**Risk Factors Comparison 2024-02-13 to 2023-02-14 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

In addition to the other information set forth in this ~~2022~~ **2023** Annual Report, any of the factors described below could materially adversely affect our operating results, financial condition and liquidity, which could cause the trading price of our securities to decline. This report contains " forward- looking " statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward- looking statements reflect our current views with respect to, among other things, future events and performance. We generally identify forward- looking statements by words such as " anticipate, " " estimate, " " could, " " expect, " " intend, " " project, " " plan, " " predict, " " believe, " " seek, " " continue, " " outlook, "" objective,"" target," " 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 our future actions, business plans or prospects, prospective products, product approvals or products under development, product and supply chain disruptions, ~~the impact of the COVID- 19 pandemic and any recovery therefrom on our business,~~ 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, anticipated timing of generic market entries, integration of acquired businesses, interest rates, tax rates, changes in tax regimes and laws, foreign exchange rates, growth in emerging markets, the outcome of contingencies, such as legal proceedings, plans related to share repurchases and dividends, 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. However, there may also be other risks that we are unable to predict at this time. If one or more of these risks or uncertainties materialize, or if management' s underlying beliefs and assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward- looking statement. You should not put undue reliance on forward- looking statements. Forward- looking statements speak only as of the date on which they are made. We undertake no obligation to publicly update forward- looking statements, whether as a result of new information, future events or otherwise, except as required by law or by the rules and regulations of the SEC. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10- Q and 8- K reports and our other filings with the SEC. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties. Risks related to our business and the animal health industry **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 standalone animal health businesses, start- up companies working in the animal health area and the animal health businesses of large pharmaceutical companies. These competitors may have access to greater financial, marketing, technical and other resources or have significant market share in particular areas. 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 recent years, there has been an increase in consolidation in the animal health industry, which could result in existing competitors realizing additional efficiencies or improving portfolio bundling opportunities, thereby potentially increasing their market share and pricing power, which could lead to a decrease in our revenue and profitability and an increase in competition. To the extent that any of our competitors** are **more successful** ~~subject to unanticipated safety, quality or efficacy concerns. Unanticipated safety, quality or efficacy concerns can arise~~ with respect to **any key competitive factor** ~~our~~ **or** ~~products~~ **we are forced to reduce** , ~~whether~~ **or are unable to raise, the price of any of** ~~or~~ **our** ~~not scientifically or clinically supported, which can lead to product~~ **products** ~~recalls~~ **in order to remain competitive** , ~~withdrawals or~~ **our operating results** ~~suspended or declining sales, as well as product liability~~ and **financial condition** ~~other claims. Regulatory actions based on these types of safety, quality or efficacy concerns~~ could **be** ~~impact all or a significant portion of a product' s sales and could, depending on the circumstances,~~ materially adversely ~~affect~~ **affected** ~~our operating results. In addition, since we depend on positive perceptions of the safety, quality and efficacy of our products, and animal health products generally, by our customers, veterinarians and end- users, any concerns as to the safety, quality or efficacy of our products, whether actual or perceived, may harm our reputation or materially adversely affect our operating results and financial condition, regardless of whether such concerns are accurate~~ . Our results of operations are dependent upon the success of our top- selling products. If any of our top- selling products ~~and~~ **or** product lines experience issues, such as loss of patent protection, material product liability litigation, new or unexpected side effects, manufacturing or supply chain disruptions, regulatory proceedings, labeling changes, negative publicity, changes to veterinarian or customer preferences, and / or disruptive innovations or the introduction of competing and / or more effective products, our revenues could be negatively impacted, perhaps significantly. For example, our five top- selling products and product lines, Simparica / Simparica Trio, Apoquel **/ Apoquel Chewable** , Cytopoint, Revolution / Revolution Plus / Stronghold and ceftiofur line, contributed approximately 37 % of our revenue in ~~2022~~ **2023** , and any issues with these top- selling products and product lines would have a more significant impact to our results of operations. ~~The~~ **Our products are subject to unanticipated safety, quality or efficacy concerns. Unanticipated safety, quality or efficacy concerns can arise with respect to our products, whether or not scientifically or clinically supported, which can lead to product recalls,**

