Current Agreements

Dealdoc

IPO for $2.2 billion

Zoetis
Pfizer Animal Health

Jan 17 2013

IPO for $2.2 billion

Companies:	Zoetis Pfizer Animal Health
Announcement date:	Jan 17 2013
Value, US$m:	2200 : sum of shares

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- Contract

Details

Announcement date:	Jan 17 2013
Type:	IPO » IPO>Completed
Industry sectors:	Animal Health Bigpharma

Financials

Value, US$m:	2200 : sum of shares

Termsheet

Pfizer Inc's unit Zoetis Inc plans to sell 86.1 million shares at between $22 and $25 each in an initial public offering that could value the animal health business at as much as $12.5 billion.

At the top-end of the expected range, the offering would raise about $2.2 billion.

Press Release

Animal health unit to sell 86.1 mln shares at $22-$25 per share

IPO to raise up to $2.2 bln

Pfizer to hold 413.9 mln Class B Zoetis shares post IPO

IPO to be priced on Jan. 31; Shares to begin trading on Feb. 1

Jan 17 (Reuters) - Pfizer Inc's unit Zoetis Inc plans to sell 86.1 million shares at between $22 and $25 each in an initial public offering that could value the animal health business at as much as $12.5 billion.

At the top-end of the expected range, the offering would raise about $2.2 billion.

The Wall Street Journal reported last month that the Zoetis IPO was likely by January or February, and that it could raise about $4 billion.

Pfizer said in June last year that it planned to separate its animal-health unit, which sells medicines, vaccines and other products for livestock and pets, into a standalone company.

The unit reported revenue of $3.16 billion, or about 7 percent of Pfizer's overall revenue, for the nine months ended Sept. 30, 2012.

Zoetis had filed with regulators in August a placeholder amount of up to $100 million, as the largest U.S. drugmaker looked to spin off the unit and narrow its focus on its core prescription drug business.

Zoetis will use a dual-class share structure, with Pfizer offering all the Class A common shares in the IPO.

Pfizer will hold 413.9 million Class B Zoetis shares following the offering, each of which would be convertible to one Class A share at any time, according to an amended regulatory filing. ()

Both classes of shares will have identical rights and voting power on all matters submitted to stockholder vote, other than the election of directors.

The Zoetis IPO is scheduled to price on Jan. 31 and shares are expected to begin trading under the symbol "ZTS" on the New York Stock Exchange on Feb. 1.

JP Morgan, BofA Merrill Lynch and Morgan Stanley are the lead underwriters to the offering.

Filing Data

Not available.

Contract

Currency amounts in this prospectus are stated in United States dollars, unless otherwise indicated.

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market share, is based on information from Vetnosis Limited, or Vetnosis, a research and consulting firm specializing in global animal health and veterinary medicine, and management estimates. Vetnosis is a leading provider of research products, commercial information and analysis of the global animal health sector. The information from Vetnosis contained in this prospectus was not prepared by Vetnosis on our behalf. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. Our management estimates have not been verified by any independent source, and we have not independently verified any third-party information. In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk factors." These and other factors could cause future performance to differ materially from our assumptions and estimates. See "Cautionary statement concerning forward-looking statements."

The name and mark, Pfizer, and other trademarks, trade names and service marks of Pfizer appearing in this prospectus are the property of Pfizer. Prior to the completion of this offering, Zoetis and other trademarks, trade names and service marks of Zoetis appearing in this prospectus are the property of Pfizer, and after the completion of this offering, Zoetis and other trademarks, trade names and service marks of Zoetis appearing in this prospectus will be the property of Zoetis. This prospectus also contains additional trade names, trademarks and service marks belonging to Pfizer and to other companies. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

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Summary

This summary highlights information included elsewhere in this prospectus and does not contain all of the information you should consider in making an investment decision. You should read this entire prospectus carefully, including the sections entitled "Risk factors," "Cautionary statement concerning forward-looking statements," "Selected historical combined financial data" and "Management's discussion and analysis of financial condition and results of operations" and our combined financial statements and the notes thereto before making an investment decision regarding our Class A common stock.

Our company

Zoetis 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. 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. Measured by our revenues of $4.2 billion for the year ended December 31, 2011, we are the largest animal health medicines and vaccines business, with our products sold in more than 120 countries and across eight core species and five major product categories.

With our sales organization of approximately 3,400 employees, we directly market our portfolio of more than 300 product lines 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, emerging markets contributed 27% of our revenues for the year ended December 31, 2011, which we believe makes us the largest animal health medicines and vaccines business as measured by revenues across emerging markets as a whole. 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, which includes an 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, lead to enduring and valued relationships with our customers. From 2004 to 2011, we obtained approximately one-fourth of all animal health medicine approvals granted by the U.S. Food and Drug Administration, or FDA, and approximately one-fifth of all animal health vaccine approvals granted by the U.S. Department of Agriculture, or USDA. The majority of our research and development, or 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.

We believe our ability to successfully position our diverse portfolio of products with high brand recognition in attractive markets and execute our operating plan has contributed to our financial performance over the last several years. For the nine months ended September 30, 2012, our revenues were $3.2 billion, reflecting growth of 2% compared to the nine months ended October 2, 2011. For the years ended December 31, 2011 and 2010, our revenues were $4.2 billion and $3.6 billion, reflecting growth of 18% and 30% compared to the prior year periods.

As a result of the impact of recent significant acquisitions and related government-mandated divestitures on the revenue numbers in our statement of operations, during the nine months ended September 30, 2012 and October 2, 2011 and the years ended December 31, 2011, 2010 and 2009, 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. Our base revenue growth was 5% in the nine months ended September 30, 2012, 7% in 2011 and 7% in 2010 compared to the prior year periods. For a more complete description of base revenue growth, see "Management's discussion and analysis of financial condition and results of operations—Analysis of the combined statements of operations."

For the nine months ended September 30, 2012, our Adjusted net income (a non-GAAP financial measure) was $482 million, reflecting growth of 27% compared to the nine months ended October 2, 2011. In 2011 and 2010, our Adjusted net income was $503 million and $275 million, reflecting growth of 83% and 46% compared to the prior year periods. For the nine months ended September 30, 2012, our net income attributable to Zoetis was $446 million, reflecting growth of 89% compared to the nine months ended October 2, 2011. In 2011 and 2010, our net income attributable to Zoetis was $245 million and $110 million, reflecting growth of 123% and 210% compared to the prior year periods. For a reconciliation of Adjusted net income to net income attributable to Zoetis, see "Management's discussion and analysis of financial condition and results of operations—Adjusted net income."

Our leadership in animal health medicines and vaccines extends across both livestock and companion animals. The primary livestock species are cattle (both beef and dairy), swine, poultry, sheep and fish, and the primary companion animal species are dogs, cats and horses. Our livestock products primarily prevent or treat conditions in livestock, enabling the cost-effective production of safe, high-quality animal protein, whereas our companion animal products improve the quality of and extend the life of pets and increase convenience and compliance for pet owners. Livestock and companion animal products represented approximately 66% and 34% of our revenues, respectively, for the year ended December 31, 2011.

