company capital stock acquirable pursuant to such rights, warrants and options to be outstanding on the date of such issuance (whether or not then exercisable), result in Pfizer owning directly or indirectly less than (i) a majority of the outstanding shares of Company Common Stock (on a fully-diluted basis) or (ii) 80% of the total voting power of all classes of the then outstanding Company Voting Stock (on a fully-diluted basis). Prior to the Disposition Date, the Company shall not, without the prior written consent of Pfizer (which it may withhold in its sole and absolute discretion) issue any share of Company Non-Voting Stock.

(c) To the extent that Pfizer is a party to any Contracts that provide that certain actions or inactions of Pfizer Affiliates (which for purposes of such Contract include any member of the Company Group) may result in Pfizer being in breach of or in default under such Contracts and Pfizer has advised the Company of the existence, and has furnished the Company with copies, of such Contracts (or the relevant portions thereof), the Company will not take or fail to take, as applicable, and the Company will cause the other members of the Company Group not to take or fail to take, as applicable, any actions that reasonably could result in Pfizer being in breach of or in default under any such Contract. The parties acknowledge and agree that from time to time Pfizer may in good faith (and not solely with the intention of imposing restrictions on the Company pursuant to this covenant) enter into additional Contracts or amendments to existing Contracts that provide that certain actions or inactions of Pfizer Subsidiaries or Affiliates (including, for purposes of this Section 7.05(c), members of the Company Group) may result in Pfizer being in breach of or in default under such Contracts. In such event, provided Pfizer has notified the Company of such additional Contracts or amendments to existing Contracts, the Company will not thereafter take or fail to take, as applicable, and the Company will cause the other members of the Company Group not to take or fail to take, as applicable, any actions that reasonably could result in Pfizer being in breach of or in default under any such additional Contracts or amendments to existing Contracts. Pfizer acknowledges and agrees that the Company will not be deemed in breach of this Section 7.05(c) to the extent that, prior to being notified by Pfizer of an additional Contract or an amendment to an existing Contract pursuant to this Section 7.05(c), a Company Group member already has taken or failed to take one or more actions that would otherwise constitute a breach of this Section 7.05(c) had such action(s) or inaction(s) occurred after such notification; provided that the Company does not, after notification by Pfizer, take any further action or fail to take any action that contributes further to such breach or default. The Company agrees that any Information provided to it pursuant to this Section 7.05(c) will constitute Information that is subject to the Company's obligations under Article VI.

(d) For so long as the Pfizer Group beneficially owns shares of the Company Common Stock representing a majority of the total voting power with respect to the election of directors of all of the outstanding shares of the Company Voting Stock and, for the duration of the Transitional Services Agreement (but only to the extent that the Services provided by Pfizer under the Transitional Services Agreement relate to making payments on the Company's behalf, maintenance of books and records, or otherwise present, in Pfizer's reasonable judgment, a potential risk to Pfizer under any applicable anticorruption Law):

(i) the Company will, and will cause each other member of the Company Group to, not take any action directly or indirectly to offer or pay, or authorize the offer or payment of, any money or anything of value in order to improperly or corruptly seek to influence any Government Official or any other person in order to gain an improper advantage, and has not accepted, and will not accept in the future such payment;

(ii) the Company will, and will cause each other member of the Company Group to, implement, maintain and enforce a compliance and ethics program in substance and form and effectiveness reasonably equivalent to Pfizer's compliance and ethics program, designed to prevent and detect violations of applicable anti-corruption Laws throughout its operations (including Subsidiaries) and the operations of its contractors and sub-contractors; and

(iii) the Company will, and will cause each other member of the Company Group to, implement, maintain and enforce, a system of adequate internal accounting controls designed to ensure the making and keeping of fair and accurate books, records and accounts.

(e) The Company shall, and shall cause members of the Company Group to comply with the obligations attributed to Pfizer as contained in the agreements and commitments set forth on Schedule 7.05(e) (the "Antitrust Obligations") throughout the term of those agreements or commitments or until such time as such agreements and commitments are assigned by Pfizer to the Company. The Company shall cooperate fully with Pfizer to the extent reasonably requested by Pfizer in the satisfaction and fulfillment of such obligations. The Company shall, or shall cause the applicable member of the Company's Group to, pay or reimburse Pfizer (or the relevant member of the Pfizer Group) for all amounts paid or incurred in connection with the Antitrust Obligations. Pfizer shall (or shall cause the relevant member of its Group to) treat, insofar as is reasonably possible and to the extent permitted by applicable Law, the Antitrust Obligations in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Company in order to place the Company, insofar as is reasonably possible, in the same position as if such Antitrust Obligations had been transferred or assumed on or prior to the Effective Date and so that all the benefits and burdens relating to such Antitrust Obligations are to inure from and after the Effective Date to the Company or the relevant member of the Company Group.

Section 7.06. Covenants Regarding the Incurrence of Indebtedness.

(a) The Company covenants and agrees that after the consummation of the IPO and through the Disposition Date, the Company will not, and the Company will not permit any other member of the Company Group to, without Pfizer's prior written consent (such consent not to be unreasonably withheld), directly or indirectly, incur any Company Debt Obligations other than pursuant to the Company Financing Arrangements and such other unsecured and uncommitted lines of credit made available to members of the Company Group as of the Effective Date.

(b) In order to implement this Section 7.06, the Company will notify Pfizer in writing as promptly as practicable following the time it or any other member of the Company Group determines it wishes to incur Company Debt Obligations for which Pfizer's consent is required.

Section 7.07. Applicability of Rights in the Event of an Acquisition of the Company. In the event the Company merges into, consolidates, sells substantially all of its assets to or otherwise becomes an Affiliate of a Person (other than Pfizer), pursuant to a transaction or series of related transactions in which Pfizer or any member of the Pfizer Group receives equity securities of such Person (or of any Affiliate of such Person) in exchange for Company Common Stock held by Pfizer or any member of the Pfizer Group, all of the rights of Pfizer set forth in this Article VII shall continue in full force and effect and shall apply to the Person the equity securities of which are received by Pfizer pursuant to such transaction or series of related transactions (it being understood that all other provisions of this Agreement will apply to the Company notwithstanding this Section 7.07). The Company agrees that, without the consent of Pfizer, it will not enter into any Contract which will have the effect set forth in the first clause of the preceding sentence, unless such Person agrees to be bound by the foregoing provision.

Section 7.08. Transfer of Pfizer's Rights Under Article VII. Pfizer may transfer all or any portion of its rights under this Article VII to a transferee of any Company Common Stock from any member of the Pfizer Group (a "Pfizer Transferee") holding at least 10% of the voting power of all of the outstanding shares of Company Common Stock. Pfizer shall give written notice to the Company of its transfer of rights under this Article VII no later than thirty (30) days after Pfizer enters into a binding agreement for such transfer of rights. Such notice shall state the name and address of the Pfizer Transferee and identify the amount of Company Common Stock transferred and the scope of rights being transferred under this Article VII. In connection with any such transfer, the term "Pfizer" as used in this Article VII shall, where appropriate to give effect to the assignment of rights and obligations hereunder to such Pfizer Transferee, be deemed to refer to such Pfizer Transferee. Pfizer and any Pfizer Transferee may exercise the rights under this Article VII in such priority, as among themselves, as they shall agree upon among themselves, and the Company shall observe any such agreement of which it shall have notice as provided above.

Section 7.09. Pfizer Policies and Procedures. (a) Except as set forth in Section 7.09(b), for so long as the Pfizer Group beneficially owns shares of the Company Common Stock representing a majority of the total voting power of all of the outstanding shares of the Company Voting Stock and, as applicable, for the duration of the Transitional Services Agreement, the Company will consistently implement and maintain business practices and standards that are the same as, or in substance equivalent to, the Pfizer policies and procedures listed on Schedule 7.09(a), each of which Pfizer may amend or supplement from time to time in its sole discretion. Notwithstanding the foregoing, the Company may apply materiality thresholds that are lower than those contained in any such Pfizer policy and procedure, or make other changes as necessary to reflect the Company's business operations and organizational structure as agreed upon by the parties in writing.

(b) For so long as any Interim Business Agreement remains in effect, the Company shall comply in all material respects with Pfizer policies and quality standards described on Schedule 7.09(b), each of which Pfizer may amend or supplement from time to time in its sole discretion.

ARTICLE VIII

DISPUTE RESOLUTION

Section 8.01. Disputes. Except as otherwise specifically provided in any Ancillary Agreement, the procedures for discussion, negotiation and mediation set forth in this Article VIII shall apply to all disputes, controversies or claims (whether arising in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with this Agreement, or the transactions contemplated hereby or thereby (including all actions taken in furtherance of the transactions contemplated hereby on or prior to the Effective Date, including the Contribution), or the commercial or economic relationship of the parties relating hereto or thereto, between or among any Person in the Pfizer Group and the Company Group.

Section 8.02. Escalation; Mediation. (a) It is the intent of the parties to use their respective commercially reasonable efforts to resolve expeditiously any dispute, controversy or claim between or among them with respect to the matters covered by this Agreement, any Ancillary Agreement, or any Local Separation Agreement that may arise from time to time on a mutually acceptable negotiated basis. In furtherance of the foregoing, any party involved in a dispute, controversy or claim with respect to such matters (except any matters covered by the R&D Agreement, the Patent and Know-How License Agreements and the Transitional Services Agreement) may deliver a notice (an "Escalation Notice") demanding an in person meeting involving representatives of the parties at a senior level of management of the parties (or if the parties agree, of the appropriate strategic business unit or division within such entity). A copy of any such Escalation Notice shall be given to the General Counsel, or like officer or official, of each party involved in the dispute, controversy or claim (which copy shall state that it is an Escalation Notice pursuant to this Agreement). Any agenda, location or procedures for such discussions or negotiations between the parties may be established by the parties from time to time; provided, however, that the parties shall use their commercially reasonable efforts to meet within 30 days of the Escalation Notice.

(b) If the parties are not able to resolve the dispute, controversy or claim (except those relating to Environmental Liabilities, which are addressed in Section 8.02(c) below) through the escalation process referred to above, then the matter shall be referred to mediation. The parties shall retain a mediator to aid the parties in their discussions and negotiations by informally providing advice to the parties. Any opinion expressed by the mediator shall be strictly advisory and shall not be binding on the parties, nor shall any opinion expressed by the mediator be admissible in any other proceeding. The mediator may be chosen from a list of mediators previously selected by the parties or by other agreement of the parties. Costs of the mediation shall be borne equally by the parties involved in the matter, except that each party shall be responsible for its own expenses. Mediation shall be a prerequisite to the commencement of any action by either party.

(c) If the parties are not able to resolve any technical or factual dispute, controversy or claim relating to Environmental Liabilities through the escalation process referred to above, then the parties shall jointly retain a technical mediator, such as a third-party environmental consultant or other independent person with specific technical expertise in the general subject matter involved in the dispute, controversy or claim to aid the parties in their discussions and negotiations. The technical mediator shall provide informal advice to the parties and, if requested by both parties, shall also provide a written opinion letter or report summarizing the matter in dispute, identifying any significant assumptions or informational gaps underlying that summary, and setting forth the conclusions and recommendations of the technical mediator, including, if applicable, a proposed apportionment of liability. Unless mutually agreed by the parties in writing, any opinion expressed by the technical mediator shall be strictly advisory and shall not be binding on the parties, nor shall any opinion expressed or delivered by the technical mediator be admissible in any other proceeding. The technical mediator may be chosen from a list of experts previously selected by the parties or by other agreement of the parties. Costs related to the technical mediator's work, including any investigation, data-gathering or sampling recommended by the technical mediator, shall be borne equally by the parties involved in the matter, except that each party shall be responsible for its own expenses. Technical mediation shall be a prerequisite to the commencement of any action by either party.

Section 8.03. Court Actions. (a) In the event that any party, after complying with the provisions set forth in Section 8.02 above, desires to commence an Action, such party, subject to Section 11.19, may submit the dispute, controversy or claim (or such series of related disputes, controversies or claims) to any court of competent jurisdiction as set forth in Section 11.19.

(b) Unless otherwise agreed in writing, the parties will continue to provide service and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of this Article VIII, except to the extent such commitments are the subject of such dispute, controversy or claim.

ARTICLE IX

FURTHER ASSURANCES

Section 9.01. Further Assurances. (a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto will cooperate with each other and shall use its (and will cause their respective Subsidiaries and Affiliates to use) commercially reasonable efforts, prior to, on and after the Effective Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement, the Ancillary Agreements and the Local Separation Agreements.

(b) Without limiting the foregoing, prior to, on and after the Effective Date, each party hereto shall cooperate with the other party, and without any further consideration, but at the expense of the requesting party, to execute and deliver, or use its commercially reasonable efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer (including any Additional Transfer Documents), and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture, order, decree, financial assurance (including letter of credit) or other instrument (including any Consents or Governmental Approvals), and to take all such other actions as such party may reasonably be requested to take by such other party hereto from time to time, consistent with the terms of this Agreement, including the Plan of Reorganization, in order to effectuate the provisions and purposes of this Agreement, the Ancillary Agreements, the Local Separation Agreements, the transfers of the Animal Health Assets, the assignment and assumption of the Animal Health Liabilities and the other transactions contemplated hereby and thereby. Except as otherwise specifically provided in any Ancillary Agreement and without limiting the foregoing and Section 2.12, each party will, at the reasonable request, cost and expense of the other party, take such other actions as may be reasonably necessary to vest in the applicable Person title to the Assets allocated to such party under this Agreement or any Ancillary Agreement.

(c) On or prior to the Effective Date, Pfizer and the Company in their respective capacities as direct and indirect stockholders of their respective Subsidiaries, shall each ratify any actions which are reasonably necessary or desirable to be taken by Pfizer, the Company or any other Subsidiary of the Company or Pfizer, as the case may be, to effectuate the transactions contemplated by this Agreement.

Pfizer and the Company, and each of the Persons in their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of: (i) the failure of the Company or any Person in the Company Group, on the one hand, or of Pfizer or any Person in the Pfizer Group, on the other hand, to provide or make any notification, submission, filing or disclosure required under any state property transfer requirements or other Environmental Law in connection with the Contribution or the other transactions contemplated by this Agreement, including the transfer by any Person in any Group to any Person in the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee and/or the transfer or securing of Governmental Approvals required under Environmental Law for such Assets or operations, or (ii) any inadequate, incorrect or incomplete notification, submission or filing or disclosure under any such state property transfer requirements or other Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any third Person arises out of any action or inaction described in clause (i) or (ii) above, the transferee or owner of the applicable or relevant Asset hereby assumes and agrees to pay any such Liability.

ARTICLE X

TERMINATION

Section 10.01. Termination. This Agreement may be terminated at any time after the consummation of the IPO by mutual consent of Pfizer and the Company.

Section 10.02. Effect of Termination. In the event of any termination of this Agreement, no party to this Agreement (or any of its directors, officers, members or managers) shall have any Liability or further obligation to any other party.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Counterparts; Entire Agreement; Conflicting Agreements. (a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party. Execution of this Agreement or any other documents pursuant to this Agreement by facsimile or other electronic copy of a signature shall be deemed to be, and shall have the same effect as, executed by an original signature.

(b) This Agreement, the Ancillary Agreements, the exhibits, the schedules and appendices hereto and thereto contain the entire agreement between the parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the parties with respect to such subject matter other than those set forth or referred to herein or therein.

(c) In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. Subject to Section 4.04(d), in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement, the Ancillary Agreement shall control with respect to the subject matter thereof, and this Agreement shall control with respect to all other matters. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Local Separation Agreement, the Local Separation Agreement shall control with respect only to any working capital adjustment provisions in any Local Separation Agreement, and this Agreement shall control with respect to all other matters. If a Subsidiary of Pfizer and a Subsidiary of the Company are parties to a Local Separation Agreement entered into prior to the Effective Date, then any transfer, assumption or payment (other than payments for products purchased, services provided or royalties accrued after the Effective Date) between such entities pursuant to this Agreement or any Ancillary Agreement that is not otherwise between such entities shall be treated as occurring between such entities pursuant to such Local Separation Agreement on the effective date of such Local Separation Agreement.

Section 11.02. No Construction Against Drafter. The parties acknowledge that this Agreement and all the terms and conditions contained herein have been fully reviewed and negotiated by the parties. Having acknowledged the foregoing, the parties agree that any principle of construction or rule of law that provides that, in the event of any inconsistency or ambiguity, an agreement shall be construed against the drafter of the agreement shall have no application to the terms and conditions of this Agreement.

Section 11.03. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of New York, without regard to the conflict of laws principles thereof that would result in the application of any Law other than the Laws of the State of New York.

Section 11.04. Assignability. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided, however, that no party hereto may assign its respective rights or delegate its respective obligations under this Agreement without the express prior written consent of the other party or parties hereto.

Section 11.05. Third Party Beneficiaries. Except for the indemnification rights under this Agreement of any Pfizer Indemnitee or Company Indemnitee in their respective capacities as such (a) the provisions of this Agreement are solely for the benefit of the parties and are not intended to confer upon any Person (including employees of the parties hereto) except the parties any rights or remedies hereunder, and (b) there are no third party beneficiaries of this Agreement and this Agreement shall not provide any third person (including employees of the parties hereto) with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 11.06. Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person or (b) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to Pfizer, to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: General Counsel

with a copy to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: Bryan A. Supran and Andrew J. Muratore

If to the Company to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: General Counsel

with a copy to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: Katherine H. Walden

Any party may, by notice to the other party, change the address to which such notices are to be given.

Section 11.07. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

Section 11.08. Force Majeure. No party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

Section 11.09. Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus 2%.

Section 11.10. Expenses. Except as otherwise specified in this Agreement or the Ancillary Agreements, and except as set forth on Schedule 11.10 or as otherwise agreed in writing between Pfizer and the Company, Pfizer and the Company shall each be responsible for its own fees, costs and expenses paid or incurred in connection with the IPO, the Contribution and the Distribution or Other Disposition.

Section 11.11. Advisors. It is acknowledged and agreed by each of the parties hereto that Pfizer, on behalf of itself and the other members of the Pfizer Group, has retained each of the Persons identified on Schedule 11.11 to act as counsel in connection with this Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby and that the Persons listed on Schedule 11.11 have not acted as counsel for the Company or any other member of the Company Group in connection with this Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby and that none of the Company or any member of the Company Group has the status of a client of the Persons listed on Schedule 11.11 for conflict of interest or any other purposes as a result thereof. The Company hereby agrees, on behalf of itself and each other member of the Company Group that, in the event that a dispute arises after the Effective Date in connection with this Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby between Pfizer and the Company or any of the members of their respective Groups, each of the Persons listed on Schedule 11.11 may represent any or all of the members of the Pfizer Group in such dispute even though the interests of the Pfizer Group may be directly adverse to those of the Company Group. The Company further agrees, on behalf of itself and each other member of the Company Group that, with respect to this Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby, the attorney-client privilege and the expectation of client confidence belongs to Pfizer or the applicable member of the Pfizer Group and may be controlled by Pfizer or such member of the Pfizer Group and shall not pass to or be claimed by the Company or any member of the Company Group. Furthermore, the Company acknowledges and agrees that Skadden, Arps, Slate, Meagher & Flom, LLP is representing Pfizer, and not the Company, in connection with the Transactions.

Section 11.12. Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 11.13. Survival of Covenants. The covenants contained in this Agreement, indemnification obligations and liability for the breach of any obligations contained herein, shall survive the Effective Date and the other transactions contemplated by this Agreement shall remain in full force and effect.

Section 11.14. Waivers of Default. Waiver by any party of any default by the other party of any provision of this Agreement shall not be deemed a waiver by the waiving party of any subsequent or other default, nor shall it prejudice the rights of the other party.

Section 11.15. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the party or parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

Section 11.16. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 11.17. Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires. The terms "hereof", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the schedules, exhibits and appendices hereto)

and not to any particular provision of this Agreement. Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement unless otherwise specified. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation", unless the context otherwise requires or unless otherwise specified.

Section 11.18. Waiver of Jury Trial. SUBJECT TO ARTICLE VIII AND SECTIONS 11.15 AND 11.19 HEREIN, EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY COURT PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF AND PERMITTED UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.18.

Section 11.19. Submission to Jurisdiction; Waivers. With respect to any Action relating to or arising out of this Agreement, subject to the provisions of Article VIII, each party to this Agreement irrevocably (a) consents and submits to the exclusive jurisdiction of the courts of the State of New York and any court of the United States located in the Borough of Manhattan in New York City; (b) waives any objection which such party may have at any time to the laying of venue of any Action brought in any such court, waives any claim that such Action has been brought in an inconvenient forum and further waives the right to object, with respect to such Action, that such court does not have jurisdiction over such party; and (c) consents to the service of process at the address set forth for notices in Section 11.06 herein; provided, however, that such manner of service of process shall not preclude the service of process in any other manner permitted under applicable Law.

IN WITNESS WHEREOF, the parties have caused this Global Separation Agreement to be executed by their duly authorized representatives.

PFIZER INC.

By: /s/: Robert E. Landry
Name: Robert E. Landry
Title: Senior Vice President & Treasurer

ZOETIS INC.

By: /s/: Heidi C. Chen
Name: Heidi C. Chen
Title: General Counsel and Corporate Secretary

Exhibit 10.2

TRANSITIONAL SERVICES AGREEMENT

This Transitional Services Agreement (this "Agreement"), dated as of February 6, 2013, by and between PFIZER INC., a Delaware corporation ("Pfizer") and Zoetis Inc., a Delaware corporation (the "Company") (each, a "Party" and collectively, the "Parties").

RECITALS

WHEREAS, pursuant to that certain Global Separation Agreement by and between Pfizer and the Company, dated on or about the date hereof (the "Separation Agreement"), Local Separation Agreements and the other Ancillary Agreements, Pfizer has transferred the Animal Health Business (as defined in the Separation Agreement) to the Company and the Company will cease to be a wholly owned subsidiary of Pfizer, as more fully described therein and in the other Ancillary Agreements;

WHEREAS, in order to provide for an orderly transition under the Separation Agreement, Pfizer and the Company have agreed to enter into this Agreement, pursuant to which Pfizer will continue to provide, or cause its Affiliates to continue to provide, certain services to the Company Group.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the signatories covenant and agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth for such terms in the Separation Agreement. The following terms used herein have the following meanings:

"Breaching Party" shall have the meaning set forth in Section 4.2(c).

"Costs" means Internal Costs and Third Party Costs, collectively.

"Effective Date" shall have the meaning set forth for such term in the Separation Agreement.

"EU VAT Directive" shall mean Council Directive 2006/112/EC.

"Excluded Services" shall have the meaning set forth in Section 2.1.

"Exit Plan" shall have the meaning set forth in Section 2.8.

"Information System Addition" shall have the meaning set forth in Section 2.3(b).

"Internal Costs" means all FTE (full time equivalent) rates for employees of Pfizer or its Affiliates in the provision of the Services, together with overhead costs and other relevant indirect internal costs attributable to the performance of the Services, collectively.

"Monthly Service Fee" shall have the meaning set forth in Section 5.1(a).

"Non-Breaching Party" shall have the meaning set forth in Section 4.2(c).

"Pfizer Managed Control or Process" shall have the meaning set forth in Section 2.11.

"Proceeding" shall have the meaning set forth in Section 9.1.

"Service Change" shall have the meaning set forth in Section 2.5(b).

"Service Commencement Date" means January 1, 2013 in the United States and December 1, 2012 outside of the United States.

"Service Exit Costs" means any Costs reasonably incurred by Pfizer or its Affiliates in planning and executing the migration of Services to the Company or a third party service provider, including joint migration planning, data extraction, final data migration, and de-commissioning or removal of any Information System Addition.

"Service Fee" shall have the meaning set forth in Section 5.1(a).

"Service Functional Lead" shall have the meaning set forth in Section 2.4.

"Service Noncompliance" shall mean Pfizer's failure to provide the Services in the manner set forth in Section 2.2(a) after receipt of written notice from the Company specifying the details of such noncompliance and Pfizer's failure to cure such noncompliance as soon as reasonably practicable but not later than fifteen (15) Business Days after Pfizer's receipt of such notice; provided, that notwithstanding the foregoing, a Service Noncompliance shall not be deemed to occur if and to the extent Pfizer is not able to provide the Services as a result of (i) acts, omissions or contingencies not under its control or (ii) the Company's breach of this Agreement.

"Services" shall have the meaning set forth in Section 2.1.

"Set-Up Costs" means any Costs incurred by Pfizer or its Affiliates after the date hereof in connection with preparation activities reasonably required to make the Services available to the Company.

"Term" shall have the meaning set forth in Section 4.1.

"Third-Party Costs" means all payments to Third Parties, other Third-Party costs or fees, and any other out-of-pocket expenses reasonably determined to be attributable to the provision of the Services.

"TSA Executive" shall have the meaning set forth in Section 2.4.

"TSA Manager" shall have the meaning set forth in Section 2.4.

"VAT" shall mean, in relation to any jurisdiction within the European Union, the value added tax provided for in the EU VAT Directive and charged under the provisions of any national legislation implementing that directive or Directive 77/388/EEC together with legislation supplemental thereto and, in relation to any other jurisdiction, the equivalent Tax (if any) in that jurisdiction.

SECTION 1.2 Other Definitional Provisions; Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires. The terms "hereof", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the schedules, exhibits and appendices hereto) and not to any particular provision of this Agreement. Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement unless otherwise specified. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation", unless the context otherwise requires or unless otherwise specified.

ARTICLE II

SERVICES; STANDARD OF PERFORMANCE

SECTION 2.1 Services. Subject to the terms and conditions of this Agreement, Pfizer agrees to perform for and provide to the Company and the applicable members of the Company Group the services identified in Exhibit A hereto, as such Exhibit A may be from time to time supplemented or modified in accordance with the provisions of this Agreement (the "Services"). It is understood that the Services do not include, and Pfizer will not be obligated hereunder to perform or provide to the Company or any members of the Company Group, any services not expressly set forth in Exhibit A hereto (the "Excluded Services"). The provision to the Company or any member of the Company Group of the Excluded Services shall be discontinued on the Effective Date.

SECTION 2.2 Standard and Manner of Performance.

(a) Pfizer shall provide the Services with reasonable skill and care. Notwithstanding the foregoing and without limiting any other provision of this Agreement (including any schedule, exhibit or appendix hereto) unless otherwise agreed by the Parties in writing, the standard of care for provision of Services shall be no less than the level of skill and care as is currently being provided to the Animal Health Business and has been provided in the twelve (12) months preceding the Effective Date.

(b) Pfizer shall have the right to perform its obligations under this Agreement through one or more of its Affiliates, and each of the foregoing may hire third party service providers, subcontractors and consultants to perform any of Pfizer's obligations hereunder, including to provide all or part of any Service hereunder; provided, however, that Pfizer shall in all cases retain responsibility for the provision to the Company Group of the Services in accordance with this Agreement.

(c) As between the Parties, except as otherwise agreed by the Parties in writing, Pfizer shall have sole discretion and authority with respect to designating, employing, assigning, compensating and discharging personnel and third party service providers in connection with performance of the Services. All such personnel and third party service providers so assigned to perform the Services shall be appropriately skilled and qualified to do so as reasonably determined by Pfizer.

(d) Notwithstanding anything to the contrary herein, no member of the Pfizer Group shall be required to expand or modify any facilities, incur any capital expenditures, acquire any additional equipment or software or retain any specific personnel or third party service providers in connection with its obligation to provide Services hereunder.

SECTION 2.3 Protection of Pfizer Information Systems.

(a) In providing information technology Services to the Company Group, Pfizer shall have the right to implement reasonable processes under which there will be no greater threat to Pfizer's information technology operating environment than would exist in the absence of the provision of such Services.

(b) If, in connection with the provision of any Services under this Agreement, Pfizer implements any information technology connections, firewalls or the like ("Information System Additions") specifically in connection with the provision of such Services and that would not have otherwise been implemented in the absence of the provision of the Services, the costs of implementing such measures shall be borne by the Company, unless specifically provided otherwise in a schedule, exhibit or appendix hereto or otherwise agreed to in writing by Pfizer.

SECTION 2.4 Service Functional Leads and TSA Manager. Each Party shall designate individuals to be the primary representatives for such Party with respect to each of the functional areas of the Services (e.g., information technology, etc.) (each, a Service Functional Lead"). Each Party shall also designate one individual to be the primary liaison between the Parties for the provision of and the transfer of responsibility for the Services (each, a "TSA Manager"). A Party may replace any of its Service Functional Leads or its TSA Manager at any time upon written notice to the other Party. The Parties agree that any issues arising under this Agreement in relation to a particular Service will be raised first between the Service Functional Leads responsible for the functional area of the relevant Service before being referred to the TSA Manager. All of the Service Functional Leads, under the direction of the TSA Managers, shall meet regularly in person, telephonically, or as they otherwise agree at regular intervals agreed by the TSA Managers during the Term, to discuss any issues arising under this Agreement that have not been resolved by the Service Functional Leads and the need for any modifications or additions to this Agreement. Each Party shall designate a senior executive to supervise the activity of the relevant TSA Managers (the "TSA Executive"). The TSA Executives shall meet at least quarterly during the Term in person, telephonically or as they otherwise agree to review delivery of Services and assess requests for modifications or additions to the Services, resolve disputes (in accordance with Section 9.1) and perform such other activities as the TSA Executives may agree.

SECTION 2.5 Service Changes.

(a) Pfizer shall be required to provide the Services only for the benefit of the members of the Company Group, only to the same scope, and only for the same volume of Services (plus any organic internal growth in such volume that is reasonably expected as of the Effective Date), and only to the same locations, that such Services were provided by Pfizer to the Animal Health Business in the ordinary course as of the Effective Date. If the Company desires to have any Service provided to any member of the Company Group increased in scope or volume in a material way beyond the manner in which such Service is provided by Pfizer to the Animal Health Business in the ordinary course as of the Effective Date (plus any such reasonably expected organic internal growth in volume), the Company shall provide a written request to Pfizer for such increase in scope or volume of the Services, and Pfizer shall only be required to provide such increase in scope or volume of the Services if (i) such increase arises from organic internal growth (as opposed to mergers, acquisitions, consolidations or reorganizations), (ii) in Pfizer's sole judgment, Pfizer considers it commercially reasonable and the provision of such increase in scope or volume does not materially adversely affect any of Pfizer's other obligations and commitments and would not require Pfizer to provide any Services that it cannot provide using its then-current ordinary course resources and capabilities and (iii) all Costs incurred in providing such increased scope or volume of Services shall be borne by the Company. Except in connection with relocations expressly contemplated in connection with the Transactions, if the Company desires to change the location to which any Service is provided to any member of the Company Group from the location to which such Service was provided by Pfizer to the Animal Health Business in the ordinary course as of the Effective Date, the Company shall provide a written request to Pfizer for such change of locations, and Pfizer shall only be required to provide the applicable Service to the new location if in Pfizer's sole judgment, the change in location does not materially adversely affect Pfizer's ability to provide the applicable Service. All Costs incurred in changing the location of any Service shall be borne by the Company.

(b) To the extent that either Party desires a change to the term and/or scope of a Service (a "Service Change") and such proposed Service Change is not governed by the foregoing Section 2.5(a), such Party may submit such proposed Service Change in writing to the TSA Manager of the other Party. Any Service Change may only be implemented upon the mutual

written consent of both Parties (including, if applicable, an agreement in writing by both Parties of the increase or decrease in costs for such Service Change).

SECTION 2.6 Changes to the Manner of Performance. Pfizer may make changes from time to time in the manner of performing the Services if Pfizer is making similar changes in performing services for itself and/or its Affiliates; provided that Pfizer (a) may not terminate any Service, except pursuant to Article IV, and (b) will provide the Company with at least ninety (90) days' prior written notice of any such changes that are material to the Company's operation of its business. Except as provided in subsection (a) of the preceding sentence, nothing in this Agreement shall require Pfizer to provide Services at a level that is greater than the level at which Pfizer is then providing comparable services to itself and/or its Affiliates; provided, however, that if Pfizer ceases to provide such a comparable service to itself and/or its Affiliates, then Pfizer shall continue to provide such Services to the Company at the same level at which such Services are then being provided to the Company.

SECTION 2.7 Third Party Terms and Conditions; Consents. The Company hereby acknowledges and agrees that the Services provided by Pfizer through third party service providers, subcontractors or consultants, or using third party assets, including Intellectual Property, are subject to the terms and conditions of any applicable agreements with such third parties. Additionally, all members of the Company Group shall cooperate with and assist Pfizer in obtaining any consent, authorization, order or approval of, or any exemption by, any third party required to be obtained or made by Pfizer (or its Affiliates or third party service providers or subcontractors) for the performance of Pfizer's obligations under this Agreement; provided that neither Party shall be obligated to incur any cost to obtain any such consent, authorization, order, approval or exemption, except that if any monies must be expended to pay for a consent, authorization, order, approval or exemption, or for the assignment of or for the purchase of any Intellectual Property or other assets to provide the Services to the Company Group, such costs shall be borne by the Company. If Pfizer is unable to obtain any required consents, authorizations, orders, approvals or exemptions, the Parties shall use commercially reasonable efforts to (a) negotiate in good faith reasonable modifications of the Services such that such consents, authorizations, orders, approvals or exemptions are not required and (b) implement such modifications. Pfizer will not be in breach of this Agreement as a result of any non-performance of, or other effect upon, any applicable Services as a result of any failure to obtain any such consent, so long as it has otherwise complied with this Section 2.7. For the avoidance of doubt, if any consent, authorization, order, approval or exemption is required to be obtained or made with respect to any third party relationship for the receipt of Services, the Company shall be solely responsible for obtaining any such consent, authorization, order, approval or exemption, at its sole cost and expense.

SECTION 2.8 Transitional Nature of Services; Exit Plan and Assistance. The Parties hereto acknowledge the transitional nature of the Services. Accordingly, as promptly as practicable following the execution of this Agreement, the Company agrees to use reasonable best efforts to make a transition of each Service to its own internal organization or to obtain alternate third party sources to provide the Services. In connection therewith, the Company shall comply with all provisions of the detailed written exit plan which sets forth how all members of the Company Group will transition from each of the Services provided hereunder in a timely and efficient manner without material risk or disruption to either the Company or to Pfizer and no later than the date for such Services specified on Exhibit A (the "Exit Plan"). The Exit Plan for each Service shall be prepared by the Company and provided to Pfizer no later than: (i) March 1, 2013, for Services with a Service Period of six (6) months or less; (ii) May 1, 2013, for Services with a Service Period of between seven to twelve (7-12) months; and (iii) June 1, 2013, for Services with a Service Period of more than twelve (12) months. Each Exit Plan shall be subject to Pfizer's written consent, which shall not be unreasonably withheld or delayed. Pfizer shall, at the Company's cost, provide the Company with assistance reasonably necessary to transition the Services to the Company in accordance with the Exit Plan; provided that Pfizer shall only be obligated to provide such assistance that is set forth in the Exit Plan. The specific services and timing in connection with such Pfizer assistance shall be as mutually agreed to by the Parties. Any Costs incurred by Pfizer in connection with providing such assistance shall be a Service Exit Cost and shall be paid by the Company in accordance with Section 5.1(a). For clarity, notwithstanding the foregoing, Pfizer shall not be obligated to provide any services that either (a) Pfizer cannot provide using its then-current ordinary course resources and capabilities, giving due consideration to other obligations or (b) the Company is reasonably able to provide to itself or that are reasonably obtainable from third party service providers. The foregoing assistance is deemed a "Service" for purposes of this Agreement.

SECTION 2.9 Cooperation.

(a) The Company agrees that it shall timely provide to the Pfizer Group, at no cost to Pfizer, access to such personnel, facilities, assets and information, books and records of the Company Group, and provide timely decisions, approvals and acceptances, in each case as may be reasonably necessary to enable Pfizer to perform its obligations under this Agreement in a timely and efficient manner.

(b) Without limiting the foregoing in this Section 2.9, each Party shall use commercially reasonable efforts to cooperate with the other Party in all matters relating to the provision and receipt of the Services and to minimize the expense, distraction and disturbance to each Party, and shall perform all obligations hereunder timely and in good faith and in accordance with

principles of fair dealing. Such cooperation shall include (i) the execution and delivery of such further instruments or documents as may be reasonably requested by the other Party to enable the full performance of each Party's obligations hereunder and (ii) notification of the other Party in advance of any changes to a Party's operating environment or personnel, and working with the other Party to minimize the effect of such changes.

SECTION 2.10 Compliance.

(a) The Services provided hereunder may be provided to all members of the Company Group and the receipt of the Services may involve the Company Group's third party service providers, subcontractors and consultants. The Company shall be responsible for its Affiliates', and its and their third party service providers', subcontractors' and consultants', compliance with the terms and conditions of this Agreement.

(b)The Company acknowledges and agrees that Pfizer shall not, and may refuse to, provide any Service to the extent that the provision of such Service would require any member of the Pfizer Group, or any of its directors, officers, employees, agents or Subsidiaries, to violate (i) any applicable Laws (including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010) or (ii) any Pfizer policies and/or procedures. Pfizer and the Company shall at all times comply with all applicable Laws in connection with the Services.

(c) Unless otherwise agreed by the Parties in writing, the Company shall and shall cause each member of the Company Group receiving Services hereunder to follow the policies, procedures and practices with respect to the Services followed by Pfizer, including those in effect immediately prior to the Effective Date and any changes to such policies, procedures and practices required due to changes in applicable Law (or changes in the interpretation or enforcement of applicable Law) or due to the Transactions following the Effective Date. Without limiting the foregoing, the Company shall and shall cause each member of the Company Group receiving Services hereunder to continue to follow Pfizer Corporate Policy 202 (Anti-Bribery and Anti-Corruption), Pfizer Corporate Procedure 215 (International Anti-Bribery and Anti-Corruption) and any local implementing Standard Operating Procedures ("SOPs") with respect to the Services. Where the Company or any member of the Company Group lacks access to specific Pfizer systems or resources identified in Pfizer Corporate Procedure 215 or implementing SOPs, the Company shall make reasonable efforts to create and maintain substitute systems or resources. Without limiting the foregoing, in connection with Services related to reimbursement of personnel time or expenses, the Company agrees that it shall audit and monitor such reimbursements for improper activity. Without limiting the foregoing, the Company shall comply with all Pfizer policies, procedures and regulations relating to continuity of business, computer and network security measures and data encryption, including any security requirements reasonably requested by Pfizer. The Company shall comply with and shall cause each member of the Company Group to comply at all times with all applicable Laws in connection with the Services and the operation of the AH Business from and after the Effective Date. Any Costs associated with any Compliance-related audit of the Company or any member of the Company Group shall be borne by the Company.

(d) During the Term, the Company shall not incorporate in any database to which the Company is provided with access hereunder any data or other information regarding any compounds that are owned by, or otherwise subject to the rights of, any Third Party.

(e) Prior to the Distribution, if effected, the Parties shall discuss in good faith, any amendments or modifications of this Section 2.10 reasonably requested by either the Company or Pfizer in light of the Services then being performed and the relevant compliance policies and procedures adopted and implemented by the Company.

SECTION 2.11 Internal Audits of Pfizer Managed Controls and Processes.

The Parties acknowledge and agree that Pfizer will, in the ordinary course of its business, conduct audits and testing of certain controls, processes and procedures that relate to the Services provided to the Company under this Agreement (a "Pfizer Managed Control or Process"). Pfizer agrees that as soon as reasonably practicable following the completion of such audit and testing, Pfizer will provide the Company with reasonable access to the audit or controls testing documentation for any such Pfizer Managed Control or Process that is material to the Company's business. Notwithstanding the foregoing, Pfizer's responsibility shall be limited to providing reasonable access to audit or controls testing documentation it creates in the ordinary course of its business and Pfizer shall have no responsibility to conduct any particular audit or testing, create any specific documentation or to provide any interpretation of testing results, determination of the level of any potential deficiencies, risk assessments or materiality determinations (and, for clarity, the use of any such information provided by Pfizer is solely the Company's responsibility, without limiting the last sentence of this Section 2.11). To the extent required by the Company in connection with its auditing requirements, the Company shall have the right to perform or have Pfizer perform, in each case at Pfizer's option and upon reasonable written notice, an audit and testing of any Pfizer Managed Control or Process. If Pfizer agrees that the Company may perform such audit and testing then, upon reasonable written notice to Pfizer, Pfizer shall permit the Company

representatives access during reasonable business hours and such audit may include reasonable testing procedures to cover key Financial and IT Controls within Pfizer

Managed Controls or Processes, provided that, if any such audit or testing could provide or result in the Company having access to any sensitive Confidential Information of Pfizer (including tax and transfer pricing information), Pfizer may request that the Company appoint an independent third party audit firm reasonably acceptable to Pfizer to conduct such audit and testing. All Costs of any such audits, including the Costs of a third party audit firm, shall be borne by the Company. Within thirty (30) days of completing such audit, the Company shall submit a report to Pfizer with its findings. Any information obtained or observed by the Company during an audit shall be subject to the confidentiality obligations set forth in Section 6.09 and 6.10 of the Separation Agreement. For clarity, unless the remediation or modification is necessitated by a change or discontinuation in service or other action by Pfizer, Pfizer shall have no responsibility to conduct any remediation or modification of any Pfizer Managed Control or Process unless otherwise agreed to by Pfizer in advance in writing in each instance, and, if any such remediation or modification (to the extent so agreed by Pfizer) is primarily for the benefit of the Company, the Company shall reimburse any Costs incurred by Pfizer or its Affiliates in connection therewith.

SECTION 2.12 Transition Employees

(a) With respect to each individual identified on Schedule 12 to Exhibit A (each a "Transition Employee"), subject to the terms and conditions hereof, Pfizer shall continue to employ such individual for his or her usual and customary function in connection with the applicable Service during the applicable Service Period until such individual becomes an employee of the Company or otherwise ceases to be an employee of Pfizer (the "Employee Transition Term"). The Company shall offer to continue such employment as of the day immediately following the expiration of the Employee Transition Term to each Transition Employee. All Costs associated with the Transition Employees shall be borne by the Company and reimbursed by the Company to Pfizer in accordance with Section 5.1(a), Section 6.1, and Section 6.2.

(b) All Transition Employees shall, and the Company shall ensure that all Transition Employees do, comply with (i) all of policies and practices of and contractual obligations to Pfizer or its Affiliates, if any, applicable to such Transition Employee, and (ii) all terms and conditions of employment applicable to such Transition Employee.

ARTICLE III

CONFIDENTIALITY

SECTION 3.1 Confidentiality. Subject to Section 10.1(c), the confidentiality obligations of the Parties and each member of their respective Groups hereunder shall be governed, mutatis mutandis, by Section 6.09 and Section 6.10 of the Separation Agreement.

ARTICLE IV

TERM; TERMINATION

SECTION 4.1 Term. The Parties agree that, except as otherwise provided in this Agreement, all Services commenced on the Service Commencement Date shall terminate at the expiration of the “Service Period” set forth in Exhibit A with respect to such Service, unless earlier terminated pursuant to Section 4.2 (the "Term"). This Agreement shall expire upon the expiration or termination of the last Service to expire or be terminated.

SECTION 4.2 Termination.

(a) Any Service may be terminated, in whole or in part, by either Party by obtaining the written agreement of the other Party.

(b) The Company may terminate, in whole only, the provision of any Service by notifying Pfizer in writing at least ninety (90) days (or any longer period that may be set forth in Exhibit A with respect to a given Service) in advance of such termination; provided, however, that, except as specifically provided otherwise in a schedule, exhibit or appendix hereto, no such notice may be given until the sixtieth (60^{th}) day following the Effective Date. For clarity, partial reduction in the provision of any Service may only be made with the prior written consent of Pfizer pursuant to Section 4.2(a).

(c) Either Party (the “Non-Breaching Party”) may terminate this Agreement at any time upon prior written notice to the other Party (the “Breaching Party”) if the Breaching Party has failed (other than pursuant to Section 10.8) to perform any of its material obligations under this Agreement, and such failure shall have continued without cure for a period of thirty (30) days (or with respect to any failure by the Company to make any payment as provided for under this Agreement five (5) days) after receipt by the Breaching Party of a written notice of such failure from the Non-Breaching Party seeking to terminate this

Agreement. For the avoidance of doubt, the Company's obligations under Section 2.10 shall be deemed to be material obligations under this Agreement.

SECTION 4.3 Effect of Expiration and Termination; Accrued Rights; Survival.

(a) Expiration and termination of this Agreement, in part or in its entirety, shall not extinguish any rights or obligations that have accrued to the benefit of either Party prior to such expiration or termination (as applicable), including any rights of Pfizer to receive payment under Section 5.1 hereof.

(b) The following provisions of this Agreement, together with all other provisions of this Agreement that expressly specify that they survive, shall survive expiration and termination of this Agreement, in part or in its entirety: Article III, Article VIII, Article IX and Article X, and Sections 4.3, 5.2, and 7.1. For the avoidance of doubt, Pfizer shall be under no obligation to provide any technical support for any migrated data, systems or applications following the termination date of any Service in respect thereof except to the extent that the need for technical support is a direct result of Pfizer's breach of this Agreement.

ARTICLE V

COMPENSATION

SECTION 5.1 Compensation

(a) The Company shall pay to Pfizer in accordance with the terms of this Agreement: (i) the Set-Up Costs, (ii) the Service Exit Costs, and (iii) beginning on the Service Commencement Date, a monthly fee for each Service provided to the Company and its Affiliates hereunder in accordance with the charges for such Service set forth in Exhibit A (the "Monthly Service Fees", and together with the Set-Up Costs, Service Exit Costs, the "Service Fees"). To the extent that any Third-Party Costs are not reflected in Pfizer's calculation of the Service Fee under this Section 5.1(a), such Third-Party Costs shall be in addition to the Service Fee. For clarity, all Third-Party Costs will be passed through to the Company at Pfizer's or its Affiliates' cost without markup in accordance with this Article V.

(b) Pursuant to Section 5.1(a), it is the intent of the Parties that, for the first two years during which Pfizer provides the Services to the Company under this Agreement, the Service Fees set forth in Exhibit A reasonably approximate the Costs of providing the Services, including the cost of employee wages and compensation, without any intent to cause Pfizer to receive profit or incur loss. For each Service that Pfizer continues to provide to the Company beyond such two-year period, Pfizer may also introduce into the relevant Monthly Service Fee a mark-up on Internal Costs of seven percent (7%), which percentage shall remain in effect unless and until amended upon the mutual written consent of the Parties. If at any time Pfizer believes that the Monthly Service Fee contemplated by a specific Service in Exhibit A is materially insufficient to compensate it for the Cost of providing the Services it is obligated to provide hereunder, or the Company believes that the Monthly Service Fee contemplated by a specific Service in Exhibit A materially overcompensates Pfizer for such Services (taking into account, after the first two years during which Pfizer provides the Services to the Company under this Agreement, the seven percent (7%) mark-up on Internal Costs), such Party shall notify the other Party as soon as possible, and the Parties hereto will commence good-faith negotiations toward an agreement in writing as to the appropriate course of action with respect to pricing of such Services for future periods. Without limitation of the foregoing, the Parties acknowledge and agree that additional employee hiring or retention costs not reflected in Exhibit A may be reasonably incurred by Pfizer to hire or retain necessary employees to provide Services, which costs shall be for the account of the Company and shall be reimbursed by the Company to Pfizer in accordance with Section 5.1(a), Section 6.1, and Section 6.2, and shall be subject to prior written approval of the Company if they exceed $50,000 individually or $250,000 in the aggregate.

(c) Unless otherwise agreed by the Parties in writing, if following the second anniversary of the Effective Date, the Company requests that the Term of a Service be extended for three (3) months or more, or the Company fails to exit a Service upon the expiration of the Term of such Service, then all Service Fees payable on or after the original termination date of, and with respect to, such Service, shall be subject to a ten percent (10%) surcharge for six (6) months and a fifteen percent (15%) surcharge thereafter. For the avoidance of doubt, such surcharge shall also be applied to any mark-up on Internal Costs pursuant to Section 5.1(b). This Section 5.1(c) shall not be construed to create any obligation on Pfizer to provide any Service beyond the Term of such Service set forth on Exhibit A.

SECTION 5.2 Taxes.

(a) Service Fees set forth on Exhibit A are exclusive of any VAT chargeable with respect to the supply of the Services to the Company or a member of the Company Group under this Agreement, and VAT, as appropriate, shall be added to the amount invoiced

pursuant to this Agreement. In the event of any amendment to VAT legislation or for any other reason the sums invoiced without VAT in accordance with this Agreement become or are subject to VAT, then the applicable invoices shall be

deemed to be exclusive of VAT (if any) and the Company or the member of the Company Group receiving such invoices shall, in addition to the sums payable, pay Pfizer, or its invoicing Affiliate, on receipt of a valid VAT invoice, the full amount of VAT chargeable thereon.

(b) The Company or the applicable member of the Company Group shall be responsible for all goods and services, value added, sales, use, gross receipts, business, consumption and other similar taxes, levies and charges (other than income taxes) imposed by applicable taxing authorities attributable to the supply of Services to the Company Group or any payment hereunder, whether or not such taxes, levies or charges are shown on any invoices. If Pfizer or its applicable Affiliate is required to pay any part of such taxes, levies or charges, the Company shall, or shall cause the applicable member of the Company Group to, reimburse Pfizer or its applicable Affiliate for such taxes, levies and charges.

(c) In the event that applicable Law requires that an amount in respect of any taxes, levies or charges be withheld from any payment by the Company (or the applicable member of the Company Group) to Pfizer (or its applicable Affiliate) under this Agreement the amount payable to Pfizer (or its applicable Affiliate) shall be increased as necessary so that, after the Company (or the applicable member of the Company Group) has withheld amounts required by applicable Law, Pfizer (or its applicable Affiliate) receives an amount equal to the amount it would have received had no such withholding been required, and the Company (or the applicable member of the Company Group) shall withhold such taxes, levies or charges and pay such withheld amounts over to the applicable taxing authority in accordance with the requirements of the applicable Law and provide Pfizer (or its applicable Affiliate) with a receipt confirming such payment. Pfizer shall reasonably cooperate with the Company to determine whether any such deduction or withholding applies to the Services, and if so, shall further reasonably cooperate to minimize applicable withholding taxes.

(d) Each Party shall, and shall use commercially reasonable efforts to cause all members of its respective Group to, cooperate and reach mutual agreement with the other Party in all matters relating to (i) identification of the jurisdiction(s) in which each Service provided under this Agreement is performed or received, (ii) any allocation required by applicable Law between the site of performance and the site of receipt with respect to each such Service and (iii) timely notifying the other Party with respect to any changes to such jurisdiction(s) with respect to each such Service. Further, Pfizer and the Company will reasonably cooperate with one another to reduce any applicable withholding Tax to the extent allowed under applicable Law.

(e) Cross-border Services to be performed hereunder may fall within Article 44 of the EU VAT Directive or the relevant equivalent national provision or any similar provision applying outside the European Union, such that the Company (or the applicable member of the Company Group), and not Pfizer nor its applicable Affiliate, is obliged to account for VAT chargeable in relation to the Services. In such case, the Company hereby agrees that with respect to each applicable jurisdiction, the Company will itself, or will cause the applicable member of the Company Group to, account for VAT in its own jurisdiction on the performance of such cross-border Services made to it hereunder and that Pfizer will (to the extent legally possible), or will cause its applicable Affiliate to (to the extent legally possible), issue invoices without local VAT. The Company agrees that with respect to each such jurisdiction, the Company will, or will cause the applicable member of the Company Group to, provide on request to Pfizer or the invoicing Affiliate of Pfizer, a valid VAT registration number and certificate (or equivalent documentation) in the jurisdiction with respect to the receipt of such cross-border Services.

ARTICLE VI

PAYMENT TERMS

SECTION 6.1 Invoicing. Unless otherwise specified in Exhibit A, Pfizer shall invoice the Company for the Service Fee for each of the Services performed, and if applicable any Third-Party Costs incurred by Pfizer or its Affiliates in connection therewith and not included in the Service Fee, hereunder in each of the relevant countries on a monthly basis at the end of each month. Any Set-Up Costs and Service Exit Costs shall be invoiced by Pfizer as soon as reasonably practicable after the relevant Costs have been incurred. The Company shall pay Pfizer, through its local Affiliates, all amounts as may be due hereunder, within sixty (60) days from the date of invoice in the currency of the country in which the Service is provided. All such invoices shall be delivered to the Company's local Affiliate or as the Company shall later designate to Pfizer. Any correspondence concerning such invoices shall be made to Pfizer at 235 East 42nd Street, New York, New York 10017, Attention: Ian Hamilton, or as Pfizer shall later designate to the Company.

SECTION 6.2 Interest. Pfizer reserves the right to charge interest on any amount that has been due from the Company for more than sixty (60) days, at an annual interest rate of five percent (5%), accruing from the date payment was due through the date of actual payment.

ARTICLE VII

INTELLECTUAL PROPERTY AND DATA

SECTION 7.1 Ownership of Intellectual Property and Data.

(a) Pfizer shall be the sole and exclusive owner of all Intellectual Property that it or any member of the Pfizer Group, or any of its or their third party service providers, subcontractors and consultants, creates under this Agreement, including any modifications to its systems and software, and any Intellectual Property created in performance of the Services (except as expressly provided in Section 7.1(b)). The Company shall be the sole and exclusive owner of all Intellectual Property it creates under this Agreement.

(b) All data collected or created pursuant to a Service and on behalf of the Company shall be owned by the Company, except that Pfizer shall own technical data generated or created in providing the Services that relate to the operation of Pfizer's business infrastructure.

(c) To the extent that any right, title or interest in or to any Intellectual Property or data vests in a member of a Group, by operation of law or otherwise, in a manner contrary to the agreed upon ownership as set forth in this Agreement, either Pfizer or the Company, as applicable, shall, and hereby does, on behalf of itself and such member of its Group, perpetually and irrevocably assign to the other Party or a member of such Party's Group any and all such right, title and interest throughout the world in and to such Intellectual Property and data, free and clear of all liens and encumbrances, without the need for any further action by any Group. Except as set forth in Section 7.1(a) and Section 7.1(b), Pfizer, on the one hand, and the Company, on the other hand, retains all right, title and interest in and to their respective Intellectual Property and data, and no other license or other right, express or implied, is granted to any member of either Group to the other Group's intellectual property or data under this Agreement.

SECTION 7.2 License Grants.

(a) Pfizer hereby grants to the Company Group a non-exclusive, non-sublicensable, non-transferable, limited license to use during the Term the Intellectual Property provided by Pfizer to the Company Group under this Agreement, solely to the extent required to receive the Services.

(b) The Company hereby grants to the Pfizer Group a non-exclusive, non-sublicensable, non-transferable, limited license to use during the Term the Intellectual Property provided to the Pfizer Group by the Company under this Agreement, solely to the extent required to provide the Services.

ARTICLE VIII

LIMITATIONS OF LIABILITY; THIRD PARTY CLAIMS

SECTION 8.1 Limitations of Liability.

(a) Limitation of Liability for Service Noncompliance. Except with respect to Pfizer's gross negligence or willful misconduct, Pfizer's maximum liability to, and the sole remedy of, the Company under or in connection with this Agreement (including any breach hereof) shall be the greater of (i) a refund of the fees paid for the particular Service, (ii) the Company's incremental cost of performing the Service itself or (iii) the Company's incremental cost of obtaining the Service from a third party; provided that, in each case, the Company shall exercise its reasonable best efforts under the circumstances to minimize the cost of any such alternatives to the Services by selecting the most cost-effective alternatives which provide the functional equivalent of the Services replaced. The Company agrees that the receipt by any member of the Company Group of Services shall be an unqualified acceptance of, and a waiver by, the Company Group of their rights to assert any claim with respect to Service Noncompliance unless the Company gives written notice of the Service Noncompliance to Pfizer within the later of (i) thirty (30) days after the date on which the Company became, or should have become, aware of the facts, events, occurrences or circumstances underlying such claim or (ii) sixty (60) days after receipt of the Service by such member of the Company Group; provided that, in no event shall the Company be entitled to give notice of a Service Noncompliance more than twelve (12) months after receipt of the Service by any member of the Company Group.

(b) General Limitation of Liability. Notwithstanding anything to the contrary contained herein, in no event shall Pfizer's liability under or in connection with this Agreement or the Services in the aggregate exceed the amount of fees paid by the Company to Pfizer under Section 5.1 hereof.

(c) Special Damages. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, AND EXCEPT AS PROVIDED BELOW, IN NO EVENT WILL EITHER PARTY OR ANY PERSON IN ITS

RESPECTIVE GROUP BE LIABLE FOR SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOST PROFITS SUFFERED BY AN INDEMNITEE, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, IN CONNECTION WITH ANY DAMAGES ARISING HEREUNDER OR THEREUNDER; PROVIDED, HOWEVER, THAT TO THE EXTENT AN INDEMNITEE IS REQUIRED TO PAY ANY DAMAGES, INCLUDING SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOST PROFITS, TO A PERSON WHO IS NOT IN EITHER GROUP IN CONNECTION WITH A THIRD PARTY CLAIM, SUCH DAMAGES WILL CONSTITUTE DIRECT DAMAGES AND WILL NOT BE SUBJECT TO THE LIMITATION SET FORTH IN THIS Section 8.1(c).

(d) Disclaimer of Representations and Warranties. Each of Pfizer (on behalf of itself and each MEMBER OF the Pfizer Group) and the Company (on behalf of itself and each MEMBER OF the Company Group) understands and agrees that, except as expressly set forth herein or in THE SEPARATION AGREEMENT OR in any OTHER Ancillary Agreement, NEITHER PARTY MAKES ANY EXPRESS REPRESENTATIONS OR WARRANTIES, AND NO REPRESENTATION OR WARRANTY SHALL BE IMPLIED UNDER THIS AGREEMENT OR AT LAW, WITH RESPECT TO THIS AGREEMENT, THE SERVICES TO BE PROVIDED UNDER THIS AGREEMENT OR OTHERWISE, INCLUDING warranties of habitability, merchantability, fitness for any particular purpose, NON-INFRINGEMENT, VALIDITY AND ENFORCEABILITY, and all other warranties arising under the Uniform Commercial Code (or similar foreign laws).

SECTION 8.2 Mutual Releases; Indemnification. For the avoidance of doubt and subject to the provisions set forth in Section 8.1, the Parties' mutual release and indemnification obligations hereunder shall be governed, mutatis mutandis, by ARTICLE IV of the Separation Agreement.

ARTICLE IX

DISPUTE RESOLUTION

SECTION 9.1 Dispute Resolution. Prior to the initiation of any Action relating to this Agreement and subject to the obligations set forth in Section 2.4 and Section 5.1(b), any dispute, controversy or claim arising out of or in connection with this Agreement or the transactions contemplated hereby shall first be referred to the relevant Service Functional Leads and TSA Managers, who shall attempt in good faith to resolve any such dispute, controversy or claim. If such dispute, controversy or claim cannot be resolved by the relevant Service Functional Leads and TSA Managers, it shall be referred to the TSA Executives, who shall attempt, in good faith, to resolve such dispute, controversy or claim. Prior to the Distribution, any dispute, controversy or claim that is not resolved by the TSA Executives may be resolved by Pfizer in its sole discretion. Following the Distribution, any dispute, controversy or claim that is not resolved by the TSA Executive shall be referred to the Chief Executive Officer of the Company and the Chief Financial Officer of Pfizer for resolution. In the event that any Party, after complying with the provisions set forth in this Section 9.1 desires to commence an Action relating to this Agreement, such Party, subject to Section 10.15, may submit the dispute, controversy or claim (or such series of related disputes, controversies or claims) to any court of competent jurisdiction.

ARTICLE X

MISCELLANEOUS

SECTION 10.1 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party. Execution of this Agreement or any other documents pursuant to this Agreement by facsimile or other electronic copy of a signature shall be deemed to be, and shall have the same effect as, executed by an original signature.

(b) This Agreement, the Separation Agreement, the other Ancillary Agreements, and the exhibits, the schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. There are no agreements or understandings between the Parties with respect to such subject matter other than those set forth or referred to herein or therein.

(c) In the event of any inconsistency between this Agreement and the R&D Agreement, to the extent such conflict relates to or is in connection with (i) intellectual property ownership, (ii) intellectual property access or use rights, or (iii) confidentiality, the R&D

Agreement shall control. In the event of any inconsistency between this Agreement and any exhibit, schedule or appendix hereto the provisions of the exhibit, schedule or appendix will control.

SECTION 10.2 No Construction Against Drafter. The Parties acknowledge that this Agreement and all the terms and conditions contained herein have been fully reviewed and negotiated by the Parties. Having acknowledged the foregoing, the Parties agree that any principle of construction or rule of law that provides that, in the event of any inconsistency or ambiguity, an agreement shall be construed against the drafter of the agreement shall have no application to the terms and conditions of this Agreement.

SECTION 10.3 Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the Laws (other than Section 5–1401 and 5–1402 of the New York General Obligations Law) of the State of New York.

SECTION 10.4 Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns; provided, however, that no Party hereto may assign its respective rights or delegate its respective obligations under this Agreement without the express prior written consent of the other Party or Parties hereto.

SECTION 10.5 Third Party Beneficiaries. Except for the indemnification rights under this Agreement of any Pfizer Indemnitee or the Company Indemnitee in their respective capacities as such (a) the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person (including employees of the Parties hereto) except the Parties any rights or remedies hereunder and (b) there are no third party beneficiaries of this Agreement and this Agreement shall not provide any third person (including employees of the Parties hereto) with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

SECTION 10.6 Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person or (b) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to Pfizer, to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: Executive Vice President and General Counsel

with a copy to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: Andrew J. Muratore

If to the Company to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: General Counsel

with a copy to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: Katherine H. Walden

Any Party may, by notice to the other Party, change the address to which such notices are to be given.

SECTION 10.7 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any

Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

SECTION 10.8 Force Majeure. No Party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

SECTION 10.9 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 10.10 Waivers of Default. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party.

SECTION 10.11 Cumulative Effect. The rights and obligations of the Parties under this Agreement shall be cumulative to and not exclusive of the rights and obligations of the parties contained in the Separation Agreement; provided that the remedies provided in this Agreement shall not be cumulative with any duplicative remedies available pursuant to the Separation Agreement.

SECTION 10.12 Fulfillment of Obligations. Any obligation of any Party to any other Party under this Agreement, which obligation is performed, satisfied or fulfilled by an Affiliate of such Party, shall be deemed to have been performed, satisfied or fulfilled by such Party.

SECTION 10.13 Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are or are to be thereby aggrieved shall have the right to seek specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

SECTION 10.14 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

SECTION 10.15 Submission to Jurisdiction; Waivers. With respect to any Action relating to or arising out of this Agreement, subject to the provisions of ARTICLE IX, each Party to this Agreement irrevocably (a) consents and submits to the exclusive jurisdiction of the courts of the State of New York and any court of the United States located in the Borough of Manhattan in New York City, (b) waives any objection which such Party may have at any time to the laying of venue of any Proceeding brought in any such court, waives any claim that such Proceeding has been brought in an inconvenient forum and further waives the right to object, with respect to such Proceeding, that such court does not have jurisdiction over such Party and (c) consents to the service of process at the address set forth for notices in Section 10.6; provided, however, that such manner of service of process shall not preclude the service of process in any other manner permitted under applicable Law.

SECTION 10.16 WAIVER OF JURY TRIAL. THE PARTIES HERETO AGREE THAT THEY HEREBY IRREVOCABLY WAIVE AND AGREE TO CAUSE THEIR RESPECTIVE SUBSIDIARIES TO WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION TO ENFORCE OR INTERPRET THE PROVISIONS OF THIS AGREEMENT.

SECTION 10.17 No Agency. Nothing contained herein shall be construed to place the parties in the relationship of partners, joint venturers, principal and agent, or employer and employee. Neither Party shall have the power to assume, create, or incur liability or any obligation of any kind, express or implied, in the named of or on behalf of the other party by virtue of this Agreement.

[*Signature page follows*.**]**

IN WITNESS WHEREOF, the Parties have caused this Transitional Services Agreement to be executed by their duly authorized representatives.

PFIZER INC.

By: /s/: Robert E. Landry
Name: Robert E. Landry
Title: Senior Vice President & Treasurer

ZOETIS INC.

By: /s/: Heidi C. Chen
Name: Heidi C. Chen
Title: General Counsel and
Corporate Secretary

Exhibit 10.3

TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT (this "**Agreement**") is entered into as of February 6, 2013, by and among Pfizer Inc., a Delaware corporation ("**Pfizer**"), and Zoetis Inc. a Delaware corporation and a wholly owned subsidiary of Pfizer ("**Zoetis**") (Pfizer and Zoetis are sometimes collectively referred to herein as the "**Companies**" and, as the context requires, individually referred to herein as the "**Company**").

RECITALS

WHEREAS, the Board of Directors of Pfizer has determined that it would be appropriate and desirable to separate completely the Animal Health Business (as defined below) from Pfizer;

WHEREAS, as of the date hereof, Pfizer is the common parent of an affiliated group of corporations, including Zoetis, which has elected to file consolidated Federal income tax returns;

WHEREAS, pursuant to the Contribution Agreement (as defined below), Pfizer and Zoetis have undertaken the transfer of certain of the Animal Health Assets, including the stock or other equity interests of certain of Pfizer's Subsidiaries owning Animal Health Assets and/or dedicated to the Animal Health Business, by Pfizer to Zoetis and the assumption of certain Animal Health Liabilities by Zoetis;

WHEREAS, the Companies have undertaken the Debt-for-Debt Exchange and agreed to undertake the Debt-for-Equity Exchange, each as described in the Separation Agreement (as defined below) and may undertake the Distribution;

WHEREAS, the parties desire to provide for and agree upon the allocation between the parties of liabilities for certain Taxes arising prior to, at the time of, and subsequent to the IPO, and to provide for and agree upon other matters relating to Taxes;

NOW THEREFORE, in consideration of the mutual agreements contained herein, the parties hereby agree as follows:

Section 1. Definition of Terms. For purposes of this Agreement (including the recitals hereof), the following terms have the following meanings, and capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Separation Agreement:

"**Active Trade or Business**" means, with respect to Zoetis, the active conduct (as defined in Section 355(b)(2) of the Code and the regulations thereunder) of the Animal Health Business as conducted immediately prior to the IPO, or, with respect to another Separation Transaction intended to qualify as tax-free pursuant to Section 355 of the Code or analogous provisions of state or local law, the active conduct (as defined in Section 355(b)(2) of the Code and the regulations thereunder, or the analogous provisions of state or local law) by the relevant Zoetis Entity of the Animal Health Business relating to such Zoetis Entity as conducted immediately prior to such Separation Transaction.

"**Adjustment Request**" means any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, refund, or credit of Taxes, including (i) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (ii) any claim for equitable recoupment or other offset, and (iii) any claim for refund or credit of Taxes previously paid.

"**Affiliate**" has the meaning set forth in the Separation Agreement.

"**Agreement**" means this Tax Matters Agreement.

"**Animal Health Assets**" has the meaning set forth in the Separation Agreement.

"**Animal Health Business**" has the meaning set forth in the Separation Agreement.

"**Animal Health Liabilities**" has the meaning set forth in the Separation Agreement.

"**Board Certificate**" has the meaning set forth in Section 6.01(d) of this Agreement.

"**Business Day**" has the meaning set forth in the Separation Agreement.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Companies**" and "**Company**" have the meaning provided in the first sentence of this Agreement.

"**Contribution**" has the meaning set forth in the Separation Agreement.

"**Contribution Agreement**" has the meaning set forth in the Separation Agreement.

"**Controlling Party**" has the meaning set forth in Section 9.02(c) of this Agreement.

"**Debt-for-Debt Exchange**" has the meaning set forth in the Separation Agreement.

"**Debt-for-Equity Exchange**" has the meaning set forth in the Separation Agreement.

"**Deconsolidation Date**" means the last date on which Zoetis qualifies as a member of the affiliated group (as defined in Section 1504 of the Code) of which Pfizer is the common parent.

"**DGCL**" means the Delaware General Corporation Law.

"**Dispute**" has the meaning set forth in Section 13 of this Agreement.

"**Distribution**" has the meaning set forth in the Separation Agreement.

"**Distribution Date**" means the date or dates on which the Distribution occurs.

"**Employee Matters Agreement**" means the Employee Matters Agreement, dated as of [ ], by and among Pfizer and Zoetis.

"**Employee Matters Agreement**" means the Employee Matters Agreement, dated as of February 6, 2013, by and among Pfizer and Zoetis.

"**Employment Tax**" means any Tax the liability or responsibility for which is allocated pursuant to the Employee Matters Agreement.

"**Federal Income Tax**" means any Tax imposed by Subtitle A of the Code other than an Employment Tax, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"**Fifty Percent or Greater Interest**" has the meaning ascribed to such term for purposes of Sections 355(d) and (e) of the Code.

"**Filing Date**" has the meaning set forth in Section 6.04(d) of this Agreement.

"**Final Determination**" means the final resolution of liability for any Specified Tax, which resolution may be for a specific issue or adjustment or for a taxable period, (i) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the laws of a State, local, or foreign taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund or the right of the Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such taxable period (as the case may be); (ii) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (iii) by a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the laws of a State, local, or foreign taxing jurisdiction; (iv) by any allowance of a refund or credit in respect of an overpayment of a Specified Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Specified Tax; (v) by a final settlement resulting from a treaty-based competent authority determination; or (vi) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

"**Foreign Income Tax**" means any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, which is an income tax as defined in Treasury Regulation Section 1.901-2, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"**Gain Recognition Agreement**" means a gain recognition agreement as described in Treasury Regulations Section 1.367(a)-8 or any successor provision thereto.

"**Group**" means the Pfizer Group or the Zoetis Group, or both, as the context requires.

"**Income Tax**" means any Federal Income Tax, State Income Tax or Foreign Income Tax.

"**Indemnitee**" has the meaning set forth in Section 12.02 of this Agreement.

"**Indemnitor**" has the meaning set forth in Section 12.02 of this Agreement.

"**Internal Restructuring**" has the meaning set forth in Section 6.01(e) of this Agreement.

"**IPO**" has the meaning set forth in the Separation Agreement.

"**IRS**" means the United States Internal Revenue Service.

"**Joint Return**" means any Tax Return that actually includes, by election or otherwise, one or more members of the Pfizer Group together with one or more members of the Zoetis Group.

"**Local Separation Agreements**" has the meaning set forth in the Separation Agreement.

"**Non-Controlling Party**" has the meaning set forth in Section 9.02(c) of this Agreement.

"**Notified Action**" has the meaning set forth in Section 6.03(a) of this Agreement.

"**Other Disposition**" has the meaning set forth in the Separation Agreement.

"**Past Practices**" has the meaning set forth in Section 3.04(b) of this Agreement.

"**Payment Date**" means (i) with respect to any Pfizer Federal Consolidated Income Tax Return, (A) the due date for any required installment of estimated taxes determined under Section 6655 of the Code, (B) the due date (determined without regard to extensions) for filing the return determined under Section 6072 of the Code, or (C) the date the return is filed, as the case may be, and (ii) with respect to any other Tax Return, the corresponding dates determined under the applicable Tax Law.

"**Payor**" has the meaning set forth in Section 4.03 of this Agreement.

"**Person**" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for U.S. federal income tax purposes.

"**Pfizer**" has the meaning provided in the first sentence of this Agreement.

"**Pfizer Affiliated Group**" means the affiliated group (as that term is defined in Section 1504 of the Code and the regulations thereunder) of which Pfizer is the common parent.

"**Pfizer Business**" has the meaning provided in the Separation Agreement.

"**Pfizer Federal Consolidated Income Tax Return**" means any United States federal Income Tax Return for the Pfizer Affiliated Group.

"**Pfizer Group**" means Pfizer and its Affiliates, excluding any entity that is a member of the Zoetis Group, as determined immediately after the IPO.

"**Pfizer Separate Return**" means any Tax Return of or including any member of the Pfizer Group (including any consolidated, combined or unitary return) that does not include any member of the Zoetis Group.

"**Post-2012 Period**" means any Tax Period beginning after December 31, 2012 and, in the case of any Straddle Period, the portion of such Straddle Period beginning January 1, 2013.

"**Post-Deconsolidation Period**" means any Tax Period beginning after the Deconsolidation Date and, in the case of any Tax Period beginning before the Deconsolidation Date and ending after the Deconsolidation Date, the portion of such Tax Period beginning on the day after the Deconsolidation Date.

"**Pre-2013 Period**" means any Tax Period ending on or before December 31, 2012, and, in the case of any Straddle Period, the portion of such Straddle Period ending on December 31, 2012.

"**Pre-Deconsolidation Period**" means any Tax Period ending on or before the Deconsolidation Date and, in the case of any Straddle Period, the portion of such Straddle Period ending on the Deconsolidation Date.

"**Preliminary Tax Advisor**" has the meaning set forth in Section 13.03 of this Agreement.

"**Prime Rate**" means the base rate on corporate loans charged by Citibank, N.A. from time to time, compounded daily on the basis of a year of 365 or 366 (as applicable) days and actual days elapsed.

"**Privilege**" means any privilege that may be asserted under applicable law, including, any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

"**Proposed Acquisition Transaction**" means a transaction or series of transactions (or any agreement, understanding or arrangement, within the meaning of Section 355(e) of the Code and Treasury Regulation Section 1.355-7, or any other regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by Zoetis management or shareholders, is a hostile acquisition, or otherwise, as a result of which Zoetis would merge or consolidate with any other Person or as a result of which any Person or any group of related Persons would (directly or indirectly) acquire, or have the right to acquire, from Zoetis and/or one or more holders of outstanding shares of Zoetis Capital Stock, a number of shares of Zoetis Capital Stock that would, when combined with any other changes in ownership of Zoetis Capital Stock pertinent for purposes of Section 355(e) of the Code, comprise 40% or more of (i) the value of all outstanding shares of stock of Zoetis as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (ii) the total combined voting power of all outstanding shares of voting stock of Zoetis as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (i) the adoption by Zoetis of a shareholder rights plan or (ii) issuances by Zoetis that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated in this definition and its interpretation.

"**Registration Rights Agreement**" means the Registration Rights Agreement dated January 28, 2013, by and among Zoetis, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc., J.P. Morgan Securities LLC, Deutsche Bank Securities Inc. and the other parties thereto.

"**Representation Letters**" means the statements of facts and representations, officer's certificates, representation letters and any other materials (including, without limitation, a Ruling Request and any related supplemental submissions to the IRS or other Tax Authority) delivered or deliverable by Pfizer, its Affiliates or representatives thereof in connection with the rendering by Tax Advisors, and/or the issuance by the IRS or other Tax Authority, of the Tax Opinions/Rulings.

"**Required Action**" has the meaning set forth in Section 6.01(f) of this Agreement.

"**Required Party**" has the meaning set forth in Section 4.03 of this Agreement.

"**Responsible Company**" means, with respect to any Tax Return, the Company having responsibility for preparing and filing such Tax Return under this Agreement.

"**Retention Date**" has the meaning set forth in Section 8.01 of this Agreement.

"**Ruling**" means a private letter ruling issued by the IRS to Pfizer in connection with the Contribution and Distribution.

"**Ruling Request**" means any letter filed by Pfizer with the IRS or other Tax Authority requesting a ruling regarding certain tax consequences of the Separation Transactions (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendment or supplement to such ruling request letter.

"**Section 6.01(d) Acquisition Transaction**" means any transaction or series of transactions that is not a Proposed Acquisition Transaction but would be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were 25% instead of 40%.

"**Separate Return**" means a Pfizer Separate Return or a Zoetis Separate Return, as the case may be.

"**Separation**" has the meaning set forth in the Separation Agreement.

"**Separation Agreement**" means the Global Separation Agreement, as amended from time to time, by and among Pfizer and Zoetis dated February 6, 2013.

"**Separation Plan**" means the Animal Health Global Macro Step Plan dated February 4, 2013, attached hereto as Exhibit A.

"**Separation Transactions**" means those transactions undertaken by the Companies and their Affiliates pursuant to the Separation Plan to separate ownership of the Animal Health Business from ownership of the Pfizer Business.

"**Separation Taxes**" means those Taxes shown on Exhibit B hereto, identified by the jurisdiction imposing such Tax, the step in the Separation Plan with respect to which such Tax is triggered, and a description of the nature of such Tax. Dollar amounts shown on Exhibit B reflect the current estimate of the amount of such Separation Taxes, where available; the indemnification obligations of Pfizer pursuant to Section 2.08 hereof with respect to such Separation Taxes shall be determined based upon the final amount of such Separation Taxes as determined under applicable Tax Law rather than upon the estimated amounts set forth on Exhibit B. For the avoidance of doubt, Separation Taxes shall include only those Taxes shown on Exhibit B, and shall not include any other Taxes.

"**Specified Taxes**" means those Taxes described in Section 2.01 through Section 2.04 of this Agreement, as well as those Taxes described in Section 2.07 or Section 2.08 of this Agreement.

"**State Income Tax**" means any Tax imposed by any State of the United States or by any political subdivision of any such State which is imposed on or measured by net income, including state or local franchise or similar Taxes measured by net income, as well as any state or local franchise, capital or similar Taxes imposed in lieu of a tax imposed on or measured by net income, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"**State Other Tax**" means any Tax imposed by any State of the United States or by any political subdivision of any such State other than any State Income Taxes or Employment Taxes, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"**Straddle Period**" means any Tax Period that begins before and ends after December 31, 2012.

"**Tax**" or "**Taxes**" means any income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, ad valorem, value added, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, alternative minimum, estimated or other tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax), imposed by any governmental entity or political subdivision thereof, and any interest, penalty, additions to tax, or additional amounts in respect of the foregoing.

"**Tax Advisor**" means a tax counsel or accountant of recognized national standing.

"**Tax Attribute**" or "**Attribute**" means a net operating loss, net capital loss, unused investment credit, unused foreign tax credit, excess charitable contribution, general business credit, research and development credit or any other Tax Item that could reduce a Tax or create a Tax Benefit.

"**Tax Authority**" means, with respect to any Tax, the governmental entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

"**Tax Benefit**" means any refund, credit, or other reduction in otherwise required liability for Taxes.

"**Tax Contest**" means an audit, review, examination, or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes (including any administrative or judicial review of any claim for refund).

"**Tax Control**" means the definition of "control" set forth in Section 368(c) of the Code (or in any successor statute or provision), as such definition may be amended from time to time.

"**Tax-Free Status**" means the qualification of the Contribution, the Debt-for Debt Exchange, the Debt-for-Equity Exchange and the Distribution, taken together, (i) as a reorganization described in Sections 355(a) and 368(a)(1)(D) of the Code, (ii) as a transaction in which the stock distributed thereby is "qualified property" for purposes of Sections 355(d), 355(e) and 361(c) of the Code and in which the Zoetis Securities are "securities" within the meaning of Section 361(a) of the Code, and (iii) as a transaction in which Pfizer, Zoetis and the shareholders of Pfizer recognize no income or gain for U.S. federal income tax purposes pursuant to Sections 355, 361 and 1032 of the Code, other than, in the case of Pfizer and Zoetis, intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code.

"**Tax Item**" means, with respect to any Income Tax, any item of income, gain, loss, deduction, or credit.

"**Tax Law**" means the law of any governmental entity or political subdivision thereof relating to any Tax.

"**Tax Opinions/Rulings**" means the opinions of Tax Advisors and/or the rulings by the IRS or other Tax Authorities deliverable to Pfizer in connection with the Contribution and the Distribution or otherwise with respect to the Separation Transactions.

"**Tax Period**" means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

"**Tax Records**" means any (i) Tax Returns, (ii) Tax Return workpapers, (iii) documentation relating to any Tax Contests, and (iv) any other books of account or records (whether or not in written, electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) required to be maintained under the Code or other applicable Tax Laws or under any record retention agreement with any Tax Authority, in each case filed with respect to or otherwise relating to Specified Taxes.

"**Tax-Related Losses**" means (i) all Taxes (including interest and penalties thereon) imposed pursuant to any settlement, Final Determination, judgment or otherwise; (ii) all accounting, legal and other professional fees, and court costs incurred in connection with such Taxes, as well as any other out-of-pocket costs incurred in connection with such Taxes; and (iii) all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by Pfizer (or any Pfizer Affiliate) or Zoetis (or any Zoetis Affiliate) in respect of the liability of shareholders, whether paid to shareholders or to the IRS or any other Tax Authority, in each case, resulting from the failure of the Contribution, the Debt-for-Debt Exchange, the Debt-for-Equity Exchange and the Distribution to have Tax-Free Status or from the failure of a Separation Transaction to have the tax treatment described in the Tax Opinions/Rulings.

"**Tax Return**" or "**Return**" means any report of Specified Taxes due, any claim for refund of Specified Taxes paid, any information return with respect to Specified Taxes, or any other similar report, statement, declaration, or document required to be filed under the Code or other Tax Law with respect to Specified Taxes, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

"**Transfer Pricing Adjustment**" means any proposed or actual allocation by a Tax Authority of any Tax Item between or among any member of the Pfizer Group and any member of the Zoetis Group with respect to any Tax Period ending prior to or including the final Distribution Date or the date of any Other Disposition, as the case may be.

"**Treasury Regulations**" means the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

"**Unqualified Tax Opinion**" means an unqualified "will" opinion of a Tax Advisor, which Tax Advisor is acceptable to Pfizer, on which Pfizer may rely to the effect that a transaction will not affect the Tax-Free Status. Any such opinion must assume that the Contribution, the Debt-for-Debt Exchange, the Debt-for-Equity Exchange and the Distribution would have qualified for Tax-Free Status if the transaction in question did not occur.

"**Zoetis**" has the meaning provided in the first sentence of this Agreement.

"**Zoetis Capital Stock**" means all classes or series of capital stock of Zoetis, including (i) the Zoetis Common Stock, (ii) all options, warrants and other rights to acquire such capital stock and (iii) all instruments properly treated as stock in Zoetis for U.S. federal income tax purposes.

"**Zoetis Carryback**" means any net operating loss, net capital loss, excess tax credit, or other similar Tax item of any member of the Zoetis Group which may or must be carried from one Tax Period to another prior Tax Period under the Code or other applicable Tax Law.

"**Zoetis Common Stock**" has the meaning given to the term "Company Common Stock" in the Separation Agreement.

"**Zoetis Entity**" means an entity which will be a member of the Zoetis Group immediately after the IPO.

"**Zoetis Group**" means (i) Zoetis and its Affiliates, as determined immediately after the IPO, as well as (ii) any entity which (A) was an Affiliate of Pfizer or an Affiliate of a member of the Zoetis Group, (B) conducted solely or predominantly the Animal Health Business, and (C) is no longer an Affiliate of Pfizer as of the IPO.

"**Zoetis Separate Return**" means any Tax Return of or including any member of the Zoetis Group (including any consolidated, combined or unitary return) that does not include any member of the Pfizer Group.

"**Zoetis Securities**" has the meaning given to the term "Debt-for-Debt Senior Indebtedness" in the Separation Agreement.

Section 2. Allocation of Tax Liabilities.

Section 2.01 General Rule.

(a) Pfizer Liability. Pfizer shall be liable for, and shall indemnify and hold harmless the Zoetis Group from and against any liability for, Taxes which are allocated to Pfizer under this Section 2.

(b) Zoetis Liability. Zoetis shall be liable for, and shall indemnify and hold harmless the Pfizer Group from and against any liability for, Taxes which are allocated to Zoetis under this Section 2.

Section 2.02 Allocation of United States Federal Income Tax. Except as provided in Section 2.05, Section 2.07 or Section 2.08, Federal Income Tax shall be allocated as follows:

(a) Allocation of Federal Income Tax Relating to Joint Returns

(i) *Allocation for Pre-2013 Periods*. With respect to any Joint Return, Pfizer shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any such Income Tax Return (including any increase in such Tax as a result of a Final Determination) for all Pre-2013 Periods.

(ii) *Allocation to Zoetis for Post-2012 Periods*. Zoetis shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any Joint Return (including any increase in such Tax as a result of a Final Determination) which Taxes are attributable to the Animal Health Business for all Post-2012 Periods, as determined pursuant to Section 2.06.

(iii) *Allocation to Pfizer for Post-2012 Periods*. Pfizer shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any Joint Return (including any increase in such Tax as a result of a Final Determination) other than those Federal Income Taxes described in Section 2.02(a)(ii) for all Post-2012 Periods.

(b) Allocation of Federal Income Tax Relating to Separate Returns.

(i) Pfizer shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any Pfizer Separate Return (including any increase in such Tax as a result of a Final Determination) for all Tax Periods.

(ii) Zoetis shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any Zoetis Separate Return (including any increase in such Tax as a result of a Final Determination) for all Tax Periods.

Section 2.03 Allocation of State Income and State Other Taxes. Except as provided in Section 2.05, Section 2.07 or Section 2.08, State Income Tax and State Other Tax shall be allocated as follows:

(a) Allocation of State Income Tax Relating to Joint Returns

(i) *Allocation for Pre-2013 Periods*. Pfizer shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any Joint Return (including any increase in such Tax as a result of a Final Determination) for all Pre-2013 Periods.

(ii) *Allocation to Zoetis for Post-2012 Periods*. Zoetis shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any Joint Return (including any increase in such Tax as a result of a Final Determination) which Taxes are attributable to the Animal Health Business for all Post-2012 Periods, as determined pursuant to Section 2.06.

(iii) *Allocation to Pfizer for Post-2012 Periods*. Pfizer shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any Joint Return (including any increase in such Tax as a result of a Final Determination) other than those State Income Taxes described in Section 2.03(a)(ii) for all Post-2012 Periods.

(b) Allocation of State Income Tax Relating to Separate Returns.

(i) Pfizer shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any Pfizer Separate Return (including any increase in such Tax as a result of a Final Determination) for all Tax Periods.

(ii) Zoetis shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any Zoetis Separate Return (including any increase in such Tax as a result of a Final Determination) for all Tax Periods.

(c) Allocation of State Other Tax Relating to Joint Returns.

(i) *Allocation for Pre-2013 Periods*. Pfizer shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any Joint Return (including any increase in such Tax as a result of a Final Determination) for all Pre-2013 Periods.

(ii) *Allocation to Zoetis for Post-2012 Periods*. Zoetis shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any Joint Return (including any increase in such Tax as a result of a Final Determination) which Taxes are attributable to the Animal Health Business for all Post-2012 Periods.

(iii) *Allocation to Pfizer for Post-2012 Periods*. Pfizer shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any Joint Return (including any increase in such Tax as a result of a Final Determination) other than those State Other Taxes described in Section 2.03(c)(ii) for all Post-2012 Periods.

(d) Allocation of State Other Tax Relating to Separate Returns.

(i) Zoetis shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any Zoetis Separate Return (including any increase in such Tax as a result of a Final Determination) for all Tax Periods.

(ii) Pfizer shall be responsible for any and all State Other Taxes due with respect to or required to be reported on any Pfizer Separate Return (including any increase in such Tax as a result of a Final Determination) for all Tax Periods.

Section 2.04 Allocation of Foreign Income Taxes. Except as provided in Section 2.05, Section 2.07 or Section 2.08, Foreign Income Tax shall be allocated as follows:

(a) Allocation of Foreign Income Tax Relating to Joint Returns

(i) *Allocation for Pre-2013 Periods*. Pfizer shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any Joint Return (including any increase in such Tax as a result of a Final Determination) for all Pre-2013 Periods.

(ii) *Allocation to Zoetis for Post-2012 Periods*. Zoetis shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any Joint Return (including any increase in such Tax as a result of a Final Determination) which Taxes are attributable to the Animal Health Business for all Post-2012 Periods, as determined pursuant to Section 2.06.

(iii) *Allocation to Pfizer for Post-2012 Periods*. Pfizer shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any Joint Return (including any increase in such Tax as a result of a Final Determination) other than those Foreign Income Taxes described in Section 2.04(a)(ii) for all Post-2012 Periods.

(b) Allocation of Foreign Income Tax Relating to Separate Returns.

(i) Pfizer shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any Pfizer Separate Return, including any Foreign Income Tax of Pfizer or any member of the Pfizer Group imposed by way of withholding by a member of the Zoetis Group (and including any increase in such Foreign Income Tax as a result of a Final Determination) for all Tax Periods.

(ii) Zoetis shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any Zoetis Separate Return, including any Foreign Income Tax of Zoetis or any member of the Zoetis Group imposed by way of withholding by a member of the Pfizer Group (and including any increase in such Foreign Income Tax as a result of a Final Determination) for all Tax Periods.

Section 2.05 Certain Employment and Other Taxes.

(a) Allocation of Employment Taxes. Notwithstanding anything contained herein to the contrary, this Agreement, including Section 2 hereof, shall not apply with respect to Employment Taxes. Employment Taxes shall be allocated as provided in the Employee Matters Agreement.

(b) Allocation of Taxes other than Specified Taxes. All Taxes other than Specified Taxes and Employment Taxes shall be allocated pursuant to the Separation Agreement, unless otherwise allocated pursuant to an Ancillary Agreement (other than this Agreement).

Section 2.06 Determination of Tax Attributable to the Animal Health Business.

(a) United States Federal Income Tax. For purposes of Section 2.02(a)(ii), the amount of Federal Income Taxes attributable to the Animal Health Business shall be as determined by Pfizer on a pro forma Zoetis Group consolidated return prepared:

(i) assuming that the members of the Zoetis Group were not included in the Pfizer Affiliated Group;

(ii) including only Tax Items of members of the Zoetis Group that were included in the relevant Pfizer Federal Consolidated Income Tax Return;

(iii) except as provided in Section 2.06(a)(v) hereof, using all elections, accounting methods and conventions used on the Pfizer Federal Consolidated Income Tax Return for such period;

(iv) applying the highest statutory marginal corporate income Tax rate in effect for such taxable period;

(v) assuming that the Zoetis Group elects not to carry back any net operating losses; and

(vi) assuming that the Zoetis Group's utilization of any Tax Attribute carryforward or carryback is limited to the Tax Attributes of the Zoetis Group that would be available if the Federal Income Tax of the Zoetis Group for each taxable year ending after December 31, 2012 were determined in accordance with this Section 2.06(a).

(b) State Income Tax. For purposes of Section 2.03(a)(ii), the amount of State Income Taxes attributable to the Animal Health Business shall be as determined by Pfizer in a manner consistent with the principles set forth in Section 2.06(a).

(c) Foreign Income Tax. For purposes of Section 2.04(a)(ii), the amount of Foreign Income Taxes attributable to the Animal Health Business shall be as determined by Pfizer in a manner consistent with the principles set forth in Section 2.06(a).

(d) Limitation. The amount of Federal Income Taxes, State Income Taxes or Foreign Income Taxes attributable to the Animal Health Business for any Tax Period shall not be less than zero.

Section 2.07 Zoetis Liability. Zoetis shall be liable for, and shall indemnify and hold harmless the Pfizer Group from and against, any liability for:

(a) any Tax resulting from a breach by Zoetis of any covenant in this Agreement, the Separation Agreement or any Ancillary Agreement; and

(b) any Tax-Related Losses for which Zoetis is responsible pursuant to Section 6.04 of this Agreement.

Section 2.08 Pfizer Liability. Pfizer shall be liable for, and shall indemnify and hold harmless the Zoetis Group from and against, any liability for:

(a) any Separation Tax;

(b) any Tax resulting from a breach by Pfizer of any covenant in this Agreement, the Separation Agreement or any Ancillary Agreement; and

(c) any Tax-Related Losses for which Pfizer is responsible pursuant to Section 6.04 of this Agreement.

Section 3. Preparation and Filing of Tax Returns.

Section 3.01 Pfizer's Responsibility. Pfizer has the exclusive obligation and right to prepare and file, or to cause to be prepared and filed:

(a) All Joint Returns; and

(b) Pfizer Separate Returns.

Section 3.02 Zoetis's Responsibility. Zoetis shall prepare and file, or shall cause to be prepared and filed, all Tax Returns required to be filed by or with respect to members of the Zoetis Group other than those Tax Returns which Pfizer is required to prepare and file under Section 3.01 or Section 3.03. The Tax Returns required to be prepared and filed by Zoetis under this Section 3.02 shall include any Zoetis Separate Returns.

Section 3.03 Tax Returns for Separation Taxes. Tax Returns relating to Separation Taxes shall be prepared and filed when due (including extensions) by the person obligated to file such Tax Returns under applicable Tax Law. The Companies shall provide, and shall cause their Affiliates to provide, assistance and cooperation to one another in accordance with Section 7 with respect to the preparation and filing of Tax Returns, including providing information required to be provided in Section 7.

Section 3.04 Tax Reporting Practices.

(a) Pfizer General Rule. Except as provided in Section 3.04(c), Pfizer shall prepare any Tax Return which it has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 3.01, in accordance with reasonable Tax accounting practices selected by Pfizer.

(b) Zoetis General Rule. Except as provided in Section 3.04(c), with respect to any Tax Return that Zoetis has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 3.02, such Tax Return shall be prepared

in accordance with past practices, accounting methods, elections or conventions ("**Past Practices**") used with respect to the Tax Returns in question (unless there is no reasonable basis for the use of such Past Practices or unless there is no adverse effect to Pfizer), and to the extent any items are not covered by Past Practices (or in the event that there is no reasonable basis for the use of such Past Practices or there is no adverse effect to Pfizer), in accordance with reasonable Tax accounting practices selected by Zoetis.

(c) Reporting of Separation Transactions. The Tax treatment of the Separation Transactions reported on any Tax Return shall be consistent with the treatment thereof in the Ruling Requests and the Tax Opinions/Rulings, taking into account the jurisdiction in which such Tax Returns are filed, unless there is no reasonable basis for such Tax treatment. Such treatment reported on any Tax Return for which Zoetis is the Responsible Company shall be consistent with that on any Tax Return filed or to be filed by Pfizer or any member of the Pfizer Group or caused or to be caused to be filed by Pfizer, unless there is no reasonable basis for such Tax treatment. In the event that a Company shall determine that there is no reasonable basis for the Tax treatment described in either of the preceding two sentences, such Company shall notify the other Company 20 Business Days prior to filing the relevant Tax Return and the Companies shall attempt in good faith to agree on the manner in which the relevant portion of the Separation Transactions shall be reported.

Section 3.05 Consolidated or Combined Tax Returns. Zoetis will elect and join, and will cause its respective Affiliates to elect and join, in filing any Joint Returns that Pfizer determines are required to be filed or that Pfizer chooses to file pursuant to Section 3.01(b).

Section 3.06 Right to Review Tax Returns.

(a) General. The Responsible Company with respect to any material Tax Return shall make the portion of such Tax Return and related workpapers which are relevant to the determination of the other Company's rights or obligations under this Agreement available for review by the other Company, if requested, to the extent (i) such Tax Return relates to Taxes for which the requesting party would reasonably be expected to be liable, (ii) such Tax Return relates to Taxes and the requesting party would reasonably be expected to be liable in whole or in part for any additional Taxes owing as a result of adjustments to the amount of such Taxes reported on such Tax Return, (iii) such Tax Return relates to Taxes for which the requesting party would reasonably be expected to have a claim for Tax Benefits under this Agreement, or (iv) the requesting party reasonably determines that it must inspect such Tax Return to confirm compliance with the terms of this Agreement. The Responsible Company shall (i) use its reasonable best efforts to make such portion of such Tax Return available for review as required under this paragraph sufficiently in advance of the due date for filing of such Tax Return to provide the requesting party with a meaningful opportunity to analyze and comment on such Tax Return and (ii) use reasonable efforts to have such Tax Return modified before filing, taking into account the person responsible for payment of the Tax (if any) reported on such Tax Return and whether the amount of Tax liability allocable to the requesting party with respect to such Tax Return is material. The Companies shall attempt in good faith to resolve any issues arising out of the review of such Tax Return.

(b) Material Tax Returns. For purposes of Section 3.06(a), a Tax Return is "material" if it could reasonably be expected to reflect (A) Tax liability equal to or in excess of $1 million, (B) a credit or credits equal to or in excess of $1 million or (C) a loss or losses equal to or in excess of $3 million, in each case with respect to the requesting party.

Section 3.07 Zoetis Carrybacks and Claims for Refund. Zoetis hereby agrees that, unless Pfizer consents in writing, (i) no Adjustment Request with respect to any Joint Return shall be filed, and (ii) any available elections to waive the right to claim in any Pre-Deconsolidation Period with respect to any Joint Return any Zoetis Carryback arising in a Post-Deconsolidation Period shall be made, and no affirmative election shall be made to claim any such Zoetis Carryback.

Section 3.08 Apportionment of Tax Attributes. Pfizer shall in good faith advise Zoetis in writing of the amount, if any, of any Tax Attributes, which Pfizer determines, in its sole and absolute discretion, shall be allocated or apportioned to the Zoetis Group under applicable law, provided that this Section 3.08 shall not be construed as obligating Pfizer to undertake any such determination. Zoetis and all members of the Zoetis Group shall prepare all Tax Returns in accordance with such written notice. Zoetis agrees that it shall not dispute Pfizer's allocation or apportionment of Tax Attributes. Zoetis may request that Pfizer undertake a determination of the portion, if any, of any particular Tax Attribute to be allocated or apportioned to the Zoetis Group under applicable law; to the extent that Pfizer determines, in its sole and absolute discretion, not to undertake such determination, or does not otherwise advise Zoetis of its intention to undertake such determination within 20 Business Days of the receipt of such request, Zoetis shall be permitted to undertake such determination at its own cost and expense and shall notify Pfizer of its determination, which determination shall not be binding upon Pfizer.

Section 4. Tax Payments.

Section 4.01 Payment of Taxes With Respect to Certain Joint Returns. In the case of any Joint Return:

(a) Computation and Payment of Tax Due. At least three Business Days prior to any Payment Date for any such Tax Return, the Responsible Company shall compute the amount of Tax required to be paid to the applicable Tax Authority (taking into account the requirements of Section 3.04 relating to consistent accounting practices, as applicable) with respect to such Tax Return on such Payment Date. The Responsible Company shall pay such amount to such Tax Authority on or before such Payment Date (and provide notice and proof of payment to the other Company).

(b) Computation and Payment of Liability With Respect To Tax Due. Within 20 Business Days following the earlier of (i) the due date (including extensions) for filing any such Tax Return (excluding any Tax Return with respect to payment of estimated Taxes or Taxes due with a request for extension of time to file) or (ii) the date on which such Tax Return is filed, if Pfizer is the Responsible Company, then Zoetis shall pay to Pfizer the amount allocable to the Zoetis Group under the provisions of Section 2, and if Zoetis is the Responsible Company, then Pfizer shall pay to Zoetis the amount allocable to the Pfizer Group under the provisions of Section 2, in each case, plus interest computed at the Prime Rate on the amount of the payment based on the number of days from the earlier of (i) the due date of the Tax Return (including extensions) or (ii) the date on which such Tax Return is filed, to the date of payment.

(c) Adjustments Resulting in Underpayments. In the case of any adjustment pursuant to a Final Determination with respect to any such Tax Return, the Responsible Company shall pay to the applicable Tax Authority when due any additional Tax due with respect to such Return required to be paid as a result of such adjustment pursuant to a Final Determination. The Responsible Company shall compute the amount attributable to the Zoetis Group in accordance with Section 2 and Zoetis shall pay to Pfizer any amount due Pfizer (or Pfizer shall pay Zoetis any amount due Zoetis) under Section 2 within 20 Business Days from the later of (i) the date the additional Tax was paid by the Responsible Company or (ii) the date of receipt of a written notice and demand from the Responsible Company for payment of the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. Any payments required under this Section 4.01(c) shall include interest computed at the Prime Rate based on the number of days from the date the additional Tax was paid by the Responsible Company to the date of the payment under this Section 4.01(c).

Section 4.02 Payment of Separate Company Taxes. Each Company shall pay, or shall cause to be paid, to the applicable Tax Authority when due all Taxes owed by such Company or a member of such Company's Group with respect to a Separate Return.

Section 4.03 Indemnification Payments.

(a) If any Company (the "**Payor**") is required under applicable Tax Law to pay to a Tax Authority a Tax that another Company (the "**Required Party**") is liable for under this
Agreement, the Required Party shall reimburse the Payor within 20 Business Days of delivery by the Payor to the Required Party of an invoice for the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. The reimbursement shall include interest on the Tax payment computed at the Prime Rate based on the number of days from the date of the payment to the Tax Authority to the date of reimbursement under this Section 4.03.

(b) All indemnification payments under this Agreement shall be made by Pfizer directly to Zoetis and by Zoetis directly to Pfizer; *provided, however*, that if the Companies mutually agree with respect to any such indemnification payment, any member of the Pfizer Group, on the one hand, may make such indemnification payment to any member of the Zoetis Group, on the other hand, and vice versa. All indemnification payments shall be treated in the manner described in Section 12.01.

Section 5. Tax Refunds.

Section 5.01 Tax Refunds. Pfizer shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Specified Taxes for which Pfizer is liable hereunder, Zoetis shall be entitled to any refund (and any interest thereon received from the applicable Tax Authority) of Specified Taxes for which Zoetis is liable hereunder and a Company receiving a refund to which another Company is entitled hereunder shall pay over such refund to such other Company within 20 Business Days after such refund is received (together with interest computed at the Prime Rate based on the number of days from the date the refund was received to the date the refund was paid over).

Section 6. Tax-Free Status.

Section 6.01 Restrictions on Zoetis.

(a) Zoetis agrees that it will not take or fail to take, or permit any Zoetis Affiliate, as the case may be, to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any statement, information, covenant or representation in any Representation Letters or Tax Opinions/Rulings. Zoetis agrees that it will not take or fail to

take, or permit any Zoetis Affiliate, as the case may be, to take or fail to take, any action which adversely affects or could reasonably be expected to adversely affect (A) the Tax-Free Status of the Contribution, the Debt-for-Debt Exchange, the Debt-for-Equity Exchange and the Distribution, or (B) the qualification of any Separation Transaction under U.S. federal, state, local or non-U.S. Tax Law as wholly or partially tax-free or tax-deferred (including, but not limited to, those transactions described in any of the Tax Opinions/ Rulings received with respect to such Separation Transaction).

(b) Zoetis agrees that, from the date hereof until the first Business Day after the two-year anniversary of the final Distribution Date, it will (i) maintain its status as a company engaged in the Active Trade or Business for purposes of Section 355(b)(2) of the Code, (ii) not engage in any transaction that would result in it ceasing to be a company engaged in the Active Trade or Business for purposes of Section 355(b)(2) of the Code, (iii) cause each Zoetis Affiliate whose Active Trade or Business is relied upon in the Tax Opinions/ Rulings for purposes of
qualifying a transaction as tax-free pursuant to Section 355 of the Code or other Tax Law to maintain its status as a company engaged in such Active Trade or Business for purposes of Section 355(b)(2) of the Code and any such other applicable Tax Law, (iv) not engage in any transaction or permit a Zoetis Affiliate to engage in any transaction that would result in a Zoetis Affiliate described in clause (iii) hereof ceasing to be a company engaged in the relevant Active Trade or Business for purposes of Section 355(b)(2) or such other applicable Tax Law, taking into account Section 355(b)(3) of the Code for purposes of clauses (i) through (iv) hereof, and (v) not dispose of or permit a Zoetis Affiliate to dispose of, directly or indirectly, any interest in a Zoetis Affiliate described in clause (iii) hereof or permit any such Zoetis Affiliate to make or revoke any election under Treasury Regulation Section 301.7701-3.

(c) Zoetis agrees that, from the date hereof until the first Business Day after the two-year anniversary of the final Distribution Date, it will not and will not permit any Zoetis Affiliate described in clause (iii) of Section 6.01(b) to (i) enter into any Proposed Acquisition Transaction or, to the extent Zoetis has the right to prohibit any Proposed Acquisition Transaction, permit any Proposed Acquisition Transaction to occur (whether by (a) redeeming rights under a shareholder rights plan, (b) finding a tender offer to be a "permitted offer" under any such plan or otherwise causing any such plan to be inapplicable or neutralized with respect to any Proposed Acquisition Transaction, (c) approving any Proposed Acquisition Transaction, whether for purposes of Section 203 of the DGCL or any similar corporate statute, any "fair price" or other provision of Zoetis's charter or bylaws, (d) amending its certificate of incorporation to declassify its Board of Directors or approving any such amendment, or otherwise), (ii) merge or consolidate with any other Person or liquidate or partially liquidate, (iii) in a single transaction or series of transactions sell or transfer (other than sales or transfers of inventory in the ordinary course of business) all or substantially all of the assets that were transferred to Zoetis pursuant to the Contribution or sell or transfer 25% or more of the gross assets of any Active Trade or Business or 25% or more of the consolidated gross assets of Zoetis and its Affiliates (such percentages to be measured based on fair market value as of the initial Distribution Date), (iv) redeem or otherwise repurchase (directly or through a Zoetis Affiliate) any Zoetis stock, or rights to acquire stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48), (v) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of Zoetis Capital Stock (including, without limitation, through the conversion of one class of Zoetis Capital Stock into another class of Zoetis Capital Stock) or (vi) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation made in the Representation Letters or the Tax Opinions/Rulings) which in the aggregate (and taking into account any other transactions described in this subparagraph (d)) would be reasonably likely to have the effect of causing or permitting one or more persons (whether or not acting in concert) to acquire directly or indirectly stock representing a Fifty-Percent or Greater Interest in Zoetis or otherwise jeopardize the Tax-Free Status, *unless* prior to taking any such action set forth in the foregoing clauses (i) through (vi), (A) Zoetis shall have requested that Pfizer obtain a Ruling in accordance with Section 6.04(b) and (d) of this Agreement to the effect that such transaction will not affect the Tax-Free Status and Pfizer shall have received such a Ruling in form and substance satisfactory to Pfizer in its sole and absolute discretion, or (B) Zoetis shall provide Pfizer with an Unqualified Tax Opinion in form and substance satisfactory to Pfizer in its sole and absolute discretion (and in determining whether an opinion is satisfactory, Pfizer may consider, among other factors, the appropriateness of any underlying assumptions and management's representations if used as a basis for the opinion and Pfizer may determine that no opinion would be acceptable to Pfizer) or (C) Pfizer shall have waived the requirement to obtain such Ruling or Unqualified Tax Opinion.

(d) Certain Issuances of Zoetis Capital Stock. If Zoetis proposes to enter into any Section 6.01(d) Acquisition Transaction or, to the extent Zoetis has the right to prohibit any Section 6.01(d) Acquisition Transaction, proposes to permit any Section 6.01(d) Acquisition Transaction to occur, in each case, during the period from the date hereof until the first Business Day after the two-year anniversary of the final Distribution Date, Zoetis shall provide Pfizer, no later than ten Business Days following the signing of any written agreement with respect to the Section 6.01(d) Acquisition Transaction, with a written description of such transaction (including the type and amount of Zoetis Capital Stock to be issued in such transaction) and a

certificate of the Board of Directors of Zoetis to the effect that the Section 6.01(d) Acquisition Transaction is not a Proposed Acquisition Transaction or any other transaction to which the requirements of Section 6.01(c) apply (a "**Board Certificate**").

(e) Zoetis Internal Restructuring. Zoetis shall not engage in, cause or permit any internal restructuring (including by making or revoking any election under Treasury Regulation Section 301.7701-3) involving a member of the Zoetis Group or any contribution, sale or other transfer of any of the assets directly or indirectly contributed to Zoetis as described in the Separation Agreement, to Zoetis or any of its Affiliates, apart from sales in the ordinary course of business (any such action, an "**Internal Restructuring**") during or with respect to any Tax Period (or portion thereof) ending on or prior to the final Distribution Date without obtaining the prior written consent of Pfizer. Zoetis shall provide written notice to Pfizer describing any Internal Restructuring proposed to be taken during or with respect to any Tax Period (or portion thereof) beginning after the final Distribution Date and ending on or prior to the two-year anniversary of such Distribution Date, and shall consult with Pfizer regarding any such proposed actions reasonably in advance of taking any such proposed actions and shall consider in good faith any comments from Pfizer relating thereto.

(f) Zoetis Securities. Zoetis shall not, directly or indirectly, (i) pre-pay, pay down, redeem, retire or otherwise acquire, however effected including pursuant to the terms thereof, any of the Zoetis Securities prior to their stated maturity (or permit any member of the Zoetis Group to take any such action), excluding, for these purposes, the exchange, pursuant to the Registration Rights Agreement, of the Transfer Restricted Securities for Exchange Securities, each as defined in the Registration Rights Agreement, or (ii) take or permit to be taken any action at any time, including, without limitation, any modification to the terms of the Zoetis Securities that could jeopardize, directly or indirectly, the qualification, in whole or part, of any of the Zoetis Securities as "securities" within the meaning of Section 361(a) of the Code (or permit any member of the Zoetis Group to take or permit to be taken any such action), *unless* prior to taking any such action set forth in the foregoing clauses (i) or (ii), (A) Zoetis shall have requested that Pfizer obtain a Ruling in accordance with Section 6.04(b) and (d) of this Agreement to the effect that such transaction will not affect the Tax-Free Status and Pfizer shall have received such a Ruling in form and substance satisfactory to Pfizer in its sole and absolute discretion, (B) Zoetis shall provide Pfizer with an Unqualified Tax Opinion in form and substance satisfactory to Pfizer in its sole and absolute discretion (and in determining whether an opinion is satisfactory, Pfizer may consider, among other factors, the appropriateness of any underlying assumptions and management's representations if used as a basis for the opinion and Pfizer may determine that no opinion would be acceptable to Pfizer), or (C) Pfizer shall have waived the requirement to obtain such Ruling or Unqualified Tax Opinion. Notwithstanding the foregoing, and subject to and without limiting or modifying Zoetis' indemnification obligations under Section 6.04, Zoetis or a Zoetis Affiliate may take, cause to be taken, or permit to be taken an action described in this Section 6.01(f) if failure to take such action would violate the terms of the Zoetis Securities or any of the documents entered into in connection therewith (a "**Required Action**").

(g) Gain Recognition Agreements. Zoetis shall not (i) take any action (including, but not limited to, the sale or disposition of any stock, securities, or other assets), (ii) permit any member of the Zoetis Group to take any such action, (iii) fail to take any action, or (iv) permit any member of the Zoetis Group to fail to take any action, in each case that would cause Pfizer or any member of the Pfizer Group to recognize gain under any Gain Recognition Agreement. In addition, Zoetis shall file, and shall cause any member of the Zoetis Group to file, any Gain Recognition Agreement reasonably requested by Pfizer which Gain Recognition Agreement is determined by Pfizer to be necessary so as to (i) allow for or preserve the tax-free or tax-deferred nature, in whole or part, of any Separation Transaction, or (ii) avoid Pfizer or any member of the Pfizer Group recognizing gain under any Gain Recognition Agreement.

Section 6.02 Restrictions on Pfizer. Pfizer agrees that it will not take or fail to take, or permit any Pfizer Affiliate, as the case may be, to take or fail to take, any action (i) where such action or failure to act would be inconsistent with or cause to be untrue any statement, information, covenant or representation in any Representation Letters or Tax Opinions/Rulings, or (ii) which adversely affects or could reasonably be expected to adversely affect (A) the Tax-Free Status of the Contribution, the Debt-for-Debt Exchange, the Debt-for-Equity Exchange and the Distribution, or (B) the qualification of any Separation Transaction under U.S. federal, state, local or non-U.S. Tax Law as tax free (including, but not limited to, those transactions described in any of the Tax Opinions/Rulings received with respect to such Separation Transaction) from so qualifying; *provided, however*, that this Section 6.02 shall not be construed as obligating Pfizer to consummate the Distribution nor shall it be construed as preventing Pfizer from terminating the Separation Agreement pursuant to Section 10.1 thereof.

Section 6.03 Procedures Regarding Opinions and Rulings.

(a) If Zoetis notifies Pfizer that it desires to take one of the actions described in clause (i) or (ii) of Section 6.01(c) or clauses (i) through (iv) or Section 6.01(f) (a "**Notified Action**"), Pfizer and Zoetis shall reasonably cooperate to attempt to obtain the Ruling or Unqualified Tax Opinion referred to in Section 6.01(c) or (f), unless Pfizer shall have waived the requirement to obtain such Ruling or Unqualified Tax Opinion.