**withdrawals or suspended or declining sales, as well as product liability and other claims. Regulatory actions based on these types of safety, quality or efficacy concerns could impact all or a significant portion of a product' s sales and could, depending on the circumstances, materially adversely affect our operating results. In addition, since we depend on positive perceptions of the safety, quality and efficacy of our products, and** animal health **products generally,** ~~industry is highly competitive. We believe many of our competitors are conducting R & D activities in areas served~~ by our ~~products~~ **customers, veterinarians** and **end** ~~in areas in which we are developing products. Our competitors include standalone animal health businesses and the animal health businesses of large pharmaceutical companies. There are also many start~~ - **users** ~~up companies working in the animal health area. These competitors may have access to greater financial~~ , ~~marketing, technical and other resources or have significant market share in particular areas. 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 recent years, there has been an increase in consolidation in the animal health industry, which could result in existing competitors realizing additional efficiencies or improving portfolio bundling opportunities, thereby potentially increasing their market share and pricing power, which could lead to a decrease in our revenue and profitability and an increase in competition. In addition to competition from established market participants, new entrants to the animal health medicines, vaccines and diagnostics industry, including start- up companies, could substantially reduce our market share or render our products obsolete. To the extent that~~ any ~~of~~ **concerns as to the safety, quality** ~~our~~ - **or efficacy of** ~~competitors are more successful with respect to any key competitive factor or~~ **our products** ~~we are forced to reduce~~ , **whether actual** ~~or are unable to raise, the price of any of our~~ - **or perceived** ~~products in order to remain competitive~~ , **may harm our reputation or materially adversely affect** our operating results and financial condition ~~could be materially adversely affected~~ **, regardless of whether such concerns are accurate** . ~~16 |~~Generic and other 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 and regulatory data exclusivity periods to provide us with exclusive marketing rights for some of our products. Patents for individual products expire at different times based on the date of the patent filing (or sometimes the date of patent grant) and the legal term of patents in the countries where such patents are obtained. The extent of protection afforded by our patents varies from country to country and is limited by the scope of the claimed **16 |** subject matter of our patents, the term of the patent and the availability and enforcement of legal remedies in the applicable country. As a result, we face competition from lower- priced generic alternatives to many of our products that no longer have patent protection. In certain circumstances, we have been forced to lower our prices and provide discounts or rebates in order to compete with generic products. Generic competitors are becoming more aggressive in terms of launching at risk before patent rights expire and, because of their pricing, are an increasing percentage of overall animal health sales in certain regions. For example, several companies have launched generic versions of our Rimadyl chewable and Draxxin products. In the years since the start of generic and other competition, sales of our Rimadyl chewable and Draxxin products have declined in the U. S., the largest market for these products, by ~~23~~ **33** % and ~~45~~ **47** %, respectively, and additional declines are expected in subsequent years. If animal health customers increase their use of new or existing generic products, our operating results and financial condition could be materially adversely affected. Our business is subject to risk based on global economic and political conditions. Macroeconomic, business, political and financial disruptions **, including public health crises or pandemics, such as COVID- 19,** could have a material adverse effect on our operating results, financial condition and liquidity. Certain of our customers and suppliers may be affected directly by ~~the current~~ economic ~~downturn~~ **downturns** and could face credit issues or cash flow problems that could 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 or goods from our suppliers. If one or more of our large customers, including distributors, discontinue their relationship with us as a result of economic conditions, **public health conditions,** sanctions or otherwise, our operating results and financial condition may be materially adversely affected. In addition, economic concerns and geopolitical instability may cause **shortages in veterinary healthcare workers or** 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. Moreover, customers may seek lower price alternatives to our products if they are negatively impacted by the current poor economic conditions. Russia' s invasion of Ukraine ~~and~~ **,** the ~~imposition of sanctions~~ **conflict between Israel** and ~~business disruptions and the measures taken~~ **Hamas (including any escalation or expansion), economic weakness** in China **,** ~~to combat~~ the COVID- 19 pandemic, as well as inflation, are examples of recent global economic conditions that could have **an** ~~a material~~ adverse effect on our