Our more than 300 product lines include vaccines, parasiticides, anti-infectives, medicinal feed additives and other pharmaceutical products. Our product portfolio is enhanced by complementary businesses, including diagnostics, genetics, devices and services such as dairy data

management, e-learning and professional consulting.

Animal health industry

The animal health industry, which focuses on both livestock and companion animals, is a growing industry that impacts billions of people worldwide. Broadly defined, as measured by revenues, the approximately $100 billion animal health industry includes all products and services, other than livestock feed and pet food, that promote livestock productivity and health and companion animal health, such as medicines and vaccines, diagnostics, medical devices, pet supplies, nutritional supplements, veterinary services and other related services.

Within this broad market, medicines and vaccines, our core area of operation, represented a global market of $22 billion, as measured by 2011 revenues, grew at a compound annual growth rate, or CAGR, of 6% between 2006 and 2011 and, excluding the impact of foreign exchange, is projected to grow at a CAGR of 6% per year between 2011 and 2016, according to Vetnosis, a research and consulting firm specializing in global animal health and veterinary medicine.

The livestock medicines and vaccines sector represented $13.1 billion of sales in 2011, or 60% of the total animal health medicines and vaccines market. This sector grew at a CAGR of 7% between 2006 and 2011 and, excluding the impact of foreign exchange, is projected to grow at a CAGR of 6% per year between 2011 and 2016, according to Vetnosis.

Growth in the livestock medicines and vaccines sector is driven by human population growth and increasing standards of living, consequently increasing demand for improved nutrition, particularly animal protein, increasing natural resource constraints driving a need for enhanced productivity, and increased focus on food safety. Livestock health and production are essential to meeting the growing demand for animal protein of a

global population that is increasing in size and standard of living, particularly in many emerging markets. As part of the global ecosystem, livestock health is critical to assuring a safe, sustainable global food supply and reducing the outbreak of infectious disease in both humans and animals.

The cost to livestock producers of animal health medicines and vaccines is small relative to other livestock production costs, including feed, and these products help protect producers' investments by treating and preventing diseases in herds and flocks before they become widespread, thus improving economic outcomes for producers. As a result, demand for animal health medicines and vaccines has typically been more stable than demand for other production inputs.

The companion animal medicines and vaccines sector represented $8.9 billion of sales in 2011, or 40% of the total animal health medicines and vaccines market. This sector grew at a CAGR of 6% between 2006 and 2011 and, excluding the impact of foreign exchange, is projected to grow at a CAGR of 5% per year between 2011 and 2016, according to Vetnosis.

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. Industry sources indicate that companion animals improve the physical and emotional well-being of pet owners. Pet ownership and spending per pet are increasing globally, and 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 petcare.

Animal health distinctions from human health

The business of developing and marketing animal health medicines and vaccines shares a number of characteristics with the business of developing and marketing medicines and vaccines for human health. These similarities include complex and regulated product manufacturing, products that must be proven efficacious and safe in clinical trials to be approved by regulators, a reliance on new product development through R&D and products that are marketed based on labeled claims regarding impacts on health. However, there are also significant differences between the animal health medicines and vaccines and human health businesses, including:

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R&D is faster, less expensive and more predictable and sustainable. R&D for animal health generally requires fewer clinical studies, involves fewer subjects and is conducted directly in the target species. As a result, decisions on the potential efficacy and safety of products often can be made more quickly, and the likelihood of success often can be established earlier in development than in human health R&D. While the development of new chemical and biological entities through new product R&D continues to play an important role, the majority of animal health

R&D investment is focused on brand lifecycle development. These factors generally yield faster, less expensive and more predictable R&D processes and more sustainable R&D pipelines as compared to human health.

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More diverse product portfolios. In general, animal health medicines and vaccines businesses are less reliant on a small number of top selling key products than human health businesses. Animal health products are developed for multiple species and sold across different regions, which may have environmental, cultural, epidemiological and other differences that contribute to distinct product requirements. As a result, animal health products often have a smaller market size, and the performance of any single product typically has less impact on an animal health medicines and vaccines business as compared to a human health business.

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Partnership relationships with customers. While some industry participants rely on distributors to market and sell their products, particularly in certain emerging markets, the animal health industry typically uses a

combination of sales representatives to inform customers about the attributes of animal health products and technical and veterinary operations specialists to provide advice regarding local, regional and global trends in animal health. As a result of these relationships, sales and consulting visits are typically longer and more meaningful, and sales representatives have better access to customer decision makers, as compared to human health.

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Primarily self-pay. Livestock producers and pet owners generally pay for animal healthcare out-of-pocket. Purchasers make decisions without the influence of insurance companies or government payors that are often involved in product and pricing decisions in human healthcare. Livestock producers are able to see measurable economic outcomes related to the use of animal health medicines and vaccines, as compared to human health in which outcomes can be less certain and more difficult to demonstrate. Companion animal veterinarians continue to be key decision-makers and dispensers of medicines and vaccines for companion animals. The sale of animal health products directly to pet owners is a meaningful contributor to veterinary practice economics. We believe that these dynamics result in less pricing pressure than in human health.

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Strong brand loyalty and less generic competition. Generic competition in the animal health industry is less than in human health. 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. 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.

Our segments

Due to meaningful differences in customer needs across different regions, we organize and operate our business in four regions. Within each of these regional 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 business segments are:

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United States. Revenues of $1,294 million and $1,659 million represented 41% and 39% of total revenues for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. We experienced base revenue growth of 7% in 2011 and 13% in 2010 and 6% for the nine months ended September 30, 2012 in this segment.

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Europe/Africa/Middle East. Revenues of $799 million and $1,144 million represented 25% and 27% of total revenues for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. 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. We experienced base revenue growth of 3% in 2011 and (1)% in 2010 and less than 1% for the nine months ended September 30, 2012 in this segment.

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Canada/Latin America. Revenues of $549 million and $788 million represented 18% and 19% of total revenues for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. The developed market in this segment is Canada. Key emerging markets in this segment include Brazil and Mexico. We experienced base revenue growth of 9% in 2011 and 5% in 2010 and 4% for the nine months ended September 30, 2012 in this segment.

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Asia/Pacific. Revenues of $518 million and $642 million represented 16% and 15% of total revenues for the nine months ended September 30, 2012 and the year ended December 31, 2011, respectively. Key developed markets in this segment include Australia, Japan, New Zealand and South Korea. Key emerging markets in this segment include India and China. We experienced base revenue growth of 12% in 2011 and 15% in 2010 and 8% for the nine months ended September 30, 2012 in this segment.

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Our competitive strengths

We believe that the following strengths create sustainable competitive advantages that will enable us to continue our growth as a leader in the animal health medicines and vaccines industry:

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Global leader with scale and scope. According to Vetnosis, as measured by revenues in 2011, we are the market leader in all of the major regions in which we operate, with the exception of Western Europe, where we hold the number two position. We believe we have an industry-leading global footprint, with products sold in more than 120 countries. Following this offering, we expect that we will be the largest standalone company exclusively focused on animal health medicines and vaccines.