(b) Rulings or Unqualified Tax Opinions at Zoetis's Request. Pfizer agrees that at the reasonable request of Zoetis pursuant to Section 6.01(c) or (f), Pfizer shall cooperate with Zoetis and use its reasonable best efforts to seek to obtain, as expeditiously as possible, a Ruling from the IRS or an Unqualified Tax Opinion for the purpose of permitting Zoetis to take the Notified Action. Further, in no event shall Pfizer be required to file any Ruling Request under this Section 6.03(b) unless Zoetis represents that (A) it has read the Ruling Request, and (B) all information and representations, if any, relating to any member of the Zoetis Group, contained in the Ruling Request documents are (subject to any qualifications therein) true, correct and complete. Zoetis shall reimburse Pfizer for all reasonable costs and expenses, including expenses relating to the utilization of Pfizer personnel, incurred by the Pfizer Group in obtaining a Ruling or Unqualified Tax Opinion requested by Zoetis within ten Business Days after receiving an invoice from Pfizer therefor.

(c) Rulings or Unqualified Tax Opinions at Pfizer's Request. Pfizer shall have the right to obtain a Ruling or an Unqualified Tax Opinion at any time in its sole and absolute discretion. If Pfizer determines to obtain a Ruling or an Unqualified Tax Opinion, Zoetis shall (and shall cause each Affiliate of Zoetis to) cooperate with Pfizer and take any and all actions reasonably requested by Pfizer in connection with obtaining the Ruling or Unqualified Tax Opinion (including, without limitation, by making any representation or covenant or providing any materials or information requested by the IRS or Tax Advisor; provided that Zoetis shall not be required to make (or cause any Affiliate of Zoetis to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control). Pfizer shall reimburse Zoetis for all reasonable costs and expenses, including expenses relating to the utilization of Zoetis personnel, incurred by the Zoetis Group in connection with such cooperation within ten Business Days after receiving an invoice from Zoetis therefor.

(d) Zoetis hereby agrees that Pfizer shall have sole and exclusive control over the process of obtaining any Ruling, and that only Pfizer shall apply for a Ruling. In connection with obtaining a Ruling pursuant to Section 6.03(b), (A) Pfizer shall keep Zoetis informed in a timely manner of all material actions taken or proposed to be taken by Pfizer in connection therewith; (B) Pfizer shall (1) reasonably in advance of the submission of any Ruling Request documents provide Zoetis with a draft copy thereof, (2) reasonably consider Zoetis's comments on such draft copy, and (3) provide Zoetis with a final copy; and (C) Pfizer shall provide Zoetis with notice reasonably in advance of, and Zoetis shall have the right to attend, any formally scheduled meetings with the IRS (subject to the approval of the IRS) that relate to such Ruling. Neither Zoetis nor any Zoetis Affiliate directly or indirectly controlled by Zoetis shall seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) at any time concerning the Contribution, the Debt-for-Debt Exchange, the Debt-for-Equity Exchange or the Distribution (including the impact of any transaction on the Contribution, the Debt-for-Debt Exchange, the Debt-for-Equity Exchange or the Distribution).

Section 6.04 Liability for Tax-Related Losses.

(a) Notwithstanding anything in this Agreement or the Separation Agreement to the contrary (and in each case regardless of whether a Ruling, Unqualified Tax Opinion or waiver described in clause (A), (B) or (C) of Section 6.01(c) or a Ruling, Unqualified Tax Opinion or waiver described in clause (A), (B) or (C) of Section 6.01(f) may have been provided, and regardless of whether an action may be a Required Action), subject to Section 6.04(c), Zoetis shall be responsible for, and shall indemnify and hold harmless Pfizer and its Affiliates and each of their respective officers, directors and employees from and against, one hundred percent (100%) of any Tax-Related Losses that are attributable to or result from any one or more of the following: (A) the acquisition (other than pursuant to the Contribution, the Debt-for-Equity Exchange, the IPO, or the Distribution) of all or a portion of Zoetis's stock and/or its or its subsidiaries' assets by any means whatsoever by any Person, (B) any negotiations, understandings, agreements or arrangements by Zoetis with respect to transactions or events (including, without limitation, stock issuances, pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause the Distribution to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly stock of Zoetis representing a Fifty-Percent or Greater Interest therein, (C) any action or failure to act by Zoetis after the Distribution (including, without limitation, any amendment to Zoetis's certificate of incorporation (or other organizational documents), whether through a stockholder vote or otherwise) affecting the voting rights of Zoetis stock (including, without limitation, through the conversion of one class of Zoetis Capital Stock into another class of Zoetis Capital Stock), (D) any act or failure to act by Zoetis or any Zoetis Affiliate described in Section 6.01 (regardless whether such act or failure to act may be a Required Action or may be covered by a Ruling, Unqualified Tax Opinion or waiver described in clause (A), (B) or (C) of Section 6.01(c), a Board Certificate described in Section 6.01(d), a consent described in Section 6.01(e), or a Ruling, Unqualified Tax Opinion or waiver described in clause (A), (B) or (C) of Section 6.01(f)) or (E) any breach by Zoetis of its agreement and representation set forth in Section 6.01(a).

(b) Notwithstanding anything in this Agreement or the Separation Agreement to the contrary, subject to Section 6.04(c), Pfizer shall be responsible for, and shall indemnify and hold harmless Zoetis and its Affiliates and each of their respective officers, directors and employees from and against, one hundred percent (100%) of any Tax-Related Losses that are attributable to, or result from any one or more of the following: (A) the acquisition (other than pursuant to the Contribution, the Debt-for-

Equity Exchange, the IPO, or the Distribution) of all or a portion of Pfizer's stock and/or its assets by any means whatsoever by any Person, (B) any negotiations, agreements or arrangements by Pfizer with respect to transactions or events (including, without limitation, stock issuances, pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause the Distribution to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly stock of Pfizer representing a Fifty-Percent or Greater Interest therein, (C) any act or failure to act by Pfizer or a member of the Pfizer Group described in Section 6.02 or any breach by Pfizer of its agreement and representation set forth in Section 6.02.

(c)

(i) To the extent that any Tax-Related Loss is subject to indemnity under both Sections 6.04(a) and (b), responsibility for such Tax-Related Loss shall be shared by Pfizer and Zoetis according to relative fault.

(ii) Notwithstanding anything in Section 6.04(b) or (c)(i) or any other provision of this Agreement or the Separation Agreement to the contrary:

(A) with respect to (I) any Tax-Related Loss resulting from Section 355(e) of the Code (other than as a result of an acquisition of a Fifty-Percent or Greater Interest in Pfizer) and (II) any other Tax-Related Loss resulting (for the absence of doubt, in whole or in part) from an acquisition after the Distribution of any stock or assets of Zoetis (or any Zoetis Affiliate) by any means whatsoever by any Person or any action or failure to act by Zoetis affecting the voting rights of Zoetis stock, Zoetis shall be responsible for, and shall indemnify and hold harmless Pfizer and its Affiliates and each of their respective officers, directors and employees from and against, one hundred percent (100%) of such Tax-Related Loss; and

(B) for purposes of calculating the amount and timing of any Tax-Related Loss for which Zoetis is responsible under this Section 6.04, Tax-Related Losses shall be calculated by assuming that Pfizer, the Pfizer Affiliated Group and each member of the Pfizer Group (I) pay Tax at the highest marginal corporate Tax rates in effect in each relevant taxable year and (II) have no Tax Attributes in any relevant taxable year.

(iii) Notwithstanding anything in Section 6.04(a) or (c)(i) or any other provision of this Agreement or the Separation Agreement to the contrary, with respect to (I) any Tax-Related Loss resulting from Section 355(e) of the Code (other than as a result of an acquisition of a Fifty-Percent or Greater Interest in Zoetis) and (II) any other Tax-Related Loss resulting (for the absence of doubt, in whole or in part) from an acquisition after the Distribution of any stock or assets of Pfizer (or any Pfizer Affiliate) by any means whatsoever by any Person, Pfizer shall be responsible for, and shall indemnify and hold harmless Zoetis and its Affiliates and each of their respective officers, directors and employees from and against, one hundred percent (100%) of such Tax-Related Loss.

(d) Zoetis shall pay Pfizer the amount of any Tax-Related Losses for which Zoetis is responsible under this Section 6.04: (A) in the case of Tax-Related Losses described in clause (i) of the definition of Tax-Related Losses no later than two Business Days prior to the date Pfizer files, or causes to be filed, the applicable Tax Return for the year of the Contribution or Distribution, as applicable (the "**Filing Date**") (provided that if such Tax-Related Losses arise pursuant to a Final Determination described in clause (a), (b) or (c) of the definition of "Final Determination", then Zoetis shall pay Pfizer no later than two Business Days after the date of such Final Determination with interest calculated at the Prime Rate plus two percent, compounded semiannually, from the date that is two Business Days prior to the Filing Date through the date of such Final Determination) and (B) in the case of Tax-Related Losses described in clause (ii) or (iii) of the definition of Tax-Related Losses, no later than two Business Days after the date Pfizer pays such Tax-Related Losses. Pfizer shall pay Zoetis the amount of any Tax-Related Losses (described in clause (ii) or (iii) of the definition of Tax-Related Loss) for which Pfizer is responsible under this Section 6.04 no later than two Business Days after the date Zoetis pays such Tax-Related Losses.

Section 7. Assistance and Cooperation.

Section 7.01 Assistance and Cooperation.

(a) The Companies shall cooperate (and cause their respective Affiliates to cooperate) with each other and with each other's agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Companies and their Affiliates including (i) preparation and filing of Tax Returns, (ii) determining the liability for and amount of any Specified Taxes due (including estimated Taxes) or the right to and amount of any refund of Taxes, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding in respect of Specified Taxes assessed or proposed to be assessed. Such cooperation shall include making all information and documents in their possession relating to the other Company and its Affiliates available to such other Company as provided in Section 8. Each of the Companies

shall also make available to the other, as reasonably requested and available, personnel (including officers, directors, employees and agents of the Companies or their respective Affiliates) responsible for preparing, maintaining, and interpreting information and documents relevant to Specified Taxes, and personnel reasonably required as witnesses or for purposes of providing

information or documents in connection with any administrative or judicial proceedings relating to Specified Taxes. In the event that a member of the Pfizer Group, on the one hand, or a member of the Zoetis Group, on the other hand, suffers a Tax detriment as a result of a Transfer Pricing Adjustment, the Companies shall cooperate pursuant to this Section 7 to seek any competent authority relief that may be available with respect to such Transfer Pricing Adjustment. Zoetis shall cooperate with Pfizer and take any and all actions reasonably requested by Pfizer in connection with obtaining the Tax Opinions/Rulings (including, without limitation, by making any new representation or covenant, confirming any previously made representation or covenant or providing any materials or information requested by any Tax Advisor or Tax Authority; provided that, Zoetis shall not be required to make or confirm any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control).

(b) Any information or documents provided under this Section 7 shall be kept confidential by the Company receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes. Notwithstanding any other provision of this Agreement or any other agreement, (i) neither Pfizer nor any Pfizer Affiliate shall be required to provide Zoetis or any Zoetis Affiliate or any other Person access to or copies of any information or procedures (including the proceedings of any Tax Contest) other than information or procedures that relate to Zoetis, the business or assets of Zoetis or any Zoetis Affiliate and (ii) in no event shall Pfizer or any Pfizer Affiliate be required to provide Zoetis, any Zoetis Affiliate or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that Pfizer determines that the provision of any information to Zoetis or any Zoetis Affiliate could be commercially detrimental, violate any law or agreement or waive any Privilege, the parties shall use reasonable best efforts to permit compliance with its obligations under this Section 7 in a manner that avoids any such harm or consequence.

Section 7.02 Income Tax Return Information. Zoetis and Pfizer acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by Pfizer or Zoetis pursuant to Section 7.01 or this Section 7.02. Zoetis and Pfizer acknowledge that failure to conform to the reasonable deadlines set by Pfizer or Zoetis could cause irreparable harm. Each Company shall provide to the other Company information and documents relating to its Group required by the other Company to prepare Tax Returns, including, but not limited to, any pro forma returns required by the Responsible Company for purposes of preparing such Tax Returns. Any information or documents the Responsible Company requires to prepare such Tax Returns shall be provided in such form as the Responsible Company reasonably requests and at or prior to the time reasonably specified by the Responsible Company so as to enable the Responsible Company to file such Tax Returns on a timely basis.

Section 7.03 Reliance by Pfizer. If any member of the Zoetis Group supplies information to a member of the Pfizer Group in connection with a Tax liability and an officer of a member of the Pfizer Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the Pfizer Group identifying the information being so relied upon, the chief financial officer of Zoetis (or any officer of Zoetis as designated by the chief financial officer of Zoetis) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete.

Section 7.04 Reliance by Zoetis. If any member of the Pfizer Group supplies information to a member of the Zoetis Group in connection with a Tax liability and an officer of a member of the Zoetis Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the Zoetis Group identifying the information being so relied upon, the chief financial officer of Pfizer (or any officer of Pfizer as designated by the chief financial officer of Pfizer) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete.

Section 8. Tax Records.

Section 8.01 Retention of Tax Records. Each Company shall preserve and keep all Tax Records exclusively relating to the assets and activities of its Group for Pre-Deconsolidation Periods, and Pfizer shall preserve and keep all other Tax Records relating to Taxes of the Groups for Pre-Deconsolidation Tax Periods, for so long as the contents thereof may become material in the administration of any matter under the Code or other applicable Tax Law, but in any event until the later of (i) the expiration of any applicable statutes of limitations, or (ii) seven years after the Deconsolidation Date (such later date, the "**Retention Date**"). After the Retention Date, each Company may dispose of such Tax Records upon 60 Business Days' prior written notice to the other Company. If, prior to the Retention Date, (a) a Company reasonably determines that any Tax Records which it would otherwise be required to preserve and keep under this Section 8 are no longer material in the administration of any matter under the Code or other applicable Tax Law and the other Company agrees, then such first Company may dispose of such Tax Records upon 60 Business Days' prior notice to the other Company. Any notice of an intent to dispose given pursuant to this Section 8.01 shall include a list of the Tax Records to be disposed of describing in reasonable detail each file, book, or other record accumulation being disposed. The notified Company shall have the opportunity, at its

cost and expense, to copy or remove, within such 60 Business Day period, all or any part of such Tax Records. If, at any time prior to the Retention Date,

Zoetis determines to decomission or otherwise discontinue any computer program or information technology system used to access or store any Tax Records, then Zoetis may decomission or discontinue such program or system upon 90 days' prior notice to Pfizer and Pfizer shall have the opportunity, at its cost and expense, to copy, within such 60 Business Day period, all or any part of the underlying data relating to the Tax Records accessed by or stored on such program or system.

Section 8.02 Access to Tax Records. The Companies and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records (and, for the avoidance of doubt, any pertinent underlying data accessed or stored on any computer program or information technology system) in their possession and shall permit the other Company and its Affiliates, authorized agents and representatives and any representative of a Taxing Authority or other Tax auditor direct access, at the cost and expense of such other Company, during normal business hours upon reasonable notice to any computer program or information technology system used to access or store any Tax Records, in each case to the extent reasonably required by the other Company in connection with the preparation of Tax Returns or financial accounting statements, audits, litigation, or the resolution of items under this Agreement.

Section 8.03 Preservation of Privilege. No member of the Zoetis Group shall provide access to, copies of, or otherwise disclose to any Person any documentation relating to Specified Taxes existing as of the date hereof to which Privilege may reasonably be asserted without the prior written consent of Pfizer, such consent not to be unreasonably withheld.

Section 9. Tax Contests.

Section 9.01 Notice. Each of the Companies shall provide prompt notice to the other Company of any written communication from a Tax Authority regarding any pending Tax audit, assessment or proceeding or other Tax Contest of which it becomes aware related to Taxes for Tax Periods for which it is indemnified by the other Company hereunder or for which it may be required to indemnify the other Company hereunder. Such notice shall attach copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Tax Authority in respect of any such matters. If an indemnified party has knowledge of an asserted Tax liability with respect to a matter for which it is to be indemnified hereunder and such party fails to give the indemnifying party prompt notice of such asserted Tax liability and the indemnifying party is entitled under this Agreement to contest the asserted Tax liability, then (i) if the indemnifying party is precluded from contesting the asserted Tax liability in any forum as a result of the failure to give prompt notice, the indemnifying party shall have no obligation to indemnify the indemnified party for any Taxes arising out of such asserted Tax liability, and (ii) if the indemnifying party is not precluded from contesting the asserted Tax liability in any forum, but such failure to give prompt notice results in a material monetary detriment to the indemnifying party, then any amount which the indemnifying party is otherwise required to pay the indemnified party pursuant to this Agreement shall be reduced by the amount of such detriment.

Section 9.02 Control of Tax Contests.

(a) Separate Returns. In the case of any Tax Contest with respect to any Separate Return, the Company having liability for the Tax pursuant to Section 2 hereof shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Sections 9.02(c) and (d) below.

(b) Joint Return. In the case of any Tax Contest with respect to any Joint Return, Pfizer shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Sections 9.02(c) and (d) below.

(c) Settlement Rights. The Controlling Party shall have the sole right to contest, litigate, compromise and settle any Tax Contest without obtaining the prior consent of the Non-Controlling Party. Unless waived by the parties in writing, in connection with any potential adjustment in a Tax Contest as a result of which adjustment the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement: (i) the Controlling Party shall keep the Non-Controlling Party informed in a timely manner of all actions taken or proposed to be taken by the Controlling Party with respect to such potential adjustment in such Tax Contest; (ii) the Controlling Party shall
timely provide the Non-Controlling Party copies of any written materials relating to such potential adjustment in such Tax Contest received from any Tax Authority; (iii) the Controlling Party shall timely provide the Non-Controlling Party with copies of any correspondence or filings submitted to any Tax Authority or judicial authority in connection with such potential adjustment in such Tax Contest; (iv) the Controlling Party shall consult with the Non-Controlling Party and offer the Non-Controlling Party a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such potential adjustment in such Tax Contest; and (v) the Controlling Party shall defend such Tax Contest diligently and in good faith. The failure of the Controlling Party to take any action specified in the preceding sentence with respect to the Non-Controlling Party shall not relieve the Non-

Controlling Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement except to the extent that the Non-Controlling Party was actually harmed by

such failure, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party. In the case of any Tax Contest described in Section 9.02(a) or (b), "**Controlling Party**" means the Company entitled to control the Tax Contest under such Section and "**Non-Controlling Party**" means the other Company.

(d) Tax Contest Participation. Unless waived by the parties in writing, the Controlling Party shall provide the Non-Controlling Party with written notice reasonably in advance of, and the Non-Controlling Party shall have the right to attend, any formally scheduled meetings with Tax Authorities or hearings or proceedings before any judicial authorities in connection with any potential adjustment in a Tax Contest pursuant to which the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement. The failure of the Controlling Party to provide any notice specified in this Section 9.02(d) to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement except to the extent that the Non-Controlling Party was actually harmed by such failure, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party.

(e) Power of Attorney. Each member of the Zoetis Group shall execute and deliver to Pfizer (or such member of the Pfizer Group as Pfizer shall designate) any power of attorney or other similar document reasonably requested by Pfizer (or such designee) in connection with any Tax Contest (as to which Pfizer is the Controlling Party) described in this Section 9. Each member of the Pfizer Group shall execute and deliver to Zoetis (or such member of the Zoetis Group as Zoetis shall designate) any power of attorney or other similar document requested by Zoetis (or such designee) in connection with any Tax Contest (as to which Zoetis is the Controlling Party) described in this Section 9.

Section 10. Effective Date. This Agreement shall be effective as of the date hereof.

Section 11. Survival of Obligations. The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

Section 12. Treatment of Payments.

Section 12.01 Treatment of Tax Indemnity Payments. In the absence of any change in Tax treatment under the Code or except as otherwise required by other applicable Tax Law, any Tax indemnity payments made by a Company under this Agreement shall be reported for Tax purposes by the payor and the recipient as distributions or capital contributions, as appropriate, occurring immediately before the Deconsolidation (but only to the extent the payment does not relate to a Tax allocated to the payor in accordance with Section 1552 of the Code or the regulations thereunder or Treasury Regulation Section 1.1502-33(d) (or under corresponding principles of other applicable Tax Laws)) or as payments of an assumed or retained liability. Except to the extent provided in Section 12.02, any Tax indemnity payment made by a Company under this Agreement shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such indemnity payment, the recipient Company receives an amount equal to the sum it would have received had no such Taxes been imposed.

Section 12.02 Interest Under This Agreement. Anything herein to the contrary notwithstanding, to the extent one Company ("**Indemnitor**") makes a payment of interest to another Company ("**Indemnitee**") under this Agreement with respect to the period from the date that the Indemnitee made a payment of Tax to a Tax Authority to the date that the Indemnitor reimbursed the Indemnitee for such Tax payment, the interest payment shall be treated as interest expense to the Indemnitor (deductible to the extent provided by law) and as interest income by the Indemnitee (includible in income to the extent provided by law). The amount of the payment shall not be adjusted to take into account any associated Tax Benefit to the Indemnitor or increase in Tax to the Indemnitee.

Section 13. Disagreements.

Section 13.01 Discussion. The Companies mutually desire that friendly collaboration will continue between them. Accordingly, they will try, and they will cause their respective Group members to try, to resolve in an amicable manner all disagreements and misunderstandings connected with their respective rights and obligations under this Agreement, including any amendments hereto. In furtherance thereof, in the event of any dispute or disagreement (a "**Dispute**") between any member of the Pfizer Group and any member of the Zoetis Group as to the interpretation of any provision of this Agreement or the performance of obligations hereunder, the Tax departments of the Companies shall negotiate in good faith to resolve the Dispute.

Section 13.02 Escalation. If such good faith negotiations do not resolve the Dispute, then the matter, upon written request of either Company, will be referred for resolution to representatives of the parties at a senior level of management of the parties pursuant to the procedures set forth in Section 8.02(a) of the Separation Agreement.

Section 13.03 Referral to Tax Advisor. If the parties are not able to resolve the Dispute through the escalation process referred to above, then the matter will be referred to a Tax Advisor acceptable to each of the Companies to act as an arbitrator in order to resolve the Dispute. In the event that the Companies are unable to agree upon a Tax Advisor within 15 Business Days following the completion of the escalation process, the Companies shall each separately retain an independent, nationally recognized law or accounting firm (each, a "**Preliminary Tax Advisor**"), which Preliminary Tax Advisors shall jointly select a Tax Advisor on behalf of the Companies to act as an arbitrator in order to resolve the Dispute. The Tax Advisor may, in its discretion, obtain the services of any third-party appraiser, accounting firm or consultant that the Tax Advisor deems necessary to assist it in resolving such disagreement. The Tax Advisor shall furnish written notice to the Companies of its resolution of any such Dispute as soon as practical, but in any event no later than 30 Business Days after its acceptance of the matter for resolution. Any such resolution by the Tax Advisor will be conclusive and binding on the Companies. Following receipt of the Tax Advisor's written notice to the Companies of its resolution of the Dispute, the Companies shall each take or cause to be taken any action necessary to implement such resolution of the Tax Advisor. Each Company shall pay its own fees and expenses (including the fees and expenses of its representatives) incurred in connection with the referral of the matter to the Tax Advisor (and the Preliminary Tax Advisors, if any). All fees and expenses of the Tax Advisor (and the Preliminary Tax Advisors, if any) in connection with such referral shall be shared equally by the Companies.

Section 13.04 Injunctive Relief. Nothing in this Section 13 will prevent either Company from seeking injunctive relief if any delay resulting from the efforts to resolve the Dispute through the process set forth above could result in serious and irreparable injury to either Company. Notwithstanding anything to the contrary in this Agreement, Pfizer and Zoetis are the only members of their respective Group entitled to commence a dispute resolution procedure under this Agreement, and each of Pfizer and Zoetis will cause its respective Group members not to commence any dispute resolution procedure other than through such party as provided in this Section 13.

Section 14. Late Payments. Any amount owed by one party to another party under this Agreement which is not paid when due shall bear interest at the Prime Rate plus two percent, compounded semiannually, from the due date of the payment to the date paid. To the extent interest required to be paid under this Section 14 duplicates interest required to be paid under any other provision of this Agreement, interest shall be computed at the higher of the interest rate provided under this Section 14 or the interest rate provided under such other provision.

Section 15. Expenses. Except as otherwise provided in this Agreement, each party and its Affiliates shall bear their own expenses incurred in connection with preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

Section 16. General Provisions.

Section 16.01 Addresses and Notices. Each party giving any notice required or permitted under this Agreement will give the notice in writing and use one of the following methods of delivery to the party to be notified, at the address set forth below or another address of which the sending party has been notified in accordance with this Section 16.01: (a) personal delivery; (b) facsimile or telecopy transmission with a reasonable method of confirming transmission; (c) commercial overnight courier with a reasonable method of confirming delivery; or (d) pre-paid, United States of America certified or registered mail, return receipt requested. Notice to a party is effective for purposes of this Agreement only if given as provided in this Section 16.01 and shall be deemed given on the date that the intended addressee actually receives the notice.

If to Pfizer:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: General Counsel

with a copy to:

Pfizer Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: Senior Vice President - Global Tax

If to the Company to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: General Counsel

with a copy to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: Vice President - Global Tax

A party may change the address for receiving notices under this Agreement by providing written notice of the change of address to the other parties.

Section 16.02 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

Section 16.03 Waiver. The parties may waive a provision of this Agreement only by a writing signed by the party intended to be bound by the waiver. A party is not prevented from enforcing any right, remedy or condition in the party's favor because of any failure or delay in exercising any right or remedy or in requiring satisfaction of any condition, except to the extent that the party specifically waives the same in writing. A written waiver given for one matter or occasion is effective only in that instance and only for the purpose stated. A waiver once given is not to be construed as a waiver for any other matter or occasion. Any enumeration of a party's rights and remedies in this Agreement is not intended to be exclusive, and a party's rights and remedies are intended to be cumulative to the extent permitted by law and include any rights and remedies authorized in law or in equity.

Section 16.04 Severability. If any provision of this Agreement is determined to be invalid, illegal or unenforceable, the remaining provisions of this Agreement remain in full force, if the essential terms and conditions of this Agreement for each party remain valid, binding and enforceable.

Section 16.05 Authority. Each of the parties represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or other action, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it
in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 16.06 Further Action. The parties shall execute and deliver all documents, provide all information, and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement, including the execution and delivery to the other parties and their Affiliates and representatives of such powers of attorney or other authorizing documentation as is reasonably necessary or appropriate in connection with Tax Contests (or portions thereof) under the control of such other parties in accordance with Section 9.

Section 16.07 Integration. This Agreement, together with each of the exhibits and schedules appended hereto, contains the entire agreement between the Companies with respect to the subject matter hereof and supersedes all other agreements, whether or not written, in respect of any Specified Tax between or among any member or members of the Pfizer Group, on the one hand, and any member or members of the Zoetis Group, on the other hand. All such other agreements, including, but not limited to, that certain Tax Sharing Agreement by and among Pfizer and certain of its subsidiaries, dated December 31, 2003, shall be of no further effect between the Companies and any rights or obligations existing thereunder shall be fully and finally settled, calculated as of the date hereof. In the event of any inconsistency between this Agreement and the Separation Agreement or any of the Local Separation Agreements, or any other agreements relating to the transactions contemplated by the Separation Agreement, with respect to the subject matter hereof, the provisions of this Agreement shall control.

Section 16.08 Construction. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning and shall not be strictly construed for or against any party. The captions, titles and headings included in this Agreement are for

convenience only, and do not affect this Agreement's construction or interpretation. Unless otherwise indicated, all "Section" references in this Agreement are to sections of this Agreement.

Section 16.09 No Double Recovery. No provision of this Agreement shall be construed to provide an indemnity or other recovery for any costs, damages, or other amounts for which the damaged party has been fully compensated under any other provision of this Agreement or under any other agreement or action at law or equity. Unless expressly required in this Agreement, a party shall not be required to exhaust all remedies available under other agreements or at law or equity before recovering under the remedies provided in this Agreement.

Section 16.10 Counterparts. The parties may execute this Agreement in multiple counterparts, each of which constitutes an original as against the party that signed it, and all of which together constitute one agreement. This Agreement is effective upon delivery of one executed counterpart from each party to the other party. The signatures of the parties need not appear on the same counterpart. The delivery of signed counterparts by facsimile or email transmission that includes a copy of the sending party's signature is as effective as signing and delivering the counterpart in person.

Section 16.11 Governing Law. The internal laws of the State of New York (without reference to its principles of conflicts of law) govern the construction, interpretation and other matters arising out of or in connection with this Agreement and each of the exhibits and schedules hereto and thereto (whether arising in contract, tort, equity or otherwise).

Section 16.12 Jurisdiction. If any dispute arises out of or in connection with this Agreement, except as expressly contemplated by another provision of this Agreement, the parties irrevocably (and the parties will cause each other member of their respective Group to irrevocably) (a) consent and submit to the exclusive jurisdiction of federal and state courts located in Delaware, (b) waive any objection to that choice of forum based on venue or to the effect that the forum is not convenient, and (c) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO TRIAL OR ADJUDICATION BY JURY.

Section 16.13 Amendment. The parties may amend this Agreement only by a written agreement signed by each party to be bound by the amendment and that identifies itself as an amendment to this Agreement.

Section 16.14 Zoetis Subsidiaries. If, at any time, Zoetis acquires or creates one or more subsidiaries that are includable in the Zoetis Group, they shall be subject to this Agreement and all references to the Zoetis Group herein shall thereafter include a reference to such subsidiaries.

Section 16.15 Successors. This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets, or otherwise, to any of the parties hereto (including but not limited to any successor of Pfizer or Zoetis succeeding to the Tax attributes of either under Section 381 of the Code), to the same extent as if such successor had been an original party to this Agreement.

Section 16.16 Injunctions. The parties acknowledge that irreparable damage would occur in the event that any of the provisions of this Agreement, including Section 6.01, were not performed in accordance with its specific terms or were otherwise breached. The parties hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement, including Section 6.01, and to enforce specifically the terms and provisions hereof in any court having jurisdiction, such remedy being in addition to any other remedy to which they may be entitled at law or in equity.

IN WITNESS WHEREOF, each party has caused this Agreement to be executed on its behalf by a duly authorized officer on the date first set forth above.

PFIZER INC.

By: /s/: Robert E. Landry
Name: Robert E. Landry
Title: Senior Vice President & Treasurer

ZOETIS INC.

By: /s/: Heidi C. Chen
Name: Heidi C. Chen
Title: General Counsel and
Corporate Secretary

[Signature Page to Tax Matters Agreement]

Exhibit 10.4

RESEARCH AND DEVELOPMENT
COLLABORATION AND LICENSE AGREEMENT

THIS RESEARCH AND DEVELOPMENT COLLABORATION AND LICENSE AGREEMENT (the "Agreement") is made effective as of February 6, 2013 (the "Effective Date"), by and between Pfizer Inc., a Delaware corporation having its principal place of business at 235 E. 42nd Street, New York, New York 10017 ("Pfizer") and Zoetis Inc., a Delaware corporation having its principal place of business at 5 Giralda Farms, Madison, NJ 07940 (the "Company"). Pfizer and the Company are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, the Company is in the business of researching, developing, and commercializing pharmaceutical products in the field of animal health;

WHEREAS, Pfizer has a proprietary compound library and a system of related data and information as further described herein; and

WHEREAS, in connection with that certain Global Separation Agreement by and between Pfizer and the Company, dated on or about the date hereof (the "Global Separation Agreement"), the Parties are entering into this Agreement to grant the Company certain rights to access Pfizer's compound library and systems to research, develop, and commercialize pharmaceutical products in the field of animal health and to provide Pfizer with rights to the data and information generated by the Company for research, development and commercialization, subject to the terms and as further described herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS

1.1 **Definitions**. For the purpose of this Agreement, the following terms shall have the following meanings:

"AAA" has the meaning set forth in Section 21.4.1(b).

"Action" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" of any Person means a Person that controls, is controlled by, or is under common control with such Person. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise. It is expressly agreed that, from and after the Effective Date, solely for purposes of this Agreement (a) no member of the Company Group shall be deemed to be an Affiliate of any member of the Pfizer Group and (b) no member of the Pfizer Group shall be deemed to be an Affiliate of any member of the Company Group.

"AIP" has the meaning set forth in Section 6.1.

"AIP Compound Series" has the meaning set forth in Section 6.3.2(a).

"AIP Notice" has the meaning set forth in Section 6.3.2.

"AIP Request" has the meaning set forth in Section 6.2.1.

"Alliance Manager" has the meaning set forth in Section 2.2.

"Alliance Manager Escalation Notice" has the meaning set forth in Section 2.1.7.

"Analog" means, with respect to a Compound, an analog, derivative, or modification thereof.

"Analog Plan" means a reasonably detailed plan that sets forth the Company's plans to synthesize Analogs.

"Ancillary Agreements" has the meaning set forth in the Global Separation Agreement.

"Animal Health Business" means any Person and/or any Affiliates of such Person, and/or any portion of the assets or business of such Person(s) associated with, annual sales of pharmaceutical products in the Field of at least Five Hundred US Million Dollars (US$500,000,000).

"Annual Access Fee" has the meaning set forth in Section 9.1.1.

"Applicable Laws" means all applicable laws, statutes, rules, regulations, and guidelines, including all applicable standards or guidelines promulgated by any applicable Governmental Authority (including cGCP, cGMP, and cGLP).

"Assigned Patent Rights" has the meaning set forth in Section 18.2.2(c)(ii).

"Bankruptcy Code" has the meaning set forth in Section 20.2.2(a).

"Business Combination Transaction" has the meaning set forth in paragraph (b) of the definition of "Change of Control."

"Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions are authorized or obligated by Applicable Law to be closed in New York, New York.

"Calendar Quarter" means each successive three (3) calendar month period commencing on January 1, April 1, July 1, and October 1.

"Calendar Year" means each successive period of twelve (12) months commencing on January 1 and ending on December 31.

"Candidate Designation Activities" means all research and development activities in the Field, except for the Restricted Development Activities.

"Candidate Designation Phase" has the meaning set forth in Section 6.6.

"Candidate Designation Project" has the meaning set forth in Section 6.6.

"Candidate Designation Project Team" has the meaning set forth in Section 6.8.

"Candidate Designation Project Team Member" has the meaning set forth in Section 6.8.

"Candidate Designee" has the meaning set forth in Section 6.7.

"cGCP" means the then current good clinical practice standards promulgated or endorsed by each applicable Regulatory Authority, including the guidelines promulgated by the VICH.

"cGLP" means the then current good laboratory practice standards promulgated or endorsed by each applicable Regulatory Authority, including the guidelines promulgated by the VICH.

"cGMP" means the then current good manufacturing practice standards promulgated or endorsed by each applicable Regulatory Authority, including the guidelines promulgated by the VICH.

"Change of Control" means with respect to the Company:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) (a "Specified Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended); it being understood that "beneficial ownership" shall also include any securities which any Person or any of such Person's Affiliates has the right to acquire (whether such right is exercisable immediately or only after the passage of time, pursuant to any agreement, arrangement, understanding, or upon the exercise of conversion right, exchange rights, warrants or options, or otherwise) of fifteen percent (15%) or more of either (i) the then outstanding common stock of the Company or (ii) the combined voting power of the then outstanding voting securities of the Company;

(b) the entry into by the Company of a definitive agreement relating to, or the consummation by the Company of, any merger, consolidation, reorganization, restructuring, liquidation, debt adjustment or readjustment or other business combination transaction involving the Company or one of its Subsidiaries (each, a "Business Combination Transaction"), whether or not in connection with a bankruptcy or court proceeding, unless immediately following such Business Combination Transaction, the individuals and entities who were the beneficial owners of the outstanding common stock and outstanding voting securities of the Company immediately prior to such Business Combination Transaction, respectively, beneficially own, directly or indirectly (including through one or more holding companies or subsidiaries), more than eighty-five percent (85%) of the outstanding common stock and the combined voting power of the outstanding voting securities, as the case may be, of the corporation or other entity resulting from such Business Combination Transaction (including a corporation or other entity which as a result of such transaction owns the then outstanding securities of the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries);

(c) the Company or any of its Subsidiaries assigns, sells, licenses or otherwise transfers to any Specified Person(s) (other than Pfizer or its Affiliates), in one or more related transactions, all or a material portion of the properties or assets of the Company or its Subsidiaries; or

(d) the individuals who, as of the date that Pfizer ceases to control at least fifty percent (50%) of the outstanding voting securities of the Company with respect to the election of directors of the Company (the "Reference Date"), constitute the board of directors of the Company (the "Incumbent Board") ceasing for any reason to constitute fifty percent (50%) or more of the board of directors of the Company; provided that any individual becoming a director subsequent to the Reference Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of (i) an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Specified Person other than the board of directors of the Company and (ii) any Business Combination Transaction;

provided that notwithstanding anything to the contrary in the foregoing (a) through (d) or elsewhere herein, no Change of Control shall be deemed to have occurred solely by reason of Pfizer distributing to its stockholders any common stock owned by it following the date of this Agreement pursuant to (x) a dividend or other distribution to Pfizer stockholders or (y) an exchange offer pursuant to which Pfizer exchanges shares of Company common stock for outstanding shares of Pfizer common stock.

"Clinical Development Program" means the conduct of clinical development of a pharmaceutical product pursuant to an IND that has been submitted to the applicable Regulatory Authority.

"Co-Chairpersons" has the meaning set forth in Section 2.1.4.

"Collaboration" means all activities related to the research, development, manufacture and commercialization of Compounds and Analogs and pharmaceutical products containing such Compounds and Analogs in the Field performed by or on behalf of Pfizer and its Affiliates and the Company, its Affiliates and its permitted sublicensees (as applicable) in accordance with, and subject to the terms of, this Agreement and the License Agreements (if any).

"Collaboration Employees" means the Company's JSC Members, the Leveragers, the Lead Seekers, the Functional Line Senior Scientists, the Lead Seeking Project Team Members, the Candidate Designees, and the Candidate Designation Project Team Members.

"Collaboration Improvement" means any improvement or modification of, to or in the Collaboration IP claimed in a Patent Right, which improvement or modification is conceived, reduced to practice or otherwise developed by or on behalf of the Company, its Affiliates and its permitted sublicensees in connection with exercising the license granted pursuant to Section 20.4.4(a) and such conception, reduction to practice or other development occurs no later than five (5) years following the earlier of expiration or termination of this Agreement in its entirety; provided that in no event shall Collaboration Improvements include any Pfizer IP.

"Collaboration IP" means the Collaboration Patent Rights and the Collaboration Know-How.

"Collaboration Know-How" means all Know-How (whether or not patentable) that is conceived, reduced to practice or otherwise invented or generated by or on behalf of the Company, its Affiliates or its permitted sublicensees (except to the extent otherwise expressly agreed upon by the JSC or set forth in the applicable notice granting Intent to

Access or the AIP Notice) in connection with the Collaboration; provided that Collaboration Know-How shall not include (a) the Collaboration Patent Rights or (b) any Know-How with respect to formulations of pharmaceutical products, screening methods, assays or manufacturing processes to the extent such manufacturing processes are solely directed to scale-up for commercial manufacturing (excluding Know-How with respect to any improvements of, to or in Know-How or Patent Rights licensed to the Company hereunder or under any of the License Agreements).

"Collaboration Patent Rights" means all Patent Rights that are or may be filed on or that otherwise Cover Know-How that is conceived, reduced to practice or otherwise invented or generated by or on behalf of the Company, its Affiliates or its permitted sublicensees (except to the extent otherwise expressly agreed upon by the JSC or set forth in the applicable notice granting Intent to Access or the AIP Notice) in connection with the Collaboration; provided that Collaboration Patent Rights shall not include any Patent Rights that are or may be filed or that otherwise Cover Know-How with respect to formulations of pharmaceutical products, screening methods, assays or manufacturing processes to the extent such manufacturing processes are solely directed to scale-up for commercial manufacturing (excluding Patent Rights that Cover any improvements of, to or in Know-How or Patent Rights licensed to the Company hereunder or pursuant to a License Agreement).

"Commercialization Phase" has the meaning set forth in the form that, from time to time, the Parties identify as, and agree in writing is, the form License Agreement.

"Commercially Reasonable Efforts" means, with respect to a Party, an activity, and a country or other regulatory jurisdiction, the efforts, budget, head count, expertise, and resources normally used by such Party and its Affiliates (or if such Party or any of its Affiliates is acquired by, or assigns or delegates to, a Person any of its applicable rights or obligations to conduct such activity to the extent expressly permitted hereunder, such Person; provided that, in no event shall such efforts, expertise, and resources be less than those normally used by such Party and its Affiliates) in connection with such activity in such country or regulatory jurisdiction for a product or compound that is owned by it or its Affiliates or to which it or its Affiliates has rights and that is of similar market potential and at a similar stage in its development or product life as the applicable product or compound related to the applicable activity and the fact that a Party is required to make any payments to the other Party under this Agreement shall not reduce the level of efforts that such Party and its Affiliates shall be required to expend.

"Company Competitor" means any Person that sells vaccines, biologics, molecular entities or medicines for the Field.

"Company Formulation Technology" has the meaning set forth in Section 8.5.

"Company Group" means the Company, each Transferred Entity, each other Subsidiary of the Company and each other Person that either (a) is controlled directly or indirectly by the Company immediately after the Effective Date or (b) becomes controlled by the Company following the Effective Date.

"Company Indemnitees" has the meaning set forth in Section 14.2.

"Company License Triggering Event" has the meaning set forth in Section 20.4.4(b).

"Company Material Indebtedness" means any Indebtedness of the Company or of any Person whose Indebtedness the Company has guaranteed or for which the Company is otherwise obligated that is equal to or in excess of One Hundred Million U.S. Dollars ($100,000,000).

"Company Non-Compliance Notice" has the meaning set forth in Section 12.9.5(b)(ii).

"Company Security Procedures" has the meaning set forth in Section 12.9.3(a).

"Company Technology Royalty Rate" means the royalty rate that, from time to time, the Parties identify as, and agree in writing is, the Company Technology Royalty Rate.

"Compound" means each compound:

(a) that is in the Pfizer Library and is identified by the Company in connection with the Collaboration;

(b) for which data, results, or other information in the Pfizer Database or the Pfizer Restricted Databases was accessed by or provided to the Company pursuant to the terms hereof;

(c) that is included in the Pfizer Portfolio; or

(d) that is not in the Pfizer Library and is not an Analog of any of the foregoing (a) through (c) but that is researched or developed by or on behalf of the Company, its Affiliates or any of its permitted sublicensees using the Pfizer IP.

"Compound Class" means a chemical class or group comprised of structurally related compounds which are homologs, isomers, analogs, or derivatives of one another, as determined by the JSC.

"Compound Series" means a subset of compounds within a Compound Class that possess similar chemical properties due to the presence of a common functional group, pharmacore or active substructure, as determined by the JSC.

"Confidential Information" has the meaning set forth in Section 12.1.

"Confidentiality Agreements" means the form confidentiality agreements that, from time to time, the Parties identify as, and agree in writing are, the Confidentiality Agreements.

"Contribution" has the meaning set forth in the Global Separation Agreement.

"Control" and "Controlled" means:

(a) with respect to any Intellectual Property, possession by a Party or its Affiliates of the right (other than pursuant to a license granted under this Agreement), whether directly or indirectly, to grant rights, or to grant a license or a sublicense under, such Intellectual Property as provided for herein; and

(b) with respect to any documents, tools or other tangible materials (including Compounds and Analogs), the ability of a Party or its Affiliates to provide the other Party, with or with access to or rights to such documents, tools or other tangible materials as provided for herein; each of the foregoing (a) and (b), without violating the terms of any agreement with, or rights of, a Third Party. For clarity, if a Party or its Affiliates can only grant a license or sublicense, or provide access or rights of limited scope, for a specific purpose or under certain conditions (including as a result of any Encumbrances), "Control" or "Controlled" shall be construed to so limit such license, sublicense, provision of rights or access (as applicable). Notwithstanding anything to the contrary herein, Persons that are not Affiliates of Pfizer as of the Effective Date shall not be Affiliates for purposes of this definition and Intellectual Property, documents, tools, and other tangible materials for which rights are acquired from a Third Party by Pfizer or its Affiliates after the Effective Date shall not be "Controlled" by Pfizer or its Affiliates for purposes of this Agreement.

"Cover", "Covered" and "Covering" means, with respect to a Patent Right, in the absence of a license to a Valid Claim thereof, the research, development, manufacture, use, sale, offer for sale, or importation of the applicable invention, discovery, process, or product would infringe such Valid Claim (or, in the case of a Valid Claim that has not yet issued, would infringe such Valid Claim if it were to issue).

"Curator" means the individual designated by Pfizer to whom (in accordance with the terms hereof):

(a) the Lead Seekers, Leveragers, Functional Line Senior Scientists, and Candidate Designees shall direct all requests (i) to provide the Company with a copy of information or data from the Pfizer Database, and (ii) for additional data and information (and/or a copy thereof) from the Pfizer Restricted Databases, and

(b) the Company shall provide the results of any screening performed by the Company as part of the Collaboration in accordance with the terms hereof.

The Curator as of the Effective Date shall be the individual that, from time to time, the Parties identify as, and agree in writing is, the Curator and Pfizer shall provide the Company with prompt written notice if Pfizer replaces the Curator.

"Defense Action" has the meaning set forth in Section 18.5.1.

"Development Activities" has the meaning set forth in the form that, from time to time, the Parties identify as, and agree in writing is, the form License Agreement.

"Development Phase" has the meaning set forth in the form that, from time to time, the Parties identify as, and agree in writing is, the form License Agreement.

"Development Records" has the meaning set forth in Section 10.3.

"Development Status Compound" means a Compound or Analog that satisfies the requirements that, from time to time, the Parties identify as, and agree in writing are, the requirements for a Development Status Compound.

"Disclosing Party" has the meaning set forth in Section 12.1.

"Dispute" has the meaning set forth in Section 21.4.1.

"Effective Date" has the meaning set forth in the Introduction.

"EMA" means the European Medicines Agency or any successor agency thereto.

"Encumbrance" means any Third Party restrictions or limitations on Pfizer's or its Affiliates' ability to grant a license or other rights to the Company pursuant to this Agreement or any License Agreement, including (a) the terms of any licenses granted by or to Pfizer or any of its Affiliates, (b) the terms of any other agreements that relate to the Pfizer IP and/or rights granted to the Company hereunder, and (c) ownership by, or other rights of, a Third Party.

"European Union" means the member countries of the European Union as constituted from time to time.

"Exclusive Patent Rights" has the meaning set forth in Section 18.2.2(a).

"Exhaustion Notice" has the meaning set forth in Section 11.1.1.

"Expert Arbitrator" has the meaning set forth in Section 21.4.2(a).

"Expiration/Termination In Whole Triggering Events" has the meaning set forth in Section 20.4.4(b)(iv).

"Extension Period" has the meaning set forth in Section 20.3.

"Fair Market Value" means the amount determined for each Compound and Analog for which the Reversion Right is being exercised in accordance with the method that, from time to time, the Parties identify as, and agree in writing is, the method for determining Fair Market Value.

"FCPA" has the meaning set forth in Section 13.3.1.

"FDA" means the United States Food and Drug Administration or any successor agency thereto.

"Field" means the diagnosis, prevention, palliation, or treatment of any disease, disorder, syndrome, or condition in non-human animals solely for non-human animals (and not, for clarity, humans).

"Filing Notice" has the meaning set forth in Section 8.2.1.

"Filing Phase" has the meaning set forth in the form that, from time to time, the Parties identify as, and agree in writing is, the form License Agreement.

"First Commercial Sale" has the meaning set forth in the form that, from time to time, the Parties identify as, and agree in writing is, the form License Agreement.

"FMV Notice" has the meaning set forth in Section 8.4.2.

"FTE" means the equivalent of a full-time individual's work time for a twelve (12) month period (consisting of eighteen hundred (1800) hours during such twelve (12) month period (excluding vacations and holidays)). For clarity, in the event that an individual works partially on an activity during a twelve (12) month period, the related FTE shall be determined on a pro rata basis according to the total number of hours such individual spent on such activity during such period.

"FTE Rates" means, with respect to a particular task, the price of one (1) FTE per twelve (12) month period (consisting of eighteen hundred (1800) hours during such twelve (12) month period (excluding vacations and holidays)). The FTE Rates shall be the rates that, from time to time, the Parties identify as, and agree in writing are, the FTE Rates.

"Functional Line Senior Scientists" has the meaning set forth in Section 4.2.4.

"GAAP" means accounting principles generally accepted in the United States of America, as consistently applied.

"Global Separation Agreement" has the meaning set forth in the Recitals.

"Government" has the meaning set forth in Section 13.3.2.

"Government Official" has the meaning set forth in Section 13.3.2.

"Governmental Authority" means any nation or government, any state, municipality, or other political subdivision thereof, or any entity, body, agency, commission, department, board, bureau, court, tribunal, or other instrumentality, whether federal, state, local, regional, domestic, foreign, or multinational, exercising executive, legislative, judicial, regulatory, administrative, or other similar functions of, or pertaining to, government or any executive official thereof.

"Grandfathered AIP Compounds" has the meaning set forth in Section 6.5.

"Grandfathered Intent to Access Compounds" has the meaning set forth in Section 5.2.4.

"Grandfathered Intent to Access Targets" has the meaning set forth in Section 5.2.4.

"Group" has the meaning set forth in the Global Separation Agreement.

"Hit" has the meaning set forth in Section 5.4.2.

"Human Health Company" means any Person that researches, develops, manufactures, markets, distributes, leases and/or sells vaccines, biologics, molecular entities, medicines, diagnostic products, biodevices, genetic tests or services for the diagnosis, prevention, palliation, or treatment of any disease, disorder, syndrome, or condition in humans.

"Incumbent Board" has the meaning set forth in paragraph (d) of the definition of "Change of Control."

"IND" means (a) an Investigational New Drug Application (as defined by Applicable Law) submitted to the FDA for authorization for clinical investigation of a pharmaceutical product outside the Field or (b) any foreign equivalent thereof that is submitted to applicable Regulatory Authorities in other countries or regulatory jurisdictions in the Territory.

"Indebtedness" of any Person means (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services, (f) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, lien, pledge, or other encumbrance on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all guarantees by such Person of indebtedness of others, (h) all capital lease obligations of such Person and (i) all securities or other similar instruments convertible or exchangeable into any of the foregoing, but excluding daily cash overdrafts associated with routine cash operations.

"Indemnifying Party" has the meaning set forth in Section 14.3.1.

"Indemnitee" has the meaning set forth in Section 14.3.1.

"Indemnity Payment" has the meaning set forth in Section 14.3.1.

"Indications" has the meaning set forth in Section 6.3.2(c).

"Insurance Proceeds" means those monies (a) received by an insured from a Third Party insurance carrier, (b) paid by a Third Party insurance carrier on behalf of the insured, or (c) received (including by way of setoff) from any Third Party in the nature of insurance, contribution or indemnification in respect of any Liability; in each such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof and excluding, for the avoidance of doubt, proceeds from any self-insurance, captive insurance or similar program.

"Intellectual Property" means all Patent Rights, Know-How, copyrights and copyrightable subject matter, Trademarks, and software.

"Intent to Access" has the meaning set forth in Section 5.1.

"Intent to Access Other Restrictions" has the meaning set forth in Section 5.2.2(b)(iii).

"Intent to Access Request" has the meaning set forth in Section 5.2.1(a).

"Invoiced Costs" means the costs and expenses that, from time to time, the Parties identify as, and agree in writing are, the Invoiced Costs.

"JSC" has the meaning set forth in Section 2.1.1.

"JSC Members" has the meaning set forth in Section 2.1.1.

"Key Company Leadership" means the Persons that, from time to time, the Parties identify as, and agree in writing are, the Key Company Leadership.

"Know-How" means all information and know-how, including clinical, technical, scientific, and medical information, practices, techniques, methods, processes, inventions, developments, specifications, formulations, structures, trade secrets, analytical and quality control information and procedures, pharmacological, toxicological, and clinical test data and results, stability data, studies and procedures, and regulatory information.

"Knowledge" means the actual knowledge of the Persons that, from time to time, the Parties identify as, and agree in writing are, such Persons.

"Lead Seeker" has the meaning set forth in Section 5.3.1.

"Lead Seeking Activities" means the activities that, from time to time, the Parties identify as, and agree in writing are, the Lead Seeking Activities.

"Lead Seeking Phase" has the meaning set forth in Section 5.1.

"Lead Seeking Project" has the meaning set forth in Section 5.2.2(c).

"Lead Seeking Project Team" has the meaning set forth in Section 5.3.2.

"Lead Seeking Project Team Member" has the meaning set forth in Section 5.3.2.

"Leveragers" has the meaning set forth in Section 4.2.1.

"Liabilities" means any and all indebtedness, claims, debts, Taxes, liabilities, demands, causes of actions, Actions and obligations, whether accrued, fixed or contingent, mature or inchoate, known or unknown, reflected on a balance sheet or otherwise, including those arising under any Applicable Law, Action or any judgment of any court of any kind or any award of any arbitrator of any kind, and those arising under any contract, commitment or undertaking.

"License Agreement" has the meaning set forth in Section 7.2.2.

"License Subject Matter" has the meaning set forth in Section 7.2.2.

"Licensed Product" has the meaning set forth in the applicable License Agreement (if any).

"Lien" has the meaning set forth in the Global Separation Agreement.

"Losses" means any and all damages, losses, deficiencies, Liabilities, Taxes, obligations, penalties, judgments, settlements, claims, payments, fines, charges, interest, costs and expenses, whether or not resulting from Third Party Claims, including the costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the costs and expenses of attorneys', accountants', consultants' and other professionals' fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder.

"Maintenance Costs" means the costs and expenses that, from time to time, the Parties identify as, and agree in writing are, the Maintenance Costs.

"Major Market Country" means the United States, France, Germany, Italy, Spain, the United Kingdom, Japan, China, Australia, or Brazil.

"Markush Structure" means a drawing containing defined variables used to describe a structurally related set of compounds, examples of which are set forth on Schedule 1.1(a).

"Materials" has the meaning set forth in Section 18.1.1(b)(i).

"Milestone Payment" means the milestone payment (if any) payable pursuant to each License Agreement.

"New York Courts" has the meaning set forth in Section 21.4.3(c).

"Opt-In" has the meaning set forth in Section 7.1.1.

"Opt-In Deadline" has the meaning set forth in Section 7.3.1.

"Opt-In Notice" has the meaning set forth in Section 7.2.1.

"Other Restrictions" has the meaning set forth in Section 6.3.2(f).

"Overpaying Party" has the meaning set forth in Section 9.9.3(b).

"Paragraph IV Certification" means any certification filed pursuant to 21 U.S.C. § 355(b)(2)(A)(iv), 21 U.S.C. § 355(j)(2)(A)(vii)(IV), or any comparable Applicable Law (or any amendment or successor statute thereto) in any country or regulatory jurisdiction in the Territory.

"Patent Rights" means all national, regional, and international patents, patent applications, invention disclosures, and all related continuations, continuations-in-part, divisionals, provisionals, renewals, reissues, re-examinations, additions, extensions (including all supplementary protection certificates), and all foreign equivalents thereof.

"Person" means an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"Pfizer Database" means, to the extent Controlled by Pfizer, the systems that, from time to time, the Parties identify as, and agree in writing are, the Pfizer Database (and any successors thereof) to the extent such systems store the types of data that, from time to time, the Parties identify as, and agree in writing are, such types of data. The contents of the Pfizer Database may be changed or updated from time to time by or on behalf of Pfizer or its Affiliates in the ordinary course. For clarity, any data or information to the extent (a) included in the Pfizer Database and (b) assigned or licensed to the Company as of the Effective Date pursuant to the Global Separation Agreement or any Ancillary Agreement other than this Agreement, shall be deemed to not be in the Pfizer Database for the purposes of this Agreement, and shall be subject to the Global Separation Agreement or the applicable other Ancillary Agreements, to the extent addressed in such agreements.

"Pfizer Group" means Pfizer, each other Subsidiary of Pfizer involved in the Transactions and each other Person that either (a) is controlled directly or indirectly by Pfizer immediately after the Effective Date or (b) becomes controlled by Pfizer following the Effective Date; provided, however, that neither the Company nor any other member of the Company Group shall be members of the Pfizer Group.

"Pfizer Indemnitees" has the meaning set forth in Section 14.1.

"Pfizer IP" means the Pfizer Patent Rights and the Pfizer Know-How.

"Pfizer Know-How" means, to the extent Controlled by Pfizer:

(a) all Know-How that is (i) contained in the portions of the Pfizer Database accessed by the Company or (ii) provided to the Company by or on behalf of Pfizer or its Affiliates in connection with the Collaboration (including any such Know-How provided from the Pfizer Restricted Databases and the Pfizer Portfolio); provided that, with respect to the foregoing (a)(i) and (a)(ii), such Know How shall not include any Know-How with respect to formulations of pharmaceutical products, screening methods, assays or manufacturing processes to the extent such manufacturing processes are solely directed to scale-up for commercial manufacturing (excluding Know-How with respect to any improvements of, to or in Know-How or Patent Rights licensed to the Company hereunder or pursuant to a License Agreement) (unless otherwise specified by Pfizer in writing); and

(b) Collaboration Know-How;

provided that with respect to the foregoing (a) and (b), Pfizer Know-How shall not include any Pfizer Patent Rights.

"Pfizer Library" means, to the extent Controlled by Pfizer, Pfizer's and its Affiliates' physical and virtual compound library, the contents of which may change from time to time in the ordinary course.

"Pfizer Non-Compliance Notice" has the meaning set forth in Section 12.9.5(a)(i).

"Pfizer Patent Rights" means, to the extent Controlled by Pfizer:

(a) all Patent Rights that are or may be filed on or otherwise Cover (i) Know-How (A) contained in the portions of the Pfizer Database accessed by the Company or (B) provided to the Company by or on behalf of Pfizer or its Affiliates in connection with the Collaboration (including any Know-How provided from the Pfizer Restricted Databases and the Pfizer Portfolio), or (ii) Collaboration Know-How; provided that, with respect to the foregoing (i), such Patent Rights shall not include any Patent Rights to the extent Covering formulations of pharmaceutical products, screening methods, assays or manufacturing processes to the extent such manufacturing processes are solely directed to scale-up for commercial manufacturing (excluding any Patent Rights that Cover improvements of, to or in Know-How or Patent Rights licensed to the Company hereunder or pursuant to a License Agreement) (unless otherwise specified by Pfizer in writing); and

(b) the Collaboration Patent Rights.

"Pfizer Portfolio" means the compounds and related pharmaceutical products for which Pfizer or its Affiliates has an active or terminated program that has not reached the stage of being a Clinical Development Program that Pfizer decides in good faith at its sole discretion to disclose, and actually discloses, to the Company's JSC Members hereunder.

"Pfizer Protected Assets" has the meaning set forth in Section 12.9.3(a).

"Pfizer Restricted Databases" means, to the extent Controlled by Pfizer, the systems that, from time to time, the Parties identify as, and agree in writing are, the Pfizer Restricted Databases (and any successors thereof). The contents of the Pfizer Restricted Databases may be changed or updated from time to time by or on behalf of Pfizer or its Affiliates in the ordinary course. For clarity, any data or information to the extent (a) included in the Pfizer Restricted Databases and (b) assigned or licensed to the Company as of the Effective Date pursuant to the Global Separation Agreement or any Ancillary Agreement other than this Agreement, shall be deemed to not be in the Pfizer Restricted Databases for the purposes of this Agreement, and shall be subject to the Global Separation Agreement or the applicable other Ancillary Agreements, to the extent addressed in such agreements.

"Pfizer Software" means, to the extent necessary for the Company to exercise its rights hereunder, the software and codebase that, from time to time, the Parties identify as, and agree in writing is, the Pfizer Software to the extent such software is Controlled by Pfizer.

"Pre-Made Plates" has the meaning set forth in Section 5.4.3.

"Prime Rate" has the meaning set forth in the Global Separation Agreement.

"Prohibited Activities" has the meaning set forth in Section 3.3.2.

"Proposed AIP Compound Series" has the meaning set forth in Section 6.2.1(a).

"Prosecution Activities" has the meaning set forth in Section 18.2.1.

"Prosecution Request" has the meaning set forth in Section 18.2.2(a).

"Receiving Party" has the meaning set forth in Section 12.1.

"Reference Date" has the meaning set forth in paragraph (d) of the definition of "Change of Control."

"Regulatory Approval" means the approval, registration, license, or authorization of a Regulatory Authority necessary for the manufacture, distribution, use, promotion and sale of a pharmaceutical product for one or more indications in a country or other regulatory jurisdiction in the Field, including approval of New Animal Drug Applications (as defined by Applicable Law) in the United States and Marketing Authorisations (as defined by Applicable Law) in the European Union.

"Regulatory Approval Application" means an application that is submitted to a Regulatory Authority and the approval of which is necessary to obtain Regulatory Approval, including New Animal Drug Applications (as defined by Applicable Law) in the United States and Marketing Authorisations (as defined by Applicable Law) in the European Union.

"Regulatory Authority" means any supranational, federal, national, regional, state, provincial, or local regulatory agency, department, bureau, commission, council, or other government entity, that regulates or otherwise exercises authority with respect to manufacturing, research, development, or commercialization of pharmaceutical products in any country or regulatory jurisdiction, including the FDA and EMA.

"Request" has the meaning set forth in Section 21.4.1(a).

"Residuals" means Pfizer Know-How of a general nature, such as general knowledge, ideas, concepts, know-how, or techniques, that is retained in the unaided memories of the Company's employees who have had access to, or were provided, such information following the Effective Date. For clarity, an employee's memory is unaided if the employee has not intentionally memorized the applicable information for the purpose of retaining and subsequently using or disclosing it.

"Restricted Compounds" has the meaning set forth in Section 20.4.4(c).

"Restricted Development Activities" means those activities that, from time to time, the Parties identify as, and agree in writing are, the Restricted Development Activities.

"Reversion Expiration Date" has the meaning set forth in Section 8.3.

"Reversion Notice" has the meaning set forth in Section 8.4.1.

"Reversion Right" has the meaning set forth in Section 8.1.

"Royalties" means the royalties payable pursuant to each License Agreement (excluding, for clarity, all Third Party Payments).

"Rules" has the meaning set forth in Section 21.4.3(a).

"Screener" has the meaning set forth in Section 5.4.1.

"Screening Services Agreement" has the meaning set forth in the Global Separation Agreement.

"Senior Executive Escalation Notice" has the meaning set forth in Section 2.1.7.

"Senior Executives" has the meaning set forth in Section 2.1.7.

"Species" has the meaning set forth in Section 6.3.2(c).

"Specified Person" has the meaning set forth in paragraph (a) of the definition of "Change of Control."

"Subcommittee" has the meaning set forth in Section 2.1.8.

"Subsidiary" means, when used with respect to any Person, (a) a corporation in which such Person or one or more Subsidiaries of such Person, directly or indirectly, owns capital stock having a majority of the total voting power in the election of directors of all outstanding shares of all classes and series of capital stock of such corporation entitled generally to vote in such election; and (b) any other Person (other than a corporation) in which such Person or one or more Subsidiaries of such Person, directly or indirectly, has (i) a majority ownership interest or (ii) the power to elect or direct the election of a majority of the members of the governing body of such first-named Person.

"Surviving Provisions" has the meaning set forth in Section 20.4.11.

"Target" means a biologically active target.

"Taxes" has the meaning set forth in the Global Separation Agreement.

"Term" has the meaning set forth in Section 20.1.

"Territory" means worldwide.

"Third Party" means a Person other than a Party or an Affiliate of a Party.

"Third Party Claim" has the meaning set forth in Section 14.4.1.

"Third Party Infringement" has the meaning set forth in Section 18.3.1.

"Third Party Payments" has the meaning set forth in Section 9.4.

"Trademarks" means all trademarks, service marks, names, corporate names, trade names, domain names, logos, slogans, trade dress, design rights, and other similar designations of source or origin and all applications and registrations therefor, together with the goodwill symbolized by any of the foregoing.

"Transactions" has the meaning set forth in the Global Separation Agreement.

"Transferred Entities" has the meaning set forth in the Global Separation Agreement.

"Triggering Event" has the meaning set forth in Section 20.4.5.

"Upfront Payment" has the meaning set forth in Section 7.2.3.

"Valid Claim" means (a) a claim of an issued and unexpired Patent Right that has not been permanently revoked or declared unenforceable or invalid by a final and unappealable, or an unappealed within the time allowed for appeal, decision of a Governmental Authority of competent jurisdiction or (b) a good faith claim submitted to a patent office in the applicable country or regulatory jurisdiction in a pending application for a Patent Right that has been pending for no more than seven (7) years from the earliest date from which such pending application claims priority in the applicable country or regulatory jurisdiction and that has not been abandoned, disclaimed, denied, or admitted to be invalid or unenforceable through reissue or disclaimer or otherwise.

"VICH" means the International Cooperation on Harmonisation of Technical Requirements for Registration of Veterinary Medicinal Products.

"Wind-Down Costs" means all reasonable out-of-pocket costs and expenses actually incurred by a Party and its Affiliates in connection with early termination of the Collaboration, including relocation, reassignment and severance costs and expenses related to individuals with respect to FTEs for the Collaboration, and costs and expenses associated with disposing or redeploying assets owned, licensed or leased by such Party or its Affiliates that were used in connection with the Collaboration or otherwise held by a Party or its Affiliates for purposes of the Collaboration. To the extent reasonably practicable, each Party shall seek to mitigate its and its Affiliates' Wind-Down Costs.

"Withholding Tax Requirement" has the meaning set forth in Section 9.8.2.

2. GOVERNANCE

2.1 Joint Steering Committee.

2.1.1 **Formation and Purpose**. The Parties hereby establish a joint steering committee (the "JSC"), which shall oversee and facilitate communication regarding the Collaboration. Each Party shall appoint three (3) employees as JSC members (the "JSC Members"), who, collectively, shall have expertise in chemistry, biology, and safety and each JSC Member shall have sufficient seniority within the applicable Party to make decisions within the scope of the JSC's responsibilities. Each Party shall ensure that its JSC Members are subject to confidentiality obligations and use restrictions no less restrictive than those set forth herein and the Company shall ensure that its JSC Members sign the applicable Confidentiality Agreement prior to performing any JSC functions and Pfizer shall be provided with a copy of each such Confidentiality Agreement entered into in accordance with this Section reasonably promptly following execution thereof. The initial JSC Members shall be the individuals that, from time to time, the Parties identify as, and agree in writing are, the initial JSC Members. A Party may replace any of its JSC Members at any time upon written notice to the other Party; provided that the Company shall obtain Pfizer's written consent prior to replacing any of its JSC Members (not to be unreasonably withheld and it shall not be unreasonable to withhold consent if the Company has replaced a JSC Member position more than once during the prior twelve (12) months). A Party's JSC Members may invite individuals who are not JSC Members to JSC meetings or a portion thereof, subject to the other Party's prior written consent (not to be unreasonably withheld and it shall not be unreasonable to withhold consent to the extent the subject matter of such JSC meeting (i) does not relate to the subject matter for which the proposed individual has expertise and has been invited to the JSC meeting, or (ii) relates

to the Pfizer Portfolio or other sensitive (as determined by Pfizer in its sole discretion) Confidential Information of Pfizer or its Affiliates). Prior to attending any JSC meeting, the Party that invited such individual shall ensure that such individual is subject to and complies with confidentiality obligations and use restrictions no less restrictive than those that apply to such Party's JSC Members.

2.1.2 **JSC Meetings**. The JSC shall meet at least quarterly (at regularly spaced intervals) or as otherwise agreed by the Parties in writing. Each Party may call ad hoc meetings of the JSC upon at least ten (10) Business Days prior written notice if such Party reasonably believes that a significant matter must be addressed prior to the next scheduled meeting. The JSC may meet in person, by teleconference, or by videoconference; provided that at least one meeting per year shall be in person (unless otherwise agreed by the Parties in writing). In-person JSC meetings shall alternate between locations selected by Pfizer and by the Company.

2.1.3 **JSC Minutes**. The Parties shall alternate responsibility for preparing reasonably detailed draft minutes of each JSC meeting that reflect (without limitation) material decisions made and discussions had at such meetings, subject to Section 2.1.6. The Party that is responsible for preparing the draft minutes shall circulate such minutes to the other Party's JSC Members within thirty (30) days of the applicable meeting. Minutes shall be deemed approved by a Party unless one or more of its JSC Members objects to the accuracy thereof within ten (10) Business Days of receipt thereof.

2.1.4 **Chairperson**. Each Party shall designate one of its JSC Members to serve as a co-chairperson of the JSC (together, the "Co-Chairpersons"). The initial Co-Chairpersons of the JSC shall be the individuals that, from time to time, the Parties identify as, and agree in writing are, the initial Co-Chairpersons. The Co-Chairpersons shall be responsible for convening and presiding over JSC meetings and shall alternate responsibility for preparing and circulating agendas. The Co-Chairpersons shall have no additional powers or rights beyond those held by the other JSC Members.

2.1.5**JSC Responsibilities**. The JSC shall be responsible for:

(a) discussing any Collaboration IP;

(b) discussing the strategy for obtaining, maintaining, and enforcing the Pfizer IP;

(c) forming additional Subcommittees in accordance with Section 2.1.8;

(d) discussing Encumbrances applicable to the Company's activities under the Collaboration;

(e) reviewing and discussing the Pfizer Portfolio (subject to Section 2.1.6);

(f) granting or denying AIP Requests in accordance with Sections 6.3 and 6.4;

(g) granting or denying any request by the Company regarding its ability to sublicense or otherwise engage an Affiliate or Third Party in connection with the Collaboration, and deciding upon any related rights and/or obligations of such Affiliate or Third Party; and

(h) performing such other functions set forth herein for the JSC or that the Parties mutually agree upon in writing.

2.1.6**Pfizer Portfolio**.

(a) **General**. From time to time, and upon the Company's reasonable written request, Pfizer may (in its sole discretion) disclose any contents of the Pfizer Portfolio to the Company's JSC Members.

(b) **Disclosure**. Notwithstanding anything to the contrary in this Agreement, the Company's JSC Members shall not disclose the contents of the Pfizer Portfolio to any Persons, except the Key Company Leadership to the extent (i) disclosure to the Key Company Leadership is necessary for the Company to determine whether to seek Intent to Access and (ii) such disclosure is in the form of a written, high-level summary that has been approved by Pfizer's JSC Members in writing in advance of such disclosure (subject to Pfizer's JSC Members' sole discretion) within ten (10) Business Days of Pfizer's JSC Members' receipt of the applicable summary, unless otherwise agreed upon by the Parties in writing. Notwithstanding anything to the contrary, the Pfizer Portfolio is Pfizer's Confidential Information. To the extent Pfizer's JSC Members do not approve any summary provided in accordance with this Section, or after the Key Company Leadership completes its review of any such summary that has been approved by Pfizer's JSC Members, the Company shall promptly destroy such written summary.

(c) **Use**. The Company's JSC Members, and to the extent permitted pursuant to Section 2.1.6(b), the Key Company Leadership, shall use the contents of the Pfizer Portfolio solely to determine whether to request Intent to Access (including to request additional information to determine whether to request Intent to Access, which request for additional information Pfizer may grant or deny in its sole discretion) for any Compounds included in such request for Intent to Access or Analogs thereof (subject to Pfizer's written approval).

(d) **Minutes**. Except as permitted pursuant to Section 2.1.6(b), in no event will any information from, or relating to, the Pfizer Portfolio be recorded by the Company in any manner and for clarity, such information shall not be reflected in any JSC meeting minutes.

2.1.7 **Decision-Making**. All decisions of the JSC shall be made by unanimous vote, with each Party having one (1) vote and with at least one (1) JSC Member from each Party participating in each vote. Each Party shall cause its JSC Members to negotiate to resolve matters within the JSC's authority as expeditiously as possible. In the event that the JSC fails to reach unanimous agreement within thirty (30) days of the date that such a matter was first submitted to it in writing, either Party may, by written notice to the other Party (an "Alliance Manager Escalation Notice"), refer such matter to the Alliance Managers. The Alliance Managers shall promptly meet and negotiate to develop and agree upon potential solutions to each matter referred to them in accordance with this Section 2.1.7. The Alliance Managers shall propose such solutions (if any) to the JSC Members within fifteen (15) days of the date of the related Alliance Manager Escalation Notice. The JSC Members shall negotiate regarding any such potential solutions following receipt thereof. In the event that the JSC fails to reach unanimous agreement, or the Alliance Managers fail to propose any agreed upon potential solutions, within thirty (30) days of the related Alliance Manager Escalation Notice, either Party may, by written notice to the other Party (a "Senior Executive Escalation Notice"), refer such matter to those individuals that, from time to time, the Parties identify as, and agree in writing are, the Senior Executives (or an employee currently occupying an equivalent or more senior position as such individual or a successor position thereof, as such positions are understood by the Parties as of the Effective Date) (the "Senior Executives") for resolution. The Senior Executives shall promptly meet to negotiate to resolve each matter referred to them in accordance with this Section 2.1.7. If the Senior Executives are unable to resolve a matter referred to them in accordance with this Section 2.1.7 within thirty (30) days of the date of the related Senior Executive Escalation Notice, the Pfizer-appointed Senior Executive shall have the authority to make the final decision in its sole discretion.

2.1.8 **Subcommittees**. From time to time, the JSC may establish subcommittees as it deems necessary or advisable (each such subcommittee, a "Subcommittee"). Each Subcommittee shall consist of an equal number of members from each Party and shall meet with such frequency and according to such procedural rules as the JSC determines.

2.2 **Alliance Managers**. Promptly following the Effective Date, each Party shall appoint an employee to serve as an alliance manager (each, an "Alliance Manager") of the Collaboration. Each Alliance Manager shall have the qualifications necessary to fulfill its obligations hereunder and shall not be a JSC Member. Each Party shall ensure that its Alliance Manager is subject to confidentiality obligations and use restrictions no less restrictive than those set forth herein, and the Company shall ensure that its Alliance Manager signs the applicable Confidentiality Agreement prior to performing any Alliance Manager functions and Pfizer shall be provided with a copy of each such Confidentiality Agreement entered into in accordance with this Section reasonably promptly following execution thereof. The Alliance Managers shall endeavor to assure clear and responsive communication between the Parties with respect to the Collaboration and shall serve as a single point of contact for any matters arising under this Agreement. Alliance Managers may attend any JSC or Subcommittee meetings or portions thereof and shall work together to resolve any deadlock between the Parties in accordance with the procedures set forth in Sections 2.1.7 and 21.4; provided that the Company Alliance Manager may not attend any portion of a JSC meeting that relates to the Pfizer Portfolio or other sensitive (as determined by Pfizer in its sole discretion) Confidential Information of Pfizer or its Affiliates. Each Party shall be permitted to change its Alliance Manager at any time upon written notice to the other Party; provided that the Company shall be required to obtain Pfizer's prior written consent (not to be unreasonably withheld and it shall not be unreasonable to withhold consent if the Company has replaced its Alliance Manager more than once during the prior twelve (12) month period).

3. LICENSES

3.1 **Pfizer Licenses to the Company**.

3.1.1 **Lead Seeking Phase**. During the Lead Seeking Phase, subject to the terms and conditions hereof, Pfizer hereby grants, and shall cause its Affiliates to grant, to the Company a license in, to, and under the Pfizer IP

(including the Collaboration IP) Controlled by Pfizer solely to the extent necessary for (a) the Leveragers, the Lead Seekers, the Key Company Leadership, the Functional Line Senior Scientists and the JSC to determine whether to seek Intent to Access and (b) the Lead Seekers, the Lead Seeking Project Teams and the Functional Line Senior Scientists to conduct the Lead Seeking Activities throughout the Territory with respect to the Compounds and Analogs for which Intent to Access is granted in the Field. Such license shall be (x) exclusive (except with respect to Pfizer and its Affiliates) with respect to the Collaboration IP and (y) non-exclusive with respect to all other Pfizer IP.

3.1.2 **Candidate Designation Phase**. During the Candidate Designation Phase, subject to the terms and conditions hereof, Pfizer hereby grants, and shall cause its Affiliates to grant, to the Company a license in, to, and, under the Pfizer IP (including the Collaboration IP) Controlled by Pfizer solely to the extent necessary for the Lead Seekers, the Candidate Designees, the Functional Line Senior Scientists and the Candidate Designation Project Teams to conduct the Candidate Designation Activities with respect to the AIP Compound Series in the Field throughout the Territory. Such license shall be (a) exclusive (except with respect to Pfizer and its Affiliates) as to the Collaboration IP and (b) non-exclusive with respect to all other Pfizer IP.

3.1.3 **Software License**. During the Lead Seeking Phase and the Candidate Designation Phase, subject to the terms and conditions hereof, Pfizer hereby grants, and shall cause its Affiliates to grant, to the Company a non-exclusive license in, to, and under the Pfizer Software solely to the extent necessary to conduct the activities that, from time to time, the Parties identify as, and agree in writing are, the permitted uses of Pfizer Software to the extent expressly permitted under this Agreement. Such license shall include rights to use, maintain, modify, enhance and create derivative works of the Pfizer Software. Notwithstanding anything to the contrary, Pfizer and its Affiliates shall not have any obligation to provide the Company with any (a) support with respect to the Pfizer Software or (b) successor software systems.

3.2 **Sublicensing and Third Party Contractors**.

3.2.1 **General**. The Company shall not sublicense any rights granted hereunder or otherwise engage a Third Party (including any contractors) or any Affiliates to use the Pfizer IP or Pfizer Software or otherwise exercise its rights or perform its obligations hereunder, except to the extent expressly (a) specified (i) by Pfizer in a written notice granting an Intent to Access Request pursuant to Section 5.2.2 or (ii) in an AIP Notice pursuant to Section 6.3.2 or (b) otherwise agreed upon by the JSC in writing (which the JSC may withhold in its good faith sole discretion). In the event that the Company is permitted to sublicense the licenses granted hereunder, the Company shall not be relieved of any obligations hereunder and shall remain responsible and liable for its permitted sublicensees' compliance with all of the terms of this Agreement applicable to the Company, its Affiliates and its permitted sublicensees.

3.2.2 **Agreements**. The Company shall enter into an agreement with each Person to whom it sublicenses rights granted hereunder or otherwise engages in connection herewith. Except as otherwise expressly agreed upon by the JSC or set forth in the applicable notice granting Intent to Access or AIP Notice, all such agreements shall (a) be in writing if the applicable Person is a Third Party, (b) be subject to, and consistent with, the terms of this Agreement (including all Encumbrances), (c) preclude assignment of such agreement and sublicensing of the licenses granted under such agreement without Pfizer's prior written consent, (d) terminate upon termination of this Agreement in accordance with the terms hereof, and (e) include Pfizer as an intended third party beneficiary with the right to enforce the terms of such sublicense agreement. For clarity, any permitted sublicensees hereunder may not grant further sublicenses.

3.3 **Encumbrances**.

3.3.1 **General**. The Company hereby acknowledges and agrees that the licenses and other rights granted to the Company pursuant to this Agreement include rights to Patent Rights, Know-How and software that may be subject to the Encumbrances and, accordingly, all of the terms and conditions of this Agreement shall be subject to the Encumbrances. To the extent that the Company is granted rights to any such Patent Rights, Know-How or software, the Company shall, and shall ensure that its Affiliates and permitted sublicensees, comply with the Encumbrances.

3.3.2 **Violations**. In the event that either Party learns that the Company's, its Affiliates' or its permitted sublicensees' activities may violate an Encumbrance, Intent to Access Other Restriction, or Other Restriction ("Prohibited Activities"), (a) such Party shall notify the other Party as soon as reasonably practicable, and (b) the Company shall immediately cease, and cause its Affiliates and permitted sublicensees to cease, the Prohibited Activities and destroy all related Pfizer Know-How and Materials in its and their possession in accordance with

Pfizer's instructions to the extent reasonably required by such Encumbrances, Intent to Access Other Restriction, or Other Restriction, as applicable (unless otherwise expressly agreed upon by the Parties).

3.4 **No Implied Licenses**. Each Party reserves its and its Affiliates' rights in, to and under all Intellectual Property that are not expressly licensed hereunder. Without limiting the foregoing, this Agreement and the licenses and rights granted herein do not and shall not be construed to confer any rights upon either Party or its Affiliates by implication, estoppel, or otherwise as to any of the other Party's or its Affiliates' Intellectual Property, except as otherwise expressly set forth herein.

3.5 **Pfizer's Good Faith**. Notwithstanding anything to the contrary herein, for purposes of this Agreement, any decision or change that Pfizer makes under this Agreement that is attributable (in part or in whole) to reasons (as determined by Pfizer in its sole discretion) relating to the conduct or performance of Pfizer's or its Affiliates' businesses (including (a) any potential or actual bona fide research, development, or commercialization on its or their own or by, with or through a Third Party and (b) Pfizer's investment in a Compound as compared to the compensation that Pfizer will be paid hereunder and pursuant to the applicable License Agreement) or any Encumbrances (whether existing or contemplated) shall be deemed to have been made by Pfizer in good faith. For clarity, the Parties hereby acknowledge and agree that the foregoing are examples of, and shall not be construed to limit, the ways in which Pfizer may show that it has exercised good faith.

4. COLLABORATION, GENERALLY AND THE PFIZER DATABASE

4.1 **Collaboration, Generally**. The Collaboration involves five (5) possible phases of research, development and commercialization with respect to each Compound and Analog: (a) the Lead Seeking Phase, (b) the Candidate Designation Phase, (c) the Development Phase, (d) the Filing Phase, and (e) the Commercialization Phase, each as further set forth herein and in the License Agreements (if any, as applicable).

4.2 **Pfizer Database**.

4.2.1 **Access to the Pfizer Database**. During the Term, no more than twelve (12) employees of the Company at any given time (such employees, the "Leveragers") shall have the right to access and view (but not download, print, transmit, copy, reproduce or export) the contents of the Pfizer Database solely to identify Targets, Compounds and Analogs for the Company to research, develop and/or commercialize in connection with the Collaboration. The Company shall ensure that the Leveragers to not use the contents of the Pfizer Database for any other purpose and shall not disclose the contents of the Pfizer Database except as expressly set forth herein. Without limiting any provision herein, and for clarity, in the event that a Leverager learns that his or her access to, or viewing of, any portions of the Pfizer Database may violate an Encumbrance, the Company shall cause the Leverager to (a) immediately notify Pfizer, (b) immediately cease accessing and viewing such portions of the Pfizer Database, and (c) not use for any reason, or disclose to any Person other than Pfizer, such portions of the Pfizer Database. If, at any time, the Company determines that additional Leveragers are necessary to exercise its rights under the Collaboration, the Company shall submit such request to the JSC (which the JSC may grant or deny in its sole discretion).

4.2.2 **Leveragers**. As of the Effective Date, the Leveragers shall be the individuals that, from time to time, the Parties identify as, and agree in writing are, the Leveragers. At all times, the Leveragers shall have the expertise and qualifications that, from time to time, the Parties identify as, and agree in writing constitute, the expertise and qualifications of the Leveragers, as such expertise and qualifications are generally understood in the veterinary pharmaceutical industry. The Company shall comply with Section 12.9.6 with respect to all Leveragers.

4.2.3 **Disclosure of Information From The Pfizer Database**. Prior to obtaining Intent to Access, the Leveragers shall be permitted to discuss the contents of the Pfizer Database with the Lead Seekers and the Company's JSC Members solely to determine whether to seek Intent to Access for a Target or Compound. In the event that the Company reasonably believes that it is necessary to discuss such information with any other Company employees to determine whether to seek Intent to Access, the Company shall provide Pfizer with a written request therefor (which Pfizer may grant or deny in its sole discretion).

4.2.4 **Functional Line Senior Scientists**. During the Term, the Company shall have the right to designate up to seven (7) employees to serve as functional line senior scientists in connection with the Collaboration ("Functional Line Senior Scientists"). As of the Effective Date, the Functional Line Senior Scientists shall be the individuals that, from time to time, the Parties identify as, and agree in writing are, the Functional Line Senior Scientists. At all times, the Functional Line Senior Scientists shall have the expertise and qualifications that, from time to time, the Parties identify as, and agree in writing constitute, the expertise and qualifications of the Functional Line Senior Scientists, as such expertise and qualifications are generally understood in the veterinary pharmaceutical

industry. Each Functional Line Senior Scientist shall be permitted to consult with the Company's JSC Members, the Lead Seekers and the Candidate Designees with respect to his or her expertise that, from time to time, the Parties identify as, and agree in writing constitute, the expertise of the Functional Line Senior Scientists to the extent necessary for the Company to conduct the Lead Seeking Activities and the Candidate Designation Activities. The Company shall comply with Section 12.9.6 with respect to all Functional Line Senior Scientists.

4.2.5 **Information from the Pfizer Database and the Pfizer Restricted Databases**.

(a) **Procedure**.

(i) **Pfizer Database**. Subject to Section 4.2.5(a)(iii), the Leveragers, Functional Line Senior Scientists, Candidate Designees and Lead Seekers may request that Pfizer provide the Company with a copy of information and data that is in the Pfizer Database. For clarity, such information and data may be provided in an electronic or other form that may be downloaded, printed, copied, modified or reproduced.

(ii) **Pfizer Restricted Databases**. Subject to Section 4.2.5(a)(iii), the Leveragers, Functional Line Senior Scientists, Candidate Designees and Lead Seekers may request that Pfizer provide the Company with access to, or a copy of, information and data that is in the Pfizer Restricted Databases. For clarity, such information and data may be provided in an electronic or other form that may be downloaded, printed, copied, modified or reproduced.

(iii) **General Requirements**. The Company shall ensure that the Leveragers, Functional Line Senior Scientists, Candidate Designees and Lead Seekers only submit requests in accordance with Section 4.2.5(a)(i) or 4.2.5(a)(ii):

(1) if, with respect to a request by a Leverager, Functional Line Senior Scientist or Lead Seeker, Intent to Access has been granted with respect to the Target and/or Compound that relates to the requested information and data,

(2) if, with respect to a request by a Candidate Designee or Functional Line Senior Scientist, AIP has been granted with respect to the Target and/or Compound that relates to the requested information and data, and

(3) in all cases, to the extent necessary for the Leveragers, Functional Line Senior Scientists, Candidate Designees and Lead Seekers to perform their obligations hereunder.

The Leveragers, Functional Line Senior Scientists, Candidate Designees and Lead Seekers shall submit each such request in writing to the Curator. For clarity, the Curator shall be permitted to discuss each such request with Pfizer's and its Affiliates' employees and advisors. If Pfizer grants consent with respect to any request submitted pursuant to Section 4.2.5(a)(i) or 4.2.5(a)(ii) (which Pfizer may withhold in its sole discretion), the Curator shall provide the Company with written notice of such consent, and, if applicable, the requested information or data, as soon as reasonably practicable.

(b) **Number of Permitted Requests**. Notwithstanding anything to the contrary herein, if the Company would like to submit requests described in this Section 4.2.5 for more than (i) ten thousand (10,000) Compounds and Analogs thereof identified based on a single high throughput screen or (ii) fifty thousand (50,000) Compounds and Analogs thereof in the aggregate during a twelve (12) month period, the Company shall provide the JSC with written notice thereof and the JSC shall decide (in its sole discretion) whether such additional requests shall be permitted.

(c) **Disclosures by Leveragers**. Unless Pfizer grants prior written consent (which Pfizer may withhold in its sole discretion) or to the extent expressly set forth herein, Leveragers shall only disclose information and data that Pfizer has provided to the Company pursuant to this Section 4.2.5 to (i) the Lead Seekers supervising the Lead Seeking Project to which such information and data relates during the applicable Lead Seeking Phase and (ii) the JSC Members.

(d) **Disclosures by the Functional Line Senior Scientists**. Unless Pfizer grants prior written consent (which Pfizer may withhold in its sole discretion) or to the extent expressly set forth herein, the Functional Line Senior Scientists shall only disclose information and data that Pfizer has disclosed pursuant to this Section 4.2.5 to (i) the Lead Seekers supervising the Lead Seeking Project to which

such information and data relates during the applicable Lead Seeking Phase, (ii) the Candidate Designees supervising the Candidate Designation Project to which such information and data relates during the applicable Candidate Designation Phase and (iii) the JSC Members.

(e) **Disclosures by the Lead Seekers**. Unless Pfizer grants prior written consent (which Pfizer may withhold in its sole discretion) or to the extent expressly set forth herein, the Lead Seekers shall disclose information and data that Pfizer has disclosed pursuant to this Section 4.2.5 solely for the purpose of, and during, the applicable Lead Seeking Project and solely to (i) the Functional Line Senior Scientists, (ii) the Lead Seeking Project Team Members assigned to such Lead Seeking Project and (iii) the JSC Members.

(f) **Disclosures by the Candidate Designees**. Unless Pfizer grants prior written consent (which Pfizer may withhold in its sole discretion) or to the extent expressly set forth herein, the Candidate Designees shall disclose information and data that Pfizer has disclosed pursuant to this Section 4.2.5 solely for the purpose of, and during, the applicable Candidate Designation Project and solely to (i) the Functional Line Senior Scientists, (ii) the Candidate Designation Project Team Members assigned to such Candidate Designation Project and (iii) the JSC Members.

(g) **Disclosures to the Key Company Leadership**. To the extent necessary to determine whether to seek Intent to Access or AIP, or to exercise the Opt-In, the Leveragers, the Lead Seekers, the Candidate Designees and the Functional Line Senior Scientists shall be permitted to disclose information and data that Pfizer has disclosed pursuant to this Section 4.2.5 to the Key Company Leadership; provided that such disclosure is in the form of a written, high-level summary that has been approved by Pfizer's JSC Members in writing in advance of such disclosure (subject to Pfizer's JSC Members' sole discretion) within ten (10) Business Days of Pfizer's JSC Members' receipt of the applicable summary. To the extent Pfizer's JSC Members do not approve any such written summary, the Company shall promptly destroy such written summary.

(h) **Intellectual Property**. For clarity, neither Pfizer's disclosure nor provision of any information or data to the Company pursuant to this Section 4.2.5 shall transfer to, or create in, the Company any right, title, interest, or claim thereto or to any Intellectual Property to which Pfizer or its Affiliates have any rights, and all Know-How that Pfizer discloses or provides to the Company pursuant to this Section 4.2.5 shall be subject to the terms hereof (including Article 12 and Section 20.4).

5. LEAD SEEKING PHASE

5.1 **Generally**. The Company shall not have any rights hereunder to conduct research or development with respect to any Targets, Compounds or Analogs unless and until Pfizer grants the Company intent to access ("Intent to Access") as set forth in Section 5.2. If Pfizer grants Intent to Access, the initial phase of the Collaboration (the "Lead Seeking Phase") shall commence, and the Company shall be permitted to conduct the Lead Seeking Activities, solely with respect to the applicable Target, Compounds and Analogs as and to the extent set forth in this Article 5 (subject to any restrictions, limitations and obligations set forth in this Agreement).

5.2 **Intent to Access**.

5.2.1 **Intent to Access Request**.

(a) **General**. In order to be granted Intent to Access, the Company shall be required to provide Pfizer with a written request therefor in the form that, from time to time, the Parties identify as, and agree in writing is, the form for such written request (each such request, an "Intent to Access Request"), which shall include:

(i) the proposed Target or Compound(s), including any applicable Markush Structures, on which the Company would like to conduct the Lead Seeking Activities,

(ii) a brief, high-level summary of the Lead Seeking Activities that the Company expects to conduct during the Lead Seeking Phase with respect to the applicable Target, Compound, or Analogs (including whether the Company plans to conduct any high-throughput screening using a Pre-Made Plate or custom-made plates or conduct any activities described in Article 11),

(iii) if the Company requires the ability to sublicense any rights granted hereunder or otherwise engage a Third Party or any of its Affiliates to conduct any activities in connection with the Lead Seeking Activities, (A) a list of such Persons, (B) a description of the activities proposed to be conducted by such Persons in connection with the Collaboration, (C) the proposed location where such activities will be performed, and (D) any additional rights or obligations that the Company plans to grant or apply to such Persons, and

(iv) any other information that the Company would like Pfizer to take into account in determining whether to grant Intent to Access.

(b) **Requests for Additional Information**. Following receipt of an Intent to Access Request, if Pfizer concludes that additional information (which information may include an Analog Plan) is required for Pfizer to determine whether to grant Intent to Access, Pfizer shall provide the Company with written notice requesting such information. The Company shall not be required to provide Pfizer with such additional information, but Pfizer shall have the right to take into account the Company's failure to do so in determining whether to grant the applicable Intent to Access Request and any denial thereof in such circumstances shall be deemed to have been made in good faith.

(c) **Good Faith Intention**. Notwithstanding anything to the contrary, the Company shall only request Intent to Access for Targets, Compounds and Analogs for which the Company has an ongoing, good faith intention to conduct bona fide research, development, and commercialization as part of the Collaboration, taking into account any anticipated budgetary and workforce limitations.

5.2.2 **Granting Intent to Access**.

(a) **Procedure**.

(i) Subject to Section 5.2.2(a)(ii), to the extent reasonably practicable, Pfizer shall provide the Company with written notice granting (in accordance with Section 5.2.2(b)) or denying (in accordance with Section 5.2.3) the Company's Intent to Access Request within thirty (30) days of the Company providing Pfizer with such Intent to Access Request. Pfizer may grant or deny each such request in good faith at its sole discretion.

(ii) If Pfizer does not provide the Company with written notice within thirty (30) days as set forth in Section 5.2.2(a)(i), the Parties shall discuss the applicable Intent to Access Request at the first JSC meeting that is scheduled to occur after expiration of such thirty (30) day period. If, following such discussion, Pfizer decides to grant Intent to Access, Pfizer's JSC Members shall provide the Company with written notice thereof in accordance with Section 5.2.2(b). Notwithstanding anything to the contrary, whether to grant or deny Intent to Access in whole or in part shall be determined by Pfizer in good faith at its sole discretion.

(b) **Scope of Intent to Access**. For clarity, in the event that Pfizer decides to grant Intent to Access, the written notice granting Intent to Access shall be in the form that, from time to time, the Parties identify as, and agree in writing is, such form of written notice. Each such written notice shall set forth:

(i) the Target, Compound(s) and/or Analog(s) on which the Company may conduct the Lead Seeking Activities;

(ii) whether the Company shall be permitted to sublicense or otherwise engage any Third Parties or Affiliates in connection with the Lead Seeking Activities and any additional rights, obligations or restrictions in connection therewith (to the extent the Company included such a request in the applicable Intent to Access Request), and

(iii) any other restrictions, limitations or obligations that apply to the Company's rights during the Lead Seeking Phase (the "Intent to Access Other Restrictions"). In the event that the Intent to Access Other Restrictions include any Compounds or Analogs on which the Company is precluded from conducting the Lead Seeking Activities in connection with the Collaboration, such Compounds and Analogs shall be deemed Restricted Compounds.

(c) **Lead Seeking Activities**. Subject to the terms hereof, if Pfizer grants Intent to Access with respect to a Target or any Compounds or Analogs, the Company shall be permitted to conduct the Lead Seeking Activities solely with respect to such Target, Compounds or Analogs (as applicable) as and to the extent (and subject to any restrictions and obligations) set forth in the written notice granting Intent to Access. Such Lead Seeking Activities with respect to such Target, Compounds or Analogs (as applicable) shall be deemed a "Lead Seeking Project."

5.2.3 **Denial of Intent to Access**. If Pfizer does not grant Intent to Access (in part or in whole), Pfizer shall provide the Company with written notice thereof setting forth the Targets, Compounds, or Analogs for which Intent to Access was denied (including, for clarity, any applicable Markush Structures) and this Agreement shall terminate with respect to such Targets, Compounds and Analogs (including for clarity, any compounds encompassed by any applicable Markush Structures), as applicable, in accordance with Section 20.2.4(a).

5.2.4 **Grandfathered Intent to Access Targets and Compounds**. As of the Effective Date, subject to the terms hereof, Intent to Access shall be deemed to be granted solely with respect to those (a) Compounds as and to the extent, from time to time, the Parties identify such Compounds as, and agree in writing such Compounds are, Grandfathered Intent to Access Compounds (the "Grandfathered Intent to Access Compounds") and (b) the Targets as and to the extent (and subject to the limitations), from time to time, the Parties identify such Targets as, and agree in writing such Targets are, Grandfathered Intent to Access Targets (the "Grandfathered Intent to Access Targets") (in each of the foregoing (a) and (b), subject to any limitations identified and agreed upon by the Parties in connection therewith). If, following the Effective Date, the Company identifies Targets or compounds on which it performed research and/or development in the Field prior to the Effective Date (as evidenced by data in the Company's possession), and the Company would like such Targets or compounds to be deemed Grandfathered Intent to Access Targets or Grandfathered Intent to Access Compounds (as applicable), the Company shall provide Pfizer with a written request therefor. Pfizer shall discuss and consider any such request in good faith; provided that (x) the Company has not already submitted such a request for the applicable Target or Compound to Pfizer and (y) Pfizer has sole discretion with respect thereto.

5.3 **Lead Seekers and Lead Seeking Project Teams**.

5.3.1 **Lead Seekers**. The Company shall designate up to fifteen (15) senior employees of the Company with the expertise and qualifications that, from time to time, the Parties identify as, and agree in writing constitute, the expertise and qualifications of the Lead Seekers (as such expertise and qualifications are generally understood in the veterinary pharmaceutical field) (each such employee, a "Lead Seeker") to conduct, supervise and direct one or more Lead Seeking Projects. The Lead Seekers as of the Effective Date shall be the individuals that, from time to time, the Parties identify as, and agree in writing are, the Lead Seekers. The Company shall comply with Section 12.9.6 with respect to all Lead Seekers.

5.3.2 **Lead Seeking Project Teams**. Each Lead Seeker supervising a Lead Seeking Project shall be permitted to designate a reasonable number of employees of the Company (each such employee, a "Lead Seeking Project Team Member" and collectively, a "Lead Seeking Project Team") to conduct such Lead Seeking Project under his or her direction and supervision. Only employees that occupy the roles, and have the expertise and qualifications, that, from time to time, the Parties identify as, and agree in writing constitute, the roles, and related expertise and qualifications, of the Lead Seeking Project Team Members as such roles, expertise and qualifications are generally understood in the veterinary pharmaceutical industry as of the Effective Date shall be appointed to a Lead Seeking Project Team (unless the JSC otherwise agrees in writing). The Company shall comply with Section 12.9.6 with respect to all Lead Seeking Project Team Members.

5.4 **Screening Activities**.

5.4.1 **Screeners**. If the Lead Seeking Activities include screening the Pfizer Library (or portions thereof), the Company shall ensure that the Persons that perform such screening are expressly authorized to conduct such screening by Pfizer in writing in Pfizer's sole discretion (each, a "Screener"). The Company shall ensure that each Screener (a) performs such screening in accordance with the Lead Seekers' instructions and the applicable notice granting Intent to Access and (b) is not provided with the structures of any Compounds identified through such screening.

5.4.2 **Results**. After screening the Pfizer Library (or portions thereof), the Screeners shall provide the results to the applicable Lead Seeker, and if such Lead Seeker would like information regarding any Compounds identified by such screening with selective and specific binding affinity for the applicable Target (each, a "Hit") (including the structure thereof), such Lead Seeker shall submit a request to the Curator in accordance with Section

4.2.5. Notwithstanding anything to the contrary, the Curator shall have no obligation to disclose the structure of, or any other information regarding, any Hits if Pfizer determines (in its sole discretion) that doing so may violate an Encumbrance. Neither the Screeners, the Lead Seekers nor any other Collaboration Employee may discuss the screening results (including the identity of the Hits) with the Leveragers unless and until the Curator consents thereto in writing.

5.4.3 **Process**. The Company shall be solely responsible for preparing any and all screens to conduct screening activities during the Lead Seeking Phase and, subject to the terms hereof, shall be permitted to use the 384-well plates that contain Compounds (the "Pre-Made Plates"), and any custom made plates that contain Compounds, in its possession (in accordance with, and subject to, the terms of any written agreements between the Parties with respect thereto).

5.5 **Diligence**. During the Lead Seeking Phase, the Company shall exercise Commercially Reasonable Efforts to conduct the Lead Seeking Activities with respect to each Lead Seeking Project.

5.6 **Costs and Expenses**. The Company shall be solely responsible for conducting the Lead Seeking Activities at its own cost and expense.

5.7 **License and Other Rights**. For clarity, the Company's license to the Pfizer IP during the Lead Seeking Phase shall be as set forth in Section 3.1.1, and during the Lead Seeking Phase, the Company shall not be granted or otherwise have any rights hereunder to engage in any activities with respect to research, development, manufacture, or commercialization of any Compounds or Analogs, except the Lead Seeking Activities.

6. AIP AND THE CANDIDATE DESIGNATION PHASE

6.1 **Generally**. To conduct the Candidate Designation Activities with respect to any Compounds or Analogs in a Compound Class involved in a Lead Seeking Project, the Company shall be required to obtain approval in principle ("AIP") from the JSC.

6.2 **AIP Requests**.

6.2.1 **General**. Requests for AIP must be made on a Compound Class-by-Compound Class basis and the Company may request AIP for one or more Compound Series in a Compound Class by providing Pfizer's JSC Members with written notice in the form that, from time to time, the Parties identify as, and agree in writing is, such form of written notice (each such notice, an "AIP Request") setting forth:

(a) one (1) or more proposed Compound Series (including the applicable Markush Structures) for which AIP is being requested (collectively, the "Proposed AIP Compound Series") and related proposed Compound Class,

(b) any Intellectual Property of Pfizer, any of its Affiliates or any Third Party of which the Company is aware that relates or may relate to the Company's proposed research, development, manufacture, or commercialization with respect to any Compounds or Analogs in the Proposed AIP Compound Series,

(c) if the Company requires the ability to sublicense any rights granted hereunder or otherwise engage a Third Party or any of its Affiliates to exercise any of its rights or perform any of its obligations in connection with the Candidate Designation Activities, (i) a list of such Persons, (ii) a description of the activities proposed to be conducted by such Persons in connection with the Collaboration, (iii) the proposed location where such activities will be performed, and (iv) any additional rights or obligations that the Company plans to grant or apply to such Persons.

(d) any other information that the Company would like Pfizer to take into account in determining whether to grant AIP.

6.2.2 **Species and Indication**. Each AIP Request also shall set forth those therapeutic indications and target species for which the Company anticipates researching, developing and commercializing the Proposed AIP Compound Series. For clarity, specifying such indications and target species shall not automatically limit the scope of AIP that is granted with respect to the applicable Proposed AIP Compound Series.

6.2.3 **Good Faith Intention**. The Company shall only submit an AIP Request if it has an ongoing good faith intention to conduct bona fide research, development, and commercialization as part of the Collaboration in connection with the Proposed AIP Compound Series, taking into account any anticipated budgetary and workforce limitations. If, at any time, the Company concludes that it will not request AIP for any Compound Series that is the subject of a Lead Seeking Project, or no longer intends to conduct bona fide research, development or commercialization as part of the Collaboration, the Company shall inform the JSC in writing and the Company shall terminate this Agreement with respect to such Compound Series in accordance with Section 20.2.3(a).

6.2.4 **Requests for Additional Information**. Following receipt of an AIP Request, if Pfizer concludes that additional information (which information may include an Analog Plan) is required for Pfizer to determine whether to grant AIP, Pfizer shall provide the Company with written notice requesting such information. The Company shall not be required to provide Pfizer with such additional information, but Pfizer (including its JSC Members) shall have the right to take into account the Company's failure to do so in determining whether to grant the applicable AIP Request and any denial thereof in such circumstances shall be deemed to have been made in good faith.

6.3 **Grant of an AIP Request**.

6.3.1 **Generally**. If the JSC decides to grant AIP in whole or in part, the JSC shall provide the Company with written notice thereof in accordance with Section 6.3.2 within thirty (30) days of the Company providing the AIP Request to Pfizer's JSC Members; provided that if the JSC is not able to agree regarding whether to grant AIP within such thirty (30) day period for any reason, the JSC Members shall discuss such AIP Request at the next JSC meeting scheduled to occur after expiration of such thirty (30) day period. If, following such discussion, the JSC decides to grant AIP, the JSC Members shall notify the Company in writing in accordance with Section 6.3.2. The JSC may grant or deny AIP (in part or in whole) in its good faith sole discretion. Pfizer's JSC Members shall have the right to discuss each AIP Request with Pfizer, its Affiliates and its and their employees and advisors in connection with determining whether to grant such AIP Request.

6.3.2 **Scope of AIP**. For clarity, in the event that the JSC decides to grant AIP, the written notice granting AIP shall be in the form that, from time to time, the Parties identify as, and agree in writing is, such form of written notice (the "AIP Notice") and shall set forth:

(a) each Compound Series (including the applicable Markush Structure) for which AIP is granted, including any Compounds and Analogs excluded therefrom (which shall be deemed Restricted Compounds) (the Compounds and Analogs in such Compound Series, collectively, the "AIP Compound Series") and the related Compound Class,

(b) the applicable Target,

(c) the species (the "Species") and indications (the "Indications") in the Field for which AIP is granted (which, for clarity, may be broader than the proposed Species and Indications set forth in the AIP Request),

(d) any Encumbrances that apply to the Company's rights with respect to the AIP Compound Series to the extent that Pfizer has Knowledge thereof,

(e) whether the Company shall be permitted to sublicense or otherwise engage any Third Parties or Affiliates in connection with the Candidate Designation Activities and any additional rights, obligations or restrictions in connection therewith (to the extent the Company included such a request in the applicable AIP Request), and

(f) any other restrictions, limitations or obligations that apply to the Company's rights with respect to the AIP Compound Series (the "Other Restrictions").

(g) In the AIP Notice, Pfizer shall have the right to designate as Restricted Compounds those compounds encompassed by Markush Structures within the same Compound Class (as reasonably determined by Pfizer) as the AIP Compound Series (as set forth in the applicable AIP Notice) that are identified by Pfizer; provided that such Markush Structures encompass any compounds on which research, development or commercialization has been conducted by or on behalf of Pfizer or its Affiliates (including by, through or with a Third Party).

6.4 **Denial of an AIP Request**. In the event that the JSC does not grant AIP (in part or in whole), the JSC shall provide the Company with written notice setting forth those Compounds and Analogs for which AIP was denied (including, for clarity, any related Markush Structures) and the related Compound Class. For clarity, Pfizer shall also be permitted to include in any such denial of AIP those compounds encompassed by Markush Structures (a) within such related Compound Class (as reasonably determined by Pfizer) and (b) that encompass any compounds on which research, development or commercialization has been conducted by or on behalf of Pfizer or its Affiliates (including by, with or through a Third Party) (regardless of whether the applicable AIP Request included such compounds). This Agreement shall immediately terminate with respect to the Compounds and Analogs for which AIP was denied (including any compounds encompassed by any such Markush Structure) in accordance with Section 20.2.4(b).

6.5 **Grandfathered AIP Compounds**. As of the Effective Date, subject to the terms hereof, AIP shall be deemed to be granted solely with respect to those Targets, Compounds and Analogs (as applicable) as and to the extent, from time to time, the Parties identify such Targets, Compounds and Analogs (as applicable), and agree in writing that such Targets, Compounds and Analogs are, Grandfathered AIP Compounds (subject to any limitations identified and agreed upon by the Parties in connection therewith) (collectively, the "Grandfathered AIP Compounds"). If, following the Effective Date, the Company identifies additional compounds on which it performed research and/or development in the Field prior to the Effective Date (as evidenced by data in the Company's possession with respect thereto), and the Company would like such compounds to be deemed Grandfathered AIP Compounds, the Company shall provide Pfizer with a written request therefore. Pfizer shall discuss and consider any such request in good faith; provided that (a) the Company has not already submitted such request to Pfizer and (b) Pfizer has sole discretion with respect thereto.

6.6 **Candidate Designation Activities**. Subject to the terms hereof, if the JSC grants AIP for any AIP Compound Series, the second phase of the Collaboration (the "Candidate Designation Phase") shall commence, and the Company shall have the right to conduct the Candidate Designation Activities, solely with respect to such AIP Compound Series as and to the extent (and subject to any restrictions and obligations) set forth in the AIP Notice. The Candidate Designation Activities with respect to an AIP Compound Series shall be deemed a "Candidate Designation Project."

6.7 **Candidate Designees**. The Company shall designate up to ten (10) senior employees of the Company with the expertise and qualifications that, from time to time, the Parties identify as, and agree in writing constitute, the expertise and qualifications of the Candidate Designees (as such expertise and qualifications are generally understood in the veterinary pharmaceutical field) (each such employee, a "Candidate Designee") to supervise and direct one or more Candidate Designation Projects. The Candidate Designees as of the Effective Date shall be the individuals that, from time to time, the Parties identify as, and agree in writing are, the Candidate Designees. The Company shall comply with Section 12.9.6 with respect to all Candidate Designees.

6.8 **Candidate Designation Project Teams**. Each Candidate Designee supervising Candidate Designation Activities shall be permitted to designate a reasonable number of employees of the Company (each such employee, a "Candidate Designation Project Team Member" and collectively, a "Candidate Designation Project Team") to conduct such Candidate Designation Activities under his or her direction and supervision. Only employees that occupy the roles, and have the expertise and qualifications, that, from time to time, the Parties identify as, and agree in writing constitute, the roles, and related expertise and qualifications, of the Candidate Designation Project Team Members as such roles, expertise and qualifications are generally understood in the veterinary pharmaceutical industry as of the Effective Date shall be appointed to a Candidate Designation Project Team (unless the JSC otherwise agrees in writing). The Company shall comply with Section 12.9.6 with respect to all Candidate Designation Project Team Members.

6.9 **Diligence**. During the Candidate Designation Phase, the Company shall exercise Commercially Reasonable Efforts to conduct the Candidate Designation Activities with respect to the AIP Compound Series.

6.10 **Costs and Expenses**. The Company shall be solely responsible for conducting the Candidate Designation Activities at its own cost and expense.

6.11 **License and Other Rights**. For clarity, the Company's license to the Pfizer IP during the Candidate Designation Phase shall be as set forth in Section 3.1.2, and during the Candidate Designation Phase, the Company shall not be granted or otherwise have any rights hereunder to engage in any activities with

respect to research, development, manufacture, or commercialization of any Compounds or any Analogs thereof, except the Candidate Designation Activities.

7. OPT-IN

7.1 **Generally**.

7.1.1 **The Opt-In**. Subject to the terms hereof, Pfizer hereby grants the Company an option (the "Opt-In") to be granted a license in the form that, from time to time, the Parties identify as, and agree in writing is, the form License Agreement with respect to each AIP Compound Series.

7.1.2 **Certain Restrictions**. Unless and until the Company exercises the Opt-In for an AIP Compound Series, the Company shall not conduct (a) any research or development on such AIP Compound Series in connection with the Collaboration if any Compounds or Analogs in such AIP Compound Series have reached the stage of development at which the Company would designate such Compound or Analog (as applicable) as a Development Status Compound or (b) the Restricted Development Activities with respect to any Compounds or Analogs in such AIP Compound Series in connection with the Collaboration.

7.2 **Exercising the Opt-In**.

7.2.1 **The Opt-In Notice**. In the event that the Company would like to exercise the Opt-In, the Company shall provide Pfizer with written notice in the form that, from time to time, the Parties identify as, and agree in writing is, the form of written notice for the Company to exercise the Opt-In (the "Opt-In Notice") that includes:

(a) the AIP Notice, and

(b) any Intellectual Property of Pfizer, any of its Affiliates or any Third Party of which the Company became aware following the grant of AIP that relates or may relate to the Company's proposed research, development, manufacture, or commercialization of any Compounds or Analogs in the AIP Compound Series.

