



Review of Related Person Transactions of Zoetis Inc.

Zoetis Inc. (the "Company") has a Related Person Transaction Approval Policy, which is administered by the Corporate Governance Committee (the "Committee"), as set forth in the Committee's Charter. This Policy applies to any transaction or series of transactions in which the Company or a subsidiary is a participant, the amount involved exceeds \$120,000, and a Related Person has a direct or indirect material interest. Under the Policy, Company management will determine whether a transaction meets the requirements of a Related Person Transaction requiring review by the Committee. Transactions that fall within this definition will be referred to the Committee for approval, ratification or other action. Based on its consideration of all of the relevant facts and circumstances, the Committee will decide whether or not to approve such transaction and will approve only those transactions that are deemed to be in the best interests of the Company. If the Company becomes aware of an existing Transaction with a Related Person which has not been approved under this 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 Company 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.

The full text of the Company's Related Person Transaction Approval Policy is provided on the following pages.

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Related Person Transaction Approval Policy of Zoetis Inc.
(As of April 21, 2015)

1. This policy applies to any transaction or series of transactions in which Zoetis Inc. and/or one or more of its subsidiaries (the "Company") is a participant, the amount involved exceeds \$120,000, and a Related Person (as defined below) has a direct or indirect material interest (a "Related Person Transaction" or "Transaction"). Notwithstanding anything herein to the contrary, each of the agreements between Pfizer Inc. and the Company that have been entered into prior to the closing date of the initial public offering of the Company, and any transactions contemplated thereby, shall be deemed to be approved and shall not be subject to the terms of this policy.
2. It is the responsibility of the Corporate Governance Committee (the "Committee") to administer this policy. In administering this policy, the Committee shall be entitled to rely upon determinations by Company management.
3. Company management will be responsible for determining whether a transaction is a Related Person Transaction requiring review under this policy, including whether the Related Person has a material interest, based on a review of all facts and circumstances. Upon a determination by management that a transaction is a Related Person Transaction requiring review under this policy, the material facts concerning the Transaction and the Related Person's interest in the Transaction shall be disclosed to the Committee.
4. Except as expressly provided in paragraph 6, all Related Person Transactions subject to this policy must be approved or ratified by the Committee. In determining whether to approve or ratify any Transaction, the Committee shall consider all relevant facts and circumstances and shall approve or ratify only those Transactions that are deemed to be in the best interests of the Company.
5. If the Related Person having a material interest in a Transaction is a member of the Committee or an Immediate Family Member (as defined below) of a member of the Committee, such Committee member may not participate in the deliberations or vote concerning approval or ratification of such 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.
6. In the event Company 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 this policy. Any such approval must be reported to the Committee at its next regularly scheduled meeting.
7. In the event the Company becomes aware of a Related Person Transaction that has not been approved or ratified under this policy, the Transaction shall be reviewed by the Committee as promptly as practicable. The Committee shall consider all relevant facts and circumstances respecting such Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of such Transaction, and the Company shall take such action as the Committee deems appropriate under the circumstances.

8. Standing Pre-Approval for Certain Transactions. The Committee has reviewed the types of Related Person Transactions described below and determined that each of the following Transactions shall be deemed to be pre-approved by the Committee, even if the aggregate amount involved exceeds \$120,000.
- i. Employment of executive officers. Any employment by the Company of an executive officer of the Company, so long as:
 - the related compensation is required to be reported in the Company’s proxy statement (or other appropriate filing with the Securities and Exchange Commission) under applicable compensation disclosure requirements (generally applicable to "named executive officers"); or
 - the executive officer is not an Immediate Family Member of another executive officer or Director of the Company, or nominee for Director, and the related compensation would be reported in the Company’s proxy statement (or other appropriate filing) under applicable disclosure requirements if the executive officer was a "named executive officer", and the Company’s Compensation Committee approved (or recommended that the Board approve) such compensation.
 - ii. Director compensation. Any compensation paid to a Director if the compensation is required to be reported in the Company’s proxy statement (or other appropriate filing) under applicable compensation disclosure requirements.
 - iii. Certain transactions with other companies. Any transaction with another company with which a Related Person’s only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company’s shares, if the aggregate amount involved does not exceed the greater of \$1,000,000, or 2 percent of that company’s total annual revenues.
 - iv. Certain Company charitable contributions. Any charitable contribution, grant or endowment or pledge by the Company to a charitable organization, foundation or university as to which a Related Person’s only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$1,000,000, or 2 percent of the charitable organization’s total annual receipts.
 - v. Transactions where all shareholders receive proportional benefits. Any transaction where the Related Person’s interest arises solely from the ownership of the Company’s common stock and all holders of such common stock receive the same benefit on a pro rata basis (e.g., dividends).
 - vi. Transactions involving competitive bids. Any transaction involving a Related Person where the rates or charges involved are determined by competitive bids.
9. For purposes of this Policy, the following definitions shall apply:
- i. A “Related Person” is any Director or executive officer of the Company, any nominee for Director, any shareholder owning in excess of 5% of the total equity of the Company and any “Immediate Family Member” of any such person.
 - ii. “Immediate Family Member” means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a person, and any person (other than domestic employees) sharing the household of such person.