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Established direct presence in emerging markets. We have an established direct presence in many important emerging markets, and we are a leader in many of the emerging markets in which we operate. We believe this direct presence has enabled us to become the largest animal health medicines and vaccines business as measured by revenues across emerging markets as a whole. Emerging markets contributed approximately 27% of our revenues for the year ended December 31, 2011.

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Diversified product portfolio. We market products across eight core species and five major product categories, and our portfolio contains more than 300 product lines. The depth of our product portfolio enables us to address the varying needs of different customers. Generally, because we have lower product sales concentration than many of our competitors, the performance of any single product has less impact on our business as compared to other, less-diversified animal health medicines and vaccines businesses. In 2011, our top selling product line, the ceftiofur line, contributed less than 8% of our revenues, and our top ten best selling product lines contributed less than 38% of our revenues.

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Leader in direct sales and marketing with strong customer relationships. Our commercial model emphasizes direct selling, and we believe we are less reliant on distributors than our competitors. We believe our sales organization, consisting of approximately 3,400 employees, is the largest in our industry, with direct operations in approximately 70 countries. Our sales organization is supported by our technical and veterinary operations specialists, who advise our customers with in-depth technical and medical expertise and disease education. Our direct relationships and our direct global presence create a high level of local and regional specialization, which allows us to rapidly capitalize on market-specific situations and provides a global platform for R&D and business expansion. We believe we achieve both stronger customer relationships and better economic returns on our products by emphasizing these direct relationships.

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Leader in product development—new product R&D and brand lifecycle development. We believe that we are a leader in animal health R&D. We have a track record of developing products that meet the needs of our customers. From 2004 to 2011, we obtained approximately one-fourth of all animal health medicine approvals granted by the FDA and approximately one-fifth of all animal health vaccine approvals granted by the USDA. While new chemical and biological entities play an important role in our growth, the majority of our R&D investment is in 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.

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High-quality products delivered reliably by our world-class manufacturing operations. We believe that our customers value high-quality manufacturing and reliability of supply. We utilize a diversified network of 29 proprietary manufacturing sites located in 11 countries and numerous third-party contract manufacturing organizations, which we refer to as CMOs, to maximize operational efficiencies and to introduce products quickly and efficiently. Our manufacturing sites experienced approximately 170 regulatory inspections globally between 2007 and 2011, with no findings that required material remediation or other penalties. We believe this reflects the strong quality controls and quality assurance programs in place at our manufacturing sites.

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Dedicated employees and experienced management team. We believe that we have more professionally educated animal health experts on our team than any of our competitors. Our research team has an average

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tenure of more than ten years, and our sales organization employees have, on average, been with us for more than five years. Several members of our executive team lead and have led important and influential animal health industry organizations.

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Track record of strong top-line revenue growth and significant cash flow generation. We have generated revenue growth at a CAGR of 24% over the three years ended December 31, 2011. Our revenue growth, driven by a diverse product portfolio and acquisitions, has generated significant

cash flow. We have generated base revenue growth of 7% and 7% for the years ended December 31, 2011 and December 31, 2010, respectively.

Our growth strategies

We are committed to enhancing the health of animals and bringing solutions to our customers who raise and care for them. We intend to continue to grow our business by pursuing the following core strategies:

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Leverage our direct local presence and strong customer relationships. We believe our direct selling commercial model and the brand loyalty enjoyed by our existing products provide us with operational efficiencies and access to an array of new growth opportunities, including a platform to encourage the adoption by our customers of more sophisticated animal health products. We believe our close contact with customers provides us with an in-depth understanding of their businesses, which allows us to develop products that address unmet customer needs.

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Further penetrate emerging markets. We believe we are well-positioned in many emerging markets, based on our diverse product portfolio and our regional and local focus, and that we have further opportunities to expand in emerging markets by reaching new customers, by introducing more of our products and by supporting the adoption by our customers of more sophisticated medicines and vaccines. Furthermore, we believe that consolidation of livestock producers in certain emerging markets will drive adoption of our products. We intend to continue to efficiently develop and market new products that respond to the needs of these customers and provide them with strong customer service and technical support.

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Pursue new product development and value-added brand lifecycle development to extend our product portfolio. We intend to continue to develop and grow our product portfolio by developing new chemical and biological entities through new product R&D as well as by expanding our product lines by adding new species or claims, achieving approvals in new countries and creating new combinations and reformulations. 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. We leverage our strong direct presence in many regions, which we believe allows us to cost-effectively develop and introduce new products, including brand lifecycle development products.

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Remain the partner of choice for access to new products and technologies. We intend to continue to expand our extensive network of research partnerships around the globe in order to gain access to new technologies, pharmaceutical targets and vaccine antigens. Through participation in over 100 research alliances with leading universities and research institutes, we support cutting-edge research and secure the right to develop and commercialize new products and technologies. We also intend to continue to grow our business through smaller scale acquisitions, asset purchases, in-licensing transactions, supply and distribution agreements and other strategic partnerships. Subject to certain restrictions pursuant to the R&D collaboration and license agreement, following this offering, we expect to have access to Pfizer’s proprietary compound library and database to develop new products. We also intend to explore opportunities to enter into collaboration agreements and external alliances with other parties, including parties that may have chosen not to collaborate with us while we were a business unit of Pfizer. As a result, we will continue to offer and develop products that add value for veterinary professionals, livestock producers and pet owners.

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Continue to provide high-quality products and improve manufacturing production margins. We believe that we are a leader in manufacturing quality and in supply reliability. Our manufacturing and supply chain

provide us with a global platform for continued expansion, including in emerging markets, and we believe that we will continue to increase our production efficiencies and expand production margins as our business grows. Our operational efficiency initiatives have delivered consistent gross margin improvements for our legacy products, and as we have integrated acquisitions we have also applied these operational efficiency initiatives to improve production margins.

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Expand into complementary businesses to become a more complete, trusted partner in providing solutions. We intend to continue to expand our presence in complementary businesses, including diagnostics, genetics, devices and services. We also intend to expand our complementary services, including dairy data management, e-learning and professional consulting, to help our customers improve their practice management capabilities and production efficiencies. We believe that these expanded offerings, supported by our technical expertise, will drive an outcomes-based approach to animal healthcare that has the potential to generate incremental revenues, as well as increase customer loyalty and sales of our products.

The Separation

Prior to the completion of this offering, we will be a wholly-owned subsidiary of Pfizer, and all of our outstanding shares of common stock will be owned by Pfizer.