7.2.2 **The License Agreement**. Promptly following Pfizer's receipt of an Opt-In Notice, Pfizer and the Company shall promptly meet to finalize and execute a license agreement in the form that, from time to time, the Parties identify as, and agree in writing is, the form License Agreement (each such license agreement, a "License Agreement"); provided that, before execution, each License Agreement shall be updated to include:

(a) the AIP Compound Series, Indications, Species, Encumbrances and Other Restrictions applicable to such AIP Compound Series (each, as set forth in the AIP Notice and with respect to such Encumbrances, any additional Encumbrances about which Pfizer obtains Knowledge),

(b) any Patent Rights Controlled by Pfizer or its Affiliates that Cover any Compounds or Analogs included in the AIP Compound Series that have been filed as of the effective date of the License Agreement; provided that (i) AIP was granted with respect to the invention claimed in such Patent Rights and (ii) the Company reimburses Pfizer for the costs and expenses incurred by or on behalf of Pfizer and its Affiliates during the Term in connection with the Prosecution Activities for such Pfizer Patent Rights. For clarity, the Company's failure to reimburse Pfizer with respect to any applicable Patent Rights shall result in such Patent Rights being excluded from the Patent Rights licensed to the Company under the applicable License Agreement,

(c) the amount of the Milestone Payment and Royalties (which shall be Zero US Dollars (US$0.00) if the Compounds and Analogs in the AIP Compound Series are Grandfathered Intent to Access Compounds or Grandfathered AIP Compounds),

(d) the effective date of the License Agreement, and

(e) the Company's rights to present or publish under the License Agreement without Pfizer's prior written consent (as determined by Pfizer in its good faith sole discretion).

Notwithstanding anything to the contrary, the terms of this Agreement with respect to the AIP Compound Series to which a License Agreement relates and the Intellectual Property licensed thereunder (the "License Subject Matter") shall be subject to the terms of such License

Agreement, and, in the event of a conflict, at any time, and from time to time, between this Agreement and such License Agreement with respect to such License Subject Matter, the License Agreement shall control. Each License Agreement shall not be effective until execution thereof by both Parties.

7.2.3 **Upfront Payment**. Upon execution of each License Agreement, the Company shall pay Pfizer a one-time, non-refundable, non-creditable upfront payment of one million five hundred thousand US Dollars (US$1,500,000) (the "Upfront Payment") as set forth in each License Agreement; provided that the Company shall not be required to pay Pfizer the Upfront Payment for any Grandfathered AIP Compounds or Grandfathered Intent to Access Compounds.

7.2.4 **Royalties and Milestone Payments**. The royalties and Milestone Payments that are payable under the License Agreement shall be as set forth in the License Agreement. For clarity, the Company shall not be required to pay any royalties or Milestone Payments with respect to the Grandfathered AIP Compounds or Grandfathered Intent to Access Compounds.

7.3 **Opt-In Expiration and Consequences**.

7.3.1 **Timing for Exercising the Opt-In**. Subject to the terms hereof, the Company shall have the right to exercise the Opt-In with respect to an AIP Compound Series at any time beginning upon the date that the JSC grants AIP for such AIP Compound Series and ending upon the fifth (5th) anniversary of such date (the "Opt-In Deadline").

7.3.2 **Failure to Exercise the Opt-In**. With respect to any Compounds or Analogs in an AIP Compound Series, if the Company does not exercise the applicable Opt-In as of the Opt-In Deadline, this Agreement shall terminate with respect to the AIP Compound Series in accordance with Section 20.2.3(b).

8. REVERSION RIGHT

8.1 **The Reversion Right**. Subject to this Article 8, at any time beginning upon receipt of AIP for an AIP Compound Series, and from time to time thereafter, Pfizer and its Affiliates shall have the right (the "Reversion Right") to terminate this Agreement and any related License Agreement with respect to any Compounds and Analogs included in such AIP Compound Series so long as Pfizer exercises good faith in connection therewith. Notwithstanding anything to the contrary herein, Pfizer and its Affiliates shall not have the Reversion Right with respect to the Grandfathered AIP Compounds (except those Grandfathered AIP Compounds that, from time to time, the Parties identify as, and agree in writing are, the Grandfathered AIP Compounds subject to the Reversion Right).

8.2 **Regulatory Filing Notice**.

8.2.1 **Filing Notices**. The Company shall be required to provide Pfizer with written notice no less than ninety (90) days prior to the date that the Company reasonably believes that it will submit its first Regulatory Approval Application in a Major Market Country for each Compound or Analog in an AIP Compound Series, with such notice setting forth such proposed filing date (such notice, a "Filing Notice"). If, at any time, the Company reasonably believes that submission of such a Regulatory Approval Application will be delayed for more than thirty (30) days after the proposed filing date set forth in its most recent Filing Notice, the Company shall provide Pfizer with an additional Filing Notice, specifying the new proposed filing date.

8.2.2 **Submission**. Upon submission of its first Regulatory Approval Application in a Major Market Country for each Compound or Analog in an AIP Compound Series, the Company shall provide Pfizer with written notice thereof.

8.3 **Expiration of the Reversion Right**. The Reversion Right with respect to a Compound or Analog in an AIP Compound Series shall expire upon the first submission of the Regulatory Approval Application for such Compound or Analog (as applicable) in a Major Market Country; provided that if the most recent Filing Notice was provided to Pfizer less than thirty (30) days prior to such submission, the Reversion Right shall expire upon the earlier of (a) thirty (30) days after the date of such Filing Notice and (b) thirty (30) days after such submission (the applicable expiration date, the "Reversion Expiration Date"). Notwithstanding the foregoing, in the event that Pfizer is prevented by court order or Applicable Law from exercising the Reversion Right and the Reversion Expiration Date occurs while Pfizer continues to be so prevented, the

Reversion Expiration Date shall be tolled until twenty (20) days after such court order or Applicable Law no longer prevents Pfizer from exercising the Reversion Right.

8.4 **Exercising the Reversion Right and Compensation to the Company**.

8.4.1 **Procedure for Exercising the Reversion Right**. Pfizer shall provide the Company with written notice of its intent to exercise the Reversion Right with respect to a Compound or Analog in an AIP Compound Series (the "Reversion Notice") no later than the applicable Reversion Expiration Date; provided that, subject to Sections 8.4.2 and 8.4.3, exercise of the Reversion Right shall not be effective until Pfizer pays the Company the Fair Market Value of the applicable Compound or Analog.

8.4.2 **Fair Market Value Determination**. The Company shall provide Pfizer with written notice (the "FMV Notice") within thirty (30) days of Pfizer providing each Reversion Notice, which notice shall set forth the Fair Market Value of the Compound or Analog to which the Reversion Right applies as reasonably determined by the Company (and all supporting documentation thereof). The Parties shall meet in person, by telephone, or by videoconference no later than sixty (60) days after the Company provides Pfizer with the FMV Notice to discuss and negotiate the amount of the Fair Market Value of the applicable Compound or Analog. If the Parties agree in writing on the Fair Market Value for the applicable Compound or Analog, Pfizer shall pay the Company such amount within thirty (30) days of the date on which such amount is agreed. Notwithstanding the foregoing, if the Parties fail to agree in writing on the Fair Market Value for the applicable Compound or Analog for any reason within ninety (90) days of the FMV Notice, either Party may submit such matter for resolution in accordance with Section 21.4.

8.4.3 **Exceptions to the Compensation Obligation**. Pfizer shall not be required to pay any compensation (including the applicable Fair Market Value) to the Company to exercise the Reversion Right of a Compound or Analog in an AIP Compound Series if the Company has not performed any material development activities with respect to such Compound or Analog that are designed to obtain Regulatory Approval during the twelve (12) month period prior to the date on which Pfizer provides the Company with the applicable Reversion Notice. By way of example, and without expanding the foregoing, the Company shall be deemed to have performed such material development activities during such twelve (12) month period if:

(a) at least one (1) FTE of the Company has performed the Lead Seeking Activities, Candidate Designation Activities or the Development Activities (as applicable) on the applicable Compound or Analog during such twelve (12) month period or

(b) the Company has performed any analoguing, in vitro testing or in vivo testing with respect to the applicable Compound or Analog in connection with the Collaboration during such twelve (12) month period.

8.5 **License to Company Formulation Technology**. If the Company or any of its Affiliates Control any Patent Rights or Know-How with respect to formulations that are necessary to research, develop, make, have made, use, sell, offer for sale, import or export the Compound or Analog for which the Reversion Right is being exercised and such Patent Rights and Know-How have been conceived, reduced to practice or otherwise invented or generated by or on behalf of the Company, its Affiliates or its permitted sublicensees outside the scope of the Collaboration (such Patent Rights or Know-How, the "Company Formulation Technology"), upon Pfizer's written request in the applicable Reversion Notice, the Company hereby grants, and shall cause its Affiliates to grant, to Pfizer a world-wide, non-exclusive, sublicensable, royalty-bearing, perpetual license to the Company Formulation Technology to research, develop, make, have made, use, sell, offer for sale, import and export such Compound or Analog for which the Reversion Right is being exercised, and any other compounds in the same compound class (as reasonably determined by Pfizer) as such Compound or Analog (as applicable), and any related pharmaceutical products in the Territory outside the Field. Each such request shall set forth the Company Technology Royalty Rate with respect to the applicable Company Formulation Technology as reasonably determined by Pfizer (and all supporting documentation thereof). The Parties shall discuss and negotiate regarding the amount of the applicable Company Technology Royalty Rate in connection with the discussions and negotiations regarding the related Fair Market Value of the Compound or Analog for which the Reversion Right is being exercised. If the Parties agree in writing on the Company Technology Royalty Rate for the applicable Company Formulation Technology, Pfizer shall pay to the Company royalties based on multiplying the aggregate Net Sales (as defined in the form that, from time to time, the Parties identify as, and agree in writing is, the form License Agreement, applied mutatis mutandis) of the pharmaceutical products Covered by any Patent Rights, or that incorporate any Know-How, included in the Company Formulation Technology by the

Company Technology Royalty Rate to the extent such Net Sales are invoiced as of or following the date of the Reversion Notice until expiration of the Royalty Term (as defined in the form that, from time to time, the Parties identify as, and agree in writing is, the form License Agreement, applied mutatis mutandis); provided that the Company Technology Royalty Rate with respect to a particular country or regulatory jurisdiction shall be reduced by fifty percent (50%) if the Data Exclusivity Period (as defined in the form that, from time to time, the Parties identify as, and agree in writing is, the form License Agreement, applied mutatis mutandis) with respect to the applicable pharmaceutical product has expired, and there is no Valid Claim Covering such product in such country or regulatory jurisdiction. For clarity, if the First Commercial Sale of the applicable Licensed Product has not occurred as of the date of the Reversion Notice in a particular country or regulatory jurisdiction, such royalties shall not be payable in such country or regulatory jurisdiction until the First Commercial Sale of such Licensed Product occurs in such country or regulatory jurisdiction. Notwithstanding the foregoing, if the Parties fail to agree in writing on the Company Technology Royalty Rate for the applicable Company Formulation Technology for any reason within ninety (90) days of the FMV Notice, either Party may submit such matter for resolution in accordance with Section 21.4 and Pfizer shall pay to the Company royalties as described in accordance with the foregoing sentence; provided that such royalties shall be payable (a) upon the later of (i) resolution of the Company Technology Royalty Rate in accordance with Section 21.4 and (ii) the First Commercial Sale of each applicable product (b) until expiration of the Royalty Term (as defined in the form that, from time to time, the Parties identify as, and agree in writing is, the form License Agreement, applied mutatis mutandis).

8.6 **Good Faith**. Notwithstanding anything to the contrary herein, the Company shall not oppose, or object to, Pfizer's exercise or attempt to exercise its Reversion Right (whether or not in connection with a judicial proceeding), except on the ground that Pfizer did not exercise good faith.

9. PAYMENTS AND TAX

9.1 **Annual Access Fee**.

9.1.1 **Initial Annual Access Fee**. During the Term, the Company shall pay on an annual basis the non-refundable annual access fee (the "Annual Access Fee"). The amount of the first Annual Access Fee shall be One Million One Hundred Sixty-Two Thousand U.S. Dollars ($1,162,000) and will be payable within forty-five (45) days of the Effective Date. The amount of each subsequent Annual Access Fee shall be Seven Hundred Ninety-Six Thousand U.S. Dollars ($796,000) and shall be payable on each anniversary of payment of the initial Annual Access Fee, subject to adjustment as provided in Section 9.1.2 below.

9.1.2 **Changes to the Annual Access Fee**. If Pfizer reasonably believes that the Maintenance Costs for a twelve (12) month period (excluding costs in respect of maintaining the Pfizer Restricted Database) will exceed by five percent (5%) or more, the amount equal to (a) the Annual Access Fee for such twelve (12) month period, minus (b) the actual annual costs and expenses incurred by or on behalf of Pfizer and its Affiliates in connection with maintaining the Pfizer Restricted Database as of the Effective Date, Pfizer shall have the right to provide the JSC with written notice thereof (including the amount and reasonable supporting documentation of the anticipated Maintenance Costs) no later than sixty (60) days prior to the due date of such Annual Access Fee. Promptly after receipt of such notice, the JSC shall meet to discuss and decide whether it reasonably agrees with Pfizer's determination. If the JSC agrees with Pfizer (including regarding the amount of the anticipated Maintenance Costs), the Annual Access Fee shall be increased to reflect such amount and the Company shall pay such increased Annual Access Fee for the remainder of the Term (unless and until the Annual Access Fee is further adjusted pursuant to this Section). If the JSC does not agree with Pfizer (including with respect to the amount of the anticipated Maintenance Costs), such matter shall be resolved in accordance with Section 2.1.7.

9.2 **Invoiced Costs**. Pfizer shall invoice the Company for the Invoiced Costs incurred by Pfizer and/or Affiliates on a quarterly basis. The Company shall pay Pfizer the amount set forth in each such invoice within forty-five (45) days of receipt thereof.

9.3 **Disclaimer**. The Parties hereby acknowledge and agree that payments to Pfizer pursuant to Sections 9.1 and 9.2 are solely intended to reimburse costs incurred by and on behalf of Pfizer and its Affiliates in connection with the Collaboration and shall not be used as a measure of damages if this Agreement is terminated for any reason.

9.4 **Third Party Payments**. Any and all royalties, sublicense fees, milestones, and other fees payable to Third Parties attributable to or arising from Pfizer's or its Affiliates' grant of, or the Company's, its Affiliates', or its permitted sublicensees' exercise of, the licenses or other rights granted hereunder, including pursuant to

Section 3.1 ("Third Party Payments"), shall be the Company's sole responsibility. The Company shall pay all Third Party Payments directly to such Third Parties; provided that, if the applicable Third Party does not permit the Company to pay such Third Party Payments to such Third Party directly (whether pursuant to the applicable license agreement with Pfizer or its Affiliate or otherwise), the Parties shall reasonably cooperate in good faith to ensure that such Third Party Payments are paid by the Company to Pfizer in a manner that ensures Pfizer's payment thereof in compliance with any obligations that they have to such Third Party. Such cooperation shall include the Company (a) providing Pfizer with reasonably detailed written reports reflecting calculation of the applicable Third Party Payments and any other reports required by the applicable Third Party and (b) paying Pfizer the applicable Third Party Payments by wire transfer of immediately available funds to the bank account designated by Pfizer in writing no less than forty-five (45) days prior to the due date of such payment to the applicable Third Party.

9.5 **Other Amounts**. The Company shall pay any other amounts due Pfizer under this Agreement within forty-five (45) days of Pfizer's invoice therefor.

9.6 **Payment Method**. All payments from the Company to Pfizer shall be made by wire transfer in US Dollars to the credit of such bank account as may be designated in writing from time to time by Pfizer. Any payment which falls due on a date which is not a Business Day may be made on the next succeeding Business Day.

9.7 **Late Payments**. Except as expressly provided to the contrary in this Agreement, any amount not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus 2%.

9.8 **Taxes**.

9.8.1 It is understood and agreed between the Parties that any amounts payable by the Company to Pfizer hereunder are exclusive of any and all applicable sales, use, VAT, GST, excise, property, and other taxes, levies, duties, or fees.

9.8.2 If the Company is required to make a payment to Pfizer subject to a deduction of tax or withholding tax (a "Withholding Tax Requirement"), then the sum payable by the Company (in respect of which such deduction or withholding is required to be made) shall be increased to the extent necessary to ensure that Pfizer receives a sum equal to the sum which it would have received had no such Withholding Tax Requirement been applicable, and the amount required to be deducted or withheld shall be remitted by the Company in accordance with Applicable Law. Any such withholding taxes required under Applicable Law to be paid or withheld shall be an expense of, and borne solely by, the Company.

9.8.3 The Parties agree to cooperate and produce on a timely basis any tax forms or reports, including an IRS Form W-8BEN, reasonably requested by the other Party in connection with any payment made by a Party to the other Party under this Agreement.

9.9 **Financial Records, Audits**.

9.9.1 **General**. Each Party shall, and shall cause its applicable Affiliates and with respect to the Company, permitted sublicensees to, maintain complete and accurate records in accordance with GAAP and in sufficient detail to permit the other Party to confirm the accuracy of any payments made or required to be made hereunder. Upon written notice to the other Party, each Party shall have the right, at its own expense, using an independent certified public accounting firm (that has been retained on an hourly or flat fee basis and receives no contingency fee or other bounty or bonus fee) selected by such Party and reasonably acceptable to the other Party to audit the other Party's, its Affiliates' and with respect to the Company, its permitted sublicensees' (as applicable) books and records during normal business hours not more than once during any Calendar Year, solely to verify the accuracy of any payments made or required to be made hereunder in respect of any Calendar Year ending not more than three (3) years prior to the date of such notice (provided that such restriction on the number of permitted audits per Calendar Year shall not apply to the extent that (a) the auditing Party has a reasonable, good faith belief that the other Party or any of its Affiliates, or with respect to the Company, permitted sublicensees, failed to comply with any of their obligations hereunder or (b) a prior audit demonstrates that the other Party or any of its Affiliates, or with respect to the Company, permitted sublicensees (as applicable), failed to comply with any of their obligations hereunder). The other Party shall, and shall cause its Affiliates and with respect to the Company, permitted sublicensees, to reasonably cooperate with each such audit. The independent certified public accounting firm shall

prepare a report based on each such audit, a copy of which shall be sent or otherwise provided to the audited Party at the same time that it is sent or otherwise provided to the auditing Party, and such report shall contain the conclusions of such accounting firm and will specify that the amounts paid pursuant thereto were correct or, if incorrect, the amount of any underpayment or overpayment. The opinion of said independent accounting firm in connection therewith shall be binding on the Parties, each of their respective Affiliates and with respect to the Company, all permitted sublicensees, other than in the case of manifest error.

9.9.2 **Audit Fees and Expenses**. The auditing Party shall be responsible for any and all fees and expenses it incurs in connection with an audit conducted in accordance with Section 9.9.1; provided that, in the event that such an audit reveals an underpayment by the Party being audited or an overpayment by the auditing Party of more than five percent (5%) as to the period subject to such audit, the Party being audited shall reimburse the auditing Party for its reasonable and documented out-of-pocket costs and expenses of such audit within thirty (30) days of the auditing Party's invoice therefor.

9.9.3 **Payment of Deficiency/Overpayments**.

(a) If any audit conducted in accordance with Section 9.9.1 establishes that a Party underpaid any amounts due to the other Party under this Agreement, the underpaying Party shall pay the other Party any such deficiency within thirty (30) days of written notice thereof. For the avoidance of doubt, such payment shall be considered a late payment, subject to Section 9.7.

(b) If any audit conducted in accordance with Section 9.9.1 establishes that a Party (the "Overpaying Party") has overpaid any amounts due to the other Party under this Agreement, such other Party shall, at the Overpaying Party's sole discretion, (i) refund the excess payments to the Overpaying Party within thirty (30) days of receipt of written notice thereof or (ii) offset all such excess payments against any outstanding and future amounts owed to the other Party hereunder.

10. REPORTS, RECORDS AND OPERATIONAL AUDIT RIGHTS

10.1 **Progress Reports**. On a quarterly basis or as the JSC otherwise reasonably requests, the Company shall provide the JSC with a written report summarizing the Lead Seeking Activities and Candidate Designation Activities conducted and results achieved in connection therewith (as applicable) (including, for clarity, any Compounds and Analogs on which such activities were conducted) during the prior Calendar Quarter and any Lead Seeking Activities and Candidate Designation Activities expected to be conducted during the next Calendar Quarter.

10.2 **Collaboration Know-How**. Within forty-five (45) days of the first day of each Calendar Quarter, the Company shall, at its own expense, provide Pfizer with a copy of the Collaboration Know-How generated during the previous Calendar Quarter. Such Collaboration Know-How shall be provided to Pfizer in the format set forth on Schedule 10.2 or such other format reasonably requested by Pfizer in writing at the Company's cost and expense, unless such other format materially increases the Company's costs and expenses, in which case, the Parties shall meet to agree upon an appropriate format in writing. For clarity, Pfizer shall have the right (but not the obligation) to add the Collaboration Know-How to the Pfizer Database, the Pfizer Restricted Databases and any other databases or systems that Pfizer or any of its Affiliates owns, controls or otherwise has access to (subject to Article 12).

10.3 **Records**. The Company shall maintain, and shall ensure that its Affiliates and all permitted sublicensees maintain, complete and accurate records (in the form of technical notebooks and/or electronic files where appropriate) of all work conducted by or on behalf of the Company, its Affiliates and its permitted sublicensees during, and in connection with, the Collaboration (the "Development Records"). The Development Records, including any and all electronic and physical files where such information is contained, shall fully and properly reflect all work done and results achieved in the performance of the Lead Seeking Activities and Candidate Designation Activities (as applicable) in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes and in compliance with all Applicable Laws. Without limiting any other rights or remedies hereunder, during the Term and for three (3) years after final payments have been made under this Agreement, upon Pfizer's reasonable request to the Company, Pfizer shall have the right to (a) review and copy the Development Records during normal business hours and (b) obtain access to originals of the Development Records, with respect to each of the foregoing (a) and (b), for patent or regulatory purposes or other legal proceedings or inquiries related to the Company's or any

of its Affiliates' or permitted sublicensees' compliance with the FCPA, its internal compliance policies or any "corporate integrity" or similar agreement with any Governmental Authority to which either Party or its Affiliate is a party.

10.4 **Operational Audit Rights**. At any time, during normal business hours and upon reasonable prior notice (which shall be no less than ten (10) Business Days), Pfizer may send a reasonable number of qualified representatives of Pfizer, its Affiliates, and/or a Third Party reasonably acceptable to the Company to inspect the Company's, its Affiliates' and its permitted sublicensees' (as applicable) facilities used in connection with the Collaboration and review the records and operations related to the Company's exercise of its rights and performance of its obligations hereunder to ensure compliance with the terms hereof. Such audits shall occur no more than twice per Calendar Year, except to the extent that (a) Pfizer has a reasonable, good faith belief, or a prior audit demonstrated, that the Company or any of its Affiliates or its permitted sublicensees failed to comply with any of their obligations hereunder or (b) such audit is being conducted in accordance with Section 12.9.5(a)(i). Pfizer shall be responsible for all costs associated with conducting an audit pursuant to this Section, except if such audit demonstrates, or the audit immediately preceding such audit demonstrated, that the Company, its Affiliates or its permitted sublicensees failed to comply with any obligations hereunder (and in such circumstances, the Company shall be responsible for all such costs and expenses). The Company shall, and shall cause its Affiliates and its permitted sublicensees to, reasonably cooperate with any representatives conducting any such audit. Such audits shall be conducted in a manner to minimize interference with the Company's, its Affiliates' and its permitted sublicensees' performance of each of their businesses. Notwithstanding anything to the contrary in this Section, the Company may require that, to the extent applicable, (x) the representatives conducting an audit pursuant to this Section be accompanied by the Company's representatives at all times during any such audit, (y) such representatives do not enter areas of any facility not involved in the Collaboration and (z) all such audits are conducted in accordance with the obligations set forth in Article 12.

11. SUPPLY AND OTHER SERVICES

11.1 **Supply**.

11.1.1 From time to time, the Company may screen the Pre-Made Plates that are in the Company's possession pursuant to the Screening Services Agreement solely to the extent such screening is expressly permitted hereunder and subject to any restrictions, limitations or obligations set forth herein. Notwithstanding the foregoing, in the event that the Company uses sixty percent (60%) of the volume of the solvent containing the Compounds in the wells on any Pre-Made Plate, the Company shall promptly provide Pfizer with written notice thereof (the "Exhaustion Notice"). Pfizer shall have the right to include the costs for replacing a Pre-Made Plate used by the Company in the Invoiced Costs after providing the Company with an Exhaustion Notice for such Pre-Made Plate (unless this Agreement is expiring or terminating, in which case, Pfizer may provide such an invoice as soon as reasonably practicable following the time of such expiration or termination). For clarity, any decision by Pfizer to not replace any such Compounds in a Pre-Made Plate shall not excuse the Company from reimbursing Pfizer for using such Pre-Made Plates as described in this Section. The Company shall pay Pfizer the costs of each screen that it conducts in connection with the Collaboration that, from time to time, the Parties identify as, and agree in writing are, the Invoiced Costs and specified in an invoice as an Invoiced Cost.

11.1.2 From time to time, the Company may submit to the Curator reasonable requests that Pfizer supply the Company with Compounds and Analogs to the extent the Company is permitted to perform Lead Seeking Activities or Candidate Designation Activities on such Compounds or Analogs in accordance with the applicable notice granting Intent to Access or the AIP Notice. The Company may request such Compounds or Analogs as solid (i.e., neat) samples, in solution in REMP tubes, or as part of custom-made plates or Pre-Made Plates to conduct research and development solely to the extent expressly permitted hereunder, and, for clarity, subject to any limitations set forth herein.

11.1.3 Pfizer may (using good faith and in its sole discretion) grant or deny any such request made by the Company pursuant to Section 11.1.2; provided that, in no event, shall Pfizer be required to grant such a request (a) for greater than or equal to fifty-percent (50%) of Pfizer's and its Affiliates' readily-available inventory of the applicable Compound or Analog, or (b) that would result in Pfizer's and its Affiliates' inventory of the applicable Compound or Analog being less than the quantities Pfizer reasonably believes (as determined by Pfizer in its sole discretion) are necessary for the research and development conducted by or on behalf of Pfizer and its Affiliates (including by, with or through any Third Parties) during the six (6) month period after the Company's request. Notwithstanding the foregoing, in no event will the Company in connection with any such request be treated more

favorably than Pfizer's or its Affiliates' internal research units (or any successors thereof) would be treated if such research units had made such a request. Should Pfizer grant any Company request made pursuant to Section 11.1.2, the Company shall pay Pfizer the cost of replacing any Compound or Analog as an Invoiced Cost, it being understood that such Invoiced Cost will include only the cost of such Compound or Analog, and the Company shall be solely responsible for payment of any costs in respect of transfer (including shipping costs) of such Compound or Analog from Sigma-Aldridge or any other Third Party used to store such Compound or Analog, plus such pro rata portion of the facility fee from Sigma-Aldridge or such Third Party.

11.2 **Delivery**. Custom-made plates, solid samples, REMP tubes and Pre-Made Plates supplied by Pfizer hereunder shall be delivered in accordance with the procedures established by Pfizer from time to time. For clarity, the Pre-Made Plates shall be in the Company's possession pursuant to the Screening Services Agreement. Notwithstanding the foregoing, upon termination or expiration of the Screening Services Agreement, the Parties shall meet to discuss supply of the Pre-Made Plates.

11.3 **Restrictions**. Without limiting any of the other provisions hereof, the Company shall use Compounds and Analogs supplied or provided pursuant to this Article 11 (including as part of Pre-Made Plates or custom-made plates) solely for the purposes expressly specified, and subject to the restrictions, limitations and obligations set forth, in this Agreement and the Company shall not sell, transfer, disclose, or otherwise provide access, to such Compounds and Analogs to any Third Party (except the Company's permitted sublicensees to the extent expressly permitted in the notice granting Intent to access or the AIP Notice) without Pfizer's express written consent (which Pfizer may withhold in its sole discretion).

11.4 **Intellectual Property**. Pfizer's and its Affiliates' supply to the Company of the Compounds and Analogs as solid samples, in solution in REMP tubes, as part of custom-made plates and on Pre-Made Plates pursuant to this Article 11 shall not transfer to, or create in, the Company any right, title, interest, or claim to any Intellectual Property to which Pfizer or any of its Affiliates have any rights.

11.5 **Consulting and Other Services**. At any time during the Term, the Company shall be permitted to submit reasonable requests to Pfizer for Pfizer to perform additional services for the Company in connection with the Collaboration, including consulting services. Following such a request, Pfizer may, in its sole discretion, negotiate with the Company the terms of an appropriate agreement to provide for the applicable additional services. For clarity, neither Party shall be obligated to enter into an agreement with the other Party with respect to or to provide such additional services.

12. CONFIDENTIALITY AND SECURITY

12.1 **Definition**. "Confidential Information" shall mean all Know-How, business or financial information, research and development activities, product and marketing plans, and customer and supplier information and all other confidential or proprietary information furnished by or on behalf of one Party or any of its Affiliates (including, with respect to the Company, its permitted sublicensees) or its or their respective directors, officers, employees, agents, accountants, counsel or other advisors or representatives (each, a "Disclosing Party") to the other Party, any of its Affiliates (including, with respect to the Company, its permitted sublicensees) or its or their respective directors, officers, employees, agents, accountants, counsel or other advisors or representatives (each, a "Receiving Party") in connection with this Agreement, whether disclosed or provided prior to or after the Effective Date and whether provided orally, visually, electronically, or in writing. Notwithstanding anything to the contrary, Confidential Information included in the Collaboration IP shall be deemed Confidential Information of both Pfizer and the Company (and, for clarity, both Parties shall be a Receiving Party and a Disclosing Party with respect thereto) unless and until this Agreement terminates pursuant to Section 20.2 or expires either in its entirety or with respect to the Compounds and/or Analogs to which such Collaboration IP relates (at which point, such Confidential Information shall be deemed to be Confidential Information of Pfizer only), subject to the terms of any applicable License Agreement. Notwithstanding the foregoing, Confidential Information, with respect to a Disclosing Party, shall not include:

12.1.1 information that is or becomes publicly known through no breach of this Agreement by the Receiving Party or any of its Affiliates, its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives;

12.1.2 information that was independently developed following the Effective Date by employees or agents of the Receiving Party or any of its Affiliates, its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives who have not accessed or otherwise received the applicable

Confidential Information from the Disclosing Party (before or after the Effective Date); provided that such independent development can be demonstrated by competent, contemporaneous written records of the Receiving Party or any of its Affiliates; and

12.1.3 information that becomes available to the Receiving Party or its Affiliates following the Effective Date on a non-confidential basis from a Third Party who is not bound directly or indirectly by a duty of confidentiality to the Disclosing Party;

provided that, in each of the foregoing Sections 12.1.1 through 12.1.3, such information shall not be deemed to be within the foregoing exceptions merely because such information is embraced by more general knowledge that is publicly known or in the Receiving Party's possession, and no combination of features shall be deemed to be within the foregoing exceptions merely because individual features are publicly known or in the Receiving Party's possession, unless the particular combination itself and its principle of operations are in the public domain or in the Receiving Party's possession without the use of or access to Confidential Information.

12.2 **Pfizer Obligations**. Except as otherwise expressly set forth herein, Pfizer shall not disclose business or financial information or customer or supplier information included in the Company's Confidential Information that is not Collaboration IP to any Third Parties without the Company's prior written consent (which may be withheld by the Company in the Company's good faith, sole discretion) and Pfizer shall use such Confidential Information of the Company solely for the purposes expressly permitted hereunder. Pfizer shall protect all other Confidential Information of the Company against unauthorized uses and disclosures, and disclose to Third Parties, using the same degree of care as Pfizer uses with respect to its own similar information (which in no event shall be less than a reasonable degree of care); provided that, notwithstanding anything to the contrary in this Section 12.2, without the Company's prior written consent (which may be withheld by the Company in the Company's good faith, sole discretion), Pfizer shall not disclose any such Collaboration IP included in the Company's Confidential Information to any Company Competitor for such Company Competitor to use in the Field.

12.3 **Company Obligations**. Except as otherwise expressly set forth herein, the Company shall not disclose Pfizer's Confidential Information (including the Collaboration Know-How) to any Third Parties without Pfizer's prior written consent (which may be withheld by Pfizer in Pfizer's good faith, sole discretion) and the Company shall use Pfizer's Confidential Information solely for the purposes expressly permitted hereunder.

12.4 **Disclosures to Sublicensees**. The Company shall be permitted to disclose Pfizer's Confidential Information to permitted sublicensees (subject to Section 3.2) to the extent reasonably necessary for the Company to exercise any sublicense rights that it has been granted hereunder; provided that such sublicensees shall be subject to written obligations of confidentiality and restrictions on permitted use at least equivalent in scope to those set forth in this Article 12 and the Company shall be liable for any failure by any such sublicensees to comply with the terms hereof.

12.5 **Disclosure to Intellectual Property Offices, Regulatory Authorities**. A Receiving Party may disclose Confidential Information of the Disclosing Party to (a) patent authorities to obtain or maintain Patent Rights to the extent such Receiving Party is expressly permitted to obtain or maintain such Patent Rights under this Agreement and (b) Regulatory Authorities to obtain or maintain any approval to conduct clinical trials or Regulatory Approvals with respect to a Compound or Analog or, with respect to Pfizer, pharmaceutical products that relate to such Confidential Information, to the extent expressly permitted hereunder; provided that, with respect to the foregoing (a) and (b), such disclosure may be made only to the extent reasonably necessary to obtain or maintain such Patent Rights or obtain or maintain such approvals or Regulatory Approvals (as applicable) and the Receiving Party shall provide the Disclosing Party with written notice of such disclosure.

12.6 **Disclosures Required By Law**. In the event that the Receiving Party or any of its Affiliates either determines on the advice of its counsel that it is required to disclose any Confidential Information of the Disclosing Party pursuant to Applicable Law (including the rules and regulations of the Securities and Exchange Commission or any national securities exchange) or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide Confidential Information of the Disclosing Party (or any of its Affiliates) that is subject to the confidentiality obligations hereof, the Receiving Party shall notify the Disclosing Party prior to disclosing or providing such Confidential Information and shall cooperate at the expense of the Disclosing Party in seeking any reasonable protective

arrangements (including by seeking confidential treatment of such Confidential Information) requested by the Disclosing Party. Subject to the foregoing, the Person that received such a request or determined that it is required to disclose Confidential Information of the Disclosing Party may thereafter disclose or provide such Confidential Information to the extent required by such Applicable Law (as so advised by counsel) or requested or required by such Governmental Authority; provided, however, that such Person provides the Disclosing Party, to the extent legally permissible, upon request with a copy of the Confidential Information so disclosed.

12.7 **Terms of this Agreement**. The terms of this Agreement are deemed to be Confidential Information of each Party and shall be subject to the confidentiality obligations set forth in this Article 12; provided that each Party shall be permitted to disclose the terms of this Agreement to the extent reasonably necessary in connection with a potential or actual financing or assignment or sale of the business or assets related to this Agreement to the extent permitted hereunder; provided further that such Persons shall be subject to obligations of confidentiality and non-use (whether in writing or by operation of law) with respect thereto and the Party disclosing such Confidential Information shall be liable for any failure by any such Persons to comply with the confidentiality provisions hereof.

12.8 **Publications**. The Company shall not be permitted to present or publish regarding Pfizer IP, any Compounds or Analogs being researched or developed by the Company under the Collaboration or any other Confidential Information, unless Pfizer grants prior written consent (which Pfizer may withhold in its sole discretion). Pfizer shall respond to any such request made by the Company to present or publish within forty-five (45) days of receipt of such request (which, for clarity, shall include the proposed presentation or publication). Pfizer's and its Affiliates' right to present or publish regarding any Compounds and Analogs included in an AIP Compound Series during the Term after AIP is granted shall be limited to the following circumstances: (a) if Pfizer, any of its Affiliates, or the Company (to the extent expressly permitted hereunder) have filed any Patent Rights with respect to the Collaboration Know-How disclosed in the applicable presentation or publication or (b) if the Company grants prior written consent. In the event that the Company reasonably believes that Pfizer's proposed publication or presentation will prevent Pfizer or its Affiliates from obtaining Patent Rights with respect to the applicable Pfizer IP related to the applicable AIP Compound Series, the Company shall promptly notify Pfizer thereof and Pfizer shall reasonably consider whether to delay such presentation or publication (provided that Pfizer may decide such matter in its sole discretion). For clarity, nothing in this Section 12.8 shall be construed to restrict or otherwise limit Pfizer or its Affiliates from filing, prosecuting or maintaining any Patent Rights, or except to the extent expressly set forth herein, from presenting or publishing.

12.9 **Security**.

12.9.1 **Generally**. The Company hereby acknowledges and agrees that the Pfizer IP and the Pfizer Software include proprietary and confidential information, including trade secrets, of Pfizer, its Affiliates, and Third Parties, and such information is of substantial value to Pfizer and is only being provided to the Company for its use in the Collaboration to the extent expressly permitted and subject to any limitations hereunder. Accordingly, the Company shall implement procedures and policies (including as specified herein) to ensure (a) compliance with the use, access and disclosure restrictions specified herein and (b) that the confidentiality of such information is maintained.

12.9.2 **Safeguarding the Pfizer IP and Pfizer Software**.

(a) **General**. The Company shall, and shall ensure that its Affiliates and its permitted sublicensees (as applicable), maintain technical and physical security and administrative and other safeguards to protect against any use, loss or disclosure of any Pfizer IP and Pfizer Software in contravention of the terms hereof.

(b) **Location**. When not in use, the Company shall store all paper files, documents, and records containing Pfizer IP, Compounds, Analogs and other Materials in electronically and physically secure locations at the Company's premises (including password-protected systems for electronic records and locked storage and file cabinets for tangible materials, as applicable), with access controlled and limited to Collaboration Employees (e.g., by key, proximity card, or security number pad) solely to the extent reasonably required for each such employee to perform the tasks and obligations for which he or she is assigned. The Company shall perform all research and development activities in connection with the

Collaboration in rooms on the premises of the Company or as set forth in the notice granting Intent to Access or the AIP Notice (as applicable) or as otherwise agreed by the JSC. Pfizer acknowledges that, to the extent reasonably necessary, such research and development activities may be conducted in the same room as research and development activities being conducted by Company employees outside the scope of the Collaboration, except review of the Pfizer Database by the Leveragers (which shall only be conducted in rooms on the Company's premises in the United States that are not accessible by Persons that are not Collaboration Employees). The Company shall ensure that all Persons that may come into contact with Pfizer's Confidential Information are informed of, and comply with, the Company's obligations with respect to Pfizer's Confidential Information. Notwithstanding anything to the contrary in this Section 12.9.2(b), the Company shall remain responsible and liable for any breach by any Persons (including its employees) of this Article 12.

(c) **Marking**. The Company shall, and shall ensure that its Affiliates and its permitted sublicensees (as applicable), mark all Know-How and other Confidential Information provided by or on behalf of Pfizer or its Affiliates to the Company, its Affiliates and its permitted sublicensees, and all other Pfizer IP (including all Collaboration IP) as the property of Pfizer and its Affiliates and as being confidential.

(d) **Destruction/Modification of Collaboration Inventions**. The Company shall not, and shall ensure that its Affiliates and permitted sublicensees (to the extent permitted hereunder) do not, modify, delete or destroy any Collaboration Know-How or Materials prior to providing such Know-How or Materials to Pfizer in accordance with the terms hereof without Pfizer's prior written consent, except as expressly permitted hereunder.

12.9.3 **System Security**.

(a) **Company Security Measures**. Prior to the Effective Date, the Parties hereby acknowledge and agree that the Company provided Pfizer with a copy of the access, protection, and data/software security procedures that will be employed by the Company in connection with the Collaboration (the "Company Security Procedures"), that, from time to time, the Parties identify as, and agree in writing are, the Company Security Procedures. The Company shall, and shall ensure that its Affiliates and permitted sublicensees, comply with the Company Security Procedures in connection with the Collaboration and shall provide Pfizer with any material changes thereto (which shall be subject to the prior written consent of Pfizer, which may be withheld in its sole discretion). Notwithstanding anything to the contrary herein, and without limiting this Article 12, in no event will any actions or inactions of the Company, its Affiliates or any of its permitted sublicensees (as applicable) result in the Pfizer Database, the Pfizer Restricted Databases, the Pfizer Software, the Pfizer Library, the Pfizer Portfolio, any Compounds, Analogs, or other Materials or any other Pfizer IP or Confidential Information (collectively, the "Pfizer Protected Assets") being maintained at a level of security less than the level that the Company maintains with respect to its own sensitive or proprietary systems and data outside the Collaboration.

(b) **Pfizer Security Measures**. The Company shall not, and shall ensure that its Affiliates and permitted sublicensees do not, tamper with, compromise, or circumvent any security or audit measures employed by Pfizer and its Affiliates in connection with the Pfizer Protected Assets.

12.9.4 **Firewalls**.

(a) **General**. The Parties hereby acknowledge that, except as expressly prohibited hereunder, the Company shall not be prohibited from researching, developing or commercializing pharmaceutical products in the Field outside of the Collaboration; provided that the Company shall not be permitted to use any Pfizer IP and/or other Pfizer Confidential Information or any other rights granted hereunder in connection therewith. Without limiting any other provision herein, the Company shall, and shall ensure that its Affiliates and its permitted sublicensees (as applicable), establish and enforce appropriate firewall

procedures between its activities in connection with the Collaboration and outside of the Collaboration to ensure that no Pfizer IP is used in connection with its activities outside of the Collaboration.

(b) **Misuse of Pfizer IP**. Without prejudice to any other rights or remedies available to Pfizer under this Agreement or otherwise, (a) in the event that any Pfizer IP and/or other Pfizer Confidential Information is used outside of the Collaboration in connection with the research, development, manufacture or commercialization of any compounds or pharmaceutical products, Pfizer shall have all of the rights hereunder with respect to such compounds and pharmaceutical products and the Company shall have all of the obligations hereunder with respect to such compounds and pharmaceutical products and (b) in the event that Pfizer reasonably believes that the Company, its Affiliates or any of its permitted sublicensees has used any Pfizer IP and/or Pfizer Confidential Information outside of the Collaboration, Pfizer shall provide the Company with written notice thereof and the Company shall be required to establish to Pfizer's reasonable satisfaction by clear and convincing evidence that such use has not occurred or such use shall be deemed to have occurred.

12.9.5 **Security Audits**.

(a) **Pfizer Rights**.

(i) For clarity, Pfizer shall have audit rights in accordance with Section 10.4 to ensure compliance with this Article 12. In the event that Pfizer reasonably believes following any such audit that the Company or any of its Affiliates or its permitted sublicensees have violated this Article 12 or otherwise poses a security concern with respect to the Pfizer Protected Assets, Pfizer shall provide the Company with written notice thereof (a "Pfizer Non-Compliance Notice") and may deny the Company and its Affiliates and permitted sublicensees (as applicable) access thereto. The Company shall, and shall ensure that its Affiliates and permitted sublicensees, cooperate with Pfizer in investigating any apparent violations of this Article 12 and shall comply with Section 12.9.5(c) in the event that it receives such written notice from Pfizer.

(ii) Without limiting Section 12.9.5(a)(i), if at any time Pfizer determines or reasonably believes that the Company, any of its Affiliates or any of its permitted sublicensees has engaged in activities that may lead to, or that has resulted in, any unauthorized access to or use of any Pfizer Protected Assets, Pfizer may provide the Company with written notice thereof and the Parties shall promptly meet to discuss the relevant activities and preventing and/or addressing such potential or actual unauthorized use or access. Upon providing such written notice, the Company shall comply with Section 12.9.5(c) and Pfizer shall be permitted to immediately restrict the Company's, its Affiliates' and its permitted sublicensees' access to the Pfizer Protected Assets if Pfizer reasonably believes such unauthorized access has or may occur with respect thereto, and Pfizer may continue to restrict such access unless and until Pfizer believes that the Company has instituted appropriate mechanisms to cease and/or prevent such unauthorized use or disclosure.

(b) **Company Obligations**.

(i) The Company shall maintain internal audit capabilities that comply with its internal audit policies and conduct regular audits of its, its Affiliates' and its permitted sublicensees' systems and procedures to ensure compliance with this Article 12; provided that, during the first twelve (12) months following the Effective Date, in no event shall fewer than two (2) audits be conducted. Upon Pfizer's reasonable request, the Company shall provide Pfizer with a summary of such internal audits of the Company, its Affiliates and its permitted sublicensees.

(ii) The Company shall immediately terminate any individual's involvement in the Collaboration (including any access to Collaboration IP) if, at any time, the

Company determines or reasonably believes (whether pursuant to an audit conducted in accordance with this Section 12.9.5(b) or otherwise) that such individual (a) sought to circumvent, actually circumvented or breached the Company Security Procedures or any other provision of this Article 12 or (b) engaged in activities that may lead to or that resulted in the unauthorized access, use, destruction, alteration, or loss of any Pfizer Protected Assets. If, at any time, the Company determines or suspects that the foregoing has occurred or there has been any other unauthorized access to the Pfizer Protected Assets or other violation of this Article 12, the Company shall immediately notify Pfizer in writing with a description of the relevant incident (a "Company Non-Compliance Notice"), take the actions specified in Section 12.9.5(c), and cooperate with Pfizer in connection therewith.

(c) **Remediation**. In the event that the Company receives a Pfizer Non-Compliance Notice or notice in accordance with Section 12.9.5(a)(ii), or the Company provides Pfizer with a Company Non-Compliance Notice, the Company shall (a) immediately investigate and take actions directed at remedying the relevant violation or suspected violation, and (b) submit to the JSC within ten (10) Business Days of the Company's receipt or delivery (as applicable) of the applicable notice a remediation plan, setting forth in reasonable detail, its plans to remedy such violation or suspected violation and prevent similar violations. The JSC may, in its sole discretion, determine whether any such remediation plan is sufficient to address the relevant violation or suspected violation (as applicable) and prevent similar violations, and require the Company to take any reasonable additional measures if the JSC determines that such plan is insufficient.

(d) **General**. Any exercise by Pfizer of its rights under this Section 12.9 shall be without prejudice to any other rights or remedies available to Pfizer or its Affiliates under this Agreement or otherwise.

12.9.6 **Background Checks**. The Company shall ensure that Pfizer and its Affiliates are permitted to conduct, and have Third Parties conduct, background checks of the Leveragers, the Functional Line Senior Scientists, the Lead Seekers, the Lead Seeking Project Team Members, the Candidate Designees and the Candidate Designation Project Team Members from time to time and that each such employee signs the applicable Confidentiality Agreement prior to exercising any rights or performing any obligations in connection with the Collaboration (and the Company shall provide Pfizer with a copy of each such Confidentiality Agreement reasonably promptly following execution thereof). The Company shall provide Pfizer with prompt written notice upon replacing any such employee. Upon Pfizer's written request, the Company shall provide to Pfizer a complete and accurate list of such employees as of the time of such request, and with respect to the Lead Seeking Project Team Members and Candidate Designation Project Team Members, such list shall be provided by the Company to Pfizer at each quarterly JSC meeting. In the event that Pfizer believes (in good faith) that there are any issues pertaining to character, behavior or reputation that would render any such employee unfit to serve as a Collaboration Employee for any reason, including any adverse findings identified through a background check, Pfizer shall provide the Company with written notice thereof and the Parties shall reasonably discuss Pfizer's concern. If, following such discussion, Pfizer still believes that such employee is unfit to occupy the applicable Collaboration Employee position, the Company shall remove such employee from such position. Notwithstanding anything to the contrary, in a twelve (12) month period, without Pfizer's prior written consent (which may be withheld in Pfizer's sole discretion), the Company shall not be permitted to replace more than (i) four (4) Leveragers, (ii) four (4) Functional Line Senior Scientists, (iii) five (5) Lead Seekers, or (iv) two (2) Candidate Designees. The Leveragers, the Functional Line Senior Scientists, the Lead Seekers, the Lead Seeking Project Team Members, the Candidate Designees and the Candidate Designation Project Team Members shall not be members of the JSC and shall not attend JSC meetings; provided that such employees shall be permitted to attend JSC meetings or portions thereof solely to the extent the subject matter of the applicable JSC meeting (a) relates to the subject matter for which such employee has been invited to the JSC meeting, and (b) does not relate to the Pfizer Portfolio or other sensitive (as determined by Pfizer in its sole discretion) Confidential Information of Pfizer or its Affiliates.

12.10 **Change of Control**. For clarity, and without limiting any other provision of this Agreement, the Company's obligations pursuant to this Article 12 shall be deemed to be breached, and such breach shall be deemed material, in the event of a Change of Control of the Company to which Pfizer does not grant prior written consent (which, for clarity, may be withheld by Pfizer in its sole discretion).

13. REPRESENTATIONS, WARRANTIES AND COVENANTS

13.1 **Disclaimer of Representations and Warranties**.

13.1.1 EXCEPT AS EXPRESSLY STATED IN THIS ARTICLE 13, NO PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF TITLE, NON-INFRINGEMENT, VALIDITY, ENFORCEABILITY, ABSENCE OR SCOPE OF ANY ENCUMBRANCES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE AND ALL SUCH REPRESENTATIONS AND WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED.

13.1.2 THE COMPANY HEREBY ACKNOWLEDGES AND AGREES THAT THE CONTENTS OF THE PFIZER LIBRARY AND THE COMPOUNDS, ANALOGS, AND OTHER MATERIALS ARE EXPERIMENTAL IN NATURE, ARE FOR RESEARCH USE ONLY, MAY HAVE UNKNOWN CHARACTERISTICS, AND ARE NOT TO BE ADMINISTERED IN HUMANS IN ANY MANNER OR FORM. THE COMPANY SHALL, AND SHALL CAUSE ITS AFFILIATES AND PERMITTED SUBLICENSEES TO, USE PRUDENCE AND REASONABLE CARE IN THE USE, HANDLING, STORAGE, TRANSPORTATION, DISPOSITION, AND CONTAINMENT OF SUCH MATERIALS AND ALL OTHER MATERIALS IN CONNECTION WITH THE COLLABORATION. ALL COMPOUNDS, ANALOGS, OTHER MATERIALS, INFORMATION AND DATA PROVIDED BY PFIZER AND ITS AFFILIATES TO THE COMPANY OR GENERATED BY THE COMPANY, ITS AFFILIATES OR ITS PERMITTED SUBLICENSEES ARE MADE AVAILABLE FOR THE COMPANY, ITS AFFILIATES AND ITS PERMITTED SUBLICENSEES IN CONNECTION WITH THE COLLABORATION ON AN "AS IS" BASIS, WITHOUT WARRANTY WITH RESPECT TO COMPLETENESS, COMPLIANCE WITH REGULATORY STANDARDS, REGULATIONS, OR ANY OTHER APPLICABLE LAW, OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER KIND OF WARRANTY WHETHER EXPRESS OR IMPLIED.

13.2 **Compliance with Laws**. Each Party shall comply, and shall cause its Affiliates and permitted sublicensees to comply, with all Applicable Laws in performing its and their obligations and exercising its and their rights pursuant to this Agreement. Without limiting the foregoing, the Company shall conduct all Lead Seeking Activities and Candidate Designation Activities hereunder in good scientific manner and in compliance with all requirements of cGLP, cGCP, and cGMP (as applicable).

13.3 **FCPA**.

13.3.1 With respect to the performance of its obligations hereunder and without limiting the generality of Section 13.2, each Party shall comply, and shall cause its Affiliates and with respect to the Company, permitted sublicensees to comply, with the United States Foreign Corrupt Practices Act of 1977 (as modified or amended and equivalent laws through the world, including the UK Bribery Act 2010) (the "FCPA"). Each Party represents and warrants (on behalf of itself and its Affiliates) to the other that, with respect to the performance of its and their respective obligations under this Agreement, it and they have not, and will not, directly or indirectly, offer or pay, or authorize such offer or payment of, any money, or transfer anything of value, to improperly seek to influence any Government Official, nor offer, pay, request, or accept bribes on behalf of the other Party or any of its Affiliates in order to gain an improper business advantage and will not accept in the future, such a payment or transfer.

13.3.2 Each Party shall ensure that no Government or Government Official is the beneficial owner of five percent (5%) or more of its or its Affiliates' securities and undertakes to inform the other Party in good faith (i) if the Party becomes aware, through an SEC Schedule 13D filing or otherwise, that a Government or Government Official has become the beneficial owner of five percent (5%) or more of its or its Affiliates' securities or (ii) if a Government or Government Official comes into a position of authority within its or its Affiliates' structure that includes influence over decisions with respect to its or its Affiliates' business or any products, payments or services provided under this Agreement. As used in this Section 13.3, "Government Official" means: (a) any elected or appointed government official (e.g., a member of a ministry of health), (b) any employee or person acting for or on behalf of a government official, agency, or enterprise performing a governmental function, (c) any political party officer, employee, or person acting for or on behalf of a political party or candidate for public office, (d) an employee or person acting for or on behalf of a public international organization, or (e) any person otherwise categorized as a government official under local law. "Government" is meant to include all levels and subdivisions of non-United States governments (i.e., local, regional, or national and administrative, legislative, or executive).

14. INDEMNIFICATION

14.1 **Indemnification by the Company**. Except as provided in Section 14.3, the Company shall indemnify, defend and hold harmless each member of the Pfizer Group and each of their Affiliates and each member of the Pfizer Group's and their respective Affiliates' directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Pfizer Indemnitees") from and against any and all Losses of the Pfizer Indemnitees relating to, arising out of or resulting from any of the following items (without duplication and including any such Losses arising by way of setoff, counterclaim or defense or enforcement of any Lien): (a) the Company's, its Affiliates' or its permitted sublicensees' exercise of any of its rights or performance of its obligations pursuant to the terms hereof (including, for clarity, Section 3.3), (b) any personal injuries, death and/or property damages (including Losses associated with damage, disease or illness to livestock, or resulting from exposure or contact (through physical proximity, consumption or otherwise) to such livestock) resulting from the use of any compound or product researched or developed by or on behalf of the Company, its Affiliates or its permitted sublicensees in connection with this Agreement following the Effective Date, (c) the fraud, gross negligence, or willful misconduct of the Company, its Affiliates and permitted sublicensees or any Third Party performing obligations of, or exercising rights granted to, the Company, its Affiliates or its permitted sublicensees hereunder following the Effective Date, (d) breach by the Company, any of its Affiliates or permitted sublicensees of any provision of this Agreement, or (e) the research, development, manufacture, use, sale, offer for sale, import or export of Compounds, Analogs or related compounds, analogs or pharmaceutical products by or on behalf of the Company, its Affiliates or its sublicensees following the Effective Date, except to the extent any of the foregoing (a) through (e) was caused by any of the Pfizer Indemnitees' fraud, gross negligence, or willful misconduct following the Effective Date or any Action for which Pfizer has an obligation to indemnify the Company pursuant to Section 14.2.

14.2 **Indemnification by Pfizer**. Except as provided in Section 14.3, Pfizer shall indemnify, defend and hold harmless each member of the Company Group and each of their Affiliates and each member of the Company Group's and their respective Affiliates' respective directors, officers, employees and agents, and each of the permitted heirs, executors, successors and assigns of any of the foregoing (collectively, the "Company Indemnitees"), from and against any and all Losses of the Company Indemnitees relating to, arising out of or resulting from any of the following items (without duplication and including any Losses arising by way of setoff, counterclaim or defense or enforcement of any Lien): (a) the fraud, gross negligence, or willful misconduct of Pfizer or its Affiliates following the Effective Date or (b) breach by Pfizer of any provision of this Agreement, except to the extent any of the foregoing (a) and (b) was caused by any of the Company Indemnitees' fraud, gross negligence, or willful misconduct following the Effective Date or any Action for which the Company has an obligation to indemnify Pfizer and its Affiliates pursuant to Section 14.1.

14.3 **Indemnification Obligations Net of Insurance Proceeds and Other Amounts**.

14.3.1 The Parties intend that any Loss subject to indemnification or reimbursement pursuant to this Article 14 will be net of Insurance Proceeds that actually reduce the amount of the Loss. Accordingly, the amount which any Party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification hereunder (an "Indemnitee") will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in respect of the related Loss. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Loss and subsequently receives Insurance Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

14.3.2 An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other Third Party shall be entitled to a "wind-fall" (i.e., a benefit such insurer or other Third Party would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Nothing contained in this Agreement shall obligate any Person in any Group to seek to collect or recover any Insurance Proceeds.

14.3.3 Any Indemnity Payment made by the Company shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such Indemnity Payment, each Pfizer Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed. Any Indemnity Payment made by Pfizer shall be increased as necessary so that after making all payments in respect to

Taxes imposed on or attributable to such Indemnity Payment, each Company Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed.

14.4 **Procedures for Indemnification of Third Party Claims**.

14.4.1 If an Indemnitee shall receive notice or otherwise learn of the assertion by a Third Party (including any Governmental Authority) of any claim or of the commencement by any such Third Party of any Action with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Sections 14.1 or 14.2, or any other Section of this Agreement (collectively, a "Third Party Claim"), such Indemnitee shall give such Indemnifying Party written notice thereof as promptly as practicable (and in any event within forty-five (45) days) after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 14.4.1 shall not relieve the related Indemnifying Party of its obligations under this Article 14, except to the extent, and only to the extent, that such Indemnifying Party is materially prejudiced by such failure to give notice.

14.4.2 An Indemnifying Party may elect (but shall not be required) to defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel (which counsel shall be reasonably satisfactory to the Indemnitee), any Third Party Claim; provided that the Indemnifying Party shall not be entitled to defend and shall pay the reasonable fees and expenses of one separate counsel for all Indemnitees if the claim for indemnification relates to or arises in connection with any criminal action, indictment or allegation. Within forty-five (45) days after the receipt of notice from an Indemnitee in accordance with Section 14.4.1 (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions to its defense. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee; provided, however, in the event that (a) the Indemnifying Party has elected to assume the defense of the Third Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice or (b) the Third Party Claim involves injunctive or equitable relief, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnitees shall be borne by the Indemnifying Party.

14.4.3 If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in Section 14.4.2, such Indemnitee may defend such Third Party Claim at the cost and expense of the Indemnifying Party. Any legal fees and expenses incurred by the Indemnitee in connection with defending such claim shall be paid by the Indemnifying Party at the then applicable regular rates charged by counsel, without regard to any flat fee or special fee arrangement otherwise in effect between such counsel and the Indemnitee.

14.4.4Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnitee may settle or compromise any Third Party Claim without the consent of the Indemnifying Party. If an Indemnifying Party has failed to assume the defense of the Third Party Claim within the time period specified in Section 14.4.2 above, it shall not be a defense to any obligation to pay any amount in respect of such Third Party Claim that the Indemnifying Party was not consulted in the defense thereof, that such Indemnifying Party's views or opinions as to the conduct of such defense were not accepted or adopted, that such Indemnifying Party does not approve of the quality or manner of the defense thereof or that such Third Party Claim was incurred by reason of a settlement rather than by a judgment or other determination of liability.

14.4.5 In the case of a Third Party Claim, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the consent of the Indemnitee if the effect thereof is (a) to permit any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against any Indemnitee or (b) to ascribe any fault on any Indemnitee in connection with such defense.

14.4.6 Notwithstanding the foregoing, the Indemnifying Party shall not, without the prior written consent of the Indemnitee, settle or compromise any Third Party Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnitee of a written release from all Liability in respect of such Third Party Claim.

14.5 **Additional Matters**.

14.5.1 Any claim on account of a Loss which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30) day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such thirty (30) day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such Indemnitee as contemplated by this Agreement.

14.5.2 In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

14.5.3 In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant or otherwise hold the Indemnifying Party as party thereto, if at all practicable. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts' fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement with respect to such Third Party Claim.

14.6 **Remedies Cumulative**. The remedies provided in this Article 14 shall be cumulative and, subject to the provisions of Section 21.4, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

14.7 **Survival of Indemnities**. The indemnity contained in this Article 14 shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of any Indemnitee; and (b) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification or contribution hereunder. The rights and obligations of each Party and their respective Indemnitees under this Article 14 shall survive the termination of any license granted hereunder.

14.8 **Intellectual Property**. Notwithstanding the foregoing Sections 14.1 through 14.7, in the event and to the extent that any Third Party Claim relates to or may affect or otherwise impair either Party's or a Third Party's ownership of or rights in or the validity or enforceability of or rights to use Intellectual Property hereunder, the prosecution and defense of such aspects of such Third Party Claim shall be governed by Article 18 to the extent that such Article addresses such prosecution or defense.

15. LIMITATIONS ON LIABILITY

15.1 **Consequential Damages Waiver**. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT WILL EITHER PARTY OR ANY OF ITS AFFILIATES BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOST PROFITS SUFFERED BY AN INDEMNITEE, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, IN CONNECTION WITH ANY DAMAGES ARISING HEREUNDER; PROVIDED, HOWEVER, THAT TO THE EXTENT AN INDEMNITEE IS REQUIRED TO PAY ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES OR LOST PROFITS TO A PERSON WHO IS NOT THE OTHER PARTY OR AN AFFILIATE OF THE OTHER PARTY IN CONNECTION WITH A THIRD PARTY CLAIM, SUCH DAMAGES WILL CONSTITUTE DIRECT DAMAGES AND NOT BE SUBJECT TO THE LIMITATION SET FORTH IN THIS ARTICLE 14.

15.2 **Limitation on Liability**. WITHOUT LIMITING SECTION 15.1, IN NO EVENT SHALL PFIZER'S AND ITS AFFILIATES' LIABILITY IN THE AGGREGATE FOR ALL LOSSES IN CONNECTION WITH THIS AGREEMENT EXCEED THE LESSER OF (A) TWO MILLION US DOLLARS (US$2,000,000.00) OR (B) THE AGGREGATE AMOUNT OF PAYMENTS RECEIVED BY PFIZER AND ITS AFFILIATES FROM THE COMPANY AND ITS AFFILIATES UNDER THIS AGREEMENT DURING THE TWENTY-FOUR (24) MONTHS IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO THE CLAIM, REGARDLESS OF WHETHER PFIZER OR ITS AFFILIATES HAS BEEN INFORMED OF THE

POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OR THE TYPE OF CLAIM, CONTRACT, OR TORT (INCLUDING NEGLIGENCE).

16. INSURANCE

16.1 **Obligations to Maintain Insurance**. The Company shall maintain during the Term and for five (5) years after termination or expiration of this Agreement, commercial general liability insurance from a minimum "A-" AM Best rated insurance company, including contractual liability and product liability or clinical trials, if applicable, with coverage that, from time to time, the Parties identify, and agree in writing. The Company has the right to provide the total coverage required by any combination of primary and umbrella/excess coverage. Each such insurance policy shall name Pfizer and its Affiliates as additional insured and provide a waiver of subrogation in favor of Pfizer and its Affiliates. Such insurance policies shall be primary and non-contributing with respect to any other similar insurance policies available to Pfizer or its Affiliates. The Company shall be responsible for its own deductibles or retentions. For clarity, the minimum level of insurance set forth herein shall not be construed to create a limit on the Company's liability hereunder.

16.2 **Policy Notification**. The Company shall provide Pfizer with original certificates of insurance (which, for clarity, may be provided in electronic form) evidencing the insurance requirements set forth in Section 16.1 (a) prior to execution by both Parties of this Agreement, and (b) on an annual basis. Pfizer shall be provided at least thirty (30) days (ten (10) days in the case of cancellation for non-payment of premium) written notice prior to cancellation, termination, or any material change to restrict the coverage or reduce the limits afforded.

17. REGULATORY AND SAFETY

17.1 **Regulatory**. The Company shall have the sole right (but not the obligation), at its own cost and expense, to control all regulatory matters with respect to the Collaboration in the Field within the scope of the rights that it is granted hereunder, including the preparation, submission, and maintenance of all regulatory submissions; provided that if the same compound is being researched, developed or commercialized by or on behalf of the Company, any of its Affiliates or any of its permitted sublicensees pursuant to this Agreement on the one hand and Pfizer or any of its Affiliates (including by, with, or through a Third Party) on the other hand, upon Pfizer's reasonable request, with respect to such compound: (a) Pfizer shall have the right to participate in all meetings with the Regulatory Authorities to the extent permitted by Applicable Law, and (b) the Company shall provide Pfizer with a copy of material communications from any Regulatory Authorities and drafts of any material communications, filings or responses to any Regulatory Authorities reasonably prior to submission to allow Pfizer an opportunity to review and comment thereon (and such material communications, filings and responses to the Regulatory Authorities shall be subject to Pfizer's prior written approval, not to be unreasonably withheld). Pfizer shall provide any comments with respect to such communications, filings and responses to the Company as soon as reasonably practicable and the Company shall incorporate all such comments. In the event of a dispute between the Parties regarding such comments, Pfizer shall have final decision-making authority. All regulatory submissions made by or on behalf of the Company, its Affiliates and its permitted sublicensees in connection with the Collaboration (to the extent expressly permitted) shall be made in the name of the Company, and the Company shall, and shall ensure that its Affiliates and permitted sublicensees (as applicable), permit Pfizer, its Affiliates, and Third Party sublicensees, licensors and partners to cross-reference and otherwise rely upon, and have access to, all such submissions made by or on behalf of the Company, its Affiliates or its permitted sublicensees in connection with the Collaboration in the manner reasonably requested by Pfizer for use outside the Field. Following termination or expiration of this Agreement, upon the reasonable request of Pfizer, the Company shall ensure that all such regulatory submissions are transferred to Pfizer or its designated Affiliate or Third Party upon expiration or termination of this Agreement, except to the extent that (x) Licensed Products for which the Company has exercised the Opt-In are the subject of such regulatory submissions or (y) such transfer is not permitted by the Regulatory Authorities, in which case, rights for Pfizer, its Affiliates, and Third Party sublicensees, licensors and partners to cross-reference and otherwise rely upon, and have access to such submissions, shall survive such expiration or termination (as applicable); provided that such rights shall apply to all fields of use. For clarity, this Section shall be subject to any notice granting Intent to Access and any AIP Notice and Pfizer's obligations in Section 20.4.5.

17.2 **Safety Notice**. During the Term, each Party shall notify the other Party within forty-eight (48) hours, of any information that comes into such Party's possession, or action by, or notice that it receives (directly or indirectly) from, any Regulatory Authority or Third Party that (a) raises any material concerns regarding the

safety or efficacy of any Compounds or Analogs that the Company is researching or developing in accordance with the terms hereof, (b) indicates or suggests a potential investigation or formal inquiry by a Regulatory Authority in connection with any Compounds or Analogs that the Company is researching or developing in accordance with the terms hereof, or (c) is reasonably likely to lead to a recall or market withdrawal of a product.

18. INTELLECTUAL PROPERTY

18.1 **Ownership of Pfizer IP**.

18.1.4 **Pfizer Ownership**.

(a) **Pfizer IP**. As between the Parties, Pfizer shall own and retain all right, title, and interest in, to, and under all Pfizer IP and Pfizer Software (including the Collaboration IP), including, for clarity, all preclinical, clinical, technical, chemical, safety, scientific and other data and information, know-how and other results generated by or resulting from or in connection with the conduct of the Collaboration hereunder, including relevant laboratory notebook information and descriptions in any other form (whether physical, electronic or otherwise).

(b) **Materials**.

(i) As between the Parties, Pfizer shall own and retain all right, title and interest in, to and under all tangible embodiments of the Pfizer IP (including any and all Analogs and Compounds synthesized by or on behalf of the Company or any of its Affiliates or permitted sublicensees) (the "Materials") for all purposes without further obligation or payment to the Company.

(ii) In the event that the Company or any of its Affiliates or sublicensees conceives, reduces to practice, or otherwise develops any Materials hereunder, the Company shall provide Pfizer with written notice thereof within forty-five (45) days of the beginning of each Calendar Quarter. The Company shall promptly provide Pfizer with the quantities of any such Materials that Pfizer reasonably requests (at Pfizer's sole cost and expense) pursuant to those procedures that are specified by Pfizer from time to time and in compliance with all Applicable Laws. For clarity, Pfizer shall have the right (but not the obligation) to add any Materials to the Pfizer Library and to add information relating thereto to the Pfizer Database, the Pfizer Restricted Database and any other library, database or system to which Pfizer has rights (subject to Article 12).

(g) **Assignment**. In the event that the Company or any of its Affiliates or sublicensees has been assigned or otherwise obtains or has ownership of any Intellectual Property or Materials in contravention of Sections 18.1.1(a) or 18.1.1(b) or the other terms hereof, the Company hereby assigns, and shall cause its Affiliates and permitted sublicensees (as applicable) to assign, to Pfizer its entire right, title, and interest in, to, and under such Intellectual Property and Materials (as applicable) and hereby waives, and shall cause its Affiliates and permitted sublicensees to waive, any ownership in the foregoing if such assignment does not take effect immediately for any reason. The Company shall, and shall cause its Affiliates and permitted sublicensees to, execute any and all assignments and other documents necessary to perfect or record Pfizer's right, title, and interest in, to, and under such Intellectual Property and Materials. The Company further agrees to execute, and cause its Affiliates and permitted sublicensees to execute, all further documents and assignments and do all such further things as may be necessary to perfect Pfizer's title to such Intellectual Property and Materials or to register Pfizer as the exclusive owner of any applicable registrable rights.

18.2 **Patent Prosecution and Maintenance**.

18.2.1 **General**. As between the Parties and subject to Section 18.2.2, Pfizer shall have the sole right and authority (but not the obligation) to prepare, file, prosecute (including conduct any oppositions, interferences, reissue proceedings, reexaminations, and post-grant proceedings), and maintain (such activities, the "Prosecution Activities") the Pfizer Patent Rights in any country or regulatory

jurisdiction in the Territory. For purposes of this Agreement, the Prosecution Activities shall include the right to determine whether or not to file an application for Patent Rights on any Pfizer Know-How. Subject to Section 18.2.2, Pfizer shall be solely responsible for the costs and expenses of the Prosecution Activities with respect to the Pfizer IP.

18.2.2 **Collaboration Patent Rights and other Exclusive Patent Rights**.

(a) **General**. Pfizer shall reasonably consider any request (each, a "Prosecution Request") by the Company that Pfizer or any of its Affiliates files or continues to maintain any (a) Collaboration Patent Rights or (b) other Pfizer Patent Rights that relate to Compounds or Analogs for which AIP has been granted in a specific country or regulatory jurisdiction (if Pfizer agrees to such request, the foregoing (a) and (b), collectively, shall be "Exclusive Patent Rights"). For clarity, whether to grant any Prosecution Request shall be determined by Pfizer in good faith at its sole discretion. From time to time, the Parties may identify Patent Rights as, and agree in writing such Patent Rights are, the Exclusive Patent Rights as of the Effective Date with respect to the countries and jurisdictions so identified and agreed upon in writing by the Parties. In the event that Pfizer agrees to a Prosecution Request and the Company complies with its obligations pursuant to this Section 18.2.2, Pfizer shall (until the earlier of expiration or termination of this Agreement with respect to the applicable Compounds or Analogs, including due to expiration of the applicable Opt-In):

(i) not abandon such Patent Right in the applicable country or regulatory jurisdiction,

(ii) not grant any Third Parties any licenses or rights to such Patent Right in the Field if such licenses or rights would be granted to the Company pursuant to the applicable License Agreement if and when the Company exercises the applicable Opt-In, and

(iii) provide the Company with a copy of any material communications from patent authorities in the applicable countries and jurisdictions and drafts of any material filings or responses to such patent authorities with respect to such Patent Rights reasonably prior to submission thereof to allow the Company an opportunity to review and comment thereon. Pfizer shall reasonably consider any such comments made by or on behalf of the Company (subject to Pfizer's final decision-making authority).

(b) **Costs and Expenses**.

(i) **Company Responsibility**. Following the receipt of a Prosecution Request, the Company shall be responsible for all reasonable costs and expenses incurred by or on behalf of Pfizer and its Affiliates in connection with the Prosecution Activities associated with the Exclusive Patent Rights that pertain to such Prosecution Request in the applicable country and regulatory jurisdictions.

(ii) **Exceptions**. Notwithstanding the foregoing Section 18.2.2(b)(i), in the event that a Clinical Development Program is being conducted by or on behalf of Pfizer or any of its Affiliates with respect to, or Pfizer or any of its Affiliates is commercializing, any compound or product that is Covered by any Exclusive Patent Rights, Pfizer shall provide the Company with written notice thereof and, beginning as of the date of such notice, the Company shall only be responsible for fifty percent (50%) of the costs and expenses incurred in connection with the Prosecution Activities for such Exclusive Patent Rights (and, for clarity, Pfizer shall be responsible for the remaining fifty percent (50%) of such costs).

(c) **Delegation of Prosecution Activities and Assignment to the Company**.

(i) **Delegation of Prosecution Activities**. Subject to Section 18.2.2(c)(iii), Pfizer shall have the right to (in its sole discretion) delegate Pfizer's rights and obligations to conduct the Prosecution Activities with respect to any

Collaboration Patent Rights and Exclusive Patent Rights to the Company and the Company shall perform such activities on Pfizer's or its applicable Affiliate's behalf (including by using an in-house counsel or outside counsel reasonably acceptable to Pfizer). Following such delegation to the Company, the Company shall provide Pfizer with a copy of any material communications from any applicable patent authorities, and drafts of any material filings or responses to any applicable patent authorities with respect to such Patent Rights within a reasonable time prior to submission to allow Pfizer an opportunity to review and comment thereon. The Company shall incorporate all such comments made by or on behalf of Pfizer and for clarity, in the event of a dispute regarding such comments, Pfizer shall have final decision making authority.

(ii) **Assignment of Patent Rights**. Subject to Section 18.2.2(c)(iii), Pfizer shall have the right to (in its sole discretion) assign any Collaboration Patent Rights and Exclusive Patent Rights to the Company (any such assigned Patent Rights, the "Assigned Patent Rights"), in which case the rights and obligations of the Parties under this Agreement with respect to the Assigned Patent Rights (except ownership thereof) shall remain as if such Patent Rights were not Assigned Patent Rights and the Prosecution Activities with respect thereto had been delegated to the Company in accordance with Section 18.2.2(c)(i). In the event of such an assignment, the Company hereby grants, and shall cause its Affiliates to grant, to Pfizer a license to the Assigned Patent Rights, which license shall be exclusive (including as to the Company) with respect to all uses, except such license shall be exclusive (except as to the Company) with respect to the scope of the license that would have been granted to the Company pursuant to Section 3.1.1 or 3.1.2, as applicable, if such Patent Right had not been assigned to the Company.

(iii) **Reversion of Delegation/Assignment**. In the event that (A) this Agreement expires or terminates with respect to a Collaboration Patent Right or Exclusive Patent Right or (B) a Clinical Development Program is being conducted by or on behalf of Pfizer or its Affiliates (including by, with or through a Third Party) with respect to, or Pfizer or any of its Affiliates are commercializing (including by, with or through a Third Party), any compound or product that relates to any Collaboration Patent Rights and/or Exclusive Patent Rights for which the related Prosecution Activities have been delegated, or that have been assigned, to the Company in accordance with Section 18.2.2(c)(i) or 18.2.2(c)(ii), upon written request by Pfizer, the Company shall transfer such Prosecution Activities to Pfizer or its designee or assign to Pfizer or its designee all right, title and interest in and to such Patent Rights (and the Company hereby assigns all such right, title and interest to Pfizer or its designee).

(d) **Effects of Failure to Pay, Prosecute and Accept Assignment**. In the event that the Company does not pay for the portion of the Prosecution Activities as set forth in Sections 18.2.2(b)(i) and 18.2.2(b)(ii) for specific Exclusive Patent Rights, Pfizer shall be permitted, during the period prior to the Company's exercise of the Opt-In, to abandon such Patent Rights, and/or grant Third Parties rights to such Patent Rights that would otherwise be granted to the Company pursuant to the applicable License Agreement if the Company exercised the applicable Opt-In.

18.2.3 **Cooperation**. Upon Pfizer's request, the Company shall provide Pfizer with reasonable assistance and cooperation with respect to the Prosecution Activities of the Pfizer IP, including providing any necessary powers of attorney, filings, and any other assignment documents or instruments for such prosecution.

18.3 **Third Party Infringements**.

18.3.1 **Notice**. The Company shall promptly notify Pfizer in writing upon learning of any actual or threatened infringement, misappropriation, or other violation or challenge to the validity, scope, or enforceability of any Pfizer IP of which it becomes aware, including, for clarity, any Paragraph IV Certifications ("Third Party Infringement").

18.3.2 **Right of Enforcement**. As between the Parties, Pfizer shall have the sole right and authority (but not the obligation) to control enforcement of the Pfizer IP (including, for clarity, the Assigned Patent Rights) against any Third Party Infringement and Pfizer shall be solely responsible for all costs and expenses and may retain all recoveries in connection therewith. The Company shall reasonably cooperate (at its own cost and expense) with Pfizer to the extent related to the Collaboration upon Pfizer's reasonable request.

18.4 **Liability**. Neither Party nor, any of its Affiliates, or its or their employees, agents, or representatives, shall be liable to the other Party or any of its Affiliates in respect of any act, omission, default, or neglect of such Party (or with respect to Pfizer, any of its Affiliates), or its (or with respect to Pfizer, its Affiliates') employees', agents', or representatives' part in connection with obligations pursuant to Sections 18.2 or 18.3 and that has not resulted from its (or with respect to Pfizer, its Affiliates') or its (or with respect to Pfizer, its Affiliates') directors', employees', officers', shareholders', agents', successors', or assigns' bad faith and each Party hereby waives any and all Actions that they may have against the other Party (and with respect to Pfizer, its Affiliates) and its (and with respect to Pfizer, its Affiliates') employees, agents, or representatives that may arise or result therefrom.

18.5 **Defense Actions**.

18.5.1 **Notice**. The Company shall promptly notify Pfizer in writing upon learning of any allegation that Intellectual Property owned by a Third Party or to which a Third Party otherwise has rights is infringed, misappropriated, or otherwise violated by either Party's, its Affiliates' or with respect to the Company, its permitted sublicensees' activities in connection with the Collaboration (each, a "Defense Action").

18.5.2 **Right of Enforcement**. As between the Parties, if a Defense Action is brought against a Party, any of its Affiliates or, with respect to the Company, any of its permitted sublicensees, such Party shall control such Defense Action against the applicable Third Party at its own cost and expense. The Party that controls a Defense Action in accordance with this Section 18.5.2 shall keep the other Party reasonably informed of the status of such Defense Action and the other Party shall reasonably cooperate in connection therewith. The Party that controls a Defense Action may not settle, or stipulate to any facts, or make any admission with respect to, a Defense Action without the other Party's prior written consent; provided that, if Pfizer is controlling the Defense Action, Pfizer shall not be required to obtain the Company's consent to the extent that the settlement does not give rise to liability of the Company.

18.6 **License Agreement and Encumbrances**. Notwithstanding anything to the contrary, the Parties' rights and obligations set forth in this Article 18 shall be subject to (a) the terms of any agreements or contracts with respect to the Encumbrances and (b) License Agreements (if any).

18.7 **CREATE Act**. It is the intention of the Parties that this Agreement is a "joint research agreement" as that phrase is defined in 35 U.S.C. § 103(c)(3). In the event that the Company or any of its Affiliates intends to overcome a rejection of a claimed invention within the Pfizer Patent Rights pursuant to the provisions of 35 U.S.C. § 103(c)(2), the Company shall first obtain Pfizer's prior written consent.

18.8 **Company IP License**. The Company, on behalf of itself and its Affiliates, hereby grants to Pfizer and its Affiliates a world-wide, royalty-free, fully paid-up, sublicensable, perpetual, non-exclusive license under any and all Patent Rights and Know-How that are Controlled by the Company or any of its Affiliates and conceived, reduced to practice or otherwise invented or generated by or on behalf of the Company, its Affiliates or its permitted sublicensees in connection with the Collaboration (but that are not Collaboration IP) to research, develop, make, have made, use, sell, offer for sale, import and export compounds and pharmaceutical products in the Territory, outside the Field.

19. TRADEMARKS

19.1 **Trademarks**. Subject to the terms hereof, the Company shall not use the Trademarks of Pfizer or Pfizer's Affiliates in any product, packaging, advertising, marketing, or other form of promotional disclosure without prior written consent of Pfizer or unless otherwise expressly permitted under the Global Separation Agreement or any other Ancillary Agreement. Pfizer hereby acknowledges that it does not receive any right or license hereunder to any of the Trademarks of the Company, except as expressly set forth herein.

20. TERM; TERMINATION

20.1 **Term**. Unless earlier terminated in accordance with the terms hereof, this Agreement shall expire on the seventh (7th) anniversary of the Effective Date (the "Term"), unless the Parties agree in writing to extend the Term (which agreement may be withheld by each Party in its sole discretion).

20.2 **Termination**.

20.2.1 **Termination for Material Breach**.

(a) **General**. Either Party shall have the right, without prejudice to any other remedies available to it at law or in equity, to terminate this Agreement in its entirety in the event that the other Party is in material breach of this Agreement and fails to cure such material breach within sixty (60) days of duly given notice thereof (including because such breach is incapable of being cured); provided that, (i) if such breach is capable of being cured, but cannot be cured within such sixty (60) day period, and the breaching Party initiates actions to cure such breach within such sixty (60) day period and thereafter diligently pursues such actions, the breaching Party shall have such additional period as is reasonable to cure such breach and (ii) the breaching Party shall have ten (10) days (rather than sixty (60) days) to cure breaches of payment obligations hereunder (and, for clarity, the foregoing (i) shall not apply).

(b) **Certain Material Breaches**. In the event that (i) the Company is in material breach of any security measures, confidentiality or use restrictions with respect to the Pfizer Protected Assets (including as specified in Article 12) and (ii) such breach is the result of bad faith, gross negligence, or willful misconduct, such breach shall be deemed a material breach that is not capable of being cured and Pfizer shall have the right to terminate this Agreement and all executed License Agreements upon ten (10) days written notice, except to the extent any such License Agreements grant rights to Compounds that are being commercialized in the Field by the Company pursuant to terms of such License Agreement as of the date of such notice.

20.2.2 **Certain Immediate Termination Events**.

(a) **Certain Termination Events Relating to the Company**. Except to the extent expressly waived or consented to in writing by Pfizer (in its sole discretion), this Agreement shall terminate immediately and without any requirement for notice to the Company upon the event of: (i) the failure to pay when due and payable any principal, interest, or any other amount in excess of One Million U.S. Dollars ($1,000,000) in respect of any Company Material Indebtedness; (ii) any event of default with respect to any Company Material Indebtedness; (iii) any other event or condition that results in any Company Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Company Material Indebtedness or any trustee or agent on its or their behalf to cause any Company Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; (iv) the Company being authorized (whether by its board of directors or such other Person having authority to direct the Company) to commence or institute any bankruptcy, receivership, insolvency, reorganization or other similar proceedings under any bankruptcy, insolvency, or other similar law now or hereinafter in effect, including any section or chapter of the United States Bankruptcy Code (as may be amended, the "Bankruptcy Code") or under any similar laws or statutes of the United States or any state thereof or of any jurisdiction (whether or not in the United States) having authority or jurisdiction over the assets of the Company or in which the Company may operate or have assets; (v) the commencement or institution of any bankruptcy, receivership, insolvency, reorganization or other similar proceedings by or against the Company under any bankruptcy, insolvency, or other similar law now or hereinafter in effect, including any section or chapter of the Bankruptcy Code or under any similar laws or statutes of the United States or any state thereof or of any jurisdiction (whether or not in the United States) having authority or jurisdiction over the assets of the Company or in which the Company may operate or have assets; (vi) the institution of any reorganization, restructuring, arrangement, or other readjustment of debt plan of the Company not involving the Bankruptcy Code; (vii) the appointment of a

receiver, trustee, or similar party for all or substantially all of the Company's assets related to this Agreement or that are provided to the Company pursuant to the terms hereof; or (viii) any corporate action taken by the board of directors of the Company or such other Person having authority to direct the Company in furtherance of any of the foregoing (i) through (vii).

(b) **Certain Termination Events Relating to Pfizer**. The Company shall have the right to terminate this Agreement immediately upon written notice to Pfizer in the event of: (i) the commencement or institution of any bankruptcy, receivership, insolvency, reorganization or other similar proceedings by or against Pfizer under any bankruptcy, insolvency, or other similar law now or hereinafter in effect, including any section or chapter of the Bankruptcy Code or under any similar laws or statutes of the United States or any state thereof or of any jurisdiction (whether or not in the United States) having authority or jurisdiction over the assets of Pfizer or in which Pfizer may operate or have assets, where in the case of involuntary proceedings such proceedings have not been dismissed within sixty (60) days after they are instituted; (ii) the institution of any reorganization, restructuring, arrangement, or other readjustment of debt plan of Pfizer not involving the Bankruptcy Code; (iii) the appointment of a receiver, trustee, or similar party for all or substantially all of Pfizer's assets that relate to this Agreement; or (iv) any corporate action taken by the board of directors of Pfizer or such other Person having authority to direct Pfizer in furtherance of any of the foregoing (i) through (iii); in each case of the foregoing (i) through (iv) if materially adversely affecting Pfizer's ability to perform hereunder.

(c) **Company Change of Control and Attempted Assignments**. Except to the extent expressly consented to in writing by Pfizer (in its sole discretion), this Agreement shall terminate automatically upon the occurrence of (i) a Change of Control of the Company or (ii) an attempted assignment or assumption of this Agreement by the Company in contravention of this Agreement (including Section 21.2).

20.2.3 **Company Termination Rights**.

(a) **The Company's Right to Terminate Without Cause**. Upon sixty (60) days written notice to Pfizer, the Company may terminate this Agreement on a Compound-by-Compound and Analog-by-Analog basis or in its entirety without cause.

(b) **Termination for Failure to Exercise the Opt-In**. In the event that the Company does not exercise the Opt-In as of the Opt-In Deadline for an AIP Compound Series as set forth in Section 7.3.2, this Agreement shall terminate with respect to such AIP Compound Series (including, for clarity, those compounds encompassed by the applicable Markush Structure, if any).

20.2.4 **Pfizer/JSC-Related Termination Rights**.

(a) **Termination Based on Failure to Grant Intent to Access**. If Pfizer does not grant Intent to Access (in part or in whole) as set forth in Section 5.2.3, this Agreement shall terminate with respect to those Targets, Compounds, and Analogs for which Intent to Access was denied (including, for clarity, those Compounds and Analogs encompassed by the applicable Markush Structure, if any). For clarity, this Agreement shall not terminate under this Section 20.2.4(a) with respect to those Targets, Compounds and Analogs for which Intent to Access has been granted.

(b) **Termination Based on Denial of AIP Request**. If the JSC does not grant AIP (in part or in whole) as set forth in Section 6.4, this Agreement shall terminate with respect to those Compounds and Analogs for which AIP was denied (including, for clarity, those compounds encompassed by the Markush Structures, if any, that are identified by the JSC or Pfizer in such denial of AIP). For clarity, this Agreement shall not terminate under this Section 20.2.4(b) with respect to those Compounds and Analogs for which AIP was granted (including, for clarity, those Compounds and Analogs encompassed by the applicable Markush Structures, if any, identified in the applicable AIP Notice).

(c) **Termination Based on Exercise of the Reversion Right**. Pfizer may terminate this Agreement with respect to any Compounds and Analogs included in a given AIP Compound Series in accordance with Section 8.1.

(d) **Termination by Pfizer for Certain Company Relationships**. In the event that the Company or any of its Affiliates acquires (whether by merger, liquidation, consolidation, reorganization, combination, transfer or otherwise) (i) ten percent (10%) or more of the outstanding equity interests or voting power of any Human Health Company or (ii) any assets (including equity securities of any subsidiary), revenues, net income or earnings of any Human Health Company (other than assets, revenues, net income or earnings for which the Company's and its Affiliates' rights are limited to the Field), then the Company shall provide Pfizer with written notice thereof within five (5) Business Days of the consummation of such acquisition and thereafter Pfizer shall have the right to terminate this Agreement as of a date that is at least ninety (90) days following delivery of such written notice to Pfizer by providing the Company written notice thereof. Failure by the Company to provide any notice required by this Section 20.2.4(d) shall be deemed a material breach of this Agreement by the Company.

20.3 **Termination Based on Pfizer's Acquisition of an Animal Health Business**. In the event that (a) Person that is an Animal Health Business acquires (i) all or substantially all of the businesses or assets of Pfizer and its Subsidiaries or a (ii) majority of the outstanding voting securities of Pfizer, (b) Pfizer or any of its Subsidiaries merges with or acquires all, or substantially all, of an Animal Health Business (including, for clarity, through the acquisition of a majority of the outstanding voting securities of such Person) or (c) Pfizer becomes a controlled Affiliate of a Person that is an Animal Health Business, then, Pfizer shall provide the Company with written notice thereof as soon as reasonably practicable following the consummation of such transaction and each Party shall have the right to terminate this Agreement within fifteen (15) days of such written notice. With respect to any AIP Compound Series designated as of the effective date of termination pursuant to this Section 20.3 and for which the Opt-In Deadline has not occurred, the Company shall have the right to exercise the Opt-In until the earlier of (x) the Opt-In Deadline and (y) sixty (60) days following the effective date of the termination pursuant to this Section 20.3 (the "Extension Period"); provided that during the Extension Period, the Company shall not perform any research or development activities and shall not have access to the Pfizer Database, Pfizer Restricted Database, Pfizer Software or the Pfizer Library, except as otherwise required in order to comply with any requirements imposed by a Regulatory Authority with respect to any such AIP Compound Series in connection with the Collaboration.

20.4 **Effects of Expiration and Termination**.

20.4.1 **Termination of Licenses**.

(a) **Expiration or Termination in Whole**. Subject to this Section 20.4, upon any expiration or termination of this Agreement in whole, all licenses and other rights granted by Pfizer and its Affiliates to the Company, and sublicenses granted by the Company, pursuant to this Agreement shall terminate.

(b) **Termination in Part**. Subject to this Section 20.4, upon any termination of this Agreement in part, all licenses and other rights granted by Pfizer and its Affiliates to the Company, and sublicenses granted by the Company, pursuant to this Agreement with respect to such termination shall terminate.

20.4.2 **Transfer of Collaboration Know-How**. Within forty-five (45) days of any expiration or termination of this Agreement in part or in whole, the Company shall provide Pfizer with a copy of the Collaboration Know-How that relates to such expiration or termination that has not been provided to Pfizer as of such date. Such Collaboration Know-How shall be provided to Pfizer in the format set forth on Schedule 10.2 or such other format reasonably requested by Pfizer in writing. For clarity, Pfizer shall have the right (but not the obligation) to add the Collaboration Know-How to the Pfizer Database, the Pfizer Restricted Databases and all other databases or systems that Pfizer or any of its Affiliates owns, controls or has access to (subject to Article 12).

20.4.3 **Return or Destruction of Confidential Information and Materials**. Subject to Sections 20.4.4 and 20.4.6, upon expiration or termination of this Agreement (in part or in whole), the Company shall within fifteen (15) Business Days of any request by Pfizer, (a) return to Pfizer, or (b) at Pfizer's election, destroy in a manner that ensures that it is unrecoverable (and certify in writing to Pfizer such destruction), (x) all Compounds, Analogs and

other Materials that relate to such expiration or termination (which, for clarity, in the case of a termination or expiration of this entire Agreement, shall be all Compounds, Analogs and other Materials) in its, its Affiliates' or its permitted sublicensees' possession as of the date of such expiration or termination and (y) all Pfizer IP that is in the Company's possession (including downloaded, or otherwise stored, on the Company's, its Affiliates' or its permitted sublicensees' computer systems) as of the date of such expiration or termination. Pfizer and its Affiliates shall be entitled to conduct, and have a Third Party that is reasonably acceptable to the Company conduct, an audit of the Company, its Affiliates and its permitted sublicensees in order to ascertain compliance with this provision and the Company agrees, and shall cause its Affiliates and its permitted sublicensees to agree, to allow reasonable access to Pfizer, its Affiliates and any such Third Parties for such purpose. Notwithstanding anything to the contrary in this Section 20.4.3, the Company shall not destroy any Collaboration Know-How prior to providing such Know-How to Pfizer (unless Pfizer expressly states otherwise in writing).

20.4.4 **Company License to Collaboration IP**.

(a) **Company License**.

(i) Subject to Sections 20.4.4(a)(ii) and 20.4.4(a)(iii), in the event of a Company License Triggering Event, the Company shall be granted a non-exclusive research license in, to and under the Collaboration IP and Residuals for which the licenses, other rights and sublicenses are terminating solely for the Field in the Territory; provided that such license shall not include any rights to conduct research (including any analoguing of) or development on, or to make, use, sell, offer to sell, import or export, the Restricted Compounds. For clarity, and notwithstanding the foregoing, the Company shall be permitted to conduct research using the Collaboration IP and Residuals with respect to any compounds if such compounds are not Restricted Compounds; provided that such compounds have not been created, designed or synthesized by conducting research with respect to (including performing any analoguing of) the Restricted Compounds.

(ii) Notwithstanding the foregoing Section 20.4.4(a)(i), subject to any Pfizer Patent Rights and the restrictions set forth in 20.4.4(a)(iv), if the structure of a Restricted Compound and its activity with respect to a Target is or becomes publicly known through no breach of any obligation to Pfizer, its Affiliates, or any licensee or other Third Party to which Pfizer has granted rights or that has granted rights to Pfizer, the license described in Section 20.4.4(a)(i) shall include a non-exclusive research license in, to and under the applicable Residuals solely to conduct internal research with respect to such Restricted Compound for such Target. For clarity, the Company shall not be permitted to collaborate with any Third Parties with respect to the foregoing license.

(iii) Notwithstanding the foregoing Section 20.4.4(a)(i), subject to any Pfizer Patent Rights and the restrictions of Section 20.4.4(a)(iv), if the structure of a Restricted Compound and its activity with respect to a Target and any related Collaboration IP and Residuals become publicly known through no breach of any obligation to Pfizer, its Affiliates or any licensee or other Third Party to which Pfizer has granted rights or that has granted rights to Pfizer, the Company shall be permitted to conduct research using such public Collaboration IP and Residuals with respect to such Restricted Compound (but not any other Restricted Compounds) for such Target.

(iv) The Company shall not have any rights to file or otherwise prosecute applications for Patent Rights Covering, or present or publish regarding, (A) the Collaboration IP or Residuals licensed to the Company pursuant to this Section 20.4.4(a), or (B) prior to the date that the structure of a Restricted Compound and its activity with respect to the applicable Target has been made publicly known by Pfizer, the results of any research conducted under the foregoing Section 20.4.4(a)(i), (ii) or (iii) in each case, without Pfizer's prior written consent (which may be withheld in Pfizer's sole discretion).

(b) **Company License Triggering Events**. For purposes of this Agreement, "Company License Triggering Events" means:

(i) expiration of this Agreement,

(ii) termination of this Agreement by the Company in accordance with Section 20.2.1 (*Termination For Material Breach*),

(iii) termination of this Agreement in accordance with Section 20.2.2(b) (*Certain Termination Events Relating to Pfizer*),

(iv) termination of this Agreement in accordance with Section 20.3 (*Termination Based on Pfizer's Acquisition of an Animal Health Business*), (the foregoing (i) through (iv), "Expiration/Termination In Whole Triggering Events")

(v) termination of this Agreement in accordance with Section 20.2.3(b) (*Termination for Failure to Exercise the Opt-In*),

(vi) termination of this Agreement in accordance with Section 20.2.4(b) (*Termination Based on Denial of AIP Request*), and

(vii) termination of this Agreement in accordance with Section 20.2.4(c) (*Termination Based on Exercise of the Reversion Right*).

(c) **Restricted Compounds**. For purposes of this Agreement, "Restricted Compounds" has the respective meaning set forth in this Section 20.4.4(c):

(i)**Expiration/Termination In Whole Triggering Events**. If the Company License Triggering Event is an Expiration/Termination In Whole Triggering Event, the Restricted Compounds shall be:

(A) the Compounds and Analogs in the Lead Seeking Phase as of the Expiration/Termination In Whole Triggering Event and on which the Company has conducted any Lead Seeking Activities (including as set forth in the progress reports provided by the Company to the JSC in accordance with Section 10.1) (for clarity, a Leverager's accessing of information from the Pfizer Database to determine whether to seek Intent to Access does not constitute Lead Seeking Activities hereunder);

(B) in the event that, as of such Expiration/Termination In Whole Triggering Event, any research, development or commercialization has been conducted by or on behalf of Pfizer or any of its Affiliates (including by, with or through a Third Party) regarding any compounds in the same compound class (as determined by Pfizer in its good faith sole discretion) as the Compounds or Analogs specified in Section 20.4.4(c)(i)(A), Pfizer shall have the right to include as Restricted Compounds all compounds encompassed by Markush Structures, if any, that are identified by Pfizer; provided that such Markush Structures are in the same compound class as any such compounds on which such research, development or commercialization has been conducted by or on behalf of Pfizer or its Affiliates (including by, with or through a Third Party) (Pfizer shall designate such compounds in a writing that it provides to the Company no later than thirty (30) days following such Company License Triggering Event);

(C) with respect to the Compounds and Analogs that are in the Candidate Designation Phase as of the applicable Expiration/Termination In Whole Triggering Event, the related AIP Compound Series (including any Compounds and Analogs encompassed by the Markush Structures, if any, identified in the applicable AIP Notice); and

(D) Restricted Compounds that have been designated in the related notices granting Intent to Access and AIP Notices.

(ii) **Failure to Exercise the Opt-In Triggering Event**. If the Company License Triggering Event is a termination in accordance with Section 20.2.3(b) (*Termination for Failure to Exercise the Opt-In*), the Restricted Compounds shall be:

(A) the related AIP Compound Series; and

(B) any Restricted Compounds designated by Pfizer in the applicable notice granting Intent to Access or AIP Notice that relates to such AIP Compound Series.

(iii) **Denial of AIP Request Triggering Event**. If the Company License Triggering Event is a termination in accordance with Section 20.2.4(b) (*Termination Based on Denial of AIP Request*), the Restricted Compounds shall be:

(A) the Compounds and Analogs for which the AIP Request was denied (including, for clarity, those compounds encompassed by the applicable Markush Structures, if any, that are identified by the JSC or Pfizer in such denial of AIP);

(B) Restricted Compounds that have been designated by Pfizer in the notice granting Intent to Access that relates to the denied AIP Request; and

(C) in the event that, as of such Company License Triggering Event, any research, development or commercialization has been conducted by or on behalf of Pfizer or any of its Affiliates (including by, with or through a Third Party) regarding any compounds in the same Compound Class (as designated by the JSC in accordance with Section 6.4) as the Compounds or Analogs specified in Section 20.4.4(c)(iii)(A), Pfizer shall have the right to include as Restricted Compounds all compounds encompassed by Markush Structures, if any, that are identified by Pfizer; provided that such Markush Structures are in the same Compound Class as any such compounds on which such research, development or commercialization has been conducted by or on behalf of Pfizer or its Affiliates (including by, with or through a Third Party. Pfizer shall designate such compounds in a writing that it provides to the Company no later than thirty (30) days following such Company License Triggering Event. For clarity, in the event of such a termination in accordance with Section 20.2.4(b) (*Termination Based on Denial of AIP Request*), any Compounds and Analogs on which the Company may conduct the Lead Seeking Activities as specified in the Intent to Access Request but that are not Compounds or Analogs for which AIP was proposed and denied shall not be Restricted Compounds; provided however that, for clarity, the Company shall not be permitted to use the Pfizer IP to conduct research, development or commercialization with respect thereto outside the scope of the Collaboration.

(iv) **Exercise of the Reversion Right Triggering Event**. If the Company License Triggering Event is a termination in accordance with Section 20.2.4(c) (*Termination Based on Exercise of the Reversion Right*), the Restricted Compounds shall be:

(A) the Compound(s) or Analog(s) on which the Reversion Right is exercised,

(B) any Restricted Compounds designated by Pfizer in the applicable notice granting Intent to Access or AIP Notice that relates to such AIP Compound Series, and

(C) in the event that, as of such Company License Triggering Event, any research, development or commercialization has been conducted by or on behalf of Pfizer or any of its Affiliates (including by, with or through a Third Party) regarding any compounds in the same Compound Class (as designated by the JSC in accordance with Section 6.4) as the Compounds or Analogs specified in Section 20.4.4(c)(i), Pfizer shall have the right to include as Restricted Compounds all compounds encompassed by Markush Structures, if any, that are identified by Pfizer; provided that such Markush Structures are in the same Compound Class (as designated by the JSC in accordance with Section 6.4) as any such compounds on which such research, development or commercialization has been conducted by or on behalf of Pfizer or its Affiliates (including by, with or through a Third Party). Pfizer shall designate such compounds in a writing that it provides to the Company no later than thirty (30) days following such Company License Triggering Event.

(d) **Breach**. In the event that the Company materially breaches a license granted by Pfizer pursuant to Section 20.4.4(a)(i), the Company hereby assigns, and shall cause its Affiliates and all applicable Third Parties to assign, to Pfizer its entire right, title, and interest in, to, and under all Intellectual Property generated in connection with such breach. The Company shall, and shall cause its Affiliates and all applicable Third Parties to, execute any and all assignments and other documents necessary to perfect or record Pfizer's right, title, and interest in, to, and under such Intellectual Property. The Company further agrees to execute, and cause its Affiliates and all applicable Third Parties to execute, all further documents and assignments and do all such further things as may be necessary to perfect Pfizer's title to such Intellectual Property or to register Pfizer as the exclusive owner of any applicable registrable rights.

(e) **Improvements**. Subject to this Section 20.4.4, any Collaboration Improvements generated by or on behalf of the Company in connection with the licenses granted pursuant to this Section 20.4.4 shall be owned by the Company, and the Company hereby grants to Pfizer a non-exclusive, royalty-free, worldwide license to use such Collaboration Improvements for any purpose outside of the Field.

20.4.5 **Restriction on Pfizer**. If this Agreement terminates in accordance with Sections 20.2.4(b) (*Termination Based on Denial of AIP Request*), 20.2.4(c) (*Termination Based on Exercise of Reversion Right*), or 20.3 (*Termination Based on Pfizer's Acquisition of an Animal Health Business*) (each, a "Triggering Event"), for the three (3) year period following the date of the applicable Triggering Event, Pfizer shall not use the Collaboration IP, or any regulatory submission that it is assigned, or to which it is granted rights of reference, following expiration or termination of this Agreement in accordance with Section 17.1, to research, develop, or commercialize the following compounds in the Field:

(a) If the termination is pursuant to Section 20.2.4(b) (*Termination Based on Denial of an AIP Request*), the Compounds and Analogs on which the Company conducted the Lead Seeking Activities for which AIP was denied, including all such compounds to the extent encompassed by the Markush Structure, if any, included in the applicable (i) notice granting Intent to Access and/or (ii) AIP Request,

(b) If the termination is pursuant to Section 20.2.4(c) (*Termination Based on Exercise of the Reversion Right*), the Compound or Analog for which the Reversion Right has been exercised, and

(c) If the termination is pursuant to Section 20.3 (*Termination Based on Pfizer's Acquisition of an Animal Health Business*), the AIP Compound Series on which the Company is conducting the Candidate Designation Activities as of the date of such termination, including (i) all such compounds encompassed by the Markush Structure, if any, included within the AIP Notices that relate to such AIP Compound Series, and (ii) the Compounds and Analogs in the Lead Seeking Phase on which the Company has conducted any Lead

Seeking Activities (including as set forth in the progress reports provided by the Company to the JSC in accordance with Section 10.1).

20.4.6 **AIP Compound Series**. Upon expiration of this Agreement or in the event of termination by the Company pursuant to Section 20.2.1 (*Termination for Material Breach*) and 20.2.2(b) (*Certain Termination Events Relating to Pfizer*), as of the effective date of such termination or expiration, the Company shall have the right to continue to conduct the Candidate Designation Activities for those Compounds and Analogs in the AIP Compound Series for which AIP has been granted and the Opt-In Deadline has not occurred as of such date in accordance with the terms hereof; provided that, the Company shall not have access to the Pfizer Database or the Pfizer Library during such time. In the event that the Company requires any additional information from the Pfizer Database to conduct the Candidate Designation Activities during such time, the Company shall have the right to reasonably request such data and information from Pfizer and Pfizer shall reasonably consider each such request (but, for clarity, Pfizer shall have no obligation to provide the Company with any such additional data or information). For clarity, the Company's rights and the terms of this Agreement with respect to each such Compound and Analog shall expire three (3) years after AIP is granted with respect to such AIP Compound Series.

20.4.7 **License Agreements and Screening Services Agreement**. For clarity, except as expressly set forth herein, termination of this Agreement shall not in and of itself terminate (a) any of the License Agreements that are executed as of the date of such termination or (b) the Screening Services Agreement (to the extent such agreement is in effect as of such date).

20.4.8 **Payment**. Within thirty (30) days of expiration or termination of this Agreement, in part or in whole (or such later date with respect to those costs that are incurred but cannot be reported as of such date), the Company shall pay Pfizer all amounts due to Pfizer in connection with this Agreement (and, with respect to termination pursuant to Section 20.2.1(b), the License Agreements) as of the effective date of such expiration or termination.

20.4.9 **Wind-Down Costs**.

(a) **Pfizer Responsibility**. Pfizer shall be responsible for all of its and the Company's reasonable out-of-pocket Wind-Down Costs in the event of termination of this Agreement in its entirety (i) by the Company in accordance with Sections 20.2.1 (*Termination for Material Breach*) or 20.2.2(b) (*Certain Termination Events Relating to Pfizer*), or (ii) in accordance with Section 20.3 (*Termination Based on Pfizer's Acquisition of an Animal Health Company*).

(b) **Company Responsibility**. The Company shall be responsible for all of its and Pfizer's reasonable out-of-pocket Wind-Down Costs in the event of termination of this Agreement in its entirety (i) by Pfizer in accordance with Sections 20.2.1 (*Termination for Material Breach*), (ii) immediately in accordance with Section 20.2.2(a) (*Certain Termination Events Relating to the Company*), (iii) in accordance with Section 20.2.4(d) (*Termination by Pfizer for Certain Company Relationships*) or (iv) by the Company in accordance with Section 20.2.3(a) (*The Company's Right to Terminate Without Cause*) or (iii) in accordance with Section 20.2.2(c) (*Company Change of Control and Attempted Assignments*).

20.4.10 **Exercise of Pfizer's Reversion Right**. For clarity, subject to Section 20.4.11, the effects of any termination pursuant to Section 20.2.4(c) (*Termination Based on Exercise of the Reversion Right*) are as set forth in Section 8.1.

20.4.11 **Survival**. Without limiting any other provisions in this Article 20, the following provisions (along with the provisions herein that expressly specify survival terms or that would, by their nature, survive termination) shall survive expiration or termination of this Agreement for any reason (collectively, the "Surviving Provisions"): 3.3, 3.4, 3.5, 4.2.1 (subsections (a) and (c) of the third sentence), 4.2.5(h), 7.2.2 (last paragraph), 8.1 through 8.4 (for so long as any License Agreements are in effect), 8.5, 8.6, 9.3, 9.4 (along wih any provisions governing payment of such amounts hereunder), 9.9 (for the period of time set forth in such Section), 10.2 (last sentence), 10.3 (for the period of time set forth in such Section), 10.4, 11.4, 12.1 through 12.9.5 (except to the extent such provisions reference provision of a remediation plan to the JSC), 13.1, 14, 15, 16 (for the time period set forth in such Section), 18.1.1(a), 18.1.1(b)(i), 18.1.1(b)(ii) (last sentence), 18.1.1(c), 18.4, 18.6 through 18.8, 20.4 (subject to any time limitations set forth in such Section), 21. Without limiting any of the rights or remedies otherwise available to either Party, each Party acknowledges and agrees that monetary damages would be an inadequate remedy for any breach of

any of the Surviving Provisions; that each of its obligations with respect to the Surviving Provisions shall continue, remain binding, and survive termination of this Agreement (and, without limiting the foregoing, shall not be dischargeable in any proceeding under the Bankruptcy Code or similar proceeding); and that each of its obligations with respect to the Surviving Provisions is and shall be specifically enforceable under Applicable Law.

21. MISCELLANEOUS

21.1 **Compliance with Laws**. Neither Party nor any of their Affiliates will be required by this Agreement to take or omit to take any action in contravention of any Applicable Law, including any applicable national and international pharmaceutical industry codes of practices. Without limiting the foregoing, and notwithstanding any other provision of this Agreement, neither Party nor any of their Affiliates shall be required to promote or otherwise commercialize a pharmaceutical product, or incur any expense in connection with any activity under this Agreement, that it reasonably believes, in good faith, may violate any Applicable Law (including any applicable national and international pharmaceutical code of practice) or "corporate integrity" or similar agreement with any Governmental Authority to which it is a party.

21.2 **Assignability**. For clarity, the rights, benefits, and obligations of the Company under (or relating to) this Agreement (including any licenses or sublicenses granted pursuant to this Agreement) are personal to the Company. The Company may not assign (including in a bankruptcy or similar proceeding) or assume in a bankruptcy or similar proceeding this Agreement or any rights, benefits, or obligations under or relating to this Agreement, in each case whether by operation of law or otherwise, without Pfizer's prior written consent (which Pfizer may withhold in its sole discretion). For purposes of this Agreement, and without limiting any other provision of this Agreement, a Change of Control of the Company constitutes an assignment hereunder. The Company acknowledges and agrees, on behalf of itself and any successors or assigns, that (a) Applicable Law excuses Pfizer from accepting performance from, or rendering performance to, any entity other than the Company (whether or not such other entity is an assignee of the Company, a successor to the Company, a trustee in a bankruptcy or similar proceeding, or the Company as a debtor or debtor in possession in a bankruptcy or similar proceeding); (b) Pfizer has not consented to any assignment or assumption of this Agreement (or of any licenses, sublicenses, rights, benefits, or obligations under, or relating to, this Agreement), in each case whether by operation of law or otherwise; and (c) any future consent by Pfizer to an assignment or assumption of this Agreement (or any licenses, sublicenses, rights, benefits, or obligations under, or related to, this Agreement) shall be limited to the specific assignment or assumption consented to in writing, shall be personal to the assignee or the party assuming this Agreement (or any licenses, sublicenses, rights, benefits, or obligations under, or related to, this Agreement) in such assignment or assumption, and shall not be (or be deemed to be) a consent to any other assignment or assumption. In the event of a permitted assignment or assumption hereunder, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Any attempted assignment or assumption without the prior written consent of Pfizer or that otherwise contravenes the terms of this Agreement shall be void ab initio and of no force or effect; provided that, without limiting any provision of this Agreement (including this Section 21.2), in the event of an attempted assignment or assumption in contravention of this Section 21.2, this Agreement (and any licenses or sublicenses granted hereunder) shall be subject to automatic termination in accordance with Section 20.2.2(c).

21.3 **Governing Law**. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof that would result in the application of any law other than the laws of the State of New York, and, to the extent applicable to Intellectual Property, the applicable federal laws of the United States of America (without regard to conflict of laws principles).

21.4 **Dispute Resolution**.

21.4.1 **General**. The following procedures shall be used to resolve any dispute, controversy or claim that may arise out of or relate to, or arise under or in connection with this Agreement or the breach, termination, or validity thereof (each, a "Dispute"):

(a) Promptly after the written request of either Party ("Request"), the Alliance Managers shall meet in person or by telephone to attempt to resolve any Dispute. If, for any reason, the Alliance Managers do not resolve the Dispute within thirty (30) days of receipt by a Party of such Request, then the Senior Executives shall meet in person or by telephone to

review and attempt to resolve the Dispute. The Senior Executives shall have thirty (30) days to attempt to resolve the Dispute.

(b) If, for any reason, the Senior Executives fail to resolve the Dispute within sixty (60) days of receipt by a Party of a Request in accordance with Section 21.4.1(a), the Parties shall attempt to resolve the Dispute with the assistance of a mediator agreed upon by the Parties or, in default of such agreement, within seventy-five (75) days of receipt by a Party of a Request, at the request of any Party, such mediator shall be appointed by the American Arbitration Association ("AAA"). The mediation shall be held in New York, New York and in accordance with the then-prevailing Commercial Mediation Rules of the AAA.

(c) All negotiations and mediation in connection with the Dispute shall be conducted in strict confidence and without prejudice to the rights of the Parties in any future legal proceedings. Except for any Party's right to seek interlocutory relief in the courts, no Party may commence any form of arbitration in accordance with Section 21.4.2 or 21.4.3 (as appropriate) until twenty (20) Business Days after the appointment of a mediator or until one hundred twenty (120) days after the receipt by a Party of a Request, whichever occurs sooner.