Prior to the completion of the senior notes offering described below, through a series of steps, Pfizer will transfer to us its subsidiaries holding substantially all of the assets and liabilities of its animal health business. In exchange, we will issue or transfer 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 (as described below); and (iv) an amount of cash equal to substantially all of the net proceeds we will receive in the senior notes offering, which amount will be paid immediately prior to the completion of this offering. In addition, immediately prior to the completion of this offering, we and Pfizer intend to enter into, or have entered into, certain agreements that will provide a framework for our ongoing relationship with Pfizer. For a description of these agreements, see “Certain relationships and related party transactions—Relationship with Pfizer.” We refer to the separation transactions, as described in “The Separation and Distribution transactions—The Separation,” as the “Separation.”

The underwriting and the debt-for-equity exchange

Instead of selling shares of our Class A common stock directly to the underwriters for cash, Pfizer will first exchange the shares of our Class A common stock to be sold in this offering 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 will then sell the shares to the underwriters for cash. This debt-for-equity exchange will occur on the settlement date of this offering immediately prior to the settlement of the debt-for-equity exchange parties’ sale of the shares to the underwriters. If the underwriters exercise their option to purchase additional shares of Class A common stock from the debt-for-equity exchange parties, Pfizer will convert shares of Class B common stock into shares of Class A common stock and exchange such shares of Class A common stock with the debt-for-equity exchange parties. The debt-for-equity exchange parties will then sell such shares of Class A common stock to the underwriters for cash. This debt-for-equity exchange will occur on the settlement date of such option exercise immediately prior to the settlement of the debt-for-equity exchange parties’ sale of such shares to the underwriters. We refer to these exchanges collectively as the “debt-for-equity exchange.”

We expect that the indebtedness of Pfizer held by the debt-for-equity exchange parties will have an aggregate principal amount of at least $2,475,375,000 based on a maximum assumed initial public offering price of $25.00 per share, which is the high point of the price range set forth on the cover of this prospectus. The amount of indebtedness of Pfizer held by the debt-for-equity exchange parties is expected to be sufficient to acquire all of

the shares of our Class A common stock to be sold in this offering, inclusive of the shares that may be sold pursuant to the underwriters’ option to purchase additional shares. Upon completion of the debt-for-equity exchange, the Pfizer indebtedness exchanged in such debt-for-equity exchange will be retired. We do not guarantee or have any other obligations in respect of the Pfizer indebtedness. See “Underwriting—The debt-for-equity exchange.”

Immediately following the completion of this offering, Pfizer will own 100% of our outstanding Class B common stock and no shares of our Class A common stock, giving Pfizer 82.8% 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 98.0% of the combined voting power of our outstanding common stock with respect to the election of directors (or 80.2% and 97.6%, respectively, if the underwriters exercise their option to purchase additional shares in full). We refer to the Class A common stock and Class B common stock collectively as our "common stock."

Senior notes offering

We have agreed to issue $3,650,000,000 aggregate principal amount of our senior notes in a private placement, which is expected to be consummated prior to the completion of this offering. The senior notes are comprised of $400,000,000 aggregate principal amount of our 1.150% Senior Notes due 2016, $750,000,000 aggregate principal amount of our 1.875% Senior Notes due 2018, $1,350,000,000 aggregate principal amount of our 3.250% Senior Notes due 2023 and $1,150,000,000 aggregate principal amount of our 4.700% Senior Notes due 2043. We refer to this private placement as the "senior notes offering."

We have agreed to sell $2.65 billion aggregate principal amount of our senior notes through the initial purchasers in the senior notes offering and Pfizer has agreed to transfer $1.0 billion aggregate principal amount of our senior notes, which we will issue to Pfizer prior to the completion of the senior notes offering, to certain of the initial purchasers, who will sell such senior notes through the initial purchasers in the senior notes offering. We will pay 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 this offering. We refer to the $1.0 billion aggregate principal amount of our senior notes that we will issue to Pfizer as the "Pfizer-owned notes." See "Description of certain indebtedness—Senior notes offering."

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." The credit facility will not be available for borrowings until the date on which certain conditions, including the completion of this offering and the receipt of certain investment grade ratings, are satisfied. We expect that these conditions will be met concurrently with the completion of this offering. Subject to certain conditions, we will have the right to increase the credit facility to up to $1.5 billion. See "Description of certain indebtedness—Credit facility."

Commercial paper program

We expect to enter into a commercial paper program with a capacity of up to $1.0 billion prior to or concurrently with the completion of this offering. While we do not anticipate that any commercial paper will be issued under the commercial paper program at the time of this offering, we may incur indebtedness under this program in the future.

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The Distribution

Pfizer has informed us that, following this offering, 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, or 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 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.

Risk factors

There are a number of risks that you should understand before making an investment decision regarding this offering. These risks are discussed more fully in the section entitled "Risk factors" following this prospectus summary. These risks include, but are not limited to:

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emerging restrictions and bans on the use of antibacterials in food-producing animals;

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perceived adverse effects on human health linked to the consumption of food derived from animals that utilize our products;

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increased regulation or decreased governmental support relating to the raising, processing or consumption of food-producing animals;

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an outbreak of infectious disease carried by animals;

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adverse weather conditions and the availability of natural resources;

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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; and

•

actual or potential conflicts of interest as a result of the fact that several of our directors will simultaneously serve as employees of Pfizer.

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Conflicts of interest

The offering is being conducted in accordance with the applicable provisions of Rule 5121 of the Conduct Rules of the Financial Industry Regulatory Authority, Inc., or FINRA, because certain of the underwriters will have a “conflict of interest” pursuant to Rule 5121(f)(5)(C)(ii) by virtue of their role as debt-for-equity exchange parties, since all of the net proceeds of this offering will be received by the debt-for-equity exchange parties. Rule 5121 requires that a “qualified independent underwriter” as defined in Rule 5121 must participate in the preparation of the prospectus and perform its usual standard of diligence with respect to the registration statement and this prospectus. Accordingly, Goldman, Sachs & Co. is assuming the responsibilities of acting as the qualified independent underwriter in the offering. See “Underwriting—Conflicts of interest.”

Corporate information

We were incorporated in Delaware in July 2012. The address of our principal executive offices is currently c/o Pfizer, 5 Giralda Farms, Madison, New Jersey 07940 and we expect that our principal executive offices will be relocated following the completion of this offering. Our website is currently www.pfizerah.com. Prior to the consummation of this offering, our website will be relocated to www.zoetis.com. Information on, or accessible through, our website is not part of this prospectus.

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The offering

Class A common stock offered in this offering	86,100,000 shares (99,015,000 shares if the underwriters exercise their option to purchase additional shares in full)
Common stock to be held by Pfizer immediately after this offering	No shares of Class A common stock (no shares if the underwriters exercise their option to purchase additional shares in full) 413,900,000 shares of Class B common stock (400,985,000 shares if the underwriters exercise their option to purchase additional shares in full)
Common stock to be outstanding immediately after this offering	86,100,000 shares of Class A common stock (99,015,000 shares if the underwriters exercise their option to purchase additional shares in full)

413,900,000 shares of Class B common stock (400,985,000 shares if the underwriters exercise their option to purchase additional shares in full)

Underwriters' option

The underwriters have an option to purchase up to 12,915,000 additional shares of Class A common stock from the debt-for-equity exchange parties as described in "Underwriting."