(d) If, with the assistance of the mediator, the Parties reach a settlement, such settlement shall be reduced to writing and, once signed by a duly authorized representative of each of the Parties, shall be and remain binding on the Parties. The Parties shall bear their own legal costs of the mediation, but the costs and expenses of the mediator and the AAA shall be borne by the Parties equally.

21.4.2 **Fair Market Value and Company Technology Royalty Rate Disputes**. All Disputes that for any reason are not timely resolved by the Parties in accordance with Section 21.4.1 and that relate exclusively to determination of the amount of Fair Market Value and Company Technology Royalty Rate shall be resolved in accordance with this Section.

(a) Upon written request by either Party to the other Party, the Parties shall promptly agree on the appointment of an appropriate valuation expert (the "Expert Arbitrator"). If the Parties are not able to agree by mutual written agreement within fourteen (14) Business Days after the receipt by a Party of the written request in the immediately preceding sentence, either Party may request that the AAA, or such other similar entity as the Parties may agree upon by mutual written agreement, appoint an Expert Arbitrator who shall have the qualifications that, from time to time, the Parties identify as, and agree in writing constitute, the qualifications for the Expert Arbitrator, if practicable (such appointment to be made within twenty (20) Business Days of such Request). The fees and costs of the Expert Arbitrator and the AAA shall be shared equally (50%/50%) by the Parties.

(b) Within fifteen (15) Business Days after the designation of the Expert Arbitrator, each Party shall simultaneously submit to the Expert Arbitrator and one another a written statement of its proposed amount for the applicable Fair Market Value or Company Technology Royalty Rate along with documents in support of such amount (and the Company shall include in its statement the amount that it initially proposed to Pfizer for the applicable Fair Market Value or Company Technology Royalty Rate and its final offer made to Pfizer for the applicable Fair Market Value or Company Technology Royalty Rate prior to submission to the Expert Arbitrator in accordance with this Section). Each Party shall have fifteen (15) Business Days from receipt of the other Party's submission to submit to the Expert Arbitrator and the other Party a written response thereto, which shall include any scientific, financial, technical, or other relevant information in support thereof. The Expert Arbitrator shall have the right to hold a hearing of no more than two (2) days for the Parties to present evidence regarding Fair Market Value or Company Technology Royalty Rate.

(c) No later than ten (10) days after the submission of all evidence or the close of the hearing or as soon thereafter as practicable, the Expert Arbitrator shall make a determination by selecting the Fair Market Value or Company Technology Royalty Rate proposed by one of the Parties. In making his or her determination of Fair Market Value or Company

Technology Royalty Rate (as applicable), the Expert Arbitrator shall apply the principles that, from time to time, the Parties identify as, and agree in writing are, the principles for determining Fair Market Value and the Company Technology Royalty Rate, respectively. The Expert Arbitrator shall provide the Parties with an award setting forth the Fair Market Value or Company Technology Royalty Rate (as applicable) that was selected and a brief written statement setting forth the basis of the determination in connection therewith. The decision of the Expert Arbitrator shall be final and conclusive and binding on the Parties and may be entered and enforced in any court having jurisdiction. The arbitration shall be held and the award shall be rendered in New York, New York.

21.4.3**Arbitration**.

(a) All Disputes that for any reason are not timely resolved by the Parties in accordance with Section 21.4.1 (other than Disputes which are to be resolved in accordance with Section 21.4.2) shall be finally and exclusively resolved by binding arbitration to be administered by the AAA in accordance with the then-prevailing Commercial Arbitration Rules of the AAA (the "Rules"). The seat of the arbitration shall be in New York County, New York. The arbitration shall be held and the award shall be issued in the English language. If the amount in controversy is Three Million US Dollars (US$3,000,000) or less (including all claims and counterclaims), there shall be one arbitrator who shall be agreed upon by the Parties within twenty (20) days of receipt by respondent of a copy of the demand for arbitration. If the amount in controversy is more than Three Million US Dollars (US$3,000,000) (including all claims and counterclaims), there shall be three (3) neutral and impartial arbitrators, one of whom shall be appointed by each of the Parties within thirty (30) days of receipt by respondent of the demand for arbitration, and the third (3rd) arbitrator, who shall chair the arbitral tribunal, shall be appointed by the Party appointed arbitrators within fifteen (15) days of the appointment of the second (2nd) arbitrator. If any arbitrator is not appointed within the time limit provided herein, such arbitrator shall be appointed by the AAA in accordance with the listing, striking, and ranking procedures in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or an attorney with no less than fifteen (15) years of experience with commercial cases and an experienced arbitrator, who shall, if practicable, have experience with transactions or disputes related to the field of pharmaceutical development and technology and/or, if applicable, intellectual property (including Patent Rights and trade secrets).

(b) All arbitrators shall be neutral and impartial and shall not be officers or employees of either Party. The cost of the arbitration, including the fees and expenses of the arbitrator(s), will be shared equally by the Parties. The arbitrator(s) shall have the right to award damages and other relief but will not have the authority to award any damages or remedies not available under the express terms of this Agreement. The arbitration award will be presented to the Parties in writing and will include findings of fact and, where appropriate, conclusions of law. The award may be confirmed and enforced in any court of competent jurisdiction. Notwithstanding anything to the contrary, in the event that the dispute concerns whether Pfizer exercised good faith, the Company shall be required to show by clear and convincing evidence that Pfizer did not exercise good faith.

(c) Prior to the appointment of the arbitral tribunal, either Party may seek injunctive relief from any court of competent jurisdiction in order to enforce compliance with the provisions of this Section 21.4.3 or otherwise in aid of arbitration or to maintain the status quo or prevent irreparable harm. The Parties hereby submit to the non-exclusive jurisdiction of the Federal and State courts located in New York, New York (the "New York Courts") for such purpose. Without prejudice to such provisional remedies as may be available under the jurisdiction of the New York Courts, the arbitrator(s) shall have full authority to grant provisional remedies and to direct the Parties to request that any New York Court modify or vacate any temporary or preliminary relief issued by any such New York Court, and to award damages for the failure of any Party to respect the arbitrator's(s') orders to that effect.

21.5 **Specific Performance**. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are or are to be thereby aggrieved

shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived.

21.6 **Force Majeure**. No Party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

21.7 **Advisors**. It is acknowledged and agreed by each of the Parties that Pfizer, on behalf of itself and the other members of the Pfizer Group, has retained each of the Persons identified on Schedule 11.11 to the Global Separation Agreement to act as counsel in connection with this Agreement, the License Agreements, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby and that the Persons listed on Schedule 11.11 to the Global Separation Agreement have not acted as counsel for the Company or any other member of the Company Group in connection with this Agreement, the License Agreements, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby and that none of the Company or any member of the Company Group has the status of a client of the Persons listed on Schedule 11.11 to the Global Separation Agreement for conflict of interest or any other purposes as a result thereof. The Company hereby agrees, on behalf of itself and each other member of the Company Group that, in the event that a dispute arises after the Effective Date in connection with this Agreement, the License Agreements, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby between Pfizer and the Company or any of the members of their respective Groups, each of the Persons listed on Schedule 11.11 to the Global Separation Agreement may represent any or all of the members of the Pfizer Group in such dispute even though the interests of the Pfizer Group may be directly adverse to those of the Company Group. The Company further agrees, on behalf of itself and each other member of the Company Group that, with respect to this Agreement, the License Agreements, the Global Separation Agreement, the other Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby, the attorney-client privilege and the expectation of client confidence belongs to Pfizer or the applicable member of the Pfizer Group and may be controlled by Pfizer or such member of the Pfizer Group and shall not pass to or be claimed by the Company or any member of the Company Group. Furthermore, the Company acknowledges and agrees that Skadden, Arps, Slate, Meagher & Flom LLP is representing Pfizer, and not the Company, in connection with the Transactions.

21.8 **Notices**.

21.8.1 All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person or (b) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to Pfizer, to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: General Counsel

with a copy to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: Bryan A. Supran and Andrew J. Muratore

If to the Company to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: General Counsel

with a copy to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: Katherine H. Walden

Any Party may, by notice to the other Party, change the address to which such notices are to be given.

21.8.2 Notwithstanding the foregoing, each Party shall have the right to deliver to the other Party (as applicable) by email Intent to Access Requests, notices granting Intent to Access, AIP Requests, AIP Notices, and Opt-In Notices and each of the foregoing shall be deemed to be duly given when received by the applicable other Party.

21.9 **Waivers of Default**. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party.

21.10 **Amendments**. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

21.11 **Severability**. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

21.12 **Further Assurances**. The Company and Pfizer hereby covenant and agree, without the necessity of any further consideration, to execute, acknowledge, and deliver any and all such other documents and take any such other action as may be reasonably necessary or appropriate to implement this Agreement and carry out the intent and purposes of this Agreement.

21.13 **Third Party Beneficiaries**. Except for the indemnification rights under this Agreement of any Pfizer Indemnitee or Company Indemnitee in their respective capacities as such (a) the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person (including employees of the Parties) except the Parties any rights or remedies hereunder, and (b) there are no third party beneficiaries of this Agreement and this Agreement shall not provide any third person (including employees of the Parties) with any remedy, claim, liability, reimbursement, claim of action, or other right in excess of those existing without reference to this Agreement.

21.14 **Relationship of the Parties**. Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between Pfizer and the Company, or to constitute one Party as the agent of the other. Moreover, each Party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give any Party the power or authority to act for, bind, or commit the other Party.

21.15 **No Construction Against Drafter**. The Parties acknowledge that this Agreement and all the terms and conditions contained herein have been fully reviewed and negotiated by the Parties. Having acknowledged

the foregoing, the Parties agree that any principle of construction or rule of law that provides that, in the event of any inconsistency or ambiguity, an agreement shall be construed against the drafter of the agreement shall have no application to the terms and conditions of this Agreement.

21.16 **Headings**. The article, section, and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

21.17 **Interpretation**. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires. The terms "hereof", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the schedules, exhibits and appendices hereto) and not to any particular provision of this Agreement. Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement unless otherwise specified. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation", unless the context otherwise requires or unless otherwise specified.

21.18 **Counterparts; Entire Agreement; Conflicting Agreements**.

21.18.1 This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party. Execution of this Agreement or any other documents pursuant to this Agreement by facsimile or other electronic copy of a signature shall be deemed to be, and shall have the same effect as, executed by an original signature.

21.18.2 This Agreement, the License Agreements, the Global Separation Agreement, the other Ancillary Agreements, and the exhibits, the schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties with respect to such subject matter other than those set forth or referred to herein or therein.

21.18.3 In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Global Separation Agreement or any Local Separation Agreement, this Agreement shall prevail.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

PFIZER INC.

By: /s/: Robert E. Landry
Name: Robert E. Landry
Title: Senior Vice President & Treasurer

ZOETIS INC.

By: /s/: Heidi C. Chen
Name: Heidi C. Chen
Title: General Counsel and Corporate Secretary

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Exhibit 10.8

PATENT AND KNOW-HOW LICENSE AGREEMENT

(THE COMPANY AS LICENSOR)

THIS PATENT AND KNOW-HOW LICENSE AGREEMENT (the "Agreement") is made effective as of February 6, 2013 (the "Effective Date"), by and between Pfizer Inc., a Delaware corporation having its principal place of business at 235 E. 42nd Street, New York, New York 10017 ("Pfizer") and Zoetis Inc., a Delaware corporation having its principal place of business at 5 Giralda Farms, Madison, NJ 07940 (the "Company"). Pfizer and the Company are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, the Company and its applicable Affiliates have rights to the Company IP and are licensees of the Company Third Party IP; and

WHEREAS, as part of the Plan of Reorganization, the Company and its applicable Affiliates granted to Pfizer and its applicable Affiliates a license to the Company IP and a sublicense to the Company Third Party IP; and

WHEREAS, the Parties now seek to confirm the terms of those license grants, and grant any additional license grants, as specified in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS

1.1 **Definitions**. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Global Separation Agreement. For the purpose of this Agreement, the following terms shall have the following meanings:

"AAA" has the meaning set forth in Section 18.4.1(b).

"Affiliate" of any Person means a Person that controls, is controlled by, or is under common control with such Person. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise. It is expressly agreed that, from and after the Effective Date, solely for purposes of this Agreement (a) no member of the Company Group shall be deemed to be an Affiliate of any member of the Pfizer Group and (b) no member of the Pfizer Group shall be deemed to be an Affiliate of any member of the Company Group.

"Applicable Laws" means all applicable laws, statutes, rules, regulations, and guidelines, including all applicable standards or guidelines promulgated by any applicable Governmental Authority (including cGCP, cGMP, and cGLP).

"Bankruptcy Code" has the meaning set forth in Section 17.2.3.

"Calendar Year" means each successive period of twelve (12) months commencing on January 1 and ending on December 31.

"Candidate Stage" means the stage at which a Candidate (as such term is defined by Pfizer's internal policies and procedures as consistently applied) is designated.

"cGCP" means the then current good clinical practice standards promulgated or endorsed by each applicable Regulatory Authority, including the guidelines promulgated by the applicable Governmental Authorities.

"cGLP" means the then current good laboratory practice standards promulgated or endorsed by each applicable Regulatory Authority, including the guidelines promulgated by the applicable Governmental Authorities.

"cGMP" means the then current good manufacturing practice standards promulgated or endorsed by each applicable Regulatory Authority, including the guidelines promulgated by the applicable Governmental Authorities.

"CMC Information" means the chemistry, manufacturing, and control information required for the submission of an INAD, Regulatory Approval Application, or IND.

“Company Field” means the diagnosis, prevention, palliation, or treatment of any disease, disorder, syndrome, or condition (including pest infestation) in non-human animals solely for non-human animals (and not, for clarity, humans) and the use of pesticides on crops. For clarity, the Company Field (a) excludes uses in non-human animals for the research, development, manufacture or commercialization of any products to diagnose, prevent, palliate, or treat any disease, disorder, syndrome or condition in humans and (b) includes the treatment of non-human animals that may indirectly impact the health of humans, including uses for food safety and/or environmental vector-borne disease control where such disease control may impact both non-human animals and humans.

"Company Future Patent Rights" means all: (a) Patent Rights Controlled by any Company Licensor or any of its Affiliates that Cover any Company Know-How that relates to any existing or future research, development, manufacturing, or commercialization activities (regardless of whether such activities were contemplated as of the Effective Date) of Pfizer or any of its Affiliates (including activities conducted by, with or through a Third Party); provided that such Patent Rights are filed within seven (7) years of the closing of the IPO; (b) continuations, divisionals, renewals, continuations-in-part, and patents of addition claiming priority to the Patent Rights described in the foregoing subsection (a); (c) restorations, extensions, supplementary protection certificates, reissues and re-examinations of the Patent Rights described in the foregoing subsections (a) and (b); and (d) foreign equivalents of the Patent Rights described in the foregoing subsections (a), (b), (c).

“Company IP” means the Company Patent Rights, the Company Future Patent Rights, the Company Know-How and Company Third Party IP.

“Company Know-How” means all Know-How owned by the Company or its Affiliates as of the Effective Date.

“Company Licensor” means that member of the Company Group identified as a licensor on Schedule 1.1(a).

“Company Material Indebtedness” means any Indebtedness of the Company or of any Person whose Indebtedness the Company has guaranteed or for which the Company is otherwise obligated that is equal to or in excess of One Hundred Million U.S. Dollars ($100,000,000).

“Company Patent Rights” means all:

(a) Patent Rights owned by a Company Licensor or any of its Affiliates as of the Effective Date including the Patent Rights that, from time to time, the Parties identify as, and agree in writing are, Company Patent Rights,

(b) continuations, divisionals, renewals, continuations-in-part, and patents of addition claiming priority to the Patent Rights described in the foregoing subsection (a),

(c) restorations, extensions, supplementary protection certificates, reissues and re-examinations of the Patent Rights described in the foregoing subsections (a) and (b), and

(d) foreign equivalents of the Patent Rights described in the foregoing subsections (a), (b), (c).

“Company Submissions” has the meaning set forth in Section 6.2.

"Company Third Party IP" means the Patent Rights and Know-How that are licensed or sublicensed to a Company Licensor or any of its Affiliates pursuant to a Third Party Agreement.

“Company Third Party Patent Rights” means the Patent Rights that are included in the Company Third Party IP.

“Confidential Information” has the meaning set forth in Section 7.1.

“Continued Prosecution and Maintenance Notice” has the meaning set forth in Section 13.2.2.

"Control" and "Controlled" means with respect to any Patent Rights or Know-How, possession by a Party or its Affiliates of the right (other than pursuant to a license granted under this Agreement), whether directly or indirectly, to grant rights or access to, or to grant a license or a sublicense under, such Patent Rights or Know-How as provided for herein, without violating the terms of any agreement with, or rights of, a Third Party. For clarity, if a Party or its Affiliates can only grant a license or sublicense or provide access or rights of limited scope, for a specific purpose or under certain conditions (including as a result of any Encumbrances), "Control" or "Controlled" shall be construed to so limit such license, sublicense or provision (as applicable).

“Controlling Party” has the meaning set forth in Section 14.4.

"Cover" or "Covered" means, with respect to a Patent Right subject to this Agreement, in the absence of a license to a claim thereof, the research, development, manufacture, use, sale, offer for sale, or importation of the applicable invention, discovery,

process, or product would infringe such claim (or, in the case of a claim that has not yet issued, would infringe such claim if it were to issue).

“Defense Action” has the meaning set forth in Section 14.7.1.

“Disclosing Party” has the meaning set forth in Section 7.1.

“Dispute” has the meaning set forth in Section 18.4.1.

"Dossier Controlling Party" has the meaning set forth in Section 6.3.2.

"Effective DateEffective Date1.1(b)" has the meaning set forth in the Introduction.

"EMA" means the European Medicines Agency or any successor agency thereto.

"Encumbrance" means any Third Party restrictions or limitations (to the extent such restrictions or limitations exist as of the Effective Date) on a Company Licensor's or its Affiliates' ability to grant a license or other rights to the applicable Pfizer Licensee pursuant to this Agreement, including (a) the terms of any licenses granted by or to such Company Licensor or any of its Affiliates, (b) the terms of any other agreements that relate to the Company IP and/or rights granted to the applicable Pfizer Licensee hereunder, and (c) ownership by, or other rights of, a Third Party. The Encumbrances include all agreements that, from time to time, the Parties identify as, and agree in writing are, Encumbrances.

“FCPA” has the meaning set forth in Section 8.4.1.

“FDA” means the United States Food and Drug Administration or any successor agency thereto.

“Filing Notice” has the meaning set forth in Section 13.2.1.

“Filing Party” has the meaning set forth in Section 6.3.1.

“FTE” means the equivalent of a full-time individual’s work time for a twelve (12) month period (consisting of eighteen hundred (1800) hours during such twelve (12) month period (excluding vacations and holidays)). For clarity, in the event that an individual works partially on an activity during a twelve (12) month period, the related FTE shall be determined on a pro rata basis according to the total number of hours such individual spent on such activity during such period.

“FTE Cost” means, for any period, the FTE Rate multiplied by the applicable number of FTEs in such period.

“FTE Rate” means the price of one (1) FTE to conduct the Prosecution Activities in connection with the Company Patent Rights per twelve (12) month period (consisting of eighteen hundred (1800) hours during such twelve (12) month period (excluding vacations and holidays)), which price shall be Two Hundred Fifty Thousand US Dollars (US$250,000.00).

"GAAP" means accounting principles generally accepted in the United States of America, as consistently applied.

“Generic Product Enforcement Notice” has the meaning set forth in Section 13.3.2(a).

“Global Separation Agreement” means that certain Global Separation Agreement by and between Pfizer and the Company, dated on or about the date hereof.

“Government” has the meaning set forth in Section 8.4.2.

“Government Official” has the meaning set forth in Section 8.4.2.

"Governmental Authority" means any nation or government, any state, municipality, or other political subdivision thereof, or any entity, body, agency, commission, department, board, bureau, court, tribunal, or other instrumentality, whether federal, state, local, regional, domestic, foreign, or multinational, exercising executive, legislative, judicial, regulatory, administrative, or other similar functions of, or pertaining to, government or any executive official thereof.

"Green Book Filings" means any submission to the FDA's Green Book as required under the Generic Animal Drug and Patent Term Restoration Act and any foreign equivalents thereof.

"Human Health Generic Product" means any AB rated pharmaceutical product that (a) has the same active ingredient(s) and administration route as a Licensed Product; (b) has obtained Regulatory Approval solely by means of an Abbreviated New Drug Application (as defined by Applicable Law) for establishing bioequivalence or similar procedure in a country or

regulatory jurisdiction other than the United States ("ANDA"); and (c) does not require any human clinical trials other than solely for purposes of establishing bioequivalence in the ANDA.

"INAD" means (a) an Investigational New Animal Drug Application (as defined by Applicable Law) submitted to the FDA for authorization for clinical investigation of a pharmaceutical product in the Company Field or (b) any foreign equivalent thereof that is submitted to applicable Regulatory Authorities in other countries or regulatory jurisdictions in the Territory.

"IND" means (a) an Investigational New Drug Application (as defined by Applicable Law) submitted to the FDA for authorization for clinical investigation of a pharmaceutical product in the Pfizer Field or (b) any foreign equivalent thereof that is submitted to applicable Regulatory Authorities in other countries or regulatory jurisdictions in the Territory.

"Indebtedness" of any Person means (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services, (f) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, lien, pledge, or other encumbrance on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all guarantees by such Person of indebtedness of others, (h) all capital lease obligations of such Person and (i) all securities or other similar instruments convertible or exchangeable into any of the foregoing, but excluding daily cash overdrafts associated with routine cash operations.

"Indemnifying Party" has the meaning set forth in Section 9.2.1.

"Indemnitees" has the meaning set forth in Section 9.1.

"Indemnity Payment" has the meaning set forth in Section 9.2.1.

"Infringement Notice" has the meaning set forth in Section 14.1.

"Know-How" means all information and know-how, including clinical, technical, scientific, and medical information, practices, techniques, methods, processes, inventions, developments, specifications, formulations, structures, trade secrets, analytical and quality control information and procedures, pharmacological, toxicological, and clinical test data and results, stability data, studies and procedures, and regulatory information.

"Knowledge" has the meaning set forth in Schedule 1.1(d).

"Licensed Product" means any product that is Covered by or incorporates any Company IP or Company Third Party IP.

"Master Manufacturing and Supply Agreement" means those certain Master Manufacturing and Supply Agreements entered into by the Parties as of October 1, 2012 (as amended from time to time).

"New York Courts" has the meaning set forth in Section 18.4.2(c).

"Non-Controlling Party" has the meaning set forth in Section 14.4.

"Non-Generic Product Enforcement Notice" has the meaning set forth in Section 13.3.2(b).

"Orange Book Filings" means (a) in the United States, any submissions to the FDA's publication, entitled Approved Drug Products with Therapeutic Equivalence Evaluations, as may be amended from time to time and any successor publication thereof and (b) outside the United States, any foreign equivalents thereof.

"Paragraph IV Certification" means any certification filed pursuant to 21 U.S.C. § 355(b)(2)(A)(iv), 21 U.S.C. § 355(j)(2)(A)(vii)(IV), or any comparable Applicable Law (or any amendment or successor statute thereto) in any country or regulatory jurisdiction in the Territory.

"Patent Rights" means all national, regional, and international patents, patent applications, invention disclosures, and all related continuations, continuations-in-part, divisionals, provisionals, renewals, reissues, re-examinations, additions, extensions (including all supplementary protection certificates), and all foreign equivalents thereof.

"Pfizer Field" means all fields other than the Company Field, including the diagnosis, prevention, palliation, or treatment of any disease, disorder, syndrome, or condition in humans.

"Pfizer Licensee" means that member of the Pfizer Group identified as a licensee on Schedule 1.1(a).

“Pfizer Material Indebtedness” means any Indebtedness of Pfizer or of any Person whose Indebtedness Pfizer has guaranteed or for which Pfizer is otherwise obligated that is equal to or in excess of Five Hundred Million U.S. Dollars ($500,000,000).

“Pfizer Product” means a product that, as of the date of the applicable Generic Product Enforcement Notice or Non-Generic Product Enforcement Notice, (a) is being researched, developed or commercialized by or on behalf of Pfizer or its Affiliates (including by, with or through a Third Party) and (b) relates to the Company Patent Rights or Company Third Party Patent Rights (as applicable) included in such Generic Product Enforcement Notice or Non-Generic Product Enforcement Notice (as applicable).

“Pfizer Submissions” has the meaning set forth in Section 6.1.

“Pfizer Termination Event” has the meaning set forth in Section 17.3.2.

"Prosecuting Party" has the meaning set forth in Section 13.5.

"Prosecution Activities" has the meaning set forth in Section 13.1.

"Receiving Party" has the meaning set forth in Section 7.1.

“Records” has the meaning set forth in Section 4.1.

"Reference Filings" means, with respect to each Company Licensor and Pfizer Licensee, to the extent Controlled by the applicable Party, the INDs, INADs, Regulatory Approval Applications, Regulatory Approvals and any other regulatory filings, submissions, and approvals, including the CMC Information and quality, nonclinical, and clinical information included therein, with respect to the Licensed Products, submitted by or on behalf of such Company Licensor or Pfizer Licensee (as applicable), its respective Affiliates or with respect to such Pfizer Licensee, the Sublicensees, to the applicable Regulatory Authority.

"Regulatory Approval" means the approval, registration, license, or authorization of a Regulatory Authority necessary for the manufacture, distribution, use, promotion and sale of a pharmaceutical or biological product for one or more indications in a country or other regulatory jurisdiction in the Pfizer Field or the Company Field, including approval of New Drug Applications, Biologics License Applications and New Animal Drug Applications (each as defined by Applicable Law) in the United States and Marketing Authorisations (as defined by Applicable Law) in the European Union.

“Regulatory Approval Application” means an application that is submitted to a Regulatory Authority and the approval of which is necessary to obtain Regulatory Approval, including New Drug Applications and New Animal Drug Applications in the United States and Marketing Authorisations in the European Union.

“Regulatory Authority” means any supranational, federal, national, regional, state, provincial, or local regulatory agency, department, bureau, commission, council, or other government entity, that regulates or otherwise exercises authority with respect to manufacturing, research, development, or commercialization of pharmaceutical or biological products in any country or regulatory jurisdiction, including the FDA, USDA and EMA.

“Regulatory Documentation” means any Regulatory Approval Applications, Regulatory Approvals, and other regulatory submissions made by a Party to a Regulatory Authority.

“Regulatory Dossier” has the meaning set forth in Section 6.3.1.

“Request” has the meaning set forth in Section 18.4.1(a).

“Rules” has the meaning set forth in Section 18.4.2(a).

“Senior Executives” means those individuals set forth on Schedule 1.1(e) (or an equivalent or successor position thereof), as such position is understood by the Parties as of the Effective Date.

“Sublicense Agreement” has the meaning set forth in Section 2.3.2.

“Sublicensee” has the meaning set forth in Section 2.3.1.

“Surviving Provisions” has the meaning set forth in Section 17.3.4.

"Term" has the meaning set forth in Section 17.1.

“Territory” means worldwide.

“Third Party” means a Person other than a Party or an Affiliate of a Party.

"Third Party Agreements" means all agreements to which a Company Licensor is a party and pursuant to which a Company Licensor is being licensed, sublicensed or granted other rights to Patent Rights or Know-How that is owned by a Third Party, including those agreements that, from time to time, the Parties identify as, and agree in writing are, Third Party Agreements, excluding, for clarity, the Master Manufacturing and Supply Agreement and any agreement with respect to which the Company Licensor's license, sublicense or other rights are limited to the Company Field.

“Third Party Claim” has the meaning set forth in Section 9.3.1.

“Third Party Infringement” has the meaning set forth in Section 14.1.

“Third Party Payments” has the meaning set forth in Section 5.1.

“USDA” means the United States Department of Agriculture and any successor agency thereto.

2. LICENSES

2.1 **License to Pfizer Licensees**.

2.1.1 **Company Patent Rights and Company Know-How**. Subject to the terms and conditions of this Agreement, the Company hereby grants, and shall cause each Company Licensor to grant, to the applicable Pfizer Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.3), exclusive (including as to the Company and its Affiliates) license in, to, and under the applicable Company Patent Rights and Company Know-How to research, develop, make, have made, use, sell, offer for sale, export and import Licensed Products solely in the Pfizer Field in the Territory.

2.1.2 **Company Future Patent Rights**. Subject to the terms and conditions of this Agreement, the Company hereby grants, and shall cause the other Company Licensors to grant, to each Pfizer Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.3), non-exclusive license in, to, and under the applicable Company Future Patent Rights to research, develop, make, have made, use, sell, offer for sale, export and import Licensed Products in the Pfizer Field in the Territory.

2.2 **Sublicense of Company Third Party IP**. Subject to the terms and conditions of this Agreement, the Company hereby grants, and shall cause each Company Licensor to grant, to the applicable Pfizer Licensee a royalty-free, fully paid-up sublicense in, to, and under the Company Third Party IP to research, develop, make, have made, use, sell, offer for sale, import and export Licensed Products in the Pfizer Field in the Territory, to the extent that the applicable Company Licensor has the right to grant such sublicense pursuant to such Third Party Agreement. The foregoing license shall be sublicensable (subject to Section 2.3) and exclusive (including as to the Company and its Affiliates) to the extent that the applicable Company Licensor has the right to grant such rights pursuant to the applicable Third Party Agreement.

2.3 **Sublicenses**.

2.3.1 **Scope of Sublicenses**. Subject to the terms and conditions of this Agreement, the Pfizer Licensees may sublicense the licenses and sublicenses granted pursuant to Section 2.1 and 2.2 to Affiliates and Third Parties (each permitted sublicensee, a "Sublicensee"); provided that, Pfizer shall, or shall cause the applicable Pfizer Licensee to, (a) provide the Company with reasonable written notice (which shall be provided no less than ten (10) Business Days) prior to granting any such sublicense to a Third Party and such written notice shall identify the applicable Third Party Sublicensee; and (b) upon the Company's reasonable written request, provide the Company with a list of all Affiliates that are Sublicensees as of the date of the applicable request. Granting a sublicense to a Sublicensee shall not relieve the Pfizer Licensees of any of their obligations hereunder and the Pfizer Licensees shall remain responsible and liable for their Sublicensees' compliance with all of the terms of this Agreement applicable to the Pfizer Licensees, their Affiliates and their Sublicensees. Sublicensees may only grant further sublicenses if the Sublicensee granting, and the Person to whom it is granting, such further sublicense are each Affiliates of the Pfizer Licensee that is granted a license pursuant to Section 2.1 or 2.2 (as applicable) and in the event of such a further sublicense, such Person being granted such sublicense shall be deemed to be a Sublicensee of such Pfizer Licensee hereunder. For clarity, any sublicense granted pursuant to this Section shall be subject to the terms and conditions of any applicable agreements with any Third Parties.

2.3.2 **Sublicense Agreements**. Each Pfizer Licensee shall, and shall cause each Sublicensee (as applicable) to, enter into a sublicense agreement with each of its Sublicensees (each, a “Sublicense Agreement”). Each Sublicense Agreement shall (a) be in writing if the applicable Sublicensee is a Third Party, (b) be subject to, and consistent with, the terms

of this Agreement (including all Encumbrances), (c) preclude assignment of such Sublicense Agreement and sublicensing of the licenses granted under such Sublicense Agreement to any Third Parties without the Company's prior written consent, (d) terminate upon termination of this Agreement in accordance with the terms hereof, and (e) include the Company as an intended third party beneficiary with the right to enforce the terms of such Sublicense Agreement.

2.4 **Encumbrances**. The Pfizer Licensees hereby acknowledge and agree that the licenses and other rights granted to the Pfizer Licensees pursuant to this Agreement include rights to Patent Rights and Know-How that may be subject to the Encumbrances and, accordingly, all of the terms of this Agreement shall be subject to the Encumbrances. The Pfizer Licensees shall, and shall ensure that their Affiliates and Sublicensees, comply with the Encumbrances. If any Company Licensor's ability to grant the licenses and sublicenses granted pursuant to Sections 2.1 and 2.2 requires first satisfying any preconditions, including obtaining a Third Party's consent, the Parties shall reasonably cooperate to satisfy such preconditions; provided that the Company Licensors and their Affiliates shall not be obligated to breach any applicable agreement or offer to pay, or pay, any money or offer to incur, or incur, any non-monetary obligations to satisfy any such preconditions unless the applicable Pfizer Licensee first agrees in a writing reasonably acceptable to the applicable Company Licensor to pay such consideration and undertake all such obligations on the applicable Company Licensor's behalf.

2.5 **Company Licensors and Pfizer Licensees**. To the extent this Agreement sets forth any obligations of any Pfizer Licensee or any Company Licensor, Pfizer and the Company, respectively, shall cause the applicable Pfizer Licensee and Company Licensor to comply with such obligations. Pfizer shall remain responsible and liable for each of the Pfizer Licensee's, and the Company shall remain responsible and liable for each of the Company Licensor's, compliance with all of the terms of this Agreement.

2.6 **No Implied Licenses**. Each Party reserves its and its Affiliates' (including, with respect to the Company, all Company Licensors' and, with respect to Pfizer, all Pfizer Licensees') rights in, to and under all Intellectual Property that are not expressly licensed hereunder (including, with respect to the Company and its Affiliates, all rights to the Company IP in the Company Field). Without limiting the foregoing, this Agreement and the licenses and rights granted herein do not and shall not be construed to confer any rights upon either Party or its Affiliates by implication, estoppel, or otherwise as to any of the other Party's or its Affiliates' Intellectual Property, except as otherwise expressly set forth herein. Notwithstanding anything to the contrary herein, Pfizer hereby acknowledges that, with respect to the Company IP, each Company Licensor and its Affiliates retain rights to exercise their rights and fulfill their obligations hereunder.

3. REGULATORY

3.1 **Ownership of Regulatory Documentation**. As between the Parties, each Pfizer Licensee shall own, and, subject to this Article 3, shall have the exclusive right to prepare, submit, and maintain, all Regulatory Documentation that it submits to or receives from the Regulatory Authorities following the Effective Date with respect to the Licensed Products in the Pfizer Field in the Territory (to the extent the applicable Pfizer Licensee has rights hereunder with respect thereto). For clarity, as between the Parties, the Company Licensors shall own all other Regulatory Documentation.

3.2 **Material Submissions and Correspondence**. As between the Parties, each Company Licensor and each Pfizer Licensee shall have the sole right, but not the obligation, to control all regulatory matters with respect to its Licensed Products in its respective field of use in the Territory within the scope of its rights with respect thereto, including the preparation, submission, and maintenance of all regulatory submissions; provided that if the Parties are researching, developing, manufacturing or commercializing the same compound, the Parties shall reasonably consult with respect thereto.

3.3 **Costs and Expenses**. The Pfizer Licensees shall be responsible for conducting all regulatory related activities with respect to the Licensed Products for the Pfizer Field in the Territory that it is permitted to conduct hereunder solely at their own cost and expense.

4. RECORDS AND OPERATIONAL AUDIT RIGHTS

4.1 **Records**. Each Pfizer Licensee shall maintain, and shall ensure that its Affiliates and all Sublicensees maintain, complete and accurate records (in the form of technical notebooks and/or electronic files where appropriate) of all work conducted by or on behalf of the Pfizer Licensee, its Affiliates, and its Sublicensees during, and in connection with, this Agreement (the "Records"). The Records, including any and all electronic and physical files where such information is contained, shall fully and properly reflect all work done and results achieved in exercising the rights granted hereunder in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes and in compliance with all Applicable Laws. Without limiting any other rights or remedies hereunder, during the Term and for three (3) years after this Agreement has expired or been terminated in its entirety, upon a Company Licensor's reasonable request to the applicable Pfizer Licensee, such Company Licensor shall have the right to (a) review and copy the Records

during normal business hours and (b) obtain access to originals of such Records, each of the foregoing (a) and (b), for patent or regulatory purposes or other

legal proceedings or inquiries related to Pfizer's or any of its Affiliate's or Sublicensee's compliance with the FCPA, its internal compliance policies or any "corporate integrity" or similar agreement with any Governmental Authority to which either Party or its Affiliate is a party.

4.2 **Operational Audit Rights**. At any time, during the Term and for three (3) years after this Agreement has expired or been terminated in its entirety, during normal business hours and upon reasonable prior notice (which shall be no less than ten (10) Business Days), each Company Licensor may send a reasonable number of qualified representatives of such Company Licensor, its Affiliates, and/or a Third Party reasonably acceptable to the applicable Pfizer Licensee to inspect such Pfizer Licensee's, its Affiliates' and its Sublicensees' facilities used in connection with this Agreement and review the records and operations related to such Pfizer Licensee's, its Affiliates' and its Sublicensees' exercise of their rights and performance of their obligations hereunder to ensure compliance with the terms hereof. Such audits shall occur no more than once per Calendar Year except to the extent that the applicable Company Licensor has a reasonable, good faith belief, or a prior audit demonstrated, that the applicable Pfizer Licensee or any of its Affiliates or Sublicensees failed to comply with any of their obligations hereunder. The applicable Company Licensor shall be responsible for all costs associated with conducting an audit pursuant to this Section, except if such audit demonstrates, or the audit immediately preceding such audit demonstrated, that the applicable Pfizer Licensee, its Affiliates or its Sublicensees failed to comply with any obligations hereunder (and in such circumstances, the applicable Pfizer Licensee shall be responsible for all such costs and expenses). Each Pfizer Licensee shall, and shall cause its Affiliates and its Sublicensees to, reasonably cooperate with any representatives conducting any such audit. Such audits shall be conducted in a manner to minimize interference with such Pfizer Licensee's, its Affiliates' and its Sublicensees' performance of each of their businesses and their rights and obligations under this Agreement. Notwithstanding anything to the contrary in this Section, each Pfizer Licensee may require that, to the extent applicable, (x) the representatives conducting an audit pursuant to this Section be accompanied by such Pfizer Licensee's representatives at all times during any such audit, (y) such representatives do not enter areas of any facility not involved in this Agreement and (z) all such audits are conducted in accordance with the obligations set forth in Article 7.

5. THIRD PARTY PAYMENTS AND OTHER REIMBURSEMENT PROVISIONS

5.1 **Third Party Payments**. Any and all royalties, sublicense fees, milestones, and other fees payable to Third Parties attributable to or arising from any Company Licensor's or its Affiliates' grant of, or any Pfizer Licensee's or any of its Affiliate's or its Sublicensees' exercise of, the licenses or other rights granted hereunder (collectively, "Third Party Payments") shall be the sole responsibility of the applicable Pfizer Licensee. The Pfizer Licensees shall pay all Third Party Payments to the applicable Third Parties directly, unless such payments must be made by a Company Licensor or any of its Affiliates pursuant to the applicable agreement with such Company Licensor or its Affiliate or otherwise, in which case, the Parties shall reasonably cooperate in good faith to ensure that the Third Party Payments are paid by the Pfizer Licensees to such Company Licensor in a manner that ensures such Company Licensor's and its Affiliates' compliance with any obligations that they have to such Third Party.

5.2 **Late Payments**. Except as expressly provided to the contrary in this Agreement, any amount not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus 2%.

5.3 **Financial Records, Audits**.

5.3.1 **General**. Each Pfizer Licensee shall, and shall cause its applicable Affiliates and Sublicensees to, maintain complete and accurate records in accordance with GAAP and in sufficient detail to permit the applicable Company Licensor to confirm the accuracy of any payments (including Third Party Payments) made or required to be made to such Company Licensor or any of its Affiliates hereunder. During the Term and for three (3) years after this Agreement has expired or been terminated in its entirety, upon written notice to such Pfizer Licensee, such Company Licensor shall have the right, at its own expense, using an independent certified public accounting firm (that has been retained on an hourly or flat fee basis and receives no contingency fee or other bounty or bonus fee) selected by such Company Licensor and reasonably acceptable to such Pfizer Licensee to audit such Pfizer Licensee's, its Affiliates', and its Sublicensees' books and records during normal business hours not more than once during any Calendar Year, solely to verify the accuracy of any payments made or required to be made hereunder in respect of any Calendar Year ending not more than three (3) years prior to the date of such notice (provided that such restriction on the number of permitted audits per Calendar Year shall not apply to the extent that (a) such Company Licensor has a reasonable, good faith belief that such Pfizer Licensee or any of its Affiliates or Sublicensees failed to comply with any of their obligations hereunder or (b) a prior audit demonstrates that such Pfizer Licensee or any of its Affiliates or Sublicensees failed to comply with any of their obligations hereunder). Each Pfizer Licensee shall, and shall cause its Affiliates and Sublicensees to, reasonably cooperate with each such audit. The independent certified public accounting firm shall prepare a report based on each such audit, a copy of which shall be sent or otherwise provided to the applicable Pfizer

Licensee at the same time that it is sent or otherwise provided to the applicable Company Licensor, and such report shall contain the conclusions of such accounting firm and will specify that the amounts paid pursuant thereto were correct or, if incorrect, the amount of any underpayment or overpayment. The opinion of said independent accounting firm in connection therewith shall be binding on the Company, Pfizer, each of their respective Affiliates, and with respect to Pfizer, all Sublicensees, other than in the case of manifest error.

5.3.2 **Audit Fees and Expenses**. Each Company Licensor shall be responsible for any and all fees and expenses it incurs in connection with an audit conducted in accordance with Section 5.3.1; provided that, in the event that such an audit reveals an underpayment by the applicable Pfizer Licensee of more than five percent (5%) as to the period subject to such audit, such Pfizer Licensee shall reimburse the applicable Company Licensor for its reasonable and documented out-of-pocket costs and expenses of such audit within thirty (30) days of such Company Licensor's invoice therefor.

5.3.3 **Payment of Deficiency/Overpayments**.

(a) If any audit conducted in accordance with Section 5.3.1 establishes that a Pfizer Licensee underpaid any amounts due to a Company Licensor or any of its Affiliates under this Agreement, such Pfizer Licensee shall pay such Company Licensor any such deficiency within thirty (30) days of written notice thereof. For the avoidance of doubt, such payment shall be considered a late payment, subject to Section 5.2.

(b) If any audit conducted in accordance with Section 5.3.1 establishes that a Pfizer Licensee has overpaid any amounts due to a Company Licensor or any of its Affiliates under this Agreement, such Company Licensor shall, at such Pfizer Licensee's sole discretion, (i) refund the excess payments to such Pfizer Licensee within thirty (30) days of receipt of written notice thereof or (ii) offset all such excess payments against any outstanding and future amounts owed to such Company Licensor hereunder.

6. RIGHTS OF REFERENCE

6.1 **Pfizer Rights**. Upon a Pfizer Licensee's reasonable written request, the applicable Company Licensor shall, and shall cause its Affiliates to, provide each applicable Regulatory Authority with a letter of authorization that allows such Regulatory Authorities to access such Company Licensor's and its Affiliates' Reference Filings submitted as of the Effective Date with respect to the Licensed Products solely to the extent necessary for such Regulatory Authority to approve the INDs, Regulatory Approval Applications and any necessary updates thereto that are submitted by or on behalf of such Pfizer Licensee, its Affiliates or any of its Sublicensees for any Licensed Products in the Pfizer Field in the Territory (to the extent that the applicable Pfizer Licensee, its Affiliates or its Sublicensees has rights hereunder with respect thereto) (collectively, the "Pfizer Submissions").

6.2 **Company Rights**. Upon a Company Licensor's reasonable written request, the applicable Pfizer Licensee shall, and shall cause its Affiliates and its Sublicensees to, provide each applicable Regulatory Authority with a letter of authorization that allows such Regulatory Authorities to access such Pfizer Licensee's, its Affiliates' and its Sublicensees' Reference Filings with respect to the Licensed Products solely to the extent necessary for such Regulatory Authority to approve the INADs, Regulatory Approval Applications and any necessary updates thereto that are submitted by or on behalf of such Company Licensor or its Affiliates for any Licensed Products in the Company Field in the Territory (to the extent that the applicable Company Licensor or its Affiliates has rights with respect thereto) (collectively, the "Company Submissions").

6.3 **No Reference Filing**.

6.3.1 In the event that the Pfizer Licensees, their Affiliates and their Sublicensees, or the Company Licensors and their Affiliates (as applicable) have not submitted a Reference Filing as described in Sections 6.1 or 6.2 (as applicable) to the applicable Regulatory Authorities, but have submitted such a Reference Filing to another Regulatory Authority, such Pfizer Licensee or Company Licensor (as applicable) or its applicable Affiliate shall prepare and if allowable by Applicable Law, submit a proprietary dossier of the CMC Information and quality, nonclinical and clinical information to the extent Controlled by the applicable Party (the "Regulatory Dossier") to the applicable Regulatory Authority to the extent necessary for such Regulatory Authority to approve, with respect to a Company Licensor, the Company Submissions and, with respect to a Pfizer Licensee, the Pfizer Submissions (each of a Pfizer Licensee and a Company Licensor, a "Filing Party"); provided that, if a Pfizer Licensee is a Filing Party, the applicable Reference Filing has been submitted, and the information contained in the Regulatory Dossier exists, as of the Effective Date.

6.3.2 If submission of a Regulatory Dossier as described in Section 6.3.1 is not permitted by Applicable Law, then the Filing Party will provide the applicable Company Licensor (if the Filing Party is a Pfizer Licensee) or the applicable Pfizer Licensee (if the Filing Party is a Company Licensor) (such Company Licensor and Pfizer Licensee, the "Dossier Controlling Party") with a copy of the Regulatory Dossier solely for disclosure to the applicable Regulatory Authorities to the

extent necessary for the applicable Regulatory Authorities to approve, with respect to a Company Licensor, the Company Submissions and, with respect to a Pfizer Licensee, the Pfizer Submissions. For clarity, the Dossier Controlling Party shall ensure that the Regulatory Dossier is disclosed to the Regulatory Authorities without any modifications except for translations to the local language required by Applicable Law.

6.3.3 Notwithstanding anything to the contrary in this Section 6.3.3, in the event that a Dossier Controlling Party has a reasonable, good faith belief that the Regulatory Authority to whom the applicable Regulatory Dossier will be disclosed will not maintain the confidentiality of any Confidential Information of the Dossier Controlling Party, the Dossier Controlling Party shall notify the other Party and (a) the Parties shall promptly discuss how to address such issue and (b) in no event will such Confidential Information be disclosed to the applicable Regulatory Authority against the reasonable, good faith objection of the Dossier Controlling Party.

6.4 **Confidentiality**. Any information disclosed pursuant to this Article 6 shall be subject to Article 7.

7. CONFIDENTIALITY

7.1 **Definition**. "Confidential Information" shall mean all Know-How, business or financial information, research and development activities, product and marketing plans, and customer and supplier information and all other confidential or proprietary information furnished by or on behalf of one Party or any of its Affiliates (including, with respect to Pfizer, the Pfizer Licensees, their Affiliates and Sublicensees and, with respect to the Company, the Company Licensors and their Affiliates) or its or their respective directors, officers, employees, agents, accountants, counsel or other advisors or representatives (each, a "Disclosing Party") to the other Party, any of its Affiliates (including, for clarity, with respect to Pfizer, the Pfizer Licensees, their Affiliates and their Sublicensees and, with respect to the Company, the Company Licensors and their Affiliates) or its or their respective directors, officers, employees, agents, accountants, counsel or other advisors or representatives (each, a "Receiving Party") in connection with this Agreement, whether disclosed or provided prior to or after the Effective Date and whether provided orally, visually, electronically, or in writing. Notwithstanding the foregoing, Confidential Information, with respect to a Disclosing Party, shall not include:

7.1.1 information that is or becomes publicly known through no breach of this Agreement by the Receiving Party or any of its Affiliates, its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives;

7.1.2 information that was independently developed following the Effective Date by employees or agents of the Receiving Party or any of its Affiliates, its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives who have not accessed or otherwise received the applicable Confidential Information from the Disclosing Party (before or after the Effective Date); provided that such independent development can be demonstrated by competent, contemporaneous written records of the Receiving Party or any of its Affiliates; and

7.1.3 information that becomes available to the Receiving Party or its Affiliates following the Effective Date on a non-confidential basis from a Third Party who is not bound directly or indirectly by a duty of confidentiality to the Disclosing Party; provided that, in each of the foregoing Sections 7.1.1 through 7.1.3, such information shall not be deemed to be within the foregoing exceptions merely because such information is embraced by more general knowledge that is publicly known or in the Receiving Party's possession, and no combination of features shall be deemed to be within the foregoing exceptions merely because individual features are publicly known or in the Receiving Party's possession, unless the particular combination itself and its principle of operations are in the public domain or in the Receiving Party's possession without the use of or access to Confidential Information.

7.2 **General Obligations**. The Receiving Party shall protect all Confidential Information of the Disclosing Party (including the Company Know-How) against unauthorized uses and disclosures, and disclose to Third Parties, using the same degree of care as the Receiving Party uses with respect to its own similar information (which in no event shall be less than a reasonable degree of care); provided that, notwithstanding anything to the contrary herein, the Pfizer Licensees shall keep strictly confidential, and shall not disclose to any Person, the Confidential Information that, from time to time, the Parties identify as, and agree in writing is, Confidential Information that shall be kept strictly confidential.

7.3 **Disclosures to Sublicensees**. Each Pfizer Licensee shall be permitted to disclose the Company's Confidential Information to Sublicensees (subject to Sections 2.3 and 7.2) to the extent reasonably necessary for such Pfizer Licensee to exercise any sublicense rights that it has been granted hereunder; provided that such Sublicensees shall be subject to written obligations of confidentiality and restrictions on permitted use at least equivalent in scope to those set forth in this Article 7 and Pfizer shall be liable for any failure by any such Sublicensees to comply with the terms hereof.

7.4 **Disclosure to Intellectual Property Offices, Regulatory Authorities**. A Receiving Party may disclose Confidential Information of the Disclosing Party to (a) patent authorities to obtain or maintain Patent Rights to the extent such Receiving Party is expressly permitted to obtain or maintain such Patent Rights under this Agreement and (b) Regulatory Authorities to obtain or maintain any approval to conduct clinical trials or Regulatory Approvals with respect to a Licensed Product; provided that, with respect to the foregoing (a) and (b), such disclosure may be made only to the extent reasonably necessary to obtain or maintain such Patent Rights or obtain or maintain such approvals or Regulatory Approvals (as applicable) and the Receiving Party shall provide the Disclosing Party with written notice of such disclosure.

7.5 **Disclosures Required By Law**. In the event that the Receiving Party or any of its Affiliates either determines on the advice of its counsel that it is required to disclose any Confidential Information of the Disclosing Party pursuant to Applicable Law (including the rules and regulations of the Securities and Exchange Commission or any national securities exchange) or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide Confidential Information of the Disclosing Party (or any of its Affiliates) that is subject to the confidentiality obligations hereof, the Receiving Party shall notify the Disclosing Party prior to disclosing or providing such Confidential Information and shall cooperate at the expense of the Disclosing Party in seeking any reasonable protective arrangements (including by seeking confidential treatment of such Confidential Information) requested by the Disclosing Party. Subject to the foregoing, the Person that received such a request or determined that it is required to disclose Confidential Information of the Disclosing Party may thereafter disclose or provide such Confidential Information to the extent required by such Applicable Law (as so advised by counsel) or requested or required by such Governmental Authority; provided, however, that such Person provides the Disclosing Party, to the extent legally permissible, upon request with a copy of the Confidential Information so disclosed.

7.6 **Terms of this Agreement**. The terms of this Agreement are deemed to be Confidential Information of each Party and shall be subject to the confidentiality obligations set forth in this Article 7; provided that each Party shall be permitted to disclose the terms of this Agreement to the extent reasonably necessary in connection with a potential or actual financing or assignment or sale of the business or assets related to this Agreement to the extent permitted hereunder; provided further that such Persons shall be subject to obligations of confidentiality and non-use (whether in writing or by operation of law) with respect thereto and the Party disclosing such Confidential Information shall be liable for any failure by any such Persons to comply with the confidentiality provisions hereof.

8. REPRESENTATIONS AND WARRANTIES; COVENANTS

8.1 **Representations and Warranties**. Except as otherwise set forth on Schedule 8.1, the Company (on behalf of itself and the Company Licensors) and Pfizer (on behalf of itself and the Pfizer Licensees) makes the representations and warranties set forth in this Section 8.1 to the other Party as of the Effective Date.

8.1.1 It is duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation. It has full corporate power and authority to execute, deliver, and perform under this Agreement.

8.1.2 This Agreement constitutes a valid and binding agreement enforceable against it in accordance with its terms (except as the enforceability thereof may be limited by Applicable Laws).

8.1.3 All consents, approvals, and authorizations from all Governmental Authorities required to be obtained by such Party in connection with the execution and delivery of this Agreement have been obtained.

8.2 **Disclaimer of Representations and Warranties**. EXCEPT AS EXPRESSLY STATED IN THIS ARTICLE 8, NO PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF TITLE, NON-INFRINGEMENT, VALIDITY, ENFORCEABILITY, ABSENCE OR SCOPE OF ANY ENCUMBRANCES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE AND ALL SUCH REPRESENTATIONS AND WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. ALL KNOW-HOW PROVIDED BY PFIZER OR ITS AFFILIATES OR SUBLICENSEES OR THE COMPANY OR ITS AFFILIATES IS MADE AVAILABLE ON AN "AS IS" BASIS WITHOUT WARRANTY WITH RESPECT TO COMPLETENESS, COMPLIANCE WITH REGULATORY STANDARDS, REGULATIONS, OR ANY OTHER APPLICABLE LAW, OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER KIND OF WARRANTY WHETHER EXPRESS OR IMPLIED.

8.3 **Compliance with Laws**. Each Party shall comply, and shall cause its Affiliates (including, with respect to the Company, the Company Licensors and their Affiliates and, with respect to Pfizer, the Pfizer Licensees and their Affiliates) and with respect to Pfizer, all Sublicensees to comply, with all Applicable Laws in performing its and their obligations and exercising its and their rights pursuant to this Agreement.

8.4 **FCPA**.

8.4.1 With respect to the performance of its obligations hereunder and without limiting the generality of Section 8.3, each Party shall comply, and shall cause its Affiliates (including, with respect to Pfizer, the Pfizer Licensees and their Affiliates and, with respect to the Company, the Company Licensors and their Affiliates) to comply, with the United States Foreign Corrupt Practices Act of 1977 (as modified or amended and equivalent laws through the world, including the UK Bribery Act 2010) (the "FCPA"). Each Party represents and warrants (on behalf of itself and its Affiliates) to the other that, with respect to the performance of its and their respective obligations under this Agreement, it and they have not, and will not, directly or indirectly, offer or pay, or authorize such offer or payment of, any money, or transfer anything of value, to improperly seek to influence any Government Official, nor offer, pay, request, or accept bribes on behalf of the other Party or any of its Affiliates in order to gain an improper business advantage and will not accept in the future, such a payment or transfer.

8.4.2 Each Party represents, on behalf of itself and its Affiliates (including, with respect to Pfizer, the Pfizer Licensees and their Affiliates and, with respect to the Company, the Company Licensors and their Affiliates), that, to the best of its knowledge, no Government or Government Official is the beneficial owner of five percent (5%) or more of its or its Affiliates' securities and undertakes to inform the other Party in good faith (a) if the Party becomes aware, through an SEC Schedule 13D filing or otherwise, that a Government or Government Official has become the beneficial owner of five percent (5%) or more of its or its Affiliates' securities or (b) if a Government or Government Official comes into a position of authority within its or its Affiliates' structure that includes influence over decisions with respect to its or its Affiliates' business or any products, payments or services provided under this Agreement. As used in this Section 8.4, "Government Official" means: (v) any elected or appointed government official (e.g., a member of a ministry of health), (w) any employee or person acting for or on behalf of a government official, agency, or enterprise performing a governmental function, (x) any political party officer, employee, or person acting for or on behalf of a political party or candidate for public office, (y) an employee or person acting for or on behalf of a public international organization, or (z) any person otherwise categorized as a government official under local law. "Government" is meant to include all levels and subdivisions of non-United States governments (i.e., local, regional, or national and administrative, legislative, or executive). Each Party will, and will cause its Affiliates to, update the covenant in this Section 8.4 if it or any of its employees becomes a Government Official or if a Government or Government Official becomes an owner of such Party or one or more of its Affiliates.

8.4.3 Each Party has in effect, and will maintain and enforce, a compliance and ethics program designed to prevent and detect violations of applicable anti-corruption laws throughout its operations (including Affiliates' operations) and the operations of its contractors, sub-contractors and Sublicensees that have responsibility for the Party's business or any products, payments or services provided hereunder.

8.4.4 Each Party has in effect, and will maintain and enforce, a system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts with respect to its and its Affiliates' business or any products, payments or services provided hereunder.

9. INDEMNIFICATION

9.1 **Indemnification**. Except as provided in Section 9.2, each Party shall indemnify, defend and hold harmless each of the other Party, its Affiliates and its and their respective directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Indemnitees") from and against any and all Losses of the Indemnitees relating to, arising out of or resulting from any of the following items (without duplication and including any such Losses arising by way of setoff, counterclaim or defense or enforcement of any Lien): (a) the research, development, manufacture, use, sale, offer for sale, import or export following the Effective Date of Licensed Products by such Party, its Affiliates or with respect to Pfizer, any of its Sublicensees, (b) such Party's, its Affiliates' or with respect to Pfizer, any of its Sublicensees' (as applicable) exercise of any of its rights or performance of its obligations pursuant to the terms hereof (including for clarity, Section 2.4), (c) any personal injuries, death and/or property damages (including Losses associated with damage, disease or illness to livestock, or resulting from exposure or contact (through physical proximity, consumption or otherwise) to such livestock) resulting from the use of any Licensed Product of such Party, any of its Affiliates or with respect to Pfizer, its Sublicensees, following the Effective Date, (d) the fraud, gross negligence, or willful misconduct of such Party, its Affiliates or with respect to Pfizer, its Sublicensees (as applicable) following the Effective Date, or (e) breach by such Party, its Affiliates or with respect to Pfizer, any of its Sublicensees (as applicable) of any provision of this Agreement, except to the extent any of the foregoing (a) through (e) was caused by any of the other Party's Indemnitees' fraud, gross negligence, or willful misconduct following the Effective Date or any Action for which the other Party has an obligation to indemnify such Party pursuant to this Section.

9.2 **Indemnification Obligations Net of Insurance Proceeds and Other Amounts**.

9.2.1 The Parties intend that any Loss subject to indemnification or reimbursement pursuant to this Article 9 will be net of Insurance Proceeds that actually reduce the amount of the Loss. Accordingly, the amount which any Party (an "Indemnifying Party") is required to pay to any Indemnitee will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in respect of the related Loss. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Loss and subsequently receives Insurance Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

9.2.2 An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other Third Party shall be entitled to a "wind-fall" (i.e., a benefit such insurer or other Third Party would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Nothing contained in this Agreement shall obligate any Person in any Group to seek to collect or recover any Insurance Proceeds.

9.2.3 Any Indemnity Payment made by the Company shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such Indemnity Payment, each Pfizer Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed. Any Indemnity Payment made by Pfizer shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such Indemnity Payment, each Company Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed.

9.3 P**rocedures for Indemnification of Third Party Claims**.

9.3.1 If an Indemnitee shall receive notice or otherwise learn of the assertion by a Third Party (including any Governmental Authority) of any claim or of the commencement by any such Third Party of any Action with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 9.1, or any other Section of this Agreement (collectively, a "Third Party Claim"), such Indemnitee shall give such Indemnifying Party written notice thereof as promptly as practicable (and in any event within forty-five (45) days) after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 9.3 shall not relieve the related Indemnifying Party of its obligations under this Article 9, except to the extent, and only to the extent, that such Indemnifying Party is materially prejudiced by such failure to give notice.

9.3.2 An Indemnifying Party may elect (but shall not be required) to defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel **(**which counsel shall be reasonably satisfactory to the Indemnitee**)**, any Third Party Claim; provided that the Indemnifying Party shall not be entitled to defend and shall pay the reasonable fees and expenses of one separate counsel for all Indemnitees if the claim for indemnification relates to or arises in connection with any criminal action, indictment or allegation. Within forty-five (45) days after the receipt of notice from an Indemnitee in accordance with Section 9.3.1 (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions to its defense. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee; provided, however, in the event that (a) the Indemnifying Party has elected to assume the defense of the Third Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice or (b) the Third Party Claim involves injunctive or equitable relief, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnitees shall be borne by the Indemnifying Party.

9.3.3 If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in Section 9.3.2, such Indemnitee may defend such Third Party Claim at the cost and expense of the Indemnifying Party. Any legal fees and expenses incurred by the Indemnitee in connection with defending such claim shall be paid by the Indemnifying Party at the then applicable regular rates charged by counsel, without regard to any flat fee or special fee arrangement otherwise in effect between such counsel and the Indemnitee.

9.3.4 Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnitee may settle or compromise any Third Party Claim without the consent of the Indemnifying Party. If an Indemnifying Party has failed to assume the defense of the Third Party Claim within the time period specified in Section 9.3.2 above, it shall not be a defense to any obligation to pay any amount in respect of such Third Party

Claim that the Indemnifying Party was not consulted in the defense thereof, that such Indemnifying Party's views or opinions as to the conduct of such defense were not accepted or adopted, that such Indemnifying Party does not approve of the quality or manner of the defense thereof or that such Third Party Claim was incurred by reason of a settlement rather than by a judgment or other determination of liability.

9.5 In the case of a Third Party Claim, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the consent of the Indemnitee if the effect thereof is (a) to permit any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against any Indemnitee or (b) to ascribe any fault on any Indemnitee in connection with such defense.

9.2.6 Notwithstanding the foregoing, the Indemnifying Party shall not, without the prior written consent of the Indemnitee, settle or compromise any Third Party Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnitee of a written release from all Liability in respect of such Third Party Claim.

9.4 **Additional Matters**.

9.4.1 Any claim on account of a Loss which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30) day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such thirty (30) day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such Indemnitee as contemplated by this Agreement.

9.4.2 In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

9.4.3 In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant or otherwise hold the Indemnifying Party as party thereto, if at all practicable. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts' fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement with respect to such Third Party Claim.

9.5 **Remedies Cumulative**. The remedies provided in this Article 9 shall be cumulative and, subject to the provisions of Section 18.4, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

9.6 **Survival of Indemnities**. The indemnity contained in this Article 9 shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of any Indemnitee; and (b) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification or contribution hereunder. The rights and obligations of each Party and their respective Indemnitees under this Article 9 shall survive the termination of any license granted hereunder.

9.74 **Intellectual Property**. Notwithstanding the foregoing Sections 9.1 through 9.6, in the event and to the extent that any Third Party Claim relates to or may affect or otherwise impair either Party's or a Third Party's ownership of or rights in or the validity or enforceability of or rights to use Intellectual Property hereunder, the prosecution and defense of such aspects of such Third Party Claim shall be governed by Article 12, Article 13 and Article 14 to the extent that such Article addresses such prosecution or defense.

10. LIMITATIONS ON LIABILITY

10.1 **Consequential Damages Waiver**. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT WILL EITHER PARTY OR ANY OF ITS AFFILIATES (INCLUDING WITH RESPECT TO THE COMPANY, ANY COMPANY LICENSORS OR ANY OF THEIR AFFILIATES AND WITH

RESPECT TO PFIZER, ANY PFIZER LICENSEES OR ANY OF THEIR AFFILIATES) BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOST PROFITS SUFFERED BY AN INDEMNITEE, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, IN CONNECTION WITH ANY DAMAGES ARISING HEREUNDER; PROVIDED, HOWEVER, THAT TO THE EXTENT AN INDEMNITEE IS REQUIRED TO PAY ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES OR LOST PROFITS TO A PERSON WHO IS NOT THE OTHER PARTY OR AN AFFILIATE OF THE OTHER PARTY IN CONNECTION WITH A THIRD PARTY CLAIM, SUCH DAMAGES WILL CONSTITUTE DIRECT DAMAGES AND NOT BE SUBJECT TO THE LIMITATION SET FORTH IN THIS ARTICLE 10.

11. INSURANCE

11.1 **Obligations to Maintain Insurance**. Pfizer shall maintain during the Term and for five (5) years after termination or expiration of this Agreement, commercial general liability insurance from a minimum "A-" AM Best rated insurance company, including contractual liability and product liability or clinical trials, if applicable, with coverage of not less than Five Million US Dollars (US$5,000,000) per occurrence and Five Million US Dollars (US$5,000,000) in the aggregate. Pfizer has the right to provide the total coverage required by any combination of primary and umbrella/excess coverage. Each such insurance policy shall name the Company and its Affiliates as additional insured and provide a waiver of subrogation in favor of the Company and its Affiliates. Such insurance policies shall be primary and non-contributing with respect to any other similar insurance policies available to the Company or its Affiliates. Pfizer shall be responsible for its own deductibles or retentions. Notwithstanding anything to the contrary in this Section, Pfizer shall be permitted to satisfy the foregoing obligations to maintain insurance through self-insurance. For clarity, the minimum level of insurance set forth herein shall not be construed to create a limit on Pfizer's liability hereunder.

11.2 P**olicy Notification**. Pfizer shall provide the Company with original certificates of insurance (which, for clarity, may be provided in electronic form) evidencing the insurance requirements set forth in Section 11.1 (a) prior to execution by both Parties of this Agreement, and (b) on an annual basis. The Company shall be provided at least thirty (30) days (ten (10) days in the case of cancellation for non-payment of premium) written notice prior to cancellation, termination, or any material change to restrict the coverage or reduce the limits afforded.

12. INTELLECTUAL PROPERTY OWNERSHIP

12.1 **Ownership of Company IP**.

12.1.1 **Company IP**. As between the Company Licensors and the Pfizer Licensees, the Company Licensors shall own and retain all right, title, and interest in, to, and under all Company IP.

12.1.2 **Assignment**. In the event that any Pfizer Licensee, or any of its Affiliates or Sublicensees, has been assigned or otherwise obtains or has ownership of any Company IP in contravention of Section 12.1.1 or the other terms hereof, such Pfizer Licensee hereby assigns, and shall cause its Affiliates and Sublicensees (as applicable) to assign, to the applicable Company Licensor its entire right, title, and interest in, to, and under such Patent Rights and/or Know-How and hereby waives, and shall cause its Affiliates and Sublicensees to waive, any ownership in the foregoing if such assignment does not take effect immediately for any reason. Each Pfizer Licensee shall, and shall cause its applicable Affiliates and Sublicensees to, execute any and all assignments and other documents necessary to perfect or record the applicable Company Licensor's (or if specified by such Company Licensor, its Affiliate's) right, title, and interest in, to, and under such Patent Rights and Know-How. Each Pfizer Licensee further agrees to execute, and cause its applicable Affiliates and Sublicensees to execute, all further documents and assignments and do all such further things as may be necessary to perfect the applicable Company Licensor's (or if specified by such Company Licensor, its Affiliate's) title to such Patent Rights and Know-How or to register the applicable Company Licensor (or if specified by such Company Licensor, its Affiliate) as the exclusive owner of any applicable registrable rights.

13. PROSECUTION AND MAINTENANCE

13.1 **Responsibility**. As between the Parties and, subject to Section 13.2, the Company Licensors shall have the sole right and authority (but not the obligation) to prepare, file, prosecute (including conduct any oppositions, interferences, reissue proceedings, reexaminations, and post-grant proceedings), and maintain (such activities, the "Prosecution Activities") the Company Patent Rights and the Company Future Patent Rights in any country or regulatory jurisdiction in the Territory. For purposes of this Agreement, the Prosecution Activities shall include the right to determine whether or not to file an application for Patent Rights on any Company Know-How.

13.2 **Prosecution Notices**.

13.2.1 **Filing Notices**. Upon a Pfizer Licensee's written notice (each, a "Filing Notice"), the applicable Company Licensor shall, or shall cause its Affiliate to, file and following such filing, continue to conduct all Prosecution Activities for the Company Patent Rights in the countries and regulatory jurisdictions in the Territory identified in the applicable Filing Notice. Beginning as of the date of the applicable Filing Notice, the applicable Pfizer Licensee shall reimburse the applicable Company Licensor for all reasonable costs and expenses (including all out-of-pocket costs and expenses and FTE Costs) actually incurred by or on behalf of such Company Licensor and its Affiliates in connection with the Prosecution Activities that are conducted beginning as of the date of such Filing Notice with respect to the Company Patent Rights included in the applicable Filing Notice. Notwithstanding anything to the contrary, the applicable Pfizer Licensees shall be deemed to have made a Filing Notice as of the Effective Date with respect to those Patent Rights that, from time to time, the Parties identify as, and agree in writing are, Patent Rights for which a Filing Notice is deemed to have been provided as of the Effective Date.

13.2.2 **Continued Prosecution and Maintenance Notices**. Upon a Pfizer Licensee's written notice (each, a "Continued Prosecution and Maintenance Notice"), the applicable Company Licensor shall, or shall cause its applicable Affiliate to, continue to conduct the Prosecution Activities for filed Company Patent Rights in the specific countries and regulatory jurisdictions in the Territory identified by such Pfizer Licensee in the applicable Continued Prosecution and Maintenance Notice. Beginning as of the date of any Continued Prosecution and Maintenance Notice, the applicable Pfizer Licensee shall reimburse the applicable Company Licensor for fifty percent (50%) of all reasonable costs and expenses (including all out-of-pocket costs and expenses and FTE Costs) actually incurred by or on behalf of such Company Licensor and its Affiliates in connection with the Prosecution Activities that are conducted beginning as of the date of such Continued Prosecution and Maintenance Notice with respect to the Company Patent Rights included in the applicable Continued Prosecution and Maintenance Notice. Notwithstanding anything to the contrary, the applicable Pfizer Licensees shall be deemed to have provided a Continued Prosecution and Maintenance Notice as of the Effective Date with respect to such Patent Rights that, from time to time, the Parties identify as, and agree in writing are, Patent Rights for which a Continued Prosecution and Maintenance Notice is deemed to have been provided as of the Effective Date.

13.2.3 **Patent Cooperation**. If a Pfizer Licensee provides a Company Licensor or any of its Affiliates with a Filing Notice or a Continued Prosecution and Maintenance Notice, beginning as of the date of such notice, and upon the reasonable request of such Pfizer Licensee, the applicable Company Licensor shall provide the applicable Pfizer Licensee with a copy of (a) material communications from any Regulatory Authorities reasonably following receipt threof, and (b) drafts of any communications with, and material filings or responses to, the patent authorities in the applicable countries or regulatory jurisdictions, regarding the applicable Patent Rights, reasonably prior to submission thereof to such patent authorities to allow such Pfizer Licensee an opportunity to review and comment thereon. Such Pfizer Licensee shall provide any comments with respect to such communications, filings and responses to such Company Licensor as soon as reasonably practicable and such Company Licensor shall reasonably consider and incorporate all such comments made by or on behalf of such Pfizer Licensee, unless the Company Licensor reasonably believes that such comments may materially adversely impact the Prosecution Activities for the applicable Patent Right.

13.3 **Costs and Expenses**.

13.3.1 **Company Responsibility**. Except as set forth in Sections 13.2 and 13.3.2, as between the Parties, the Company shall be responsible for all costs and expenses in connection with the Prosecution Activities for all Company Patent Rights, Company Future Patent Rights and Company Third Party Patent Rights in the applicable countries and regulatory jurisdictions.

13.3.2 **Pfizer Responsibility**.

(a) **Reimbursement for Generic Product Enforcement**. The Pfizer Licensees shall have the right (but not the obligation) to enforce (pursuant and subject to Section 14.3) any Company Patent Rights and Company Third Party Patent Rights against Third Party Infringements involving any Human Health Generic Products in the Pfizer Field in the Territory by providing written notice at any time to the applicable Company Licensor or any of its Affiliates specifying that it would like to so enforce such Company Patent Rights or Company Third Party Patent Rights (as applicable); provided that to enforce such Patent Rights in connection with a specific Action, such notice shall be provided at least forty-five (45) days before the filing of such Action (except with respect to Paragraph IV Certifications, for which such notice shall be provided at least ten (10) days before the expiration date for filing such Action) (each, a "Generic Product Enforcement Notice"). Each Generic Product Enforcement Notice shall specify the countries or regulatory jurisdiction of the proposed Action. Upon providing a Generic Product Enforcement Notice, the applicable Pfizer Licensee shall be responsible for

the costs and expenses set forth in Section 13.3.2(a)(i) or 13.3.2(a)(ii) (as applicable) (except to the extent such Pfizer Licensee or any of its Affiliates has otherwise paid for such costs and expenses).

(i) **Pre-Candidate Stage Pfizer Program**. Subject to Section 13.3.2(c), if, as of the date of a Generic Product Enforcement Notice, there are not any Pfizer Products or there exists a Pfizer Product that has not reached at least the Candidate Stage in connection with the research, development or commercialization being conducted by or on behalf of a Pfizer Licensee or any of its Affiliates (including by, with or through a Third Party), the applicable Pfizer Licensee shall reimburse the applicable Company Licensor for fifty percent (50%) of all reasonable costs and expenses (including all out-of-pocket costs and expenses and FTE Costs) actually incurred by or on behalf of such Company Licensor and its Affiliates in connection with the Prosecution Activities with respect to the Patent Rights set forth in the Generic Product Enforcement Notice beginning as of the date that is ninety (90) days following the date on which the applicable Pfizer Product reaches the Candidate Stage (except to the extent such Pfizer Licensee or any of its Affiliates has otherwise paid for such costs and expenses).

(ii) **Post-Candidate Stage Pfizer Program**. Subject to Section 13.3.2(c), if, as of the date of a Generic Product Enforcement Notice, there exists a Pfizer Product that has reached at least the Candidate Stage in connection with research, development or commercialization being conducted by or on behalf of a Pfizer Licensee or any of its Affiliates (including by, with or through a Third Party), the applicable Pfizer Licensee shall reimburse the applicable Company Licensor for (A) one hundred percent (100%) of all reasonable costs and expenses (including all out-of-pocket costs and expenses and FTE Costs) actually incurred by or on behalf of such Company Licensor and its Affiliates in connection with the Prosecution Activities with respect to the Patent Rights set forth in the applicable Generic Product Enforcement Notice during the period beginning as of the date that is ninety (90) days following the date on which the applicable Pfizer Product reached the Candidate Stage and ending on the date of such Generic Product Enforcement Notice and (B) for fifty percent (50%) of all reasonable costs and expenses (including all out-of-pocket costs and expenses and FTE Costs) actually incurred by or on behalf of such Company Licensor and its Affiliates in connection with the Prosecution Activities for such Patent Rights beginning as of the date of such Generic Product Enforcement Notice (except with respect to each of the foregoing (A) and (B) to the extent such Pfizer Licensee or any of its Affiliates has otherwise paid for such costs and expenses).

(b) **Non-Generic Product Enforcement Notices**. Subject to Section 13.3.2(c), the Pfizer Licensees shall have the right (but not the obligation) to enforce (pursuant and subject to Section 14.3) the Company Patent Rights and Company Third Party Patent Rights against Third Party Infringements involving any products that are not Human Health Generic Products in the Pfizer Field in the Territory by providing written notice at any time to the applicable Company Licensor or any of its Affiliates; provided that to enforce such Patent Rights in connection with a specific Action, such notice shall be provided at least forty-five (45) days before the filing of such Action to the extent reasonably practicable (each, a "Non-Generic Product Enforcement Notice"). Upon providing a Non-Generic Product Enforcement Notice, the applicable Pfizer Licensee shall be responsible for reimbursing the applicable Company Licensor for fifty percent (50%) of all reasonable costs and expenses (including all out-of-pocket costs and expenses and FTE Costs) actually incurred by or on behalf of such Company Licensor and its Affiliates in connection with the Prosecution Activities conducted by such Company Licensor or its Affiliate with respect to the Patent Rights set forth in the applicable Non-Generic Product Enforcement Notice beginning as of the Effective Date (except to the extent such Pfizer Licensee or any of its Affiliates has otherwise paid for such costs and expenses).

(c) **Timing for Reimbursement**. The Pfizer Licensees and/or their Affiliates shall pay the applicable Company Licensor for any amounts due pursuant to Section 13.3.2(a)(i), 13.3.2

(a)(ii) or 13.3.2(b) (as applicable) beginning upon the later of (i) fifteen (15) days prior to commencement of the Action in which Pfizer would like to exercise its rights to enforce any Patent Rights included in the applicable Generic Product Enforcement Notice or Non-Generic Product Enforcement Notice and (ii) forty-five (45) days following such Company Licensor's provision to the applicable Pfizer Licensee of an invoice therefor (which, for clarity, such Company Licensor shall not provide until after such Company Licensor's or any of its Affiliates' receipt of the Generic Product Enforcement Notice or the Non-Generic Product Enforcement Notice, as applicable). Notwithstanding the foregoing, if such Pfizer Licensee disagrees with such Company Licensor as to the amounts that are payable in accordance with this Section, such Pfizer Licensee shall notify such Company Licensor in writing and such Pfizer Licensee and such Company Licensor shall cooperate to attempt to resolve such dispute. The Company Licensor shall cooperate with the Pfizer Licensee in its control of any such Action involving enforcement irrespective of any such disagreement.

(d) **Expiration of Enforcement Rights**. In the event that the applicable Pfizer Licensee no longer would like the right to enforce any specific Company Patent Rights or Company Third Party Patent Rights (regardless of whether such rights were granted due to a Generic Product Enforcement Notice or a Non-Generic Product Enforcement Notice), such Pfizer Licensee shall provide the applicable Company Licensor with written notice thereof. Pfizer and its Affiliates shall not be obligated to pay the applicable Company Licensor any costs or expenses set forth in Section 13.3.2(a)(i), 13.3.2(a)(ii) or 13.3.2(b) (as applicable) with respect to such Patent Rights that are incurred as of or following the date of such notice, unless and until the applicable Pfizer Licensee provides a new Generic Product Enforcement Notice or Non-Generic Product Enforcement Notice.

13.4 **Abandonment by the Company**. In the event that a Company Licensor decides to abandon, cease prosecution or not maintain any Company Patent Right with respect to which a Pfizer Licensee has submitted a Filing Notice, a Continued Prosecution and Maintenance Notice, a Generic Product Enforcement Notice or a Non-Generic Product Enforcement Notice, then such Company Licensor shall provide the Pfizer Licensee with written notice of such determination at least forty-five (45) days before any deadline for taking action to avoid abandonment (or other loss of rights). Upon such Pfizer Licensee's request, (a) such Company Licensor shall promptly assign the Company Licensor's and its Affiliates' entire right, title and interest in, to and under the applicable Patent Right to such Pfizer Licensee (or such other Affiliate of Pfizer identified by Pfizer at such time) (and, for clarity, such Patent Right shall no longer be Company Patent Rights) and (b) such Pfizer Licensee (or such other Affiliate of Pfizer) hereby grants to such Company Licensor and its Affiliates a non-exclusive, royalty-free license to such Patent Right solely for the Company Field in the Territory.

13.5 **Cooperation in Prosecution Activities**. Upon the request of the Party that is responsible for the Prosecution Activities in accordance with this Article 13 (the "Prosecuting Party"), the other Party shall provide such Prosecuting Party with reasonable assistance and cooperation with respect to such Prosecution Activities of the Company IP, including providing any necessary powers of attorney, filings and any other assignment documents or instruments for such prosecution.

13.6 **Orange Book and Green Book Listings**. As between the Parties, each Company Licensor shall have sole responsibility for, and control with respect to, the content and submission of any Green Book Filings for any Licensed Products that are being commercialized by or on behalf of it or its Affiliates, and each Pfizer Licensee and its Affiliates shall have sole responsibility for, and control with respect to, the content and submission of any Orange Book Filings for any Licensed Products that are being commercialized by or on behalf of it, its Affiliates or any of its Sublicensees. Notwithstanding the foregoing, in the event that a Pfizer Licensee or any of its Affiliates or Sublicensees are developing or commercializing (including by, with or through a Third Party) a Licensed Product that is Covered by a Company Patent Right that also Covers a Licensed Product that is being researched, developed, manufactured or commercialized by or on behalf of a Company Licensor or its Affiliates (including by, with or through a Third Party), upon the applicable Company Licensor's reasonable request, the Parties shall meet to discuss the content and submission of such Company Licensor's and its Affiliates' Green Book Filing and such Pfizer Licensee's and its Affiliates' Orange Book Filing, each, to the extent concerning a Company Patent Right.

13.7 **Patent Term Extensions**. If a Filing Notice, a Continued Prosecution and Maintenance Notice, a Generic Product Enforcement Notice or a Non-Generic Product Enforcement Notice has been submitted by a Pfizer Licensee for a Company Patent Right, any Pfizer Licensee may request that a Company Licensor file, or allow such Pfizer Licensee to file, patent term extensions with respect to such Company Patent Right, consent to which the Company Licensors shall not unreasonably withhold. Notwithstanding the foregoing, if any Company Licensor is, or is contemplating, researching, developing, manufacturing or commercializing a product that relates to such Company Patent Right, the Company Licensors shall have the sole right and authority (but not the obligation) to make decisions regarding patent term extensions (including

whether to file for any supplementary protection certificates and any other extensions that are available) with respect to such Company Patent Right. The applicable Company Licensor shall reasonably consult with the applicable Pfizer Licensee regarding the foregoing and shall reasonably consider Pfizer Licensee comments in connection therewith.

13.8 **Encumbrances**. For clarity, and notwithstanding anything to the contrary herein, the Parties' rights and obligations set forth in this Article 13 shall be subject to the Encumbrances.

13.9 **No Additional Obligations**. This Agreement shall not obligate either Party to disclose to the other Party, or maintain, register, prosecute, pay for, enforce or otherwise manage any Intellectual Property, except as expressly set forth herein.

14. THIRD PARTY INFRINGEMENTS AND OTHER VIOLATIONS

14.1 **Notice**. With respect to any Company Patent Right or Company Third Party Patent Right for which a Pfizer Licensee has submitted a Filing Notice, a Continued Prosecution and Maintenance Notice, a Generic Product Enforcement Notice or a Non-Generic Product Enforcement Notice, each Party shall promptly notify the other Party in writing (each such notice, an "Infringement Notice") upon learning of any actual or threatened infringement, misappropriation, or other violation or challenge to the validity, scope, or enforceability of, or the Company's, Pfizer's or any of their respective Affiliates' rights in, such Company IP of which it has Knowledge, including, for clarity, any Paragraph IV Certifications ("Third Party Infringement"); provided that the applicable Company Licensor shall only be required to provide an Infringement Notice to the applicable Pfizer Licensee if the Third Party Infringement relates to Company IP or Company Third Party IP exclusively licensed to the applicable Pfizer Licensee pursuant to this Agreement.

14.2 **Company Enforcement Rights**. As between the Parties, the applicable Company Licensor shall have the sole right and authority (but not the obligation) to control enforcement of the Company IP against any Third Party Infringement in the Company Field. In the event that a Pfizer Licensee has not provided a Filing Notice, Continued Prosecution and Maintenance Notice, Generic Product Enforcement Notice or Non-Generic Product Enforcement Notice (as applicable) with respect to any Company IP in accordance with Section 13.2.1, 13.2.2, 13.3.2(a) or 13.3.2(b) (respectively), the Company may provide Pfizer with written notice that it would like to enforce such Company IP against any Third Party Infringement in the Pfizer Field, which notice shall specify the date on which the Company would like to commence the applicable Action and if a Pfizer Licensee does not provide a Generic Product Enforcement Notice or Non-Generic Product Enforcement Notice for such Action in accordance with Section 13.3.2(a) or 13.3.2(b) (as applicable) within fifteen (15) days of receiving such notice from the Company, the Company shall have the sole right and authority to control enforcement of such Company IP against the applicable Third Party Infringement in the Pfizer Field. In the event that a Pfizer Licensee has submitted a Filing Notice, a Continued Prosecution and Maintenance Notice, a Generic Product Enforcement Notice or a Non-Generic Product Enforcement Notice with respect to any Company IP, the applicable Company Licensor shall consult with such Pfizer Licensee (unless the delay associated with doing so would result in the loss of rights) and consider such Pfizer Licensee's recommendations regarding any Action with respect to Third Party Infringement of such Company IP in the Company Field or the Pfizer Field (to the extent that a Company Licensor controls such Action in the Pfizer Field) prior to commencing such Action.

14.3 **Pfizer Right of Enforcement**.

14.3.1 **General**. Subject to Sections 13.3.2 and 14.2, as between the Parties, the Pfizer Licensees shall have the sole right and authority (but not the obligation) to control enforcement of the Company IP (except the Company Future Patent Rights) against any Third Party Infringement in the Pfizer Field; provided that (a) if the applicable Third Party Infringement involves a Human Health Generic Product, Pfizer has submitted a Generic Product Enforcement Notice (in accordance with Section 13.3.2(a)) and (b) if the applicable Third Party Infringement involves a product that is not a Human Health Generic Product, Pfizer has submitted a Non-Generic Product Enforcement Notice (in accordance with Section 13.3.2(b)). Prior to commencing any Action in connection therewith, such Pfizer Licensee shall consult with such Company Licensor and reasonably consider such Company Licensor's recommendations regarding such Action. In the event that a Company Licensor would like to enforce any Company IP in the Pfizer Field that the applicable Pfizer Licensee is not enforcing, such Company Licensor shall provide such Pfizer Licensee with written notice thereof and such Company Licensor and such Pfizer Licensee shall promptly meet to discuss enforcement of such Patent Right (provided that such Pfizer Licensee shall have final decision-making authority). For the avoidance of doubt, the Pfizer Licensees shall not have the right to control enforcement of the Company Future Patent Rights against any Third Party Infringement in the Pfizer Field without the Company's consent.

14.3.2 **Exceptions**. Notwithstanding anything to the contrary in this Agreement, a Pfizer Licensee shall not have rights to enforce Company Patent Rights that are (a) assigned by the Company or any of its Affiliates in their entirety to a Third Party, or (b) exclusively licensed to a Third Party pursuant to a license to such Third Party of substantially all rights to commercialize a product developed by the Company, unless prior to such assignment or the grant of such an exclusive license

to the extent permitted hereunder, such Pfizer Licensee or any of its Affiliates submitted a Filing Notice, a Continued Prosecution and Maintenance Notice, a Generic Product Enforcement Notice or a Non-Generic Product Enforcement Notice with respect to such Company Patent Rights.

14.4 **Settlement**. The Pfizer Licensee or Company Licensor controlling enforcement of the Company IP against any Third Party Infringement (the "Controlling Party") (a) shall provide the applicable Company Licensor or Pfizer Licensee (respectively) (the "Non-Controlling Party") with timely notice of any proposed settlement pertaining thereto that the Controlling Party enters into and (b) shall not, without prior written consent of the Non-Controlling Party (not to be unreasonably withheld), settle, or stipulate to any facts, or make any admission that would (i) adversely affect the validity, enforceability, or scope of, or admit non-infringement of, any of the Company IP, (ii) impose liability on the Non-Controlling Party or its Affiliates, or (iii) grant to a Third Party a license or covenant not to sue under, or adversely affect the validity, enforceability, or scope of, or admit non-infringement of, any Intellectual Property that the Non-Controlling Party or its Affiliates owns or to which the Non-Controlling Party or its Affiliates otherwise has exclusive rights; provided that if the Company Licensor is the Controlling Party, it shall only be subject to the foregoing subsection (b)(i) in the event that Pfizer Licensees have submitted a Filing Notice, a Continued Prosecution and Maintenance Notice, a Generic Product Enforcement Notice or a Non-Generic Product Enforcement Notice with respect to the relevant Company IP.

14.5 **Assistance**. At the request of the Controlling Party, the Non-Controlling Party shall provide reasonable assistance to the Controlling Party with respect to its enforcement of the Company IP against any Third Party Infringement, including by joining any related Action and executing all papers and performing such other acts as may be reasonably required to permit the Controlling Party to commence or prosecute such Action. The Controlling Party shall reimburse the Non-Controlling Party's reasonable out-of-pocket costs and expenses actually incurred in connection therewith. The Non-Controlling Party shall have the right to be represented in any such Action in which it is a party by independent counsel (which shall act in an advisory capacity only, except for matters solely directed to such Company Licensor or Pfizer Licensee) of its own choice and at its own expense.

14.6 **Recoveries**. Any recoveries resulting from an Action relating to the enforcement of the Company IP against any Third Party Infringement shall first be applied against payment of each Party's and its Affiliates' reasonable out-of-pocket costs and expenses actually incurred in connection therewith, with any remaining amounts distributed to (a) Pfizer or its designated Affiliate to the extent that such recovery concerned a Third Party Infringement with respect to the Pfizer Field and (b) the Company or its designated Affiliate to the extent that such recovery concerned a Third Party Infringement with respect to the Company Field.

14.7 **Defense Actions**.

14.7.1 **Notice**. Each Party shall promptly notify the other Party in writing upon learning of any allegation by a Third Party that Intellectual Property owned by a Third Party or to which a Third Party otherwise has rights is infringed, misappropriated, or otherwise violated by either Party's, its Affiliates' or with respect to Pfizer, its Sublicensees' activities in connection with the exercise of its or their rights or performance of its or their obligations hereunder (each, a "Defense Action").

14.7.2 **Right of Defense**. As between the Parties, if a Defense Action is brought against a Party or any of its Affiliates (including with respect to Pfizer, the Pfizer Licensees and their Affiliates and with respect to the Company, the Company Licensors and their Affiliates), such Party shall control such Defense Action against the applicable Third Party at its own cost and expense. The Party that controls a Defense Action in accordance with this Section 14.7.2 shall keep the other Party reasonably informed of the status of such Defense Action and the other Party shall reasonably cooperate in connection therewith. The Party that controls a Defense Action may not settle, or stipulate to any facts, or make any admission with respect to, a Defense Action without the other Party's prior written consent; provided that, such consent shall not be required to the extent that the settlement does not (a) adversely affect the validity, enforceability, or scope of, or admit non-infringement of, any of the Company IP, (b) give rise to liability of such other Party or any of its Affiliates or with respect to Pfizer, Sublicensees, or (c) grant to a Third Party a license or covenant not to sue under, or with respect to, any Intellectual Property that the other Party or any of its Affiliates owns or to which the other Party or any of its Affiliates otherwise has exclusive rights.

14.8 **Liability**. Neither Party, nor its Affiliates (including, with respect to Pfizer, the Pfizer Licensees and, with respect to the Company, the Company Licensors), nor its or their employees, agents, or representatives, shall be liable to the other Party or any of its Affiliates in respect of any good faith act, omission, default, or neglect of such Party, any of its Affiliates, or its or their employees, agents, or representatives in connection with the Prosecution Activities or Actions with respect to Third Party Infringements that it performs hereunder and that has not resulted from its or its Affiliates' or its or their directors', employees', officers', shareholders', agents', successors', or assigns' bad faith and each Party, on behalf of itself, its

Affiliates, and its and their respective directors, employees, officers, shareholders, agents, successors, and assigns, hereby waives any and all Actions that they may have against the other Party, any of its Affiliates or its or their employees, agents, or representatives that may arise or result from such other Party's or its Affiliates' performance of the Prosecution Activities and Actions with respect to Third Party Infringements.

14.9 **Encumbrances**. Notwithstanding anything to the contrary, the Parties' rights and obligations set forth in this Article 14 shall be subject to the terms of any agreements or contracts with respect to the Encumbrances.

15. PATENT MARKING

15.1 **Patent Marking**. Upon a Company Licensor's request, the applicable Pfizer Licensee shall, and shall cause its Affiliates and Sublicensees to, mark Licensed Products sold by, or on behalf of such Pfizer Licensee, its Affiliates and its Sublicensees, hereunder (in a reasonable manner consistent with industry custom and practice, including by use of other substantially equivalent ways of providing notice under any Applicable Laws) with appropriate patent numbers or indicia to the extent permitted by Applicable Law, in those countries or regulatory jurisdictions in the Territory in which such markings or such notices impact recoveries of damages or equitable remedies available with respect to infringements or other violations of Patent Rights.

16. TRADEMARKS

16.1 **Trademarks**. Subject to the terms hereof, neither the Pfizer Licensees, on the one hand, nor the Company Licensors, on the other hand, shall use the Trademarks of the Company or any of the Company's Affiliates or Pfizer or any of Pfizer's Affiliates, respectively, in any product, packaging, advertising, marketing, or other form of promotional disclosure without prior written consent of the other Party or any of its Affiliates or unless otherwise expressly permitted under the Global Separation Agreement or any other Ancillary Agreement. The Company hereby acknowledges that it does not receive any right or license hereunder to any of the Trademarks of Pfizer or any of its Affiliates, except as expressly set forth herein.

17. TERM; TERMINATION

17.1 **Term**. The term of this Agreement (the "Term") shall (a) with respect to each Patent Right that is included in the Company Patent Rights, expire upon expiration of the last to expire of such Patent Rights, (b) with respect to Company Third Party IP that is licensed to the Company or any other Company Licensor pursuant to a Third Party Agreement and sublicensed hereunder, expire upon expiration or termination of such Third Party Agreement with respect to such Company Third Party IP and (c) with respect to Know-How that is licensed pursuant to Section 2.1, expire upon the thirtieth (30^{th}) anniversary of the Effective Date. Upon expiration of this Agreement in its entirety, the licenses granted pursuant to Section 2.1 to all Know-How that is owned and Controlled by a Company Licensor shall convert to perpetual licenses that survive such expiration. Except as otherwise expressly set forth in Section 17.2, this Agreement may not be terminated unless agreed to in writing by the Parties.

17.2 **Termination**.

17.2.1 **Termination Based on Relation to Human Health**. If any Company Third Party IP licensed to a Pfizer Licensee pursuant to Section 2.2 has any applicability with respect to the Pfizer Field, the Company shall have the right to request that Pfizer terminate this Agreement with respect to such Company Third Party IP. Further, the Company shall have the right to request to that Pfizer terminate this Agreement with respect to any Company Patent Rights. Notwithstanding the foregoing, the Company may not request termination of more than ten percent (10%) of the quantity of such Company Patent Rights in any twelve (12) month period. Each such request shall be submitted in writing to Pfizer and shall be made in good faith, and Pfizer shall provide its response within sixty (60) days of such request by the Company. Any such termination shall not be effective unless and until Pfizer provides the Company with written notice that Pfizer consents to such termination (which consent Pfizer may withhold in its sole discretion).

17.2.2 **Termination for Cause**. Either Party shall have the right, without prejudice to any other remedies available to it at law or in equity, to terminate this Agreement in its entirety in the event that the other Party is in material breach of this Agreement and fails to cure such material breach within sixty (60) days of duly given notice thereof (including because such breach is incapable of being cured); provided that, if such breach is capable of being cured, but cannot be cured within such sixty (60) day period, and the breaching Party initiates actions to cure such breach within such sixty (60) day period and thereafter diligently pursues such actions, the breaching Party shall have such additional period as is reasonable to cure such breach.

17.2.3 **Certain Immediate Termination Events**. Except to the extent expressly waived or consented to in writing by a Party (in its sole discretion), this Agreement shall terminate immediately and without any requirement for notice to the other Party upon the event of: (i) the failure to pay when due and payable any principal, interest, or any other amount in

excess of One Million U.S. Dollars ($1,000,000) in respect of any Company Material Indebtedness or Pfizer Material Indebtedness; (ii) any event of default with respect to any Company Material Indebtedness or Pfizer Material Indebtedness; (iii) any other event or condition that results in any Company Material Indebtedness or Pfizer Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Company Material Indebtedness or Pfizer Material Indebtedness or any trustee or agent on its or their behalf to cause any Company Material Indebtedness or Pfizer Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; (iv) the Company or Pfizer being authorized (whether by its board of directors or such other Person having authority to direct the Company or Pfizer, respectively) to commence or institute any bankruptcy, receivership, insolvency, reorganization or other similar proceedings under any bankruptcy, insolvency, or other similar law now or hereinafter in effect, including any section or chapter of the United States Bankruptcy Code (as may be amended, the "Bankruptcy Code") or under any similar laws or statutes of the United States or any state thereof or of any jurisdiction (whether or not in the United States) having authority or jurisdiction over the assets of such Party or in which such Party may operate or have assets; (v) the commencement or institution of any bankruptcy, receivership, insolvency, reorganization or other similar proceedings by or against a Party under any bankruptcy, insolvency, or other similar law now or hereinafter in effect, including any section or chapter of the Bankruptcy Code or under any similar laws or statutes of the United States or any state thereof or of any jurisdiction (whether or not in the United States) having authority or jurisdiction over the assets of such Party or in which such Party may operate or have assets; (vi) the institution of any reorganization, restructuring, arrangement, or other readjustment of debt plan of a Party not involving the Bankruptcy Code; (vii) the appointment of a receiver, trustee, or similar party for all or substantially all of a Party's assets related to this Agreement or that are provided to such Party pursuant to the terms hereof; or (viii) any corporate action taken by the board of directors of a Party or such other Person having authority to direct such Party in furtherance of any of the foregoing (i) through (vii).

17.2.4 **Pfizer's Right to Terminate Without Cause**. Upon sixty (60) days written notice to the Company, Pfizer may terminate this Agreement on a Patent-by-Patent or Know-How-by-Know-How basis or in its entirety without cause.

17.3 **Effect of Expiration and Termination; Accrued Rights; Survival**.

17.3.1 **Payment**. Within thirty (30) days of expiration or termination of this Agreement in part or in whole (or such later date with respect to those costs that are incurred but cannot be reported as of such date), Pfizer shall pay the Company all amounts due to the Company with respect to the Licensed Product(s) as of the effective date of such expiration or termination.

17.3.2 **Inventory**. Notwithstanding anything to the contrary in this Section 17.3, if this Agreement terminates pursuant to a Pfizer Termination Event after the first commercial sale of a Licensed Product, the applicable Pfizer Licensee shall have the right to sell its remaining inventory of such Licensed Product(s) so long as Pfizer has fully paid, and continues to pay fully when due, any and all Third Party Payments owed to the Company hereunder based on such sales. For purposes of this Section 17.3, "Pfizer Termination Event" means termination (a) in accordance with Section 17.2.1, (b) by the Company in accordance with Section 17.2.2, (c) based on, or related to, Pfizer or a Pfizer Material Indebtedness in accordance with Section 17.2.3, or (d) in accordance with Section 17.2.4.

17.3.3 **Accrued Rights**. Upon the termination of this Agreement pursuant to a Pfizer Termination Event, in part or in its entirety: (a) all licenses and rights granted to the applicable Pfizer Licensee with respect to the Intellectual Property to which such termination relates shall immediately terminate and (b) any sublicenses that have been granted to a Sublicensee with respect to the Patent Rights or Know-How to which such termination relates shall immediately terminate. Termination of this Agreement, in part or in its entirety, shall be without prejudice to any rights which shall have accrued to the benefit of either Party prior to such expiration and termination (as applicable). In the event of termination of this Agreement pursuant to Section 17.2 for any reason that is not a Pfizer Termination Event, the licenses granted to the Pfizer Licensees as of the date of such termination shall survive such termination and all provisions of this Agreement (including, for clarity, Sections 17.1 and 17.2) to the extent related thereto shall survive, as if this Agreement with respect thereto has not terminated.

17.3.4 **Surviving Obligations**. Without limiting any other provisions in this Article 17, the following Sections and Articles (along with the provisions herein that expressly specify survival terms or that would, by their nature, survive termination) shall survive expiration or termination of this Agreement for any reason (collectively, the "Surviving Provisions"): 2.4, 2.5, 2.6, 4.1 and 4.2 (each, for the periods of time set forth in such Sections), 5.1 (along with any provisions governing payment of such amounts hereunder), 5.3 (for the period of time set forth in such Section), 6 (but only with respect to Reference Filings and Regulatory Dossiers submitted prior to expiration or termination of this Agreement), 7, 8.2, 9, 10, 11 (for the period of time set forth in such Section), 12, 14.8, 14.9, 17.3 and 18. Without limiting any of the rights or remedies otherwise available to either Party, each Party acknowledges and agrees that each of its obligations with respect to the Surviving Provisions shall continue, remain binding, and survive termination of this Agreement (and, without limiting the

foregoing, shall not be dischargeable in any proceeding under the Bankruptcy Code or similar proceeding); and that each of its obligations with respect to the Surviving Provisions is and shall be specifically enforceable under Applicable Law.

18. MISCELLANEOUS

18.1 **Compliance with Laws**. Neither Party nor any of their Affiliates will be required by this Agreement to take or omit to take any action in contravention of any Applicable Law, including any applicable national and international pharmaceutical industry codes of practices. Without limiting the foregoing, and notwithstanding any other provision of this Agreement, neither Party nor any of their Affiliates shall be required to promote or otherwise commercialize a Licensed Product, or incur any expense in connection with any activity under this Agreement, that it reasonably believes, in good faith, may violate any Applicable Law (including any applicable national and international pharmaceutical code of practice) or "corporate integrity" or similar agreement with any Governmental Authority to which it is a party.

18.2 **Assignability**. For clarity, the rights, benefits, and obligations of the Pfizer Licensees under (or relating to) this Agreement (including any licenses or sublicenses granted pursuant to this Agreement) are personal to the Pfizer Licensees. Pfizer may not assign (including in a bankruptcy or similar proceeding) or assume in a bankruptcy or similar proceeding this Agreement or any rights, benefits, or obligations under or relating to this Agreement, in each case whether by operation of law or otherwise, without the Company's prior written consent (which shall not be unreasonably withheld); provided that Pfizer may assign its rights and obligations under this Agreement or any part hereof to one or more of its Affiliates, or to a successor to all or substantially all of its business and assets to which this Agreement (or part thereof that is assigned) relates, without the Company's consent. In the event of a permitted assignment, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Any attempted assignment that contravenes the terms of this Agreement shall be void ab initio and of no force or effect.

18.3 **Governing Law**. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof that would result in the application of any law other than the laws of the State of New York and, to the extent applicable to Intellectual Property, the applicable federal laws of the United States of America (without regard to conflict of laws principles).

18.4 **Dispute Resolution**.

18.4.1 **General**. The following procedures shall be used to resolve any dispute, controversy or claim that may arise out of or relate to, or arise under or in connection with this Agreement or the breach, termination, or validity thereof (each, a "Dispute"):

(a) Promptly after the written request of either Party ("Request"), the Senior Executives shall meet in person or by telephone to attempt to resolve any Dispute. If, for any reason, the Senior Executives do not resolve the Dispute within thirty (30) days of receipt by a Party of such Request, then the Senior Executives shall meet in person or by telephone to review and attempt to resolve the Dispute.

(b) If, for any reason, the Senior Executives fail to resolve the Dispute within sixty (60) days of receipt by a Party of a Request in accordance with Section 18.4.1(a), the Parties shall attempt to resolve the Dispute with the assistance of a mediator agreed upon by the Parties or, in default of such agreement, within seventy-five (75) days of receipt by a Party of a Request, at the request of any Party, such mediator shall be appointed by the American Arbitration Association ("AAA"). The mediation shall be held in New York, New York and in accordance with the then-prevailing Commercial Mediation Rules of the AAA.

(c) All negotiations and mediation in connection with the Dispute shall be conducted in strict confidence and without prejudice to the rights of the Parties in any future legal proceedings. Except for any Party's right to seek interlocutory relief in the courts, no Party may commence any form of arbitration in accordance with Section 18.4.2 until twenty (20) Business Days after the appointment of a mediator or until one hundred twenty (120) days after the receipt by a Party of a Request, whichever occurs sooner.

(d) If, with the assistance of the mediator, the Parties reach a settlement, such settlement shall be reduced to writing and, once signed by a duly authorized representative of each of the Parties, shall be and remain binding on the Parties. The Parties shall bear their own legal costs of the mediation, but the costs and expenses of the mediator and the AAA shall be borne by the Parties equally.

18.4.2 **Arbitration**.

(a) All Disputes that for any reason are not timely resolved by the Parties in accordance with Sections 18.4.1(a) through 18.4.1(d) shall be finally and exclusively resolved by binding arbitration to be administered by the AAA in accordance with the then-prevailing Commercial Arbitration Rules of the AAA (the "Rules"). The seat of the arbitration shall be in New York County, New York. The arbitration shall be held and the award shall be issued in the English language. If the amount in controversy is Three Million US Dollars (US$3,000,000) or less (including all claims and counterclaims), there shall be one arbitrator who shall be agreed upon by the Parties within twenty (20) days of receipt by respondent of a copy of the demand for arbitration. If the amount in controversy is more than Three Million US Dollars (US$3,000,000) (including all claims and counterclaims), there shall be three (3) neutral and impartial arbitrators, one of whom shall be appointed by each of the Parties within thirty (30) days of receipt by respondent of the demand for arbitration, and the third (3rd) arbitrator, who shall chair the arbitral tribunal, shall be appointed by the Party appointed arbitrators within fifteen (15) days of the appointment of the second (2nd) arbitrator. If any arbitrator is not appointed within the time limit provided herein, such arbitrator shall be appointed by the AAA in accordance with the listing, striking, and ranking procedures in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or an attorney with no less than fifteen (15) years of experience with commercial cases and an experienced arbitrator, who shall, if practicable, have experience with transactions or disputes related to the field of pharmaceutical development and technology and/or, if applicable, intellectual property (including Patent Rights and trade secrets).

(b) All arbitrators shall be neutral and impartial and shall not be officers or employees of either Party. The cost of the arbitration, including the fees and expenses of the arbitrator(s), will be shared equally by the Parties. The arbitrator(s) shall have the right to award damages and other relief but will not have the authority to award any damages or remedies not available under the express terms of this Agreement. The arbitration award will be presented to the Parties in writing and will include findings of fact and, where appropriate, conclusions of law. The award may be confirmed and enforced in any court of competent jurisdiction.

(c) Prior to the appointment of the arbitral tribunal, either Party may seek injunctive relief from any court of competent jurisdiction in order to enforce compliance with the provisions of this Section 18.4.2 or otherwise in aid of arbitration or to maintain the status quo or prevent irreparable harm. The Parties hereby submit to the non-exclusive jurisdiction of the Federal and State courts located in New York, New York (the "New York Courts") for such purpose. Without prejudice to such provisional remedies as may be available under the jurisdiction of the New York Courts, the arbitrator(s) shall have full authority to grant provisional remedies and to direct the Parties to request that any New York Court modify or vacate any temporary or preliminary relief issued by any such New York Court, and to award damages for the failure of any Party to respect the arbitrator's(s') orders to that effect.

18.5 **Specific Performance**. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are or are to be thereby aggrieved shall have the right to seek specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative**.**

18.6 F**orce Majeure**. No Party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

18.7 **Advisors**. It is acknowledged and agreed by each of the Parties that Pfizer, on behalf of itself and the other members of the Pfizer Group, has retained each of the Persons identified on Schedule 11.11 to the Global Separation Agreement to act as counsel in connection with this Agreement, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby and that the Persons listed on Schedule 11.11 to the Global Separation Agreement have not acted as counsel for the Company or any other member of the Company Group in connection with this Agreement, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby and that none of the Company or any member of the Company Group has the

status of a client of the Persons listed on Schedule 11.11 to the Global Separation Agreement for conflict of interest or any other purposes as a result thereof. The Company hereby agrees, on behalf of itself and each other member of the Company Group that, in the event that a dispute arises after the Effective Date in connection with this Agreement, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby between Pfizer and the Company or any of the members of their respective Groups, each of the Persons listed on Schedule 11.11 to the Global Separation Agreement may represent any or all of the members of the Pfizer Group in such dispute even though the interests of the Pfizer Group may be directly adverse to those of the Company Group. The Company further agrees, on behalf of itself and each other member of the Company Group that, with respect to this Agreement, the Global Separation Agreement, the other Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby, the attorney-client privilege and the expectation of client confidence belongs to Pfizer or the applicable member of the Pfizer Group and may be controlled by Pfizer or such member of the Pfizer Group and shall not pass to or be claimed by the Company or any member of the Company Group. Furthermore, the Company acknowledges and agrees that Skadden, Arps, Slate, Meagher & Flom LLP is representing Pfizer, and not the Company, in connection with the Transactions.

18.8 **Notices**. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person or (b) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to a Pfizer Licensee, to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: General Counsel

with a copy to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: Bryan A. Supran and Andrew J. Muratore

If to a Company Licensor, to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: General Counsel

with a copy to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: Katherine H. Walden

Any Party may, by notice to the other Party, change the address to which such notices are to be given.

18.9 **Waivers of Default**. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party.

18.10 **Amendments**. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

18.11 **Severability**. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void, or unenforceable, the

remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

18.12 **Further Assurances**. The Company and Pfizer hereby covenant and agree, without the necessity of any further consideration, to execute, acknowledge, and deliver any and all such other documents and take any such other action as may be reasonably necessary or appropriate to implement this Agreement and carry out the intent and purposes of this Agreement.

18.13 **Third Party Beneficiaries**. Except for the indemnification rights under this Agreement of any Pfizer Indemnitee or Company Indemnitee in their respective capacities as such and the express rights of the Pfizer Licensees and the Company Licensors set forth herein, (a) the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person (including employees of the Parties) except the Parties any rights or remedies hereunder, and (b) there are no third party beneficiaries of this Agreement and this Agreement shall not provide any third person (including employees of the Parties) with any remedy, claim, liability, reimbursement, claim of action, or other right in excess of those existing without reference to this Agreement.

18.14 **Relationship of the Parties**. Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between Pfizer and the Company, or to constitute one Party as the agent of the other. Moreover, each Party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give any Party the power or authority to act for, bind, or commit the other Party.

18.15 **No Construction Against Drafter**. The Parties acknowledge that this Agreement and all the terms and conditions contained herein have been fully reviewed and negotiated by the Parties. Having acknowledged the foregoing, the Parties agree that any principle of construction or rule of law that provides that, in the event of any inconsistency or ambiguity, an agreement shall be construed against the drafter of the agreement shall have no application to the terms and conditions of this Agreement.

18.16 **Headings**. The article, section, and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

18.17 **Interpretation**. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires. The terms “hereof”, “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the schedules, exhibits and appendices hereto) and not to any particular provision of this Agreement. Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement unless otherwise specified. The word “including” and words of similar import when used in this Agreement shall mean “including, without limitation”, unless the context otherwise requires or unless otherwise specified.

18.18 **Counterparts; Entire Agreement, Conflicting Agreements**.

18.18.1 This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party. Execution of this Agreement or any other documents pursuant to this Agreement by facsimile or other electronic copy of a signature shall be deemed to be, and shall have the same effect as, executed by an original signature.

18.18.2 This Agreement, the Global Separation Agreement, the Ancillary Agreements, and the exhibits, the schedules, and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties with respect to such subject matter other than those set forth or referred to herein or therein.

18.18.3 If, a Company Licensor and the applicable Pfizer Licensee are parties to a Local Separation Agreement entered into prior to the Effective Date, any license of Company Patent Rights, Company Know-How, or Company Future Patent Rights pursuant to this Agreement shall be treated as occurring pursuant to such Local Separation Agreement on the effective date of such Local Separation Agreement.

18.18.4 Each Party hereby acknowledges on behalf of its Affiliates that this Agreement supersedes any agreement entered into by the Parties prior to the Effective Date with respect to licensing of Company Patent Rights, Company Know-How, or Company Future Patent Rights to Pfizer or any other member of the Pfizer Group.

18.18.5 In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Global Separation Agreement or any Local Separation Agreement, this Agreement shall prevail.

[*Signature Page Follows***]**

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

PFIZER INC.

By: /s/: Robert E. Landry
Name: Robert E. Landry
Title: Senior Vice President & Treasurer

ZOETIS INC.

By: /s/: Heidi C. Chen
Name: Heidi C. Chen
Title: General Counsel and
Corporate Secretary

Exhibit 10.9

PATENT AND KNOW-HOW LICENSE AGREEMENT

(PFIZER AS LICENSOR)

THIS PATENT AND KNOW-HOW LICENSE AGREEMENT (the "Agreement") is made effective as of February 6, 2013 (the "Effective Date"), by and between Pfizer Inc., a Delaware corporation having its principal place of business at 235 E. 42nd Street, New York, New York 10017 ("Pfizer") and Zoetis Inc., a Delaware corporation having its principal place of business at 5 Giralda Farms, Madison, NJ 07940 (the "Company"). Pfizer and the Company are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, Pfizer and its applicable Affiliates have rights to the Licensed IP and are licensees of the Third Party IP; and

WHEREAS, as part of the Plan of Reorganization, Pfizer and its applicable Affiliates granted to the Company and its applicable Affiliates a license to Licensed IP and a sublicense to Third Party IP; and

WHEREAS, the Parties now seek to confirm the terms of those license grants, and grant any additional license grants, as specified in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS

1.1 **Definitions**. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Global Separation Agreement. For the purpose of this Agreement, the following terms shall have the following meanings:

"AAA" has the meaning set forth in Section 17.4.1(b).