Use of proceeds

We will not receive any proceeds from the sale of our Class A common stock in this offering. All of the net proceeds from this offering will be received by the debt-for-equity exchange parties. On the settlement date of this offering immediately prior to the settlement of the debt-for-equity exchange parties' sale of the shares to the underwriters, the debt-for-equity exchange parties will acquire the Class A common stock being sold in this offering from Pfizer in exchange for outstanding Pfizer indebtedness held by the debt-for-equity exchange parties. See "Use of proceeds."

Voting rights

In connection with this offering, we will have two classes of authorized common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock will be identical, except with respect to voting and conversion rights. The holders of Class A common stock and Class B common stock will each be 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 will be entitled to ten votes per share, and the holders of Class A common stock will be entitled to one vote per share. Each share of Class B common stock held by Pfizer or one of its subsidiaries will be convertible into one share of Class A common stock at any time but will not be convertible if held by any other holder.

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Selling stockholder

In connection with this offering, Pfizer, as a selling stockholder for purposes of the U.S. securities laws, will exchange all of the shares of our Class A common stock being sold in this offering for indebtedness of Pfizer held by the debt-for-equity exchange parties. The debt-for-equity exchange parties will then sell these shares pursuant to this offering.

Conflicts of interest

Certain of the underwriters may be deemed to have a "conflict of interest" under Rule 5121 of the Conduct Rules of FINRA. See "Underwriting—Conflicts of interest."

Stock exchange symbol

Our Class A common stock has been approved for listing on the NYSE under the symbol "ZTS."

Unless the context requires otherwise, references to the number and percentage of shares of common stock to be outstanding immediately after this offering are based on 86,100,000 shares of Class A common stock and 413,900,000 shares of Class B common stock outstanding as of , 2013 and:

- assume the underwriters' option to purchase additional shares will not be exercised; and

- exclude 25,000,000 shares of our common stock reserved for issuance under the Zoetis 2013 Equity and Incentive Plan, from which we intend to grant at the time of this offering:

- restricted stock units and stock options (or other awards as appropriate with respect to our employees in non-U.S. jurisdictions) with an approximate aggregate target value of $45 million to approximately 2,600 of our employees, including each of our named executive officers, at the time of this offering. If the initial public offering price is equal to $23.50 per share (the midpoint of the price range set forth on the cover of this prospectus), these equity grants would be comprised of an aggregate of 957,447 restricted stock units and options to purchase an aggregate of 3,588,517 shares of Class A common stock. The actual number of restricted stock units and stock options granted pursuant to the 2013 equity grants will vary depending on the actual initial public offering price per share in this offering. See “Management—Compensation discussion and analysis—Proposed Zoetis 2013 equity and incentive plan;” and

- deferred stock units to Michael B. McCallister, Gregory Norden and William C. Steere, Jr., our three director nominees who are not otherwise currently employed by us or Pfizer, with a value of $140,000 for each grant. If the initial public offering price is equal to $23.50 per share (the midpoint of the price range set forth on the cover of this prospectus), each of the three non-employee director grantees would receive 5,957 deferred units. See “Management—Compensation discussion and analysis—Director compensation.”

Unless otherwise indicated, the information presented in this prospectus:

- gives effect to the transactions described under “The Separation and Distribution transactions—The Separation;” and

- assumes an initial public offering price of $23.50 per share of our Class A common stock, the midpoint of the price range set forth on the cover of this prospectus.

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Summary historical combined financial data

The summary historical combined statement of operations data for the years ended December 31, 2011, 2010 and 2009 presented below have been derived from our audited combined financial statements included elsewhere in this prospectus. The summary historical combined statement of operations data for the nine months ended September 30, 2012 and October 2, 2011 and the summary historical combined balance sheet data as of September 30, 2012 have been derived from our unaudited condensed combined financial statements included elsewhere in this prospectus. In the opinion of management, the unaudited condensed combined financial statements for the interim periods included in this prospectus include all normal and recurring adjustments that we consider necessary for a fair presentation of the financial position and operating results for these periods. The operating results for the nine months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ended December 31, 2012.

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 manufacturing costs, etc.) depending on the nature of the services and/or costs.

The financial statements included in this prospectus 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 this offering and the Separation.

Our combined financial statements have been prepared in accordance with United States generally accepted accounting principles, or U.S. GAAP. You should read the summary historical combined financial data set forth below in conjunction with the sections entitled “Management’s discussion and analysis of financial condition and results of operations” and “Selected historical combined financial data” and our combined financial statements and notes thereto included elsewhere in this prospectus.

Statement of operations data:

	Nine Months Ended December 31,(a)	Year Ended			
(MILLIONS OF DOLLARS)	September 30, 2012	October 2, 2011	2011	2010	2009
Revenues	$ 3,160	$ 3,106	$ 4,233	$ 3,582	$ 2,760
Costs and expenses(b)					

2,469 2,634 3,685 3,202 2,568

Restructuring charges and certain acquisition—related costs

55 108 154 202 340

Income/(loss) before provision/(benefit) for taxes on income/(loss)

636 364 394 178 (148)

Provision/(benefit) for taxes on income/(loss)

190 126 146 67 (47)

Net income/(loss) before allocation to noncontrolling interests	446	238	248	111	(101)
Less: Net income/(loss) attributable to noncontrolling interests	—	2	3	1	(1)
Net income/(loss) attributable to Zoetis	$ 446	$ 236	$ 245	$ 110	$ (100)

Balance sheet data:

(MILLIONS OF DOLLARS)	At September 30, 2012
Working capital	$ 1,818
Property, plant and equipment, less accumulated depreciation	1,204
Total assets	5,904
Allocated long-term debt(c)	580
Total liabilities	1,795
Total Zoetis equity	4,094

Certain amounts may reflect rounding adjustments.

(a) Starting in 2011, includes the King Animal Health business, or KAH, 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, or FDAH, operations, acquired as part of Pfizer's acquisition of Wyeth, commencing on the acquisition date of October 15, 2009.

(b) Excludes restructuring charges and certain acquisition-related costs.

(c) Starting in 2009, represents 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.

Other data:

(MILLIONS OF DOLLARS)	Nine Months Ended September 30, 2012	Year Ended December 31, October 2, 2011	2011	2010	2009
Adjusted net income(a)	$ 482	$ 381	$ 503	$ 275	$ 189

Certain amounts may reflect rounding adjustments.

(a) 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 “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 nine months ended September 30, 2012 and October 2, 2011, as well as reconciliations of the years ended December 31, 2011, 2010 and 2009, are provided in “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.

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Risk factors

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the following risks, together with all the other information in this prospectus, including our combined financial statements and notes thereto, before you invest in our Class A common stock. If any of the following risks actually materializes, our operating results, financial condition and liquidity could be materially adversely affected. As a result, the trading price of our Class A common stock could decline and you could lose part or all of your investment.

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 medicinal 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 $841 million for the nine months ended September 30, 2012 and approximately $1.2 billion for the year ended December 31, 2011. 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, United States 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 current drought impacting the United States 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 recently 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 United States, and may be proposed in the United States 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, 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 2011 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, following the Separation, we will no longer be 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 United States. 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 will no longer be 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 cancelled 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.

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

Under 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 September 30, 2012, we had goodwill of $981 million and identifiable intangible assets, less accumulated amortization, of $877 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.

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, test and develop 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 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.

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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 will manufacture certain of our products for us. 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.

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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 United States 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 United States, 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

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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 United States of income earned outside the United States.

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 “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.

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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 2011, we generated approximately 61% 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.

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

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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 United States 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 United States 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.

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Likewise, in the United States 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 United States, 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 United States and Brazil, we provide online ordering sites to customers, often through third-party service providers. 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.

Prior to the completion of this offering and in connection with the Separation, we will substantially change 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 will make 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 begin implementing a new 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 will incur approximately $3.65 billion aggregate principal amount of senior indebtedness in connection with the senior notes offering. As of September 30, 2012, after giving pro forma effect to the Transactions, which include the senior notes offering, our total debt would have been approximately $3.64 billion (net of original issue debt discount of $10 million). Immediately prior to the completion of this offering, we will transfer an amount of cash equal to substantially all of the net proceeds we received in the senior notes offering to Pfizer. In addition, $1.0 billion of our senior notes will be transferred to Pfizer and subsequently disposed of by Pfizer in connection with the senior notes offering. See “Unaudited pro forma condensed combined financial statements.” In addition, we have entered into an agreement for a $1.0 billion five-year revolving credit facility and expect to enter into a commercial paper program with a capacity of up to $1.0 billion prior to or concurrently with the completion of

this offering. The credit facility will not be available for borrowings until the date on which certain conditions, including the completion of this offering and the receipt of certain investment grade ratings, are satisfied. We expect that these conditions will be met concurrently with the completion of this offering, which we refer to as the “credit facility effective date.” While we do not anticipate that any amounts will be drawn under the credit facility or that any commercial paper will be issued under the commercial paper program at the time of this offering, 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;

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impacting our effective tax rate; and

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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, unless on the credit facility effective date certain investment grade ratings specified in the revolving credit agreement are received, to maintain a minimum interest coverage ratio. In addition, the credit facility contains 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.

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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.

Risks related to our relationship with Pfizer

The Separation and Distribution, if any, may not be successful and we may not achieve some or all of the expected benefits of the Separation and Distribution.

We may not be successful in implementing the Separation and Distribution. In addition, 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 benefits include the following:

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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;

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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;

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creating an independent equity structure that will facilitate our ability to effect future acquisitions utilizing our common stock; and

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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. In addition, the Separation and Distribution could adversely affect our operating results and financial condition.

Pfizer controls the direction of our business, and the concentrated ownership of our common stock will prevent you and other stockholders from influencing significant decisions.

Immediately following the completion of this offering, Pfizer will own 100% of our outstanding Class B common stock and no shares of our Class A common stock, giving Pfizer 82.8% 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 98.0% of the combined voting power of our outstanding common stock with respect to the election of directors (or 80.2% and 97.6%, respectively, if the underwriters exercise their option to purchase additional shares in full). 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.

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Pfizer's interests may not be the same as, or may conflict with, the interests of our other stockholders. Investors in this offering 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 will be able to control, directly or indirectly and subject to applicable law, all matters affecting us, including:

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any determination with respect to our business direction and policies, including the appointment and removal of officers and directors;

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any determinations with respect to mergers, business combinations or disposition of assets;

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our financing and dividend policy;

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compensation and benefit programs and other human resources policy decisions;

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termination of, changes to or determinations under our agreements with Pfizer relating to the Separation;

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changes to any other agreements that may adversely affect us;

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the payment of dividends on our common stock; and

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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 will be convertible at any time into one share of Class A common stock at Pfizer's option but will not be 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, you 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.

Following the completion of this offering, Pfizer will continue to own a significant equity interest in our company. Pfizer will have 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 Class A common stock that will be publicly traded hereafter, could prevent you from realizing any change-of-control premium on your 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.

Immediately following the completion of this offering, Pfizer will own 100% of our outstanding Class B common stock and no shares of our Class A common stock, giving Pfizer 82.8% 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 98.0% of the combined voting power of our outstanding common stock with respect to the election of directors (or 80.2% and 97.6%, respectively, if the underwriters exercise their option to purchase additional shares in full). 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 this offering, or a perception that the Distribution or such sales could occur, could significantly reduce the market price of our Class A common stock. Upon completion of this offering, except as otherwise described herein, all shares that are being offered hereby will be freely tradable without restriction, assuming they are not held by our affiliates.

We, our officers and directors and Pfizer have agreed with the underwriters 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 the date of this prospectus, 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

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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.

Immediately following this offering, we intend to file a registration statement registering under the Securities Act the shares of our common stock reserved for issuance under the Zoetis 2013 Equity and Incentive Plan. 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 will be a "controlled company" within the meaning of the rules of the NYSE and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

Upon completion of this offering, Pfizer will continue to control a majority of the voting power of our outstanding common stock. As a result, we will be 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 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. Accordingly, you will 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 completion of this offering, as a business unit of Pfizer, we have generally used the name “Pfizer Animal Health,” and we believe the association with Pfizer has contributed to our building relationships with our customers due to Pfizer’s globally recognized brand and perceived high-quality products. This offering, 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 that this offering, the Separation or the Distribution will have on our business, our clients, vendors or other persons, or whether our new brand, Zoetis, will be accepted in the marketplace.

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Pfizer may compete with us.

Pfizer will not be 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.

Following this offering, 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) will serve on our board of directors and

retain their positions with 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 will have limited liability to us or you 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 will be 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 "Certain relationships and related party transactions—Relationship with Pfizer—Tax matters agreement."

The assets and resources that we acquire 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 this offering and 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 will no longer have the same access after this offering. 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.

Pfizer currently performs or supports many important corporate functions for our company. Our combined financial statements reflect charges for these services on an allocation basis. Following this offering, many of these services will be governed by our transitional services agreement with Pfizer. Under the transitional services agreement we will be able to use these Pfizer services for a fixed term established on a service-by-service basis. However, we generally will 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, upon prior written notice, subject to limited cure periods.

We will pay Pfizer mutually agreed-upon fees for these services, which will be based on Pfizer's costs of providing the services. During the two years following the completion of this offering, 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 will be 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 will be 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 will 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 will diminish or be eliminated following this offering.

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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 intend to enter 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.

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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 "Certain relationships and related party transactions—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 will be 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 will have 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 "Certain relationships and related party transactions—Relationship with Pfizer—Intellectual property license agreements."

Risks related to this offering and ownership of our Class A common stock

An active trading market for our Class A common stock may not develop, and you may not be able to sell your Class A common stock at or above the initial public offering price.