"Abandoned/Assigned Patent Know-How" means, for each Abandoned/Assigned Patent Scheduled Product or Abandoned/Assigned Patent Other Product, any Compound Know-How owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date to the extent used or held for use by the corresponding Company Licensee for such Abandoned/Assigned Patent Scheduled Product or Abandoned/Assigned Patent Other Product (as applicable) as of such LE Date.

"Abandoned/Assigned Patent Scheduled Product" means, for each Abandoned/Assigned Patent Right, a pharmaceutical product that contains any compounds that, from time to time, the Parties identify as, and agree in writing are, the compounds contained in such Abandoned/Assigned Patent Scheduled Product (whether such compounds are the sole active ingredients or in combination with other therapeutically active ingredients in such pharmaceutical product).

"Abandoned/Assigned Patent Rights" means the Patent Rights that, from time to time, the Parties identify as, and agree in writing are, the Abandoned/Assigned Patent Rights.

"Abandoned/Assigned Patent Scheduled Product" means, for each Abandoned/Assigned Patent Right, a pharmaceutical product that contains any compounds that, from time to time, the Parties identify as, and agree in writing are, the compounds contained in such Abandoned/Assigned Patent Scheduled Other Product (whether such compounds are the sole active ingredients or in combination with other therapeutically active ingredients in such pharmaceutical product).

"Affiliate" of any Person means a Person that controls, is controlled by, or is under common control with such Person. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise. It is expressly agreed that, from and after the Effective Date, solely for purposes of this Agreement (a) no member of the Company Group shall be deemed to be an Affiliate of any member of the Pfizer Group and (b) no member of the Pfizer Group shall be deemed to be an Affiliate of any member of the Company Group.

"Alternative Antibody A Product" has the meaning set forth in Section 2.1.4(b).

"Analog" means, with respect to a compound, an analog, derivative, or modification thereof.

"Animal Health Commercial Products Know-How" means, for each Animal Health Commercial Product, any Product Know-How (excluding any Know-How that relates to any Shared Commercial Products or is used or held for use to manufacture products under any Master Manufacturing and Supply Agreement) owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date to the extent used or held for use by the corresponding Company Licensee for such Animal Health Commercial Product as of such LE Date.

"Animal Health Other R&D Products Know-How" means, for each Animal Health Other R&D Product, any Product Know-How owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date to the extent used or held for use by the corresponding Company Licensee for such Animal Health Other R&D Product as of such LE Date.

"Animal Health R&D Molecules Know-How" means, for each Animal Health R&D Molecules Product, any Compound Know-How (excluding any Know-How used or held for use to manufacture products under any Master Manufacturing and Supply Agreement) owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date to the extent used or held for use by the corresponding Company Licensee for such Animal Health R&D Molecules Product as of such LE Date.

"Animal Health R&D Molecules Product" means, for each Animal Health R&D Molecule (which, for clarity, excludes any Licensed Products), a pharmaceutical product that contains such Animal Health R&D Molecule (whether such Animal Health R&D Molecule is the sole active ingredient or in combination with other therapeutically active ingredients in such pharmaceutical product).

"Antibody A Product" means a biopharmaceutical product that contains one or more antibodies that, from time to time, the Parties identify as, and agree in writing are, antibodies contained in the Antibody A Product.

"Antibody A Product Know-How" means, for each Antibody A Product, any Compound Know-How owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date (a) to the extent used or held for use by the corresponding Company Licensee for such Antibody A Product as such LE Date or (b) that is New Antibody A Product Know-How that relates to such Antibody A Product, excluding in each of the foregoing (a) and (b), the Antibody A Product Patent Rights.

"Antibody A Product Patent Rights" means, for each Antibody A Product, to the extent owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date, all (a) Patent Rights that are filed after the Effective Date that Cover any Antibody A Product Know-How that relates to such Antibody A Product to the extent such Know-How exists as of such LE Date and such Patent Rights are filed by a Pfizer Licensor or any of its Affiliates; (b) the New Antibody A Product Patent Rights that Cover such Antibody A Product; (c) divisionals, continuations, and continuations-in-part that claim priority to any Patent Rights described in subsections (a) and (b) to the extent the claims thereof are entirely supported by such Patent Rights; (d) Patent Rights that issue from the patent applications described in subsections (a), (b) and (c); (e) reissues, renewals, extensions, or additions of the Patent Rights described in subsections (a), (b), (c) and (d); and (f) foreign equivalents of the Patent Rights described in subsections (a), (b), (c), (d) and (e).

"Antibody A Termination Notice" has the meaning set forth in Section 2.1.4(b).

"Anti-Protein X Current Animal Product" means a biopharmaceutical product that contains one or more antibodies that, from time to time, the Parties identify as, and agree in writing are, antibodies contained in an Anti-Protein X Current Animal Product.

"Anti-Protein X Current Human Product" means the product that, from time to time, the Parties identify as, and agree in writing is, the Anti-Protein X Current Human Product.

"Anti-Protein X Current Product Event" has the meaning set forth in Section 2.1.3(b)(i).

"Anti-Protein X Know-How" means, for each Anti-Protein X Restricted Product and Anti-Protein X Other Product, any Compound Know-How owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date (a) to the extent used or held for use by the corresponding Company Licensee for such Anti-Protein X Restricted Product or Anti-Protein X Other Product (as applicable) as of such LE Date or (b) that is New Anti-Protein X Know-How that relates to such Anti-Protein X Restricted Product or Anti-Protein X Other Product (as applicable), excluding in each of the foregoing (a) and (b), the Anti-Protein X Patent Rights.

"Anti-Protein X Other Products" means the products that, from time to time, the Parties identify as, and agree in writing are, Anti-Protein X Other Products.

"Anti-Protein X Patent Rights" means, for each Anti-Protein X Restricted Product and Anti-Protein X Other Product, to the extent owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date, all (a) Patent Rights that, from time to time, the Parties identify as, and agree in writing are, Anti-Protein X Patent Rights; (b) the New Anti-Protein X Patent Rights that Cover such Anti-Protein X Restricted Product or Anti-Protein X Other Product (as applicable); (c) divisionals, continuations, and continuations-in-part that claim priority to any Patent Rights described in subsections (a) and (b) to the extent the claims thereof are entirely supported by such Patent Rights; (d) Patent Rights that issue from the patent applications described in subsections (a), (b) and (c); (e) reissues, renewals, extensions, or additions of the Patent Rights described in subsections (a), (b), (c) and (d); and (f) foreign equivalents of the Patent Rights described in subsections (a), (b), (c), (d) and (e).

"Anti-Protein X Restricted Products" means the products that, from time to time, the Parties identify as, and agree in writing are, Anti-Protein X Restricted Products.

"Applicable Laws" means all applicable laws, statutes, rules, regulations, and guidelines, including all applicable standards or guidelines promulgated by any applicable Governmental Authority (including cGCP, cGMP, and cGLP).

"Assigned Patent Rights" has the meaning set forth in Section 13.1.6(b).

"Audited Party" has the meaning set forth in Section 5.3.1.

"Auditing Party" has the meaning set forth in Section 5.3.1.

"Bankruptcy Code" has the meaning set forth in Section 16.2.2.

"Biopharma Know-How" means, for each Biopharma Product, any Compound Know-How owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date (a) to the extent used or held for use by the corresponding Company Licensee for such Biopharma Product as of such LE Date or (b) that is New Biopharma Know-How that relates to such Biopharma Product, excluding in each of the foregoing (a) and (b), the Biopharma Patent Rights.

"Biopharma Patent Rights" means, for each Biopharma Product, to the extent owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date, all (a) Patent Rights that, from time to time, the Parties identify as, and agree in writing are, Biopharma Patent Rights; (b) Patent Rights that are filed after the Effective Date that Cover any Biopharma Know-How that relates to such Biopharma Product to the extent such Know-How exists as of such LE Date and such Patent Rights are filed by such Pfizer Licensor or any of its Affiliates; (c) the New Biopharma Patent Rights that Cover such Biopharma Product; (d) divisionals, continuations, and continuations-in-part that claim priority to any Patent Rights described in subsections (a), (b) and (c) to the extent the claims thereof are entirely supported by such Patent Rights; (e) Patent Rights that issue from the patent applications described in subsections (a), (b), (c) and (d); (f) reissues, renewals, extensions, or additions of the Patent Rights described in subsections (a), (b), (c), (d) and (e); and (g) foreign equivalents of the Patent Rights described in subsections (a), (b), (c), (d), (e) and (f).

"Biopharma Products" means the biopharmaceutical products that, from time to time, the Parties identify as, and agree in writing are, Biopharma Products.

"Calendar Quarter" means each successive three (3) calendar month period commencing on January 1, April 1, July 1, and October 1.

"Calendar Year" means each successive period of twelve (12) months commencing on January 1 and ending on December 31.

"Cell Line A" means (a) the cell line Controlled by Pfizer that, from time to time, the Parties identify as, and agree in writing is, Cell Line A or (b) any improvement, modification or derivative thereof.

"Cell Line A Derived Components" has the meaning set forth in Section 2.1.14(b).

"Cell Line A Know-How" means, to the extent owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date, all Know-How that is embodied in Cell Line A.

"Cell Line A Patent Rights" means, to the extent owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date, all (a) Patent Rights that, from time to time, the Parties identify as, and agree in writing are, Cell Line A Patent Rights, (b) Patent Rights that are filed after the Effective Date that Cover any Cell Line A Know-How to the extent such Know-How exists as such LE Date; (c) divisionals, continuations, and continuations-in-part that claim priority to any Patent Rights described in subsections (a) and (b) to the extent the claims thereof are entirely supported by such Patent

Rights; (d) Patent Rights that issue from the patent applications described in subsections (a), (b) and (c); (e) reissues, renewals, extensions, or additions of the Patent Rights described in subsections (a), (b), (c) and (d); and (f) foreign equivalents of the Patent Rights described in subsections (a), (b), (c), (d) and (e).

"cGCP" means the then current good clinical practice standards promulgated or endorsed by each applicable Regulatory Authority, including the guidelines promulgated by the applicable Governmental Authorities.

"cGLP" means the then current good laboratory practice standards promulgated or endorsed by each applicable Regulatory Authority, including the guidelines promulgated by the applicable Governmental Authorities.

"cGMP" means the then current good manufacturing practice standards promulgated or endorsed by each applicable Regulatory Authority, including the guidelines promulgated by the applicable Governmental Authorities.

"CMC Information" means the chemistry, manufacturing, and control information required for the submission of an INAD, Regulatory Approval Application, or IND.

"Company Business" means the business of discovery, research, development, manufacturing, formulation, licensing, marketing, distribution of, and leasing and/or selling of products, including pharmaceuticals (including pesticides), nutritionals, crop pesticides and biologicals (including vaccines, biologics, antibodies, hormones, large molecule therapeutics, proteins and peptides), diagnostic products, biodevices, genetic tests and services solely to the extent applicable to non-human animals for the Company Field, in each case, as conducted as of the Effective Date, but excluding all of the other products, services or businesses of Pfizer or any of its Affiliates, including Pfizer's human pharmaceutical, consumer health and nutrition businesses.

"Company Field" means the diagnosis, prevention, palliation, or treatment of any disease, disorder, syndrome, or condition (including pest infestation) in non-human animals solely for non-human animals (and not, for clarity, humans) and the use of pesticides on crops. For clarity, the Company Field (a) excludes uses in non-human animals for the research, development, manufacture, or commercialization of any products to diagnose, prevent, palliate, or treat any disease, disorder, syndrome or condition in humans and (b) includes the treatment of non-human animals that may indirectly impact the health of humans, including uses for food safety and/or environmental vector-borne disease control where such disease control may impact both non-human animals and humans.

"Company Licensee" means, with respect to:

(a) each Shared Commercial Product Patent Right, Biopharma Patent Right and Anti-Protein X Patent Right (excluding in each case, the New IP), that member of the Company Group that, from time to time, the Parties identify as, and agree in writing is, the Company Licensee thereof,

(b) any Antibody A Product Patent Right (excluding the New IP), New IP, and any Licensed Know-How (excluding the New IP), in each case, owned by a Pfizer Licensor, that member of the Company Group that corresponds to such Pfizer Licensor on Schedule 1.1(a),

(c) any Third Party IP, that member of the Company Group that, from time to time, the Parties identify as, and agree in writing is, the Company Licensee, and

(d) any New IP owned by a Company Licensee, such Company Licensee.

"Company Material Indebtedness" means any Indebtedness of the Company or of any Person whose Indebtedness the Company has guaranteed or for which the Company is otherwise obligated that is equal to or in excess of One Hundred Million U.S. Dollars ($100,000,000).

"Company Submissions" has the meaning set forth in Section 6.1.

"Company Termination Event" has the meaning set forth in Section 16.3.2.

"Compound Class" means a chemical class or group comprised of structurally related compounds which are homologs, isomers, analogs, or derivatives of one another, as reasonably determined by the applicable Pfizer Licensor.

"Confidential Information" has the meaning set forth in Section 7.1.

"Control" and "Controlled" means with respect to any Patent Rights, Know-How or tangible materials, possession by a Party or its Affiliates of the right (other than pursuant to a license granted under this Agreement), whether directly or indirectly, to grant rights

or access to, or to grant a license or a sublicense under, such Patent Rights, Know-How or tangible materials as provided for herein, without violating the terms of any agreement with, or rights of, a Third Party. For clarity, if a

Party or its Affiliates can only grant a license or sublicense or provide access or rights of limited scope, for a specific purpose or under certain conditions (including as a result of any Encumbrances), "Control" or "Controlled" shall be construed to so limit such license, sublicense or provision (as applicable).

"Controlling Party" has the meaning set forth in Section 13.2.4.

"Cover", "Covered" and "Covering" means, with respect to a Patent Right subject to this Agreement, in the absence of a license to a claim thereof, the research, development, manufacture, use, sale, offer for sale, or importation of the applicable invention, discovery, process, or product would infringe such claim (or, in the case of a claim that has not yet issued, would infringe such claim if it were to issue).

"Defense Action" has the meaning set forth in Section 13.3.1.

"Disclosing Party" has the meaning set forth in Section 7.1.

"Dispute" has the meaning set forth in Section 17.4.1.

"Dossier Controlling Party" has the meaning set forth in Section 6.3.2.

"Effective Date" has the meaning set forth in the Introduction.

"EMA" means the European Medicines Agency or any successor agency thereto.

"Encumbrance" means any Third Party restrictions or limitations (to the extent such restrictions or limitations exist as of the Effective Date) on a Pfizer Licensor's or its Affiliates' ability to grant a license or other rights to the applicable Company Licensee pursuant to this Agreement, including (a) the terms of any licenses granted by or to such Pfizer Licensor or any of its Affiliates, (b) the terms of any other agreements that relate to the Licensed IP and/or rights granted to the applicable Company Licensee hereunder, and (c) ownership by, or other rights of, a Third Party. The Encumbrances include any agreements that, from time to time, the Parties identify as, and agree in writing are, Encumbrances.

"Exclusive Licensed Patent Rights" means the Shared Commercial Product Patent Rights, Biopharma Patent Rights, Antibody A Product Patent Rights, and Anti-Protein X Patent Rights (to the extent that an Anti-Protein X Current Product Event has occurred and the sixty (60) day period following such Anti-Protein X Current Product Event has expired), excluding all Non-Exclusive Licensed Patent Rights.

"FCPA" has the meaning set forth in Section 8.4.1.

"FDA" means the United States Food and Drug Administration or any successor agency thereto.

"Filing Party" has the meaning set forth in Section 6.3.1.

"FTE" means the equivalent of a full-time individual's work time for a twelve (12) month period (consisting of eighteen hundred (1800) hours during such twelve (12) month period (excluding vacations and holidays)). For clarity, in the event that an individual works partially on an activity during a twelve (12) month period, the related FTE shall be determined on a pro rata basis according to the total number of hours such individual spent on such activity during such period.

"FTE Cost" means, for any period, the FTE Rate multiplied by the applicable number of FTEs in such period.

"FTE Rate" means the price of one (1) FTE to conduct the Prosecution Activities in connection with the Shared Commercial Product Patent Rights, Biopharma Patent Rights, Anti-Protein X Patent Rights and Antibody A Product Patent Rights per twelve (12) month period (consisting of eighteen hundred (1800) hours during such twelve (12) month period (excluding vacations and holidays)), which price shall be Two Hundred Fifty Thousand US Dollars (US$250,000.00).

"GAAP" means accounting principles generally accepted in the United States of America, as consistently applied.

"General Know-How" means, to the extent owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date, any Know-How (excluding Compound Know-How and Scheduled Other Know-How) of a general nature, such as general knowledge, ideas, concepts, know-how, or techniques that, as of such LE Date, (a) is in the possession of corresponding Company Licensee and (b) is used or held for use by such Company Licensee in the Company Business as such business is conducted

as of such LE Date. For clarity, General Know-How includes Know-How retained in the unaided memories of the Company Licensees' and their Affiliates' employees.

"Global Separation Agreement" means that certain Global Separation Agreement by and between Pfizer and the Company, dated on or about the date hereof.

"Government" has the meaning set forth in Section 8.4.2.

"Government Official" has the meaning set forth in Section 8.4.2.

"Governmental Authority" means any nation or government, any state, municipality, or other political subdivision thereof, or any entity, body, agency, commission, department,

board, bureau, court, tribunal, or other instrumentality, whether federal, state, local, regional, domestic, foreign, or multinational, exercising executive, legislative, judicial, regulatory, administrative, or other similar functions of, or pertaining to, government or any executive official thereof.

"Green Book Filings" means any submission to the FDA's Green Book as required under the Generic Animal Drug and Patent Term Restoration Act and any foreign equivalents thereof.

"INAD" means (a) an Investigational New Animal Drug Application (as defined by Applicable Law) submitted to the FDA for authorization for clinical investigation of a pharmaceutical product in the Company Field or (b) any foreign equivalent thereof that is submitted to applicable Regulatory Authorities in other countries or regulatory jurisdictions in the Territory.

"IND" means (a) an Investigational New Drug Application (as defined by Applicable Law) submitted to the FDA for authorization for clinical investigation of a pharmaceutical product in the Pfizer Field or (b) any foreign equivalent thereof that is submitted to applicable Regulatory Authorities in other countries or regulatory jurisdictions in the Territory.

"Indebtedness" of any Person means (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services, (f) all indebtedness of others secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, lien, pledge, or other encumbrance on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all guarantees by such Person of indebtedness of others, (h) all capital lease obligations of such Person and (i) all securities or other similar instruments convertible or exchangeable into any of the foregoing, but excluding daily cash overdrafts associated with routine cash operations.

"Indemnifying Party" has the meaning set forth in Section 9.2.1.

"Indemnitees" has the meaning set forth in Section 9.1.

"Indemnity Payment" has the meaning set forth in Section 9.2.1.

"Infringement Notice" has the meaning set forth in Section 13.2.1.

"Know-How" means all information and know-how, including clinical, technical, scientific, and medical information, practices, techniques, methods, processes, inventions, developments, specifications, formulations, structures, trade secrets, analytical and quality control information and procedures, pharmacological, toxicological, and clinical test data and results, stability data, studies and procedures, and regulatory information.

"Knowledge" has the meaning set forth in Schedule 1.1(b).

"LE Date" means, with respect to each Pfizer Licensor and Company Licensee, respectively, those dates set forth on Schedule 1.1(a).

"Licensed IP" means all (a) Licensed Patent Rights, (b) Licensed Know-How and (c) Third Party IP.

"Licensed Know-How" means all (a) Shared Commercial Product Know-How, (b) Biopharma Know-How, (c) Abandoned/ Assigned Patent Know-How, (d) Scheduled Other Know-How, (e) General Know-How, (f) New Know-How (to the extent owned and Controlled by a Pfizer Licensor), (g) Animal Health Commercial Products Know-How, (h) Animal Health Other R&D Products Know-How, (i) Animal Health R&D Molecules Know-How, (j) Antibody A Product Know-How, (k) Anti-Protein X Know-How, (l) Know-How that is included in the Third Party IP, (m) Material A Know-How and (n) Cell Line A Know-How.

"Licensed Patent Rights" means all (a) Shared Commercial Product Patent Rights, (b) Biopharma Patent Rights, (c) Anti-Protein X Patent Rights, (d) Antibody A Product Patent Rights, (e) New Patent Rights (to the extent owned and Controlled by a Pfizer Licensor), (f) Cell Line A Patents Rights and (g) Vaccine Y and Z Patent Rights.

"Licensed Product" means all (a) Abandoned/Assigned Patent Other Products; (b) Abandoned/Assigned Patent Scheduled Products; (c) Animal Health R&D Molecules Products; (d) Antibody A Products; (e) Biopharma Products, (f) Shared Commercial Products, (g) Anti-Protein X Restricted Products, (f) Anti-Protein X Other Products and (h) products that are Covered by, or contain, embody, or incorporate, any Third Party IP that is licensed to a Company Licensee hereunder.

"Master Manufacturing and Supply Agreement" means those certain Master Manufacturing and Supply Agreements entered into by the Parties as of October 1, 2012 (as amended from time to time).

"Material A" means the material Controlled by Pfizer that, from time to time, the Parties identify as, and agree in writing is, Material A.

"Material A Know-How" means, to the extent owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date, all Know-How that is embodied in Material A.

"New Antibody A Product IP" means the New Antibody A Product Know-How and the New Antibody A Product Patent Rights.

"New Antibody A Product Know-How" means any Know-How invented or otherwise generated by or on behalf of a Company Licensee, its Affiliates, or its Sublicensees in connection with exercising the license granted to such Company Licensee pursuant to Section 2.1.4 (excluding the New Antibody A Product Patent Rights).

"New Antibody A Product Patent Rights" means any Patent Rights that Cover any (a) Antibody A Product Know-How (excluding the Antibody A Product Patent Rights that have been filed as of the Effective Date) to the extent such Patent Right is filed by a Company Licensee or any of its Affiliates or (b) any Know-How invented or otherwise generated by or on behalf of a Company Licensee, its Affiliates or its Sublicensees in connection with exercising the license granted to such Company Licensee pursuant to Section 2.1.4.

"New Anti-Protein X IP" means the New Anti-Protein X Know-How and the New Anti-Protein X Patent Rights.

"New Anti-Protein X Know-How" means any Know-How invented or otherwise generated by or on behalf of a Company Licensee, its Affiliates, or its Sublicensees in connection with exercising the license granted to such Company Licensee pursuant to Section 2.1.3 (excluding the New Anti-Protein X Patent Rights).

"New Anti-Protein X Patent Rights" means any Patent Rights that Cover any Know-How invented or otherwise generated by or on behalf of a Company Licensee, its Affiliates or its Sublicensees in connection with exercising the license granted to such Company Licensee pursuant to Section 2.1.3.

"New Biopharma IP" means the New Biopharma Know-How and the New Biopharma Patent Rights.

"New Biopharma Know-How" means any Know-How invented or otherwise generated by or on behalf of a Company Licensee, its Affiliates, or its Sublicensees in connection with exercising the license granted to such Company Licensee pursuant to Section 2.1.2 (excluding the New Biopharma Patent Rights).

"New Biopharma Patent Rights" means any Patent Rights that Cover any (a) Biopharma Know-How (excluding the Biopharma Patent Rights that have been filed as of the Effective Date) to the extent such Patent Right is filed by a Company Licensee or any of its Affiliates or (b) any Know-How invented or otherwise generated by or on behalf of a Company Licensee, its Affiliates or its Sublicensees in connection with exercising the license granted to such Company Licensee pursuant to Section 2.1.2.

"New IP" means all (a) New Biopharma IP, (b) New Shared Commercial Product IP, (c) New Anti-Protein X IP and (d) New Antibody A Product IP.

"New Know-How" means all (a) New Biopharma Know-How, (b) New Shared Commercial Product Know-How, (c) New Anti-Protein X Know-How and (d) New Antibody A Product Know-How.

"New Patent Rights" means all (a) New Biopharma Patent Rights, (b) New Shared Commercial Product Patent Rights, (c) New Anti-Protein X Patent Rights and (d) New Antibody A Product Patent Rights.

"New Shared Commercial Product IP" means the New Shared Commercial Product Know-How and the New Shared Commercial Product Patent Rights.

"New Shared Commercial Product Know-How" means any Know-How invented or otherwise generated by or on behalf of a Company Licensee, its Affiliates, or its Sublicensees in connection with exercising the license granted to such Company Licensee pursuant to Section 2.1.1 (excluding the New Shared Commercial Product Patent Rights and any Know-How used or held for use to manufacture products under any Master Manufacturing and Supply Agreement).

"New Shared Commercial Product Patent Rights" means any Patent Rights (except any Patent Rights used or held for use to manufacture products under any Master Manufacturing and Supply Agreement) that Cover any (a) Shared Commercial Product Know-How (excluding the Shared Commercial Product Patent Rights that have been filed as of the Effective Date) to the extent such Patent Right is filed by a Company Licensee or any of its Affiliates or (b) any Know-How invented or otherwise generated by or on behalf of a Company Licensee, its Affiliates or its Sublicensees in connection with exercising the license granted to such Company Licensee pursuant to Section 2.1.1.

"New York Courts" has the meaning set forth in Section 17.4.2(c).

"Non-Controlling Party" has the meaning set forth in Section 13.2.4.

"Non-Exclusive Licensed Patent Rights" means those Patent Rights for which the Company's license is non-exclusive, including pursuant to Sections 13.1.3(b) and 13.1.6(c).

"Orange Book Filings" means (a) in the United States, any submissions to the FDA's publication, entitled Approved Drug Products with Therapeutic Equivalence Evaluations, as may be amended from time to time and any successor publication thereof and (b) outside the United States, any foreign equivalents thereof.

"Paragraph IV Certification" means any certification filed pursuant to 21 U.S.C. § 355(b)(2)(A)(iv), 21 U.S.C. § 355(j)(2)(A)(vii)(IV), or any comparable Applicable Law (or any amendment or successor statute thereto) in any country or regulatory jurisdiction in the Territory.

"Patent Rights" means all national, regional, and international patents, patent applications, invention disclosures, and all related continuations, continuations-in-part, divisionals, provisionals, renewals, reissues, re-examinations, additions, extensions (including all supplementary protection certificates), and all foreign equivalents thereof.

"Pfizer Field" means all fields other than the Company Field, including the diagnosis, prevention, palliation, or treatment of any disease, disorder, syndrome, or condition in humans.

"Pfizer Licensor" means, with respect to:

(a) each Shared Commercial Product Patent Right, Biopharma Patent Right, and Anti-Protein X Patent Right (excluding, in each case, the New Patent Rights), that member of the Pfizer Group that, from time to time, the Parties identify as, and agree in writing is, the Pfizer Licensor thereof,

(b) any New IP and any Licensed Know-How (excluding the New Know-How) that is licensed hereunder by a Pfizer Licensor, that member of the Pfizer Group that owns such Patent Rights and/or Know-How (as applicable),

(c) any Third Party IP, that member of the Pfizer Group that, from time to time, the Parties identify as, and agree in writing is, the Pfizer Licensor thereof, and

(d) any New IP owned by a Company Licensee, that member of the Pfizer Group identified as the Pfizer Licensor that corresponds to such Company Licensee on Schedule 1.1(a).

"Pfizer Material Indebtedness" means any Indebtedness of Pfizer or of any Person whose Indebtedness Pfizer has guaranteed or for which Pfizer is otherwise obligated that is equal to or in excess of Five Hundred Million U.S. Dollars ($500,000,000).

"Pfizer Submissions" has the meaning set forth in Section 6.2.

"Prosecuting Party" has the meaning set forth in Section 13.1.7.

"Prosecution Activities" has the meaning set forth in Section 13.1.1.

"Receiving Party" has the meaning set forth in Section 7.1.

"Records" has the meaning set forth in Section 4.2.

"Reference Filings" means, with respect to each Pfizer Licensor and Company Licensee, to the extent Controlled by the applicable Party**,** the INDs, INADs, Regulatory Approval Applications, Regulatory Approvals and any other regulatory filings, submissions, and approvals, including the CMC Information and quality, nonclinical, and clinical information included therein, with respect to the Licensed Products, submitted by or on behalf of such Pfizer Licensor or Company Licensee (as applicable), its respective Affiliates or with respect to such Company Licensee, the Sublicensees, to the applicable Regulatory Authority.

"Regulatory Approval" means the approval, registration, license, or authorization of a Regulatory Authority necessary for the manufacture, distribution, use, promotion and sale of a pharmaceutical or biological product for one or more indications in a country or

other regulatory jurisdiction in the Pfizer Field or the Company Field, including approval of New Drug Applications, Biologics License Applications and New Animal Drug Applications (each as defined by Applicable Law) in the United States and Marketing Authorisations (as defined by Applicable Law) in the European Union.

"Regulatory Approval Application" means an application that is submitted to a Regulatory Authority and the approval of which is necessary to obtain Regulatory Approval, including New Drug Applications and New Animal Drug Applications in the United States and Marketing Authorisations in the European Union.

"Regulatory Authority" means any supranational, federal, national, regional, state, provincial, or local regulatory agency, department, bureau, commission, council, or other government entity, that regulates or otherwise exercises authority with respect to manufacturing, research, development, or commercialization of pharmaceutical or biological products in any country or regulatory jurisdiction, including the FDA, USDA and EMA.

"Regulatory Documentation" means any Regulatory Approval Applications, Regulatory Approvals, and other regulatory submissions made by a Party to a Regulatory Authority.

"Regulatory Dossier" has the meaning set forth in Section 6.3.1.

"Request" has the meaning set forth in Section 17.4.1(a).

"Rules" has the meaning set forth in Section 17.4.2(a).

"Scheduled Other Know-How" means, to the extent owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date, any Know-How (excluding all Compound Know-How) that from time to time, the Parties identify as, and agree in writing is, Scheduled Other Know-How.

"Scripps Agreement" means the License Agreement, by and between the Scripps Research Institute and COVX Pharmaceuticals, which was effective as of April 12, 2002 (as amended from time to time).

"Scripps Improvement" has the meaning set forth in Section 2.1.12(b).

"Senior Executives" means those individuals set forth on Schedule 1.1(c) (or an equivalent or successor position thereof), as such position is understood by the Parties as of the Effective Date.

"Shared Commercial Product" means the products that, from time to time, the Parties identify as, and agree in writing are, Shared Commercial Products.

"Shared Commercial Product Know-How" means, for each Shared Commercial Product, any Compound Know-How (excluding any Know-How used or held for use to manufacture products under any Master Manufacturing and Supply Agreement) owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date (a) to the extent used or held for use by the corresponding Company Licensee for such Shared Commercial Product as of such LE Date or (b) that is

New Shared Commercial Product Know-How that relates to such Shared Commercial Product, excluding in each of the foregoing (a) and (b), the Shared Commercial Product Patent Rights.

"Shared Commercial Product Patent Rights" means, for each Shared Commercial Product, to the extent owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date, all (a) Patent Rights that, from time to time, the Parties identify as, and agree in writing are, Shared Commercial Product Patent Rights; (b) Patent Rights that Cover any Shared Commercial Product

Know-How that relates to such Shared Commercial Product to the extent such Know-How exists as of such LE Date and such Patent Rights are filed by such Pfizer Licensor or any of its Affiliates; (c) the New Shared

Commercial Product Patent Rights that Cover such Shared Commercial Product; (d) divisionals, continuations, and continuations-in-part that claim priority to any Patent Rights described in subsections (a), (b) and (c) to the extent the claims thereof are entirely supported by such Patent Rights; (e) Patent Rights that issue from the patent applications described in subsections (a), (b), (c) and (d); (f) reissues, renewals, extensions, or additions of the Patent Rights described in subsections (a), (b), (c), (d) and (e); and (g) foreign equivalents of the Patent Rights described in subsections (a), (b), (c), (d), (e) and (f), except, in each of the foregoing (a) through (g), any Patent Rights used or held for use to manufacture products under any Master Manufacturing and Supply Agreement.

"Sublicense Agreement" has the meaning set forth in Section 2.2.2.

"Sublicensee" has the meaning set forth in Section 2.2.1.

"Surviving Provisions" has the meaning set forth in Section 16.3.4.

"Term" has the meaning set forth in Section 16.1.

"Territory" means worldwide.

"Third Party" means a Person other than a Party or an Affiliate of a Party.

"Third Party Agreements" means, with respect to Licensed IP, those agreements that, from time to time, the Parties identify as, and agree in writing are, Third Party Agreements, excluding, for clarity, the Master Manufacturing and Supply Agreement.

"Third Party Claim" has the meaning set forth in Section 9.3.1.

"Third Party Infringement" has the meaning set forth in Section 13.2.1.

"Third Party IP" means, to the extent Controlled by the applicable Pfizer Licensor, the Patent Rights and Know-How that are licensed or sublicensed to Pfizer or any of its Affiliates pursuant to the Third Party Agreements.

"Third Party Payments" has the meaning set forth in Section 5.1.

"USDA" means the United States Department of Agriculture and any successor agency thereto.

"Vaccine Y and Z" shall mean the vaccines that, from time to time, the Parties identify as, and agree in writing are, Vaccine Y and Z.

"Vaccine Y and Z Patent Rights" means, to the extent owned and Controlled by the applicable Pfizer Licensor as of such Pfizer Licensor's LE Date, all (a) Patent Rights that, from time to time, the Parties identify as, and agree in writing are, Vaccine Y and Z Patent Rights; (b) divisionals, continuations, and continuations-in-part that claim priority to any Patent Rights described in subsection (a) to the extent the claims thereof are entirely supported by such Patent Rights; (c) Patent Rights that issue from the patent applications described in subsections (a) and (b); (d) reissues, renewals, extensions, or additions of the Patent Rights described in subsections (a), (b) and (c); and (e) foreign equivalents of the Patent Rights described in subsections (a), (b), (c) and (d).

2. LICENSES

2.1 Licenses to the Company Licensees.

2.1.1 **Shared Commercial Product Patent Rights and Shared Commercial Product Know-How**. Subject to the terms and conditions of this Agreement, with respect to each Shared Commercial Product, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), exclusive (including as to Pfizer and its Affiliates) license in, to, and under the applicable Shared Commercial Product Patent Rights and Shared Commercial Product Know-How to research, develop, make, have made, use, sell, offer for sale, export and import such Shared Commercial Product solely in the Company Field in the Territory; provided that such license shall not include rights to, and the applicable Company Licensee shall not, use the Shared Commercial Product Patent Rights or Shared Commercial Product Know-How to create, design, or synthesize any Analogs of any compounds included in the Shared Commercial Products or products containing such Analogs.

2.1.2 **Biopharma Patent Rights and Biopharma Know-How**. Subject to the terms and conditions of this Agreement, with respect to each Biopharma Product, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the

applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), exclusive (including as to Pfizer and its Affiliates) license in, to, and under the applicable Biopharma Patent Rights and Biopharma Know-How to research, develop, make, have made, use, sell, offer for sale, export and import such Biopharma Product solely in the Company Field in the Territory; provided that such license shall not include rights to, and the applicable Company Licensee shall not, use the Biopharma Patent Rights or Biopharma Know-How to create, design, or synthesize any Analogs of any compounds included in the Biopharma Products or products containing such Analogs.

2.1.3 **Anti-Protein X Patent Rights and Anti-Protein X Know-How**.

(a) **Anti-Protein X Other Products**. Subject to Section 2.1.3(b) and the other terms and conditions of this Agreement, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), non-exclusive license in, to, and under the Anti-Protein X Patent Rights and Anti-Protein X Know-How to research, develop, make, have made, use, sell, offer for sale, export and import the Anti-Protein X Other Products solely in the Company Field in the Territory.

(b) **Anti-Protein X Restricted Products**.

(i) The Company shall not, and shall ensure that the Company Licensees and each of their respective Affiliates shall not, research, develop, make, have made, use, sell, offer for sale, import or export (x) the Anti-Protein-X Current Human Product or (y) unless and until Pfizer provides the Company with written notice that an Anti-Protein X Current Product Event has occurred, any of the Anti-Protein X Restricted Products. For purposes of this Section 2.1.3(b), "Anti-Protein X Current Product Event" means (1) the FDA and the EMA have granted Regulatory Approval to Pfizer or any of its Affiliates for the Anti-Protein X Current Human Product in the Pfizer Field or (2) Pfizer provides the Company with written notice that it has terminated all research, development, manufacture and commercialization of the Anti-Protein X Current Human Product (and all foreign equivalents thereof) being, and contemplated to be, conducted by or on behalf of Pfizer and its Affiliates (including research, development, manufacturing and commercialization being conducted by, with or through a Third Party) as determined by Pfizer in its sole discretion.

(ii) Upon occurrence of an Anti-Protein X Current Product Event, Pfizer shall provide the Company with written notice thereof and upon providing such written notice, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee, a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), license in, to and under the Anti-Protein X Patent Rights and Anti-Protein X Know-How to research, develop, make, have made, use, sell, offer for sale, export and import the Anti-Protein X Restricted Products (including the Anti-Protein X Current Animal Product) solely in the Company Field in the Territory. Such license shall be (1) exclusive (including as to Pfizer and its Affiliates) with respect to the Anti-Protein X Current Animal Product and (2) non-exclusive with respect to the Anti-Protein X Restricted Products (other than the Anti-Protein X Current Animal Product).

2.1.4 **Antibody A Product Patent Rights and Antibody A Product Know-How**.

(a) Subject to Section 2.1.4(b) and the other terms and conditions of this Agreement, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), exclusive license in, to, and under the Antibody A Product Patent Rights and the Antibody A Product Know-How to research, develop, make, have made, use, sell, offer for sale, export and import Antibody A Products solely in the Company Field in the Territory; provided that such license shall not include rights to, and the applicable Company Licensee shall not, use the Antibody A Product Patent Rights or Antibody A Product Know-How to create, design, or synthesize any Analogs of any compounds in the Antibody A Products or products containing such Analogs.

(b) Notwithstanding Section 2.1.4(a), the Company hereby acknowledges and agrees (on behalf of itself and its Affiliates, including the Company Licensees) that Pfizer has the right (in its sole discretion) to terminate the license granted in Section 2.1.4 with respect to Antibody A Products upon thirty (30) days prior written notice to the Company ("Antibody A Termination Notice"); provided that upon such termination, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), exclusive license in, to, and under the Antibody A Product Patent Rights and the Antibody A Product Know-How to research, develop, make, have made, use, sell, offer for sale, export and import Alternative Antibody A Products solely in the Company Field in the Territory. For purposes of this Section 2.1.4(b), "Alternative Antibody A Product" means any biopharmaceutical product that contains the antibody selected by Pfizer (in its sole discretion) from the antibodies that, from

time to time, the Parties identify as, and agree in writing are, the antibodies subject to this provision, which antibody Pfizer shall specify in the Antibody A Termination Notice. Notwithstanding the foregoing, in the event and to the extent that such termination is not permitted by, or must be delayed to comply with, Applicable Law, the Parties shall discuss and mutually agree as to the appropriate mechanism by which to delay or wind-down (as applicable) and, upon Pfizer's request, transfer to Pfizer or any designated Third Party or Affiliate any activities related to the Antibody A Product.

2.1.5 **Abandoned/Assigned Patent Know-How**. Subject to the terms and conditions of this Agreement, with respect to each Abandoned/Assigned Patent Right, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), license in, to, and under the corresponding Abandoned/Assigned Patent Know-How to research, develop, make, have made, use, sell, offer for sale, export and import the corresponding Abandoned/Assigned Patent Scheduled Products and the Abandoned/Assigned Patent Other Products solely in the Company Field in the Territory. Such license shall be exclusive (including as to Pfizer and its Affiliates) with respect to the Abandoned/Assigned Patent Scheduled Products and non-exclusive with respect to the Abandoned/Assigned Patent Other Products.

2.1.6 **Animal Health Commercial Products Know-How**. Subject to the terms and conditions of this Agreement, with respect to each Animal Health Commercial Product (other than any Shared Commercial Products), Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), exclusive (including as to Pfizer and its Affiliates) license in, to, and under the applicable Animal Health Commercial Products Know-How to research, develop, make, have made, use, sell, offer for sale, export and import such Animal Health Commercial Product solely in the Company Field in the Territory.

2.1.7 **Animal Health Other R&D Products Know-How**. Subject to the terms and conditions of this Agreement, with respect to each Animal Health Other R&D Product, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), exclusive (including as to Pfizer and its Affiliates) license in, to, and under the applicable Animal Health Other R&D Products Know-How to research, develop, make, have made, use, sell, offer for sale, export and import such Animal Health Other R&D Product solely in the Company Field in the Territory.

2.1.8 **Animal Health R&D Molecules Know-How**. Subject to the terms and conditions of this Agreement, with respect to each Animal Health R&D Molecules Product, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), exclusive (including as to Pfizer and its Affiliates) license in, to, and under the applicable Animal Health R&D Molecules Know-How to research, develop, make, have made, use, sell, offer for sale, export and import such Animal Health R&D Molecules Product solely in the Company Field in the Territory. For clarity, the applicable Company Licensee shall have the right to use the Animal Health R&D Molecules Know-How to create, design, or synthesize any Analogs of any compounds included in the Animal Health R&D Molecules Product or products containing such Analogs.

2.1.9 **Scheduled Other Know-How**. Subject to the terms and conditions of this Agreement, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), non-exclusive license in, to, and under the Scheduled Other Know-How for all uses solely in the Company Field in the Territory. Pfizer agrees that it shall not, and shall cause each Pfizer Licensor not to, convey, sell, license or otherwise transfer any Scheduled Other Know-How for use in the Company Field to a Third Party until the earlier of (a) three (3) years after the date hereof and (b) termination of the R&D Agreement pursuant to Section 20.2 (other than Section 20.2.1(a) or 20.2.3(a)) and Section 20.3 of the R&D Agreement; provided that the foregoing restriction shall not apply to any conveyance, sale, license or transfer of any Scheduled Other Know-How that is part of a transaction or a series of transactions whereby a material portion of the assets (including any such Scheduled Other Know-How) that is the subject of such transaction or series of transactions is used, held for use or intended to be used in the Pfizer Field.

2.1.10 **General Know-How.** Subject to the terms and conditions of this Agreement, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), non-exclusive license in, to, and under the General Know-How for all uses solely in the Company Field in the Territory.

2.1.11 **Vaccine Y and Z**. Subject to the terms and conditions of this Agreement, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), non-exclusive license in, to, and under the Vaccine Y and Z Patent Rights to research, develop, make, have made, use, sell, offer for sale, export and import Vaccine Y and Z solely in the Company Field in the Territory.

2.1.12 **Third Party IP**.

(a) **License**. Subject to the terms and conditions of this Agreement (including any restrictions, limitations and obligations that, from time to time, the Parties identify and agree to in writing), Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a sublicense in, to, and under the Third Party IP for those uses that, from time to time, the Parties identify and agree to in writing to the extent that the applicable Pfizer Licensor has the right to grant such rights pursuant to the applicable Third Party Agreement. Unless the Parties otherwise agree in writing from time-to-time, such sublicense shall be royalty-free (excluding, for clarity, Third Party Payments, for which the Company Licensees shall be responsible in accordance with Section 5.1), fully paid-up and sublicensable (subject to Section 2.2).

(b) **Right of First Negotiation**. During the Term, each Company Licensee shall promptly notify the applicable Pfizer Licensor in writing in the event that it invents or otherwise generates any improvements, modifications, or upgrades to any Third Party IP that are licensed to a Pfizer Licensor pursuant to the Scripps Agreement or any Patent Rights that, from time to time, the Parties identify as, and agree in writing are, the Patent Rights to which this Section shall apply ("Scripps Improvements"). Upon receipt of such written notice from such Company Licensee, the applicable Pfizer Licensor shall have thirty (30) days to notify such Company Licensee that it intends to enter into negotiations with such Company Licensee to be granted exclusive rights with respect thereto. If such Pfizer Licensor does not so notify such Company Licensee in writing within such thirty (30) day period that it intends to enter into negotiations with such Company Licensee, then such Company Licensee shall be permitted to license any Patent Rights or Know-How that it Controls and that relates to the Scripps Improvements to any Third Party on any terms (subject to the terms and conditions of the Scripps Agreement). In the event that such Pfizer Licensor provides such Company Licensee with such a written notice that it intends to enter into negotiations with such Company Licensee, such Pfizer Licensor and such Company Licensee shall enter into good faith negotiations in order to conclude an agreement within ninety (90) days from expiration of the thirty (30) day period described in the foregoing sentence. In the event that such Pfizer Licensor and Company Licensee do not enter into a definitive written agreement within such ninety (90) day period, such Company Licensee may thereafter negotiate with any Third Parties; provided that such Company Licensee and its Affiliates may not enter into such an agreement with any Third Party on terms which, taken as a whole, are substantially identical to, or materially more favorable to such Third Party than, the terms last offered by such Company Licensee to such Pfizer Licensor.

2.1.13 **Material A**.

(a) **Consent to Supplier.** Pfizer hereby consents, and shall notify its supplier of Material A as of the Effective Date that it hereby consents, to such supplier supplying Material A to the Company or its designated Affiliate, subject to the terms and conditions agreed upon by such supplier and the Company.

(b) **Permitted Uses**. Pfizer hereby grants**,** and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, sublicensable (subject to Section 2.2), non-exclusive license in, to, and under the Material A Know-How solely to the extent necessary for such Company Licensee to make products using Material A; provided that such products are researched, developed, manufactured, used, sold, offered for sale, imported and exported solely in the Company Field in the Territory. Notwithstanding anything to the contrary, each Company Licensee shall not, and shall ensure that its Affiliates do not, (i) analyze Material A or any component thereof for, or attempt to determine, its chemical composition, or (ii) transfer Material A to any Third Party or otherwise provide a Third Party with access thereto. For clarity, Pfizer and its Affiliates (as applicable) retain all right, title and interest in, to and under Material A and the Material A Know-How and nothing herein shall be construed to transfer to, or create in, the Company or any other Company Licensee any ownership interest in the foregoing.

2.1.14 **Cell Line A**.

(a) **Transfer**. If Pfizer has not done so prior to the Effective Date, reasonably promptly following the Company's written request, Pfizer shall transfer to the Company samples of Cell Line A (as such cell line exists as of the Effective Date) in sufficient quantity (as reasonably determined by Pfizer) to allow the Company or its designated Affiliate to establish a viable quantity thereof solely for purposes of exercising the license set forth in Section 2.1.14(b).

(b) **License**. Pfizer hereby grants**,** and shall cause each Pfizer Licensor to grant, to the applicable Company Licensee a royalty-free, fully paid-up, non-exclusive license in, to, and under the Cell Line A Patent Rights and Cell Line A Know-How solely to the extent necessary for the Company to (i) use,

improve, modify, and create derivatives of Cell Line A to make a viable quantity of Cell Line A solely for use by the Company to the extent such use is expressly permitted hereunder, (ii) use Cell Line A to make intermediates therefrom and convert such intermediates into components of products solely for use in the Company Field to the extent such use is expressly permitted hereunder (the "Cell Line A Derived Components"), and (iii) research, develop, make, have made, use, sell, offer for sale, import and export products that contain the Cell Line A Derived Components solely for the Company Field in the Territory. Notwithstanding anything to the contrary, the Company shall not transfer Cell Line A to any Third Party or otherwise provide any Third Party with access thereto. Pfizer and its Affiliates (as applicable) retain all right, title and interest in, to and under Cell Line A, the Cell Line A Patent Rights and the Cell Line A Know-How and nothing herein shall be construed to transfer to, or create in, the Company or any other Company Licensee any ownership interest in the foregoing.

2.2 **Sublicense Rights**.

2.2.1 **Scope of Sublicenses**. Subject to the terms and conditions of this Agreement, the Company Licensees may sublicense the licenses and sublicenses granted pursuant to Section 2.1 to Affiliates and except with respect to the licenses granted under Section 2.1.13 and 2.1.14, Third Parties (each permitted sublicensee, a "Sublicensee"); provided that the Company shall, or shall cause the applicable Company Licensee to, (a) provide Pfizer with reasonable written notice (which shall be provided no less than ten (10) Business Days) prior to granting any such sublicense to a Third Party and such written notice shall identify the applicable Third Party Sublicensee (if any); and (b) upon Pfizer's reasonable written request, provide Pfizer with a list of all Affiliates that are Sublicensees as of the date of the applicable request. Granting a sublicense to a Sublicensee shall not relieve the Company Licensees of any of their obligations hereunder and the Company Licensees shall remain responsible and liable for their Sublicensees' compliance with all of the terms of this Agreement applicable to the Company Licensees, their Affiliates and their Sublicensees. Sublicensees may only grant further sublicenses if the Sublicensee granting, and the Person to whom it is granting, such further sublicense are each Affiliates of the Company Licensee that is granted a license pursuant to Section 2.1 and in the event of such a further sublicense, such Person being granted such sublicense shall be deemed to be a Sublicensee of such Company Licensee hereunder. For clarity, any sublicense granted pursuant to this Section shall be subject to the terms and conditions of any applicable agreements with any Third Parties.

2.2.2 **Sublicense Agreements**. Each Company Licensee shall, and shall cause each Sublicensee (as applicable) to, enter into a sublicense agreement with each of its Sublicensees (each, a "Sublicense Agreement"). Each Sublicense Agreement shall (a) be in writing if the applicable Sublicensee is a Third Party, (b) be subject to, and consistent with, the terms of this Agreement (including all Encumbrances), (c) preclude assignment of such Sublicense Agreement and sublicensing of the licenses granted under such Sublicense Agreement to any Third Parties without Pfizer's prior written consent, (d) terminate upon termination of this Agreement in accordance with the terms hereof, and (e) include Pfizer as an intended third party beneficiary with the right to enforce the terms of such Sublicense Agreement.

2.3 **Encumbrances**. The Company Licensees hereby acknowledge and agree that the licenses and other rights granted to the Company Licensees pursuant to this Agreement include rights to Patent Rights and Know-How that may be subject to the Encumbrances and, accordingly, all of the terms of this Agreement shall be subject to the Encumbrances. The Company Licensees shall, and shall ensure that their Affiliates and Sublicensees, comply with the Encumbrances. If any Pfizer Licensor's ability to grant the licenses and sublicenses granted pursuant to Section 2.1 requires first satisfying any preconditions, including obtaining a Third Party's consent, the Parties shall reasonably cooperate to satisfy such preconditions; provided that the Pfizer Licensors and their Affiliates shall not be obligated to breach any applicable agreement or offer to pay, or pay, any money or offer to incur, or incur, any non-monetary obligations to satisfy any such preconditions unless the applicable Company Licensee first agrees in a writing reasonably acceptable to the applicable Pfizer Licensor to pay such consideration and undertake all such obligations on the applicable Pfizer Licensor's behalf.

2.4 **Pfizer Rights and Obligations**.

2.4.1 **Restrictions on Pfizer**. The Pfizer Licensors and their Affiliates shall not have any rights in, to or under any Shared Commercial Product Patent Rights, Biopharma Patent Rights or Antibody A Product Patent Rights to research, develop, make, have made, use, sell, offer for sale, export or import in the Company Field any product that contains any specific compound that (a) is expressly disclosed as embodying the invention to which such Shared Commercial Product Patent Rights, Biopharma Patent Rights or Antibody A Product Patent Rights (as applicable) relate or (b) a Pfizer Licensor or any of its Affiliates obtains or otherwise identifies by analoging any compound described in the foregoing (a).

2.4.2. **New Patent Rights**. Subject to the terms and conditions of this Agreement, the Company hereby grants, and shall cause each Company Licensee to grant, to the applicable Pfizer Licensor a royalty-free, fully paid-up,

sublicensable, exclusive license in, to and under the New Patent Rights that are owned by such Company Licensee for all uses in the Pfizer Field in the Territory.

2.5 **Pfizer Licensors and Company Licensees**. To the extent this Agreement sets forth any obligations of any Pfizer Licensor or any Company Licensee, Pfizer and the Company, respectively, shall cause the applicable Pfizer Licensor and Company Licensee to comply with such obligations. Pfizer shall remain responsible and liable for each of the Pfizer Licensor's, and the Company shall remain responsible and liable for each of the Company Licensee's, compliance with all of the terms of this Agreement.

2.6 **No Implied Licenses and Retained Rights**.

2.6.1 **General**. Each Party reserves its and its Affiliates' (including, with respect to the Company, all Company Licensees' and, with respect to Pfizer, all Pfizer Licensors') rights in, to and under all Intellectual Property that are not expressly licensed hereunder (including, with respect to Pfizer and its Affiliates, all rights to the Licensed IP in the Pfizer Field). Without limiting the foregoing, this Agreement and the licenses and rights granted herein do not and shall not be construed to confer any rights upon either Party or its Affiliates by implication, estoppel, or otherwise as to any of the other Party's or its Affiliates' Intellectual Property, except as otherwise expressly set forth herein. Notwithstanding anything to the contrary herein, the Company hereby acknowledges that, with respect to the Licensed IP, each Pfizer Licensor and its Affiliates retain rights to exercise their rights and fulfill their obligations hereunder.

2.6.2 **R&D Agreement**. For clarity, and notwithstanding anything to the contrary herein, in the event that a Company Licensee would like to create, design, or synthesize any Analogs exercising any rights that are not expressly licensed hereunder, the Company shall have the right to request such rights in accordance with, and subject to, the terms of the R&D Agreement.

3. REGULATORY

3.1 **Ownership of Regulatory Documentation**. As between the Parties, each Company Licensee shall own, and, subject to this Article 3, shall have the exclusive right to prepare, submit, and maintain, all Regulatory Documentation that it submits to or receives from the Regulatory Authorities following the Effective Date with respect to the Licensed Products in the Company Field in the Territory (to the extent the applicable Company Licensee has rights hereunder with respect thereto). For clarity, as between the Parties, the Pfizer Licensors shall own all other Regulatory Documentation.

3.2 **Material Submissions and Correspondence**. As between the Parties, each Pfizer Licensor and each Company Licensee shall have the sole right, but not the obligation, to control all regulatory matters with respect to its Licensed Products in its respective field of use in the Territory within the scope of its rights with respect thereto, including the preparation, submission, and maintenance of all regulatory submissions; provided that upon the applicable Pfizer Licensor's reasonable request:

3.2.1 such Pfizer Licensor shall have the right to participate in all meetings with the Regulatory Authorities to the extent permitted by Applicable Law, and

3.2.2 such Company Licensee shall provide such Pfizer Licensor with a copy of (a) material communications from any Regulatory Authorities reasonably following receipt thereof, and (b) drafts of any material filings (including Regulatory Approval Applications) or responses to and communications with any Regulatory Authorities reasonably prior to submission to allow such Pfizer Licensor an opportunity to review and comment thereon (and such material communications, filings and responses shall be subject to such Pfizer Licensor's prior written approval, not to be unreasonably withheld). Such Pfizer Licensor shall provide any comments with respect to such communications, filings and responses to such Company Licensee as soon as reasonably practicable and such Company Licensee shall incorporate all such comments made by or on behalf of such Pfizer Licensor. In the event of a dispute between such Company Licensee and such Pfizer Licensor regarding such comments, such Pfizer Licensor shall have final decision-making authority. For clarity, such comments may include that submission of a Regulatory Approval Application should be delayed or is not permitted.

3.2.3 For purposes of this Section 3.2, the applicable Pfizer Licensor shall be deemed to have made a reasonable request if, at the time of such request, such Pfizer Licensor or any of its Affiliates is researching, developing, manufacturing or commercializing a compound or product that contains the same compound as the compound that is contained in the applicable Licensed Product.

3.3 **Costs and Expenses**. The Company Licensees shall be responsible for conducting all regulatory related activities with respect to the Licensed Products for the Company Field in the Territory that it is permitted to conduct hereunder solely at their own cost and expense.

4. RECORDS AND OPERATIONAL AUDIT RIGHTS

4.1 **Access to Certain Know-How**. Upon a Pfizer Licensor's request (which request shall be made no more than once per Calendar Quarter), the applicable Company Licensee shall, at its own expense, provide each such Pfizer Licensor with a copy of the Know-How generated during the previous Calendar Quarter with respect to the exercise of the licenses and other rights granted hereunder, and Licensed Products, that, from time to time, the Parties identify as, and agree in writing are, subject to this Section 4.1 (except to the extent such Know-How generated consists solely of improvements, modifications or upgrades to the Scheduled Other Know-How licensed pursuant to Section 2.1.9). Such Know-How shall be provided to such Pfizer Licensor in the format reasonably requested by such Pfizer Licensor in writing. The Parties shall meet to discuss any such results upon such Pfizer Licensor's reasonable request.

4.2 **Records** Each Company Licensee shall maintain, and shall ensure that its Affiliates and all Sublicensees maintain, complete and accurate records (in the form of technical notebooks and/or electronic files where appropriate) of all work conducted by or on behalf of the Company Licensee, its Affiliates, and its Sublicensees during, and in connection with, this Agreement (the "Records"). The Records, including any and all electronic and physical files where such information is contained, shall fully and properly reflect all work done and results achieved in exercising the rights granted hereunder in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes and in compliance with all Applicable Laws. Without limiting any other rights or remedies hereunder, during the Term and for three (3) years after this Agreement has expired or been terminated in its entirety, upon a Pfizer Licensor's reasonable request to the applicable Company Licensee, such Pfizer Licensor shall have the right to (a) review and copy the Records during normal business hours and (b) obtain access to originals of such Records, each of the foregoing (a) and (b), for patent or regulatory purposes or other legal proceedings or inquiries related to the Company's or any of its Affiliate's or Sublicensee's compliance with the FCPA, its internal compliance policies or any "corporate integrity" or similar agreement with any Governmental Authority to which either Party or its Affiliate is a party.

4.3 **Operational Audit Rights**. At any time, during the Term and for three (3) years after this Agreement has expired or been terminated in its entirety, during normal business hours and upon reasonable prior notice (which shall be no less than ten (10) Business Days), each Pfizer Licensor may send a reasonable number of qualified representatives of such Pfizer Licensor, its Affiliates, and/or a Third Party reasonably acceptable to the applicable Company Licensee to inspect such Company Licensee's, its Affiliates' and its Sublicensees' facilities used in connection with this Agreement and review the records and operations related to such Company Licensee's, its Affiliates' and its Sublicensees' exercise of their rights and performance of their obligations hereunder to ensure compliance with the terms hereof. Such audits shall occur no more than once per Calendar Year except to the extent that the applicable Pfizer Licensor has a reasonable, good faith belief, or a prior audit demonstrated, that the applicable Company Licensee or any of its Affiliates or Sublicensees failed to comply with any of their obligations hereunder. The applicable Pfizer Licensor shall be responsible for all costs associated with conducting an audit pursuant to this Section, except if such audit demonstrates, or the audit immediately preceding such audit demonstrated, that the applicable Company Licensee, its Affiliates or its Sublicensees failed to comply with any obligations hereunder (and in such circumstances, the applicable Company Licensee shall be responsible for all such costs and expenses). Each Company Licensee shall, and shall cause its Affiliates and its Sublicensees to, reasonably cooperate with any representatives conducting any such audit. Such audits shall be conducted in a manner to minimize interference with such Company Licensee's, its Affiliates' and its Sublicensees' performance of each of their businesses and their rights and obligations under this Agreement. Notwithstanding anything to the contrary in this Section, each Company Licensee may require that, to the extent applicable, (x) the representatives conducting an audit pursuant to this Section be accompanied by such Company Licensee's representatives at all times during any such audit, (y) such representatives do not enter areas of any facility not involved in this Agreement and (z) all such audits are conducted in accordance with the obligations set forth in Article 7.

5. THIRD PARTY PAYMENTS AND OTHER REIMBURSEMENT PROVISIONS

5.1 **Third Party Payments**. Any and all royalties, sublicense fees, milestones, and other amounts payable to Third Parties attributable to or arising from any Pfizer Licensor's or its Affiliates' grant of, or any Company Licensee's or any of its Affiliate's or its Sublicensees' exercise of, the licenses or other rights granted hereunder (collectively, "Third Party Payments") shall be the sole responsibility of the applicable Company Licensee. The Company Licensees shall pay all Third Party Payments to the applicable Third Parties directly, unless such payments must be made by a Pfizer Licensor or any of its Affiliates pursuant to the applicable agreement with such Pfizer Licensor or its Affiliate or otherwise, in which case, the Parties shall cooperate in good faith to ensure that the Third Party Payments are paid by the Company Licensees to such Pfizer Licensor in a manner that ensures such Pfizer Licensor's and its Affiliates' compliance with any obligations that they have to such Third Party.

5.2 **Late Payments**. Except as expressly provided to the contrary in this Agreement, any amount not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus 2%.

5.3 **Financial Records, Audits**.

5.3.1 **General**. Each Party (the "Audited Party") shall, and shall cause its applicable Affiliates and with respect to the Company, Sublicensees to, maintain complete and accurate records in accordance with GAAP and in sufficient detail to permit the other Party (the "Auditing Party") to confirm the accuracy of any payments (including Third Party Payments) made or required to be made to the Auditing Party or any of its Affiliates hereunder. During the Term and for three (3) years after this Agreement has expired or been terminated in its entirety, upon written notice to the Audited Party, such Auditing Party shall have the right, at its own expense, using an independent certified public accounting firm (that has been retained on an hourly or flat fee basis and receives no contingency fee or other bounty or bonus fee) selected by the Auditing Party and reasonably acceptable to such Audited Party to audit such Audited Party's, its Affiliates', and with respect to the Company, its Sublicensees' books and records during normal business hours not more than once during any Calendar Year, solely to verify the accuracy of any payments made or required to be made hereunder in respect of any Calendar Year ending not more than three (3) years prior to the date of such notice (provided that such restriction on the number of permitted audits per Calendar Year shall not apply to the extent that (a) the Auditing Party has a reasonable, good faith belief that the Audited Party or any of its Affiliates or with respect to the Company, Sublicensees failed to comply with any of their obligations hereunder or (b) a prior audit demonstrates that the Audited Party or any of its Affiliates or with respect to the Company, Sublicensees (as applicable) failed to comply with any of their obligations hereunder). Each Audited Party shall, and shall cause its Affiliates and with respect to the Company, Sublicensees to, reasonably cooperate with such audit. The independent certified public accounting firm shall prepare a report based on each such audit, a copy of which shall be sent or otherwise provided to the applicable Audited Party at the same time that it is sent or otherwise provided to the applicable Auditing Party, and such report shall contain the conclusions of such accounting firm and will specify that the amounts paid pursuant thereto were correct or, if incorrect, the amount of any underpayment or overpayment. The opinion of said independent accounting firm in connection therewith shall be binding on the Auditing Party, Audited Party, each of their respective Affiliates, and with respect to the Company, all Sublicensees, other than in the case of manifest error.

5.3.2 **Audit Fees and Expenses**. Each Auditing Party shall be responsible for any and all fees and expenses it incurs in connection with an audit conducted in accordance with Section 5.3.1; provided that, in the event that such an audit reveals an underpayment by the Audited Party or an overpayment by the Auditing Party and its Affiliates of more than five percent (5%) as to the period subject to such audit, such Audited Party shall reimburse the Auditing Party for its reasonable and documented out-of-pocket costs and expenses of such audit within thirty (30) days of the Auditing Party's invoice therefor.

5.3.3 **Payment of Deficiency/Overpayments**.

(a) If any audit conducted in accordance with Section 5.3.1 establishes that a Party or any of its Affiliates underpaid any amounts due to the other Party or any of its Affiliates under this Agreement, such Party shall pay such other Party any such deficiency within thirty (30) days of written notice thereof. For the avoidance of doubt, such payment shall be considered a late payment, subject to Section 5.2.

(b) If any audit conducted in accordance with Section 5.3.1 establishes that a Party or any of its Affiliates has overpaid any amounts due to the other Party or any of its Affiliates under this Agreement, such other Party shall, at such Party's sole discretion, (i) refund the excess payments to such Party within thirty (30) days of receipt of written notice thereof or (ii) offset all such excess payments against any outstanding and future amounts owed to such other Party hereunder.

6. RIGHTS OF REFERENCE

6.1 **Company Rights**. Upon a Company Licensee's reasonable written request, the applicable Pfizer Licensor shall, and shall cause its Affiliates to, provide each applicable Regulatory Authority with a letter of authorization that allows such Regulatory Authorities to access such Pfizer Licensor's and its Affiliates' Reference Filings submitted as of the Effective Date with respect to the Licensed Products solely to the extent necessary for such Regulatory Authority to approve the INADs, Regulatory Approval Applications and any necessary updates thereto that are submitted by or on behalf of such Company Licensee, its Affiliates or any of its Sublicensees for any Licensed Products in the Company Field in the Territory (to the extent that the applicable Company Licensee, its Affiliates or its Sublicensees has rights hereunder with respect thereto) (collectively, the "Company Submissions").

6.2 **Pfizer Rights**. Upon a Pfizer Licensor's reasonable written request, the applicable Company Licensee shall, and shall cause its Affiliates and its Sublicensees to, provide each applicable Regulatory Authority with a letter of authorization that allows such Regulatory Authorities to access such Company Licensee's, its Affiliates' and its Sublicensees' Reference Filings with respect to the Licensed Products solely to the extent necessary for such Regulatory Authority to approve the INDs, Regulatory Approval Applications and any necessary updates thereto that are submitted by or on behalf of such Pfizer Licensor or its Affiliates (including, for clarity, submissions made by, with or through a Third Party) for any Licensed Products in the Pfizer Field in the Territory (to the extent that the applicable Pfizer Licensor or its Affiliates has rights with respect thereto) (collectively, the "Pfizer Submissions").

6.3 **No Reference Filing**.

6.3.1 In the event that the Pfizer Licensors and their Affiliates, or the Company Licensees, their Affiliates and their Sublicensees, (as applicable) have not submitted a Reference Filing as described in Sections 6.1 or 6.2 (as applicable) to the applicable Regulatory Authorities, but have submitted such a Reference Filing to another Regulatory Authority, such Pfizer Licensor or Company Licensee (as applicable) or its applicable Affiliate shall prepare and if allowable by Applicable Law, submit a proprietary dossier of the CMC Information and quality, nonclinical and clinical information to the extent Controlled by the applicable Party (the "Regulatory Dossier") to the applicable Regulatory Authority to the extent necessary for such Regulatory Authority to approve, with respect to a Company Licensee, the Company Submissions and, with respect to a Pfizer Licensor, the Pfizer Submissions (each of a Pfizer Licensor and a Company Licensee, a "Filing Party"); provided that, if a Company Licensee is a Filing Party, the applicable Reference Filing has been submitted, and the information contained in the Regulatory Dossier exists, as of the Effective Date.

6.3.2 If submission of a Regulatory Dossier as described in Section 6.3.1 is not permitted by Applicable Law, then the Filing Party will provide the applicable Pfizer Licensor (if the Filing Party is a Company Licensee) or the applicable Company Licensee (if the Filing Party is a Pfizer Licensor) (such Pfizer Licensor and Company Licensee, the "Dossier Controlling Party") with a copy of the Regulatory Dossier solely for disclosure to the applicable Regulatory Authorities to the extent necessary for the applicable Regulatory Authorities to approve, with respect to a Company Licensee, the Company Submissions and, with respect to a Pfizer Licensor, the Pfizer Submissions. For clarity, the Dossier Controlling Party shall ensure that the Regulatory Dossier is disclosed to the Regulatory Authorities without any modifications except for translations to the local language required by Applicable Law.

6.3.3 Notwithstanding anything to the contrary in this Section 6.3, in the event that a Dossier Controlling Party has a reasonable, good faith belief that the Regulatory Authority to whom the applicable Regulatory Dossier will be disclosed will not maintain the confidentiality of any Confidential Information of the Dossier Controlling Party, the Dossier Controlling Party shall notify the other Party and (a) the Parties shall promptly discuss how to address such issue and (b) in no event will such Confidential Information be disclosed to the applicable Regulatory Authority against the reasonable, good faith objection of the Dossier Controlling Party.

6.4 **Confidentiality**. Any information disclosed pursuant to this Article 6 shall be subject to Article 7.

7. CONFIDENTIALITY

7.1 **Definition**. "Confidential Information" shall mean all Know-How, business or financial information, research and development activities, product and marketing plans, and customer and supplier information and all other confidential or proprietary information furnished by or on behalf of one Party or any of its Affiliates (including, with respect to Pfizer, the Pfizer Licensors and their Affiliates and, with respect to the Company, the Company Licensees, their Affiliates and Sublicensees) or its or their respective directors, officers, employees, agents, accountants, counsel or other advisors or representatives (each, a "Disclosing Party") to the other Party, any of its Affiliates (including, for clarity, with respect to Pfizer, the Pfizer Licensors and their Affiliates and, with respect to the Company, the Company Licensees, their Affiliates and Sublicensees) or its or their respective directors, officers, employees, agents, accountants, counsel or other advisors or representatives (each, a "Receiving Party") in connection with this Agreement, whether disclosed or provided prior to or after the Effective Date and whether provided orally, visually, electronically, or in writing. Notwithstanding the foregoing, Confidential Information, with respect to a Disclosing Party, shall not include:

7.1.1 information that is or becomes publicly known through no breach of this Agreement by the Receiving Party or any of its Affiliates, its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives;

7.1.2 information that was independently developed following the Effective Date by employees or agents of the Receiving Party or any of its Affiliates, its respective directors, officers, employees, agents, accountants, counsel and other

advisors and representatives who have not accessed or otherwise received the applicable Confidential Information from the Disclosing Party (before or after the Effective Date); provided that such independent development can be demonstrated by competent, contemporaneous written records of the Receiving Party or any of its Affiliates; and

7.1.3 information that becomes available to the Receiving Party or its Affiliates following the Effective Date on a non-confidential basis from a Third Party who is not bound directly or indirectly by a duty of confidentiality to the Disclosing Party; provided that, in each of the foregoing Sections 7.1.1 through 7.1.3, such information shall not be deemed to be within the foregoing exceptions merely because such information is embraced by more general knowledge that is publicly known or in the Receiving Party's possession, and no combination of features shall be deemed to be within the foregoing exceptions merely because individual features are publicly known or in the Receiving Party's possession, unless the particular combination itself and its principle of operations are in the public domain or in the Receiving Party's possession without the use of or access to Confidential Information.

7.2 **General Obligations**. The Receiving Party shall protect all Confidential Information of the Disclosing Party (including the Licensed Know-How) against unauthorized uses and disclosures, and disclose to Third Parties, using the same degree of care as the Receiving Party uses with respect to its own similar information (which in no event shall be less than a reasonable degree of care); provided that, notwithstanding anything to the contrary herein, the Company Licensees shall keep strictly confidential, and shall not disclose to any Person, the Confidential Information that, from time to time, the Parties identify as, and agree in writing is, Confidential Information that shall be keep strictly confidential.

7.3 **Disclosures to Sublicensees**. Each Company Licensee shall be permitted to disclose Pfizer's Confidential Information to Sublicensees (subject to Sections 2.2 and 7.2) to the extent reasonably necessary for such Company Licensee to exercise any sublicense rights that it has been granted hereunder; provided that such Sublicensees shall be subject to written obligations of confidentiality and restrictions on permitted use at least equivalent in scope to those set forth in this Article 7 and the Company shall be liable for any failure by any such Sublicensees to comply with the terms hereof.

7.4 **Disclosure to Intellectual Property Offices, Regulatory Authorities**. A Receiving Party may disclose Confidential Information of the Disclosing Party to (a) patent authorities to obtain or maintain Patent Rights to the extent such Receiving Party is expressly permitted to obtain or maintain such Patent Rights under this Agreement and (b) Regulatory Authorities to obtain or maintain any approval to conduct clinical trials or Regulatory Approvals with respect to a Licensed Product; provided that, with respect to the foregoing (a) and (b), such disclosure may be made only to the extent reasonably necessary to obtain or maintain such Patent Rights or obtain or maintain such approvals or Regulatory Approvals (as applicable) and the Receiving Party shall provide the Disclosing Party with written notice of such disclosure.

7.5 **Disclosures Required By Law**. In the event that the Receiving Party or any of its Affiliates either determines on the advice of its counsel that it is required to disclose any Confidential Information of the Disclosing Party pursuant to Applicable Law (including the rules and regulations of the Securities and Exchange Commission or any national securities exchange) or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide Confidential Information of the Disclosing Party (or any of its Affiliates) that is subject to the confidentiality obligations hereof, the Receiving Party shall notify the Disclosing Party prior to disclosing or providing such Confidential Information and shall cooperate at the expense of the Disclosing Party in seeking any reasonable protective arrangements (including by seeking confidential treatment of such Confidential Information) requested by the Disclosing Party. Subject to the foregoing, the Person that received such a request or determined that it is required to disclose Confidential Information of the Disclosing Party may thereafter disclose or provide such Confidential Information to the extent required by such Applicable Law (as so advised by counsel) or requested or required by such Governmental Authority; provided, however, that such Person provides the Disclosing Party, to the extent legally permissible, upon request with a copy of the Confidential Information so disclosed.

7.6 **erms of this Agreement**. The terms of this Agreement are deemed to be Confidential Information of each Party and shall be subject to the confidentiality obligations set forth in this Article 7; provided that each Party shall be permitted to disclose the terms of this Agreement to the extent reasonably necessary in connection with a potential or actual financing or assignment or sale of the business or assets related to this Agreement to the extent permitted hereunder; provided further that such Persons shall be subject to obligations of confidentiality and non-use (whether in writing or by operation of law) with respect thereto and the Party disclosing such Confidential Information shall be liable for any failure by any such Persons to comply with the confidentiality provisions hereof.

8. REPRESENTATIONS AND WARRANTIES; COVENANTS

8.1 **Representations and Warranties**. Except as otherwise set forth on Schedule 8.1, Pfizer (on behalf of itself and the Pfizer Licensors) and the Company (on behalf of itself and the Company Licensees) makes the representations and warranties set forth in this Section 8.1 to the other Party as of the Effective Date.

8.1.1 It is duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation. It has full corporate power and authority to execute, deliver, and perform under this Agreement.

8.1.2 This Agreement constitutes a valid and binding agreement enforceable against it in accordance with its terms (except as the enforceability thereof may be limited by Applicable Laws).

8.1.3 All consents, approvals, and authorizations from all Governmental Authorities required to be obtained by such Party in connection with the execution and delivery of this Agreement have been obtained.

8.2 **Disclaimer of Representations and Warranties**.

8.2.1 EXCEPT AS EXPRESSLY STATED IN THIS ARTICLE 8, NO PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF TITLE, NON-INFRINGEMENT, VALIDITY, ENFORCEABILITY, ABSENCE OR SCOPE OF ANY ENCUMBRANCES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE AND ALL SUCH REPRESENTATIONS AND WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. ALL KNOW-HOW PROVIDED BY PFIZER OR ITS AFFILIATES OR THE COMPANY OR ITS AFFILIATES OR SUBLICENSEES IS MADE AVAILABLE ON AN "AS IS" BASIS WITHOUT WARRANTY WITH RESPECT TO COMPLETENESS, COMPLIANCE WITH REGULATORY STANDARDS, REGULATIONS, OR ANY OTHER APPLICABLE LAW, OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER KIND OF WARRANTY WHETHER EXPRESS OR IMPLIED.

8.2.2 THE COMPANY HEREBY ACKNOWLEDGES AND AGREES (ON BEHALF OF ITSELF AND ITS AFFILIATES, INCLUDING THE COMPANY LICENSEES) THAT THE CONTENTS OF MATERIAL A AND CELL LINE A ARE EXPERIMENTAL IN NATURE, ARE FOR RESEARCH USE ONLY, MAY HAVE UNKNOWN CHARACTERISTICS, AND ARE NOT TO BE ADMINISTERED IN HUMANS IN ANY MANNER OR FORM. THE COMPANY SHALL, AND SHALL CAUSE ITS AFFILIATES AND SUBLICENSEES TO, USE PRUDENCE AND REASONABLE CARE IN THE USE, HANDLING, STORAGE, TRANSPORTATION, DISPOSITION, AND CONTAINMENT OF MATERIAL A AND CELL LINE A. ANY COMPOUNDS, MATERIALS, INFORMATION AND DATA PROVIDED BY PFIZER OR ITS AFFILIATES TO THE COMPANY OR ITS AFFILIATES OR GENERATED BY THE COMPANY, ITS AFFILIATES OR ITS SUBLICENSEES ARE MADE AVAILABLE FOR THE COMPANY, ITS AFFILIATES AND ITS SUBLICENSEES IN CONNECTION WITH THIS AGREEMENT ON AN "AS IS" BASIS, WITHOUT WARRANTY WITH RESPECT TO COMPLETENESS, COMPLIANCE WITH REGULATORY STANDARDS, REGULATIONS, OR ANY OTHER APPLICABLE LAW, OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER KIND OF WARRANTY WHETHER EXPRESS OR IMPLIED.

8.3 **Compliance with Laws**. Each Party shall comply, and shall cause its Affiliates (including, with respect to the Company, the Company Licensees and their Affiliates and, with respect to Pfizer, the Pfizer Licensors and their Affiliates) and with respect to the Company, all Sublicensees to comply, with all Applicable Laws in performing its and their obligations and exercising its and their rights pursuant to this Agreement.

8.4 **FCPA**.

8.4.1 With respect to the performance of its obligations hereunder and without limiting the generality of Section 8.3, each Party shall comply, and shall cause its Affiliates (including, with respect to Pfizer, the Pfizer Licensors and their Affiliates and, with respect to the Company, the Company Licensees and their Affiliates) to comply, with the United States Foreign Corrupt Practices Act of 1977 (as modified or amended and equivalent laws through the world, including the UK Bribery Act 2010) (the "FCPA"). Each Party represents and warrants (on behalf of itself and its Affiliates) to the other that, with respect to the performance of its and their respective obligations under this Agreement, it and they have not, and will not, directly or indirectly, offer or pay, or authorize such offer or payment of, any money, or transfer anything of value, to improperly seek to influence any Government Official, nor offer, pay, request, or accept bribes on behalf of the other Party or any of its Affiliates in order to gain an improper business advantage and will not accept in the future, such a payment or transfer.

8.4.2 Each Party represents, on behalf of itself and its Affiliates (including, with respect to Pfizer, the Pfizer Licensors and their Affiliates and, with respect to the Company, the Company Licensees and their Affiliates), that, to the best of its knowledge, no Government or Government Official is the beneficial owner of five percent (5%) or more of its or its Affiliates' securities and undertakes to inform the other Party in good faith (a) if the Party becomes aware, through an SEC Schedule 13D filing or otherwise, that a Government or Government Official has become the beneficial owner of five percent (5%) or more of its or its Affiliates' securities or (b) if a Government or Government Official comes into a position of authority within its or its Affiliates' structure that includes influence over decisions with respect to its or its Affiliates' business or any

products, payments or services provided under this Agreement. As used in this Section 8.4, "Government Official" means: (v) any elected or appointed government official (e.g., a member of a ministry of health), (w) any employee or person acting for or on behalf of a government official, agency, or enterprise performing a governmental function, (x) any political party officer, employee, or person acting for or on behalf of a political party or candidate for public office, (y) an employee or person acting for or on behalf of a public international organization, or (z) any person otherwise categorized as a government official under local law. "Government" is meant to include all levels and subdivisions of non-United States governments (i.e., local, regional, or national and administrative, legislative, or executive). Each Party will, and will cause its Affiliates to, update the covenant in this Section 8.4 if it or any of its employees becomes a Government Official or if a Government or Government Official becomes an owner of such Party or one or more of its Affiliates.

8.4.3 Each Party has in effect, and will maintain and enforce, a compliance and ethics program designed to prevent and detect violations of applicable anti-corruption laws throughout its operations (including Affiliates' operations) and the operations of its contractors, sub-contractors and Sublicensees that have responsibility for the Party's business or any products, payments or services provided hereunder.

8.4.4 Each Party has in effect, and will maintain and enforce, a system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts with respect to its and its Affiliates' business or any products, payments or services provided hereunder.

9. INDEMNIFICATION

9.1 **Indemnification**. Except as provided in Section 9.2, each Party shall indemnify, defend and hold harmless each of the other Party, its Affiliates and its and their respective directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Indemnitees") from and against any and all Losses of the Indemnitees relating to, arising out of or resulting from any of the following items (without duplication and including any such Losses arising by way of setoff, counterclaim or defense or enforcement of any Lien): (a) the research, development, manufacture, use, sale, offer for sale, import or export following the Effective Date of Licensed Products, Material A, Cell Line A, Cell Line A Derived Components, or any products related to Material A, Cell Line A or Cell Line A Derived Components by such Party, its Affiliates or with respect to the Company, any of its Sublicensees, (b) such Party's, its Affiliates' or with respect to the Company, any of its Sublicensees' (as applicable) exercise of any of its rights or performance of its obligations pursuant to the terms hereof (including for clarity, Section 2.3), (c) any personal injuries, death and/or property damages (including Losses associated with damage, disease or illness to livestock, or resulting from exposure or contact (through physical proximity, consumption or otherwise) to such livestock) resulting from the use of any Licensed Product, Material A or Cell Line A of such Party, any of its Affiliates or with respect to the Company, its Sublicensees, following the Effective Date, (d) the fraud, gross negligence, or willful misconduct of such Party, its Affiliates or with respect to the Company, its Sublicensees (as applicable) following the Effective Date, or (e) breach by such Party, its Affiliates or with respect to the Company, any of its Sublicensees (as applicable) of any provision of this Agreement, except to the extent any of the foregoing (a) through (e) was caused by any of the other Party's Indemnitees' fraud, gross negligence, or willful misconduct following the Effective Date or any Action for which the other Party has an obligation to indemnify such Party pursuant to this Section.

9.2 **Indemnification Obligations Net of Insurance Proceeds and Other Amounts**.

9.2.1 The Parties intend that any Loss subject to indemnification or reimbursement pursuant to this Article 9 will be net of Insurance Proceeds that actually reduce the amount of the Loss. Accordingly, the amount which any Party (an "Indemnifying Party") is required to pay to any Indemnitee will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in respect of the related Loss. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Loss and subsequently receives Insurance Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

9.2.2 An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other Third Party shall be entitled to a "wind-fall" (i.e., a benefit such insurer or other Third Party would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Nothing contained in this Agreement shall obligate any Person in any Group to seek to collect or recover any Insurance Proceeds.

9.2.3 Any Indemnity Payment made by the Company shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such Indemnity Payment, each Pfizer Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed. Any Indemnity Payment made by Pfizer

shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such Indemnity Payment, each Company Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed.

9.3 **rocedures for Indemnification of Third Party Claims**.

9.3.1 If an Indemnitee shall receive notice or otherwise learn of the assertion by a Third Party (including any Governmental Authority) of any claim or of the commencement by any such Third Party of any Action with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 9.1, or any other Section of this Agreement (collectively, a "Third Party Claim"), such Indemnitee shall give such Indemnifying Party written notice thereof as promptly as practicable (and in any event within forty-five (45) days) after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 9.3 shall not relieve the related Indemnifying Party of its obligations under this Article 9, except to the extent, and only to the extent, that such Indemnifying Party is materially prejudiced by such failure to give notice.

9.3.2 An Indemnifying Party may elect (but shall not be required) to defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel (which counsel shall be reasonably satisfactory to the Indemnitee), any Third Party Claim; provided that the Indemnifying Party shall not be entitled to defend and shall pay the reasonable fees and expenses of one separate counsel for all Indemnitees if the claim for indemnification relates to or arises in connection with any criminal action, indictment or allegation. Within forty-five (45) days after the receipt of notice from an Indemnitee in accordance with Section 9.3.1 (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions to its defense. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee; provided, however, in the event that (a) the Indemnifying Party has elected to assume the defense of the Third Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice or (b) the Third Party Claim involves injunctive or equitable relief, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnitees shall be borne by the Indemnifying Party.

9.3.3 If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in Section 9.3.2, such Indemnitee may defend such Third Party Claim at the cost and expense of the Indemnifying Party. Any legal fees and expenses incurred by the Indemnitee in connection with defending such claim shall be paid by the Indemnifying Party at the then applicable regular rates charged by counsel, without regard to any flat fee or special fee arrangement otherwise in effect between such counsel and the Indemnitee.

9.3.4 Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnitee may settle or compromise any Third Party Claim without the consent of the Indemnifying Party. If an Indemnifying Party has failed to assume the defense of the Third Party Claim within the time period specified in Section 9.3.2 above, it shall not be a defense to any obligation to pay any amount in respect of such Third Party Claim that the Indemnifying Party was not consulted in the defense thereof, that such Indemnifying Party's views or opinions as to the conduct of such defense were not accepted or adopted, that such Indemnifying Party does not approve of the quality or manner of the defense thereof or that such Third Party Claim was incurred by reason of a settlement rather than by a judgment or other determination of liability.

9.3.5 In the case of a Third Party Claim, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the consent of the Indemnitee if the effect thereof is (a) to permit any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against any Indemnitee or (b) to ascribe any fault on any Indemnitee in connection with such defense.

9.3.6 Notwithstanding the foregoing, the Indemnifying Party shall not, without the prior written consent of the Indemnitee, settle or compromise any Third Party Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnitee of a written release from all Liability in respect of such Third Party Claim.

9.4 **Additional Matters**.

9.4.1 Any claim on account of a Loss which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within

such thirty (30) day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such thirty (30) day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such Indemnitee as contemplated by this Agreement.

9.4.2 In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

9.4.3 In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant or otherwise hold the Indemnifying Party as party thereto, if at all practicable. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts' fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement with respect to such Third Party Claim.

9.5 **Remedies Cumulative**. The remedies provided in this Article 9 shall be cumulative and, subject to the provisions of Section 17.4, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party

9.6 **Survival of Indemnities**. The indemnity contained in this Article 9 shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of any Indemnitee; and (b) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification or contribution hereunder. The rights and obligations of each Party and their respective Indemnitees under this Article 9 shall survive the termination of any license granted hereunder.

9.7 **Intellectual Property**. Notwithstanding the foregoing Sections 9.1 through 9.6, in the event and to the extent that any Third Party Claim relates to or may affect or otherwise impair either Party's or a Third Party's ownership of or rights in or the validity or enforceability of or rights to use Intellectual Property hereunder, the prosecution and defense of such aspects of such Third Party Claim shall be governed by Article 12 and Article 13 to the extent that such Article addresses such prosecution or defense.

10. LIMITATIONS ON LIABILITY

10.1 **Consequential Damages Waiver**. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT WILL EITHER PARTY OR ANY OF ITS AFFILIATES (INCLUDING WITH RESPECT TO THE COMPANY, ANY COMPANY LICENSEES OR ANY OF THEIR AFFILIATES AND WITH RESPECT TO PFIZER, ANY PFIZER LICENSORS OR ANY OF THEIR AFFILIATES) BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOST PROFITS SUFFERED BY AN INDEMNITEE, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, IN CONNECTION WITH ANY DAMAGES ARISING HEREUNDER; PROVIDED, HOWEVER, THAT TO THE EXTENT AN INDEMNITEE IS REQUIRED TO PAY ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES OR LOST PROFITS TO A PERSON WHO IS NOT THE OTHER PARTY OR AN AFFILIATE OF THE OTHER PARTY IN CONNECTION WITH A THIRD PARTY CLAIM, SUCH DAMAGES WILL CONSTITUTE DIRECT DAMAGES AND NOT BE SUBJECT TO THE LIMITATION SET FORTH IN THIS ARTICLE 10.

11. INSURANCE

11.1 **Obligations to Maintain Insurance**. The Company shall maintain during the Term and for five (5) years after termination or expiration of this Agreement, commercial general liability insurance from a minimum "A-" AM Best rated insurance company, including contractual liability and product liability or clinical trials, if applicable, with coverage that, from time to time, the Parties identify, and agree in writing. The Company has the right to provide the total coverage required by any combination of primary and umbrella/excess coverage. Each such insurance policy shall name Pfizer and its Affiliates as additional insured and provide a waiver of subrogation in favor of Pfizer and its Affiliates. Such insurance policies shall be primary and non-contributing with respect to any other similar insurance policies available to Pfizer or its Affiliates. The Company shall be responsible for its own deductibles or retentions. For clarity, the minimum level of insurance set forth herein shall not be construed to create a limit on the Company's liability hereunder.

11.2 **Policy Notification**. The Company shall provide Pfizer with original certificates of insurance (which, for clarity, may be provided in electronic form) evidencing the insurance requirements set forth in Section 11.1 (a) prior to execution by both Parties of this Agreement, and (b) on an annual basis. Pfizer shall be provided at least thirty (30) days (ten (10) days in the case of cancellation for non-payment of premium) written notice prior to cancellation, termination, or any material change to restrict the coverage or reduce the limits afforded.

12. INTELLECTUAL PROPERTY RIGHTS

12.1 **Ownership of Licensed IP and New Patent Rights**.

12.1.1 **Licensed IP**. Subject to Section 12.1.2, as between the Pfizer Licensors and the Company Licensees, the Pfizer Licensors shall own and retain all right, title, and interest in, to, and under all Licensed IP (excluding the New IP, which is subject to Section 12.1.2), Material A, and Cell Line A.

12.1.2 **New Patent Rights**. Notwithstanding Section 12.1.1, as between the Pfizer Licensors and the Company Licensees, (a) a Company Licensee shall own and retain all right, title, and interest in, to, and under all New IP that relates exclusively to the Company Field, and (b) a Pfizer Licensor shall own and retain all right, title and interest in, to and under all other New IP.

12.1.3 **Assignment**. In the event that any Pfizer Licensor or Company Licensee (as applicable), or any of its Affiliates or Sublicensees, has been assigned or otherwise obtains or has ownership of any Licensed IP, any other New IP, Material A or Cell Line A in contravention of Section 12.1.1 or 12.1.2 (as applicable) or the other terms hereof, such Pfizer Licensor or Company Licensee (as applicable) hereby assigns, and shall cause its Affiliates and Sublicensees (as applicable) to assign, to the applicable Company Licensee or Pfizer Licensor its entire right, title, and interest in, to, and under such Patent Rights, Know-How, Material A and Cell Line A and hereby waives, and shall cause its Affiliates and Sublicensees to waive, any ownership in the foregoing if such assignment does not take effect immediately for any reason. Each Pfizer Licensor and Company Licensee (as applicable) shall, and shall cause its applicable Affiliates and Sublicensees to, execute any and all assignments and other documents necessary to perfect or record the applicable Pfizer Licensor's or Company Licensee's (or if specified by such Pfizer Licensor or Company Licensee, its Affiliate's) right, title, and interest in, to, and under such Patent Rights, such Know-How, Material A and Cell Line A. Each Pfizer Licensor and Company Licensee further agrees to execute, and cause its applicable Affiliates and Sublicensees to execute, all further documents and assignments and do all such further things as may be necessary to perfect the applicable Pfizer Licensor's or Company Licensee's (as applicable) (or if specified by such Pfizer Licensor or Company License, its Affiliate's) title to such Patent Rights, such Know-How, Material A and Cell Line A or to register the applicable Pfizer Licensor or Company Licensee (as applicable) (or if specified by such Pfizer Licensor or Company Licensee, its Affiliate) as the exclusive owner of any applicable registrable rights.

13. PROSECUTION AND MAINTENANCE

13.1 **Patent Filing, Prosecution, and Maintenance**.

13.1.1 **Licensed Patent Rights**. As between the Parties and, subject to Section 13.1.4, the Pfizer Licensors shall have the sole right and authority (but not the obligation) to prepare, file, prosecute (including conduct any oppositions, interferences, reissue proceedings, reexaminations, and post-grant proceedings), and maintain (such activities, the "Prosecution Activities") the Licensed Patent Rights, in any country or regulatory jurisdiction in the Territory. For purposes of this Agreement, the Prosecution Activities shall include the right to determine whether or not to file an application for Patent Rights on any Licensed IP. Notwithstanding the foregoing, in the event that a Company Licensee would like to file new applications for the New Patent Rights that a Pfizer Licensor owns in accordance with Section 12.1.2(b), such Company Licensee shall notify such Pfizer Licensor in writing and such Company Licensee and such Pfizer Licensor shall discuss an appropriate mechanism for filing and prosecuting such Patent Rights (subject to such Pfizer Licensor's consent with respect thereto, not to be unreasonably withheld or delayed).

13.1.2 **New Patent Rights Owned by the Company Licensees**. As between the Parties, upon providing its corresponding Pfizer Licensor with written notice, each Company Licensee shall have the sole right and authority (but not the obligation) to file new applications for the New Patent Rights that such Company Licensee owns in accordance with Section 12.1.2(a) in the Territory and conduct all other Prosecution Activities with respect thereto; provided that, such Company Licensee shall provide notice to such Pfizer Licensor thirty (30) days prior to the filing of any such new application and (a) after a request by and consultation with such Pfizer Licensor, such Company Licensee shall modify the scope or delay the filing (as applicable) of any such New Patent Rights (as applicable) if such Pfizer Licensor believes, in its good faith, sole discretion, that the requested scope of such New Patent Rights or timing proposed by such Company Licensee may adversely affect Patent Rights (including Patent Rights that have not been filed) that relate to research, development, manufacture or commercialization being conducted by or on behalf of any Pfizer Licensor or its Affiliates (including by, with or through a

Third Party) and (b) with respect to New Anti-Protein X Patent Rights and New Antibody A Product Patent Rights, upon the reasonable request of a Pfizer Licensor, the applicable Company Licensee shall provide such Pfizer Licensor with a copy of any material communications from, and drafts of any material filings or responses to, the patent authorities in the applicable countries or regulatory jurisdictions, regarding such Patent Rights, reasonably prior to submission thereof to such patent authorities to allow such Pfizer Licensor an opportunity to review and comment thereon. With respect to the foregoing (b), such Pfizer Licensor shall provide any comments with respect to such communications, filings and responses to such Company Licensee as soon as reasonably practicable and such Company Licensee shall reasonably consider and incorporate all such comments made by or on behalf of such Pfizer Licensor, unless the Company Licensee reasonably believes that such comments may materially adversely impact the Prosecution Activities for the applicable Patent Right.

13.1.3 **Costs and Expenses**.

(a) As between the Parties, (i) for any Exclusive Licensed Patent Rights or Assigned Patent Rights in the Territory that do not relate solely to the Company Field, each Company Licensee shall be responsible for fifty percent (50%) of all reasonable costs and expenses (including all out-of-pocket costs and expenses and FTE Costs) actually incurred by or on behalf of the applicable Pfizer Licensor or Company Licensee and its respective Affiliates in connection with the Prosecution Activities therefor (and, for clarity, such Pfizer Licensor shall be responsible for the remaining fifty percent (50%) of such costs and expenses), (ii) for any Exclusive Licensed Patent Rights or Assigned Patent Rights in the Territory that relate solely to the Company Field, each Company Licensee shall be responsible for one hundred percent (100%) of all reasonable costs and expenses (including all out-of-pocket costs and expenses and FTE Costs) actually incurred by or on behalf of the applicable Pfizer Licensor or Company Licensee and its respective Affiliates in connection with the Prosecution Activities therefor and (iii) each Company Licensee shall be responsible for all costs and expenses actually incurred by or on behalf of such Company Licensee and its Affiliates in connection with the Prosecution Activities for any New Patent Rights that such Company Licensee owns in accordance with Section 12.1.2(a).

(b) Notwithstanding the foregoing Section 13.1.3(a) and subject to Section 13.1.6(c), the Company Licensees shall have the right to cease paying or refuse to pay any costs and expenses incurred in connection with the Prosecution Activities for any Exclusive Licensed Patent Rights or Assigned Patent Rights by providing the applicable Pfizer Licensor with written notice thereof (and following the date of such written notice, the applicable Company Licensee shall no longer be obligated to pay such costs and expenses for such Patent Right); provided that, as of the date of such notice, (i) any such Exclusive Licensed Patent Rights shall be deemed to be Non-Exclusive Licensed Patent Rights for purposes of this Agreement, (ii) the license granted to the applicable Company Licensee with respect to such Exclusive Licensed Patent Rights pursuant to Section 2.1 shall convert to a non-exclusive license, and (iii) such Pfizer Licensor shall have the right to continue prosecution and maintenance at its sole discretion and expense pursuant to Section 13.1.6(c), or forego prosecution and maintenance of, and abandon, the applicable Patent Rights or if the applicable Pfizer Licensor has delegated the Prosecution Activities for or assigned the applicable Exclusive Licensed Patent Right to such Company Licensee in accordance with Section 13.1.6 prior to the date of such Pfizer Licensor's notice, such Pfizer Licensor shall have the right to direct the applicable Company Licensee to forego prosecution and maintenance of, and abandon, the applicable Patent Rights.

(c) Notwithstanding the foregoing Section 13.1.3(a), a Pfizer Licensor may, at any time, decide to forego paying for any costs or expenses of the Prosecution Activities of any Exclusive Licensed Patent Rights for which the Prosecution Activities have been delegated to a Company Licensee or that have become Assigned Patent Rights in accordance with Section 13.1.6; provided that such Company Licensee agrees to assume all such costs and expenses by promptly providing such Pfizer Licensor with written notice thereof (which shall be provided within no less than ten (10) Business Days of the notice from such Pfizer Licensor specifying that it has decided to forego paying for such costs and expenses), and following the date of such notice, such Pfizer Licensor shall no longer be obligated to pay such costs and expenses. For clarity, such Company Licensee shall have the right to refuse to assume such costs and expenses in accordance with Section 13.1.3(b); provided that such Company Licensee promptly provides such Pfizer Licensor with written notice thereof no less than ten (10) Business Days of the notice from such Pfizer Licensor specifying that it has decided to forego paying for such costs and expenses.

13.1.4 P**rosecution Requests**. Each Pfizer Licensor shall reasonably consider any request by the applicable Company Licensee that such Pfizer Licensor or any of its Affiliates file or continue to prosecute any Exclusive Licensed Patent Rights in a specific country or regulatory jurisdiction in the Territory; provided that such Pfizer Licensor may grant such request in its sole discretion and, in all instances, shall have the right, after consultation with such Company Licensee, to

modify the scope or delay the filing of any such Patent Right requested by such Company Licensee if, in its good faith, sole discretion, such Pfizer Licensor believes the requested scope of the Patent Right or timing proposed by such Company Licensee may adversely affect Patent Rights (including Patent Rights that have not been filed) that relate to research, development, manufacture or commercialization being conducted by or on behalf of Pfizer or its Affiliates (including by, with or through a Third Party).

13.1.5 **Material Communications**.

(a) With respect to Exclusive Licensed Patent Rights, the applicable Pfizer Licensor shall provide the applicable Company Licensee with a copy of any material communications from, and drafts of any material filings or responses to, the patent authorities in the applicable countries or regulatory jurisdictions, regarding such Patent Rights, reasonably prior to submission thereof to allow such Company Licensee an opportunity to review and comment thereon (and such Pfizer Licensor shall reasonably consider any such comments made by or on behalf of such Company Licensee, subject to such Pfizer Licensor's final decision-making authority).

(b) With respect to New Patent Rights that are owned by a Company Licensee in accordance with Section 12.1.2(a), such Company Licensee shall provide its corresponding Pfizer Licensor with a copy of any material communications from, and drafts of any material filings or responses to, the patent authorities in the applicable countries or regulatory jurisdictions, regarding such Patent Rights, reasonably prior to submission thereof to allow such Pfizer Licensor an opportunity to review and comment thereon (and such material communications, filings and responses shall be subject to such Pfizer Licensor's approval, not to be unreasonably withheld). Such Pfizer Licensor shall provide any comments with respect to such communications, filings and responses to such Company Licensee as soon as reasonably practicable and such Company Licensee shall incorporate all such comments made by such Pfizer Licensor. In the event of a dispute between such Company Licensee and such Pfizer Licensor regarding such comments, such Pfizer Licensor shall have final decision-making authority.

13.1.6 **Delegation of Prosecution Activities and Assignment of Patent Rights**. Upon written notice to the applicable Company Licensee, each Pfizer Licensor shall have the right to (in its sole discretion) delegate Prosecution Activities for, or assign, the Exclusive Licensed Patent Rights, to such Company Licensee in accordance with this Section 13.1.6. For clarity, and notwithstanding anything to the contrary, such Pfizer Licensor shall have the right to abandon any patent application in its sole discretion without delegating or assigning such patent application and shall not be obligated to pay any further costs or expenses, if it has obtained allowance or grant of another patent in the relevant country or regulatory jurisdiction Covering the relevant Licensed Product or has another patent application pending in such country or regulatory jurisdiction in which such coverage will be pursued.

(a) If the applicable Pfizer Licensor delegates to the applicable Company Licensee its rights and obligations to conduct the Prosecution Activities with respect to any Exclusive Licensed Patent Rights in accordance with this Section 13.1.6, such Company Licensee shall perform such activities on such Pfizer Licensor's behalf (including by using an in-house counsel or outside counsel reasonably acceptable to such Pfizer Licensor). Following such a delegation, such Company Licensee shall provide such Pfizer Licensor with a copy of any material communications from, and drafts of any material communications, filings or responses to, the patent authorities in the applicable countries or regulatory jurisdictions, regarding such Patent Rights, reasonably prior to submission to allow such Pfizer Licensor an opportunity to review and comment thereon. Such Company Licensee shall incorporate all such comments made by or on behalf of such Pfizer Licensor. In the event of a dispute between such Pfizer Licensor and such Company Licensee regarding such comments, such Pfizer Licensor shall have final decision-making authority.

(b) If the applicable Pfizer Licensor assigns any Exclusive Licensed Patent Rights to the applicable Company Licensee (any such assigned Patent Rights, the "Assigned Patent Rights"), (i) such Patent Rights shall no longer be Shared Commercial Product Patent Rights, Biopharma Patent Rights, Anti-Protein X Patent Rights or Antibody A Product Patent Rights (as applicable) hereunder; provided that pharmaceutical products that are Covered by such Patent Rights shall continue to be Licensed Products as if such pharmaceutical products would have been Licensed Products had such assignment not occurred and all obligations of such Company Licensee hereunder with respect to such Licensed Product shall continue and (ii) such Company Licensee hereby grants such Pfizer Licensor a license to such Assigned Patent Rights, which license shall be exclusive (including as to such Company Licensee and its Affiliates) for all uses in the Pfizer Field and the Company Field (excluding those uses within the scope of such Company Licensee's exclusive license granted pursuant to Section 2.1) throughout the Territory.

(c) If, following any such delegation of Prosecution Activities for, or assignment of, Exclusive Licensed Patent Rights, the applicable Company Licensee elects to forego prosecution or maintenance of such Patent Rights (including because such Company Licensee no longer would like to pay the costs and expenses associated therewith), such Company Licensee shall provide the applicable Pfizer Licensor written notice of such determination at least forty-five (45) days before any deadline for taking action to avoid abandonment (or other loss of rights) and such Pfizer Licensor shall have the right to (A) continue prosecution and maintenance at its sole discretion and expense, (B) direct such Company Licensee to forego prosecution or maintenance of such Patents Rights and/or (C) with respect to the Assigned Patent Rights, be assigned such Company Licensee's entire right, title and interest in, to and under the applicable Patent Right. In the event that an Assigned Patent Right is assigned to such Pfizer Licensor pursuant to the foregoing sentence, such Company Licensee shall be granted a license that is commensurate in scope with the license granted pursuant to Section 2.1, except (X) that such license shall be non-exclusive and the applicable Patent Right shall be deemed to be a Non-Exclusive Licensed Patent Right and (Y) pharmaceutical products that are Covered by such Patent Right shall continue to be Licensed Products if such pharmaceutical products would have been Licensed Products had such assignment not occurred and all obligations of such Company Licensee hereunder with respect to such Licensed Product shall continue.

13.1.7 **Cooperation in Prosecution Activities**. Upon the request of the Party that is responsible for the Prosecution Activities in accordance with this Section 13.1 (the "Prosecuting Party"), the other Party shall provide such Prosecuting Party with reasonable assistance and cooperation with respect to such Prosecution Activities of the Licensed IP, including providing any necessary powers of attorney, filings and any other assignment documents or instruments for such prosecution.

13.1.8 **Orange Book and Green Book Listings**. As between the Parties, each Company Licensee shall have sole responsibility for, and control with respect to, the content and submission of any Green Book Filings for any Licensed Products that are being commercialized by or on behalf of it or its Affiliates, and each Pfizer Licensor and its Affiliates shall have sole responsibility for, and control with respect to, the content and submission of any Orange Book Filings for any Licensed Products that are being commercialized by or on behalf of it, its Affiliates or any of its Sublicensees. Notwithstanding the foregoing, in the event that a Company Licensee or any of its Affiliates or Sublicensees are developing or commercializing (including by, with or through a Third Party) a Licensed Product that is Covered by a Licensed Patent Right that also Covers a Licensed Product that is being researched, developed, manufactured or commercialized by or on behalf of a Pfizer Licensor or its Affiliates (including by, with or through a Third Party), upon the applicable Pfizer Licensor's reasonable request, the Parties shall meet to discuss the content and submission of such Company Licensee's and its Affiliates' Green Book Filing and such Pfizer Licensor's and its Affiliates' Orange Book Filing and such filings shall be subject to such Pfizer Licensor's review and approval (not to be unreasonably withheld).

13.1.9 **Patent Term Extensions**. Each applicable Company Licensee may request that the applicable Pfizer Licensor file, or allow such Company Licensee to file, patent term extensions with respect to any Exclusive Licensed Patent Rights, and such Pfizer Licensor shall reasonably consider such request and may grant such request in its sole discretion. Notwithstanding anything to the contrary, the applicable Pfizer Licensor shall have the sole right and authority (but not the obligation) to make decisions regarding patent term extensions (including whether to file for any supplementary protection certificates and any other extensions that are available) with respect to the applicable Exclusive Licensed Patent Rights.

13.1.10 **No Additional Obligations**. This Agreement shall not obligate either Party to disclose to the other Party, or maintain, register, prosecute, pay for, enforce or otherwise manage any Intellectual Property, except as expressly set forth herein.

13.2 **Third Party Infringements and Other Violations**.

13.1.1 **Notice**. Each Party shall promptly notify the other Party in writing (each such notice, an "Infringement Notice") upon learning of any actual or threatened infringement, misappropriation, or other violation or challenge to the validity, scope, or enforceability of, or the Company's, Pfizer's or any of their respective Affiliates' rights in, any Licensed IP or Assigned Patent Rights of which it has Knowledge, including, for clarity, any Paragraph IV Certifications ("Third Party Infringement"); provided that the applicable Pfizer Licensor shall only be required to provide an Infringement Notice to the applicable Company Licensee if the Third Party Infringement relates to Licensed IP exclusively licensed to the applicable Company Licensee pursuant to this Agreement.

13.1.2 **Pfizer Enforcement Rights**. As between the Parties, the applicable Pfizer Licensor shall have the sole right and authority (but not the obligation) to control enforcement of the Licensed IP and Assigned Patent Rights (to the extent such Pfizer Licensor is exclusively licensed such Assigned Patent Rights with respect to the applicable Third Party

Infringement) against any Third Party Infringement, except such Pfizer Licensor shall not have such rights with respect to such Patent Rights with respect to which such Pfizer Licensor ceased paying any costs or expenses incurred in connection with the Prosecution Activities for such Patent Rights pursuant to Section 13.1.3; provided that, with respect to any such Patent Rights, such Pfizer Licensor shall be entitled to control such enforcement if it notifies the applicable Company Licensee of its intention at least fifteen (15) days before commencing such enforcement and agrees at or prior to the time of such notification to pay to such Company Licensee (no later than forty-five (45) days after receiving an invoice with supporting documentation) fifty percent (50%) of the reasonable out-of-pocket costs and expenses (including any out-of-pocket costs and expenses and FTE Costs) actually incurred by such Company Licensee (or its applicable Affiliates) in connection with the Prosecution Activities conducted by such Company Licensee or Pfizer Licensor (as applicable) (and its respective Affiliates) with respect to such Patent Rights beginning on the date that such Pfizer Licensor ceased paying such costs or expenses pursuant to Section 13.1.3 to the extent such Pfizer Licensor or its Affiliates have not already paid such costs and expenses. At any time during the Term, the applicable Company Licensee may request that the applicable Pfizer Licensor enforces any Licensed IP against any Third Party Infringement (except with respect to New Shared Commercial Product Patent Rights), and such Pfizer Licensor shall reasonably consider such request and grant such request in its sole discretion.

13.2.3 **Company Right of Enforcement**. As between the Parties, a Company Licensee shall have the sole right and authority (but not the obligation) to control enforcement in the Company Field of any (a) New Patent Rights that are owned by such Company Licensee in accordance with Section 12.1.2(a), (b) Assigned Patent Rights assigned to such Company Licensee (except to the extent enforcement thereof is controlled by a Pfizer Licensor in accordance with Section 13.2.2), and (c) Patent Rights for which Prosecution Activities have been delegated to such Company Licensee and with respect to which the applicable Pfizer Licensor ceased paying any costs or expenses in connection with such Prosecution Activities pursuant to Section 13.1.3 (to the extent such Patent Rights are Exclusive Patent Rights). Prior to commencing any Action in connection therewith that is outside or directly affects the Pfizer Field, such Company Licensee shall consult with such Pfizer Licensor (unless the delay associated with doing so would result in the loss of rights) and reasonably consider such Pfizer Licensor's recommendations regarding such Action.

13.2.4 **Settlement**. The Pfizer Licensor or Company Licensee controlling enforcement of the Licensed IP, the Assigned Patent Rights, or the New Patent Rights owned by such Company Licensee in accordance with Section 12.1.2(a) (as applicable) against any Third Party Infringement in the Company Field (the "Controlling Party") (a) shall provide the applicable Company Licensee or Pfizer Licensor (respectively) (the "Non-Controlling Party") with timely notice of any proposed settlement pertaining thereto that the Controlling Party enters into and (b) shall not, without prior written consent of the Non-Controlling Party (not to be unreasonably withheld), settle, or stipulate to any facts, or make any admission that would (i) adversely affect the validity, enforceability, or scope of, or admit non-infringement of, any of any Patent Rights or Know-How exclusively licensed to a Company Licensee hereunder, New Patent Rights owned by a Company Licensee in accordance with Section 12.1.2(a) or Assigned Patent Rights (as applicable), (ii) impose liability on the Non-Controlling Party or its Affiliates, or (iii) grant to a Third Party a license or covenant not to sue under, or adversely affect the validity, enforceability, or scope of, or admit non-infringement of, any Intellectual Property that the Non-Controlling Party or its Affiliates owns or to which the Non-Controlling Party or its Affiliates otherwise has exclusive rights. In addition, a Pfizer Licensor, in controlling enforcement of a Third Party Infringement Action outside of the Company Field, shall not, without prior written consent of the applicable Company Licensee (not to be unreasonably withheld), settle, or stipulate to any facts, or make any admission that would (x) give rise to liability of the applicable Company Licensee or its Affiliates, or (y) grant to a Third Party a license or covenant not to sue under or with respect to any Intellectual Property that the applicable Company Licensee or its Affiliates owns or to which the applicable Company Licensee or its Affiliates otherwise has exclusive rights, if such license or covenant conflicts with the licenses to the applicable Company Licensee under this Agreement.

13.2.5 **Assistance**. At the request of the Controlling Party, the Non-Controlling Party shall provide reasonable assistance to the Controlling Party with respect to its enforcement of any Patent Rights or Know-How licensed hereunder against any Third Party Infringement, including by joining any related Action and executing all papers and performing such other acts as may be reasonably required to permit the Controlling Party to commence or prosecute such Action. The Controlling Party shall reimburse the Non-Controlling Party's reasonable out-of-pocket costs and expenses actually incurred in connection therewith; provided that the Non-Controlling Party shall bear its own costs and expenses in connection therewith if the enforcement Action involves (a) where a Company Licensee is the Non-Controlling Party, a Third Party Infringement in the Company Field, or (b) where a Pfizer Licensor is the Non-Controlling Party, a Third Party Infringement in the Pfizer Field. The Non-Controlling Party shall have the right to be represented in any such Action in which it is a party by independent counsel (which shall act in an advisory capacity only, except for matters solely directed to such Pfizer Licensor or Company Licensee) of its own choice and at its own expense.

13.2.6 **Recoveries**. Any recoveries resulting from an Action relating to the enforcement of any Patent Rights or Know-How exclusively licensed to a Pfizer Licensor or Company Licensee hereunder against any Third Party Infringement shall first be applied against payment of each Party's and its Affiliates' reasonable out-of-pocket costs and

expenses actually incurred in connection therewith, with any remaining amounts distributed to (a) the Company or its designated Affiliate to the extent that such recovery concerned a Third Party Infringement with respect to the Company Field and (b) Pfizer or its designated Affiliate to the extent that such recovery concerned a Third Party Infringement with respect to the Pfizer Field.

13.3 **Defense Actions**.

13.3.1 **Notice**. Each Party shall promptly notify the other Party in writing upon learning of any allegation by a Third Party that Intellectual Property owned by a Third Party or to which a Third Party otherwise has rights is infringed, misappropriated, or otherwise violated by either Party's, its Affiliates' or with respect to the Company, its Sublicensees' activities in connection with the exercise of its or their rights or performance of its or their obligations hereunder (each, a "Defense Action").

13.3.2 **Right of Defense**. As between the Parties, if a Defense Action is brought against a Party or any of its Affiliates (including with respect to Pfizer, the Pfizer Licensors and their Affiliates and with respect to the Company, the Company Licensees and their Affiliates), such Party shall control such Defense Action against the applicable Third Party at its own cost and expense. The Party that controls a Defense Action in accordance with this Section 13.3.2 shall keep the other Party reasonably informed of the status of such Defense Action and the other Party shall reasonably cooperate in connection therewith. The Party that controls a Defense Action may not settle, or stipulate to any facts, or make any admission with respect to, a Defense Action without the other Party's prior written consent; provided that, such consent shall not be required to the extent that the settlement does not (a) adversely affect the validity, enforceability, or scope of, or admit non-infringement of, if a Pfizer Licensor is the Controlling Party, any Patent Rights or Know-How exclusively licensed to a Company Licensee hereunder or if a Company Licensee is the Controlling Party, any Licensed IP, any New IP owned by a Company Licensee in accordance with Section 13.1.2 or Assigned Patent Rights (as applicable), (b) give rise to liability of such other Party or any of its Affiliates or with respect to the Company, Sublicensees, or (c) grant to a Third Party a license or covenant not to sue under, or with respect to, any Intellectual Property that the other Party or any of its Affiliates owns or to which the other Party or any of its Affiliates otherwise has rights.

13.4 **Liability**. Neither Party, nor its Affiliates (including, with respect to Pfizer, the Pfizer Licensors and, with respect to the Company, the Company Licensees), nor its or their employees, agents, or representatives, shall be liable to the other Party or any of its Affiliates in respect of any good faith act, omission, default, or neglect of such Party, any of its Affiliates, or its or their employees, agents, or representatives in connection with the Prosecution Activities or Actions with respect to Third Party Infringements that it performs hereunder and that has not resulted from its or its Affiliates' or its or their directors', employees', officers', shareholders', agents', successors', or assigns' bad faith and each Party, on behalf of itself, its Affiliates, and its and their respective directors, employees, officers, shareholders, agents, successors, and assigns, hereby waives any and all Actions that they may have against the other Party, any of its Affiliates or its or their employees, agents, or representatives that may arise or result from such other Party's or its Affiliates' performance of the Prosecution Activities and Actions with respect to Third Party Infringements.

13.5 **Encumbrances**. Notwithstanding anything to the contrary, the Parties' rights and obligations set forth in Article 12 and this Article 13 shall be subject to the terms of any agreements or contracts with respect to the Encumbrances.

14. PATENT MARKING

14.1 **Patent Marking**. Upon a Pfizer Licensor's request, the applicable Company Licensee shall, and shall cause its Affiliates and Sublicensees to, mark Licensed Products sold by, or on behalf of, such Company Licensee, its Affiliates and its Sublicensees hereunder (in a reasonable manner consistent with industry custom and practice, including by use of other substantially equivalent ways of providing notice under any Applicable Laws) with appropriate patent numbers or indicia to the extent permitted by Applicable Law, in those countries or regulatory jurisdictions in the Territory in which such markings or such notices impact recoveries of damages or equitable remedies available with respect to infringements or other violations of Patent Rights.

15. TRADEMARKS

15.1 **Trademarks**. Subject to the terms hereof, neither the Company Licensees, on the one hand, nor the Pfizer Licensors, on the other hand, shall use the Trademarks of Pfizer or any of Pfizer's Affiliates or the Company or any of the Company's Affiliates, respectively, in any product, packaging, advertising, marketing, or other form of promotional disclosure without prior written consent of the other Party or any of its Affiliates or unless otherwise expressly permitted under the Global Separation Agreement or any other Ancillary Agreement. Pfizer hereby acknowledges that it does not receive any right or license hereunder to any of the Trademarks of the Company or any of its Affiliates, except as expressly set forth herein.

16. TERM; TERMINATION

16.1 **Term**. The term of this Agreement (the "Term") shall (a) with respect to each Patent Right that is included in the Licensed Patent Rights, expire upon expiration of the last to expire of such Patent Rights, (b) with respect to Third Party IP that is licensed to Pfizer or any other Pfizer Licensor pursuant to a Third Party Agreement and sublicensed hereunder, expire upon expiration or termination of such Third Party Agreement with respect to such Third Party IP and (c) with respect to Licensed Know-How that is licensed pursuant to Section 2.1, expire upon the thirtieth (30^{th}) anniversary of the Effective Date. Upon expiration of this Agreement in its entirety, the licenses granted pursuant to Section 2.1 to all Licensed Know-How that is owned and Controlled by a Pfizer Licensor shall convert to perpetual licenses that survive such expiration. Except as otherwise expressly set forth in Section 16.2, this Agreement may not be terminated unless agreed to in writing by the Parties.

16.2 **Termination**.

16.2.1 **Termination for Cause**. Either Party shall have the right, without prejudice to any other remedies available to it at law or in equity, to terminate this Agreement in its entirety in the event that the other Party is in material breach of this Agreement and fails to cure such material breach within sixty (60) days of duly given notice thereof (including because such breach is incapable of being cured); provided that, if such breach is capable of being cured, but cannot be cured within such sixty (60) day period, and the breaching Party initiates actions to cure such breach within such sixty (60) day period and thereafter diligently pursues such actions, the breaching Party shall have such additional period as is reasonable to cure such breach.

16.2.1 **Certain Immediate Termination Events**. Except to the extent expressly waived or consented to in writing by a Party (in its sole discretion), this Agreement shall terminate immediately and without any requirement for notice to the other Party upon the event of: (i) the failure to pay when due and payable any principal, interest, or any other amount in excess of One Million U.S. Dollars ($1,000,000) in respect of any Company Material Indebtedness or Pfizer Material Indebtedness; (ii) any event of default with respect to any Company Material Indebtedness or Pfizer Material Indebtedness; (iii) any other event or condition that results in any Company Material Indebtedness or Pfizer Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Company Material Indebtedness or Pfizer Material Indebtedness or any trustee or agent on its or their behalf to cause any Company Material Indebtedness or Pfizer Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; (iv) the Company or Pfizer being authorized (whether by its board of directors or such other Person having authority to direct the Company or Pfizer, respectively) to commence or institute any bankruptcy, receivership, insolvency, reorganization or other similar proceedings under any bankruptcy, insolvency, or other similar law now or hereinafter in effect, including any section or chapter of the United States Bankruptcy Code (as may be amended, the "Bankruptcy Code") or under any similar laws or statutes of the United States or any state thereof or of any jurisdiction (whether or not in the United States) having authority or jurisdiction over the assets of such Party or in which such Party may operate or have assets; (v) the commencement or institution of any bankruptcy, receivership, insolvency, reorganization or other similar proceedings by or against a Party under any bankruptcy, insolvency, or other similar law now or hereinafter in effect, including any section or chapter of the Bankruptcy Code or under any similar laws or statutes of the United States or any state thereof or of any jurisdiction (whether or not in the United States) having authority or jurisdiction over the assets of such Party or in which such Party may operate or have assets; (vi) the institution of any reorganization, restructuring, arrangement, or other readjustment of debt plan of a Party not involving the Bankruptcy Code; (vii) the appointment of a receiver, trustee, or similar party for all or substantially all of a Party's assets related to this Agreement or that are provided to such Party pursuant to the terms hereof; or (viii) any corporate action taken by the board of directors of a Party or such other Person having authority to direct such Party in furtherance of any of the foregoing (i) through (vii).

16.2.3 **The Company's Right to Terminate Without Cause**. Upon sixty (60) days written notice, the Company may terminate this Agreement on a Patent-by-Patent or Know-How-by-Know-How basis or in its entirety without cause.

16.2.4 **Pfizer Termination of Third Party Agreements**. In the event that any Pfizer Licensor decides to terminate any Third Party Agreement sublicensed to a Company Licensee under this Agreement, it will so advise such Company Licensee in writing at least thirty (30) days in advance of the effective date of such termination so that such Company Licensee and its Affiliates shall have the opportunity to provide Pfizer with prompt written notice (which shall be provided no later than fifteen (15) days after such Pfizer Licensor provides such Company Licensee with notice of such termination) that such Company Licensee and its Affiliates would like to be assigned such Third Party Agreement and/or the applicable Pfizer Licensor's and its Affiliates' rights and obligations thereunder, in each case, to the extent necessary to continue to any development or commercialization activities being conducted as of the date of Pfizer's notice of such

termination. Upon receipt of such written notice from such Company Licensee, such Pfizer Licensor shall reasonably cooperate with such Company Licensee in connection with having such Third Party Agreement or rights or obligations thereunder assigned to such Company Licensee; provided that, in no event will such Pfizer Licensor or any of its Affiliates be obligated to breach such agreement or offer to pay or pay any money or offer to incur or incur any non-monetary obligations to have such Third Party Agreement assigned unless such Company Licensee first agrees in a writing reasonably acceptable to such Pfizer Licensor to pay such consideration and undertake all such obligations on such Pfizer Licensor's behalf.

16.2.5 **Pfizer Termination of License to Antibody A Product Patent Rights and Antibody A Product Know-How**. Pursuant to Section 2.1.4(b), Pfizer shall have the right (in its sole discretion) to terminate the license granted to the Antibody A Product Patent Rights and the Antibody A Product Know-How, as provided in Section 2.1.4(a).

16.3 **Effect of Expiration and Termination; Accrued Rights; Survival**.

16.3.1 **Payment**. Within thirty (30) days of expiration or termination of this Agreement in part or in whole (or such later date with respect to those costs that are incurred but cannot be reported as of such date), the Company shall pay Pfizer all amounts due to Pfizer with respect to the Licensed Product(s), and other licenses and rights granted hereunder, to which the expiration or termination relates as of the effective date of such expiration or termination.

16.3.2 **Inventory**. Notwithstanding anything to the contrary in this Section 16.3, if this Agreement terminates pursuant to a Company Termination Event after the first commercial sale of a Licensed Product, the applicable Company Licensee shall have the right to sell its remaining inventory of such Licensed Product(s) so long as the Company has fully paid, and continues to pay fully when due, any and all Third Party Payments owed to Pfizer hereunder based on such sales. For purposes of this Section 16.3, "Company Termination Event" means termination (a) by Pfizer in accordance with Section 16.2.1, (b) based on, or related to, the Company or a Company Material Indebtedness in accordance with Section 16.2.2, or (c) in accordance with Section 16.2.3 or 16.2.4.

16.3.3 **Accrued Rights**. Upon the termination of this Agreement pursuant to a Company Termination Event, in part or in its entirety: (a) all licenses and rights granted to the applicable Company Licensee with respect to the Intellectual Property to which such termination relates shall immediately terminate and (b) any sublicenses that have been granted to a Sublicensee with respect to the Patent Rights or Know-How to which such termination relates shall immediately terminate. Termination of this Agreement, in part or in its entirety, shall be without prejudice to any rights which shall have accrued to the benefit of either Party prior to such expiration and termination (as applicable). In the event of termination of this Agreement pursuant to Section 16.2 for any reason that is not a Company Termination Event, the licenses granted to the Company Licensees as of the date of such termination shall survive such termination and all provisions of this Agreement (including, for clarity, Sections 16.1 and 16.2) to the extent related thereto shall survive, as if this Agreement with respect thereto has not terminated.

16.3.4 **Surviving Obligations**. Without limiting any other provisions in this Article 16, the following Sections and Articles (along with the provisions herein that expressly specify survival terms or that would, by their nature, survive termination) shall survive expiration or termination of this Agreement for any reason (collectively, the "Surviving Provisions"): 2.1.3(b)(i), 2.1.12(b) (with respect to the Patent Rights that, from time to time, the Parties identify as the Patent Rights subject to such Section), 2.1.13(b) (but only with respect to the last two sentences), 2.1.14(b) (but only with respect to the last two sentences), 2.3, 2.4.2, 2.5, 2.6.1, 4.2 and 4.3 (each, for the period of time set forth in such Sections), 5.1 (along with any provisions governing payment of such amounts hereunder), 5.3 (for the period of time set forth in such Section), 6 (but only with respect to Reference Filings and Regulatory Dossiers submitted prior to expiration or termination of this Agreement), 7, 8.2, 9, 10, 11 (for the period of time set forth in such Section), 12, 13.4, 13.5, 16.3 and 17. Without limiting any of the rights or remedies otherwise available to either Party, each Party acknowledges and agrees that each of its obligations with respect to the Surviving Provisions shall continue, remain binding, and survive termination of this Agreement (and, without limiting the foregoing, shall not be dischargeable in any proceeding under the Bankruptcy Code or similar proceeding); and that each of its obligations with respect to the Surviving Provisions is and shall be specifically enforceable under Applicable Law.

17. MISCELLANEOUS

17.1 **Compliance with Laws**. Neither Party nor any of their Affiliates will be required by this Agreement to take or omit to take any action in contravention of any Applicable Law, including any applicable national and international pharmaceutical industry codes of practices. Without limiting the foregoing, and notwithstanding any other provision of this Agreement, neither Party nor any of their Affiliates shall be required to promote or otherwise commercialize a Licensed Product, or incur any expense in connection with any activity under this Agreement, that it reasonably believes, in good faith, may violate any Applicable Law (including any applicable national and

international pharmaceutical code of practice) or "corporate integrity" or similar agreement with any Governmental Authority to which it is a party.

17.2 **Assignability**. For clarity, the rights, benefits, and obligations of the Company Licensees under (or relating to) this Agreement (including any licenses or sublicenses granted pursuant to this Agreement) are personal to the Company Licensees. The Company may not assign (including in a bankruptcy or similar proceeding) or assume in a bankruptcy or similar proceeding this Agreement or any rights, benefits, or obligations under or relating to this Agreement, in each case whether by operation of law or otherwise, without Pfizer's prior written consent (which shall not be unreasonably withheld); provided that the Company may assign its rights and obligations under this Agreement or any part hereof to one or more of its Affiliates, or to a successor to all or substantially all of its business and assets to which this Agreement (or part thereof that is assigned) relates, without Pfizer's consent. In the event of a permitted assignment, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Any attempted assignment that contravenes the terms of this Agreement shall be void ab initio and of no force or effect.

17.3 **Governing Law**. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof that would result in the application of any law other than the laws of the State of New York and, to the extent applicable to Intellectual Property, the applicable federal laws of the United States of America (without regard to conflict of laws principles).

17.4 **Dispute Resolution**.

17.4.1 **General**. The following procedures shall be used to resolve any dispute, controversy or claim that may arise out of or relate to, or arise under or in connection with this Agreement or the breach, termination, or validity thereof (each, a "Dispute"):

(a) Promptly after the written request of either Party ("Request"), the Senior Executives shall meet in person or by telephone to attempt to resolve any Dispute. If, for any reason, the Senior Executives do not resolve the Dispute within thirty (30) days of receipt by a Party of such Request, then the Senior Executives shall meet in person or by telephone to review and attempt to resolve the Dispute.

(b) If, for any reason, the Senior Executives fail to resolve the Dispute within sixty (60) days of receipt by a Party of a Request in accordance with Section 17.4.1(a), the Parties shall attempt to resolve the Dispute with the assistance of a mediator agreed upon by the Parties or, in default of such agreement, within seventy-five (75) days of receipt by a Party of a Request, at the request of any Party, such mediator shall be appointed by the American Arbitration Association ("AAA"). The mediation shall be held in New York, New York and in accordance with the then-prevailing Commercial Mediation Rules of the AAA.

(c) All negotiations and mediation in connection with the Dispute shall be conducted in strict confidence and without prejudice to the rights of the Parties in any future legal proceedings. Except for any Party's right to seek interlocutory relief in the courts, no Party may commence any form of arbitration in accordance with Section 17.4.2 until twenty (20) Business Days after the appointment of a mediator or until one hundred twenty (120) days after the receipt by a Party of a Request, whichever occurs sooner.

(d) If, with the assistance of the mediator, the Parties reach a settlement, such settlement shall be reduced to writing and, once signed by a duly authorized representative of each of the Parties, shall be and remain binding on the Parties. The Parties shall bear their own legal costs of the mediation, but the costs and expenses of the mediator and the AAA shall be borne by the Parties equally.

17.4.2 **Arbitration**.

(a) All Disputes that for any reason are not timely resolved by the Parties in accordance with Sections 17.4.1(a) through 17.4.1(d) shall be finally and exclusively resolved by binding arbitration to be administered by the AAA in accordance with the then-prevailing Commercial Arbitration Rules of the AAA (the "Rules"). The seat of the arbitration shall be in New York County, New York. The arbitration shall be held and the award shall be issued in the English language. If the amount in controversy is Three Million US Dollars (US$3,000,000) or less

(including all claims and counterclaims), there shall be one arbitrator who shall be agreed upon by the Parties within twenty (20) days of receipt by respondent of a copy of the demand for arbitration. If the amount in controversy is more than Three Million US Dollars (US$3,000,000) (including all claims and counterclaims), there shall be three (3) neutral and impartial arbitrators, one of whom shall be appointed by each of the Parties within thirty (30) days of receipt by respondent of the demand for arbitration, and the third (3rd) arbitrator, who shall chair the arbitral tribunal, shall be appointed by the Party appointed arbitrators within fifteen (15) days of the appointment of the second (2nd) arbitrator. If any arbitrator is not appointed within the time limit provided herein, such arbitrator shall be appointed by the AAA in accordance with the listing, striking, and ranking procedures in the Rules. Any arbitrator appointed by the AAA shall be a retired judge or an attorney with no less than fifteen (15) years of experience with commercial cases and an experienced arbitrator, who shall, if practicable, have experience with transactions or disputes related to the field of pharmaceutical development and technology and/or, if applicable, intellectual property (including Patent Rights and trade secrets).

(b) All arbitrators shall be neutral and impartial and shall not be officers or employees of either Party. The cost of the arbitration, including the fees and expenses of the arbitrator(s), will be shared equally by the Parties. The arbitrator(s) shall have the right to award damages and other relief but will not have the authority to award any damages or remedies not available under the express terms of this Agreement. The arbitration award will be presented to the Parties in writing and will include findings of fact and, where appropriate, conclusions of law. The award may be confirmed and enforced in any court of competent jurisdiction.

(c) Prior to the appointment of the arbitral tribunal, either Party may seek injunctive relief from any court of competent jurisdiction in order to enforce compliance with the provisions of this Section 17.4.2 or otherwise in aid of arbitration or to maintain the status quo or prevent irreparable harm. The Parties hereby submit to the non-exclusive jurisdiction of the Federal and State courts located in New York, New York (the "New York Courts") for such purpose. Without prejudice to such provisional remedies as may be available under the jurisdiction of the New York Courts, the arbitrator(s) shall have full authority to grant provisional remedies and to direct the Parties to request that any New York Court modify or vacate any temporary or preliminary relief issued by any such New York Court, and to award damages for the failure of any Party to respect the arbitrator's(s') orders to that effect.

17.5 **Specific Performance**. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are or are to be thereby aggrieved shall have the right to seek specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

17.6 **Force Majeure**. No Party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

17.7 A**dvisors**. It is acknowledged and agreed by each of the Parties that Pfizer, on behalf of itself and the other members of the Pfizer Group, has retained each of the Persons identified on Schedule 11.11 to the Global Separation Agreement to act as counsel in connection with this Agreement, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby and that the Persons listed on Schedule 11.11 to the Global Separation Agreement have not acted as counsel for the Company or any other member of the Company Group in connection with this Agreement, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby and that none of the Company or any member of the Company Group has the status of a client of the Persons listed on Schedule 11.11 to the Global Separation Agreement for conflict of interest or any other purposes as a result thereof. The Company hereby agrees, on behalf of itself and each other member of the Company Group that, in the event that a dispute arises after the Effective Date in connection with this Agreement, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby between Pfizer and the

Company or any of the members of their respective Groups, each of the Persons listed on Schedule 11.11 to the Global Separation Agreement may represent any or all of the members of the Pfizer Group in such dispute even though the interests of the Pfizer Group may be directly adverse to those of the Company Group. The Company further agrees, on behalf of itself and each other member of the Company Group that, with respect to this Agreement, the Global Separation Agreement, the other Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby, the attorney-client privilege and the expectation of client confidence belongs to Pfizer or the applicable member of the Pfizer Group and may be controlled by Pfizer or such member of the Pfizer Group and shall not pass to or be claimed by the Company or any member of the Company Group. Furthermore, the Company acknowledges and agrees that Skadden, Arps, Slate, Meagher & Flom LLP is representing Pfizer, and not the Company, in connection with the Transactions.

17.8 **Notices**. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person or (b) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to a Pfizer Licensee, to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: General Counsel

with a copy to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: Bryan A. Supran and Andrew J. Muratore

If to a Company Licensor, to:

Zoetis Inc.

5 Giralda Farms
Madison, NJ 07940
Attention: General Counsel

with a copy to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: Katherine H. Walden

Any Party may, by notice to the other Party, change the address to which such notices are to be given.

17.9 **Waivers of Default**. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party.

17.10 **Amendments**. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

17.11 **Severability**. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining

provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

17.12 **Further Assurances**. The Company and Pfizer hereby covenant and agree, without the necessity of any further consideration, to execute, acknowledge, and deliver any and all such other documents and take any such other action as may be reasonably necessary or appropriate to implement this Agreement and carry out the intent and purposes of this Agreement.

17.13 **Third Party Beneficiaries**. Except for the indemnification rights under this Agreement of any Pfizer Indemnitee or Company Indemnitee in their respective capacities as such and the express rights of the Company Licensees and the Pfizer Licensors set forth herein, (a) the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person (including employees of the Parties) except the Parties any rights or remedies hereunder, and (b) there are no third party beneficiaries of this Agreement and this Agreement shall not provide any third person (including employees of the Parties) with any remedy, claim, liability, reimbursement, claim of action, or other right in excess of those existing without reference to this Agreement.

17.14 **Relationship of the Parties**. Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between Pfizer and the Company, or to constitute one Party as the agent of the other. Moreover, each Party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give any Party the power or authority to act for, bind, or commit the other Party.

17.15 **No Construction Against Drafter**. The Parties acknowledge that this Agreement and all the terms and conditions contained herein have been fully reviewed and negotiated by the Parties. Having acknowledged the foregoing, the Parties agree that any principle of construction or rule of law that provides that, in the event of any inconsistency or ambiguity, an agreement shall be construed against the drafter of the agreement shall have no application to the terms and conditions of this Agreement.

17.16 **Headings**. The article, section, and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

17.17 **Interpretation**. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires. The terms “hereof”, “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the schedules, exhibits and appendices hereto) and not to any particular provision of this Agreement. Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement unless otherwise specified. The word “including” and words of similar import when used in this Agreement shall mean “including, without limitation”, unless the context otherwise requires or unless otherwise specified.

17.18 **Counterparts; Entire Agreement; Conflicting Agreements**.

17.18.1 This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party. Execution of this Agreement or any other documents pursuant to this Agreement by facsimile or other electronic copy of a signature shall be deemed to be, and shall have the same effect as, executed by an original signature.

17.18.2 This Agreement, the Global Separation Agreement, the Ancillary Agreements, the exhibits, the schedules, and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties with respect to such subject matter other than those set forth or referred to herein or therein.

17.18.3 If, a Pfizer Licensor and the applicable Company Licensee are parties to a Local Separation Agreement entered into prior to the Effective Date, any license of Licensed IP pursuant to this Agreement shall be

treated as occurring pursuant to such Local Separation Agreement on the effective date of such Local Separation Agreement.

17.18.4 Each Party hereby acknowledges on behalf of its Affiliates that this Agreement supersedes any agreement entered into by the Parties prior to the Effective Date with respect to licensing of the Licensed IP to the Company or any other member of the Company Group.

17.18.5 In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Global Separation Agreement or any Local Separation Agreement, this Agreement shall prevail.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

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PFIZER INC.

By: /s/: Robert E. Landry
Name: Robert E. Landry
Title: Senior Vice President & Treasurer

ZOETIS INC.

By: /s/: Heidi C. Chen
Name: Heidi C. Chen
Title: General Counsel and
Corporate Secretary

Exhibit 10.10

TRADEMARK AND COPYRIGHT LICENSE AGREEMENT

THIS TRADEMARK AND COPYRIGHT LICENSE AGREEMENT (the "Agreement") is made effective as of February 6, 2013 (the "Effective Date"), by and between Pfizer Inc., a Delaware corporation having its principal place of business at 235 E. 42nd Street, New York, New York 10017 ("Pfizer") and Zoetis Inc., a Delaware corporation having its principal place of business at 5 Giralda Farms, Madison, NJ 07940 (the "Company"). Pfizer and the Company are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, Pfizer and its applicable Affiliates own or are licensed the trade names, trademarks and service marks listed in Schedule 1.1(c) and own copyrights in certain policies and guidelines;

WHEREAS, as part of the Plan of Reorganization, Pfizer and its applicable Affiliates licensed the Company and its applicable Affiliates rights to the Licensed Marks and the Licensed Copyrighted Works (each, as defined herein); and

WHEREAS, the Parties now seek to confirm the terms of those license grants and grant any additional license grants, as specified in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS

1.1 **Definitions**. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Global Separation Agreement. For the purpose of this Agreement, the following terms shall have the following meanings:

"Affiliate" of any Person means a Person that controls, is controlled by, or is under common control with such Person. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by contract or otherwise. It is expressly agreed that, from and after the Effective Date, solely for purposes of this Agreement (a) no member of the Company Group shall be deemed to be an Affiliate of any member of the Pfizer Group and (b) no member of the Pfizer Group shall be deemed to be an Affiliate of any member of the Company Group.

"Applicable Laws" means all applicable laws, statutes, rules, regulations, and guidelines, including all applicable standards or guidelines promulgated by any applicable Governmental Authority.

"Company Business" means the business of discovery, research, development, manufacturing, formulation, licensing, marketing, distribution of, and leasing and/or selling of products, including pharmaceuticals (including pesticides), nutritionals, crop pesticides and biologicals (including vaccines, biologics, antibodies, hormones, large molecule therapeutics, proteins and peptides), diagnostic products, biodevices, genetic tests and services solely to the extent applicable to non-human animals for the Company Field, in each case, as conducted as of the Effective Date, but excluding all of the other products, services or businesses of Pfizer or any of its Affiliates, including Pfizer's human pharmaceutical, consumer health and nutrition businesses.

"Company Field" means the diagnosis, prevention, palliation, or treatment of any disease, disorder, syndrome, or condition (including pest infestation) in non-human animals solely for non-human animals (and not, for clarity, humans) and the use of pesticides on crops. For clarity, the Company Field (a) excludes uses in non-human animals for the research, development, manufacture or commercialization of any products to diagnose, prevent, palliate, or treat any disease, disorder, syndrome or condition in humans and (b) includes the treatment of non-human animals that may indirectly impact the health of humans, including uses for food safety and/or environmental vector-borne disease control where such disease control may impact both non-human animals and humans.

"Company Licensee" means, with respect to a Pfizer Licensor, that member of the Company Group that is set forth on Schedule 1.1(a).

"Confidential Information" has the meaning set forth in Section 5.1.

"Control" and "Controlled" means with respect to any Trademarks or Copyrights, possession by a Party or its Affiliates of the right (other than pursuant to a license granted under this Agreement), whether directly or indirectly, to grant rights to, or to grant a license or a sublicense under, such Trademarks or Copyrights as provided for herein, without violating the terms of any

agreement with, or rights of, a Third Party. For clarity, if a Party or its Affiliates can only grant a license, sublicense, or provide rights of limited scope, for a specific purpose or under certain conditions (including as a result of any Third Party Agreement), "Control" or "Controlled" shall be construed to so limit such license, sublicense or provision (as applicable).

"Controlling Party" has the meaning set forth in Section 9.2.4.

"Disclosing Party" has the meaning set forth in Section 5.1.

"Effective Date has the meaning set forth in the Introduction

"Global Separation Agreement" means that certain Global Separation Agreement by and between Pfizer and the Company, dated on or about the date hereof.

"Governmental Authority" means any nation or government, any state, municipality, or other political subdivision thereof, or any entity, body, agency, commission, department, board, bureau, court, tribunal, or other instrumentality, whether federal, state, local, regional, domestic, foreign, or multinational, exercising executive, legislative, judicial, regulatory, administrative, or other similar functions of, or pertaining to, government or any executive official thereof.

"Indemnifying Party" has the meaning set forth in Section 7.3.1.

"Indemnitees" has the meaning set forth in Section 7.1.

"Indemnity Payment" has the meaning set forth in Section 7.3.1.

"LE Date" means, with respect to each Pfizer Licensor, those dates set forth on Schedule 1.1(b).

"Licensed Copyrighted Works" means all policies and guidelines that are necessary to conduct the Company Business as currently conducted and any derivative works created by or on behalf of the Company, excluding any (a) patents, (b) know-how and (c) polices and guidelines related to researching, developing, manufacturing and commercializing products in the Company Field.

"Licensed Marks" means the Trademarks set forth on Schedule 1.1(c) to the extent Controlled by the applicable Pfizer Licensor.

"Materials" has the meaning set forth in Section 3.4.

"Non-Controlling Party" has the meaning set forth in Section 9.2.5.

"Pfizer Field" means all fields other than the Company Field, including the diagnosis, prevention, palliation, or treatment of any disease, disorder, syndrome, or condition in humans.

"Pfizer Licensor" means the members of the Pfizer Group set forth on Schedule 1.1(a).

"Prosecution Activities" has the meaning set forth in Section 9.1.1.

"Receiving Party" has the meaning set forth in Section 5.1.

"Requesting Party" has the meaning set forth in Section 4.3.

"Sublicensee" has the meaning set forth in Section 2.3.

"Territory" means worldwide.

"Third Party" means a Person other than a Party or an Affiliate of a Party.

"Third Party Agreements" means, with respect to a Licensed Mark, any agreements with Third Parties to which the Licensed Marks are subject, including the agreements pursuant to which such Pfizer Licensor (a) is being licensed, sublicensed or granted other rights to the Licensed Marks from a Third Party or (b) is licensing, sublicensing or granting other rights to the Licensed Marks to a Third Party (excluding, in each of the foregoing (a) and (b), the Manufacturing and Supply Agreements). The Third Party Agreements include the agreements set forth on Schedule 1.1(d).

"Third Party Claim" has the meaning set forth in Section 7.4.1.

"Third Party Infringement" has the meaning set forth in Section 9.2.1.

2. LICENSE GRANT

2.1 **License**.

2.1.1 **License to Licensed Marks**. Subject to the terms and conditions of this Agreement, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensees an exclusive, royalty-free, perpetual, fully paid-up license (which shall be limited, for clarity, solely to the Company Field) to use the applicable Licensed Marks in the Territory (a) in the same manner as immediately prior to the Effective Date and (b) in connection with any modifications or line extensions of any products with which the Licensed Marks were used immediately prior to the Effective Date (provided that the applicable Company Licensee provides the applicable Pfizer Licensor with at least sixty (60) days prior written notice with respect to any such use).

2.1.2. **Limitations**. Notwithstanding anything to the contrary herein, the Company Licensees shall not (a) register domain names that incorporate the Licensed Marks or use the Licensed Marks in the address of any social media (e.g., Facebook, Twitter) or similar or successor media or (b) use the Licensed Marks in any trade name, corporate name or "doing business as" name.

2.1.3. **License to the Licensed Copyrighted Works**. Subject to the terms and conditions of this Agreement and Section 5.03 of the Global Separation Agreement, Pfizer hereby grants, and shall cause each Pfizer Licensor to grant, to the applicable Company Licensees a non-exclusive, royalty-free, perpetual, fully paid-up license to use, copy and distribute to such Company Licensee and its Affiliates the Licensed Copyrighted Works in the Territory solely to the extent necessary for the Company Licensees and their Affiliates to conduct the Company Business.

2.2. **Third Party Agreements**. The license granted under Section 2.1 shall also include sublicenses of the Licensed Marks licensed to the applicable Pfizer Licensor by a Third Party prior to the applicable LE Date. The Company Licensees hereby acknowledge and agree that the Licensed Marks and the Licensed Copyrighted Works may be subject to the Third Party Agreements and, accordingly, all of the terms of this Agreement shall be subject to such agreements. To the extent that a Company Licensee is granted rights to any such Licensed Marks or Licensed Copyright Works, such Company Licensee shall comply with the Third Party Agreements related thereto. If any Pfizer Licensor's ability to grant any rights to any Company Licensees requires first satisfying any preconditions, including obtaining any Consent, the Parties shall reasonably cooperate to satisfy such preconditions; provided that the Pfizer Licensors and their Affiliates shall not be obligated to breach any applicable agreement or to offer to pay, or pay, any money or offer to incur, or incur, any non-monetary obligations to satisfy any such preconditions unless the applicable Company Licensee first agrees in a writing reasonably acceptable to the applicable Pfizer Licensor to pay such consideration and undertake all such obligations on the applicable Pfizer Licensor's behalf.

2.3. **ublicenses**. Subject to the terms hereof, each Company Licensee may sublicense its license to (a) the Licensed Marks and Licensed Copyrighted Works to its Affiliates and (b) the Licensed Marks to Third Parties with the applicable Pfizer Licensor's prior written consent (not to be unreasonably withheld or delayed) (each permitted sublicensee, a "Sublicensee"); provided that such consent shall not be required with respect to sublicenses granted to such Company Licensee's customers and distributors in the ordinary course of business. Each Sublicensee that is a Third Party shall enter into a written sublicense agreement with the applicable Company Licensee that is subject to the terms of this Agreement. Granting a sublicense to a Sublicensee shall not relieve any Company Licensee of any of its obligations hereunder and each Company Licensee shall remain responsible and liable for Sublicensees' compliance with the terms of this Agreement. Sublicensees may not grant further sublicenses. For clarity, any sublicense granted pursuant to this Section shall be subject to the terms and conditions of any applicable agreements with any Third Parties.

2.4. **No Modifications to the Licensed Marks**. The Company Licensees shall not, without the prior written consent of the applicable Pfizer Licensor, (a) change, modify, or create any variation of the Licensed Marks, including by combining a Licensed Mark with a prefix or suffix or modifying any word or term therein or (b) conjoin any Trademark, word or term with a Licensed Mark so as to form a composite or combined Trademark.

2.5. **Pfizer Licensors and Company Licensees**. To the extent this Agreement sets forth any obligations of any Pfizer Licensor or any Company Licensee, Pfizer and the Company, respectively, shall cause the applicable Pfizer Licensor and Company Licensee to comply with such obligations. Pfizer shall remain responsible and liable for each of the Pfizer Licensor's, and the Company shall remain responsible and liable for each of the Company Licensee's, compliance with all of the terms of this Agreement.

2.6. **No Implied Licenses**. Pfizer reserves its and its Affiliates' (including all other Pfizer Licensors') rights in, to and under all Intellectual Property that is not expressly licensed hereunder. Without limiting the foregoing, this Agreement and the licenses and rights granted herein do not and shall not be construed to confer any rights upon any Company Licensees or any of their Affiliates by implication, estoppel, or otherwise as to any of Pfizer Licensors' or its Affiliates' Trademarks, Copyrights or other Intellectual Property, except as otherwise expressly set forth herein.

3. QUALITY CONTROL

3.1. **Quality Control**. Each Company Licensee shall ensure that the quality of products and services provided by such Company Licensee and its Sublicensees under the Licensed Marks will be at least equal to the quality of products and services provided under such Licensed Marks immediately prior to the Effective Date and such products and services comply with all Applicable Laws. Each Pfizer Licensor shall have the right to review and exercise quality control over the applicable Company Licensee's and its Sublicensees' use of the Licensed Marks as reasonably necessary or desirable (as determined by the Pfizer Licensor in the Pfizer Licensor's sole discretion) to maintain the validity and enforceability of the Licensed Marks and protect the goodwill associated therewith.

3.2. **No Adverse Action**. The Company Licensees shall not take any action that might dilute, tarnish, disparage, or reflect adversely on any Pfizer Licensor, its Affiliates or any Licensed Marks or diminish the value or goodwill associated therewith. Without limiting the foregoing, each Company Licensee shall use the applicable Licensed Marks and Licensed Copyrighted Works in accordance with sound trademark, trade name and copyright usage principles and in accordance with all Applicable Laws (including laws relating to maintaining the validity and enforceability of the Licensed Marks and Licensed Copyrighted Works).

3.3. **No Affiliation**. Except as otherwise expressly permitted under the Global Separation Agreement, the Company Licensees shall not, and shall cause their Affiliates and Sublicensees to not, expressly or by implication, do business as or represent themselves as any of the Pfizer Licensors or its Affiliates, and shall ensure that there is no confusion that any Company Licensee, its Affiliates or its Sublicensees are affiliated with any Pfizer Licensor or any of its Affiliates and, if any such confusion occurs, shall promptly remediate the same

3.4. **Materials**. Subject to the Global Separation Agreement, each Company Licensee shall be permitted to use the Licensed Marks on packaging, labeling, advertising, promotional materials, periodicals, samples of products and any other publicly disseminated or accessible materials (whether printed, electronic, or otherwise) bearing, referencing, or offered under the applicable Licensed Marks (collectively, the "Materials") disseminated immediately prior to the Effective Date. Each Company Licensee shall provide to the applicable Pfizer Licensor representative samples of any proposed changes or modifications to the Materials (other than immaterial changes or modifications or the removal and replacement of the Retained Names), or any new Materials, reasonably prior to initial public dissemination of such Materials, and such Company Licensee shall not use or disseminate any such Materials without such Pfizer Licensor's prior written consent (which Pfizer may withhold in its sole discretion).

3.5. **Notices and Legends**. As reasonably requested by the applicable Pfizer Licensor, each Company Licensee shall, and shall cause its Sublicensees to, use commercially reasonable efforts to mark in a manner that is visible to the public, use of the Licensed Marks (or, if a Licensed Mark is used multiple times in any Materials, the first prominent use of such Licensed Mark) and the Licensed Copyrighted Works.

4. OWNERSHIP; RECORDATION

4.1. **Ownership**.

4.1.1. **Ownership of Licensed Marks and Licensed Copyrighted Works**. As between the Parties, the Company, on behalf of itself and the other Company Licensees, acknowledges and agrees that (a) the Pfizer Licensors or their Affiliates own the Licensed Marks and all rights therein and goodwill pertaining thereto and the Licensed Copyrighted Works including, for clarity, all derivative works based thereon and (b) each Company Licensee's and its Sublicensees' use of the Licensed Marks and any and all goodwill generated thereby or associated therewith, and the Licensed Copyrighted Works, shall inure solely to the applicable Pfizer Licensor's and its applicable Affiliates' benefit.

4.1.2. **Assignment**. In the event that any Company Licensee, or any of its Affiliates or Sublicensees, has been assigned or otherwise obtains or has ownership of any Licensed Marks or Licensed Copyrighted Works in contravention of Section 4.1.1, the applicable Company Licensee hereby assigns, and shall cause its Affiliates and Sublicensees (as applicable) to assign, to the applicable Pfizer Licensor its entire right, title, and interest in, to, and under such Licensed Marks or Licensed Copyrighted Works (as applicable) and hereby waives, and shall cause its Affiliates and Sublicensees to waive, any ownership interest in the foregoing if

such assignment does not take effect immediately for any reason. Each Company Licensee shall, and shall cause its applicable Affiliates and Sublicensees to, execute any and all assignments and other documents necessary to

perfect or record the applicable Pfizer Licensor's (or if specified by such Pfizer Licensor, its Affiliate's) right, title, and interest in, to, and under such Licensed Marks or Licensed Copyrighted Works (as applicable) or to register the applicable Pfizer Licensor (or if specified by such Pfizer Licensor, its Affiliate) as the exclusive owner of any applicable registrable rights.

4.2. **No Confusion or Registration**. Without limiting Section 4.1, the Company Licensees and their Affiliates shall not (a) seek to register anywhere in the world (including the Territory) any Licensed Mark or Trademark that is confusingly similar to any Licensed Mark, (b) use any Trademark confusingly similar to, or a variation of, the Licensed Marks anywhere in the Territory, (c) directly or indirectly challenge the ownership or other rights of any of the Pfizer Licensors or their Affiliates in or to any Licensed Marks or the Licensed Copyrighted Works or the validity or enforceability thereof or (d) contest that the Company Licensees' rights under this Agreement are those of a licensee to use the Licensed Marks and the Licensed Copyrighted Works, as and to the extent expressly set forth herein.

4.3. **Recordings**. If any Pfizer Licensor or Company Licensee (the "Requesting Party") deems recordation of this Agreement with any Governmental Authorities to be necessary, such Pfizer Licensor or Company Licensee, as the case may be, shall reasonably cooperate with such Requesting Party, at the Requesting Party's cost and expense, in connection therewith and in the renewal of any such recordations. The Parties shall provide assistance and information to each other as reasonably necessary to accomplish such recordation.

5. CONFIDENTIALITY

5.1 **Definition**. "Confidential Information" shall mean all trade secrets and all other confidential or proprietary information (including any Licensed Copyrighted Works that contain any trade secrets or other confidential or proprietary information) furnished by or on behalf of one Party or any of its Affiliates (including, with respect to Pfizer, the Pfizer Licensors and their Affiliates and, with respect to the Company, the Company Licensees, their Affiliates and Sublicensees) or its or their respective directors, officers, employees, agents, accountants, counsel or other advisors or representatives (each, a "Disclosing Party") to the other Party, any of its Affiliates (including, for clarity, with respect to Pfizer, the Pfizer Licensors and their Affiliates and, with respect to the Company, the Company Licensees, their Affiliates and Sublicensees) or its or their respective directors, officers, employees, agents, accountants, counsel or other advisors or representatives (each, a "Receiving Party") in connection with this Agreement, whether disclosed or provided prior to or after the Effective Date and whether provided orally, visually, electronically, or in writing. Notwithstanding the foregoing, Confidential Information, with respect to a Disclosing Party, shall not include:

5.1.1. information that is or becomes publicly known through no breach of this Agreement by the Receiving Party or any of its Affiliates, its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives;

5.1.2. information that was independently developed following the Effective Date by employees or agents of the Receiving Party or any of its Affiliates, its respective directors, officers, employees, agents, accountants, counsel and other advisors and representatives who have not accessed or otherwise received the applicable Confidential Information from the Disclosing Party (before or after the Effective Date); provided that such independent development can be demonstrated by competent, contemporaneous written records of the Receiving Party or any of its Affiliates; and

5.1.3. information that becomes available to the Receiving Party or its Affiliates following the Effective Date on a non-confidential basis from a Third Party who is not bound directly or indirectly by a duty of confidentiality to the Disclosing Party; provided that, in each of the foregoing Sections 5.1.1 through 5.1.3, such information shall not be deemed to be within the foregoing exceptions merely because such information is embraced by more general knowledge that is publicly known or in the Receiving Party's possession, and no combination of features shall be deemed to be within the foregoing exceptions merely because individual features are publicly known or in the Receiving Party's possession, unless the particular combination itself and its principle of operations are in the public domain or in the Receiving Party's possession without the use of or access to Confidential Information.

5.2 **General Obligations**. The Receiving Party shall protect all Confidential Information of the Disclosing Party against unauthorized uses and disclosures, and disclose to Third Parties, using the same degree of care as the Receiving Party uses with respect to its own similar information (which in no event shall be less than a reasonable degree of care).

5.3 **Disclosures to Sublicensees**. Each Company Licensee shall be permitted to disclose the Pfizer Licensor's Confidential Information to Sublicensees (subject to Section 2.3) to the extent reasonably necessary for such Company Licensee to exercise any sublicense rights that it has been granted hereunder; provided that such Sublicensees shall be subject to written obligations of confidentiality and restrictions on permitted use at least equivalent in scope to those set forth in this Article 5 and the Company Licensees shall be liable for any failure by any such Sublicensees to comply with the terms hereof.

5.4 **Disclosure to Intellectual Property Offices, Regulatory Authorities**. A Receiving Party may disclose Confidential Information of the Disclosing Party to, trademark and copyright authorities to obtain or maintain Intellectual Property rights to the extent such Receiving Party is expressly permitted to obtain or maintain such Intellectual Property rights under this Agreement; provided that such disclosure may be made only to the extent reasonably necessary to obtain or maintain such Intellectual Property rights and the Receiving Party shall provide the Disclosing Party with written notice of such disclosure.

5.5 **Disclosures Required By Law**. In the event that the Receiving Party or any of its Affiliates either determines on the advice of its counsel that it is required to disclose any Confidential Information of the Disclosing Party pursuant to Applicable Law (including the rules and regulations of the Securities and Exchange Commission or any national securities exchange) or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide Confidential Information of the Disclosing Party (or any of its Affiliates) that is subject to the confidentiality obligations hereof, the Receiving Party shall notify the Disclosing Party prior to disclosing or providing such Confidential Information and shall cooperate at the expense of the Disclosing Party in seeking any reasonable protective arrangements (including by seeking confidential treatment of such Confidential Information) requested by the Disclosing Party. Subject to the foregoing, the Person that received such a request or determined that it is required to disclose Confidential Information of the Disclosing Party may thereafter disclose or provide such Confidential Information to the extent required by such Applicable Law (as so advised by counsel) or requested or required by such Governmental Authority; provided, however, that such Person provides the Disclosing Party, to the extent legally permissible, upon request with a copy of the Confidential Information so disclosed.

5.6 **Terms of the Agreement**. The terms of this Agreement are deemed to be Confidential Information of each Party and shall be subject to the confidentiality obligations set forth in this Article 5; provided that each Party shall be permitted to disclose the terms of this Agreement to the extent reasonably necessary in connection with a potential or actual financing or assignment or sale of the business or assets related to this Agreement to the extent permitted hereunder; provided further that such Persons shall be subject to obligations of confidentiality and non-use (whether in writing or by operation of law) with respect thereto and the Party disclosing such Confidential Information shall be liable for any failure by any such Persons to comply with the confidentiality provisions hereof.

6. REPRESENTATIONS AND WARRANTIES; COVENANTS

6.1. Representations and Warranties. Except as otherwise set forth on Schedule 6.1, Pfizer (on behalf of itself and the Pfizer Licensors) and the Company (on behalf of itself and the Company Licensees) makes the representations and warranties set forth in this Section 6.1 to the other Party as of the Effective Date.

6.1.1. It is duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation. It has full corporate power and authority to execute, deliver, and perform under this Agreement.

6.1.2. This Agreement constitutes a valid and binding agreement enforceable against it in accordance with its terms (except as the enforceability thereof may be limited by Applicable Laws).

6.1.3. All consents, approvals, and authorizations from all Governmental Authorities required to be obtained by such Party in connection with the execution and delivery of this Agreement have been obtained.

6.2. **Disclaimer of Representations and Warranties**. EXCEPT AS EXPRESSLY STATED IN THIS ARTICLE 6, NO PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF TITLE, NON-INFRINGEMENT, VALIDITY, ENFORCEABILITY, ABSENCE OR SCOPE OF ANY ENCUMBRANCES, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE AND ALL SUCH REPRESENTATIONS AND WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED. ALL INFORMATION PROVIDED BY PFIZER OR ITS AFFILIATES (INCLUDING THE PFIZER LICENSORS AND THEIR AFFILIATES) IS MADE AVAILABLE ON AN "AS IS" BASIS WITHOUT WARRANTY WITH RESPECT TO COMPLETENESS, COMPLIANCE WITH REGULATORY STANDARDS, REGULATIONS, OR ANY OTHER APPLICABLE LAW, OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER KIND OF WARRANTY WHETHER EXPRESS OR IMPLIED.

6.3. **Compliance with Laws**. Each Party shall comply, and shall cause its Affiliates (including, with respect to the Company, the Company Licensees and their Affiliates and, with respect to Pfizer, the Pfizer Licensors and their Affiliates) and with respect to the Company, all Sublicensees to comply, with all Applicable Laws in performing its and their obligations and exercising its and their rights pursuant to this Agreement.

7. INDEMNIFICATION

7.1. Indemnification by the Company. Except as provided in Section 7.3, the Company shall indemnify, defend and hold harmless each of Pfizer, its Affiliates and its and their respective directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Indemnitees") from and against any and all Losses of the Pfizer Indemnitees relating to, arising out of or resulting from any of the following items (without duplication and including any such Losses arising by way of setoff, counterclaim or defense or enforcement of any Lien): (a) the use of any Licensed Marks or any Licensed Copyrighted Works by or on behalf of any Company Licensee or any of its Affiliates or Sublicensees following the Effective Date, (b) the fraud, gross negligence, or willful misconduct of any Company Licensee, its Affiliates or Sublicensees following the Effective Date, or (c) breach by any Company Licensee, its Affiliates or any of its Sublicensees (as applicable) of any provision of this Agreement following the Effective Date, except to the extent any of the foregoing (a) through (c) was caused by any of the Pfizer Indemnitees' fraud, gross negligence, or willful misconduct following the Effective Date or any Action for which Pfizer has an obligation to indemnify the Company Indemnitees pursuant to Section 7.2.

7.2. **Indemnification by Pfizer**. Except as provided in Section 7.3, Pfizer shall indemnify, defend and hold harmless the Company Indemnitees from and against any and all Losses of the Company Indemnitees relating to, arising out of or resulting from any of the following (without duplication and including any Losses arising by way of setoff, counterclaim or defense or enforcement of any Lien): (a) use of any Licensed Marks or any Licensed Copyrighted Works by or on behalf of any Pfizer Licensor or any of its Affiliates following the Effective Date, (b) the fraud, gross negligence, or willful misconduct of any Pfizer Licensor or any of its Affiliates following the Effective Date or (c) breach by any Pfizer Licensor of any provision of this Agreement following the Effective Date, except to the extent and of the foregoing (a) through (c) was caused by any of the Company Indemnitees' fraud, gross negligence, or willful misconduct following the Effective Date or any Action for which Company has an obligation to indemnify Pfizer Indemnitees pursuant to Section 7.1.

7.3. **Indemnification Obligations Net of Insurance Proceeds and Other Amounts**.

7.3.1. The Parties intend that any Loss subject to indemnification or reimbursement pursuant to this Article 7 will be net of Insurance Proceeds that actually reduce the amount of the Loss. Accordingly, the amount which any Party (an "Indemnifying Party") is required to pay to any Indemnitee will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnitee in respect of the related Loss. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Loss and subsequently receives Insurance Proceeds, then the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

7.3.2. An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other Third Party shall be entitled to a "wind-fall" (i.e., a benefit such insurer or other Third Party would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification provisions hereof. Nothing contained in this Agreement shall obligate any Person in any Group to seek to collect or recover any Insurance Proceeds.

7.3.3. Any Indemnity Payment made by the Company shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such Indemnity Payment, each Pfizer Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed. Any Indemnity Payment made by Pfizer shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such Indemnity Payment, each Company Indemnitee receives an amount equal to the sum it would have received had no such Taxes been imposed.

7.4. **Procedures for Indemnification of Third Party Claims**.

7.4.1. If an Indemnitee shall receive notice or otherwise learn of the assertion by a Third Party (including any Governmental Authority) of any claim or of the commencement by any such Third Party of any Action with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Sections 7.1 or 7.2, or any other Section of this Agreement (collectively, a "Third Party Claim"), such Indemnitee shall give such Indemnifying Party written notice thereof as promptly as practicable (and in any event within forty-five (45) days) after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnitee or other Person to give notice as provided in this Section 7.4 shall not relieve the related

Indemnifying Party of its obligations under this Article 7, except to the extent, and only to the extent, that such Indemnifying Party is materially prejudiced by such failure to give notice.

7.4.2. An Indemnifying Party may elect (but shall not be required) to defend, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel (which counsel shall be reasonably satisfactory to the Indemnitee), any Third Party Claim; provided that the Indemnifying Party shall not be entitled to defend and shall pay the reasonable fees and expenses of one separate counsel for all Indemnitees if the claim for indemnification relates to or arises in connection with any criminal action, indictment or allegation. Within forty-five (45) days after the receipt of notice from an Indemnitee in accordance with Section 7.4.1 (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions to its defense. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee; provided, however, in the event that (a) the Indemnifying Party has elected to assume the defense of the Third Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice or (b) the Third Party Claim involves injunctive or equitable relief, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnitees shall be borne by the Indemnifying Party.

7.4.3. If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnitee of its election as provided in Section 7.4.2, such Indemnitee may defend such Third Party Claim at the cost and expense of the Indemnifying Party. Any legal fees and expenses incurred by the Indemnitee in connection with defending such claim shall be paid by the Indemnifying Party at the then applicable regular rates charged by counsel, without regard to any flat fee or special fee arrangement otherwise in effect between such counsel and the Indemnitee.

7.4.4. Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnitee may settle or compromise any Third Party Claim without the consent of the Indemnifying Party. If an Indemnifying Party has failed to assume the defense of the Third Party Claim within the time period specified in Section 7.4.2 above, it shall not be a defense to any obligation to pay any amount in respect of such Third Party Claim that the Indemnifying Party was not consulted in the defense thereof, that such Indemnifying Party's views or opinions as to the conduct of such defense were not accepted or adopted, that such Indemnifying Party does not approve of the quality or manner of the defense thereof or that such Third Party Claim was incurred by reason of a settlement rather than by a judgment or other determination of liability.

7.4.5. In the case of a Third Party Claim, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the consent of the Indemnitee if the effect thereof is (a) to permit any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against any Indemnitee or (b) to ascribe any fault on any Indemnitee in connection with such defense.

7.4.6. Notwithstanding the foregoing, the Indemnifying Party shall not, without the prior written consent of the Indemnitee, settle or compromise any Third Party Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnitee of a written release from all Liability in respect of such Third Party Claim.

7.5. **Additional Matters**.

7.5.1. Any claim on account of a Loss which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30) day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such thirty (30) day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such Indemnitee as contemplated by this Agreement.

7.5.2. In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

7.5.3. In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the

named defendant or otherwise hold the Indemnifying Party as party thereto, if at all practicable. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts' fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement with respect to such Third Party Claim.

7.6. **Remedies Cumulative**. The remedies provided in this Article 7 shall be cumulative and, subject to the provisions of Section 11.2, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party

7.7. **Survival of Indemnities**. The indemnity contained in this Article 7 shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of any Indemnitee; and (b) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification or contribution hereunder. The rights and obligations of each Party and their respective Indemnitees under this Article 7 shall survive the termination of any license granted hereunder.

7.8. **Intellectual Property**. Notwithstanding the foregoing Sections 7.1 through 7.7, in the event and to the extent that any Third Party Claim relates to or may affect or otherwise impair either Party's or a Third Party's ownership of or rights in or the validity or enforceability of or rights to use Intellectual Property hereunder, the prosecution and defense of such aspects of such Third Party Claim shall be governed by Article 4 and Article 9 to the extent that such Article addresses such prosecution or defense.

8. LIMITATIONS ON LIABILITY

8.1. Consequential Damages Waiver. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, IN NO EVENT WILL EITHER PARTY OR ANY OF ITS AFFILIATES (INCLUDING WITH RESPECT TO PFIZER, ANY PFIZER LICENSORS OR ANY OF THEIR AFFILIATES AND WITH RESPECT TO THE COMPANY, ANY COMPANY LICENSEES OR ANY OF THEIR AFFILIATES) BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL OR PUNITIVE DAMAGES OR LOST PROFITS SUFFERED BY AN INDEMNITEE, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, IN CONNECTION WITH ANY DAMAGES ARISING HEREUNDER; PROVIDED, HOWEVER, THAT TO THE EXTENT AN INDEMNITEE IS REQUIRED TO PAY ANY SPECIAL, INCIDENTAL, INDIRECT, COLLATERAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES OR LOST PROFITS TO A PERSON WHO IS NOT THE OTHER PARTY OR AN AFFILIATE OF THE OTHER PARTY IN CONNECTION WITH A THIRD PARTY CLAIM, SUCH DAMAGES WILL CONSTITUTE DIRECT DAMAGES AND NOT BE SUBJECT TO THE LIMITATION SET FORTH IN THIS ARTICLE 8.

9. PROSECUTION, MAINTENANCE AND ENFORCEMENT

9.1. Prosecution and Maintenance.

9.1.1. **General**. As between the Parties, the Pfizer Licensors shall have the sole right and authority (but not the obligation) to prepare, file, prosecute, and maintain (such activities, the "Prosecution Activities") registrations for the Licensed Marks and the Licensed Copyrighted Works in any country or regulatory jurisdiction in the Territory.

9.1.2. **Costs and Expenses**. At the applicable Pfizer Licensor's request, the applicable Company Licensee shall be responsible for all costs and expenses incurred by or on behalf of any of the Pfizer Licensors or their Affiliates in connection with the Prosecution Activities for the Licensed Marks and the Licensed Copyrighted Works in the Territory.

9.1.3. **Cooperation in Prosecution Activities**. Upon a Pfizer Licensor's request, the applicable Company Licensee shall provide such Pfizer Licensor with reasonable assistance and cooperation with respect to the Prosecution Activities for the Licensed Marks and the Licensed Copyrighted Works, including providing any necessary powers of attorney, filings and any other assignment documents or instruments for such prosecution.

9.2. **Enforcement**.

9.2.1. **Notice**. Each Company Licensee shall promptly notify the applicable Pfizer Licensor in writing upon learning of (a) any conflicting uses of, or any applications of or registrations for, any Licensed Mark or any Trademark that is confusingly similar thereto, or Licensed Copyrighted Works or (b) any acts of infringement, unfair competition, unauthorized use or dilution involving any Licensed Mark or Licensed Copyrighted Work (each of (a) and (b), a "Third Party Infringement").

9.2.1. **Pfizer Enforcement Rights**. As between the Parties, the applicable Pfizer Licensor will have the first right and authority (but not the obligation) to control enforcement of the applicable Licensed Mark or Licensed Copyrighted

Work against any Third Party Infringement, including the right to initiate any opposition, cancellation or infringement proceedings to enforce such Licensed Mark or Licensed Copyrighted Work (as applicable). Prior to commencing any suit or other Action in the Company Field in connection therewith, such Pfizer Licensor shall consult with the applicable Company Licensee (unless the delay associated with doing so would result in the loss of rights) and consider such Company Licensee's recommendations regarding such Action.

9.2.3 **Licensee Right of Enforcement of the Licensed Marks**. If the applicable Pfizer Licensor fails to bring a suit or other action in response to, or respond to a suit or other action in connection with, a Third Party Infringement with respect to a Licensed Mark within the earlier of (a) ninety (90) days of the notice described in Section 9.2.1 or (b) thirty (30) days before the expiration date for bringing such suit, opposition, or other action or responding thereto, the applicable Company Licensee shall have the right, in its sole discretion, and authority (but not the obligation) to control enforcement of the applicable Licensed Mark at its sole expense if the applicable Third Party Infringement is in or directly affects the Company Field. Prior to commencing any Action in connection therewith, such Company Licensee shall consult with such Pfizer Licensor and consider such Pfizer Licensor's recommendations regarding such Action. Notwithstanding anything to the contrary in this Section 9.2.3, the Company Licensees shall not have the rights to enforce (x) the Licensed Copyrighted Works in any instance or (y) the Licensed Marks in connection with a Third Party Infringement upon written notice from any of the Pfizer Licensors if, exercising good faith, such Pfizer Licensor or any of its Affiliates concludes in its sole discretion that such Licensed Marks should not be enforced against such Third Party Infringement.

9.2.4. **Settlement**. The Pfizer Licensor or Company Licensee controlling enforcement of a Third Party Infringement Action (the "Controlling Party") involving a Licensed Mark may not settle, or stipulate to any facts, or make any admission with respect to, such Third Party Infringement Action without the other Party's prior written consent; provided that, if a Pfizer Licensor is the Controlling Party, such Pfizer Licensor shall not be required to obtain any Company Licensee's consent to the extent that the settlement does not impose liability on any Company Licensee or any of its Affiliates.

9.2.5. **Assistance**. At the request of the Controlling Party, the other Party (the "Non-Controlling Party") shall provide reasonable assistance to the Controlling Party with respect to its enforcement of the Licensed Marks and the Licensed Copyrighted Work against any Third Party Infringement, including by joining any related Action and executing all papers and performing such other acts as may be reasonably required to permit the Controlling Party to commence or prosecute such Action. The Controlling Party shall reimburse the Non-Controlling Party's reasonable out-of-pocket costs and expenses actually incurred in connection therewith, if so requested. The Non-Controlling Party shall have the right to be represented in any such Action in which it is a party by independent counsel (which shall act in an advisory capacity only, except for matters solely directed to such Non-Controlling Party) of its own choice and at its own expense.

9.2.6. **Recoveries**.

(a) **Licensed Marks**. Any recoveries resulting from an Action relating to a claim of Third Party Infringement shall first be applied against payment of each Party's and its Affiliates' reasonable out-of-pocket costs and expenses actually incurred in connection therewith, with any remaining amounts distributed to (a) the Company or its designated Affiliate to the extent that such recovery concerned a Third Party Infringement with respect to the Company Field and (b) Pfizer or its designated Affiliate to the extent that such recovery concerned a Third Party Infringement with respect to outside the Company Field.

(b) **Licensed Copyrighted Work**. Any recoveries resulting from an action relating to a claim of Third Party Infringement of a Licensed Copyrighted Work shall first be applied against payment of each Party's reasonable out-of-pocket costs and expenses incurred in connection therewith, with any remaining amounts retained by the Pfizer or its designated Affiliates.

9.3. **Liability**. Neither Party, nor its Affiliates (including, with respect to Pfizer, the Pfizer Licensors and, with respect to the Company, the Company Licensees), nor its or their employees, agents, or representatives, shall be liable to the other Party or any of its Affiliates in respect of any good faith act, omission, default, or neglect of such Party, any of its Affiliates, or its or their employees, agents, or representatives in connection with the Prosecution Activities or Actions with respect to Third Party Infringements that it performs hereunder and that has not resulted from its or its Affiliates' or its or their directors', employees', officers', shareholders', agents', successors', or assigns' bad faith and each Party, on behalf of itself, its Affiliates, and its and their respective directors, employees, officers, shareholders, agents, successors, and assigns, hereby waives any and all Actions that they may have against the other Party, any of its Affiliates or its or their employees, agents, or representatives that may arise or result from such other Party's or its Affiliates', performance of the Prosecution Activities and Actions with respect to Third Party Infringements

10. TERM; TERMINATION

10.1. Term. Unless earlier terminated in accordance with the terms hereof, this Agreement shall expire on a Licensed Mark-by-Licensed Mark basis and Licensed Copyrighted Work-by-Licensed Copyrighted Work basis upon the applicable Pfizer Licensor's receipt of written notice from the applicable Company Licensee or any of its Affiliates specifying that such Company Licensee and its Sublicensees (as applicable) have ceased bona fide commercial use of such Licensed Mark (which notice such Company Licensee shall send promptly following such cessation).

10.2. **Termination**. This Agreement shall immediately terminate with respect to a Licensed Mark or Licensed Copyrighted Work, if the applicable Company Licensee ceases to be an Affiliate of the Company.

10.3 **Effect of Expiration and Termination**.

10.3.1. **Licenses and Sublicenses**. Upon expiration or termination of this Agreement, in part or in whole, in accordance with Section 10.2, all licenses and other rights granted by the Pfizer Licensors to the Company Licensees and sublicenses and other rights granted by the Company Licensees to Sublicensees pursuant to Section 2.2 with respect to the applicable Licensed Marks and Licensed Copyrighted Works shall terminate except as otherwise set forth in Section 10.3.3(b).

10.3.2. **Payment**. Within thirty (30) days of expiration or termination of this Agreement, in part or in whole (or such later date with respect to those costs that are incurred but cannot be reported as of such date), the Company shall pay Pfizer all amounts that the Company and the other Company Licensees owe to Pfizer and the other Pfizer Licensors hereunder as of the effective date of such expiration or termination.

(a) Except as set forth in Section 10.3.3(b), upon the expiration or termination of this Agreement, in part or in whole, the applicable Company Licensees shall, and shall cause their Sublicensees to, subject to Applicable Law, promptly: (i) cease any and all use of the applicable Licensed Marks and Licensed Copyrighted Works, (ii) destroy and give notice to all agents and employees to destroy all Materials bearing the applicable Licensed Marks and the Licensed Copyrighted Works, (iii) cease indicating that the applicable Company Licensees and their Sublicensees are licensees of the applicable Pfizer Licensors with respect to the applicable Licensed Marks, and the Licensed Copyrighted Works, and (iv) refrain from using or displaying any Materials or performing any other act that would cause anyone to infer or believe that such Company Licensees, any of their Affiliates, or their Sublicensees are the owner of, or a licensee of such Pfizer Licensors or any of their Affiliates with respect to, the applicable Licensed Marks or Licensed Copyrighted Works. Each such Company Licensee shall promptly provide the applicable Pfizer Licensors with a written statement verifying that all Materials bearing the applicable Licensed Marks and the Licensed Copyrighted Works have been destroyed or exhausted and shall send such Pfizer Licensors representative samples of Materials that do not include such Licensed Marks.

(b) Notwithstanding anything to the contrary in Section 10.3.3(a), in the event of a termination in accordance with Section 10.2 or an assignment by the Company in accordance with Section 11.1, the applicable Company Licensees and their Sublicensees shall, as soon as practicable, but in no event later than one hundred twenty (120) days following the date of such termination or assignment (as applicable), comply with Section 10.3.3(a). Any use by the Company Licensee or its Sublicensees of any of the Licensed Marks as permitted in this Section is subject to their use of the Licensed Marks in the same form and manner, and with standards of quality, of that in effect for the Licensed Marks as of the date of such termination or assignment (as applicable) and without limitation to any other remedies, Pfizer shall have the right to terminate such rights, effective immediately if the applicable Company Licensees or their Sublicensees fail to comply with the foregoing terms and conditions or otherwise fail to comply with any reasonable direction of Pfizer or any of its Affiliates in relation to the use of the Licensed Marks.

10.3.4. **Recordation of this Agreement**. Upon expiration or termination of this Agreement, in part or in whole, the applicable Pfizer Licensors and Company Licensees shall, and shall cause their applicable Affiliates to, cooperate to effect cancellation or termination of any recordation of this Agreement with the applicable Governmental Authorities with respect to the applicable Licensed Marks and Licensed Copyrighted Works and each Pfizer Licensor and Company Licensee (on behalf of itself and its applicable Affiliates) hereby grants to the applicable the Company Licensee and Pfizer Licensor, respectively, an irrevocable power of attorney coupled with an interest to effect such cancellation within twenty (20) days after such expiration or termination (as applicable).

10.3.5. **Other Rights and Remedies**. Expiration and termination of this Agreement, in part or in its entirety, shall be without prejudice to any rights which shall have accrued to the benefit of either Party prior to such expiration and termination (as applicable).

10.4. **Survival**. Without limiting any other provisions in this Article 10, the following Sections and Articles (along with the provisions herein that expressly specify survival terms or that would, by their nature, survive termination) shall survive expiration or termination of this Agreement for any reason: 2.5, 2.6, 4.1, 4.2, 5 (until the tenth (10^{th}) anniversary of the Effective Date), 6.2, 7, 8, 9.3, 10.3, 10.4 and 11.

11. MISCELLANEOUS

11.1. **Assignability**. The Company may not assign (including in a bankruptcy or similar proceeding) or assume in a bankruptcy or similar proceeding this Agreement or any rights, benefits, or obligations under or relating to this Agreement, in each case whether by operation of law or otherwise, without Pfizer's prior written consent (which shall not be unreasonably withheld); provided that the Company may assign its rights and obligations under this Agreement or any part hereof to one or more of its Affiliates, or to a successor to all or substantially all of its business and assets to which this Agreement (or part thereof that is assigned) relates, without Pfizer's consent. For clarity, Pfizer shall have the right to assign (including in a bankruptcy or similar proceeding) or assume in a bankruptcy or similar proceeding this Agreement or any rights, benefits, or obligations under or relating to this Agreement, in each case whether by operation of law or otherwise, without the Company's prior written consent. In the event of a permitted assignment hereunder, this Agreement will be binding upon the Parties and their respective permitted successors and permitted assigns. Any attempted assignment that contravenes the terms of this Agreement shall be void ab initio and of no force or effect.

11.2. **Governing Law; Dispute Resolution**. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof that would result in the application of any law other than the laws of the State of New York, and, to the extent applicable to Intellectual Property, the applicable federal laws of the United States of America (without regard to conflict of laws principles). The procedures for discussion, negotiation and mediation set forth in Article VIII of the Global Separation Agreement shall apply to all disputes, controversies or claims (whether arising in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with this Agreement.

11.3. **Specific Performance**. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are or are to be thereby aggrieved shall have the right to seek specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative**.**

11.4. **Force Majeure**. No Party shall be deemed in default of this Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

11.5. **Advisors**. It is acknowledged and agreed by each of the Parties that Pfizer, on behalf of itself and the other members of the Pfizer Group, has retained each of the Persons identified on Schedule 11.11 to the Global Separation Agreement to act as counsel in connection with this Agreement, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby and that the Persons listed on Schedule 11.11 to the Global Separation Agreement have not acted as counsel for the Company or any other member of the Company Group in connection with this Agreement, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby and that none of the Company or any member of the Company Group has the status of a client of the Persons listed on Schedule 11.11 to the Global Separation Agreement for conflict of interest or any other purposes as a result thereof. The Company hereby agrees, on behalf of itself and each other member of the Company Group that, in the event that a dispute arises after the Effective Date in connection with this Agreement, the Global Separation Agreement, the Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby between Pfizer and the Company or any of the members of their respective Groups, each of the Persons listed on Schedule 11.11 to the Global Separation Agreement may represent any or all of the members of the Pfizer Group in such dispute even though the interests of the Pfizer Group may be directly adverse to those of the Company Group. The Company further agrees, on behalf of itself and each other member of the Company Group that, with respect to this Agreement, the Global Separation Agreement, the other Ancillary Agreements, the Contribution and the other transactions contemplated hereby and thereby, the attorney-client privilege and the expectation of client confidence belongs to Pfizer or the applicable member of the Pfizer Group and may be controlled by Pfizer or such member of the Pfizer Group and shall not pass to or be claimed by the Company or any

member of the Company Group. Furthermore, the Company acknowledges and agrees that Skadden, Arps, Slate, Meagher & Flom, LLP is representing Pfizer, and not the Company, in connection with the Transactions.

11.6. **Notices**. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person or (b) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to a Pfizer Licensee, to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: General Counsel

with a copy to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: Bryan A. Supran and Andrew J. Muratore

If to a Company Licensor, to:

Zoetis Inc.

5 Giralda Farms
Madison, NJ 07940
Attention: General Counsel

with a copy to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: Katherine H. Walden

Any Party may, by notice to the other Party, change the address to which such notices are to be given.

11.7. **Waivers of Default**. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party.

11.8. A**mendments**. No provisions of this Agreement shall be deemed waived, amended, supplemented, or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

11.9. **Severability**. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any Party. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

11.10. **Further Assurances**. The Company and Pfizer hereby covenant and agree, without the necessity of any further consideration, to execute, acknowledge, and deliver any and all such other documents and take any such other action as may be reasonably necessary or appropriate to implement this Agreement and carry out the intent and purposes of this Agreement.

11.11. **Third Party Beneficiaries**. Except for the indemnification rights under this Agreement of any Pfizer Indemnitee or Company Indemnitee in their respective capacities as such and the express rights of the Pfizer Licensors and

Company Licensees set forth herein, (a) the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person (including employees of the Parties) except the Parties any rights or remedies hereunder, and (b) there are no third party beneficiaries of this Agreement and this Agreement shall not provide any third person (including employees of the Parties) with any remedy, claim, liability, reimbursement, claim of action, or other right in excess of those existing without reference to this Agreement.

11.12. **Relationship of the Parties**. Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between Pfizer and the Company, or to constitute one Party as the agent of the other. Moreover, each Party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give any Party the power or authority to act for, bind, or commit the other Party.

11.13. **No Construction Against Drafter**. The Parties acknowledge that this Agreement and all the terms and conditions contained herein have been fully reviewed and negotiated by the Parties. Having acknowledged the foregoing, the Parties agree that any principle of construction or rule of law that provides that, in the event of any inconsistency or ambiguity, an agreement shall be construed against the drafter of the agreement shall have no application to the terms and conditions of this Agreement.

11.14. **Headings**. The article, section, and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

11.15. **Interpretation**. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires. The terms “hereof”, “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the schedules, exhibits and appendices hereto) and not to any particular provision of this Agreement. Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement unless otherwise specified. The word “including” and words of similar import when used in this Agreement shall mean “including, without limitation”, unless the context otherwise requires or unless otherwise specified.

11.16. **Counterparts; Entire Agreement; Conflicting Agreements**.

11.16.1. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party. Execution of this Agreement or any other documents pursuant to this Agreement by facsimile or other electronic copy of a signature shall be deemed to be, and shall have the same effect as, executed by an original signature.

11.16.2. This Agreement, the Global Separation Agreement, the Ancillary Agreements, the exhibits, the schedules, and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties with respect to such subject matter other than those set forth or referred to herein or therein.

11.16.3. If, a Pfizer Licensor and the applicable Company Licensee are parties to a Local Separation Agreement entered into prior to the Effective Date, any license of Licensed Marks or Licensed Copyrighted Works pursuant to this Agreement shall be treated as occurring pursuant to such Local Separation Agreement on the effective date of such Local Separation Agreement.

11.16.4. Each Party hereby acknowledges on behalf of its Affiliates that this Agreement supersedes any agreement entered into by the Parties prior to the Effective Date with respect to licensing of the Licensed Marks or the Licensed Copyrighted Works to the Company or any other member of the Company Group.

11.16.5. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Global Separation Agreement or any other Ancillary Agreement, this Agreement shall prevail.

[*Signature Page Follows***]**

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

PFIZER INC.

By: /s/: Robert E. Landry
Name: Robert E. Landry
Title: Senior Vice President & Treasurer

ZOETIS INC.

By: /s/: Heidi C. Chen
Name: Heidi C. Chen
Title: General Counsel and
Corporate Secretary

SIGNATURE PAGE

Exhibit 10.13

ENVIRONMENTAL MATTERS AGREEMENT

This ENVIRONMENTAL MATTERS AGREEMENT, dated as of February 6, 2013, is by and among PFIZER INC., a Delaware corporation and ZOETIS INC., a Delaware corporation.

R E C I T A L S

WHEREAS, the Board of Directors of Pfizer Inc. has determined that it is in the best interests of Pfizer Inc. and its stockholders to separate the Animal Health Business from the other businesses conducted by Pfizer Inc. and its Subsidiaries;

WHEREAS, pursuant to the Contribution Agreement (as defined below), Pfizer Inc. and Zoetis Inc. have undertaken the transfer of certain of the Animal Health Assets, including the stock or other equity interests of certain of Pfizer Inc.'s Subsidiaries owning Animal Health Assets and/or dedicated to the Animal Health Business, by Pfizer to Zoetis Inc. and the assumption of the Animal Health Liabilities by Zoetis Inc.;

WHEREAS, pursuant to the Separation Agreement (as defined below), Zoetis Inc. has assumed certain Environmental Liabilities, as described in Section 2.04 of the Separation Agreement;

WHEREAS, Pfizer Inc. and Zoetis Inc. are entering into this agreement (this "Environmental Matters Agreement") because they mutually agree that it is in the best interest of the Pfizer Group (all members of which shall be referred to herein as "Pfizer") and the Company Group (all members of which shall be referred to herein as the "Company") to drive Remedial Actions to closure in the most efficient manner and in order to address the exchange of certain information between the parties, the Company's performance of Remedial Actions pursuant to Liabilities it was allocated under the Separation Agreement, the use of consultants and contractors to assist in the conduct of Remedial Actions, and certain conduct at Co-Located Facilities, including each of Pfizer's and the Company's rights to access such sites, the use of institutional controls, notification procedures, procedures for communicating with Governmental Authorities, responsibilities for releases of hazardous materials, construction and redevelopment activities, liability protection, and procedures in the event of a dispute between the parties, and to assure that the Company complies with all requirements of Environmental Laws pending its substitution for Pfizer, both at its operating facilities and in connection with its conduct of Remedial Actions, and that the Company obtains the consent of Governmental Authorities, to the maximum extent achievable, to replace Pfizer as the permittee or legally responsible party in each case, after the Effective Date; and

WHEREAS, Pfizer Inc. and Zoetis Inc. are entering into this Environmental Matters Agreement in order to also address certain conduct related to each of Pfizer's and the Company's operations or conduct of Remedial Actions at Co-Located Facilities, including facilities located in Catania, Italy; Guarulhos, Brazil; Kalamazoo, Michigan; and Hsinchu, Taiwan.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Environmental Matters Agreement, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Definitions. For the purpose of this Environmental Matters Agreement, the following terms shall have the meanings indicated. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Separation Agreement.

"Catania Remediation Matter" shall have the meaning as set forth in Section 7.02 of this Environmental Matters Agreement.

"Catania Remediation Matter Reports" shall mean the *Environmental Site Characterization Report according to DM471/99: Wyeth Catania Site* dated January 31, 2005 and prepared by ERM Italia S.p.A. in Milan;

Integrative Investigation Characterization Report according to D. Lgs. 152/06: Wyeth Catania Site dated May 15, 2009 and prepared by ERM Italia S.p.A. in Milan; and *Site Specific Risk Assessment According to Legislative Decree 152/06: Catania Facility* dated May 25, 2009 and prepared by ERM Italia S.p.A. in Milan.

"Co-Located Facilities" shall mean the real property listed on Schedule 1.01 to this Environmental Matters Agreement.

"Company's Catania Facility" shall have the meaning as set forth in Section 7.01 of this Environmental Matters Agreement.

"Company's South Campus Kalamazoo Facility" shall have the meaning as set forth in Section 8.01 of this Environmental Matters Agreement.

"Contribution Agreement" shall have the meaning set forth in the Separation Agreement.

"Environmental Permit Transfer Agreements" shall mean those agreements executed to effectuate the transfer of environmental permits and the responsibility, coverage, and Liability thereunder from Pfizer to the Company.

"Governmental No Further Action Letter" shall mean written notice from the appropriate Governmental Authority that, with respect to contamination or an actual or threatened Release of Hazardous Material no further Remedial Actions are required.

"Guarulhos Leased Facility" shall have the meaning set forth in Section 9.01 of this Environmental Matters Agreement.

"Guarulhos Remediation Matter" shall have the meaning as set forth in Section 9.01 of this Environmental Matters Agreement.

"Guarulhos Remediation Matter" shall have the meaning as set forth in Section 9.01 of this Environmental Matters Agreement.

"Institutional Controls" shall have the meaning as set forth in Section 4.02 of this Environmental Matters Agreement.

"Kalamazoo Building 248 Facility" shall have the meaning as set forth in Section 10.01 of the Environmental Matters Agreement.

"Kalamazoo Environmental Matter" shall have the meaning as set forth in Section 8.01 of this Environmental Matters Agreement.

"Kalamazoo Environmental Matter Report" shall mean Pharmacia & Upjohn, LLC Hazardous Waste Management Facility Operating License Annual Groundwater Report.

"Lease Term" shall mean the period in which Pfizer is leasing a referenced property from the Company pursuant to a lease agreement.

"Pfizer's Kalamazoo Facility" shall have the meaning as set forth in Section 8.01 of this Environmental Matters Agreement.

"Remedial Action" shall mean all actions required by Environmental Law or by a Governmental Authority pursuant to Environmental Law or required pursuant to an order, writ, judgment, injunction, decree, stipulation, determination or award entered by, into, or with any Governmental Authority pursuant to Environmental Law to (i) cleanup, remove, treat, investigate, monitor, assess, evaluate, contain, or remediate Hazardous Materials in the indoor or outdoor environment; (ii) prevent the Release of Hazardous Materials so that they do not migrate, endanger, or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations and post-remedial monitoring and care; (iv) respond to any governmental requests for information or documents regarding any Hazardous Materials; (v) prepare reports, studies, analyses, or

other documents regarding any Release or threatened Release of Hazardous Materials; or (vi) otherwise address or respond to a Release or threatened Release of Hazardous Materials, including, for example, through the use of Institutional Controls. "Remedial Action" also shall mean any judicial, administrative or other proceedings relating to any of the above and all actions associated therewith, including the negotiation and execution of judicial or administrative consent decrees and the defense of claims brought by any Governmental Authority or any other Person, whether such claims are equitable or legal in nature, relating to any of the above. For avoidance of doubt, "Remedial Action" shall not include (a) the capital, operational, or maintenance costs incurred by the Company to continue to operate an Animal Health Asset after the Effective Date; or (b) facility closure or post-closure expenditures related to an Animal Health Asset or a portion thereof.

"Remedial Action Outcome" shall mean (i) a Governmental No Further Action Letter or (ii) if a Governmental No Further Action Letter is not available, or self-implementation or

notice-only mechanisms for Remedial Action are available, under the regulatory regime under which the Remedial Action is being conducted, a good faith determination from the party's environmental consultant that no further investigation or remediation is required to meet applicable Remediation Standards and that the Remedial Action has adequately addressed any threats to human health and the environment.

"Remediation Standard" shall mean a standard that defines the concentrations or conditions of Hazardous Materials that may be permitted to remain in any environmental media after a Release of Hazardous Materials.

"Separation Agreement" shall mean the Global Separation Agreement, as amended from time to time, by and between Pfizer Inc. and Zoetis Inc.

ARTICLE II

EXCHANGE OF INFORMATION

Section 2.01. Exchange of Information. Consistent with Article VI of the Separation Agreement, each of Pfizer Inc. and Zoetis Inc., on behalf of its respective Group, agrees to provide, or cause to be provided, at any time before, on, or after the Effective Date, as soon as reasonably practicable after written request therefore, reasonable access to any non-privileged Information in the possession or under the control of such respective Group and reasonable access to its employees to the extent that (i) such Information relates to, or such employees have relevant knowledge regarding, the requesting party's alleged or potential link to environmental contamination at a third-party location; and (ii) the Information and access to employees can be provided without disruption to the Group's business or operations.

ARTICLE III

SUBSTITUTION OF THE COMPANY FOR PFIZER WITH RESPECT TO REMEDIAL ACTIONS AND ON-GOING OPERATIONAL MATTERS AND ALLOCATION OF LIABILITIES

Section 3.01. Substitution. Pursuant to Sections 2.01 and 9.01 of the Separation Agreement, the Company shall use its best efforts to obtain and assist Pfizer to obtain any consents, transfers, assignments, assumptions, waivers, or other legal instruments necessary to cause the Company to be fully substituted for Pfizer with respect to: (i) any Remedial Actions associated with Liabilities allocated to the Company pursuant to the Separation Agreement or this Environmental Matters Agreement or (ii) any Animal Health Asset. This substitution shall include substituting the Company for Pfizer with respect to consent decrees, consent orders, other decrees or orders, permits, licenses, registrations, approvals, financial assurances (including letters of credit), Actions, and voluntary cleanup agreements. The Company shall inform the applicable Governmental Authorities about its assumption of the Liabilities associated with the reserves listed on Schedule 3.01, copies of the correspondence informing such Governmental Authorities shall be provided to Pfizer and Company shall request that the Governmental Authorities direct all communications, requirements, notifications and/or official letters related to such matters to the Company. The Company's assumption of Liabilities pursuant this Environmental Matters Agreement shall comply with Section 2.01 of the Separation Agreement.

Section 3.02 Compliance Pending Substitution. Until such time as the Company and Pfizer complete the substitutions outlined in Section 3.01 above or until the Effective Date, whichever is later, the Company shall: (i) comply with all Environmental Laws, including all reporting obligations, and the terms and conditions of all decrees, orders, permits, licenses, registrations, approvals, financial assurances and agreements that remain in Pfizer's name and (ii) provide Pfizer (A) annual progress reports on any such Remedial Action, other than those occurring at Co-Located Facilities where such information sharing obligations are governed by Articles VI through X of this Environmental Matters Agreement, including a summary of actions taken during the past year and of actions expected to be taken in the future; and (B) prior written notice that the Company intends to change or hire additional environmental consultants or contractors to perform work on any part of such Remedial Action.

ARTICLE IV

PERFORMANCE OF REMEDIAL ACTIONS

Section 4.01. Responsibility for Remedial Actions.

(a) The Company shall be responsible for the performance of and payment of costs related to Remedial Actions associated with Liabilities allocated to the Company pursuant to the Separation Agreement or this Environmental Matters Agreement and required under Environmental Laws at: (i) certain Co-Located Facilities, subject to the provisions of this Environmental Matters Agreement; (ii) real property that is an Animal Health Asset that the Company will own after the Effective Date and that will not be a Co-Located Facility; (iii) certain real property at which a Remedial Action is related to, arises out of, or results from any of the terminated, divested or discontinued businesses and operations of Pfizer and its Subsidiaries that would have comprised part of, or related to, the Animal Health Business had they not been terminated, divested or discontinued prior to the Effective Date and (iv) any third-party disposal location where Hazardous Materials were disposed of that were generated at any real property, or portions thereof, that is or was an Animal Health Asset, regardless of whether such real property is owned by the Company after the Effective Date or was divested prior to the Effective Date and regardless of when the disposal of Hazardous Materials occurred.

(b) Pfizer shall be responsible for the performance of and payment of costs related to Remedial Actions associated with Liabilities allocated to the Company pursuant to the Separation Agreement or this Environmental Matters Agreement and required under Environmental Law at: (i) certain Co-Located Facilities, subject to the provisions of this Environmental Matters Agreement; and (ii) a third-party disposal site where Hazardous Materials generated on behalf of the Animal Health business were disposed of (regardless of the date of the disposal), if such Hazardous Materials were generated at real property, or portions thereof, that will be owned or operated by Pfizer after the Effective Date.

Section 4.02 Conduct of Remedial Actions.

(a) Pfizer, with respect to any Remedial Action that it conducts pursuant to Article VI, and the Company, with respect to any Remedial Action that is associated with a Liability allocated to it under this Environmental Matters Agreement and the Separation Agreement, shall:

(i) diligently conduct and control such Remedial Action in a good, safe, and workmanlike manner, in accordance with all applicable Laws, including all applicable Environmental Laws, in accordance with all instructions from any applicable Governmental Authority, and with generally accepted industry practices consistent with practices of responsible multi-national corporations.

(ii) complete the Remedial Action in a prompt and expeditious fashion, provided that Pfizer or the Company, as applicable, may, within reason, exercise its rights, including its due process right, to contest any requirement imposed or determination made by a Governmental Authority with respect to the contemplated Remedial Action; and

(iii) not cause, through any action or inaction, any undue delay in undertaking any Remedial Action or achieving a Remedial Action Outcome, and shall comply with all Environmental Laws, and protect human health and the environment.

(b) It is expressly acknowledged and agreed by the parties that Pfizer and the Company, as applicable, may, if approved or permitted by the applicable Governmental Authority or Environmental Law, use deed notices, deed restrictions, engineering controls, ordinances, or other institutional controls (all of which are referred to here as "Institutional Controls") to complete a Remedial Action associated with a Liability allocated to it under the Separation Agreement.

(c) Nothing in this Environmental Matters Agreement shall be construed to obligate Pfizer or the Company to conduct, or pay for the conduct of, a Remedial Action to meet a

Remediation Standard that is more stringent than the least stringent, most cost effective Remediation Standard or remedy (including, for example, long-term natural attenuation, containment, or installation and maintenance of a cap) that: (i) is in effect and enforceable under applicable Environmental Law as of the date the Remedial Action Outcome is issued, (ii) is the source of the obligation to conduct the Remedial Action, and (iii) is consistent with the industrial/commercial use of the site at which the Remedial Action is being conducted as of the day before the Effective Date.

Section 4.03. Information Sharing. The Company shall promptly provide Pfizer copies of any Remedial Action Outcome (and any relevant supporting documentation requested by Pfizer) with respect to any Remedial Action associated with a Liability allocated to it under the Separation Agreement.

ARTICLE V

USE OF CONSULTANTS

Section 5.01. Hiring Consultants. If in undertaking a Remedial Action associated with a Liability allocated to it under the Separation Agreement each of the Company or Pfizer chooses to use an environmental consultant or contractor, the parties each agree to use a competent, and qualified environmental consultant or contractor who has the proper credentials to conduct the tasks for which he or she was retained.

Section 5.02. Continuity of Consultants. The parties agree that the Company may use, after the Effective Date, the same environmental consultant(s) or contractor(s) utilized by Pfizer to manage a specific Remedial Action prior to the Effective Date, unless Pfizer communicates an objection to the use of a specific consultant or contractor to the Company's remediation lead within ninety (90) days after the Effective Date. Should Pfizer timely object to the use of a specific consultant or contractor, Pfizer shall be responsible for the reasonable costs to transition the matter to a new consultant or contractor. With respect to those environmental consultants about whom Pfizer does communicate a timely objection, the Company may not retain them for any purpose related to that specific Remedial Action other than effecting a reasonable transition to a new consultant or contractor. Further, Pfizer may retain such consultant or contractor for any purpose, including to support, evaluate, testify, or otherwise support Pfizer in any claim or dispute with the Company related to the specific Remedial Action. With respect to an environmental consultant or contractor who is not the subject of a timely objection from Pfizer: (i) the Company may continue to use them to manage any Remedial Action but is barred from using such consultant or contractor to support, evaluate, testify, or otherwise support the Company in any claim or dispute with Pfizer related to the Remedial Action that is the subject of the claim or dispute, until after the fourth anniversary of the Effective Date, and (ii) after the fourth anniversary of the Effective Date, Pfizer is barred from using such consultant or contractor to support, evaluate, testify, or otherwise support Pfizer in any claim or dispute with the Company related to the Remedial Action that is the subject of the claim or dispute. Pfizer may request information from the consultant or contractor after the fourth anniversary to defend against a claim or dispute, and the Company shall cooperate with such requests consistent with the provisions of Section 2.01 of this Environmental Matters Agreement.

ARTICLE VI

CO-LOCATED FACILITIES

Consistent with the foregoing, the parties agree and acknowledge the following with respect to Co-Located Facilities:

Section 6.01. Access. Each of the parties hereby grant to the other party and its Group, employees, agents, representatives, contractors, and consultants a non-exclusive license to reasonably access and enter onto its portion of any Co-Located Facility and use such infrastructure or utility services at its portion of any Co-Located Facility, from time to time and with seven (7) business days advance notice, as may be reasonably necessary to conduct any Remedial Action that is necessary in the other party's reasonable technical judgment or to use such utilities in the other party's on-going operations pursuant to a Site Services Agreement, including, providing the other party with reasonable access to employees, documents, and on-site structures (including underground piping, sewer systems, or waste water treatment facilities) ("Access License"). In so doing, the other party shall not materially impact the operations at the granting party's portion of the Co-Located Facility and shall pay the granting party reasonable utility costs upon presentation of an itemized invoice by the granting party. The Access License for each Co-Located Facility shall commence upon the Effective Date and shall terminate, expire, and be revoked when Pfizer or the Company, as applicable, no longer owns, leases, or operates at least a portion of such real property and is no longer conducting a Remedial Action at such real property. The parties agree that entry upon the granting party's portion of any Co-Located Facility shall be limited to the extent necessary for the performance of the activities herein described and no other purpose. When accessing the granting party's portion of any Co-Located Facility, the other party shall comply at all times with applicable Laws and any environmental, health and safety standards of the granting party.

Section 6.02. Institutional Controls. It is expressly acknowledged and agreed by the parties that the Company and Pfizer may, if approved or permitted by the applicable Governmental Authority or Environmental Law, use Institutional Controls to complete a Remedial Action at or related to a Co-Located Facility. Where the use of such Institutional Controls are necessary or appropriate, the parties agree, on behalf of their respective Groups, to cooperate with the other to seek, execute and record such controls.

Section 6.03. Notification. Each of Pfizer and the Company shall promptly notify the other party of (i) any planned change in its operations at a Co-Located Facility that may reasonably be expected to impact the other party's permits, employees, property, operations or an on-going Remedial Action conducted by the other party at the Co-Located Facility; (ii) any Release or threatened Release of Hazardous Materials at, on, under, or from a Co-Located Facility to the extent such Release requires reporting to a Governmental Authority under any applicable Environmental Law; or (iii) the discovery of any contamination in the soil, groundwater, surface water, or air at, on, under, or from a Co-Located Facility.

Section 6.04. Communications with Governmental Authorities. Except in the case of an emergency situation in which there is a substantial risk of loss of life or severe injury to any Person if reporting is delayed by the following consent process, each of Pfizer and the Company shall not initiate any contact with or initiate any disclosure to any Governmental Authority in relation to any matter at a Co-Located Facility for which the other party would reasonably be expected to have Liability pursuant to the allocation of Liabilities under the Separation Agreement and this Environmental Matters Agreement without the other party's prior written consent, which consent shall not be unreasonably withheld.

Section 6.05. Responsibility for Hazardous Material Releases. Pursuant to the allocation of Liabilities under the Separation Agreement, each of Pfizer and the Company shall be responsible for conducting and paying the costs related to any and all Remedial Actions to address any Release or threatened Release of Hazardous Materials caused by or attributable to it or its respective operations at a Co-Located Facility that occurs after the Effective Date to meet applicable Remediation Standards, in conformance with the requirements of applicable Governmental Authorities, and to achieve compliance with Environmental Laws, including reporting such Release or threat of Release to the appropriate Governmental Authorities.

Section 6.06. Construction or Redevelopment Activities. Except as otherwise provided elsewhere in this Environmental Matters Agreement, and subject to any contractual limitations, limitations under Law, and restrictions provided in a Governmental No Further Action Letter, each of Pfizer and the Company is permitted to conduct changes to its operations or any necessary construction or redevelopment activities for a bona fide business purpose on the portion of a Co-Located Facility under its operational control at its sole cost and expense; provided, however, each of Pfizer and the Company shall not implement any changes to its operations or conduct any construction or redevelopment activities at a Co-Located Facility in a manner that could unreasonably interfere with the other

party's operations at such facility, interfere with an on-going Remedial Action conducted by the other party at such facility, or increase the costs to conduct such Remedial Action. Each of Pfizer and the Company shall provide the other party with written notice sixty (60) days in advance of any such activities that may reasonably be expected to impact the other party's operations or an on-going Remedial Action conducted by the other party at such facility. If the other party, in its sole discretion, believes the notifying party's proposed plans will negatively impact the other party's operations or conduct of Remedial Actions at the Co-Located Facility and if it makes a request within thirty (30) days after receiving notice (or such later time as they mutually agree), the other party shall have the right to confer with the notifying party and propose reasonable alterations to such proposed plans. Each of Pfizer and the Company, as applicable, shall adopt such reasonable alterations and shall ensure that the construction or redevelopment activities do not materially disrupt, and have no material impacts on, the other party's operations or the other party's conduct of Remedial Actions at a Co-Located Facility. Notwithstanding anything to the contrary in this Environmental Matters Agreement or the Separation Agreement and except as provided in Section 7.05 of this Environmental Matters Agreement, if each of Pfizer's and the Company's change in the industrial/commercial use of a Co-Located Facility as compared to the Facility's use as of the day before the Effective Date results in a requirement to conduct Remedial Action (including Remedial Action that is required due to the discovery of historical contamination that would otherwise be the responsibility of the other party), an Environmental Liability, or other Losses, then it shall be solely responsible for such Remedial Action, Environmental Liability, or Loss and if each of Pfizer's and the Company's construction or redevelopment activities results in a requirement to conduct Remedial Action (including Remedial Action that is required due to the discovery of historical contamination that would otherwise be the responsibility of the other party, unless such contamination is related to constituents of concern being addressed in an on-going Remedial Action conducted by such other party and is not removed or disturbed during construction or redevelopment activities), an Environmental Liability, or other Losses, then it shall be solely responsible for such Remedial Action, Environmental Liability, or Loss, including, in both cases, responsibility for any material increases in the costs that result from the party's disruption to or exacerbation of an on-going Remedial Action or for further Remedial Actions requested after the achievement of a Remedial Action Outcome. For purposes of this Environmental Matters Agreement, construction or redevelopment activities or changes in the industrial/commercial use of a Facility shall not be construed to include routine maintenance activities that are required to continue to operate a facility in the same manner and for the same purpose that it was operated before the conduct of the maintenance activity and that are not reasonably expected to have an impact on the operations of the other party or on the conduct of a Remedial Action at the facility. However, if each of Pfizer or the Company, in conducting such routine maintenance, construction, or redevelopment activities exacerbate any conditions related to an on-going Remedial Action due to its negligence or willful misconduct, any increases in the costs of the Remedial Action that result from such maintenance, construction, or redevelopment activities shall be the sole responsibility of the party conducting such activities. The parties further agree that the party conducting the routine maintenance, construction, or redevelopment activities shall be solely responsible for the costs to address the materials or waste generated, impacted, moved, or disturbed as a part of the routine maintenance, construction or redevelopment.

Section 6.07. Liability. Notwithstanding anything to the contrary in this Environmental Matters Agreement or the Separation Agreement except as provided in Sections 6.06, 7.05, and 9.05 of this Environmental Matters Agreement, each of Pfizer and the Company shall not be liable for any Losses and shall have no obligation to pay Remedial Costs, defend the other party, or conduct any Remedial Action to the extent the environmental conditions in connection with the Losses or Remedial Costs are discovered in connection with, result from, arise out of, or are the consequence of: (i) any action by or on behalf of the other party after the Effective Date (including any disclosure, report or other communication from or on behalf of the other party to any Governmental Authority or other third party); (ii) any intrusive investigation, including any drilling, sampling, testing or monitoring of any soil, surface water, groundwater, or other environmental media conducted by or on behalf of the other party after the Effective Date that was not conducted with respect to a Remedial Action that was on-going as of the Effective Date; or (iii) changes made by the other party to the industrial/commercial use of the Co-Located Facility after the Effective Date compared to the use of the specific Co-Located Facility as it had been operated by Pfizer in the twelve (12) months prior to the Effective Date, in each case (under (i), (ii), and (iii)), except to the extent such action, intrusive investigation, report, disclosure, communication, or operational/use change was required to comply with any requirement under Environmental Law or order of any Governmental Authority.

Section 6.08. Disputes. Any disputes between the parties as to which party is liable for a newly discovered environmental matter shall be resolved pursuant to the provisions of the Separation Agreement, including those addressing allocation of liability (Article II), mutual releases and indemnification (Article IV) and dispute resolution (Article VIII). Should the parties jointly retain a technical mediator pursuant to the dispute resolution provisions of the Separation Agreement, the mediator shall be authorized, upon request of the parties, to conduct an investigation, render an opinion, and, if applicable, prepare a proposed apportionment of liability after affording Zoetis Inc. and Pfizer Inc. each the opportunity to submit documentation and comment on each other's submissions.

Section 6.09. Information Sharing.

(a) Each of the parties agree to keep the other party reasonably informed of the progress of any Remedial Action it is conducting at a Co-Located Facility and, upon request by the other party, will provide such party with copies of all related material submissions made to Governmental Authorities related to such Remedial Action.

(b) Each of Pfizer and the Company shall promptly notify the other party about any information or document directly or indirectly related to a Remedial Action that the other party is conducting that Pfizer or the Company receives from any Person who is not the other party and shall promptly provide a copy of such information or document to the other party.

Section 6.10. Mitigation. Each of Pfizer and the Company shall take all reasonable steps to mitigate Losses upon becoming aware of any event, circumstance, or condition that could reasonably be expected to give rise to a Loss of the other party.

Section 6.11. Completion and Post-Closure Maintenance and Monitoring. Each of the parties' obligations to conduct Remedial Actions at a facility owned by the other party after the Effective Date shall be deemed complete and fully discharged upon achieving a Remedial Action Outcome and, if such Remedial Action Outcome is conditioned upon maintenance of the remedy or monitoring of residual contamination, upon payment in full to the other party of the net present value of such post-closure maintenance or monitoring for the duration required by Governmental Authorities or twenty (20) years, whichever is shorter. Upon receipt of payment in full, the other party shall assume full responsibility for conducting such post-closure maintenance or monitoring in compliance with Environmental Law and at the direction of the applicable Governmental Authorities.

ARTICLE VII

CATANIA, ITALY

Consistent with Article VI of this Environmental Matters Agreement, the parties agree and acknowledge the following with respect to the Company's Catania Facility:

Section 7.01. Facility Conditions. The parties acknowledge that prior to the Effective Date, certain constituents of concern were present in the soil and groundwater beneath the Company's facility located at Via Franco Gorgone 18, Zona Industriale in Catania, Italy ("Company's Catania Facility"), as documented by the Catania Remediation Matter Reports and illustrated in Schedule 7.01 to this Environmental Matters Agreement.

Section 7.02. Performance of Remedial Actions.

(a) Pfizer Inc. agrees to perform or cause to be performed the Remedial Actions that are required by national Environmental Law and agreed upon with Regione Sicilia, Municipality of Catania or ARPA di Catania – Dipartimento Provinciale di Catania pursuant to the work plan that will be authorized by such Governmental Authority (the "Catania Remediation Matter") at its sole cost and expense and in a manner that will not unreasonably interfere with the Company's operations at the Company's Catania Facility; provided, however, that it is expressly acknowledged and agreed by the parties that Pfizer may, if approved or permitted by the applicable Governmental Authority or Environmental Law, use Institutional Controls to complete the Remedial Actions. Accordingly, Pfizer shall have sole and exclusive control of the development, negotiation, implementation and management of such Remedial Actions and, to the extent submissions are required to the Governmental Authorities related to such Remedial Actions, Pfizer will make these submissions in its own name.

(b) In undertaking the Catania Remediation Matter, Pfizer shall undertake such Remedial Actions in accordance with Environmental Law, provided that Pfizer may, within

reason, exercise its rights, including, where applicable, its due process right, to contest any requirement imposed, determination made, or action taken by a Governmental Authority with respect to the Catania Remediation Matter or any contemplated Remedial Actions related thereto.

(c) To minimize disruption to the conduct of operations and Remedial Actions at the Company's Catania Facility, the parties agree and covenant that:

i. The Company shall have the right to review, upon request, any and all technical design and relevant engineering specifications of the remedial and monitoring systems selected by Pfizer that address the Catania Remediation Matter and may provide timely comments to Pfizer, which Pfizer shall reasonably consider, solely with respect to the compatibility of such remedial and monitoring system with the Company's current or planned operations at the Company's Catania Facility. The Company may, at its own expense, hire its own consultants, attorneys or other professionals to monitor Pfizer's actions to address the Catania Remediation Matter.

ii. To the extent conduct of the Catania Remediation Matter by Pfizer may impact the Company's current operations at the Company's Catania Facility, the parties shall work cooperatively and in good faith to minimize interference with or disruption of such operations.

iii.The Company shall not take any actions, or fail to act in a way, that could unreasonably interfere with Pfizer's performance of, increase the costs of, or exacerbate any conditions related to the Catania Remediation Matter, including communicating with Governmental Authorities in a manner that interferes with, increases the costs of, or is inconsistent with Pfizer's conduct of the Catania Remediation Matter. Except for matters addressed in Sections 6.06 and 7.05 of this Environmental Matters Agreement, the Company shall be solely responsible for any material increases in the costs of the Remedial Actions to be performed by Pfizer that result from actions or inactions that are clearly attributable to the Company or its employees, contractors, or agents.

iv. The Company shall use due care to protect from damage or destruction any installation, property, or equipment located at the Company's Catania Facility used in connection with Pfizer's conduct of the Catania Remediation Matter, including, any monitoring wells, pumps, and piping. The Company shall reimburse and make Pfizer whole for any damage or destruction done to such installation, property or equipment, except to the extent such damage is caused by Pfizer, its employees, contractors or agents.

v. To the extent required by Environmental Law, the Company shall obtain and maintain in good standing such Governmental Approvals that may be required for Pfizer to conduct Remedial Actions at the Company's Catania Facility, including, those for the storage, transportation and off-site disposal of any Hazardous Material generated in the course of addressing the Catania Remediation Matter.

Section 7.03. Take-Over. The Company shall be entitled to perform, at Pfizer's reasonable cost and expense, the Catania Remediation Matter if (i) the Company receives a written notice from Governmental Authorities that reasonably threatens it with the shut-down of all on-site operations due to Pfizer's failure to perform the Catania Remediation Matter and (ii) Pfizer does not take actions to resume its performance of the Catania Remediation Matter within sixty (60) days of receiving written notice of such proposed take-over from the Company. In so doing, Pfizer shall only be liable for such costs that are reasonably required to achieve the applicable Remediation Standard. Where applicable, the Company shall promptly provide copies to Pfizer of all correspondence with the Governmental Authorities, as well as all work plans, notices, submissions, field work, and draft and final reports that are related to the Catania Remediation Matter. Pfizer may, at its own expense, hire its own consultants, attorneys or other professionals to monitor the Company's actions to address the Catania Remediation Matter, including any field work undertaken by the Company.

Section 7.04. Additional Remediation. Notwithstanding other provisions of this Environmental Matters Agreement, to the extent the Company is responsible for remediating any Release of Hazardous Materials at the Company's Catania Facility, Pfizer, in its sole discretion, can opt to conduct and control such remediation at the

Company's reasonable expense. In so doing, the Company shall only be liable for such costs that are reasonably required to achieve the applicable Remediation Standard.

Section 7.05. Construction. The Parties acknowledge that the Remedial Actions that will be conducted, even if compliant with the applicable Remediation Standard set forth by Environmental Law and even if a Governmental No Further Action Letter is issued, could result in limitations or restrictions related to the use of the Company's Catania Facility, including limitations or restrictions related to the current use of the site, or limitations or restrictions related to new construction or development or operational changes at the site. Zoetis Inc. further acknowledges and agrees that it may not conduct or cause to be conducted any construction or redevelopment activities in the areas marked by hatching on Schedule 7.05 until Pfizer's obligation to address the Catania Remediation Matter pursuant to this Article and related to the Liability allocated to it under Article II of the Separation Agreement shall be deemed complete and fully discharged or until Pfizer provides written consent to such construction or redevelopment activities. Zoetis Inc. acknowledges that Pfizer has the right to refuse to consent to any construction or redevelopment activities in the areas marked by hatching on Schedule 7.05 that may interfere with its achievement of a Remedial Action Outcome or with its approval plan. Notwithstanding other provisions of this Environmental Matters Agreement, if the Company's construction or redevelopment activities at any portion of the Company's Catania Facility identifies contamination requiring a Remedial Action to be conducted, an Environmental Liability, or other Losses that would otherwise be the responsibility of Pfizer, then Pfizer shall be solely responsible for such Remedial Action, Environmental Liability, or Loss unless (x) such contamination, Environmental Liability, or Loss was caused after the Effective Date by the negligence or willful misconduct of the Company or its employees, agents, representatives, contractors, or consultants, or (y) such contamination, Environmental Liability, or Loss was caused by a Release of Hazardous Materials by the Company or its employees, agents, representatives, contractors, or consultants after the Effective Date, or (z) such contamination, Environmental Liability, or Loss was caused by a Release of Hazardous Materials after the Effective Date at real property neither owned nor operated by Pfizer. The Company shall, however, remain responsible for the costs to address the materials or waste generated, impacted, moved, or disturbed as a part of the construction or redevelopment activities and the costs associated with obtaining or complying with any Governmental Authorizations necessary to conduct such construction or redevelopment activities. The Company shall:

i. ensure that any construction and redevelopment activities or changes in operations minimize any disruption to or exacerbation of the Catania Remediation Matter;

ii. take into account potential indoor air inhalation and, as appropriate, incorporate reasonable measures to prevent exposure to vapors, including without limitation, sub-slab vapor collection systems, impermeable flooring and other measures as necessary; and

iii. comply with Pfizer Catania Facility SOP 514 and 515 in connection with all sub-grade construction activities.

Section 7.06. Indoor Flooring. The Company is responsible for conducting periodic inspections and maintenance of all indoor flooring in buildings and structures at the Company's Catania Facility. The Company shall maintain such flooring in good working condition and in a manner that minimizes indoor air inhalation risks from vapor intrusion. The Company is solely responsible for any Remedial Actions that may be required under Environmental Law due to indoor air inhalation risks from vapor intrusion in buildings and structures at the Company's Catania Facility to the extent it results from the Company's failure to maintain the integrity of such flooring to eliminate or mitigate vapor intrusion pathways.

Section 7.07. Waste Water Treatment Facility. Pursuant to the Site Services Agreement, the Company will operate the on-site waste water treatment facility and shall permit Pfizer to discharge waste water associated with the Catania Remediation Matter to and through such facility as long as such waste water does not interfere with the Company's operation of the waste water treatment facility or its compliance with Environmental Law or any Governmental Authorizations issued thereunder.

ARTICLE VIII

KALAMAZOO, MICHIGAN (SOUTH CAMPUS)

Consistent with Article VI of this Environmental Matters Agreement, the parties agree and acknowledge the following with respect to Pfizer's Kalamazoo Facility and the Company's South Campus Kalamazoo Facility:

Section 8.01. Facility Conditions.

(a) The parties acknowledge that prior to the Effective Date, certain constituents of concern were present in groundwater beneath Pfizer's facility located at 700 Portage Road in Kalamazoo, Michigan ("Pfizer's Kalamazoo Facility") above Michigan's generic groundwater cleanup criteria, as documented by the Kalamazoo Environmental Matter Report (the "Kalamazoo Environmental Matter"). Pfizer is presently conducting Remedial Actions at the site to address the Kalamazoo Environmental Matter with oversight from the Michigan Department of Environmental Quality.

(b) The parties further acknowledge that such groundwater impacts do not extend to the Company's facility located at 7725 Portage Road, Portage, Michigan 49002 in Kalamazoo, Michigan ("Company's South Campus Kalamazoo Facility"); however, certain Remedial Actions are taking place at such facility to address the Kalamazoo Environmental Matter.

Section 8.02. Performance of Remedial Actions.

(a) Pfizer shall continue to perform the Remedial Actions at Pfizer's Kalamazoo Facility and, to the extent necessary, at the Company's South Campus Kalamazoo Facility that are required pursuant to Environmental Law or by Governmental Authorities to address the Kalamazoo Environmental Matter at Pfizer's sole cost and expense, and in a manner that will not unreasonably interfere with the Company's operations at the Company's South Campus Kalamazoo Facility; provided, however, that it is expressly acknowledged and agreed by the parties that Pfizer may, if approved or permitted by the applicable Governmental Authority or Environmental Law, use Institutional Controls to complete the Remedial Actions. Accordingly, Pfizer shall have sole and exclusive control of the development, negotiation, implementation, and management of such Remedial Actions and, to the extent submissions are required to the Governmental Authorities related to such Remedial Actions, Pfizer will make these submissions in its own name.

(b) In undertaking Remedial Actions to address the Kalamazoo Environmental Matter, Pfizer shall act in accordance with Environmental Law; provided that Pfizer may, within reason, exercise its rights, including, where applicable, its due process right, to contest any requirement imposed, determination made, or action taken by a Governmental Authority with respect to the Kalamazoo Remediation Matter or any contemplated Remedial Actions related thereto.