Prior to the completion of this offering, there has been no public market for our common stock. An active trading market for shares of our Class A common stock may never develop or be sustained following this offering. If an active trading market does not develop, you may have difficulty selling your shares of Class A common stock at an attractive price, or at all. The price for our Class A common stock in this offering will be determined by negotiations among Pfizer, us and representatives of the underwriters, and it may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell your Class A common stock at or above the initial public offering price or at any other price or at the time that you would like to sell. An inactive market may also impair our ability to raise capital by selling our common stock, and it may impair our ability to attract and motivate our employees through equity incentive awards and our ability to acquire other companies, products or technologies by using our common stock as consideration.

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

You should consider an investment in our Class A common stock to be risky, and you should invest in our Class A common stock only if you can withstand a significant loss and wide fluctuations in the market value of your investment. 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 the prospectus, are:

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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 or 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.

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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.

You will incur immediate dilution as a result of this offering.

If you purchase Class A common stock in this offering, you will pay more for your shares than the net tangible book value of your shares. As a result, you will incur immediate dilution of $25.10 per share, representing the difference between the assumed initial public offering price of $23.50 per share (the midpoint of the price range on the cover of this prospectus) and our pro forma net tangible book deficit per share as of September 30, 2012 after giving effect to the Transactions, as defined in “Unaudited pro forma condensed combined financial statements” of $(1.60). Accordingly, should we be liquidated at our book value, you would not receive the full amount of your investment.

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 prospectus 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 in the future, 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 this offering, including costs related to public company reporting, investor relations and compliance with the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act; and

- this offering may have a material effect on our customers and other business relationships, including supplier relationships, and may result in the 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 elsewhere in this prospectus. 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 may expend additional time and resources to comply with rules and regulations that do not currently 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 will be 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 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 ended 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 ended 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 Class A common stock.

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

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. We currently intend to pay a quarterly cash dividend on our common stock of $0.065 per share. Returns on your investment 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 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 United States, 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 as a result of certain agreements we intend to enter into with Pfizer.

Cautionary statement concerning forward-looking statements

This prospectus contains "forward-looking" statements. 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 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 potentially inaccurate assumptions. These risks and uncertainties include those set forth under "Risk factors." 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 expressly disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Use of proceeds

We will not receive any proceeds from the sale of our Class A common stock in this offering. All of the net proceeds from this offering will be received by the debt-for-equity exchange parties. On the settlement date of this offering immediately prior to the settlement of the debt-for-equity exchange parties' sale of the shares to the underwriters, the debt-for-equity exchange parties will acquire the Class A common stock being sold in this offering from Pfizer in exchange for outstanding Pfizer indebtedness held by the debt-for-equity exchange parties. See "Summary—The underwriting and the debt-for-equity exchange," "Underwriting—The debt-for-equity exchange" and "Underwriting—Conflicts of interest."

Dividend policy

We initially 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 discretion of our board of directors. 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 United States, 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.

Dilution

If you invest in our Class A common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of Class A common stock and the pro forma net tangible book deficit per share of our Class A common stock and Class B common stock after giving effect to the Transactions, as defined in "Unaudited pro forma condensed combined financial statements". Net tangible book deficit per share represents:

- total assets less intangible assets;
- reduced by our total liabilities; and
- divided by the number of shares of our common stock outstanding.

Dilution per share represents the difference between the amount per share paid by purchasers of our Class A common stock in this offering and the pro forma net tangible book deficit per share after giving effect to the Transactions. As of September 30, 2012, after giving effect to the Transactions, our pro forma net tangible book deficit was approximately $(799) million, or $(1.60) per share based on 86.1 million shares of our Class A common stock and 413.9 million shares of our Class B common stock outstanding prior to this offering. This represents an immediate dilution of $25.10 per share to investors purchasing shares of our Class A common stock in this offering. The following table illustrates this dilution per share assuming an initial public offering price per share at the midpoint of the price range on the cover of this prospectus:

Assumed initial public offering price per share

$ 23.50

Pro forma net tangible book deficit per share as of September 30, 2012 after giving effect to the Transactions

$ (1.60)

Dilution per share to new investors in this offering

$ 25.10

A $1.00 increase/(decrease) in the assumed initial public offering price of $23.50 per share, which is the midpoint of the price range set forth on the cover of this prospectus would not impact our pro forma net tangible book deficit or our pro forma net tangible book deficit per share but it would increase/(decrease) dilution per share to new investors in this offering by $1.00.

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Capitalization

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2012 on a historical basis, and on a pro forma basis to reflect the Transactions, as defined in “Unaudited pro forma condensed combined financial statements.”

As the net proceeds of this offering are received by the debt-for-equity exchange parties, this offering has no impact on our capitalization.

The information below is not necessarily indicative of what our cash and cash equivalents and capitalization would have been had the Transactions been completed as of September 30, 2012. In addition, it is not indicative of our future cash and cash equivalents and capitalization. This table is derived from, and is qualified in its entirety by reference to, our historical and pro forma financial statements and the notes thereto included elsewhere in this prospectus, and should be read in conjunction with “Management’s discussion and analysis of financial condition and results of operations,” “Unaudited pro forma condensed combined financial statements” and our combined financial statements and notes thereto included elsewhere in this prospectus.

As of

September 30, 2012

Actual Pro forma

(MILLIONS, EXCEPT PER SHARE AMOUNTS)

Cash and cash equivalents

$ 133 $ 300

Allocated long-term debt	$ 580	$ —
Revolving credit facility(1)	—	—
Senior notes(2)	—	3,640
Equity(3):		
Business unit equity	4,263	—
Class A common stock, $0.01 par value, 5,000 shares authorized; 86.1 issued and outstanding on a pro forma basis	—	1
Class B common stock, $0.01 par value, 1,000 shares authorized; 413.9 issued and outstanding on a pro forma basis	—	4
Additional paid-in capital	1,234	
Accumulated other comprehensive loss	(169)	(195)
Total Zoetis equity	4,094	1,044
Equity attributable to noncontrolling interests	15	15

Total equity	$ 4,109	$ 1,059
Total capitalization	$ 4,689	$ 4,699

(1) In December 2012, we entered into a $1.0 billion five-year revolving credit facility. The credit facility will not be available for borrowings until the date on which certain conditions, including the completion of this offering and the receipt of certain investment grade ratings, are satisfied. We expect that these conditions will be met concurrently with the completion of this offering. Subject to certain conditions, we will have the right to increase the credit facility to up to $1.5 billion. No borrowings under the revolving credit facility are assumed on a pro forma basis.

(2) Reflects an original issue debt discount of $10 million.

(3) The number of shares of Class A common stock and Class B common stock issued and outstanding on a pro forma basis assumes the underwriters' option to purchase 12.9 million additional shares is not exercised. We have authorized preferred stock, but no preferred shares are assumed to be issued and outstanding on a pro forma basis.