(c) To minimize disruption to the conduct of operations and Remedial Actions at the Company's South Campus Kalamazoo Facility, the parties agree and covenant that:

i. The Company shall have the right to review, upon request, any and all technical design and relevant engineering specifications of the remedial and monitoring systems selected by Pfizer that address the Kalamazoo Environmental Matter and may provide timely comments to Pfizer, which Pfizer shall reasonably consider, solely with respect to the compatibility of such remedial and monitoring system with the Company's current or planned operations at the Company's South Campus Kalamazoo Facility. The Company may, at its own expense, hire its own consultants, attorneys or other professionals to monitor Pfizer's actions on the Company's South Campus Kalamazoo Facility to address the Kalamazoo Environmental Matter.

ii. To the extent conduct of the Kalamazoo Environmental Matter by Pfizer may impact the Company's current operations at the Company's South Campus Kalamazoo Facility, the parties shall work cooperatively and in good faith to minimize interference with or disruption of such operations.

iii. The Company shall not take any actions, or fail to act in a way, that could unreasonably interfere with Pfizer's performance of, increase the costs of, or exacerbate any conditions related to the Kalamazoo Environmental Matter, including communicating with Governmental Authorities in a manner that interferes with, increases the costs of, or is inconsistent with Pfizer's conduct of the Kalamazoo Environmental Matter. Except for matters addressed in Section 6.06 of this Environmental Matters Agreement, the Company shall be solely responsible for any material

increases in the costs of the Remedial Actions to be performed by Pfizer that result from actions or inactions that are clearly attributable to the Company or its employees, contractors, or agents.

iv. The Company shall protect from damage or destruction any installation, property, or equipment located at the Company's South Campus Kalamazoo Facility used in connection with Pfizer's conduct of the Kalamazoo Environmental Matter, including, any monitoring wells, pumps, and piping. The Company shall reimburse and make Pfizer whole for any damage or destruction done to such installation, property or equipment, except to the extent such damage is caused by Pfizer, its employees, contractors or agents.

v. To the extent required by Environmental Law, the Company shall obtain and maintain in good standing such Governmental Approvals that may be required for Pfizer to conduct Remedial Actions at the Company's South Campus Kalamazoo Facility, including, those for the storage, transportation and off-site disposal of any Hazardous Material generated in the course of addressing the Kalamazoo Environmental Matter.

Section 8.03. Compliance.

(a) Zoetis Inc. acknowledges that it has due care obligations and agrees to comply and cause members of its Group to comply with Michigan's due care obligations as set forth in Part 201 of the Michigan Natural Resources and Environmental Protection Act, Act 451 of 1994, as amended.

(b) The Company shall comply with the terms of the restrictive covenant that was executed by Pharmacia & Upjohn Company LLC with the Kalamazoo County Register of Deeds in connection with the Company's South Campus Kalamazoo Facility that was recorded on September 27, 2012. The parties agree that the terms of this restrictive covenant are not inconsistent with Section 4.02(c) of this Environmental Matters Agreement and shall not be considered to be more than the least stringent, most cost effective Remediation Standard or remedy as further described in this Section 4.02(c).

ARTICLE IX

GUARULHOS, BRAZIL

Consistent with Article VI of this Environmental Matters Agreement, the parties agree and acknowledge the following with respect to Guarulhos Leased Facility:

Section 9.01. Facility Conditions. The parties acknowledge that in connection with the former divestiture of a portion of the Company's facility in Guarulhos, Brazil pursuant to an Asset Purchase Agreement by and between Pfizer Inc. and Philipp Brothers Chemicals, Inc. dated September 28, 2000, Pfizer Inc. retained liability that it subsequently transferred to the Company pursuant to the Separation Agreement for the remediation of certain soil and groundwater impacts at the Company's facility located at Avenida Presidente Tancredo de Almeida Neves, 1555, Vila Sant'Anna in Guarulhos, Brazil that it is leasing to a member of the Pfizer Group ("Guarulhos Leased Facility") pursuant to the Private Instrument of Non-residential Lease Agreement and Others (the "Guarulhos Remediation Matter").

Section 9.02. Performance of Remedial Actions.

(a) Zoetis Inc. agrees to perform or cause to be performed the Remedial Actions that are required by CETESB – *Companhia Ambiental do Estado de São Paulo* to address the Guarulhos Remediation Matter at its sole cost and expense and in a manner that will not unreasonably interfere with Pfizer's operations at the Guarulhos Leased Facility; provided, however, that it is expressly acknowledged and agreed by the parties that the Company may, if approved or permitted by the applicable Governmental Authority or Environmental Law, use Institutional Controls to complete the Remedial Actions. Accordingly, the Company shall have sole and exclusive control of the development, negotiation, implementation and management of such Remedial Actions and, to the extent submissions are required to the Governmental Authorities related to such Remedial Actions, the Company will make these submissions in its own name.

(b) In undertaking Remedial Actions to address the Guarulhos Remediation Matter, the Company shall undertake such Remedial Actions in accordance with Environmental Law, provided that the Company may, within

reason, exercise its rights, including, where applicable, its due process right, to contest any requirement imposed, determination made, or action taken by a Governmental Authority with respect to the Guarulhos Remediation Matter or any contemplated Remedial Actions related thereto.

(c) To minimize disruption to the conduct of operations and Remedial Actions at the Guarulhos Leased Facility, the parties agree and covenant that:

i. During the Lease Term, Pfizer shall have the right to review, upon request, any and all technical design and relevant engineering specifications of the remedial and monitoring systems selected by the Company that address the Guarulhos Remediation Matter and may provide timely comments to the Company, which the Company shall reasonably consider, with respect to the compatibility of such remedial and monitoring system with Pfizer's current or planned operations at the Guarulhos Leased Facility. Pfizer may, at its own expense, hire its own consultants, attorneys or other professionals to monitor the Company's actions to address the Guarulhos Remediation Matter.

ii. To the extent the Company's conduct of Remedial Actions to address the Guarulhos Remediation Matter may impact Pfizer's current operations at the Guarulhos Leased Facility, the parties shall work cooperatively and in good faith to minimize interference with or disruption of such operations.

iii. Pfizer shall not take any actions, or fail to act in a way, that could unreasonably interfere with the Company's performance of, increase the costs of, or exacerbate any conditions related to the Guarulhos Remediation Matter, including communicating with Governmental Authorities in a manner that interferes with, increases the costs of, or is inconsistent with the Company's conduct of the Guarulhos Remediation Matter. Except for matters addressed in Sections 6.06 and 9.05 of this Environmental Matters Agreement, Pfizer shall be solely responsible for any material increases in the costs of the Remedial Actions to be performed by the Company that result from actions or inactions that are clearly attributable to Pfizer or its employees, contractors, or agents.

iv. During the Lease Term, Pfizer shall use due care to protect from damage or destruction any installation, property, or equipment located at the Guarulhos Leased Facility used in connection with the Company's conduct of Remedial Actions to address the Guarulhos Remediation Matter, including, any monitoring wells, pumps, and piping. Pfizer shall reimburse and make the Company whole for any damage or destruction done to such installation, property or equipment, except to the extent such damage is caused by the Company, its employees, contractors or agents.

v. During the Lease Term and to the extent required by Environmental Law, Pfizer shall obtain and maintain in good standing such Governmental Approvals that may be required for the Company to conduct Remedial Actions at the Guarulhos Leased Facility, including those for the storage, transportation and off-site disposal of any Hazardous Material generated in the course of addressing the Guarulhos Remediation Matter.

Section 9.03. Take-Over. Pfizer shall be entitled to perform, at the Company's reasonable cost and expense, Remedial Actions to address the Guarulhos Remediation Matter if (i) Pfizer receives a written notice from Governmental Authorities that reasonably threatens it with the shut-down of all on-site operations due to the Company's failure to perform Remedial Actions to address the Guarulhos Remediation Matter or (ii) the Company has not completed its substitution for Pfizer with Governmental Authorities relating to the Guarulhos Remediation Matter and Pfizer receives a written notice from Governmental Authorities demanding that it perform Remedial Actions to address the Guarulhos Remediation Matter because of the Company's failure to do so. In both cases, Pfizer shall only be entitled to perform such Remedial Actions if the Company does not take actions to resume its performance of Remedial Actions within sixty (60) days of receiving written notice of such proposed take-over from Pfizer. In so doing, the Company shall only be liable for such costs that are reasonably required to achieve the applicable Remediation Standard. Where applicable, Pfizer shall promptly provide copies to the Company of all correspondence with the Governmental Authorities, as well as all work plans, notices, submissions, field work, and draft and final reports that are related to the Guarulhos Remediation Matter. The Company may, at its own expense, hire its own consultants, attorneys or other professionals to monitor Pfizer's actions to address the Guarulhos Remediation Matter, including any field work undertaken by Pfizer.

Section 9.04. Additional Remediation. Notwithstanding other provisions of this Environmental Matters Agreement, to the extent Pfizer is responsible for remediating any Release of Hazardous Materials at the Guarulhos Leased Facility during the Lease Term, the Company, in its sole discretion, can opt to conduct and control such remediation at Pfizer's reasonable expense. In so doing, Pfizer shall only be liable for such costs that are reasonably required to achieve the applicable Remediation Standard.

Section 9.05. Construction. The Parties acknowledge that the Remedial Actions that will be conducted, even if compliant with the applicable Remediation Standard set forth by Environmental Law and even if a Governmental No Further Action Letter is issued, could result in limitations or restrictions related to the use of the Guarulhos Leased Facility, including limitations or restrictions related to the current use of the site, or limitations or restrictions related to new construction or development or operational changes at the site. Pfizer Inc. further acknowledges and agrees that it may not conduct or cause to be conducted any construction or redevelopment activities in the areas marked by hatching on Schedule 9.05 until the Company receives a Remedial Action Outcome for the Guarulhos Remediation Matter or until the Company provides written consent to such construction or redevelopment activities. Pfizer Inc. acknowledges that the Company has the right to refuse to consent to any construction or redevelopment activities in the areas marked by hatching on Schedule 7.05 that may interfere with its achievement of a Remedial Action Outcome or with its approval plan. During the Lease Term, Pfizer shall ensure that any construction and redevelopment activities or change in operations minimize any disruption to the Company's Remedial Actions or exacerbation of the Guarulhos Remediation Matter.

Section 9.06. Compliance. During the Lease Term, Pfizer shall comply in all material aspects with all Environmental Laws applicable to its operations at the Guarulhos Leased Facility and shall be responsible for obtaining and maintaining in full force and effect for the full duration of the Lease Term all Governmental Authorizations required to conduct its operations in such compliance.

Section 9.07. Waste Water Treatment Facility. Upon completion of construction of the on-site waste water treatment facility, Pfizer shall be permitted to operate, as needed, and discharge waste water associated with its operations to and through such facility as long as such waste water does not interfere with the operation of the waste water treatment facility or its compliance with Environmental Law or any Governmental Authorizations issued thereunder.

ARTICLE X

KALAMAZOO, MICHIGAN (BUILDING 248)

Consistent with Article VI of this Environmental Matters Agreement, the parties agree and acknowledge the following with respect to the Kalamazoo Building 248 Facility:

Section 10.01. Lease. The parties acknowledge that after the Effective Date a member of the Pfizer Group will be leasing and operating a portion of the Company's facility located at 2605 East Kilgore Road in Kalamazoo, Michigan ("Kalamazoo Building 248 Facility") pursuant to the Lease Agreement between PAH P&U LLC and Pharmacia & Upjohn Company LLC.

Section 10.02. Compliance. During the Lease Term, Pfizer, in conducting its operations under the Lease, shall comply in all material aspects with all Environmental Laws applicable to such operations at the Kalamazoo Building 248 Facility and shall be responsible for obtaining and maintaining in full force and effect for the full duration of the Lease Term all Governmental Authorizations required for Pfizer to conduct its operations under the Lease.

ARTICLE XI

TERMINATION

Section 11.01. Termination. This Environmental Matters Agreement will be terminated automatically if the Separation Agreement has been terminated pursuant to Article X of the Separation Agreement.

Section 11.02. Effect of Termination. In the event of any termination of this Environmental Matters Agreement, no party to this Environmental Matters Agreement (or any of its directors, officers, members or managers) shall have any Liability or further obligation to any other party.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Notifications. All notices or other communications under this Environmental Matters Agreement or related to environmental matters under the Separation Agreement, including, but not limited to tenders of new Environmental Liabilities and requests for Information, shall be in writing and shall be deemed to be duly given when (a) delivered in person or (b) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to Pfizer, to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: General Counsel

with a copy to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: Vice President and Assistant General Counsel - Environmental, Health, and Safety - Legal

If to the Company to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: General Counsel

with a copy to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: EHS Counsel

Any party may, by notice to the other party, change the address to which such notices are to be given.

Section 12.02. Disputes. All disputes between the parties shall be subject to the provisions of Article VIII of the Separation Agreement and Section 6.08 of this Environmental Matters Agreement.

Section 12.03. Assignability. Except as otherwise provided in the Separation Agreement, this Environmental Matters Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided, however, that no party hereto may assign its respective rights or delegate its respective obligations under this Environmental Matters Agreement without the express prior written consent of the other party or parties hereto.

Section 12.04. Cooperation. The parties agree to cooperate and deal in good faith to implement this Environmental Matters Agreement.

Section 12.05. Compliance with Laws. The parties shall, in the implementation of this Environmental Matters Agreement, materially comply with all applicable Laws.

Section 12.06. Conflict of Terms. This Environmental Matters Agreement governs Pfizer's and the Company's conduct with respect to certain allocated Liabilities. In the event of a conflict between this Environmental Matters Agreement and the Separation Agreement, the Environmental Matters Agreement shall control with respect to the subject matter hereof. Environmental Permit Transfer Agreements executed in contemplation of the separation of the Animal Health Business from the other businesses conducted by Pfizer and its Subsidiaries shall not alter or affect the terms and conditions of this Environmental Matters Agreement, the Separation Agreement, or any other Ancillary Agreements.

Section 12.07. Governing Law. This Environmental Matters Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of New York, without regard to the conflict of laws principles thereof that would result in the application of any Law other than the Laws of the State of New York.

Section 12.08. Severability. If any provision of this Environmental Matters Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

Section 12.09. Interpretation. Words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires. The terms "hereof", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Environmental Matters Agreement as a whole (including all of the schedules, exhibits and appendices hereto) and not to any particular provision of this Environmental Matters Agreement. Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Environmental Matters Agreement unless otherwise specified. The word "including" and words of similar import when used in this Environmental Matters Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified. The terms "written request," "written consent," and "written notice" shall be construed to include a request, consent, or notice that is communicated via electronic means.

Section 12.10. Headings. The article, section, and paragraph headings contained in this Environmental Matters Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Environmental Matters Agreement.

Section 12.11. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Environmental Matters Agreement, the party or parties who are or are to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Environmental Matters Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

Section 12.12. Incorporation by Reference. Unless otherwise addressed in this Article XII of the Environmental Matters Agreement, the provisions of Article XI of the Separation Agreement shall be incorporated by reference herein.

IN WITNESS WHEREOF, the parties have caused this Environmental Matters Agreement to be executed by their duly authorized representatives.

PFIZER INC.

By: /s/: Robert E. Landry
Name: Robert E. Landry
Title: Senior Vice President & Treasurer

ZOETIS INC.

By: /s/: Heidi C. Chen
Name: Heidi C. Chen
Title: General Counsel and
Corporate Secretary

Exhibit 10.15

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT, dated as of February 6, 2013 (this "Agreement"), is by and between Zoetis Inc., a Delaware corporation ("Zoetis"), and Pfizer Inc., a Delaware corporation ("Pfizer").

WHEREAS, Pfizer currently owns all of the issued and outstanding shares of Class A common stock, par value $0.01 per share, of Zoetis ("Zoetis Class A Common Stock") and Class B common stock, par value $0.01 per share, of Zoetis ("Zoetis Class B Common Stock" and together with the Zoetis Class A Common Stock, the "Zoetis Common Stock");

WHEREAS, Pfizer intends to transfer shares of Class A Common Stock to the Debt Exchange Parties in exchange for certain debt obligations of Pfizer held by the Debt Exchange Parties as principals for their own account (the "Debt Exchange");

WHEREAS, Pfizer intends for an offer and sale to the public of shares of Class A Common Stock transferred in the Debt Exchange (the "IPO") to take place pursuant to a registration statement on Form S-1 (the "IPO Registration Statement");

WHEREAS, after the IPO, Pfizer may transfer shares of Zoetis Common Stock to holders of shares of Pfizer's common stock by means of one or more distributions by Pfizer to holders of Pfizer's common stock of shares of Zoetis Common Stock, one or more offers to holders of Pfizer's common stock to exchange their Pfizer's common stock for shares of Zoetis Common Stock, or any combination thereof (the "Distribution");

WHEREAS, from time to time prior to the Distribution, Pfizer may enter into a private exchange with one or more Participating Banks pursuant to which such Participating Banks shall exchange Debt Securities with Pfizer for some or all of the Registrable Securities (a "Private Debt Exchange"), and such Participating Banks may sell or offer to sell such Registrable Securities in one or more transactions Registered under the Securities Act;

WHEREAS, from time to time, Pfizer may sell or offer to sell some or all of the outstanding shares of Zoetis Common Stock then owned directly or indirectly by Pfizer, in one or more transactions Registered under the Securities Act; and

WHEREAS, Zoetis desires to grant to Pfizer the Registration Rights for the Registrable Securities, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements of the parties hereto, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Action" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" shall mean, when used with respect to a specified Person, another Person that controls, is controlled by, or is under common control with the Person specified; provided, however, that, for purposes of this Agreement, Zoetis and its Subsidiaries shall not be considered to be "Affiliates" of Pfizer and its Subsidiaries (other than Zoetis and its Subsidiaries), and Pfizer and its Subsidiaries (other than Zoetis and its Subsidiaries) shall not be considered to be "Affiliates" of Zoetis or its Subsidiaries. As used herein, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or other interests, by contract or otherwise.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Business Day" shall mean any day that is not a Saturday, Sunday or other day on which banking institutions doing business in New York, New York are authorized or obligated by law or required by executive order to be closed.

"Convertible or Exchange Registration" has the meaning set forth in Section 2.8.

"Debt Exchange" has the meaning set forth in the recitals to this Agreement.

"Debt Exchange Parties" means certain of the underwriters in the IPO or their Affiliates that exchange for debt obligations of Pfizer for Zoetis Class A Common Stock.

"Debt Securities" means debt instruments or securities issued by Pfizer.

"Demand Registration" has the meaning set forth in Section 2.1(a).

"Distribution" has the meaning set forth in the recitals to this Agreement.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

"Governmental Authority" means any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof.

"Holder" shall mean Pfizer or any of its Subsidiaries, so long as such Person holds any Registrable Securities, and any Person owning Registrable Securities who is a permitted transferee of rights under Section 3.3.

"Initiating Holder" has the meaning set forth in Section 2.1(a).

"IPO" has the meaning set forth in the recitals to this Agreement.

"IPO Registration Statement" has the meaning set forth in the recitals to this Agreement.

"Loss" or "Losses" has the meaning set forth in Section 2.10(a).

"Participating Banks" shall mean such investment banks that engage in any Private Debt Exchange with Pfizer.

"Person" means any individual, firm, limited liability company or partnership, joint venture, corporation, joint stock company, trust or unincorporated organization, incorporated or unincorporated association, government (or any department, agency or political subdivision thereof) or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"Pfizer" has the meaning set forth in the preamble to this Agreement and shall include its successors, by merger, acquisition, reorganization or otherwise.

"Piggyback Registration" has the meaning set forth in Section 2.2(a).

"Private Debt Exchange" has the meaning set forth in the recitals to this Agreement.

"Prospectus" means the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including post-effective amendments, and all other material incorporated by reference in such prospectus.

"Registrable Securities" means any Shares and any securities issued or issuable directly or indirectly with respect to, in exchange for, upon the conversion of or in replacement of the Shares, whether by way of a dividend or distribution or stock split or in connection with a combination of shares, recapitalization, merger, consolidation, exchange or other reorganization. For the avoidance of doubt, subject to the following sentence, the term "Registrable Securities" includes, Zoetis Class A Common Stock, Zoetis Class B Common Stock and any shares of Zoetis Class A Common Stock issued upon the conversion of Zoetis Class B Common Stock. The term "Registrable Securities" excludes, however, any security (i) the sale of which has been effectively Registered under the Securities Act and which has been disposed of in accordance with a Registration Statement, (ii) that have been sold or disposed of pursuant to Rule 144 (or any successor provision) under the Securities Act, (iii) that may be sold pursuant to Rule 144 (or any successor provision) under the Securities Act without being subject to the volume limitations in subsection (e) of such rule or (iv) that have been sold by a Holder in a transaction in which such Holder's rights under this Agreement are not, or cannot be, assigned.

"Registration" means a registration with the SEC of the offer and sale to the public of Zoetis Common Stock under a Registration Statement. The terms "Register," "Registered" and "Registering" shall have a correlative meaning.

"Registration Expenses" shall mean all expenses incident to Zoetis's performance of or compliance with this Agreement, including all (i) registration, qualification and filing fees; (ii) expenses incurred in connection with the preparation, printing and filing under the Securities Act of the Registration Statement, any Prospectus and any issuer free writing prospectus and the

distribution thereof; (iii) the fees and expenses of the Company's counsel and independent accountants; (iv) the reasonable fees and expenses of not more than one firm of attorneys acting as legal counsel for all of the Holders in the relevant Registration and sale; (v) the fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Shares under the state or foreign securities or blue sky laws and the preparation, printing and distribution of a Blue Sky Memorandum (including the related fees and expenses of counsel); (vi) the costs and charges of any transfer agent and any registrar; (vii) all expenses and application fees incurred in connection with any filing with, and clearance of an offering by, Financial Industry Regulatory Authority, Inc.; (viii) expenses incurred in connection with any "road show" presentation to potential investors; (ix) printing expenses, messenger, telephone and delivery expenses; (x) internal expenses of Zoetis (including all salaries and expenses of employees of Zoetis performing legal or accounting duties); and (xi) fees and expenses of listing any Registrable Securities on any securities exchange on which shares of Zoetis Common Stock are then listed; but excluding any internal expenses of the Holder, any underwriting discounts or commissions attributable to the sale of any Registrable Securities and any stock transfer taxes.

"Registration Period" has the meaning set forth in Section 2.1(c).

"Registration Rights" shall mean the rights of the Holders to cause Zoetis to Register Registrable Securities pursuant to this Agreement.

"Registration Statement" means any registration statement of Zoetis filed with, or to be filed with, the SEC under the rules and regulations promulgated under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

"Registration Suspension" has the meaning set forth in Section 2.1(d).

"SEC" has the meaning set forth in the recitals to this Agreement.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

"Shares" means all shares of Zoetis Common Stock that are beneficially owned by Pfizer or any permitted transferee from time to time, whether or not held immediately following the IPO.

"Shelf Registration" means a Registration Statement of Zoetis for an offering to be made on a delayed or continuous basis of Zoetis Common Stock pursuant to Rule 415 under the Securities Act (or similar provisions then in effect).

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (i) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (A) the total combined voting power of all classes of voting securities of such Person, (B) the total combined equity interests or (C) the capital or profit interests, in the case of a partnership, or (ii) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Takedown Notice" has the meaning set forth in Section 2.1(g).

"Underwritten Offering" means a Registration in which securities of Zoetis are sold to an underwriter or underwriters on a firm commitment basis for reoffering to the public.

"Zoetis" has the meaning set forth in the preamble to this Agreement and shall include its successors, by merger, acquisition, reorganization or otherwise.

"Zoetis Common Stock" has the meaning set forth in the recitals to this Agreement.

"Zoetis Class A Common Stock" has the meaning set forth in the recitals to this Agreement.

"Zoetis Class B Common Stock" has the meaning set forth in the recitals to this Agreement.

"Zoetis Public Sale" has the meaning set forth in Section 2.2(a).

"Zoetis Notice" has the meaning set forth in Section 2.1(a).

"Zoetis Takedown Notice" has the meaning set forth in Section 2.1(g).

1.2 General Interpretive Principles. Whenever used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Unless otherwise specified, the terms "hereof," "herein," "hereunder" and similar terms refer to this Agreement as a whole (including the exhibits hereto), and references herein to Articles and Sections refer to Articles and Sections of this Agreement. Except as otherwise indicated, all periods of time referred to herein shall include all Saturdays, Sundays and holidays; provided, however, that if the date to perform the act or give any notice with respect to this Agreement shall fall on a day other than a Business Day, such act or notice may be performed or given timely if performed or given on the next succeeding Business Day. References to a Person are also to its permitted successors and assigns. The parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

ARTICLE II
REGISTRATION RIGHTS

2.1 Registration.

(a) Request. Any Holder(s) of Registrable Securities (collectively, the "Initiating Holder") shall have the right to request that Zoetis file a Registration Statement with the SEC on the appropriate registration form for all or part of the Registrable Securities held by such Holder once such Registrable Securities are no longer subject to the underwriter lock-up applicable to the IPO (which may be due to the expiration or waiver of such lock-up with respect to such Registrable Securities) by delivering a written request to Zoetis specifying the number of shares of Registrable Securities such Holder wishes to Register (a "Demand Registration"). Zoetis shall (i) within five (5) days of the receipt of such request, give written notice of such Demand Registration to all Holders of Registrable Securities (the "Zoetis Notice"), (ii) use its reasonable best efforts to file a Registration Statement in respect of such Demand Registration within forty-five (45) days of receipt of the request, and (iii) use its reasonable best efforts to cause such Registration Statement to become effective as expeditiously as possible. Zoetis shall include in such Registration all Registrable Securities that the Holders request to be included within the ten (10) days following their receipt of the Zoetis Notice.

(b) Limitations of Demand Registrations. There shall be no limitation on the number of Demand Registrations pursuant to Section 2.1(a); provided, however, that the Holders may not require Zoetis to effect more than two (2) Demand Registrations in a twelve (12)-month period (it being understood that the IPO Registration Statement shall not be treated as a Demand Registration). In the event that any Person shall have received rights to Demand Registrations pursuant to Section 2.7 or Section 3.3, and such Person shall have made a Demand Registration request, such request shall be treated as having been made by the Holder(s); provided, however, that if Pfizer and its Subsidiaries engage in up to three (3) related Private Debt Exchanges within any six (6)-month period following the date hereof, the Demand Registration requests made by the Participating Banks in such Private Debt Exchanges pursuant to its registration rights agreements with Zoetis shall collectively only count as one (1) Demand Registration for purposes of the limitation on the number of Demand Registration set forth in the first sentence of this Section 2.1(b) and such Demand Registration shall be deemed to have occurred upon the filing of the then most recent applicable Registration Statement; provided that the proceeding proviso shall not limit the number of Private Debt Exchanges that Pfizer and its Subsidiaries may engage in or the period over which they may engage in Private Debt Exchanges, but is solely intended to govern the treatment of such Private Debt Exchanges for purposes of the limitations on Demand Registrations in this Section 2.1(b). The Registrable Securities requested to be Registered pursuant to Section 2.1(a) must represent (i) an aggregate offering price of Registrable Securities that is reasonably be expected to equal at least $10,000,000 or (ii) all of the remaining Registrable Securities owned by the requesting Holder and its Affiliates.

(c) Effective Registration. Zoetis shall be deemed to have effected a Registration for purposes of Section 2.1(b) if the Registration Statement is declared effective by the SEC or becomes effective upon filing with the SEC, and remains effective until the earlier of (i) the date when all Registrable Securities thereunder have been sold and (ii) ninety (90) days from the effective date of the Registration Statement (the "Registration Period"). No Registration shall be deemed to have been effective if the conditions to closing specified in the underwriting agreement, if any, entered into in connection with such Registration are not satisfied by reason of Zoetis . If, during the Registration Period, such Registration is interfered with by any Registration Suspension, stop order, injunction or other order or requirement of the SEC or other Governmental Agency, the Registration Period shall be extended on a day-for-day basis for any period the Holder is unable to complete an offering as a result of such Registration Suspension, stop order, injunction or other order or requirement of the SEC or other Governmental Agency.

(d) Delay in Filing; Suspension of Registration. If the filing, initial effectiveness or continued use of a Registration Statement would, as reasonably determined in good faith by Zoetis, require the disclosure of material non-public information that Zoetis has a *bona fide* business purpose to keep confidential and the disclosure of which would have a material adverse effect on any active proposal by Zoetis or any of its Subsidiaries to engage in any material acquisition, merger, consolidation, tender offer, other business combination, reorganization or other material transaction, Zoetis may, upon giving prompt written notice of such action to the Holders, postpone the filing or effectiveness of such Registration (a "Registration Suspension") for a period not to exceed thirty (30) days; provided, however, that Zoetis may exercise a Registration Suspension no more than two (2) times in any twelve (12)-month period. Notwithstanding the foregoing, no such delay shall exceed such number of days that Zoetis determines in good faith to be reasonably necessary. Zoetis shall (i) immediately notify the Holders upon the termination of any Registration Suspension, (ii) amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission therein and (iii) furnish to the Holders such numbers of copies of the Prospectus as so amended or supplemented as the Holders may reasonably request.

(e) Underwritten Offering. If the Initiating Holder so indicates at the time of its request pursuant to Section 2.1(a), such offering of Registrable Securities shall be in the form of an Underwritten Offering and Zoetis shall include such information in the Zoetis Notice. In the event that the Initiating Holder intends to distribute the Registrable Securities by means of an Underwritten Offering, the right of any Holder to include Registrable Securities in such Registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting.

(f) Priority of Securities in an Underwritten Offering. If the managing underwriter or underwriters of a proposed Underwritten Offering, including an Underwritten Offering from a Shelf Registration, pursuant to this Section 2.1 informs the Holders with Registrable Securities in the proposed Underwritten Offering in writing that, in its or their opinion, the number of securities requested to be included in such Underwritten Offering exceeds the number that can be sold in such Underwritten Offering without being likely to have an adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Underwritten Offering shall be reduced to such number that can be sold without such adverse effect and the securities to be included in such Underwritten Offering shall be: (i) first, Registrable Securities requested by Pfizer to be included in such Underwritten Offering; (ii) second, Registrable Securities requested by all other Holders to be included in such Underwritten Offering on a pro rata basis; and (iii) third, all other securities requested and otherwise eligible to be included in such Underwritten Offering (including securities to be sold for the account of Zoetis) on a pro rata basis.

(g) Shelf Registration. At any time after the date hereof when Zoetis is eligible to Register the applicable Registrable Securities on Form S-3 (or a successor form) and the Holder may request Demand Registrations, the requesting Holders may request Zoetis to effect a Demand Registration as a Shelf Registration. There shall be no limitations on the number of Underwritten Offerings pursuant to a Shelf Registration; provided, however, that the Holders may not require Zoetis to effect more than four (4) Underwritten Offerings in a twelve (12)-month period. Any Holder of Registrable Securities included on a Shelf Registration shall have the right to request that Zoetis cooperate in a shelf takedown at any time, including an Underwritten Offering, by delivering a written request thereof to Zoetis specifying the number of shares of Registrable Securities such Holder wishes to include in the shelf takedown ("Takedown Notice"). Zoetis shall (i) within five (5) days of the receipt of a Takedown Notice for an Underwritten Offering, give written notice of such Takedown Notice to all Holders of Registrable Securities included on such Shelf Registration ("Zoetis Takedown Notice"), and (ii) shall take all actions reasonably requested by such Holder, including the filing of a Prospectus supplement and the other actions described in Section 2.4, in accordance with the intended method of distribution set forth in the Takedown Notice as expeditiously as possible. If the takedown is an Underwritten Offering, Zoetis shall include in such Underwritten Offering all Registrable Securities that that the Holders request to be included within the two (2) days following their receipt of the Zoetis Takedown Notice. If the takedown is an Underwritten Offering, the Registrable Securities requested to be included in a shelf takedown must represent (i) an aggregate offering price of Registrable Securities that is reasonably be expected to equal at least $10,000,000 or (ii) all of the remaining Registrable Securities owned by the requesting Holder and its Affiliates.

(h) SEC Form. Except as set forth in the next sentence, Zoetis shall use its reasonable best efforts to cause Demand Registrations to be Registered on Form S-3 (or any successor form), and if Zoetis is not then eligible under the Securities Act to use Form S-3, Demand Registrations shall be Registered on Form S-1 (or any successor form). If a Demand Registration is a Convertible or Exchange Registration, Zoetis shall effect such Registration on the appropriate Form under the Securities Act for such Registrations. Zoetis shall use its reasonable best efforts to become eligible to use Form S-3 and, after becoming eligible to use Form S-3, shall use its reasonable best efforts to remain so eligible. All Demand Registrations shall comply with applicable requirements of the Securities Act and, together with each Prospectus included, filed or otherwise furnished by Zoetis in connection therewith, shall not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

2.2 Piggyback Registrations.

(a) Participation. If Zoetis proposes to file a Registration Statement under the Securities Act with respect to any offering of Zoetis Common Stock for its own account and/or for the account of any other Persons (other than a Registration (i) under Section 2.1 hereof, (ii) pursuant to a Registration Statement on Form S-8 or Form S-4 or similar form that relates to a transaction subject to Rule 145 under the Securities Act, (iii) pursuant to any form that does not include substantially the same information as would be required to be included in a Registration Statement covering the sale of Registrable Securities, (iv) in connection with any dividend reinvestment or similar plan, (v) for the sole purpose of offering securities to another entity or its security holders in connection with the acquisition of assets or securities of such entity or any similar transaction or (vi) in which the only Zoetis Common Stock being Registered is Zoetis Common Stock issuable upon conversion of debt securities that are also being Registered) (a "Zoetis Public Sale"), then, as soon as practicable (but in no event less than fifteen (15) days prior to the proposed date of filing such Registration Statement), Zoetis shall give written notice of such proposed filing to each Holder, and such notice shall offer such Holders the opportunity to Register under such Registration Statement such number of Registrable Securities as each such Holder may request in writing (a "Piggyback Registration"). Subject to Section 2.2(a) and Section 2.2(c), Zoetis shall include in such Registration Statement all such Registrable Securities that are requested to be included therein within fifteen (15) days after the receipt of any such notice; provided, however, that if, at any time after giving written notice of its intention to Register any securities and prior to the effective date of the Registration Statement filed in connection with such Registration, Zoetis shall determine for any reason not to Register or to delay Registration of such securities, Zoetis may, at its election, give written notice of such determination to each such Holder and, thereupon, (i) in the case of a determination not to Register, shall be relieved of its obligation to Register any Registrable Securities in connection with such Registration, without prejudice, however, to the rights of any Holder to request that such Registration be effected as a Demand Registration under Section 2.1, and (ii) in the case of a determination to delay Registration, shall be permitted to delay Registering any Registrable Securities for the same period as the delay in Registering such other shares of Zoetis Common Stock. No Registration effected under this Section 2.2 shall relieve Zoetis of its obligation to effect any Demand Registration under Section 2.1. If the offering pursuant to a Registration Statement pursuant to this Section 2.2 is to be an Underwritten Offering, then each Holder making a request for a Piggyback Registration pursuant to this Section 2.2(a) shall, and Zoetis shall use reasonable best efforts to coordinate arrangements with the underwriters so that each such Holder may, participate in such Underwritten Offering. If the offering pursuant to such Registration Statement is to be on any other basis, then each Holder making a request for a Piggyback Registration pursuant to this Section 2.2(a) shall, and Zoetis shall use reasonable best efforts to coordinate arrangements so that each such Holder may, participate in such offering on such basis. Zoetis's filing of a Shelf Registration shall not be deemed to be a Zoetis Public Sale; provided, however, that the proposal to file any Prospectus supplement filed pursuant to a Shelf Registration with respect to an offering of Zoetis Common Stock for its own account and/or for the account of any other Persons will be a Zoetis Public Sale unless such offering qualifies for an exemption from Zoetis Public Sale definition in this Section 2.2(a); provided, further that if Zoetis files a Shelf Registration for its own account and/or for the account of any other Persons, Zoetis agrees that it shall use its reasonable best efforts to include in such Registration Statement such disclosures as may be required by Rule 430B under the Securities Act in order to ensure that the Holders may be added to such Shelf Registration at a later time through the filing of a Prospectus supplement rather than a post-effective amendment.

(b) Right to Withdraw. Each Holder shall have the right to withdraw such Holder's request for inclusion of its Registrable Securities in any Underwritten Offering pursuant to this Section 2.2 at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to Zoetis of such Holder's request to withdraw and, subject to the preceding clause, each Holder shall be permitted to withdraw all or part of such Holder's Registrable Securities from a Piggyback Registration at any time prior to the effective date thereof.

(c) Priority of Piggyback Registration. If the managing underwriter or underwriters of any proposed Underwritten Offering of a class of Registrable Securities included in a Piggyback Registration informs Zoetis and the Holders in writing that, in its or their opinion, the number of securities of such class which such Holder and any other Persons intend to include in such Underwritten Offering exceeds the number which can be sold in such Underwritten Offering without being likely to have an adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Underwritten Offering shall be reduced to such number that can be sold without such adverse effect and the securities to be included in the Underwritten Offering shall be (i) first, all securities of Zoetis or any other Persons for whom Zoetis is effecting the Underwritten Offering, as the case may be, proposes to sell; (ii) second, Registrable Securities requested by Pfizer to be included in such Underwritten Offering; (iii) third, Registrable Securities requested by all other Holders to be included in such Underwritten Offering on a pro rata basis; and (iv) forth, all other securities requested and otherwise eligible to be included in such Underwritten Offering (including securities to be sold for the account of Zoetis) on a pro rata basis.

2.3 Selection of Underwriter(s), Etc. In any Underwritten Offering pursuant to Section 2.1 or Section 2.2 in which a Holder is participating, Pfizer, in the event Pfizer is participating, or the Holders of a majority of the outstanding Registrable

Securities being included in the Underwritten Offering, in the event Pfizer is not participating, shall select the underwriter(s), financial printer, solicitation and/or exchange agent (if any) and Holder's counsel for such Underwritten Offering.

2.4 Registration Procedures.

(a) In connection with the Registration and/or sale of Registrable Securities pursuant to this Agreement, through an Underwritten Offering or otherwise, Zoetis shall use reasonable best efforts to effect or cause the Registration and the sale of such Registrable Securities in accordance with the intended methods of disposition thereof and:

(i) prepare and file the required Registration Statement including all exhibits and financial statements required under the Securities Act to be filed therewith, and before filing with the SEC a Registration Statement or Prospectus, or any amendments or supplements thereto, (A) furnish to the underwriters, if any, and to the Holders, copies of all documents prepared to be filed, which documents will be subject to the review of such underwriters and such Holders and their respective counsel, and (B) not file with the SEC any Registration Statement or Prospectus or amendments or supplements thereto to which Holders or the underwriters, if any, shall reasonably object;

(ii) except in the case of a Shelf Registration or Convertible or Exchange Registration, prepare and file with the SEC such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all of the Shares Registered thereon until the earlier of (A) such time as all of such Shares have been disposed of in accordance with the intended methods of disposition set forth in such Registration Statement or (B) the expiration of nine (9) months after such Registration Statement becomes effective, plus the number of days of any Registration Suspension;

(iii) in the case of a Shelf Registration, prepare and file with the SEC such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Shares subject thereto for a period ending on thirty-six (36) months after the effective date of such Registration Statement;

(iv) in the case of a Convertible or Exchange Registration, prepare and file with the SEC such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all of the Shares subject thereto until such time as the rules, regulations and requirements of the Securities Act and the terms of any applicable convertible securities no longer require such Shares to be Registered under the Securities Act;

(v) notify the participating Holders and the managing underwriter or underwriters, if any, and (if requested) confirm such advice in writing and provide copies of the relevant documents, as soon as reasonably practicable after notice thereof is received by Zoetis (A) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, when the applicable Prospectus or any amendment or supplement to such Prospectus has been filed, (B) of any written comments by the SEC or any request by the SEC or any other Governmental Authority for amendments or supplements to such Registration Statement or such Prospectus or for additional information, (C) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or any order preventing or suspending the use of any preliminary or final Prospectus or the initiation or threatening of any proceedings for such purposes, (D) if, at any time, the representations and warranties of Zoetis in any applicable underwriting agreement cease to be true and correct in all material respects, and (E) of the receipt by Zoetis of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(vi) subject to Section 2.1(d), promptly notify each selling Holder and the managing underwriter or underwriters, if any, when Zoetis becomes aware of the occurrence of any event as a result of which the applicable Registration Statement or the Prospectus included in such Registration Statement (as then in effect) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of such Prospectus and any preliminary Prospectus, in light of the circumstances under which they were made) not misleading or, if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement or Prospectus in order to comply with the Securities Act and, in either case as promptly as reasonably practicable thereafter, prepare and file with the SEC, and furnish without charge to the selling Holder and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement or Prospectus which will correct such statement or omission or effect such compliance;

(vii) use its reasonable best efforts to prevent or obtain the withdrawal of any stop order or other order suspending the use of any preliminary or final Prospectus;

(viii) promptly incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriters, if any, and the Holders may reasonably request in order to permit the intended method of distribution of the Registrable Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as reasonably practicable after being notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(ix) furnish to each selling Holder and each underwriter, if any, without charge, as many conformed copies as such Holder or underwriter may reasonably request of the applicable Registration Statement and any amendment or post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(x) deliver to each selling Holder and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto as such Holder or underwriter may reasonably request (it being understood that Zoetis consents to the use of such Prospectus or any amendment or supplement thereto by each selling Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto) and such other documents as such selling Holder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities by such Holder or underwriter;

(xi) on or prior to the date on which the applicable Registration Statement is declared effective or becomes effective, use its reasonable best efforts to register or qualify, and cooperate with each selling Holder, the managing underwriter or underwriters, if any, and their respective counsel, in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or

"Blue Sky" laws of each state and other jurisdiction of the United States as any selling Holder or managing underwriter or underwriters, if any, or their respective counsel reasonably request in writing and do any and all other acts or things reasonably necessary or advisable to keep such registration or qualification in effect for so long as such Registration Statement remains in effect and so as to permit the continuance of sales and dealings in such jurisdictions of the United States for so long as may be necessary to complete the distribution of the Registrable Securities covered by the Registration Statement; provided that Zoetis will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject;

(xii) in connection with any sale of Registrable Securities that will result in such securities no longer being Registrable Securities, cooperate with each selling Holder and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive Securities Act legends; and to register such Registrable Securities in such denominations and such names as such selling Holder or the underwriter(s), if any, may request at least two (2) Business Days prior to such sale of Registrable Securities; provided that Zoetis may satisfy its obligations hereunder without issuing physical stock certificates through the use of the Depository Trust Company's Direct Registration System;

(xiii) cooperate and assist in any filings required to be made with the Financial Industry Regulatory Authority and each securities exchange, if any, on which any of Zoetis's securities are then listed or quoted and on each inter-dealer quotation system on which any of Zoetis's securities are then quoted, and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of each such exchange, and use its reasonable best efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities;

(xiv) not later than the effective date of the applicable Registration Statement, provide a CUSIP number for all Registrable Securities and provide the applicable transfer agent with printed certificates for the Registrable Securities which are in a form eligible for deposit with The Depository Trust Company; provided that Zoetis may satisfy its obligations hereunder without issuing physical stock certificates through the use of the Depository Trust Company's Direct Registration System;

(xv) obtain for delivery to and addressed to each selling Holder and to the underwriter or underwriters, if any, opinions from outside counsel and the general counsel or deputy general counsel for Zoetis, in each case dated the effective date of the Registration Statement or, in the event of an Underwritten Offering, the date of the closing under the underwriting agreement, and in each such case in customary form and content for the type of Underwritten Offering;

(xvi) in the case of an Underwritten Offering, obtain for delivery to and addressed to Zoetis and the underwriter or underwriters and, to the extent requested, each selling Holder, a cold comfort letter from Zoetis's independent certified public accountants in customary form and content for the type of Underwritten Offering, dated the date of execution of the underwriting agreement and brought down to the closing under the underwriting agreement;

(xvii) use its reasonable best efforts to comply with all applicable rules and regulations of the SEC and make generally available to its security holders, as soon as reasonably practicable, but no later than ninety (90) days after the end of the twelve (12)-month period beginning with the first day of Zoetis's first quarter commencing after the effective date of the applicable Registration Statement, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder and covering the period of at least twelve (12) months, but not more than eighteen (18) months, beginning with the first month after the effective date of the Registration Statement;

(xviii) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement from and after a date not later than the effective date of such Registration Statement;

(xix) cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of Zoetis's securities are then listed or quoted and on each inter-dealer quotation system on which any of Zoetis's securities are then quoted;

(xx) provide (A) each Holder participating in the Registration, (B) the underwriters (which term, for purposes of this Agreement, shall include a Person deemed to be an underwriter within the meaning of Section 2(11) of the Securities Act), if any, of the Registrable Securities to be Registered, (C) the sale or placement agent therefor, if any, (D) counsel for such underwriters or agent, and (E) any attorney, accountant or other agent or representative retained by such Holder or any such underwriter, as selected by such Holder, the opportunity to participate in the preparation of such Registration Statement, each Prospectus included therein or filed with the SEC, and each amendment or supplement thereto, and to require the insertion therein of material, furnished to Zoetis in writing, which in the reasonable judgment of such Holder(s) and their counsel should be included; and for a reasonable period prior to the filing of such Registration Statement, make available upon reasonable notice at reasonable times and for reasonable periods for inspection by the parties referred to in (A) through (E) above, all pertinent financial and other records, pertinent corporate documents and properties of Zoetis that are available to Zoetis, and cause all of Zoetis's officers, directors and employees and the independent public accountants who have certified its financial statements to make themselves available at reasonable times and for reasonable periods to discuss the business of Zoetis and to supply all information available to Zoetis reasonably requested by any such Person in connection with such Registration Statement as shall be necessary to enable them to exercise their due diligence responsibility, subject to the foregoing;

(xxi) to cause the executive officers of Zoetis to participate in the customary "road show" presentations that may be reasonably requested by the managing underwriter or underwriters in any Underwritten Offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto; and

(xxii) take all other customary steps reasonably necessary to effect the Registration, offering and sale of the Registrable Securities.

(b) As a condition precedent to any Registration hereunder, Zoetis may require each Holder as to which any Registration is being effected to furnish to Zoetis such information regarding the distribution of such securities and such other information relating to such Holder, its ownership of Registrable Securities and other matters as Zoetis may from time to time reasonably request in writing. Each such Holder agrees to furnish such information to Zoetis and to cooperate with Zoetis as reasonably necessary to enable Zoetis to comply with the provisions of this Agreement.

(c) Pfizer agrees, and any other Holder agrees by acquisition of such Registrable Securities, that, upon receipt of any written notice from Zoetis of the occurrence of any event of the kind described in Section 2.4(a)(vi), such Holder will forthwith discontinue disposition of Registrable Securities pursuant to such Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 2.4(a)(vi), or until such Holder is advised in writing by Zoetis that the use of the Prospectus may be resumed, and if so directed by Zoetis, such Holder will deliver to Zoetis (at Zoetis's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event Zoetis shall give any such notice, the period during which the applicable Registration Statement is required to be maintained effective shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement either receives the copies of the supplemented or amended Prospectus contemplated by Section 2.4(a)(vi) or is advised in writing by Zoetis that the use of the Prospectus may be resumed.

2.5 Holdback Agreements. To the extent requested in writing by the managing underwriter or underwriters of any Underwritten Offering, Zoetis agrees not to, and shall exercise commercially reasonable efforts to obtain agreements (in the underwriters' customary form) from its directors, executive officers and beneficial owners of five percent (5%) or more of Zoetis Common Stock not to, directly or indirectly offer, sell, pledge, contract to sell (including any short sale), grant any option to purchase or otherwise dispose of any equity securities of Zoetis or enter into any hedging transaction relating to any equity securities of Zoetis during the ninety (90) days beginning on pricing date of such Underwritten Offering (except as part of such Underwritten Offering or any Distribution or pursuant to registrations on Form S-8 or S-4 or any successor forms thereto) unless the managing underwriter or underwriters otherwise agrees to a shorter period.

2.6 Underwriting Agreement in Underwritten Offerings. If requested by the managing underwriters for any Underwritten Offering, Zoetis shall enter into an underwriting agreement with such underwriters for such offering; provided, however, that no Holder shall be required to make any representations or warranties to Zoetis or the underwriters (other than representations and warranties regarding such Holder and such Holder's intended method of distribution) or to undertake any indemnification obligations to Zoetis or the underwriters with respect thereto, except as otherwise provided in Section 2.10 hereof.

2.7 Private Debt Exchange. If Pfizer decides to engage in a Private Debt Exchange with one or more Participating Banks, Zoetis agrees that it will enter into a registration rights agreement with the Participating Banks at the time of such Private Debt Exchange on terms and conditions consistent with this Agreement and reasonably satisfactory to Zoetis. In addition, Zoetis shall execute and deliver all additional documents, agreements and instruments and shall take any and all actions reasonably requested by Pfizer in connection with any Private Debt Exchange.

2.8 Convertible or Exchange Registration. If any Holder of Registrable Securities offers any options, rights, warrants or other securities issued by it or any other Person that are offered with, convertible into or exercisable or exchangeable for any Registrable Securities, the Registrable Securities underlying such options, rights, warrants or other securities shall be eligible for Registration pursuant to Section 2.1 and Section 2.2 hereof (a "Convertible or Exchange Registration").

2.9 Registration Expenses Paid By Company. In the case of any Registration of Registrable Securities required pursuant to this Agreement (including any Registration that is delayed or withdrawn) or proposed Underwritten Offering pursuant to this Agreement, Zoetis shall pay all Registration Expenses regardless of whether the Registration Statement becomes effective or the Underwritten Offering is completed.

2.10 Indemnification.

(a) Indemnification by Company. Zoetis agrees to indemnify and hold harmless, to the full extent permitted by law, each Holder, such Holder's Affiliates and their respective officers, directors, employees, advisors, and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Persons from and against any and all losses, claims, damages, liabilities (or actions in respect thereof, whether or not such indemnified party is a party thereto) and expenses, joint or several (including reasonable costs of investigation and legal expenses) (each, a "Loss" and collectively "Losses") arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which the sale of such Registrable Securities was Registered under the Securities Act (including any final or preliminary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein), or any such statement made in any free writing prospectus (as defined in Rule 405 under the Securities Act) that Zoetis has filed or is required to file pursuant to Rule 433(d) of the Securities Act, (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, preliminary Prospectus or free writing prospectus, in light of the circumstances under which they were made) not misleading; provided, however, that Zoetis shall not be liable to any particular indemnified party in any such case to the extent that any such Loss arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any such Registration Statement (i) in reliance upon and in conformity with written information furnished to Zoetis by such indemnified party expressly for use in the preparation thereof or (ii) which has been corrected in a subsequent applicable filing with the SEC but such indemnified party nonetheless failed to provide such corrected filing to the Person asserting such Loss, in breach of the indemnified party's obligations under applicable law. This indemnity shall be in addition to any liability Zoetis may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any indemnified party and shall survive the transfer of such securities by such Holder.

(b) Indemnification by the Selling Holder. Each selling Holder agrees (severally and not jointly) to indemnify and hold harmless, to the full extent permitted by law, Zoetis, its directors, officers, employees, advisors, and agents and each Person who controls Zoetis (within the meaning of the Securities Act and the Exchange Act) from and against any Losses arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which the sale of such Registrable Securities was Registered under the Securities Act (including any final or

preliminary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein), or any such statement made in any free writing prospectus that Zoetis has filed or is required to file pursuant to Rule 433(d) of the Securities Act, or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, preliminary Prospectus or free writing prospectus, in light of the circumstances under which they were made) not misleading to the extent, but, in each case (i) or (ii), only to the extent, that such untrue statement or omission is contained in any information furnished in writing by such selling Holder to Zoetis specifically for inclusion in such Registration Statement, Prospectus, preliminary Prospectus or free writing prospectus and has not been corrected in a subsequent applicable filing with the SEC provided to the Person asserting such Loss prior to or concurrently with the sale of the Registrable Securities to such Person. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder under the sale of the Registrable Securities giving rise to such indemnification obligation. This indemnity shall be in addition to any liability the selling Holder may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of Zoetis or any indemnified party.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (*provided* that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder to the extent that it is materially prejudiced by reason of such delay or failure) and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, however, that any Person entitled to indemnification hereunder shall have the right to select and employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (i) the indemnifying party has agreed in writing to pay such fees or expenses, (ii) the indemnifying party shall have failed to assume the defense of such claim within a reasonable time after receipt of notice of such claim from the Person entitled to indemnification hereunder and employ counsel reasonably satisfactory to such Person, (iii) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, or (iv) in the reasonable judgment of any such Person, based upon advice of its counsel, a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its consent, but such consent may not be unreasonably withheld, conditioned or delayed. If the indemnifying party assumes the defense, the indemnifying party shall not have the right to settle such action without the consent of the indemnified party, which consent may not be unreasonably withheld, conditioned or delayed. No indemnifying party shall consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect to such claim or litigation. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm admitted to practice in such jurisdiction at any one time from all such indemnified party or parties unless (x) the employment of more than one counsel has been authorized in writing by the indemnified party or parties, (y) an indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it that are different from or in addition to those available to the other indemnified parties or (z) a conflict or potential conflict exists or may exist (based on advice of counsel to an indemnified party) between such indemnified party and the other indemnified parties, in each of which cases the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels.

(d) Contribution. If for any reason the indemnification provided for in Section 2.10(a) or Section 2.10(b) is unavailable to an indemnified party or insufficient to hold it harmless as contemplated by Section 2.10(a) or Section 2.10(b), then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. Notwithstanding anything in this Section 2.10(d) to the contrary, no indemnifying party (other than Zoetis) shall be required pursuant to this Section 2.10(d) to contribute any amount in excess of the amount by which the net proceeds received by such indemnifying party from the sale of Registrable Securities in the offering to which the Losses of the indemnified parties relate (before deducting expenses, if any) exceeds the amount of any damages which such indemnifying party has otherwise been required to pay by reason of such untrue statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.10(d) were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable

considerations referred to in this Section 2.10(d). No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an indemnified party hereunder shall be deemed to include, for purposes of this Section 2.10(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating, preparing to defend or defending against or appearing as a third party witness in respect of, or otherwise incurred in connection with, any such loss, claim, damage, expense, liability, action, investigation or proceeding. If indemnification is available under this Section 2.10, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 2.10(a) and Section 2.10(b) hereof without regard to the relative fault of said indemnifying parties or indemnified party.

2.11 Reporting Requirements; Rule 144. Zoetis shall use its reasonable best efforts to be and remain in compliance with the periodic filing requirements imposed under the SEC's rules and regulations, including the Exchange Act, and any other applicable laws or rules, and thereafter shall timely file such information, documents and reports as the SEC may require or prescribe under Section 13 or 15(d) (whichever is applicable) of the Exchange Act. If Zoetis is not required to file such reports during such period, it will, upon the request of any Holder, make publicly available such necessary information for so long as necessary to permit sales pursuant to Rule 144 or Regulation S under the Securities Act, and it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without Registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 or Regulation S under the Securities Act, as such Rules may be amended from time to time, or (b) any rule or regulation hereafter adopted by the SEC. From and after the date hereof through the first anniversary of the date upon which no Holder owns any Registrable Securities, Zoetis shall forthwith upon request furnish any Holder (i) a written statement by Zoetis as to whether it has complied with such requirements and, if not, the specifics thereof, (ii) a copy of the most recent annual or quarterly report of Zoetis, and (iii) such other reports and documents filed by Zoetis with the SEC as such Holder may reasonably request in availing itself of an exemption for the sale of Registrable Securities without registration under the Securities Act.

2.12 Other Registration Rights. Zoetis shall not grant to any Persons the right to request Zoetis to Register any equity securities of Zoetis, or any securities convertible or exchangeable into or exercisable for such securities, whether pursuant to "demand," "piggyback," or other rights, unless such rights are subject and subordinate to the rights of the Holders under this Agreement.

ARTICLE III

MISCELLANEOUS

3.1 Term. This Agreement shall terminate upon such time as there are no Registrable Securities, except for the provisions of Section 2.9 and Section 2.10 and all of this Article III, which shall survive any such termination.

3.2 Notices. All notices or other communications under this Agreement shall be in writing and shall be deemed to be duly given when (a) delivered in person or (b) deposited in the United States mail or private express mail, postage prepaid, addressed as follows:

If to Pfizer, to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: General Counsel

with a copy to:

Pfizer Inc.
235 East 42nd Street
New York, NY 10017
Attention: Bryan A. Supran and Andrew J. Muratore

If to the Company to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940

Attention: General Counsel

with a copy to:

Zoetis Inc.
5 Giralda Farms
Madison, NJ 07940
Attention: Katherine H. Walden

Any party may, by notice to the other party, change the address to which such notices are to be given.

3.3 Successors, Assigns and Transferees. This Agreement and all provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Zoetis may assign this Agreement at any time in connection with a sale or acquisition of Zoetis, whether by merger, consolidation, sale of all or substantially all of Zoetis's assets, or similar transaction, without the consent of the Holders; provided that the successor or acquiring Person agrees in writing to assume all of Zoetis's rights and obligations under this Agreement. A Holder may assign its rights and obligations under this Agreement to any transferee that acquires at least five percent (5%) of the number of Registrable Securities beneficially owned by Pfizer immediately following the completion of the IPO and executes an agreement to be bound hereby in the form attached hereto as Exhibit A, an executed counterpart of which shall be furnished to Zoetis. Notwithstanding the foregoing, if such transfer is subject to covenants, agreements or other undertakings restricting transferability thereof, the Registration Rights shall not be transferred in connection with such transfer unless such transferee complies with all such covenants, agreements and other undertaking.

3.4 GOVERNING LAW; NO JURY TRIAL.

(a) This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof that would result in the application of any law other than the laws of the State of New York. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY COURT PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF AND PERMITTED UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE.

(b) With respect to any Action relating to or arising out of this Agreement, each party to this Agreement irrevocably (a) consents and submits to the exclusive jurisdiction of the courts of the State of New York and any court of the United States located in the Borough of Manhattan in New York City; (b) waives any objection which such party may have at any time to the laying of venue of any Action brought in any such court, waives any claim that such Action has been brought in an inconvenient forum and further waives the right to object, with respect to such Action, that such court does not have jurisdiction over such party; and (c) consents to the service of process at the address set forth for notices in Section 3.2 herein; provided, however, that such manner of service of process shall not preclude the service of process in any other manner permitted under applicable law.

3.5 Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the party or parties who are or are to be thereby aggrieved shall have the right to seek specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative.

3.6 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

3.7 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or

invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the parties.

3.8 Amendment; Waiver.

(a) This Agreement may not be amended or modified and waivers and consents to departures from the provisions hereof may not be given, except by an instrument or instruments in writing making specific reference to this Agreement and signed by Zoetis and the Holders of a majority of the Registrable Securities; provided that if Pfizer or any of its Affiliates owns Registrable Securities, no amendment to or waiver of any provision in this Agreement will be effected without the written consent of Pfizer if such amendment or waiver adversely affects the rights of Pfizer or such Affiliates of Pfizer.

(b) Waiver by any party of any default by the other party of any provision of this Agreement shall not be deemed a waiver by the waiving party of any subsequent or other default, nor shall it prejudice the rights of the other party.

3.9 Further Assurances. Each of the parties hereto shall execute and deliver all additional documents, agreements and instruments and shall do any and all acts and things reasonably requested by the other party hereto in connection with the performance of its obligations undertaken in this Agreement.

3.10 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party. Execution of this Agreement or any other documents pursuant to this Agreement by facsimile or other electronic copy of a signature shall be deemed to be, and shall have the same effect as, executed by an original signature.

[The remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

PFIZER INC.

By: /s/: Robert E. Landry
Name: Robert E. Landry
Title: Senior Vice President & Treasurer

ZOETIS INC.

By: /s/: Heidi C. Chen
Name: Heidi C. Chen
Title: General Counsel and
Corporate Secretary

EXHIBIT A

THIS INSTRUMENT forms part of the Registration Rights Agreement (the "Agreement"), dated as of February 6, 2013, by and among Zoetis Inc., a Delaware corporation, and Pfizer Inc., a Delaware corporation ("Pfizer"). The undersigned hereby acknowledges having received a copy of the Agreement and having read the Agreement in its entirety, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, hereby agrees that the terms and conditions of the Agreement binding upon and inuring to the benefit of Pfizer shall be binding upon and inure to the benefit of the undersigned and its successors and permitted assigns as if it were an original party to the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this day of .

(Signature of Transferee)

Print Name

Exhibit 10.16

ZOETIS INC.

2013 EQUITY AND INCENTIVE PLAN

ARTICLE I

PURPOSE

The purposes of the Zoetis Inc. 2013 Equity and Incentive Plan (as it may be amended, the "Plan") are to provide long-term incentives to those individuals with significant responsibility for the success and growth of the Company and its Affiliates, to align the interests of such individuals with those of the Company's stockholders, to assist the Company in recruiting, retaining and motivating qualified employees and to provide an effective means to link pay to performance for such employees.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Administrator" shall have the meaning provided in Section 12.1 hereof.

2.2 "Affiliate" shall mean (i) any Parent or Subsidiary, (ii) any entity that, directly or through one or more intermediaries, is controlled by the Company, or (iii) any entity in which the Company has a significant equity interest, in each case as determined by the Committee.

2.3 "Applicable Accounting Standards" shall mean Generally Accepted Accounting Principles in the United States, International Financial Reporting Standards or such other accounting principles or standards as may apply to the Company's financial statements under United States federal securities laws from time to time.

2.4 "Award" shall mean an Option, a Restricted Stock award, a Restricted Stock Unit award, a Performance Award (which includes, but is not limited to, cash bonuses as set forth in Article IX), a Dividend Equivalent award, a Stock Payment award, an award of Stock Appreciation Rights, or Other Incentive Award, which may be awarded or granted under the Plan.

2.5 "Award Agreement" shall mean the written notice, agreement, contract or other instrument or document evidencing an Award, including through an electronic medium, which shall contain such terms and conditions with respect to an Award as the Administrator shall determine, consistent with the Plan.

2.6 "Beneficial Owner" (or any variant thereof) has the meaning defined in Rule 13d-3 under the Exchange Act.

2.7 "Board" shall mean the Board of Directors of the Company.

2.8 "Change in Capitalization" shall have the meaning provided in Section 3.2(a) hereof.

2.9 "Change in Control" shall be deemed to have occurred if an event set forth in any one of the following paragraphs shall have occurred:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including the securities beneficially owned by such Person or any securities acquired directly from the Company or any Affiliate thereof) representing 20% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (1) of paragraph (c) below; or

(b) the following individuals cease for any reason to constitute a majority of the number of directors then serving on the Board: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including, but not limited to, a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(c) there is consummated a merger, amalgamation or consolidation of the Company or any Subsidiary thereof with any other corporation, other than (1) a merger, amalgamation or consolidation which results in the voting securities of the Company outstanding immediately prior to such merger, amalgamation or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger, amalgamation or consolidation or (2) a merger, amalgamation or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(d) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than (1) a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least fifty percent (50%) of the combined voting power of the voting securities of which are owned by stockholders of the Company following the completion of such transaction in substantially the same proportions as their ownership of the Company immediately prior to such sale or (2) a sale or disposition of all or substantially all of the Company's assets immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the entity to which such assets are sold or disposed or, if such entity is a subsidiary, the ultimate parent thereof.

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred by virtue of (i) the consummation of any transaction or series of integrated transactions immediately following which the holders of Common Stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions, or (ii) the consummation of the Distribution (as such term is defined in that certain Global Separation Agreement entered into between Pfizer Inc. and the Company).

For each Award that constitutes deferred compensation under Section 409A of the Code, a Change in Control shall be deemed to have occurred under the Plan with respect to such Award, resulting in the payment of such Award, only if a change in the ownership or effective control of the Company or a change in ownership of a substantial portion of the assets of the Company shall also be deemed to have occurred under Section 409A of the Code.

2.10 "Code" shall mean the Internal Revenue Code of 1986, as amended.

2.11 "Committee" shall mean the Compensation Committee of the Board, or another committee or subcommittee of the Board described in Article XII hereof.

2.12 " Common Stock" shall mean the Class A common stock of the Company, par value $0.01 per share.

2.13 "Company" shall mean Zoetis Inc., a Delaware corporation, and any successor corporation.

2.14 "Covered Employee" shall mean any Employee who is a "covered employee" within the meaning of Section 162(m) of the Code.

2.15 "Director" or "Non-Employee Director" shall mean a non-employee member of the Board, as constituted from time to time.

2.16 "Disaffiliation" means a Subsidiary's or Affiliate's ceasing to be a Subsidiary or Affiliate for any reason (including, without limitation, as a result of a public offering, or a spinoff or sale by the Company, of the stock of the Subsidiary or Affiliate) or a sale of a division of the Company or its Affiliates.

2.17 "Dividend Equivalent" shall mean a right to receive the equivalent value (in cash or Shares) of dividends paid on Shares, awarded under Section 9.2 hereof.

2.18 "Effective Date" shall mean January 28, 2013.

2.19 "Eligible Individual" shall mean any natural person who is an Employee or a Non-Employee Director, as determined by the Administrator.

2.20 "Employee" shall mean any officer or other employee (as determined in accordance with Section 3401(c) of the Code) of the Company or any Affiliate.

2.21 "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

2.22 "Fair Market Value" shall mean, as of any given date, the value of a Share determined as follows:

(a) if the Common Stock is (i) listed on any established securities exchange (such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Global Select Market), (ii) listed on any national market system or (iii) listed, quoted or traded on any automated quotation system, its Fair Market Value shall be the closing sales price for a Share as quoted on such exchange or system for such date or, if there is no closing sales price for a Share on the date in question, the closing sales price for a Share on the last preceding date for which such quotation exists, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

(b) if the Common Stock is traded only otherwise than on a securities exchange and is not quoted on the NASDAQ, the closing quoted selling price of the Common Stock on such date as quoted in "pink sheets" published by the National Daily Quotation Bureau;

(c) if the Common Stock is not listed on an established securities exchange, national market system or automated quotation system, but the Common Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a Share on such date, the high bid and low asked prices for a Share on the last preceding date for which such information exists, as reported in The Wall Street Journal or such other source as the Administrator deems reliable; or

(d) if the Common Stock is neither listed on an established securities exchange, national market system or automated quotation system nor regularly quoted by a recognized securities dealer, its Fair Market Value shall be established by the Committee in good faith on the date awarded.

2.23 "Greater Than 10% Stockholder" shall mean an individual then-owning (within the meaning of Section 424(d) of the Code) more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any "parent corporation" or "subsidiary corporation" (as defined in Sections 424(e) and 424(f) of the Code, respectively).

2.24 "Incentive Stock Option" shall mean an Option that is intended to qualify as an incentive stock option and conforms to the applicable provisions of Section 422 of the Code.

2.25 "Individual Award Limit" shall mean the cash and Share limits applicable to Awards granted under the Plan, as set forth in Section 3.3 hereof.

2.26 "Non-Qualified Stock Option" shall mean an Option that is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of the Code.

2.27 "Option" shall mean a right to purchase Shares at a specified exercise price, granted under Article VI hereof. An Option shall be either a Non-Qualified Stock Option or an Incentive Stock Option; provided, however, that Options granted to Non-Employee Directors shall only be Non-Qualified Stock Options.

2.28 "Other Incentive Award" shall mean an Award denominated in, linked to or derived from Shares or value metrics related to Shares, granted pursuant to Section 9.4 hereof.

2.29 "Parent" shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities ending with the Company if each of the entities other than the Company beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.30 "Participant" shall mean an Eligible Individual who has been granted an Award.

2.31 "Performance Award" shall mean an Award that is granted under Section 9.1 hereof.

2.32 "Performance-Based Compensation" shall mean any compensation that is intended to qualify as "performance-based compensation" as described in Section 162(m)(4)(C) of the Code.

2.33 "Performance Goals" shall mean the performance goals (and adjustments) established by the Committee for a Performance Period, based on one or more of the following criteria:

(a)(i) net earnings (either before or after one or more of the following: (A) interest, (B) taxes, (C) depreciation, (D) amortization and (E) non-cash equity-based compensation expense); (ii) gross or net sales or revenue; (iii) net income (either before or after taxes); (iv) adjusted net income; (v) operating earnings or profit; (vi) cash flow (including, but not limited to, operating cash flow and free cash flow); (vii) return on assets; (viii) return on capital; (ix) return

on stockholders' equity; (x) total stockholder return; (xi) return on sales; (xii) gross or net profit or operating margin; (xiii) costs; (xiv) funds from operations; (xv) expenses; (xvi) working capital; (xvii) earnings per Share; (xviii) adjusted earnings per Share; (xix) price per Share; (xx) implementation or completion of critical projects; (xxi) market share; (xxii) debt levels or reduction; (xxiii) customer retention; (xxiv) sales-related goals; (xxv) customer satisfaction and/or growth; (xxvi) research and development achievements; (xxvii) financing and other capital raising transactions; (xxviii) capital expenditures, and (xxix) economic profit, any of which may be measured either in absolute terms for the Company or any operating unit of the Company or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

(b) Performance Goals may be expressed in terms of overall Company performance, or the performance of an Affiliate or one or more divisions, business units or product lines. In addition, such Performance Goals may be based upon the attainment of specified levels of performance under one or more of the measures described above relative to the performance of other corporations or the performance of an index, survey or other benchmark.

(c) The Committee may, in its sole discretion, provide that one or more objectively determinable adjustments shall be made to one or more of the Performance Goals. Such adjustments may include, but are not limited to, one or more of the following: (i) items related to a change in accounting principles; (ii) items relating to financing activities; (iii) expenses for restructuring or productivity initiatives; (iv) other non-operating items; (v) items related to acquisitions; (vi) items attributable to the business operations of any entity acquired by the Company during the Performance Period; (vii) items related to the disposal or sale of a business or segment of a business; (viii) items related to discontinued operations that do not qualify as a segment of a business under Applicable Accounting Standards; (ix) items attributable to any stock dividend, stock split, combination or exchange of stock occurring during the Performance Period; (x) any other items of significant income or expense which are determined to be appropriate adjustments; (xi) items relating to unusual or extraordinary corporate transactions, events or developments; (xii) items related to amortization of acquired intangible assets; (xiii) items that are outside the scope of the Company's core, on-going business activities; (xiv) items related to acquired in-process research and development; (xv) items relating to changes in tax laws; (xvi) items relating to major licensing or partnership arrangements; (xvii) items relating to asset impairment charges; (xviii) items relating to gains or losses for litigation, arbitration and contractual settlements; or (xix) items relating to any other unusual or nonrecurring events or changes in applicable laws, accounting principles or business conditions.

2.34 "Performance Period" shall mean one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to, and the payment of, a Performance Award. Notwithstanding the foregoing, in no event shall the Performance Period be less than one (1) year in duration.

2.35 "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any Subsidiary thereof, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary thereof, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Shares of the Company.

2.36 "Plan" shall have the meaning set forth in Article I.

2.37 "Restricted Stock" shall mean an Award of Shares made under Article VII hereof that is subject to certain restrictions and may be subject to risk of forfeiture or repurchase.

2.38 "Restricted Stock Unit" shall mean a contractual right awarded under Article VIII hereof to receive in cash or Shares the Fair Market Value of a Share of Common Stock.

2.39 "Restriction Period" shall mean the period of time specified by the Administrator during which an Award of Restricted Stock shall be subject to restrictions.

2.40 "Securities Act" shall mean the Securities Act of 1933, as amended.

2.41 "Share Limit" shall have the meaning provided in Section 3.1(a) hereof.

2.42 "Shares" shall mean shares of Common Stock.

2.43 "Stock Appreciation Right" shall mean a stock appreciation right granted under Article X hereof.

2.44 "Stock Payment" shall mean a payment in the form of Shares awarded under Section 9.3 hereof.

2.45 "Subsidiary" shall mean any entity (other than the Company), whether domestic or foreign, in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain beneficially owns, at the time of the determination, securities or interests representing more than fifty percent (50%) of the total combined voting power of all classes of securities or interests in one of the other entities in such chain.

2.46 "Substitute Award" means any Award granted in assumption of, or in substitution for, an award of a company or business (that is not, prior to the applicable transaction, a Subsidiary or Affiliate of the Company) acquired by the Company or a Subsidiary or Affiliate or with which the Company or a Subsidiary or Affiliate combines.

2.47 "Termination of Employment" shall mean, unless otherwise provided in the Award Agreement, the termination of the applicable Participant's employment with, or performance of services for, the Company and any of its Subsidiaries or Affiliates. Unless otherwise determined by the Committee, a Participant employed by, or performing services for, a Subsidiary or an Affiliate or a division of the Company or its Affiliates shall be deemed to incur a Termination of Employment if, as a result of a Disaffiliation, such Subsidiary, Affiliate, or division ceases to be a Subsidiary, Affiliate or division, as the case may be, and the Participant does not immediately become an employee of, or service provider for, the Company or another Subsidiary or Affiliate. Temporary absences from employment because of illness, vacation, or
leave of absence, and transfers among the Company and its Subsidiaries and Affiliates, shall not be considered Terminations of Employment. Notwithstanding the foregoing, with respect to any Award that constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code, "Termination of Employment" shall mean a "separation from service" as defined under Section 409A of the Code.

2.48 "Vesting Period" shall mean the period of time before unrestricted Shares become non-forfeitable and issuable to a Participant pursuant to the applicable Award Agreement.

ARTICLE III

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to Section 3.2 hereof, the maximum aggregate number of Shares available for issuance under the Plan (the "Share Limit") shall be equal shall be equal to 25,000,000 Shares. Notwithstanding the generality of the foregoing, subject to Sections 3.2 hereof, the maximum number of Shares available for issuance under the Plan with respect to Incentive Stock Options shall be the number of Shares that is equal to fifty percent (50%) of the Share Limit. Any Shares granted in connection with Options and Stock Appreciation Rights shall be counted against this limit as one (1) Share for every one (1) Option or Stock Appreciation Right awarded. Any Shares granted in connection with Awards other than Options and Stock Appreciation Rights shall be counted against this limit as one (1) Share for every one (1) Share granted in connection with such Award or by which the Award is valued by reference.

(b) Shares issued under the Plan may, in whole or in part, be authorized but unissued Shares or Shares that shall have been or may be reacquired by the Company in the open market, in private transactions, or otherwise. If any Shares subject to an Award are forfeited, cancelled, exchanged or surrendered or if an Award otherwise terminates or expires without a distribution of Shares to the Participant, the Shares with respect to such Award shall, to the extent of any such forfeiture, cancellation, exchange, surrender, termination or expiration, again be available for Awards under the Plan. Notwithstanding the foregoing, Shares surrendered or withheld as payment of either the exercise price of an Award and/or withholding taxes in respect of an Award shall no longer be available for grant under the Plan. In addition, in the case of any Substitute Award, Shares delivered or deliverable in connection with such Substitute Award shall not be deemed granted or issued under the Plan for purposes of Sections 3.1 or 3.3.

3.2 Adjustments.

(a) In the event of any stock dividend, stock split, combination or exchange of Shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, amalgamation, consolidation, reclassification, recapitalization, spin-off, spin-out, repurchase or other reorganization or corporate transaction or
event, or any other change affecting the Shares or the Share price (any such occurrence or event, a "Change in Capitalization"), the Administrator shall make equitable adjustments, if any, to reflect such change with respect to (i) the aggregate number and kind of Shares that may be issued under the Plan (including, but not limited to, adjustments of the Share Limit and Individual Award Limits); (ii) the number and kind of Shares (or other securities or property) subject to outstanding Awards; (iii) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and/or (iv) the

grant or exercise price per Share for any outstanding Awards under the Plan; provided, however, that the Administrator shall make such equitable adjustments as it determines to be appropriate and equitable, in its sole

discretion, to prevent dilution or enlargement of rights. Without limiting the generality of the foregoing, in connection with a Change in Capitalization, the Administrator may provide, in its sole discretion, for the cancellation of any outstanding Award granted hereunder in exchange for payment in cash or other property having an aggregate Fair Market Value of the Shares covered by such award, reduced by the aggregate exercise price or purchase price thereof, if any. In the case where the exercise price per Share of an Option or Stock Appreciation Right exceeds the Fair Market Value per Share, the Administrator may cancel, in its sole discretion, such Option or Stock Appreciation Right for no payment. The Administrator's determinations pursuant to this Section 3.2(a) shall be final, binding and conclusive.

(b) Any adjustment affecting an Award intended as Performance-Based Compensation shall be made consistent with the requirements of Section 162(m) of the Code unless otherwise determined by the Administrator. No action shall be taken under this Section 3.2(b) which shall cause an Award to fail to comply with Section 409A of the Code or an exemption therefrom, in either case, to the extent applicable to such Award.

3.3 Individual Award Limits. Notwithstanding any provision in the Plan to the contrary, and subject to Section 3.2, to the extent required to comply with Section 162(m):

(a) the aggregate number of Shares subject to Options and Stock Appreciation Rights awarded to any one Participant during any calendar year may not exceed 1.5 million Shares;

(b) the aggregate number of Shares subject to Awards other than Options and Stock Appreciation Rights (excluding Awards referenced in Section 3.3(c) below) awarded to any one Participant during any calendar year may not exceed 1.5 million Shares;

(c) the aggregate amount of compensation to be paid to any one Participant in respect to all Awards that are intended to constitute Performance-Based Compensation denominated in cash in any calendar year is $10 million; and

(d) the aggregate grant date fair value (computed as of the date of grant in accordance with applicable financial accounting rules) of all Awards granted to any Director during any single calendar year shall not exceed $500,000.

ARTICLE IV

GRANTING OF AWARDS

4.1 Participation. The Committee may, from time to time, select from among all Eligible Individuals, those to whom one or more Awards shall be granted and shall determine the nature and amount of each Award, which shall not be inconsistent with the requirements of the Plan. No Eligible Individual shall have any right to be granted an Award pursuant to the Plan.

4.2 Award Agreement. Each Award shall be evidenced by an Award Agreement stating the terms and conditions applicable to such Award, consistent with the requirements of the Plan.

4.3 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the sole discretion of the Administrator, be granted either alone, in addition to or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

ARTICLE V

PROVISIONS APPLICABLE TO AWARDS INTENDED TO QUALIFY AS PERFORMANCE-BASED COMPENSATION

5.1 Purpose. The Committee, in its sole discretion, may determine whether any Award is intended to qualify as Performance-Based Compensation. If the Committee, in its sole discretion, decides to grant an Award to an Eligible Individual that is intended to qualify as Performance-Based Compensation, then the provisions of this Article V shall control over any contrary provision contained in the Plan. The Administrator may in its sole discretion grant Awards to Eligible Individuals that are based on Performance Goals but that do not satisfy the requirements of this Article V and that are not intended to qualify as Performance-Based Compensation.

5.2 Payment of Performance-Based Awards. Performance Awards shall be paid, unless otherwise determined by the Committee, no later than 2 1/2 months after the tax year in which the Performance Award vests, consistent with the requirements of Section 409A of the Code. Unless otherwise provided in the applicable Performance Goals or Award

Agreement, a Participant shall be eligible to receive payment pursuant to such Awards for a Performance Period only if and to the extent the Performance Goals for such applicable Performance Period are achieved. The achievement of each Performance Goal shall be (i) determined in accordance with Applicable Accounting Standards, to the extent applicable and (ii) for all Awards intended to qualify as Performance-Based Compensation, certified in accordance with the requirements of Section 162(m) of the Code.

5.3 Additional Limitations. Notwithstanding any other provision of the Plan and except as otherwise determined by the Committee, any Award which is granted to an Eligible Individual and is intended to qualify as Performance-Based Compensation shall be
subject to any additional limitations imposed under Section 162(m) of the Code that are requirements for qualification as Performance-Based Compensation, and the Plan and the Award Agreement shall be deemed amended to the extent necessary to conform to such requirements. Determinations by the Committee in respect of all Awards intended to qualify as Performance-Based Compensation shall be made within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code, and payment in respect of such Awards may be decreased, but not increased, in the discretion of the Committee.

ARTICLE VI

OPTIONS

6.1 Granting of Options to Eligible Individuals. The Administrator is authorized to grant Options to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine which shall not be inconsistent with the Plan.

6.2 Eligibility for Incentive Stock Options. No Incentive Stock Option shall be granted to any individual who is not an Employee of the Company or any "parent corporation" or "subsidiary corporation" of the Company (as defined in Sections 424(e) and 424(f) of the Code, respectively).

6.3 Option Exercise Price. The exercise price per Share subject to each Option shall be set by the Administrator, but shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted (or, as to Incentive Stock Options, on the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code). In addition, in the case of Incentive Stock Options granted to a Greater Than 10% Stockholder, such price shall not be less than one hundred ten percent (110%) of the Fair Market Value of a Share on the date the Option is granted (or the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code).

6.4 Option Term. The term of each Option shall be set forth in the Award Agreement; provided, however, that the term shall not be more than ten (10) years from the date the Option is granted, or five (5) years from the date an Incentive Stock Option is granted to a Greater Than 10% Stockholder. The Award Agreement shall set forth the time period, including the time period following a Termination of Employment, during which the Participant has the right to exercise the vested Options, which time period may not extend beyond the stated term of the Option. Except as limited by the requirements of Section 409A or Section 422 of the Code, the Administrator may extend the term of any outstanding Option, and may extend the time period during which vested Options may be exercised, and, subject to Section 13.1 hereof, may amend any other term or condition of such Option relating to a Termination of Employment.

6.5 Option Vesting.

(a) The terms and conditions pursuant to which an Option vests in the Participant and becomes exercisable shall be set forth in the applicable Award Agreement. Such vesting may be based on service with the Company or any Affiliate, attainment of one or more of the Performance Goals, or any other criteria selected by the Administrator. At any time after the
grant of an Option, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the vesting of the Option, including following a Termination of Employment; provided, that in no event shall an Option become exercisable following its expiration, termination or forfeiture.

(b) No portion of an Option which is unexercisable at a Participant's Termination of Employment shall thereafter become exercisable, except as may be otherwise provided in the applicable Award Agreement or by action of the Administrator following the grant of the Option.

6.6 Treatment of Options upon Certain Events. The applicable Award Agreement shall provide for the treatment of each Option upon a Termination of Employment.

6.7 Substitution of Stock Appreciation Rights. The Administrator may, in its sole discretion, substitute an Award of Stock Appreciation Rights for an outstanding Option at any time prior to or upon exercise of such Option; provided, however,

that such Stock Appreciation Rights shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable, and shall also have the same exercise price and remaining term as the substituted Option.

6.8 Partial Exercise of Options. An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional Shares and the Administrator may require that, by the terms of the Option, a partial exercise must be with respect to a minimum number of Shares.

6.9 Manner of Exercise of Options. A Participant may exercise an exercisable Option, subject to applicable requirements, by paying the full exercise price and applicable withholding taxes to the stock administrator of the Company for the Shares with respect to which the Option, or portion thereof, is exercised, in one or more of the following manners: (i) cash or check, (ii) Shares (including, in the case of payment of the exercise price of an Option, Shares issuable pursuant to the exercise of the Option), in each case, having a Fair Market Value on the date of delivery equal to the aggregate payments required, or (iii) other form of legal consideration acceptable to the Administrator (including cashless exercise via a broker). Notwithstanding any other provision of the Plan to the contrary, no Participant who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Awards granted under the Plan, or continue any extension of credit with respect to such payment, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

6.10 Notification Regarding Disposition. The Participant shall give the Company prompt written or electronic notice of any disposition of Shares acquired by exercise of an Incentive Stock Option which occurs within (a) two (2) years from the date of granting (including the date the Option is modified, extended or renewed for purposes of Section 424(h) of the Code) such Option to such Participant, or (b) one (1) year after the transfer of such Shares to such Participant.

ARTICLE VII

RESTRICTED STOCK

7.1 Award of Restricted Stock.

(a) The Administrator is authorized to grant Restricted Stock to Eligible Individuals, and shall determine the terms and conditions, including the restrictions, applicable to each award of Restricted Stock, which terms and conditions shall be set forth in the Award Agreement and shall not be inconsistent with the Plan, and may impose such conditions on the issuance of such Restricted Stock as it deems appropriate.

(b) The Award Agreement shall set forth the purchase price, if any, and form of payment for Restricted Stock; provided, however, that if a purchase price is charged, such purchase price shall be no less than the par value of the Shares to be purchased, unless otherwise permitted by applicable law. In all cases, legal consideration shall be required for each issuance of Restricted Stock to the extent required by applicable law.

(c) The Award Agreement shall set forth the treatment of each Award of Restricted Stock upon a Termination of Employment.

7.2 Rights as Stockholders. Upon issuance of Restricted Stock, the Participant shall have, unless otherwise provided herein or in the Award Agreement, all the rights of a stockholder with respect to said Shares. This includes, but is not limited to, the right to vote Shares of Restricted Stock as the record owner thereof, and the right to receive dividends and other distributions payable to an Eligible Individual during the restriction period; provided, however, that, the Award Agreement may provide that any distributions with respect to the Shares shall be subject to the restrictions set forth in Section 7.3 hereof.

7.3 Restrictions. All Shares of Restricted Stock (including any Shares received by Participants thereof with respect to Shares of Restricted Stock as a result of a Change in Capitalization) shall be subject to restrictions and vesting requirements as set forth in the Award Agreement. Such restrictions may include, without limitation, restrictions concerning voting rights and transferability. Such restrictions may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as set forth in the Award Agreement, including, without limitation, criteria based on the Participant's duration of employment or directorship with the Company, the Performance Goals, Company or Affiliate performance, individual performance or other criteria set forth in the Award Agreement. Restricted Stock may not be sold or encumbered until all restrictions are terminated or expire.

7.4 Restriction Period. All Shares of Restricted Stock shall have a Restriction Period of not less than three (3) years, which may include pro-rata lapsing of restrictions thereon. Notwithstanding the foregoing, Awards covering up to five (5) percent of the total number of Shares that may be issued or delivered under the Plan and any Awards made in respect of

or in substitution for Pfizer Inc. equity awards, may contain no restrictions or be subject to a Restriction Period of less than three (3) years.

7.5 Certificates for Restricted Stock. Restricted Stock granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. Certificates or book entries evidencing Shares of Restricted Stock must include an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and the Company may, in it sole discretion, retain physical possession of any stock certificate until such time as all applicable restrictions lapse.

7.6 Section 83(b) Election. If a Participant makes an election under Section 83(b) of the Code to be taxed with respect to the Restricted Stock as of the date of transfer of the Restricted Stock rather than as of the date or dates upon which the Participant would otherwise be taxable under Section 83(a) of the Code, the Participant shall be required to deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

ARTICLE VIII

RESTRICTED STOCK UNITS

8.1 Award of Restricted Stock Units.

(a) The Administrator is authorized to grant Restricted Stock Units to Eligible Individuals, and shall determine the terms and conditions, including the restrictions, applicable to each award of Restricted Stock Units, which terms and conditions shall be set forth in the Award Agreement and shall not be inconsistent with the Plan, and may impose such conditions on the issuance of such Restricted Stock Units as it deems appropriate. The Award Agreement shall set forth the time and form of payment of each Award of Restricted Stock Units.

(b) All Restricted Stock Units shall have a Vesting Period of not less than three (3) years, which may include pro-rata lapsing of restrictions thereon. Notwithstanding the foregoing, Awards covering up to five (5) percent of the total number of Shares that may be issued or delivered under the Plan and any Awards made in respect of or in substitution for Pfizer Inc. equity awards, may contain no restrictions or be subject to a Vesting Period of less than three (3) years.

(c) The Administrator shall specify, or permit the Participant to elect, the conditions and dates upon which the Shares underlying the Restricted Stock Units shall be issued (or cash in lieu thereof shall be paid), which dates shall not be earlier than the date as of which the Restricted Stock Units vest and become nonforfeitable. Such conditions and dates shall be established in accordance with the applicable provisions of Section 409A of the Code or an exemption therefrom.

(d) The Award Agreement shall set forth the treatment of each Award of Restricted Stock Units upon a Termination of Employment.

(e) On the distribution dates, the Company shall issue to the Participant one unrestricted, fully transferable Share (or if provided in the Award Agreement, the Fair Market Value of one such Share in cash) for each vested and nonforfeitable Restricted Stock Unit.

ARTICLE IX

PERFORMANCE AWARDS, DIVIDEND EQUIVALENTS, STOCK PAYMENTS, OTHER INCENTIVE AWARDS

9.1 Performance Awards.

(a) The Administrator is authorized to grant Performance Awards to any Eligible Individual and to determine whether such Performance Awards shall be Performance-Based Compensation per Article V of this Plan. The vesting and value of Performance Awards may be linked to any one or more of the Performance Goals or other specific criteria determined by the Administrator, in each case on a specified date or dates or over any period or periods as set forth in the applicable Award Agreement. Performance Awards may be paid in cash, Shares or a combination of both.

(b) Without limiting Section 9.1(a) hereof, the Administrator may grant Performance Awards to any Eligible Individual in the form of a cash bonus payable upon the attainment of objective Performance Goals, or such other criteria, whether or not objective, which are established by the Administrator, in each case on a specified date or dates or over any period or periods determined by the Administrator. Any such cash bonuses paid to a Participant which are intended to be Performance-Based Compensation shall be based upon objectively determinable bonus formulas established in accordance with the provisions of Article V hereof.

9.2 Dividend Equivalents.

(a) Subject to Section 9.2(b) hereof, Dividend Equivalents may be granted by the Administrator, either alone or in tandem with another Award, based on dividends declared on the Common Stock, to be credited as of dividend payment dates during the period between the date the Dividend Equivalents are granted to a Participant and the date such Dividend Equivalents terminate or expire, as determined by the Administrator. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula, at such time and subject to such limitations as set forth in the applicable Award Agreement. In addition, the Award Agreement may provide that Dividend Equivalents with respect to Shares covered by an Award shall only be paid out to the Participant at the same time or times and to the same extent that the vesting conditions and/or performance goals, if any, are subsequently satisfied and the Award vests with respect to such Shares.

(b) Notwithstanding the foregoing, no Dividend Equivalents shall be payable with respect to Options or Stock Appreciation Rights, unless otherwise determined by the Administrator.

9.3 Stock Payments. The Administrator is authorized to make one or more Stock Payments to any Eligible Individual. The number or value of Shares of any Stock Payment shall be determined by the Administrator and may be based upon one or more Performance Goals or any other specific criteria, including service to the Company or any Affiliate, determined by the Administrator.

9.4 Other Incentive Awards. The Administrator is authorized to grant Other Incentive Awards to any Eligible Individual, which Awards may cover Shares or the right to purchase Shares or have a value derived from the value of, or an exercise or conversion privilege at a price related to, or that are otherwise payable in or based on, Shares, stockholder value or stockholder return, in each case, on a specified date or dates or over any period or periods determined by the Administrator. The terms and conditions applicable to such Other Incentive Awards shall be set forth in the applicable Award Agreement. Other Incentive Awards may be linked to any one or more of the Performance Goals or other specific criteria determined appropriate by the Administrator and may be payable in cash or Shares.

9.5 Other Terms and Conditions. All applicable terms and conditions of each Award described in this Article IX, including without limitation, as applicable, the term, vesting conditions and exercise/purchase price applicable to the Award, shall be set by the Administrator in its sole discretion, provided, however, that the value of the consideration paid by a Participant for an Award shall not be less than the par value of a Share, unless otherwise permitted by applicable law. The rights of Participants granted Performance Awards, Dividend Equivalents, or Other Incentive Awards upon Termination of Employment shall be set forth in the Award Agreement.

ARTICLE X

STOCK APPRECIATION RIGHTS

10.1 Grant of Stock Appreciation Rights.

(a) The Administrator is authorized to grant Awards of Stock Appreciation Rights to Eligible Individuals from time to time, in its sole discretion, on such terms and conditions as it may determine consistent with the Plan.

(b) Each Award of Stock Appreciation Rights shall entitle the Participant (or other individual entitled to exercise the Award of Stock Appreciation Rights pursuant to the Plan) to exercise all or a specified portion of the Award of Stock Appreciation Rights (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per Share of the Stock Appreciation Rights from the Fair Market Value on the date of exercise of the Stock Appreciation Right by the number of Stock Appreciation Rights that shall have been exercised, subject to any limitations the Administrator may impose or set forth in the Award Agreement. Such amount shall be payable in Shares or in cash, as determined by the Administrator. The exercise price per Share subject to each Award of Stock Appreciation Rights shall be set by the Administrator, but shall not be less than one hundred percent (100%) of the Fair Market Value on the date the Stock Appreciation Rights are granted.

(c) The Award Agreement shall set forth the treatment of each Award of Stock Appreciation Rights upon a Termination of Employment.

10.2 Stock Appreciation Right Vesting.

(a) The Award Agreement shall set forth the period during which a Participant shall vest in an Award of Stock Appreciation Rights and have the right to exercise such Stock Appreciation Rights (subject to Section 10.4 hereof) in whole or in part. Such vesting may be based on service with the Company or any Affiliate, any of the Performance Goals or any other criteria selected by the Administrator. At any time after grant of an Award of Stock Appreciation Rights, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which the Stock Appreciation Rights vest.

(b) No portion of an Award of Stock Appreciation Rights which is unexercisable upon Termination of Employment shall thereafter become exercisable, except as may be otherwise provided in an Award Agreement or by action of the Administrator following the grant of the Stock Appreciation Rights; provided, that in no event shall an Award of Stock Appreciation Rights become exercisable following its expiration, termination or forfeiture.

10.3 Manner of Exercise. A Participant may exercise an exercisable Stock Appreciation Right as follows, subject to applicable requirements established by the Administrator; full payment of the applicable withholding taxes shall be made to the stock administrator of the Company for the Shares with respect to which the Stock Appreciation Rights, or portion thereof, are exercised, in a manner permitted by Section 6.9 in respect of Options.

10.4 Stock Appreciation Right Term. The term of each Award of Stock Appreciation Rights shall be set forth in the Award Agreement; provided, however, that the term shall not be more than ten (10) years from the date the Stock Appreciation Rights are granted. The Award Agreement shall set forth the time period, including any time period following a Termination of Employment, during which the Participant has the right to exercise any vested Stock Appreciation Rights, which time period may not extend beyond the expiration date of the Award term. Except as limited by the requirements of Section 409A of the Code, the Administrator may extend the term of any outstanding Stock Appreciation Rights, and may extend the time period during which vested Stock Appreciation Rights may be exercised in connection with any Termination of Employment, and, subject to Section 13.1 hereof, may amend any other term or condition of such Stock Appreciation Rights relating to such a Termination of Employment.

ARTICLE XI

ADDITIONAL TERMS OF AWARDS

11.1 Change in Control. Unless otherwise set forth in an Award Agreement, in the event of a Change in Control:

(a) With respect to each outstanding Award that is assumed or substituted in connection with a Change in Control, in the event the Participant incurs a Termination of Employment other than for "cause," as defined in the applicable Award Agreement, during the 24-month period following such Change in Control, on the date of such Termination of Employment (i) such Award shall become fully vested and, if applicable, exercisable, (ii) the restrictions, payment conditions, and forfeiture conditions applicable to any such Award granted shall lapse and (iii) and any performance conditions imposed with respect to such Award shall be deemed to be achieved at target performance levels.

(b) With respect to each outstanding Award that is not assumed or substituted in connection with a Change in Control, immediately upon the occurrence of the Change in Control (i) such Award shall become fully vested and, if applicable, exercisable, (ii) the restrictions, payment conditions, and forfeiture conditions applicable to any such Award granted shall lapse and (iii) and any performance conditions imposed with respect to such Award shall be deemed to be achieved at target performance levels.

(c) For purposes of this Section 11.1, an Award shall be considered assumed or substituted for if, following the Change in Control, the Award is of comparable value and remains subject to the same terms and conditions that were applicable to the Award immediately prior to the Change in Control except that, if the Award related to Shares, the Award instead confers the right to receive common stock of the acquiring entity or in the case of an amalgamation, the amalgamated company or its parent.

(d) Notwithstanding the foregoing, if any Award is subject to Section 409A of the Code, this Section 11.1 shall be applicable only to the extent specifically provided in the Award Agreement and as permitted pursuant to Section 13.5.

11.2 Tax Withholding. The Company and its Affiliates shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company or an Affiliate, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's social security, Medicare and any other employment tax obligation) required by law to be withheld with respect to any taxable event concerning a Participant arising in connection with any Award. The Administrator may in its sole discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company or an Affiliate withhold Shares otherwise issuable under an Award (or allow the surrender of Shares), provided that the number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a Fair Market Value on the date of withholding no greater than the amount necessary to satisfy the minimum statutory withholding requirements.

11.3 Transferability of Awards.

(a) No Award under the Plan may be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution;

(b) No Award or interest or right therein shall be liable for the debts, contracts or engagements of the Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy) unless and until such Award has been exercised, or the
Shares underlying such Award have been issued, and all restrictions applicable to such Shares have lapsed, and any attempted disposition of an Award prior to the satisfaction of these conditions shall be null and void and of no effect;

(c) During the lifetime of the Participant, only the Participant may exercise an Award (or any portion thereof) granted to him or her under the Plan. After the death of the Participant, any exercisable portion of an Award may, prior to the time when such portion becomes unexercisable under the Plan or Award Agreement, be exercised by his personal representative or by any individual empowered to do so under the deceased Participant's will or under the then-applicable laws of descent and distribution; and

(d) Notwithstanding the foregoing, the Administrator may, in its sole discretion, permit (on such terms, conditions and limitations as it may establish) Non-Qualified Stock Options and/or Shares issued in connection with an Option or a Stock Appreciation Right exercise that are subject to restrictions on transferability, to be transferred to a member of a Participant's immediate family or to a trust or similar vehicle for the benefit of a Participant's immediate family members.

11.4 Conditions to Issuance of Shares.

(a) Notwithstanding anything herein to the contrary, neither the Company nor its Affiliates shall be required to issue or deliver any certificates or make any book entries evidencing Shares pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel, that the issuance of such Shares is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded, and the Shares are covered by an effective registration statement or applicable exemption from registration. In addition to the terms and conditions provided herein, the Administrator may require that a Participant make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems advisable in order to comply with any laws, regulations, or requirements.

(b) All Share certificates delivered pursuant to the Plan and all Shares issued pursuant to book entry procedures are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state, or foreign securities or other laws, rules and regulations and the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Administrator may place legends on any Share certificate or book entry to reference restrictions applicable to the Shares.

(c) The Administrator shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement, distribution or exercise of any Award, including a window-period limitation, as may be imposed in the sole discretion of the Administrator.

(d) No fractional Shares shall be issued and the Administrator shall determine, in its sole discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding down.

(e) Notwithstanding any other provision of the Plan, unless otherwise determined by the Administrator or required by any applicable law, rule or regulation, the Company and/or its Affiliates may, in lieu of delivering to any Participant certificates evidencing Shares issued in connection with any Award, record the issuance of Shares in the books of the Company (or, as applicable, its transfer agent or stock plan administrator).

11.5 Forfeiture and Recoupment Provisions. Pursuant to its general authority to determine the terms and conditions applicable to Awards under the Plan, the Administrator shall have the right to provide, in the terms of Awards made under the Plan, or to require a Participant to agree by separate written or electronic instrument, that: any proceeds, gains or other economic benefit must be paid to the Company, and the Award shall terminate and any unexercised portion of the Award (whether or not vested) shall be forfeited, if (i) a Termination of Employment occurs prior to a specified date, or within a specified time period following receipt or exercise of the Award, (ii) the Participant at any time, or during a specified time period, engages in any activity which violates any applicable restrictive covenants of the Company, as may be further specified in the Award Agreement or (iii) the Participant incurs a Termination of Employment for "cause," as defined in the applicable Award Agreement. In addition, all Awards made under the Plan shall be subject to any clawback or recoupment policies of the Company, as in effect from time to time, or as otherwise required by law.

11.6 Prohibition on Repricing. Subject to limitations imposed by Section 409A of the Code or other applicable law and the limitations contained in Section 13.1 below, in no event shall the exercise price with respect to an Award be reduced following the grant of an Award, nor shall an Award be cancelled in exchange for a replacement Award with a lower exercise price or in exchange for another type of Award or cash payment without stockholder approval.

11.7 Leave of Absence. Unless the Administrator provides otherwise, vesting of Awards granted hereunder shall be suspended during any unpaid leave of absence. A Participant shall not cease to be considered an Employee or Non-Employee Director, as applicable, in the case of any (a) leave of absence approved by the Company, or (b) transfer between locations of the Company or between the Company and any of its Affiliates or any successor thereof.

ARTICLE XII

ADMINISTRATION

12.1 Administrator. The Committee (or another committee or a subcommittee of the Board assuming the functions of the Committee under the Plan) shall administer the Plan (except as otherwise permitted herein) and shall be referred to herein as the "Administrator." Unless otherwise determined by the Board, the Committee shall consist solely of two or more Non-Employee Directors appointed by and holding office at the pleasure of the Board, each of whom is intended to qualify as a "non-employee director" as defined by Rule 16b-3 of the Exchange Act, an "outside director" for purposes of Section 162(m) of the Code and an "independent director" under the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, in each case, to the extent required under such provision; provided, however, that any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 12.1 or otherwise provided in any charter of the Committee. Notwithstanding the foregoing, (a) the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Non-Employee Directors and (b) the Board or Committee may delegate its authority hereunder to the extent permitted by Section 12.5 hereof.

12.2 Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. The Administrator shall have the power to interpret the Plan and all Award Agreements, and to adopt such rules for the administration, interpretation and application of the Plan as are not inconsistent with the Plan, to interpret, amend or revoke any such rules and to amend any Award Agreement, provided that the rights or obligations of the holder of the Award that is the subject of any such Award Agreement are not affected adversely by such amendment unless the consent of the Participant is obtained or such amendment is otherwise permitted under Section 13.1 hereof. In its sole discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 under the Exchange Act, Section 162(m) of the Code, or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded are required to be determined in the sole discretion of the Committee.

12.3 Authority of Administrator. Subject to any specific designation in the Plan, the Administrator has the exclusive power, authority and sole discretion to:

(a) Designate Eligible Individuals to receive Awards;

(b) Determine the type or types of Awards to be granted to Eligible Individuals;

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any performance criteria, any restrictions or limitations on the Award, any schedule for vesting, lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Administrator in its sole discretion determines;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

12.4 Decisions Binding. The Administrator's interpretation of the Plan, any Awards granted pursuant to the Plan or any Award Agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

12.5 Delegation of Authority. To the extent permitted by applicable law or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded, the Board or Committee may from time to time delegate to a committee of one or more members of the Board, to one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Article XII; provided, however, that in no event shall an officer of the Company be delegated the authority to grant Awards to, or amend Awards held by, the following individuals: (a) individuals who are subject to Section 16 of the Exchange Act, (b) Covered Employees with respect to Awards intended to constitute Performance-Based Compensation, or (c) officers of the Company (or Directors) to whom authority to grant or amend Awards has been delegated hereunder; provided further, that any delegation of administrative authority shall only be permitted to the extent it is permissible under Section 162(m) of the Code and applicable securities laws or the rules of any securities exchange or automated quotation system on which the Shares are listed, quoted or traded. Any delegation hereunder shall be subject to the restrictions and limits that the Board or Committee specifies at the time of such delegation, and the Board may at any time rescind the authority so delegated or appoint a new delegatee. At all times, the delegatee appointed under this Section 12.5 shall serve in such capacity at the pleasure of the Board and the Committee.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.1 Amendment, Suspension or Termination of the Plan. The Plan may be amended or terminated at any time by action of the Board. However, no amendment may, without stockholder approval, except as set forth in Section 3.2 herein, (i) increase the aggregate number of Shares available for Awards, (ii) extend the term of the Plan, (iii) materially expand the types of awards available under the Plan, (iv) change the definition of Eligible Individual to add a category or categories of individuals who are eligible to participate in the Plan, (v) delete or limit the prohibition against repricing of Awards contained in Section 11.6, or (vi) make other changes which require approval by the stockholders of the Company in order to comply with applicable law or applicable stock market rules. No amendment or termination of the Plan may adversely modify any individual's rights under an outstanding Award unless such individual consents to the modification in writing.

13.2 Paperless Administration. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting or exercise of Awards, such as a system using an internet website or interactive voice response, then the paperless documentation, granting or exercise of Awards by a Participant may be permitted through the use of such an automated system.

13.3 Titles and Headings, References to Sections of the Code or Exchange Act. The titles and headings of the sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control. References to sections of the Code or the Exchange Act shall include any amendment or successor thereto.

13.4 Governing Law. The Plan and any programs and agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof.

13.5 Section 409A. The intent of the parties is that payments and benefits under the Plan comply with Section 409A of the Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, the Plan shall be interpreted and be administered to be in compliance therewith. Any payments described in the Plan that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have terminated employment with the Company for purposes of the Plan and no payment shall be due to the Participant under the Plan or any Award until the Participant would be considered to have

incurred a “separation from service” from the Company within the meaning of Section 409A of the Code. Notwithstanding anything to the contrary in the Plan, to the extent required in

order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to the Plan during the six (6) month period immediately following the Participant's Termination of
Employment shall instead be paid on the first business day after the date that is six (6) months following the Participant's separation from service (or upon the Participant's death, if earlier). In addition, for purposes of the Plan, each amount to be paid or benefit to be provided to the Participant pursuant to the Plan, which constitute deferred compensation subject to Section 409A of the Code, shall be construed as a separate identified payment for purposes of Section 409A of the Code.

13.6 No Rights to Awards. No Eligible Individual or other individual shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Eligible Individuals, Participants or any other individuals uniformly.

13.7 Foreign Employees and Foreign Law Considerations. The Administrator may grant Awards to Eligible Individuals who are foreign nationals, who are located outside the United States, who are United States citizens or resident aliens on global assignments in foreign nations, who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause the Company to be subject to) legal or regulatory provisions of countries or jurisdictions outside the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Administrator, be necessary or desirable to foster and promote achievement of the purposes of the Plan, and, in furtherance of such purposes, the Administrator may make such modifications, amendments, procedures, or subplans as may be necessary or advisable to comply with such legal or regulatory provisions.

13.8 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Affiliate.

13.9 Indemnification. To the extent allowable pursuant to applicable law, each member of the Board and any officer or other employee to whom authority to administer any component of the Plan is delegated shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided, however, that he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such individuals may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.10 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare, or other benefit plan of the Company or any Affiliate except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

13.11 Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.

13.12 Expenses. The expenses of administering the Plan shall be borne by the Company and its Affiliates.

13.13 Term of Plan. The Plan shall terminate on the tenth anniversary of the Effective Date; provided, however, any Awards that are outstanding as of the date of the Plan's termination shall remain in effect, and the terms of the Plan shall apply until such Awards terminate as provided in the applicable Award Agreements.

Exhibit 10.17

Sale of Business Plan

1. INTRODUCTION

   1.1 The Sale of Business Plan (the "Plan"), effective November 1, 2012, is intended to provide severance benefits to certain designated employees of Zoetis Inc. (the "Company"), a wholly-owned subsidiary of Pfizer Inc., who meet the eligibility requirements below.

2. ELIGIBILITY

   2.1 Employees of the Company who are eligible to participate in the Plan (the "Designated Employees") include the Company's Chief Executive Officer, executive officers and other key executives who are designated by the Company's Chief Executive Officer as eligible for benefits under the Plan.

3. POLICY

   3.1 Subject to Section 5 hereof, severance benefits are payable to a Designated Employee pursuant to this Plan upon (i) the Designated Employee's involuntary termination of employment by the Company, other than a termination by reason of death, disability or for Cause or (ii) the Designated Employee's resignation of employment with the Company for Good Reason, in each case that occurs within two years of a sale of the Company (a "Triggering Event"). The date upon which a Designated Employee incurs a Triggering Event shall be the "Termination Date."

   (a) For purposes of this Plan, a "sale of the Company" means the closing of a corporate transaction (other than an initial public offering or a follow-on split-off or spin-off) by which Pfizer Inc. divests its interest or virtually all of its interest in the Company.

   (b) "Cause" includes, but is not limited to, (i) significant breach of Company policy or Pfizer Inc. policy, (ii) inadequate work performance due to intentional or deliberate misconduct or intentional or deliberate failure to act, (iii) destruction of the Company's or Pfizer Inc.'s property, and (iv) commission of unlawful acts against or reflecting on the Company or Pfizer Inc.

   (c) "Good Reason" means (i) the assignment of duties that are materially and adversely inconsistent with the Designated Employee's current, primary duties, (ii) being given substantially diminished responsibility, (iii) being removed from his or her current, primary position, (iv) a change in the level of the Designated Employee's reporting relationship (determined based on the executive's overall position in the Company prior to the sale of the Company), (v) a relocation of primary place of business that increases the Designated Employee's commute by more than 25 miles, or (vi) receiving a material reduction in compensation opportunity or a material reduction in benefits, excluding a reduction in benefits generally applicable to all similarly-situated employees.

   3.2 For purposes of this Plan, termination of employment means a separation from service within the meaning of Internal Revenue Code ("Code") Section 409A and applicable regulations and guidance promulgated thereunder ("Section 409A").

4. EXCLUSIONS

   4.1 A Designated Employee shall not be entitled to severance benefits and no severance benefits shall be payable or provided pursuant to this Plan in the following circumstances:

   (a) If a Designated Employee is terminated for Cause.

   (b) If a Designated Employee voluntarily resigns without Good Reason from his or her employment, retires, abandons his or her job, or fails to return to work after the expiration of an approved leave of absence.

   (c) If a Designated Employee dies while in active service or prior to the execution of a written release (the "Release Agreement") pursuant to Section 5 hereof.

   (d) If a Designated Employee becomes disabled (as defined by the terms of the disability plan in which he or she participates) while in active service, or prior to the execution of a Release Agreement pursuant to Section 5 hereof. If the Designated Employee returns to active service, he or she may be eligible to receive benefits as provided hereunder as if he or she was not disabled.

   (e) If a Designated Employee violates any confidentiality or other restrictive covenant to which the Designated Employee is a party prior to the date of payment as reasonably determined by the Plan Administrator.

5. RELEASE AND NOTICE PERIOD

   5.1 No Designated Employee who incurs a Triggering Event shall be eligible to receive any payments or other benefits under the Plan unless he or she first executes a Release Agreement. Such Release Agreement shall be substantially similar to the release agreement generally used by the Company immediately prior to the Termination Date.

5.2 The Designated Employee shall be given the necessary amount of time during which to consider and sign such Release Agreement: (i) for an individual termination action, at least 28 calendar days of notice, and (ii) for a group termination action, at least 52 calendar days of notice (the "Notice Period"). Group actions are actions that involve two or more employees, as determined by the Plan Administrator. The Designated Employee can be required to work through the Notice Period at the discretion of the Company.

5.3 If a Designated Employee ceases to provide services during the Notice Period as a result of Company action, and the Designated Employee was being paid during the Notice Period then the Designated Employee shall be paid for the remainder of the Notice Period in addition to his or her benefits under this Plan. If a Designated Employee ceases to provide appropriate services on his or her own initiative during the Notice Period and the Designated Employee was being paid during the Notice Period, all Notice Period payments shall end and the Designated Employee shall only receive benefits in accordance with the terms of this Plan. During the Notice Period, and subject to the continued provision of appropriate services during such Notice Period described above, the Designated Employee shall be paid his or her current base salary or wages as in effect on the date of the start of the Notice Period, excluding any bonus, stock and stock unit grants of any type, stock option income, short-term shift cash awards, premium pay, holiday bonuses, one-time payments, allowances, contest awards and other similar payments.

6. BENEFITS

Subject to Section 5 hereof, the following severance benefits are payable under this Plan:

6.1 Cash Severance. A Designated Employee who incurs a Triggering Event shall receive cash severance in an amount determined using the formula set forth on Schedule A attached hereto. The cash severance shall not be included as earnings under any other Company or Pfizer Inc. plan. Such amounts shall not be adjusted for interest or earnings.

6.2 Payment Date. The cash severance amount shall be paid in a lump sum, in cash, within thirty (30) days after the Release Agreement described in Section 5 becomes effective and irrevocable in accordance with its terms (but in all events within sixty (60) days of the Termination Date, provided that in the event the designated 60-day period begins in one taxable year and ends in the next taxable year, the amount shall be payable in the second taxable year).

6.3 Health Coverage. If the Designated Employee does not meet the requirements for retiree medical coverage at the time of the Termination Date but is enrolled in a Company-sponsored medical, dental and/or vision plan, he or she may continue to participate in such plan(s) in the Plan Administrator's sole discretion, for up to twelve (12) months immediately following his Termination Date. To receive this coverage, the Designated Employee must waive the right to COBRA continuation coverage. However, after the 12 months of active rate coverage, the individual is eligible to continue to participate in the medical plan for up to an additional 18 months at full cost pursuant to COBRA (100% of the cost to the employee and employer).