Selected historical combined financial data

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

The selected historical combined statement of operations data for the years ended December 31, 2011, 2010 and 2009 and the selected historical combined balance sheet data as of December 31, 2011 and 2010 presented below have been derived from our audited combined financial statements included elsewhere in this prospectus. 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 prospectus.

The revenue data for the years ended December 31, 2008 and 2007 are derived from unaudited combined financial information not included in this prospectus.

The selected historical combined statement of operations data for the nine months ended September 30, 2012 and October 2, 2011 and the selected historical combined balance sheet data as of September 30, 2012 have been derived from our unaudited condensed combined financial statements included elsewhere in this prospectus. The selected historical combined balance sheet data as of October 2, 2011 has been derived from unaudited combined financial information not included in this prospectus. In the opinion of management, the unaudited condensed combined financial statements for the interim periods included in this prospectus include all normal and recurring adjustments that we consider necessary for a fair presentation of the financial position and operating results for these periods. The operating results for the nine months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ended December 31, 2012.

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 prospectus 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 this offering and the Separation.

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You should read the selected historical combined financial data set forth below in conjunction with the sections entitled "Management's discussion and analysis of financial condition and results of operations" and our combined financial statements and notes thereto included elsewhere in this prospectus.

	Nine Months Ended(a)	Year Ended December 31,(a)				
(MILLIONS OF DOLLARS)	September 30, 2012	October 2, 2011	2011	2010	2009	2008(b)	2007(b)
Statement of operations data:							
Revenues	$ 3,160	$ 3,106	$ 4,233	$ 3,582	$ 2,760	$ 2,825	$ 2,639
Net income/(loss) before allocation to noncontrolling interests(c)	446	238	248	111	(101)	NA	NA

Balance sheet data:

Total assets

$ 5,904 $ 5,844 $ 5,711 $ 5,284 $ 5,598 $ 2,993 NA

Long-term obligations(d)

580 689 575 673 728 — NA

Other data:

Adjusted net income(e)

$ 482 $ 381 $ 503 $ 275 $ 189 NA NA

NA: Not Available

Certain amounts may reflect rounding adjustments.

(a) Starting in 2011, includes the 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 FDAH operations, acquired as part of Pfizer's acquisition of Wyeth, commencing on the acquisition date of October 15, 2009.

(b) Certain information for 2007 and 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 years ended December 31, 2008 and 2007 or to determine Total assets and Long-term obligations at December 31, 2007.

(c) Defined as net income/(loss) before allocation to noncontrolling interests.

(d) 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.

(e) 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 "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 nine months ended September 30, 2012 and October 2, 2011, as well as reconciliations of the years ended December 31, 2011, 2010 and 2009, are provided in "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.

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Unaudited pro forma condensed combined financial statements

The following unaudited pro forma condensed combined financial statements should be read in conjunction with the section entitled "Management's discussion and analysis of financial condition and results of operations" and our audited combined annual and unaudited condensed combined interim financial statements and accompanying notes included elsewhere in this prospectus.

Our unaudited pro forma condensed combined financial statements consist of unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2012 and for the year ended December 31, 2011, and an unaudited pro forma condensed combined balance sheet as of September 30, 2012. The unaudited pro forma condensed combined financial statements are based on and have

been derived from our historical combined annual and condensed combined interim financial statements included elsewhere in this prospectus.

In management's opinion, the unaudited pro forma condensed combined financial statements reflect certain adjustments that are necessary to present fairly our unaudited pro forma condensed combined results of operations and our unaudited pro forma condensed combined balance sheet as of and for the periods indicated. The pro forma adjustments give effect to events that are (i) directly attributable to the transactions described below, (ii) factually supportable; and, with respect to the statement of operations, (iii) expected to have a continuing impact on us. The pro forma adjustments are based on assumptions that management believes are reasonable given the best information currently available.

The unaudited pro forma condensed combined financial statements are for illustrative and informational purposes only and are not intended to represent what our results of operations or financial position would have been had we operated as a standalone public company during the periods presented or if the transactions described below had actually occurred as of the dates indicated. The unaudited pro forma condensed combined financial statements should not be considered indicative of our future results of operations or financial position as a standalone public company.

The unaudited pro forma condensed combined financial statements give effect to the following transactions, which we refer to as the "Transactions," as if they each had occurred on January 1, 2011 for the unaudited pro forma condensed combined statements of operations and on September 30, 2012 for the unaudited pro forma condensed combined balance sheet:

- Pfizer's transfer to us of its subsidiaries holding substantially all of the assets and liabilities of its animal health business in consideration for (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) $1 billion aggregate principal amount of senior notes with a stated interest rate of 3.25%, which Pfizer will dispose of in connection with the senior notes offering; and (iv) an amount of cash equal to substantially all of the net proceeds we received in the senior notes offering;

- the incurrence of $2.650 billion aggregate principal amount of senior notes in connection with the senior notes offering with a weighted-average stated interest rate of 3.17% (this debt is in addition to the $1 billion of senior notes mentioned above);

- the incurrence of $25 million of costs related to the issuance of senior notes in the senior notes offering and the establishment of a $1.0 billion five-year revolving credit facility; and

- certain transactions contemplated by certain agreements between us and Pfizer described in "Certain relationships and related party transactions—Relationship with Pfizer," and the provisions contained therein.

Due to local regulatory and operational requirements, in certain non-U.S. jurisdictions, the transfer of certain assets and liabilities of Pfizer's animal health business may not legally occur prior to this offering. We have not adjusted the accompanying unaudited pro forma condensed combined balance sheet for the potential impact of the delayed transfers because these assets and liabilities are not material to our unaudited pro forma condensed combined financial statements, individually or in the aggregate.

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Our historical condensed 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. Following this offering, pursuant to agreements with Pfizer, we expect that 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 expect to incur other costs to replace the services and resources that will not be provided by Pfizer. We will also incur additional costs related to being 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 2011 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 expect these costs to range between approximately $30 million to $40 million in 2013 and 2014. We have not adjusted the accompanying unaudited pro forma condensed combined statements of operations for any of these estimated costs as they are projected amounts based on estimates and, therefore, are not factually supportable.

The unaudited pro forma condensed combined statements of operations exclude certain non-recurring costs that we expect to incur related to the separation, including new branding (which includes changes to the manufacturing process for new packaging required), 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.

Some of our products are manufactured at sites that will be retained by Pfizer or that will be operated by Pfizer under a sale-leaseback arrangement. Following this offering, pursuant to the master manufacturing and supply agreement with Pfizer, we expect to purchase these products from Pfizer. The historical condensed combined statements of operations 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 condensed combined statements of operations 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 nine months ended September 30, 2012 and approximately $14 million for the year ended December 31, 2011. We have not adjusted the accompanying unaudited pro forma condensed combined statements of operations for the aforementioned differences. Such an adjustment is not factually supportable due to the unpredictability and variability of such costs, which could be gains or losses in any particular period, and due to the fact that, as a standalone company, we will operate under our own supply manufacturing network, which may be different than the one operated by Pfizer.