6.4 Life Insurance. The Designated Employee may continue group term life insurance coverage at active employee rates in the Plan Administrator's sole discretion, for up to 12 months immediately following his Termination Date at the current coverage amount. Subject to applicable state laws and availability by the vendor, conversion to an individual policy may be available when this coverage terminates.

6.5 Outplacement and Education Assistance Services. Each Designated Employee who incurs a Triggering Event shall, immediately following the Termination Date, receive outplacement services and education assistance as designated by the Plan Administrator.

6.6 Accrued but Unpaid Bonus. Notwithstanding the benefits payable under this Plan, the Designated Employee shall remain entitled to any annual cash bonus payable with respect to services performed in the year prior to the year in which his or her Termination Date occurs to the extent not yet paid (and such bonus shall be paid by March 15th of the year in which his or her Termination Date occurs).

6.7 Other Benefits. Benefits under all Company benefit plans and programs shall terminate in accordance with the terms of those plans as they are normally applied to employees who resign or are terminated from their employment with the Company other than as specifically set forth above, and active-service benefits shall cease on the Designated Employee's Termination Date, except as set forth above.

6.8 All benefits hereunder shall be reduced by any outstanding debt owed by the Designated Employee to the Company. All benefits hereunder shall be reduced by applicable withholding and shall be subject to applicable tax reporting, as determined by the Plan Administrator.

7. ADMINISTRATION AND RESPONSIBILITY

7.1 The Plan Administrator is the **Senior Vice President, Human Resources,** Pfizer Inc., 235 East 42nd Street, New York, NY 10017, telephone 212-733-2323.

7.2 The Plan Administrator may, in his or her reasonable discretion, and subject to the provisions of the Plan, from time to time establish such rules and regulations and delegate any or all of his or her authority to administer the Plan to any other persons or committee he or she deems necessary or appropriate for the proper administration of the Plan.

7.3 Benefits under this Plan shall be paid only if the Plan Administrator decides in his or her reasonable discretion that a Designated Employee is entitled to them. The Plan Administrator shall make, in his or her reasonable discretion, all determinations arising in the administration, construction or interpretation of the Plan including the right to construe disputed

Plan terms and provisions, and any such determination shall be conclusive and binding on all persons, except as otherwise provided by law. The Plan Administrator is authorized to approve exceptions to this Plan, in his or her reasonable discretion, within the limits prescribed by Section 409A, the Employee Retirement Income Security Act of 1974 ("ERISA") as amended from time to time, and other applicable laws. This Plan is intended to constitute a welfare benefit plan under ERISA, and shall be interpreted strictly in accordance with such foregoing intent. The Company reserves the right to decide whether the circumstances justify the payment of benefits under this Plan in any particular case, and the decision of the Company is final. The Company may delegate any or all its authority under the Plan to any other persons or committee it deems necessary or appropriate.

8. CLAIMS AND APPEALS PROCEDURE

8.1 Applications for Benefits and Inquiries. Any application for benefits, inquiries about the Plan or inquiries about present or future rights under the Plan must be submitted to the Plan Administrator in writing.

8.2 Denial of Claims. In the event that any application for benefits is denied in whole or in part, the Plan Administrator must notify the applicant, in writing, of the denial of the application, and of the applicant's right to review the denial. The written notice of denial shall be set forth in a manner designed to be understood by the applicant, and shall include specific reasons for the denial, specific references to the Plan provision upon which the denial is based, a description of any information or material that the Plan Administrator needs to complete the review and an explanation as to why such material or information is necessary, and an explanation of the Plan's review procedure and the time limits applicable to such procedures, including a statement of the applicant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review.

This written notice shall be given to the employee within ninety (90) days after the Plan Administrator receives the application, unless special circumstances require an extension of time, in which case, the Plan Administrator has up to an additional ninety (90) days for processing the application. If an extension of time for processing is required, written notice of the extension shall be furnished to the applicant before the end of the initial ninety (90) day period.

This notice of extension shall describe the special circumstances necessitating the additional time and the date by which the Plan Administrator is to render his or her decision on the application. If written notice of denial of the application for benefits is not furnished within the specified time, the application shall be deemed to be denied. The applicant shall then be permitted to appeal the denial in accordance with the Review Procedure described below.

8.3 Request for a Review. Any person (or that person's authorized representative) for whom an application for benefits is denied (or deemed denied), in whole or in part, may appeal the denial by submitting a request for a review to the Plan Administrator within 60 days after the application is denied (or deemed denied). The Plan Administrator shall give the applicant (or his or her representative) an opportunity to review pertinent documents in preparing a request for a review and submit written comments, documents, records and other information relating to the claim. A request for a review shall be in writing and shall be addressed to the Plan Administrator.

A request for review must set forth all of the grounds on which it is based, all facts in support of the request and any other matters that the applicant feels are pertinent. The Plan Administrator may require the applicant to submit additional facts, documents or other material as he or she may find necessary or appropriate in making his or her review.

8.4 Decision on Review. The Plan Administrator shall act on each request for review within sixty (60) days after receipt of the request, unless special circumstances require an extension of time (not to exceed an additional sixty (60) days), for processing the request for a review. If an extension for review is required, written notice of the extension shall be furnished to the applicant within the initial sixty (60)-day period. The Plan Administrator shall give prompt, written notice of his or her decision to the applicant. In the event that the Plan Administrator confirms the denial of the application for benefits in whole or in part, the notice shall outline, in a manner calculated to be understood by the applicant, the specific reason or reasons for the decision, the specific Plan provisions upon which the decision is based, a statement of the applicant's right to receive, upon request and without charge, reasonable access to, and copies of, all documents, records and other information relevant to the applicant's claim for benefits, and a statement of the applicant's right to bring a civil action under section 502(a) of ERISA. If written notice of the Plan Administrator's decision is not given to the applicant within the time prescribed in this Section 8.4 the application shall be deemed denied on review.

8.5 Rules and Procedures. The Plan Administrator may establish rules and procedures, consistent with the Plan and with ERISA, as necessary and appropriate in carrying out his or her responsibilities in reviewing benefit claims. The Plan Administrator may require an applicant who wishes to submit additional information in connection with an appeal from the denial (or deemed denial) of benefits to do so at the applicant's own expense.

8.6 Exhaustion of Remedies. No legal action for benefits under the Plan may be brought until the claimant (a) has submitted a written application for benefits in accordance with the procedures described by Section 8.1 above, (b) has been notified by the Plan Administrator that the application is denied (or the application is deemed denied due to the Plan Administrator's failure to act on it within the established time period), (c) has filed a written request for a review of the application in accordance with the appeal procedure described in Section 8.3 above and (d) has been notified in writing that the Plan Administrator has denied the appeal (or the appeal is deemed to be denied due to the Plan Administrator's failure to take any action on the claim within the time prescribed by Section 8.4 above).

9. AMENDMENT AND TERMINATION

9.1 The Plan may be amended or terminated by Pfizer Inc. at any time for any reason, without or without notice. Pfizer Inc. reserves the right, by action of the Compensation Committee of Pfizer Inc.'s Board of Directors, or by any duly appointed successor committee or team, to amend, modify, suspend or terminate this Plan and to disqualify employees from eligibility under the Plan at any time for any reason or for no reason with or without notice. Any such action is not contingent upon the financial condition of Pfizer Inc.

10. SECTION 409A

10.1 The intent of the parties is that payments and benefits under this Plan be exempt from, and alternatively comply with, Section 409A and, accordingly, to the maximum extent permitted, this Plan shall be interpreted to be in compliance therewith. Notwithstanding anything contained herein to the contrary, the Designated Employee shall not be considered to have terminated employment with the Company for purposes of any payments under this Plan which are subject to Section 409A until the Designated Employee has incurred a "separation from service" from the Company within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Plan shall be construed as a separate identified payment for purposes of Section 409A. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Plan during the six-month period immediately following the Designated Employee's separation from service shall instead be paid on the first business day after the date that is six months following the Designated Employee's separation from service (or, if earlier, the Designated Employee's date of death). To the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to the Designated Employee shall be paid to the Designated Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in kind benefits provided to the Designated Employee) during one year may not affect amounts reimbursable or provided in any subsequent year. The Company makes no representation that any or all of the payments described in this Plan will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment.

11. GENERAL PROVISIONS

11.1 Except as otherwise provided herein or by law, no right or interest of any Designated Employee under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Designated Employee under the Plan shall be liable for, or subject to, any obligation or liability of such Designated Employee.

11.2 The Plan shall not be required to be funded. Regardless of whether the Plan is funded, no Designated Employee shall have any right to, or interest in, any assets of Pfizer Inc. which may be applied by Pfizer Inc. to the payment of benefits or other rights under this Plan.

11.3 Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Designated Employee, or any person whomsoever, the right to be retained in the service of Pfizer Inc. or the Company or any subsidiary thereof, and all Designated Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

11.4 If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

11.5 This Plan shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Designated Employee, present and future, and any successor to the Company. If a severed employee shall die while any amount would still be payable to such severed employee hereunder if the severed employee had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executor, personal representative or administrators of the severed employee's estate.

11.6 The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

11.7 The provisions of the Plan shall be construed, regulated and administered according to the federal laws governing employee benefit plans and according to the internal substantive laws (and not the choice of law provisions) of the State of New York where such laws are not preempted by the federal laws.

SCHEDULE A

Zoetis Position	Cash Severance Benefit*
Chief Executive Officer Executive Officers, Chief Information Officer and President, Zoetis Global Supply	2 times the sum of (i) Base Salary plus (ii) amount equal to target annual bonus for the fiscal year in which termination occurs
Other Select Key Executives	1 times the sum of (i) Base Salary plus (ii) amount equal to target annual bonus for the fiscal year in which termination occurs

* “Base Salary” is the Designated Employee's annual base salary determined as of the Termination Date.

Exhibit 10.21

ZOETIS INC.

2013 Equity and Incentive Plan

RESTRICTED STOCK UNIT AWARD

Zoetis Inc. (the "Company") has granted to the person named below (the "Participant"), an Award of Restricted Stock Units, subject to all of the terms, definitions and provisions of this Restricted Stock Unit Award (this "RSU Award") and the Zoetis Inc. 2013 Equity and Incentive Plan (the "Plan"), which is incorporated herein by reference, as follows:

Participant Name __

Date of Grant __

Number of Restricted Stock Units __

Unless otherwise defined in this RSU Award, the terms used in this RSU Award shall have the meanings defined in the Plan. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this RSU Award, the terms and conditions of the Plan will prevail.

1. Vesting Schedule.

Regular Vesting Schedule: Subject to any acceleration provisions contained in the Plan or set forth below, 100% of the total Number of Restricted Stock Units subject to this Award shall vest and be settled on the third annual anniversary of the Date of Grant; provided that this Award shall cease vesting immediately upon Participant's Termination of Employment.

Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in accordance with any of the provisions of this RSU Award unless Participant has continuously and actively been employed with, or providing services to, the Company or any of its Subsidiaries or Affiliates from the Date of Grant until the date such vesting occurs. For non-U.S. Participants and for purposes of this Award and participation in the Plan, Termination of Employment will be deemed to be as of the date that notice of termination is provided (whether by the Company or Subsidiary or Affiliate for any reason or by Participant upon resignation) and will not be extended by any notice period or "garden leave" that may be required contractually or under applicable law. Notwithstanding the foregoing, the Administrator (or any delegate) shall have the sole discretion to determine when Participant is no longer employed or providing services for purposes of this Award and participation in the Plan.

Accelerated Vesting Schedules

Subject to the general provisions above, in the event of the following circumstances, the following vesting and settlement provisions shall apply:

(a) Death. In the event of Participant's Termination of Employment due to Participant's death, 100% of the Restricted Stock Units subject to this Award will vest and be settled immediately upon such termination. The person named in Participant's will or Participant's beneficiary, as the case may be, will receive the Shares issued upon settlement of Participant's Restricted Stock Units, subject to applicable law.

(b) Total and Permanent Disability. In the event of Participant's Termination of Employment due to Participant's Total and Permanent Disability (as defined below), 100% of the Restricted Stock Units subject to this Award will vest and be settled immediately upon such termination. For purposes of this Award, "Total and Permanent Disability" shall have the meaning set forth in the Company's long-term disability program.

(c) Retirement. In the event of Participant's Termination of Employment due to Participant's Retirement (as defined below) on or after the first anniversary of the Date of Grant, a pro-rata portion of the unvested Restricted Stock Units scheduled to vest on the next vesting date will immediately vest upon such Retirement based on the number of days that Participant was an active Employee prior to Participant's Retirement through the date of Participant's Termination of Employment, and such vested Restricted Stock Units will be settled as soon as practicable after Participant's Termination of Employment (and, in any event, no

later than thirty (30) days after Participant's Termination of Employment). For purposes of this Award, "Retirement" means Participant has attained a minimum age of fifty-five (55) and a minimum of ten (10) years of service with the Company or any Affiliate.

(d) Termination as a Result of a Plant Closing or Restructuring Event. In the event of Participant's Termination of Employment as a result of a plant closing or Restructuring Event (as defined below), a pro-rata portion of the unvested Restricted Stock Units scheduled to vest on the next vesting date will immediately vest upon such Termination of Employment based on the number of days that Participant was an active Employee prior to Participant's Termination of Employment through the date of Participant's Termination of Employment, and such vested Restricted Stock Units will be settled as soon as practicable after Participant's Termination of Employment (and, in any event, no later than thirty (30) days after Participant's Termination of Employment). For purposes of this Award, a "Restructuring Event" means an involuntary Termination of Employment without Cause and not related to performance, that is the direct result of curtailment, cessation of operations, relocation of operations, reorganization or position elimination or job restructuring due to a change in required competencies or qualification for positions, as determined by the Plan Administrator, in its sole discretion.

(e) Termination without Cause or Resignation for Good Reason following a Change in Control. In the event of Participant's Termination of Employment by the Company without Cause (as defined below) or as a result of Participant's resignation for Good Reason (as defined below), in either case, upon or within twenty-four (24) months following the consummation of a Change in Control, 100% of the Restricted Stock Units subject to this Award will immediately vest and settle upon such termination.

For purposes of this Award, "Cause" means (i) an act of dishonesty, fraud or misrepresentation made by Participant in connection with Participant's responsibilities to the Company, (ii) Participant's willful, material violation of any law or regulation applicable to the business of the Company; (iii) Participant's conviction of, or plea of nolo contendere to, a felony or any crime that, in either case, has resulted in or is reasonably expected to result in material injury to the business or reputation of the Company, (iv) Participant's willful misconduct or gross negligence in connection with carrying out Participant's job responsibilities to the Company, (v) Participant's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom Participant owes an obligation of nondisclosure as a result of Participant's relationship with the Company; (vi) Participant's willful breach of any obligations under any written agreement or covenant with the Company that is injurious to the Company; (vii) Participant's violation or disregard of any Company policy that has resulted in or is reasonably expected to result in material injury to the business or reputation of the Company; or (viii) Participant's failure or refusal to perform Participant's duties and responsibilities to the Company. For purposes of clarity, all references herein to the Company shall include references to any Affiliate and any successor to the Company or any Affiliate, and a termination without "Cause" does not include any termination that occurs as a result of Participant's death or disability.

For purposes of this Award, "Good Reason" means Participant's resignation due to the occurrence of any of the following conditions which occurs without Participant's written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (i) a material reduction of Participant's base compensation (other than as part of an across-the-board salary reduction applicable to all similarly situated employees); (ii) a material reduction of Participant's duties, authority, responsibilities or reporting relationship, relative to Participant's duties, authority, responsibilities or reporting relationship as in effect immediately prior to such reduction; or (iii) the Company (or a successor, if appropriate) requires Participant to relocate to a facility or location more than twenty-five (25) miles away from the location at which Participant was working immediately prior to the required relocation and such relocation increases Participant's one way commute by thirty (30) minutes or more during normal commuting hours and under typical traffic conditions. In order for Participant to resign for Good Reason, Participant must provide written notice to the Company of the existence of the Good Reason condition within sixty (60) days of the initial existence of such Good Reason condition and not be required to provide for the acceleration of vesting described herein as a result of such proposed resignation. Upon receipt of such notice, the Company will have thirty (30) days during which it may remedy the Good Reason condition. If the Good Reason condition is not remedied within such thirty (30) day period, Participant may resign based on the Good Reason condition specified in the notice effective no later than thirty (30) days following the expiration of the Company's thirty (30) day cure period.

2. Company's Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share if the Restricted Stock Unit vests. Unless and until the Restricted Stock Units have vested in the manner set forth in Section 1 above, Participant will have no right to payment of any Shares. Prior to actual payment of any Shares, such Restricted Stock Unit will represent an unsecured obligation of the Company. Restricted Stock Units will be automatically settled and paid to Participant in Shares (including fractional

Shares) upon vesting of such Restricted Stock Units, subject to Participant satisfying any applicable tax, tax withholding or other obligations as set forth in Section 5.

3. Forfeiture upon Termination of Employment. Notwithstanding any contrary provision of this RSU Award, in the event of Participant's Termination of Employment for any or no reason, the vesting of the Restricted Stock Units will immediately cease and the balance of the Restricted Stock Units that have not vested as of the date of Participant's Termination of Employment and do not vest as a result of Participant's Termination of Employment will be immediately forfeited without consideration. The Company shall have the sole discretion to determine when Participant's Termination of Employment occurs. Further, notwithstanding anything stated herein or the Plan, if this Award is not assumed or substituted in connection with a Change in Control, this Award shall terminate in its entirety immediately following such Change in Control.

4. Inappropriate Activity. To the extent permitted by applicable law, if at any time Participant engages in any activity in competition with any activity of the Company or any Affiliate, or in any activity inimical, contrary or harmful to the interests of the Company or any Affiliate, including, but not limited to: (i) conduct related to Participant's employment for which either criminal or civil penalties against Participant may be sought, (ii) violation of Company or any Affiliate policies, including, without limitation, the Company's insider trading policy, (iii) accepting employment with or serving as a consultant, advisor or in any other capacity to an employer that is in competition with or acting against the interest of the Company or any Affiliate, (iv) disclosing or misusing any confidential information or material concerning the Company or any Affiliate, or (v) participating in a hostile takeover attempt, this Award shall immediately terminate in its entirety.

5. Tax Obligations. Regardless of any action the Company or Participant's employer (the "Employer") takes with respect to any or all applicable national, local, or other taxes or social contributions, withholdings, required deductions, or other payments, if any, that arise upon the grant or vesting of the Restricted Stock Units or the holding or subsequent sale of Shares, and the receipt of dividends (or dividend equivalent units), if any ("Tax-Related Items"), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including grant or vesting, the holding or subsequent sale of Shares acquired under the Plan, and the receipt of dividends (or dividend equivalents), if any; and (b) does not commit to and is under no obligation to structure the terms of the Restricted Stock Units or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Notwithstanding any contrary provision of this RSU Award, no Shares will be issued (or other payment made) to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any Tax-Related Items that the Company determines must be satisfied with respect to such Shares.

The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax-Related Items, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold the minimum statutory amount of Shares otherwise deliverable pursuant to this Award, (c) delivering to the Company already vested and owned Shares, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise). To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any Tax-Related Items by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Section 1 above, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares thereunder and the Restricted Stock Units will be returned to the Company at no cost to the Company.

6. Rights as Stockholder. Until the issuance of the Shares subject to this Award (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to this Award. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 7 below and Section 3.2 of the Plan.

7. Dividend Equivalent Units. Unless otherwise set forth in the Country Specific Addendum, if the Company declares a dividend on its Common Stock, Participant will be entitled to receive a dividend equivalent unit equal to (i) the amount of such dividend declared and paid with respect to one share of Common Stock, multiplied by (ii) the number of Restricted Stock Units, and dividend equivalent units, subject to this RSU Award, if any, that are outstanding on the applicable dividend record date with respect to such dividend payment date. Dividend equivalent units will not be credited with interest. Unless otherwise set forth in the Country Specific Addendum dividend equivalent units shall be paid in Shares and shall be paid on the date on which the Company issues the Shares underlying such Restricted Stock Units, and dividend equivalent units, on which the dividend equivalent units were issued. The Administrator may prospectively change the method of crediting dividend equivalent units as it, in its sole discretion, determines appropriate from time to time provided that such change does not have a material adverse tax effect on Participant.

8. No Guarantee of Continued Service or Grants. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE EMPLOYER) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF RESTRICTED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS RSU AWARD, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE EMPLOYER) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE (SUBJECT TO APPLICABLE LAWS).

Participant also acknowledges and agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units even if Restricted Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards of Restricted Stock Units, if any, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary; (e) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any; (f) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation; (g) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

9. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the Shares underlying this Award. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

10. Address for Notices. Any notice to be given to the Company under the terms of this RSU Award will be addressed to the Company, in care of its General Counsel at Zoetis Inc., Five Giralda Farms, Madison, New Jersey 07940, or at such other address as the Company may hereafter designate in writing.

11. Non-Transferability of Restricted Stock Units. The Restricted Stock Units shall not be transferable other than by will or the laws of descent and distribution. The designation of a beneficiary does not constitute a transfer.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, the Restricted Stock Units, as evidenced by this RSU Award and the Plan, will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Shares. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of this Award or the Shares upon any securities exchange or under any state, federal or foreign law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the grant of this Award or the issuance of Shares to Participant (or his or her estate), such grant or issuance will not occur unless and until such listing,

registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the grant of this Award or the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer the grant of this Award or the delivery until the earliest date at which the Company reasonably anticipates that the grant of this Award or the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state, federal or foreign law or securities exchange and to obtain any such consent or approval of any such governmental authority. The Company shall not be obligated to treat this Award as outstanding or issue any Shares pursuant to this Award at any time if the grant of this Award or the issuance of Shares pursuant to this Award violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

Furthermore, the Company reserves the right to impose other requirements on Participant's participation in the Plan, this Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant or vesting of the this Award or the holding or disposition of Shares or receipt of dividends (or dividend equivalent units), if any (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent the grant of this Award or the issuance of Shares or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to this Award or the Shares. Notwithstanding any provision herein, this Award and any Shares shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "Country-Specific Addendum," which forms part this RSU Award).

14. Administrator Authority. The Administrator will have the power to interpret the Plan and this RSU Award and to adopt such rules for the administration, interpretation and application of the Plan and this RSU Award as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this RSU Award.

15. Electronic Delivery and Language. The Company may, in its sole discretion, decide to deliver any documents related to this Award, any future restricted stock units or other equity awards granted by the Company, whether under the Plan or otherwise, or any other Company securities by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company. If Participant has received this RSU Award, including appendices, or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

16. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this RSU Award.

17. Agreement Severable. In the event that any provision in this RSU Award will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this RSU Award.

18. Modifications to the Agreement. This RSU Award and the Plan constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this RSU Award in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this RSU Award or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this RSU Award, the Company reserves the right to revise this RSU Award as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A of the Code or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this Award of Restricted Stock Units.

19. ***Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this RSU Award by and among, as applicable, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from this Award. Participant understands that the Company and its Affiliates may hold certain personal information***

about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any Affiliate, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any Affiliates or third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.

20. Foreign Exchange Fluctuations and Restrictions. Participant understands and agrees that the future value of the underlying Shares is unknown and cannot be predicted with certainty and may decrease. Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any Affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Restricted Stock Units or Shares received (or the calculation of income or Tax-Related Items thereunder). Participant understands and agrees that any cross-border remittance made to transfer proceeds received upon the sale of Shares must be made through a locally authorized financial institution or registered foreign exchange agency, and may require the Participant to provide such entity with certain information regarding the transaction.

21. Amendment, Suspension or Termination of the Plan. By accepting this Award represented by this RSU Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

22. Governing Law. This RSU Award will be governed by the laws of the State of Delaware, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this RSU Award or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of New Jersey, and agree that such litigation will be conducted in the courts of the Morris County, New Jersey, or the federal courts for the United States for the District of New Jersey, and no other courts.

By Participant's acceptance of this RSU Award, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of this RSU Award (including any country-specific addendum thereto) and the Plan, and any ancillary documents, all of which are being delivered simultaneously with, and made a part of, this RSU Award. In addition, Participant acknowledges and agrees that Participant has reviewed the Plan and this RSU Award in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this RSU Award and fully understand all provisions of the Plan and this RSU Award. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and this RSU Award. Participant further agrees to notify the Company upon any change in Participant's residence address.

Country-Specific Addendum to the RSU Award

This Addendum includes additional country-specific notices, disclaimers, and/or terms and conditions that apply to individuals in the countries listed below and that may be material to Participant's participation in the Plan. Participant is solely responsible for any obligations outlined, as well as general tax or other obligations that may apply. As local laws are often complex and change frequently and the information provided is general in nature and may not apply to Participant's specific situation, the Company cannot assure Participant of any particular result, and Participant should seek professional legal and tax advice. This Addendum forms part of the RSU Award and should be read in conjunction with the RSU Award and the Plan. Unless otherwise noted, capitalized terms shall take the same definitions assigned to them under the Plan and the RSU Award.

Securities Law Notice: Unless otherwise noted, neither the Company nor the Shares are registered with any local stock exchange or under the control of any local securities regulator outside the United States. The Plan, grant documentation, and any other communications or materials that Participant may receive regarding participation in the Plan do not constitute advertising or an offering of securities outside the United States. The issuance of securities described in any Plan-related documents is not intended for public offering or circulation in Participant's jurisdiction.

European Union	**Data Privacy.** The following supplements the Section 21 of the RSU Award: ***Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view his or her Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Participant's local human resources representative.***
Argentina	**Foreign Exchange Information.** US dollar transactions must be conducted through financial intermediaries authorized by the Argentine Central Bank. Under recent amendments in 2012 to Argentine foreign exchange restrictions, the transfer of funds outside Argentina may be limited or restricted. US dollar proceeds from the sale of Shares by Participant, when remitted to Argentina, are subject to conversion to Argentine pesos at applicable exchange rates and subject to any applicable regulations of the Central Bank. In addition, the transfer of funds into Argentina as a repatriation of a portfolio investment abroad may be subject to a 365-day deposit and holding with an Argentine financial institution. Please confirm the foreign exchange requirements with Participant's local bank before any transfer of funds in or out of Argentina.
Australia	**Settlement in Shares Only.** Notwithstanding any discretion in the Plan or the RSU Award to the contrary, settlement of the Restricted Stock Units shall be in Shares only and not, in whole or in part, in the form of cash.
Austria	**Foreign Ownership Reporting.** If Participant is an Austrian national who owns securities in foreign deposits, Participant must file an annual notification with the Austrian National Bank if the value of the securities in foreign deposits exceeds EUR 5 million or equivalent at the end of the year. If the value of these securities in foreign deposits exceeds EUR 30 million or equivalent at the end of a quarter, then these notifications shall be made quarterly.
Brazil	**Foreign Assets Reporting** If Participant is a resident of Brazil, Participant will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil ("BACEN") if the aggregate value of such assets and rights (including any capital gain, dividend or profit attributable to such assets) is equal to or greater than US $100,000. The reporting should be completed at the beginning of the year.

Canada	**Securities Law Notice.** The security represented by the RSU Award was issued pursuant to an exemption from the prospectus requirements of applicable securities legislation in Canada. Participant acknowledges that as long as the Company is not a reporting issuer in any jurisdiction in Canada, the Restricted Stock Units and the underlying Shares will be subject to an indefinite hold period and that the Restricted Stock Units and the underlying Shares are subject to restrictions on their transfer pursuant to such applicable securities legislation. Participant further acknowledges that (i), unless permitted under applicable securities legislation, the Participant is not permitted to transfer the Restricted Stock Units or the underlying Shares before the date that is 4 months and a day after the later of (a) the date of this RSU Award and (b) the date the Company became a reporting issuer (as such term is defined under applicable securities legislation) in any province of territory in Canada; (ii) the certificates representing the Restricted Stock Units and the underlying Shares will bear the legend required by applicable securities legislation indicating that the resale of such securities is restricted; and (iii) the Participant has been advised to consult his or her own legal counsel for full particulars of the resale restrictions applicable to the Participant. **Employee Tax Treatment.** For Canadian federal income tax purposes, the Restricted Stock Units are intended to be treated as an agreement by the Company to sell or issue shares to the Employee and, as such, is intended to be subject to the rules in section 7 of the *Income Tax Act* (Canada). Under those rules, the Employee will be considered to have received an employment benefit at the time of settlement of the vested Restricted Stock Units equal to the full value of the Shares received, which amount will be taxed as employment income and will be subject to withholding at source. **Settlement in Shares Only.** Notwithstanding any discretion in the Plan, the RSU Award to the contrary, settlement of the Restricted Stock Units shall only be made in Shares issued by the Company from treasury and not, in whole or in part, in the form of cash or other consideration. **Foreign Share Ownership Reporting.** If Participant is a Canadian resident, Participant's ownership of certain foreign property (including shares of foreign corporations) in excess of $100,000 may be subject to ongoing annual reporting obligations. **Quebec: Consent to Receive Information in English.** The following applies if Participant is a resident of Quebec: The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. *Les parties reconnaissent avoir exigé la redaction en anglais de cette convention*, *ainsi que de tous documents exécutés, avis donnés et procedures judiciaries intentées, directement ou indirectement, relativement à la présente convention.*
Chile	**Exchange Control Information.** It is Participant's responsibility to make sure that he or she complies with exchange control requirements in Chile when the value of any Share transaction is in excess of US $10,000. If Participant's aggregate investments held outside of Chile exceeds US $5,000,000 (including the investments made under the Plan), Participant must report the investments annually to the Central Bank.
Colombia	**Foreign Ownership Information.** Prior approval from a government authority is not required to hold shares. However, if the value of foreign investments, including the value of any equity awards, equals or exceeds US $500,000, such investments must be registered with the Colombian Central Bank by June 30th of each year.

France	**No Tax Qualification.** This grant is not intended to be a tax-qualified award and is not granted under any Sub-Plan for French tax purposes. Accordingly, the relevant vesting and termination provisions will be as stated in the RSU Award. Although Participant may have received grants in the past that were subject to specified post-vesting sale restrictions, the Shares received upon vesting under this RSU Award may be sold at anytime, subject to the RSU Award and applicable insider trading policies. **Foreign Exchange Information.** Residents of France with foreign account balances in excess of EUR 1 million or its equivalent must report monthly to the Bank of France. **Consent to Receive Information in English.** Participant confirms he or she has read and understands the documents relating to this grant (the Plan and this Agreement) which were provided to Participant in the English language. Participant accepts the terms of those documents accordingly. *Vous confirmez avoir lu et compris les documents relatifs aÌ cette attribution (le Plan et ce Contrat) qui vous ont été communiqués en langue anglaise. Vous en acceptez les termes en connaissance de cause.*
India	**Repatriation Requirement.** Participant shall take all reasonable steps to repatriate to India immediately all foreign exchange received by Participant as a consequence of Participant's participation in the Plan and in any case not later than 90 days from the date of sale of the stocks so acquired by Participant under the Plan. Further, Participant shall in no case take any action (or refrain from taking any action) that has the effect of a) delaying the receipt by Participant of the whole or part of such foreign exchange; or b) eliminating the foreign exchange in whole or in part to be receivable by Participant. Upon receipt or realization of the foreign exchange in India, including in relation to any dividend payments, Participant shall surrender the received or realised foreign exchange to an authorised person within a period of 180 days from the date of such receipt or realisation, as the case may be. Please note that Participant should keep the remittance certificate received from the bank where foreign currency is deposited in the event that the Reserve Bank of India, the Company or Participant's employer requests proof of repatriation. Due to the above repatriation requirement, Participant will not be permitted in any Company dividend reinvestment program (if any).
Ireland	**Settlement in Shares Only.** Notwithstanding any discretion in the Plan, the RSU Award to the contrary, settlement of the Restricted Stock Units shall be in Shares only and not, in whole or in part, in the form of cash. **Director Notification Obligation.** If Participant is a director or shadow director of the Company or a Subsidiary or Affiliate, Participant may be subject to special reporting requirements with regard to the acquisition of Shares or rights over Shares (including acquisitions by Participant's spouse or children). Participant should contact his or her personal legal advisor for further details if Participant is a director or shadow director.

Italy	**Data Privacy Consent** Pursuant to Legislative Decree no. 196/2003, the Controller of personal data processing is Zoetis, Inc., with registered offices at 5 Giralda Farms, Madison, New Jersey 07940 USA, and its Representative in Italy for privacy purposes is Participant's human resources representative, ZoetisCompensation@zoetis.com. I understand that Personal Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Personal Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/200. The processing activity, including the communication and transfer of my Personal Data abroad, including outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require my consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. I understand that the use of my Personal Data will be minimized where it is not necessary for the implementation, administration and management of the Plan. I further understand that, pursuant to Section 7 of the Legislative Decree no. 196/2003, I have the right to, including but not limited to, access, delete, update, ask for rectification of my Personal Data and stop, for legitimate reason, the Personal Data processing. Furthermore, I am aware that my Personal Data will not be used for direct marketing purposes.
Korea	**Repatriation Requirement.** Please note that proceeds received from the sale of stock overseas must be repatriated to Korea within eighteen (18) months if such proceeds exceed US $500,000 per sale. Separate sales may be deemed a single sale if the sole purpose of separate sales was to avoid a sale exceeding the US $500,000 per sale threshold.
Mexico	**Labor Law Statement.** The invitation Zoetis is making under the Plan is unilateral and discretionary and is not related to the salary and other contractual benefits granted to Participant by Participant's employer. Zoetis reserves the absolute right to amend the Plan and discontinue it at any time without any liability to Participant. This invitation and, in Participant's case, the acquisition of shares does not, in any way, establish a labor relationship between Participant and Zoetis, nor does it establish any rights between Participant and Participant's employer. La invitación que Zoetis hace en relación con el Plan es unilateral y discrecional, por lo tanto, Zoetis se reserva el derecho absoluto para modificar o terminar el mismo, sin ninguna responsabilidad para usted. Esta invitación y, en su caso, la adquisición de acciones, de ninguna manera establecen relación laboral alguna entre usted y Zoetis y tampoco establece derecho alguno entre usted y su empleador.
Philippines	**Securities Law Notice.** This offering is subject to exemption from the requirements of registration with the Philippines Securities and Exchange Commission under Section 10.1 (k) of the Philippines Securities Regulation Code. **THE SECURITIES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE PHILIPPINES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.**
Poland	**Foreign Ownership Reporting.** If Participant holds more than PLN 7,000,000 in foreign securities (including Shares) at year-end, Participant is required to report quarterly to the National Bank of Poland regarding the number and value of such securities. Such reports are filed on special forms available on the website of the National Bank of Poland. Additional forms are required if Participant holds 10% or more of the voting rights in a foreign entity.
Russia	**Securities Law Notice.** Neither this offer nor the distribution of related documentation constitutes the public circulation of securities in Russia. Any Shares Participant receives upon vesting of Participant's Restricted Stock Units will be subject to an immediate forced sale, and Participant will receive the cash proceeds. A stock

certificate will not be issued to Participant. Participant is not permitted to transfer any shares received under any Company employee equity program into Russia.

Singapore	**Securities Law Notice** This grant of the Restricted Stock Units and the Shares to be issued upon vesting of the Restricted Stock Units shall be made available only to an employee of the Company or its Subsidiary or Affiliate, in reliance of the prospectus exemption set out in Section 173(1)(f) of the Securities and Futures Act (Chapter 289) of Singapore. In addition, Participant agrees, by Participant's acceptance of this grant, not to sell any Shares within six months of the date of grant. Please note that neither this RSU Award nor any other document or material in connection with this offer of the Restricted Stock Units and the Shares hereunder has been or will be lodged, registered or reviewed by any regulatory authority in Singapore. **Director Reporting** If Participant is a director or shadow director of the Company or a Subsidiary or Affiliate, Participant may be subject to special reporting requirements with regard to the acquisition of shares or rights over shares. Participant should contact his or her personal legal advisor for further details if Participant is a director or shadow director. **Exit Tax / Deemed Exercise Rule** If Participant has received Restricted Stock Units in relation to Participant's employment in Singapore, please note that if, prior to the vesting of Participant's Restricted Stock Units, Participant is 1) a permanent resident of Singapore and leave Singapore permanently or are transferred out of Singapore; or 2) neither a Singapore citizen nor permanent resident and either cease employment in Singapore or leave Singapore for any period exceeding 3 months, Participant will likely be taxed on Participant's unvested Restricted Stock Units on a "deemed exercise" basis, even though Participant's Restricted Stock Units have not yet vested. Participant should discuss his or her tax treatment with Participant's personal tax advisor.
Spain	**Foreign Share Ownership Reporting.** If Participant is a Spanish resident, Participant's acquisition, purchase, or sale of foreign-listed stock may be subject to ongoing annual reporting obligations with the General Directorate of International Economy and Foreign Transactions. If shares are kept abroad, Participant will need to submit a statistical report on an official Form D6 each January in relation to the preceding year. Additionally, a Form D8 must be submitted to the aforementioned authorities in certain circumstances. In addition, if Participant is a Spanish tax resident, under new law Participant must also report to the tax authorities if Participant has shares abroad with a value of EUR 50,000 or more.
Taiwan	**Foreign Exchange Information.** Participant may acquire and remit foreign currency (including proceeds from the sale of Shares) into and out of Taiwan of up to US $5,000,000 per year. If this threshold is exceeded or if the transaction amount is TWD $500,000 or more in a single transaction or in certain other situations, Participant may be required to provide additional supporting documentation to the satisfaction of the remitting bank. Participant should consult his or her personal advisor to ensure compliance with applicable exchange control laws in Taiwan.
Thailand	**Repatriation Requirement.** All proceeds from the sale of Shares must be remitted to Thailand and must be deposited or converted into Thai Baht with a commercial bank in Thailand within 360 days of receipt. Dividend payments (if any) will also be subject to this repatriation requirement unless they are reinvested pursuant to any Company dividend reinvestment program.
United Arab Emirates	**Securities Law Notice** This Plan has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This Plan is strictly private and confidential and has not been reviewed by, deposited or registered with the UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This Plan is being issued from outside the United Arab Emirates to a limited number of employees of Zoetis Inc. or a Subsidiary or Affiliate and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the issue of any securities or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom	**Settlement in Shares Only.** Notwithstanding any discretion in the Plan, the RSU Award to the contrary, settlement of the Restricted Stock Units shall be in Shares only and not, in whole or in part, in the form of cash. **Withholding of Tax.** This provision supplements Section 6 of the RSU Award: If payment or withholding of the Tax-Related Items is not made within ninety (90) days of the event giving rise to the Tax-Related Items (the "***Due Date***") or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, the amount of any uncollected Tax-Related Items will constitute a loan owed by Participant to the Employer, effective on the Due Date. Participant agrees that the loan will bear interest at the then-current Official Rate of Her Majesty's Revenue and Customs ("***HMRC***"), it will be immediately due and repayable, and the Company or the employer may recover it at any time thereafter by any of the means referred to in Section 6 of the Agreement. Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), Participant will not be eligible for such a loan to cover the Tax-Related Items. In the event that Participant is a director or executive officer and the Tax-Related Items are not collected from or paid by Participant by the Due Date, the amount of any uncollected Tax-Related Items will constitute a benefit to Participant on which additional income tax and national insurance contributions will be payable. Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime.

Exhibit 10.22

ZOETIS INC.

2013 Equity and Incentive Plan

STOCK OPTION AWARD

Zoetis Inc. (the "Company") has granted to the person named below (the "Participant"), a Non-Qualified Stock Option (the "Option") to purchase the total number of Shares at the grant price per Share set forth below (the "Grant Price"), subject to all of the terms, definitions and provisions of this Stock Option Award and the Zoetis Inc. 2013 Equity and Incentive Plan (the "Plan"), which is incorporated herein by reference, as follows:

Participant Name __

Date of Grant __

Total Number of Shares Under Option __

Grant Price $ _____ per Share

Expiration Date: __

Unless otherwise defined in this Stock Option Award, the terms used in this Stock Option Award shall have the meanings defined in the Plan. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Stock Option Award, the terms and conditions of the Plan will prevail.

1. Vesting Schedule/Exercise Schedule; Termination Period.

Regular Vesting Schedule/Exercise Schedule: Subject to any acceleration provisions contained in the Plan or set forth below, this Option shall vest and become exercisable in accordance with the following schedule: 100% of the Total Number of Shares subject to this Option shall vest and become exercisable on the third annual anniversary of the Date of Grant; provided that this Option shall cease vesting immediately upon Participant's Termination of Employment; provided further that, notwithstanding any acceleration provisions set forth below, this Option shall not vest or be exercisable until the earlier of (i) the date, following the initial public offering of the Company's Common Stock, that Pfizer Inc. transfers shares of Class B Common Stock of the Company to holders of Pfizer Inc. common stock by means of (A) one or more distributions of Class B Common Stock of the Company by Pfizer Inc. to holders of Pfizer Inc. common stock, (B) one or more offers to holders of Pfizer Inc. common stock to exchange their Pfizer common stock for shares of Class B Common Stock of the Company, or (C) any combination of (A) and (B), and (ii) the date that is two (2) years after the Date of Grant.

Except as otherwise provided herein or in the Plan, Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in accordance with any of the provisions of this Stock Option Award unless Participant has continuously and actively been employed with, or providing services to, the Company or any of its Subsidiaries or Affiliates from the Date of Grant until the date such vesting occurs. For non-U.S. Participants and for purposes of this Option and participation in the Plan, Termination of Employment will be deemed to be as of the date that notice of termination is provided (whether by the Company or Subsidiary or Affiliate for any reason or by Participant upon resignation), and will not be extended by any notice period or "garden leave" that may be required contractually or under applicable law. Notwithstanding the foregoing, the Administrator (or any delegate) shall have the sole discretion to determine when Participant is no longer employed or providing services for purposes of this Option and participation in the Plan.

Regular Termination Period: In the event of Participant's Termination of Employment other than as a result of (i) Participant's death, (ii) Participant's "Total and Permanent Disability," (iii) Participant's "Retirement," (iv) Participant's termination as a result of a plant closing or "Restructuring Event", (v) Participant's termination without "Cause" or resignation for "Good Reason" within twenty-four (24) months following a Change in Control, or (vi) Participant's termination for Cause (each as defined below), Participant may, to the extent Participant is vested in the Shares subject to this Option, exercise this Option for up to three (3) months after Participant's Termination of Employment, but in no event beyond the Expiration Date set forth above.

If Participant does not exercise this Option within the termination periods set forth in this Section 1, this Option shall terminate in its entirety. Participant is responsible for keeping track of these exercise periods following Participant's Termination of Employment. The Company will not provide further notice of these exercise periods.

Notwithstanding anything stated herein, this Option may be subject to earlier termination as provided in the Plan or, if this Option is not assumed or substituted in connection with a Change in Control, the vesting and exercisability of this Option shall accelerate immediately prior to and contingent upon the closing of the Change in Control as provided below and this Option shall terminate in its entirety immediately following such Change in Control, provided Company shall provide Participant with at least seven (7) days advance notice of any such termination.

Accelerated Vesting Schedules/Exercise Schedules; Alternate Termination Periods.

Subject to the general provisions above, in the event of the following circumstances, the following vesting, exercisability and termination provisions shall apply:

(a) Death.

(i) Acceleration of Vesting Schedule/Exercise Schedule. In the event of Participant's Termination of Employment due to Participant's death, 100% of the Shares subject to this Option will vest and become exercisable immediately upon such termination. The person named in Participant's will or Participant's beneficiary, as the case may be, may exercise this Option, subject to applicable law.

(ii) Alternate Termination Period. In the event of Participant's Termination of Employment due to Participant's death, the period of time to exercise this Option depends on Participant's employment status at the time of Participant's death, as follows:

(1) If Participant dies while still employed by the Company, but before Participant is eligible for Retirement, Participant may, to the extent Participant is vested in the Shares subject to this Option, exercise this Option for up to two (2) years from the date of Participant's death, but in no event beyond the Expiration Date set forth above.

(2) If Participant dies while still employed by the Company and while eligible for Retirement, Participant may, to the extent Participant is vested in the Shares subject to this Option, exercise this Option until the Expiration Date set forth above.

(3) In the event of Participant's Termination of Employment due to Participant's Retirement on or after the first anniversary of the Date of Grant and Participant's death follows Participant's Termination of Employment, this Option shall remain exercisable until the Expiration Date set forth above.

(4) If Participant dies within the three (3) month post-termination exercise period set forth above, this Option may be exercised, to the extent Participant is vested in the Shares subject to this Option, for up to two (2) years from the date of Participant's death, but in no event beyond the Expiration Date set forth above.

(b) Total and Permanent Disability.

(i) Acceleration of Vesting Schedule/Exercise Schedule. In the event of Participant's Termination of Employment due to Participant's Total and Permanent Disability, 100% of the Shares subject to this Option will vest and become exercisable immediately upon such termination. For purposes of this Option, "Total and Permanent Disability" shall have the meaning set forth in the Company's long-term disability program.

(ii) Alternate Termination Period. In the event of Participant's Termination of Employment due to his or her Total and Permanent Disability, Participant may, to the extent Participant is vested in the Shares subject to this Option, exercise this Option until the Expiration Date set forth above.

(c) Retirement.

(i) Acceleration of Vesting Schedule/Exercise Schedule. In the event of Participant's Termination of Employment due to Participant's Retirement on or after the first anniversary of the Date of Grant, this Option will continue to vest and become exercisable in accordance with the Vesting Schedule/Exercise Schedule set forth in the first paragraph of this Section 1 (disregarding for this purpose any requirement to continue employment or service); provided if Participant dies following any such Termination of Employment, 100% of the Shares subject to this Option will immediately vest and become exercisable. For purposes of this Option, "Retirement" means Participant has attained a minimum age of fifty-five (55) and a minimum of ten (10) years of service with the Company or any Affiliate.

(ii) Alternate Termination Period. In the event of Participant's Termination of Employment due to his or her Retirement:

(1) If Participant's Termination of Employment occurs before the first anniversary of the Date of Grant, this Option shall terminate in its entirety immediately upon Participant's Termination of Employment.

(2) If Participant's Termination of Employment occurs on or after the first anniversary of the Date of Grant, Participant may, to the extent Participant is vested in the Shares subject to this Option, exercise this Option until the Expiration Date set forth above, so long as Participant does not engage in competition with the Company or any Affiliate, act contrary to any written agreement that Participant has with the Company or any Affiliate, or act in a way that the Company reasonably determines to be materially harmful to it or any Affiliate, in which case, this Option (including any vested portion thereof) shall immediately terminate in its entirety.

(d) Termination as a Result of a Plant Closing or Restructuring Event.

(i) Acceleration of Vesting Schedule/Exercise Schedule. In the event of Participant's Termination of Employment as a result of a plant closing or Restructuring Event:

(1) If Participant's Termination of Employment occurs (x) at a time when Participant is not Retirement eligible or (y) before the first anniversary of the Date of Grant at a time when Participant is Retirement eligible, 100% of the Shares subject to this Option will vest and become exercisable immediately upon such termination.

(2) If Participant's Termination of Employment occurs on or after the first anniversary of the Date of Grant and the Participant is Retirement eligible, this Option will continue to vest and become exercisable in accordance with the Vesting Schedule/ Exercise Schedule set forth in the first paragraph of this Section 1 (disregarding for this purpose any requirement to continue employment or service).

For purposes of this Option, a "Restructuring Event" means an involuntary Termination of Employment without Cause (as defined below) and not related to performance, that is the direct result of curtailment, cessation of operations, relocation of operations, reorganization or position elimination or job restructuring due to a change in required competencies or qualification for positions, as determined by the Administrator, in its sole discretion.

(ii) Alternate Termination Period.

(1) In the event of Participant's Termination of Employment as a result of a plant closing or Restructuring Event that occurs at a time when Participant is not Retirement eligible, Participant may, to the extent Participant is vested in the Shares subject to this Option, exercise this Option up until the later of (x) the date that is three (3) months after Participant's Termination of Employment, or (y) the date that is three (3) months following the second (2^{nd}) annual anniversary of the Date of Grant, but in no event beyond the Expiration Date set forth above.

(2) In the event of Participant's Termination of Employment as a result of a plant closing or Restructuring Event that occurs at a time when Participant is Retirement eligible:

(A) If Participant's Termination of Employment occurs before the first anniversary of the Date of Grant, Participant may, to the extent Participant is vested in the Shares subject to this Option, exercise this Option for up to three (3) years from the date of Participant's Termination of Employment, but not beyond the Expiration Date set forth above.

(B) If Participant's Termination of Employment occurs on or after the first anniversary of the Date of Grant, Participant may, to the extent Participant is vested in the Shares subject to this Option, exercise this Option until the Expiration Date set forth above.

(e) Termination without Cause or Resignation for Good Reason following a Change in Control.

(i) Acceleration of Vesting Schedule/Exercise Schedule. In the event of Participant's Termination of Employment by the Company without Cause or as a result of Participant's resignation for Good Reason, in either case upon or within twenty-four (24) months following the consummation of a Change in Control, 100% of the Shares subject to this Option will vest and become exercisable immediately upon such termination.

(ii) Alternate Termination Period. In the event of Participant's Termination of Employment by the Company without Cause or as a result of Participant's resignation for Good Reason, in either case, upon or within twenty-four (24) months following the consummation of a Change in Control, Participant may, to the extent Participant is vested in the Shares subject to this Option, exercise this Option until the Expiration Date set forth above.

For purposes of this Option, "Cause" means (i) an act of dishonesty, fraud or misrepresentation made by Participant in connection with Participant's responsibilities to the Company, (ii) Participant's willful, material violation of any law or regulation applicable to the business of the Company; (iii) Participant's conviction of, or plea of nolo contendere to, a felony or any crime that, in either case, has resulted in or is reasonably expected to result in material injury to the business or reputation of the Company, (iv) Participant's willful misconduct or gross negligence in connection with carrying out Participant's job responsibilities to the Company, (v) Participant's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom Participant owes an obligation of nondisclosure as a result of Participant's relationship with the Company; (vi) Participant's willful breach of any obligations under any written agreement or covenant with the Company that is injurious to the Company; (vii) Participant's violation or disregard of any Company policy that has resulted in or is reasonably expected to result in material injury to the business or reputation of the Company; or (viii) Participant's failure or refusal to perform Participant's duties and responsibilities to the Company. For purposes of clarity, all references herein to the Company shall include references to any Affiliate and any successor to the Company or any Affiliate, and a termination without "Cause" does not include any termination that occurs as a result of Participant's death or disability.

For purposes of this Award, "Good Reason" means Participant's resignation due to the occurrence of any of the following conditions which occurs without Participant's written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (i) a material reduction of Participant's base compensation (other than as part of an across-the-board salary reduction applicable to all similarly situated employees); (ii) a material reduction of Participant's duties, authority, responsibilities or reporting relationship, relative to Participant's duties, authority, responsibilities or reporting relationship as in effect immediately prior to such reduction; or (iii) the Company (or a successor, if appropriate) requires Participant to relocate to a facility or location more than twenty-five (25) miles away from the location at which Participant was working immediately prior to the required relocation and such relocation increases Participant's one way commute by thirty (30) minutes or more during normal commuting hours and under typical traffic conditions. In order for Participant to resign for Good Reason, Participant must provide written notice to the Company of the existence of the Good Reason condition within sixty (60) days of the initial existence of such Good Reason condition and not be required to provide for the acceleration of vesting described herein as a result of such proposed resignation. Upon receipt of such notice, the Company will have thirty (30) days during which it may remedy the Good Reason condition. If the Good Reason condition is not remedied within such thirty (30) day period, Participant may resign based on the Good Reason condition specified in the notice effective no later than thirty (30) days following the expiration of the Company's thirty (30) day cure period.

(f) Termination for Cause. In the event of Participant's Termination of Employment for Cause, this Option (including any vested portion thereof) shall immediately terminate in its entirety upon first notification to Participant of such termination for Cause. If Participant's Termination of Employment is suspended pending an investigation of whether Participant will be terminated for Cause, the Company, in its discretion, may provide that all Participant's rights under this Option, including the right to exercise this Option, shall be suspended during the investigation period.

(g) Inappropriate Activity. To the extent permitted by applicable law, if at any time Participant engages in any activity in competition with any activity of the Company or any Affiliate, or in any activity inimical, contrary or harmful to the interests of the Company or any Affiliate, including, but not limited to: (i) conduct related to Participant's employment for which either criminal or civil penalties against Participant may be sought, (ii) violation of Company or any Affiliate policies, including, without limitation, the Company's insider trading policy, (iii) accepting employment with or serving as a consultant, advisor or in any other capacity to an employer that is in competition with or acting against the interest of the Company or any Affiliate, (iv) disclosing or misusing any confidential information or material concerning the Company or any Affiliate, or (v) participating in a hostile takeover attempt, this Option (including any vested portion thereof) shall immediately terminate in its entirety.

2. Exercise of Option.

(a) Right to Exercise. This Option may be exercised only to the extent, and at the times, permitted pursuant to the terms set forth this Stock Option Award and the Plan.

(b) Method of Exercise. This Option may only be exercised in a manner, and pursuant to such procedures, as the Administrator may determine from time to time, provided any such procedures shall including Participant's election to exercise this Option, the number of Shares in respect of which this Option is being exercised (the "Exercised

Shares"), and such other representations and agreements as may be required by the Company. The exercise must be accompanied by payment of the aggregate Grant Price as to all Exercised Shares. This Option will be deemed to be exercised only upon receipt by the Company of Participant's election to exercise, the aggregate Grant Price for the Exercised Shares, and any payment or satisfaction in a manner acceptable to the Company of any applicable Tax-Related Items.

3. Method of Payment. Payment of the aggregate Grant Price will be by any of the following, or a combination thereof, at the election of Participant unless the Administrator in its sole discretion requires a specific method of payment:

(a) cash or check (denominated in U.S. dollars);

(b) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan and executed via a third party vendor; or

(c) attest to, or surrender of, other Shares which have a Fair Market Value on the date of attestation or surrender equal to the aggregate Grant Price of the Exercised Shares, provided that accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company.

Participant understands and agrees that any cross-border remittance made to exercise this option or transfer proceeds received upon the sale of Shares must be made through a locally authorized financial institution or registered foreign exchange agency, and may require Participant to provide such entity with certain information regarding the transaction.

4. Tax Obligations.

(a) Taxes and other Required Payments. Regardless of any action the Company or Participant's employer (the "Employer") takes with respect to any or all applicable national, local, or other taxes or social contributions, withholdings, required deductions, or other payments, if any, that arise upon the grant, vesting, or exercise of this Option, the holding or subsequent sale of Shares, and the receipt of dividends, if any ("Tax-Related Items"), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility, and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this Option, including the grant, vesting, or exercise of this Option, the holding or subsequent sale of Shares acquired under the Plan and the receipt of dividends, if any; and (ii) does not commit to and is under no obligation to structure the terms of this Option or any aspect of this Option to reduce or eliminate Participant's liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) No Shares will be issued to Participant pursuant to this Option or payment will be made to Participant (or his or her estate or beneficiary) with respect to this Option unless and until satisfactory arrangements (as determined by the Company) have been made by Participant with respect to the payment of any Tax-Related Items obligations of the Company and/or the Employer with respect to this Option. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by the Company or the Employer;

(ii) minimum statutory withholding from proceeds of the sale of Shares acquired upon exercise of this Option, either through a voluntary sale or through a mandatory sale arranged by the Company and executed by a third party vendor (on Participant's behalf pursuant to this authorization);

(iii) minimum statutory withholding in Shares to be issued upon exercise of this Option; or

(iv) surrendering already-owned Shares having a Fair Market Value equal to the Tax-Related Items, so long as the surrender of such Shares will not result in any adverse accounting consequences to the Company.

If the obligation for Tax-Related Items is satisfied by withholding Shares, Participant is deemed to have been issued the full number of Shares purchased for tax purposes, notwithstanding that a number of the Shares is held back solely for the purpose of paying the Tax-Related Items due as a result of Participant's participation in the Plan. Participant shall pay to the

Company or Employer any amount of Tax-Related Items that the Company may be required to withhold as a result of Participant's participation in the Plan that cannot be satisfied by one or more of the means previously described in this Section 4. Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to issue or deliver the Shares or the proceeds of the sale of Shares if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

5. Rights as Stockholder. Until the issuance of the Shares subject to this Option (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to this Option, notwithstanding the exercise of this Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 3.2 of the Plan.

6. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE EMPLOYER) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THE OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS STOCK OPTION AWARD, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE EMPLOYER) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE (SUBJECT TO APPLICABLE LAW).

7. Nature of Grant. In accepting this Option, Participant acknowledges that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of this Option is voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted repeatedly in the past;

(c) all decisions with respect to future awards of Options, if any, will be at the sole discretion of the Company;

(d) Participant's participation in the Plan is voluntary;

(e) this Option and the Shares subject to this Option are extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any;

(f) this Option and the Shares subject to this Option are not intended to replace any pension rights or compensation;

(g) this Option and the Shares subject to this Option are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty; further, if Participant exercises this Option and obtains Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the Grant Price;

(i) Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of this Option (or the calculation of income or Tax-Related Items thereunder);

(j) in consideration of the grant of this Option, no claim or entitlement to compensation or damages shall arise from forfeiture of this Option resulting from termination of employment by the Employer (for any reason whatsoever and

whether or not in breach of local labor laws), and Participant irrevocably releases the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, Participant shall be deemed irrevocably to have waived his or her entitlement to pursue such claim; and

(k) this Option and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a Change in Control, merger, take-over or transfer of liability.

8. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the Shares underlying this Award. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

9. ***Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Stock Option Award by and among, as applicable, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from this Option.***

Participant understands that the Company and its Affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any Affiliate, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any Affiliate or third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.

10. Address for Notices. Any notice to be given to the Company under the terms of this Stock Option Award will be addressed to the Company, in care of its General Counsel at Zoetis Inc., Five Giralda Farms, Madison, New Jersey 07940, or at such other address as the Company may hereafter designate in writing.

11. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, this Option, as evidenced by this Stock Option Award and the Plan, will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Shares. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of this Option or the Shares upon any securities exchange or under any state, federal or foreign law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the grant of this Option or the issuance of Shares to Participant (or his or her estate), such grant or issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. The Company will make all reasonable efforts to meet the requirements of any such state, federal or foreign law or securities exchange and to obtain any such consent or approval of any such governmental authority. Assuming such compliance, for income tax purposes the Exercised Shares will be considered transferred to Participant on the date this Option is exercised with respect to such Exercised Shares, subject to applicable law. The Company shall not be obligated to treat this Option as outstanding or issue any Shares pursuant to this Option at any time if the grant of this Option, the issuance of Shares pursuant to this Option, or the exercise of an Option by Participant, violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

14. Administrator Authority. The Administrator will have the power to interpret the Plan, this Stock Option Award and to adopt such rules for the administration, interpretation and application of the Plan and this Stock Option Award as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to this Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be

final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Stock Option Award.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to this Option, any future options or other equity awards granted by the Company, whether under the Plan or otherwise, or any other Company securities by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Language. If Participant has received this Stock Option Award, including appendices, or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

17. Imposition of Other Requirements. The Company reserves the right to impose other requirements on Participant's participation in the Plan, on this Option and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant, vesting, and/or exercise of this Option or the holding or disposition of Shares or receipt of dividends, if any (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent exercise of this Option or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to this Option or the Shares. Notwithstanding any provision herein, this Option and any Shares shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "Country-Specific Addendum," which forms part this Stock Option Award).

18. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Stock Option Award.

19. Stock Option Award Terms Severable. In the event that any provision in this Stock Option Award will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Stock Option Award.

20. Modifications to Stock Option Award. This Stock Option Award and the Plan constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Stock Option Award in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Stock Option Award or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Stock Option Award, the Company reserves the right to revise this Stock Option Award as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A of the Code or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this Option.

21. Amendment, Suspension or Termination of the Plan. By accepting the Option represented by this Stock Option Award, Participant expressly warrants that he or she has received an Option under the Plan, and has received, read and understood the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

22. Governing Law. This Stock Option Award will be governed by the laws of the State of Delaware, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Option, this Stock Option Award or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of New Jersey, and agree that such litigation will be conducted in the courts of the Morris County, New Jersey, or the federal courts for the United States for the District of New Jersey, and no other courts, where this Option is made and/or to be performed.

By Participant's acceptance of this Stock Option Award, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of this Stock Option Award (including any country-specific addendum thereto) and the Plan, and any ancillary documents, all of which are being delivered simultaneously with, and made a part of, this Stock Option Award. In addition, Participant acknowledges and agrees that Participant has reviewed the Plan and this Stock Option Award in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Stock Option Award and fully understand all provisions of the Plan and this Stock Option Award. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and this Stock Option Award. Participant further agrees to notify the Company upon any change in Participant's residence address.

Country-Specific Addendum to the Stock Option Award

This Addendum includes additional country-specific notices, disclaimers, and/or terms and conditions that apply to individuals in the countries listed below and that may be material to Participant's participation in the Plan. This information may be material to Participant's participation in the Plan. Participant is solely responsible for any obligations outlined, as well as general tax or other obligations that may apply. As local laws are often complex and change frequently and the information provided is general in nature and may not apply to Participant's specific situation, the Company cannot assure Participant of any particular result, and Participant should seek his or her own professional legal and tax advice. This Addendum forms part of the Stock Option Award and should be read in conjunction with the Stock Option Award and the Plan. Unless otherwise noted, capitalized terms shall take the same definitions assigned to them under the Plan and the Stock Option Award.

Securities Law Notice: Unless otherwise noted, neither the Company nor the Shares are registered with any local stock exchange or under the control of any local securities regulator outside the United States. The Plan, grant documentation, and any other communications or materials that Participant may receive regarding participation in the Plan do not constitute advertising or an offering of securities outside the United States. The issuance of securities described in any Plan-related documents is not intended for public offering or circulation in Participant's jurisdiction.

European Union	**Data Privacy.** The following supplements the Section 11 of the Stock Option Award: ***Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view his or her Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Participant's human resources representative.***
Argentina	**Cashless Exercise.** Due to legal restrictions, Participant may exercise Participant's Options via cashless exercise methods only. **Foreign Exchange Information.** US dollar transactions must be conducted through financial intermediaries authorized by the Argentine Central Bank. Under recent amendments in 2012 to Argentine foreign exchange restrictions, the transfer of funds outside Argentina may be limited or restricted. US dollar proceeds from an option exercise or other sale of stock by a participant, when remitted to Argentina, are subject to conversion to Argentine pesos at applicable exchange rates and subject to any applicable regulations of the Central Bank. In addition, the transfer of funds into Argentina as a repatriation of a portfolio investment abroad may be subject to a 365-day deposit and holding with an Argentine financial institution. Please confirm the foreign exchange requirements with Participant's local bank before any transfer of funds in or out of Argentina.
Austria	**Foreign Ownership Reporting.** If Participant is an Austrian national who owns securities in foreign deposits, Participant must file an annual notification with the Austrian National Bank if the value of the securities in foreign deposits exceeds EUR 5 million or equivalent at the end of the year. If the value of these securities in foreign deposits exceeds EUR 30 million or equivalent at the end of a quarter, then these notifications shall be made quarterly.
Belgium	**Belgium Option Offer Documentation.** The Option is also subject to the terms, acceptance procedures, and undertaking in the separate Belgium Option Offer Documentation, which may require Participant to take additional steps in respect of the Option. Please refer to the separate Belgium Option Offer Documentation for further information regarding accepting Participant's Option and the timing of taxation.
Brazil	**Foreign Ownership Reporting.** If Participant is a resident of Brazil, Participant will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil ("BACEN") if the aggregate value of such assets and rights (including any capital gain, dividend or profit attributable to such assets) is equal to or greater than US $100,000. The reporting should be completed at the beginning of the year.

Canada	**Securities Law Notice.** The security represented by the Stock Option Award was issued pursuant to an exemption from the prospectus requirements of applicable securities legislation in Canada. Participant acknowledges that as long as the Company is not a reporting issuer in any jurisdiction in Canada, the Options and the underlying Shares will be subject to an indefinite hold period and that the Options and the underlying Shares are subject to restrictions on their transfer pursuant to such applicable securities legislation. Participant further acknowledges that (i), unless permitted under applicable securities legislation, the Participant is not permitted to transfer the Options or the underlying Shares before the date that is 4 months and a day after the later of (a) the date of this Stock Option Award and (b) the date the Company became a reporting issuer (as such term is defined under applicable securities legislation) in any province of territory in Canada; (ii) the certificates representing the Options and the underlying Shares will bear the legend required by applicable securities legislation indicating that the resale of such securities is restricted; and (iii) the Participant has been advised to consult his or her own legal counsel for full particulars of the resale restrictions applicable to the Participant. **Foreign Share Ownership Reporting.** If Participant is a Canadian resident, Participant's ownership of certain foreign property (including shares of foreign corporations) in excess of $100,000 may be subject to ongoing annual reporting obligations. **Quebec: Consent to Receive Information in English.** The following applies if Participant is a resident of Quebec: The parties acknowledge that it is their express wish that this Stock Option Award, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. *Les parties reconnaissent avoir exigé la redaction en anglais de cette convention*, *ainsi que de tous documents exécutés, avis donnés et procedures judiciaries intentées, directement ou indirectement, relativement à la présente convention.*
Chile	**Foreign Exchange Information.** It is Participant's responsibility to make sure that Participant complies with foreign exchange requirements in Chile when the value of any Option or Share transaction is in excess of US $10,000, regardless of whether Participant exercises Participant's Option through a cash exercise or cashless method. If Participant's aggregate investments held outside of Chile exceeds US $5,000,000 (including the investments made under the Plan), Participant must report the investments annually to the Central Bank.
Colombia	**Foreign Ownership Reporting.** Prior approval from a government authority is not required to exercise Options or hold Shares. However, if the value of foreign investments, including the value of any equity awards, equals or exceeds US $500,000, such investments must be registered with the Colombian Central Bank by June 30th of each year.
Czech Republic	**Foreign Exchange Information.** Participant may be required by the Czech National Bank to report any remittances abroad of CZK 1 million or more. The could apply to the transfer of funds to exercise Options, and Participant is recommended to consult with his or her personal advisor regarding any such requirement.
Ecuador	**Foreign Exchange Information.** Please note that a withholding tax of 2% is applied to amounts exceeding US $1,000 remitted abroad (including for the purpose of exercising Options) by any person in Ecuador by any means.
France	**No Tax Qualification.** This grant is not intended to be a tax-qualified award and is not granted under any Sub-Plan for French tax purposes. Accordingly, the relevant vesting and termination provisions will be as stated in the Stock Option Award. **Foreign Ownership Information.** Residents of France with foreign account balances in excess of EUR 1 million or its equivalent must report monthly to the Bank of France. **Consent to Receive Information in English.** Participant confirms that he or she has read and understands the documents relating to this grant (the Plan and this Stock Option Award) which were provided to Participant in the English language. Participant accepts the terms of those documents accordingly. *Vous confirmez avoir lu et compris les documents relatifs aÌ cette attribution (le Plan et ce Contrat) qui vous ont été communiqués en langue anglaise. Vous en acceptez les termes en connaissance de cause.*

India	**Repatriation Requirement.** Participant shall take all reasonable steps to repatriate to India immediately all foreign exchange received by Participant as a consequence of Participant's participation in the Plan and in any case not later than 90 days from the date of sale of Shares so acquired by Participant under the Plan. Further, Participant shall in no case take any action (or refrain from taking any action) that has the effect of a) delaying the receipt by Participant of the whole or part of such foreign exchange; or b) eliminating the foreign exchange in whole or in part to be receivable by Participant. Upon receipt or realization of the foreign exchange in India, including in relation to any dividend payments, Participant shall surrender the received or realised foreign exchange to an authorised person within a period of 180 days from the date of such receipt or realisation, as the case may be. Please note that Participant should keep the remittance certificate received from the bank where foreign currency is deposited in the event that the Reserve Bank of India, the Company, or Participant's employer requests proof of repatriation. Due to the above repatriation requirement, Participant will not be permitted in any Company dividend reinvestment program (if any).
Ireland	**Director Notification Obligation.** If Participant is a director or shadow director of the Company or a Subsidiary or Affiliate, Participant may be subject to special reporting requirements with regard to the acquisition of Shares or rights over Shares (including acquisitions by Participant's spouse or children). Participant should contact his or her personal legal advisor for further details if Participant is a director or shadow director.
Italy	**Cashless Exercise.** Due to legal restrictions, Participant may exercise Participant's Options via cashless exercise methods only. **Foreign Exchange Information.** Participant may be required to report on Participant's annual tax return any transfer abroad in excess of EUR 10,000 and not delivered by an authorized Italian bank. **Data Privacy Consent.** Pursuant to Legislative Decree no. 196/2003, the Controller of personal data processing is Zoetis, Inc., with registered offices at 5 Giralda Farms, Madison, New Jersey 07940 USA, and its Representative in Italy for privacy purposes is the Participant's human resources representative, ZoetisCompensation@zoetis.com. I understand that Personal Data processing related to the purposes specified above shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Personal Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to Legislative Decree no. 196/200. The processing activity, including the communication and transfer of my Personal Data abroad, including outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require my consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. I understand that the use of my Personal Data will be minimized where it is not necessary for the implementation , administration and management of the Plan. I further understand that, pursuant to Section 7 of the Legislative Decree no. 196/2003, I have the right to, including but not limited to, access, delete, update, ask for rectification of my Personal Data and stop, for legitimate reason, the Personal Data processing. Furthermore, I am aware that my Personal Data will not be used for direct marketing purposes.
Korea	**Repatriation Requirement.** Please note that proceeds received from the sale of stock overseas must be repatriated to Korea within eighteen (18) months if such proceeds exceed US $500,000 per sale. Separate sales may be deemed a single sale if the sole purpose of separate sales was to avoid a sale exceeding the US $500,000 per sale threshold.

Mexico	**Labor Law Statement.** The invitation Zoetis is making under the Plan is unilateral and discretionary and is not related to the salary and other contractual benefits granted to Participant by Participant's employer. Zoetis reserves the absolute right to amend the Plan and discontinue it at any time without any liability to Participant. This invitation and, in Participant's case, the acquisition of shares does not, in any way, establish a labor relationship between Participant and Zoetis, nor does it establish any rights between Participant and Participant's employer. La invitación que Zoetis hace en relación con el Plan es unilateral y discrecional, por lo tanto, Zoetis se reserva el derecho absoluto para modificar o terminar el mismo, sin ninguna responsabilidad para usted. Esta invitación y, en su caso, la adquisición de acciones, de ninguna manera establecen relación laboral alguna entre usted y Zoetis y tampoco establece derecho alguno entre usted y su empleador.
Philippines	**Securities Law Notice.** This offering is subject to exemption from the requirements of registration with the Philippines Securities and Exchange Commission under Section 10.1 (k) of the Philippines Securities Regulation Code. **THE SECURITIES BEING OFFERED OR SOLD HAVE NOT BEEN REGISTERED WITH THE PHILIPPINES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE THEREOF IS SUBJECT TO REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.**
Poland	**Foreign Ownership Reporting.** If Participant holds more than PLN 7,000,000 in foreign securities (including Shares) at year-end, Participant is required to report quarterly to the National Bank of Poland regarding the number and value of such securities. Such reports are filed on special forms available on the website of the National Bank of Poland. Additional forms are required if Participant holds 10% or more of the voting rights in a foreign entity.
Singapore	**Securities Law Notice.** This Option grant and the Shares to be issued hereunder shall be made available only to an employee of the Company or its Subsidiary or Affiliate, in reliance of the prospectus exemption set out in Section 173(1)(f) of the Securities and Futures Act (Chapter 289) of Singapore. In addition, Participant agrees, by his or her acceptance of this grant, not to sell any Shares within six months of the date of grant. Please note that neither this Stock Option Award nor any other document or material in connection with this offer of the Option and the Shares has been or will be lodged, registered or reviewed by any regulatory authority in Singapore. **Director Reporting.** If Participant is a director or shadow director of the Company or a Subsidiary or Affiliate, Participant may be subject to special reporting requirements with regard to the acquisition of Shares or rights over Shares. Participant should contact his or her personal legal advisor for further details if Participant is a director or shadow director. **Exit Tax / Deemed Exercise Rule.** If Participant has received Options in relation to Participant's employment in Singapore, please note that if Participant is 1) a permanent resident of Singapore and leave Singapore permanently or are transferred out of Singapore; or 2) neither a Singapore citizen nor permanent resident and either cease employment in Singapore or leave Singapore for any period exceeding 3 months, Participant will likely be taxed on Participant's Options on a “deemed exercise” basis, even if Participant's Options have not yet vested. Participant should discuss his or her tax treatment with Participant's personal tax advisor.
Spain	**Foreign Ownership Reporting.** If Participant is a Spanish resident, Participant's acquisition, purchase, or sale of foreign-listed stock may be subject to ongoing annual reporting obligations with the General Directorate of International Economy and Foreign Transactions. If shares are kept abroad, Participant will need to submit a statistical report on an official Form D6 each January in relation to the preceding year. Additionally, a Form D8 must be submitted to the aforementioned authorities in certain circumstances. In addition, if Participant is a Spanish tax resident, under new law Participant must also report to the tax authorities if Participant holds shares abroad with a value of EUR 50,000 or more.

Taiwan	**Foreign Exchange Information.** Participant may acquire and remit foreign currency (including proceeds from the sale of Shares) into and out of Taiwan of up to US $5,000,000 per year. If this threshold is exceeded or if the transaction amount is TWD $500,000 or more in a single transaction or in certain other situations, Participant may be required to provide additional supporting documentation to the satisfaction of the remitting bank. Participant should consult with his or her personal advisor to ensure compliance with applicable exchange control laws in Taiwan.
Thailand	**Repatriation Requirement.** All proceeds from the sale of Shares must be remitted to Thailand and must be deposited or converted into Thai Baht with a commercial bank in Thailand within 360 days of receipt. Dividend payments (if any) will also be subject to this repatriation requirement unless they are reinvested pursuant to any Company dividend reinvestment program. **Foreign Exchange Information.** In case of cash exercise of Options, Participant may be requested to submit certain supporting documentation to Participant's commercial bank in relation to Participant's Options; should Participant require copies of the Plan or other documentation for this purpose, please contact Participant's local human resources representative. If the transfer of funds abroad exceeds US $1 million per annum, Participant must obtain approval from the Bank of Thailand to such remittance.
United Arab Emirates	**Securities Law Notice.** This Plan has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This Plan is strictly private and confidential and has not been reviewed by, deposited or registered with the UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This Plan is being issued from outside the United Arab Emirates to a limited number of employees of the Company or a Subsidiary or Affiliate and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the issue of any securities or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.
United Kingdom	**Withholding of Tax.** This provision supplements Section 6 of the Stock Option Award: If payment or withholding of the Tax-Related Items is not made within ninety (90) days of the event giving rise to the Tax-Related Items (the "***Due Date***") or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003, the amount of any uncollected Tax-Related Items will constitute a loan owed by Participant to the Employer, effective on the Due Date. Participant agrees that the loan will bear interest at the then-current Official Rate of Her Majesty's Revenue and Customs ("***HMRC***"), it will be immediately due and repayable, and the Company or the employer may recover it at any time thereafter by any of the means referred to in Section 6 of the Stock Option Award. Notwithstanding the foregoing, if Participant is a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), Participant will not be eligible for such a loan to cover the Tax-Related Items. In the event that Participant is a director or executive officer and the Tax-Related Items are not collected from or paid by Participant by the Due Date, the amount of any uncollected Tax-Related Items will constitute a benefit to Participant on which additional income tax and national insurance contributions will be payable. Participant will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime.

Exhibit 10.23

ZOETIS INC.

2013 Equity and Incentive Plan

NON-EMPLOYEE DIRECTOR DEFERRED STOCK UNIT AWARD

Zoetis Inc. (the "Company") has granted to the person named below (the "Participant"), an Award of Deferred Stock Units, subject to all of the terms, definitions and provisions of this Deferred Stock Unit Award (this "DSU Award") and the Zoetis Inc. 2013 Equity and Incentive Plan (the "Plan"), which is incorporated herein by reference, as follows:

Participant Name __

Date of Grant __

Number of Deferred Stock Units __

Unless otherwise defined in this DSU Award, the terms used in this DSU Award shall have the meanings defined in the Plan. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this DSU Award, the terms and conditions of the Plan will prevail.

1. Vesting Schedule. 100% of the Deferred Stock Units subject to this Award shall be immediately vested as of the Date of Grant.

2. Company's Obligation to Pay; Deferred Settlement. Each Deferred Stock Unit represents the right to receive one Share. Prior to actual payment of any Shares, such Deferred Stock Unit will represent an unsecured obligation of the Company. Deferred Stock Units will be automatically settled and paid to Participant in Shares (including fractional Shares), subject to Participant satisfying any applicable tax, tax withholding or other obligations as set forth in Section 5. Subject to the provisions of this Section 2, such vested Deferred Stock Units will be paid in Shares within sixty (60) days) following the Participant's Termination of Employment (provided that such Termination of Employment qualifies as a "separation from service" (as defined in Treasury Regulation 1.409A-1(h)). The Company shall have the sole discretion to determine when Participant's Termination of Employment occurs. Further, notwithstanding anything stated herein or the Plan, if this Award is not assumed or substituted in connection with a Change in Control, this Award shall terminate in its entirety immediately following such Change in Control.

Notwithstanding anything in the Plan or this DSU Award to the contrary, if Participant is a "specified employee" (as defined in Treasury Regulation 1.409A-1(i)) at the time of such separation from service and to the extent required to avoid any additional tax under Section 409A of the Code, the Deferred Stock Units will not be settled and paid to Participant until the date six (6) months and one (1) day following the date of Participant's separation from service, unless the Participant dies following his or her separation from service, in which case, the Deferred Stock Units will be paid in Shares to the Participant's estate as soon as practicable following his or her death. It is the intent of this DSU Award to comply with the requirements of Section 409A of the Code so that none of the Deferred Stock Units provided under this DSU Award or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A of the Code, and any ambiguities herein will be interpreted to so comply.

3. Reserved.

4. Inappropriate Activity. To the extent permitted by applicable law, if at any time Participant engages in any activity in competition with any activity of the Company or any Affiliate, or in any activity inimical, contrary or harmful to the interests of the Company or any Affiliate, including, but not limited to: (i) conduct related to Participant's employment for which either criminal or civil penalties against Participant may be sought, (ii) violation of Company or any Affiliate policies, including, without limitation, the Company's insider trading policy, (iii) accepting employment with or serving as a consultant, advisor or in any other capacity to an employer that is in competition with or acting against the interest of the Company or any Affiliate, (iv) disclosing or misusing any confidential information or material concerning the Company or any Affiliate, or (v) participating in a hostile takeover attempt, this Award shall immediately terminate in its entirety, no Shares shall be issued to Participant and Participant shall forfeit any and all rights hereunder.

5. Tax Obligations. Regardless of any action the Company or Participant's employer (the "Employer") takes with respect to any or all applicable national, local, or other taxes or social contributions, withholdings, required deductions, or other

payments, if any, that arise upon the grant or vesting of the Deferred Stock Units or the holding or subsequent sale of Shares, and the receipt of dividends (or dividend equivalent units), if any ("Tax-Related Items"), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Deferred Stock Units, including grant or vesting, the holding or subsequent sale of Shares acquired under the Plan, and the receipt of dividends (or dividend equivalents), if any; and (b) does not commit to and is under no obligation to structure the terms of the Deferred Stock Units or any aspect of the Deferred Stock Units to reduce or eliminate Participant's liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Notwithstanding any contrary provision of this DSU Award, no Shares will be issued (or other payment made) to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any Tax-Related Items that the Company determines must be satisfied with respect to such Shares.

The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax-Related Items, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold the minimum statutory amount of Shares otherwise deliverable pursuant to this Award, (c) delivering to the Company already vested and owned Shares, or (d) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise). To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any Tax-Related Items by reducing the number of Shares otherwise deliverable to Participant. If Participant fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder at the time any applicable Deferred Stock Units otherwise are scheduled to vest pursuant to Section 1 above, Participant will permanently forfeit such Deferred Stock Units and any right to receive Shares thereunder and the Deferred Stock Units will be returned to the Company at no cost to the Company.

6. Rights as Stockholder. Until the issuance of the Shares subject to this Award (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to this Award. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 7 below and Section 3.2 of the Plan.

7. Dividend Equivalent Units. Unless otherwise set forth in the Country Specific Addendum, if the Company declares a dividend on its Common Stock, Participant will be entitled to receive a dividend equivalent unit equal to (i) the amount of such dividend declared and paid with respect to one share of Common Stock, multiplied by (ii) the number of Deferred Stock Units, and dividend equivalent units, subject to this DSU Award, if any, that are outstanding on the applicable dividend record date with respect to such dividend payment date. Dividend equivalent units will not be credited with interest. Unless otherwise set forth in the Country Specific Addendum dividend equivalent units shall be paid in Shares and shall be paid on the date on which the Company issues the Shares underlying such Deferred Stock Units, and dividend equivalent units, on which the dividend equivalent units were issued. The Administrator may prospectively change the method of crediting dividend equivalent units as it, in its sole discretion, determines appropriate from time to time provided that such change does not have a material adverse tax effect on Participant.

8. No Guarantee of Continued Service or Grants. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE DEFERRED STOCK UNITS PUDSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE EMPLOYER) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OF DEFERRED STOCK UNITS OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS DSU AWARD, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE EMPLOYER) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE (SUBJECT TO APPLICABLE LAWS).

Participant also acknowledges and agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of Deferred Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Deferred Stock Units, or benefits in lieu of Deferred Stock Units even if Deferred Stock Units have been granted repeatedly in the past; (c) all decisions with respect to future awards of Deferred Stock Units, if any, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary; (e) the Deferred Stock Units and the Shares subject to the Deferred Stock Units are extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any; (f) the Deferred Stock Units and the Shares subject to the Deferred Stock Units are not intended to replace any pension rights or compensation; (g) the Deferred Stock Units and the Shares subject to the Deferred Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

9. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the Shares underlying this Award. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

10. Address for Notices. Any notice to be given to the Company under the terms of this DSU Award will be addressed to the Company, in care of its General Counsel at Zoetis Inc., Five Giralda Farms, Madison, New Jersey 07940, or at such other address as the Company may hereafter designate in writing.

11. Non-Transferability of Deferred Stock Units. The Deferred Stock Units shall not be transferable other than by will or the laws of descent and distribution. The designation of a beneficiary does not constitute a transfer.

12. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, the Deferred Stock Units, as evidenced by this DSU Award and the Plan, will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

13. Additional Conditions to Issuance of Shares. If at any time the Company will determine, in its discretion, that the listing, registration or qualification of this Award or the Shares upon any securities exchange or under any state, federal or foreign law, or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the grant of this Award or the issuance of Shares to Participant (or his or her estate), such grant or issuance will not occur unless and until such listing, registration, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the grant of this Award or the delivery of the payment of any Shares will violate federal securities laws or other applicable laws, the Company will defer the grant of this Award or the delivery until the earliest date at which the Company reasonably anticipates that the grant of this Award or the delivery of Shares will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state, federal or foreign law or securities exchange and to obtain any such consent or approval of any such governmental authority. The Company shall not be obligated to treat this Award as outstanding or issue any Shares pursuant to this Award at any time if the grant of this Award or the issuance of Shares pursuant to this Award violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

Furthermore, the Company reserves the right to impose other requirements on Participant's participation in the Plan, this Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant or vesting of the this Award or the holding or disposition of Shares or receipt of dividends (or dividend equivalent units), if any (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent the grant of this Award or the issuance of Shares or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to this Award or the Shares. Notwithstanding any provision herein, this Award and any Shares shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "Country-Specific Addendum," which forms part this DSU Award).

14. Administrator Authority. The Administrator will have the power to interpret the Plan and this DSU Award and to adopt such rules for the administration, interpretation and application of the Plan and this DSU Award as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Deferred Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this DSU Award.

15. Electronic Delivery and Language. The Company may, in its sole discretion, decide to deliver any documents related to this Award, any future deferred stock units or other equity awards granted by the Company, whether under the Plan or otherwise, or any other Company securities by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company. If Participant has received this DSU Award, including appendices, or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

16. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this DSU Award.

17. Agreement Severable. In the event that any provision in this DSU Award will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this DSU Award.

18. Modifications to the Agreement. This DSU Award and the Plan constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this DSU Award in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this DSU Award or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this DSU Award, the Company reserves the right to revise this DSU Award as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A of the Code or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this Award of Deferred Stock Units.

19. ***Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this DSU Award by and among, as applicable, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from this Award. Participant understands that the Company and its Affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any Affiliate, details of all Deferred Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any Affiliates or third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.***

20. Foreign Exchange Fluctuations and Restrictions. Participant understands and agrees that the future value of the underlying Shares is unknown and cannot be predicted with certainty and may decrease. Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any Affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Deferred Stock Units or Shares received (or the calculation of income or Tax-Related Items thereunder). Participant understands and agrees that any cross-border remittance made to transfer proceeds received upon the sale of Shares must be made through a locally authorized financial institution or registered foreign exchange agency, and may require the Participant to provide such entity with certain information regarding the transaction.

21. Amendment, Suspension or Termination of the Plan. By accepting this Award represented by this DSU Award, Participant expressly warrants that he or she has received an Award of Deferred Stock Units under the Plan, and has received, read

and understood the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

22. Governing Law. This DSU Award will be governed by the laws of the State of Delaware, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this DSU Award or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of New Jersey, and agree that such litigation will be conducted in the courts of the Morris County, New Jersey, or the federal courts for the United States for the District of New Jersey, and no other courts.

By Participant's acceptance of this DSU Award, Participant and the Company agree that this Award of Deferred Stock Units is granted under and governed by the terms and conditions of this DSU Award (including any country-specific addendum thereto) and the Plan, and any ancillary documents, all of which are being delivered simultaneously with, and made a part of, this DSU Award. In addition, Participant acknowledges and agrees that Participant has reviewed the Plan and this DSU Award in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this DSU Award and fully understand all provisions of the Plan and this DSU Award. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and this DSU Award. Participant further agrees to notify the Company upon any change in Participant's residence address.

Exhibit 10.24

ZOETIS INC.

2013 Equity and Incentive Plan

CASH AWARD

Zoetis Inc. (the "Company") has granted to the person named below (the "Participant"), a cash award ("Cash Award"), subject to all of the terms, definitions and provisions of this Cash Award and the Zoetis Inc. 2013 Equity and Incentive Plan (the "Plan"), which is incorporated herein by reference, as follows:

Participant Name __

Date of Grant __

Number of Underlying Shares __

Fair Market Value on
Date of Grant: __ per Share

Unless otherwise defined in this Cash Award, the terms used in this Cash Award shall have the meanings defined in the Plan. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Cash Award, the terms and conditions of the Plan will prevail.

1. Vesting Schedule.

Regular Vesting Schedule: Subject to any acceleration provisions contained in the Plan or set forth below, 100% of the Cash Award shall vest and be settled on the third annual anniversary of the Date of Grant; provided that this Award shall cease vesting immediately upon Participant's Termination of Employment.

Cash Awards scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in accordance with any of the provisions of this Cash Award unless Participant has continuously and actively been employed with, or providing services to, the Company or any of its Subsidiaries or Affiliates from the Date of Grant until the date such vesting occurs. For non-U.S. Participants and for purposes of this Award and participation in the Plan, Termination of Employment will be deemed to be as of the date that notice of termination is provided (whether by the Company or Subsidiary or Affiliate for any reason or by Participant upon resignation) and will not be extended by any notice period or "garden leave" that may be required contractually or under applicable law. Notwithstanding the foregoing, the Administrator (or any delegate) shall have the sole discretion to determine when Participant is no longer employed or providing services for purposes of this Award and participation in the Plan.

Accelerated Vesting Schedules

Subject to the general provisions above, in the event of the following circumstances, the following vesting and settlement provisions shall apply:

(a) Death. In the event of Participant's Termination of Employment due to Participant's death, 100% of the Cash Award will vest and be settled as soon as practicable after the date of Participant's death (and, in any event, no later than thirty (30) days after Participant's death). The person named in Participant's will or Participant's beneficiary, as the case may be, will receive payment upon settlement of Participant's Cash Award, subject to applicable law.

(b) Total and Permanent Disability. In the event of Participant's Termination of Employment due to Participant's Total and Permanent Disability (as defined below), 100% of the Cash Award will vest and be settled as soon as practicable after Participant's Termination of Employment (and, in any event, no later than thirty (30) days after such termination). For purposes of this Award, "Total and Permanent Disability" shall have the meaning set forth in the Company's long-term disability program.

(c) Retirement. In the event of Participant's Termination of Employment due to Participant's Retirement (as defined below) on or after the first anniversary of the Date of Grant, a pro-rata portion of the unvested Cash Award scheduled to vest on the next vesting date will immediately vest upon such Retirement based on the number of days that Participant was an active Employee from the first day of the Cash Award vesting period through the date of Participant's Retirement, and such vested portion

of the Cash Award will be settled as soon as practicable after Participant's Retirement (and, in any event, no later than thirty (30) days after such termination). For purposes of this Award, "Retirement" means Participant has attained a minimum age of fifty-five (55) and a minimum of ten (10) years of service with the Company or any Affiliate.

(d) Termination as a Result of a Plant Closing or Restructuring Event. In the event of Participant's Termination of Employment as a result of a plant closing or Restructuring Event (as defined below), a pro-rata portion of the unvested Cash Award scheduled to vest on the next vesting date will immediately vest upon such Termination of Employment based on the number of days that Participant was an active Employee from the first day of the Cash Award vesting period through the date of Participant's Termination of Employment, and such vested portion of the Cash Award will be settled as soon as practicable after Participant's Termination of Employment (and, in any event, no later than thirty (30) days after such termination). For purposes of this Award, a "Restructuring Event" means an involuntary Termination of Employment without Cause and not related to performance, that is the direct result of curtailment, cessation of operations, relocation of operations, reorganization or position elimination or job restructuring due to a change in required competencies or qualification for positions, as determined by the Plan Administrator, in its sole discretion.

(e) Termination without Cause or Resignation for Good Reason following a Change in Control. In the event of Participant's Termination of Employment by the Company without Cause (as defined below) or as a result of Participant's resignation for Good Reason (as defined below), in either case, upon or within twenty-four (24) months following the consummation of a Change in Control, 100% of the Cash Award will immediately vest and be settled as soon as practicable after Participant's Termination of Employment (and, in any event, no later than thirty (30) days after such termination).

For purposes of this Award, "Cause" means (i) an act of dishonesty, fraud or misrepresentation made by Participant in connection with Participant's responsibilities to the Company, (ii) Participant's willful, material violation of any law or regulation applicable to the business of the Company; (iii) Participant's conviction of, or plea of nolo contendere to, a felony or any crime that, in either case, has resulted in or is reasonably expected to result in material injury to the business or reputation of the Company, (iv) Participant's willful misconduct or gross negligence in connection with carrying out Participant's job responsibilities to the Company, (v) Participant's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom Participant owes an obligation of nondisclosure as a result of Participant's relationship with the Company; (vi) Participant's willful breach of any obligations under any written agreement or covenant with the Company that is injurious to the Company; (vii) Participant's violation or disregard of any Company policy that has resulted in or is reasonably expected to result in material injury to the business or reputation of the Company; or (viii) Participant's failure or refusal to perform Participant's duties and responsibilities to the Company. For purposes of clarity, all references herein to the Company shall include references to any Affiliate and any successor to the Company or any Affiliate, and a termination without "Cause" does not include any termination that occurs as a result of Participant's death or disability.

For purposes of this Award, "Good Reason" means Participant's resignation due to the occurrence of any of the following conditions which occurs without Participant's written consent, provided that the requirements regarding advance notice and an opportunity to cure set forth below are satisfied: (i) a material reduction of Participant's base compensation (other than as part of an across-the-board salary reduction applicable to all similarly situated employees); (ii) a material reduction of Participant's duties, authority, responsibilities or reporting relationship, relative to Participant's duties, authority, responsibilities or reporting relationship as in effect immediately prior to such reduction; or (iii) the Company (or a successor, if appropriate) requires Participant to relocate to a facility or location more than twenty-five (25) miles away from the location at which Participant was working immediately prior to the required relocation and such relocation increases Participant's one way commute by thirty (30) minutes or more during normal commuting hours and under typical traffic conditions. In order for Participant to resign for Good Reason, Participant must provide written notice to the Company of the existence of the Good Reason condition within sixty (60) days of the initial existence of such Good Reason condition and not be required to provide for the acceleration of vesting described herein as a result of such proposed resignation. Upon receipt of such notice, the Company will have thirty (30) days during which it may remedy the Good Reason condition. If the Good Reason condition is not remedied within such thirty (30) day period, Participant may resign based on the Good Reason condition specified in the notice effective no later than thirty (30) days following the expiration of the Company's thirty (30) day cure period.

2. Company's Obligation to Pay. Each underlying Share subject to the Cash Award represents the right to receive a cash payment if the Cash Award vests equal to (i) the Fair Market Value of a Share on the vesting date minus (ii) the Fair Market Value of a Share on the Date of Grant. No Shares shall be issued to Participant with respect to the Cash Award. Unless and until the Cash Award has vested in the manner set forth in Section 1 above, Participant will have no right to payment under any such Cash Award. Prior to actual payment of any vested Cash Award, such Cash Award will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. The Cash Award will be automatically settled and paid to Participant

in cash as soon as administratively possible after the vesting of such Cash Award (and, in any event, no later than thirty (30) days after such vesting date), subject to Participant satisfying any applicable tax, tax withholding or other obligations as set forth in Section 5. Any such payment shall be made through local payroll.

3. Forfeiture upon Termination of Employment. Notwithstanding any contrary provision of this Cash Award, in the event of Participant's Termination of Employment for any or no reason, the vesting of the Cash Award will immediately cease and the balance of the Cash Award that has not vested as of the date of Participant's Termination of Employment and do not vest as a result of Participant's Termination of Employment will be immediately forfeited without consideration. The Company shall have the sole discretion to determine when Participant's Termination of Employment occurs. Further, notwithstanding anything stated herein or the Plan, if this Award is not assumed or substituted in connection with a Change in Control, this Award shall terminate in its entirety immediately following such Change in Control.

4. Inappropriate Activity. To the extent permitted by applicable law, if at any time Participant engages in any activity in competition with any activity of the Company or any Affiliate, or in any activity inimical, contrary or harmful to the interests of the Company or any Affiliate, including, but not limited to: (i) conduct related to Participant's employment for which either criminal or civil penalties against Participant may be sought, (ii) violation of Company or any Affiliate policies, including, without limitation, the Company's insider trading policy, (iii) accepting employment with or serving as a consultant, advisor or in any other capacity to an employer that is in competition with or acting against the interest of the Company or any Affiliate, (iv) disclosing or misusing any confidential information or material concerning the Company or any Affiliate, or (v) participating in a hostile takeover attempt, this Award shall immediately terminate in its entirety.

5. Tax Obligations. Regardless of any action the Company or Participant's employer (the "Employer") takes with respect to any or all applicable national, local, or other taxes or social contributions, withholdings, required deductions, or other payments, if any, that arise upon the grant or vesting of the Cash Award ("Tax-Related Items"), Participant acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Cash Award, including grant or vesting; and (b) does not commit to and is under no obligation to structure the terms of the Cash Award or any aspect of the Cash Award to reduce or eliminate Participant's liability for Tax-Related Items, or achieve any particular tax result. Further, if Participant has become subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Notwithstanding any contrary provision of this Cash Award, no payment will be made to Participant, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of any Tax-Related Items that the Company determines must be satisfied with respect to such payment.

The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax-Related Items, in whole or in part (without limitation) by (a) paying cash, (b) electing to have the Company withhold amounts otherwise deliverable pursuant to this Award, or (c) electing to have the Company withhold from any other amounts, including payroll or other reimbursements, otherwise payable to Participant, subject to applicable law. If Participant fails to make satisfactory arrangements for the payment of any required Tax-Related Items hereunder at the time any applicable portion of the Cash Award otherwise is scheduled to vest pursuant to Section 1 above, Participant will permanently forfeit such portion of the Cash Award and any right to receive payment thereunder and such portion of the Cash Award will be returned to the Company at no cost to the Company.

6. No Rights as Stockholder. No right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to this Award. No adjustment will be made, except as provided in Section 3.2 of the Plan.

7. No Guarantee of Continued Service or Grants. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE CASH AWARD PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE EMPLOYER) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS CASH AWARD OR RECEIVING PAYMENT HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS CASH AWARD, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR

THE RIGHT OF THE COMPANY (OR THE EMPLOYER) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE (SUBJECT TO APPLICABLE LAWS).

Participant also acknowledges and agrees that: (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time; (b) the grant of Cash Awards is voluntary and occasional and does not create any contractual or other right to receive future grants of Cash Awards, or benefits in lieu of Cash Awards even if Cash Awards have been granted repeatedly in the past; (c) all decisions with respect to future awards of Cash Awards, if any, will be at the sole discretion of the Company; (d) Participant's participation in the Plan is voluntary; (e) the Cash Awards and the cash payments subject to the Cash Awards are extraordinary items that do not constitute regular compensation for services rendered to the Company or the Employer, and that are outside the scope of Participant's employment contract, if any; (f) the Cash Awards and the cash payments subject to the Cash Awards are not intended to replace any pension rights or compensation; (g) the Cash Awards and the cash payments subject to the Cash Awards are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer.

8. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

9. Address for Notices. Any notice to be given to the Company under the terms of this Cash Award will be addressed to the Company, in care of its General Counsel at Zoetis Inc., Five Giralda Farms, Madison, New Jersey 07940, or at such other address as the Company may hereafter designate in writing.

10. Non-Transferability of Cash Award. The Cash Award shall not be transferable other than by will or the laws of descent and distribution. The designation of a beneficiary does not constitute a transfer.

11. Binding Agreement. Subject to the limitation on the transferability of this grant contained herein, the Cash Award, as evidenced by this Cash Award and the Plan, will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

12. Additional Conditions to Payment. If at any time the Company will determine, in its discretion, that any additional steps or qualification in relation to this Award under any state, federal or foreign law or the consent or approval of any governmental regulatory authority is necessary or desirable as a condition to the grant of this Award or payment thereunder to Participant (or his or her estate), such grant or payment will not occur unless and until such steps, qualification, consent or approval will have been effected or obtained free of any conditions not acceptable to the Company. Where the Company determines that the grant of this Award or the delivery of the payment will violate any applicable laws, the Company will defer the grant of this Award or the delivery until the earliest date at which the Company reasonably anticipates that the grant of this Award or the delivery will no longer cause such violation. The Company will make all reasonable efforts to meet the requirements of any such state, federal or foreign law and to obtain any such consent or approval of any such governmental authority. The Company shall not be obligated to treat this Award as outstanding or make any payment pursuant to this Award at any time if the grant of this Award or payment pursuant to this Award violates or is not in compliance with any laws, rules or regulations of the United States or any state or country.

Furthermore, the Company reserves the right to impose other requirements on Participant's participation in the Plan, this Award and on any payment made under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Furthermore, Participant understands that the laws of the country in which he or she is resident at the time of grant or vesting of the this Award, if any (including any rules or regulations governing securities, foreign exchange, tax, labor or other matters) may restrict or prevent the grant of this Award or the payment thereunder or may subject Participant to additional procedural or regulatory requirements he or she is solely responsible for and will have to independently fulfill in relation to this Award. Notwithstanding any provision herein, this Award and any payment shall be subject to any special terms and conditions or disclosures as set forth in any addendum for Participant's country (the "Country-Specific Addendum," which forms part this Cash Award).

13. Administrator Authority. The Administrator will have the power to interpret the Plan and this Cash Award and to adopt such rules for the administration, interpretation and application of the Plan and this Cash Award as are consistent therewith

and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any portion of the Cash Award has vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. No member of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Cash Award.

14. Electronic Delivery and Language. The Company may, in its sole discretion, decide to deliver any documents related to this Award, any future cash awards or other awards granted by the Company, whether under the Plan or otherwise, or any Company securities by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or another third party designated by the Company. If Participant has received this Cash Award, including appendices, or any other document related to the Plan translated into a language other than English, and the meaning of the translated version is different than the English version, the English version will control.

15. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Cash Award.

16. Agreement Severable. In the event that any provision in this Cash Award will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Cash Award.

17. Modifications to the Agreement. This Cash Award and the Plan constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Cash Award in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Cash Award or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Cash Award, the Company reserves the right to revise this Cash Award as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A of the Code or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection to this Cash Award.

18. ***Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Cash Award by and among, as applicable, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that refusal or withdrawal of consent may affect Participant's ability to participate in the Plan or to realize benefits from this Award. Participant understands that the Company and its Affiliates may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any Affiliate, details of all Cash Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any Affiliates or third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the United States, Participant's country (if different than the United States), or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.***

19. Foreign Exchange Fluctuations and Restrictions. Participant understands and agrees that the future value of Shares is unknown and cannot be predicted with certainty and may decrease. Participant also understands that neither the Company, nor any affiliate is responsible for any foreign exchange fluctuation between local currency and the United States Dollar or the selection by the Company or any Affiliate in its sole discretion of an applicable foreign currency exchange rate that may affect the value of the Cash Award or payment received (or the calculation of income or Tax-Related Items thereunder).

20. Amendment, Suspension or Termination of the Plan. By accepting this Award represented by this Cash Award, Participant expressly warrants that he or she has received a Cash Award under the Plan, and has received, read and understood the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time.

21. Governing Law. This Cash Award will be governed by the laws of the State of Delaware, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Cash Award or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of New Jersey, and agree that such litigation will be conducted in the courts of the Morris County, New Jersey, or the federal courts for the United States for the District of Jersey, and no other courts.

By Participant's acceptance of this Cash Award, Participant and the Company agree that this Cash Award is granted under and governed by the terms and conditions of this Cash Award (including any country-specific addendum thereto) and the Plan, and any ancillary documents, all of which are being delivered simultaneously with, and made a part of, this Cash Award. In addition, Participant acknowledges and agrees that Participant has reviewed the Plan and this Cash Award in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Cash Award and fully understand all provisions of the Plan and this Cash Award. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and this Cash Award. Participant further agrees to notify the Company upon any change in Participant's residence address.

Exhibit 21.1

SUBSIDIARIES OF THE COMPANY

The following is a list of subsidiaries of the Company as of March 28, 2013, omitting some subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.

NAME	WHERE INCORPORATED
Allabinc de Mexico, S.A. de C.V.	Mexico
Alpharma (Bermuda) Investments Ltd.	Bermuda
Alpharma (Bermuda) Ltd.	Bermuda
Alpharma (Bermuda), LLC	Delaware
Alpharma (Luxembourg) S.A.R.L. y Compania Limitada	Chile
Alpharma (Luxembourg) S.àr.l.	Luxembourg
Alpharma Animal Health (Beijing) Trading Co., Ltd.	China
Alpharma Animal Health (Hong Kong) Co. Limited	Hong Kong
Alpharma Animal Health (Shenzhou) Co., Ltd.	China
Alpharma Animal Health (Yantai) Co., Ltd.	China
Alpharma Animal Health Company	Texas
Alpharma Bermuda G.P.	Bermuda
Alpharma Canada Corporation	Canada
Alpharma de Argentina S.R.L.	Argentina
Alpharma do Brasil Ltda.	Brazil
Alpharma Euro Holdings, LLC	Delaware
Alpharma Holdings (Barbados) SRL	Barbados
Alpharma Operating, LLC	Delaware
Alpharma Pharmaceuticals (Thailand) Limited	Thailand
Alpharma, LLC	Delaware
Animal Health Holdings C.V.	Netherlands
Continental Farmaceutica SPRL	Belgium
Egyptian Company for Animal Health LLC	Egypt
Embrex Bio-Tech Trade (Shanghai) Co., Ltd.	China
Embrex Europe Limited	United Kingdom
Embrex Poultry Health, LLC	North Carolina
Embrex, Inc.	North Carolina
Empresa Zoetis de Mexico S.A. de C.V.	Mexico
Fort Dodge Animal Health Limited	United Kingdom
Fort Dodge Animal Health, S. de R.L. de C.V.	Mexico
Fort Dodge Asia Exports, Inc.	Delaware
Fort Dodge Laboratories Inc.	Iowa
Jilin Pfizer Guoyuan Animal Health Co., Ltd.	China
Mikjan Corporation	Arkansas
PAH 7V6 Holding Limited	Hong Kong
PAH Amazon Holdings SARL	Luxembourg
PAH CHHK Holding B.V.	Netherlands
PAH Colombia Holdco I LLC	Pennsylvania
PAH Colombia USP 2 LLC	Pennsylvania
PAH CP LLC	Delaware
PAH Egypt Holding B.V.	Netherlands

PAH HCP 2 LLC	Delaware
PAH Holdings LLC	Delaware
PAH India Holdco LLC	Delaware

NAME	WHERE INCORPORATED
PAH India Holding 1 B.V.	Netherlands
PAH Luxembourg 1 SARL	Luxembourg
PAH Luxembourg 2 SARL	Luxembourg
PAH Luxembourg 3 SARL	Luxembourg
PAH Luxmex SARL	Luxembourg
PAH Mexico Holdco SARL	Luxembourg
PAH Netherlands 1 Cooperatief U.A.	Netherlands
PAH Netherlands 2 B.V.	Netherlands
PAH Nominee 2 B.V.	Netherlands
PAH Nominee B.V.	Netherlands
PAH Oceania B.V.	Netherlands
PAH P&U 2 LLC	Delaware
PAH P&U LLC	Delaware
PAH Panama LLC	Delaware
PAH PD LLC	Delaware
PAH PH LLC	Delaware
PAH PM LLC	Delaware
PAH Portugal Holding B.V.	Netherlands
PAH PP LLC	Delaware
PAH Russia Holding B.V.	Netherlands
PAH Spain, S.L.	Spain
PAH Tabor LLC	Delaware
PAH Turkey Holding B.V.	Netherlands
PAH Velvet B.V.	Netherlands
PAH Venezuela Holding B.V.	Netherlands
PAH WAI 1 LLC	Delaware
PAH Weesp B.V.	Netherlands
PAH West Europe SARL	Luxembourg
PAH WHC LLC	Delaware
PAH WHC SplitCo LLC	Delaware
Pfizer (Suzhou) Pharmaceutical Information Consultation Co., Ltd.	China
Pfizer Animal Health Canada Inc.	Canada
Pfizer Animal Health Cia. Ltda.	Ecuador
Pfizer Animal Health India Limited	India
Pfizer Animal Health Japan K.K.	Japan
Pfizer Animal Health Malaysia Sdn. Bhd.	Malaysia
Pfizer Animal Health Pharma Private Limited	India
Pfizer Animal Health Philippines, Inc.	Philippines
Pfizer Animal Health South Africa (Pty) Ltd.	South Africa
Pfizer Overseas Services Inc.	Delaware
Pfizer Pharma Trade LLC	Egypt
Pfizer Pharmaceutical India Pvt. Ltd.	India
Pfizer Suzhou Animal Health Products Co., Ltd.	China
Sanidad Animal PAH Bolivia S.A.	Bolivia
Synbiotics Corporation	California
Synbiotics Europe S.A.S.	France
Wyeth Egypt Ltd.	Egypt

Wyeth Egypt Trading Ltd.	Egypt
Wyeth LLC	Russia
Zoetis (Thailand) Limited	Thailand
Zoetis Animal Health Limited	United Kingdom

NAME	WHERE INCORPORATED
Zoetis Australia Pty Ltd	Australia
Zoetis Australia Research & Manufacturing Pty Ltd	Australia
Zoetis B. Inc.	Delaware
Zoetis B.V.	Netherlands
Zoetis Belgium S.A.	Belgium
Zoetis Biotech Manufacturing Limited	Taiwan
Zoetis Ceska republika, s.r.o.	Czech Republic
Zoetis Colombia S.A.S.	Colombia
Zoetis Costa Rica, S.R.L.	Costa Rica
Zoetis de Chile S.A.	Chile
Zoetis de Uruguay SRL	Uruguay
Zoetis Deutschland GmbH	Germany
Zoetis European Holdings LLC	Delaware
Zoetis Finland Oy	Finland
Zoetis France S.A.S.	France
Zoetis GDS LLC	Delaware
Zoetis Hayvan Sagligi Limited Sirketi	Turkey
Zoetis Hellas S.A.	Greece
Zoetis Hungary Kft.	Hungary
Zoetis Industria de Produtos Veterinarios Ltda.	Brazil
Zoetis International Services S.A.S.	France
Zoetis Ireland Limited	Ireland
Zoetis Israel Holding B.V.	Netherlands
Zoetis Italia S.r.l.	Italy
Zoetis Japan Holding B.V.	Netherlands
Zoetis Korea Ltd.	Korea
Zoetis Lietuva UAB	Lithuania
Zoetis LLC	Delaware
Zoetis Luxembourg Holding SARL	Luxembourg
Zoetis Manufacturing & Research Spain, S.L.	Spain
Zoetis Manufacturing Italia S.r.l.	Italy
Zoetis Medolla Manufacturing S.r.l.	Italy
Zoetis Mexico, S. de R.L. de C.V.	Mexico
Zoetis Netherlands Holdings B.V.	Netherlands
Zoetis New Zealand Limited	New Zealand
Zoetis Osterreich GmbH	Austria
Zoetis P LLC	Delaware
Zoetis Panama S. de R.L.	Panama
Zoetis PI LLC	Delaware
Zoetis Polska sp. z o.o	Poland
Zoetis Portugal, Lda.	Portugal
Zoetis Products Inc.	Delaware
Zoetis Romania S.R.L.	Romania
Zoetis S.R.L.	Peru
Zoetis Salud Animal, C.A.	Venezuela
Zoetis Schweiz GmbH	Switzerland
Zoetis Singapore Pte. Ltd.	Singapore

Zoetis Spain, S.L.	Spain
Zoetis Taiwan Limited	Taiwan
Zoetis Treasury Center BVBA	Belgium
Zoetis UK Limited	United Kingdom

NAME	WHERE INCORPORATED
Zoetis Ukraine LLC	Ukraine
Zoetis W LLC	Delaware
Zoetis WAI LLC	Delaware
Zoetis WHC 2 LLC	Delaware
Zoetis WLC LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Zoetis Inc.:

We consent to the incorporation by reference in the registration statement (No. 333-186367) on Form S-8 of Zoetis Inc. of our report dated March 28, 2013 with respect to the combined balance sheets of Zoetis Inc. as of December 31, 2012 and 2011, and the related combined statements of income, comprehensive income/(loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2012 and the related combined financial statement schedule which appear in the December 31, 2012 annual report on Form 10-K of Zoetis Inc.

/s/ KPMG LLP
New York, New York
March 28, 2013

Exhibit 31.1

CERTIFICATION PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Juan Ramon Alaix, certify that:

1. I have reviewed this Annual Report of Zoetis, Inc. on Form 10-K for the period ending December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) [paragraph omitted in accordance with the Exchange Act Rule 13a-14(a)];
   c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of the registrant's board of directors:
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 28, 2013

By: /S/ JUAN RAMON ALAIX

Juan Ramon Alaix

Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard A. Passov, certify that:

1. I have reviewed this Annual Report of Zoetis, Inc. on Form 10-K for the period ending December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) [paragraph omitted in accordance with the Exchange Act Rule 13a-14(a)];
   c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of the registrant's board of directors:
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 28, 2013

By: /S/ RICHARD A. PASSOV

Richard A. Passov

Chief Financial Officer

Exhibit 32.1

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

Pursuant to 18 U.S.C. §1350, I, Juan Ramón Alaix, hereby certify that, to the best of my knowledge, the Annual Report on Form 10-K of Zoetis, Inc. for the year ended December 31, 2012 (the "Report") (1) fully complies with Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Zoetis, Inc.

March 28, 2013

By: /S/ JUAN RAMON ALAIX

Juan Ramon Alaix

Chief Executive Officer

Exhibit 32.2

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

Pursuant to 18 U.S.C. §1350, I, Richard A. Passov, hereby certify that, to the best of my knowledge, the Annual Report on Form 10-K of Zoetis, Inc. for the year ended December 31, 2012 (the "Report") (1) fully complies with Section 13(a) or 15(d) of the Securities and Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Zoetis, Inc.

March 28, 2013

By: /S/ RICHARD A. PASSOV

Richard A. Passov

Chief Financial Officer