operating results, financial condition and liquidity. Infectious disease outbreaks, pandemics, sanctions, geopolitical instability and widespread fear of spreading disease through human contact can cause disruptions to or negatively impact our customers' and our distributors' business operations, which could materially adversely affect our operating results. Furthermore, our exposure to credit and collectability risk and cybersecurity risk is higher in certain international markets ~~and as a result of the crisis resulting from Russia' s invasion of Ukraine~~ , our ability to mitigate such risks may be limited. While we have procedures to monitor and limit exposure to credit and collectability risk and have defensive measures in place to prevent and mitigate cyberattacks, there can be no assurances that such procedures and measures will effectively limit such risks and avoid losses. The COVID- 19 pandemic has negatively..... our operating results and financial condition. Consolidation of our customers and distributors 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, and our distributors, have seen consolidation in their industries. Furthermore, we have seen the expansion of larger cross- border corporate customers and an increase in the consolidation of buying groups (cooperatives of veterinary practices that leverage volume to pursue discounts from manufacturers). If these trends towards consolidation continue, these customers and distributors 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. 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 have the option to purchase animal health products **and, in some cases, veterinary services** from sources other than veterinarians, such as ~~Internet~~ **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 and has been accelerated by the increase in e- commerce during the COVID- 19 pandemic. Companion animal owners also could decrease their reliance on, and visits to, veterinarians as they rely more on ~~Internet~~ **internet** - based animal health information. Because we primarily market our companion animal 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. In the U. S. and certain other markets, these and other competitive conditions have increased, and may continue to increase, our reliance on ~~Internet~~ **internet** - based retailers, " big- box " retail stores or other over- the- counter distribution channels to sell our companion animal products. Over time we may be unable to sustain our current margins due to the increased purchasing power of such retailers as compared to traditional veterinary practices. Any of these events could materially adversely affect our operating results and financial condition. ┼ Disruptive innovations and advances in medical practices and 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 **.** 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, 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. In recent years, outbreaks of various diseases, including African Swine Fever, avian influenza, foot- and- mouth disease, bovine spongiform **17 |** encephalopathy (otherwise known as BSE or mad cow disease) and porcine epidemic diarrhea virus (otherwise known as PEDv), have impacted the animal health business. The discovery of additional cases of any of these, or new diseases may result in additional restrictions on animal proteins, reduced herd sizes, 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. Implementing new business lines or offering new products and services may subject us to additional risks. From time to time, we may implement new business lines or offer new products and services within existing lines of business. There may be substantial risks and uncertainties associated with these efforts. We may invest significant time and resources in developing, marketing, or acquiring new lines of business and / or offering new products and services. Initial timetables for the introduction and development or acquisition of new lines of business and / or the offering of new products or services may not be achieved, and price and profitability targets may prove to be unachievable. Our lack of experience or knowledge, as well as external factors, such as compliance with regulations, competitive alternatives and shifting market preferences, may also impact the success of an acquisition or the implementation of a new line of business or a new product or service. New business lines or new products and services within existing lines of business could affect the sales and profitability of existing lines of business or products and services. Failure to successfully manage these risks in the implementation or acquisition of new lines of business or the offering of new products or services could have a material adverse effect on our reputation, business, results of operations, and financial condition. Restrictions and bans on the use of and consumer preferences regarding antibacterials in food- producing animals may become more prevalent. The issue of the potential transfer of increased antibacterial resistance in bacteria from food- producing animals to human pathogens, and the causality of that transfer, continue to be the subject of global scientific and regulatory discussion. Antibacterials refer to small molecules that can be used to treat or prevent bacterial infections and are a sub- categorization of the products that make up our anti- infectives and medicated feed additives portfolios. In some countries, this issue has led to government restrictions and bans on the use of specific antibacterials in some food- producing animals, regardless of the route of administration (in feed or injectable). These restrictions are more prevalent in countries where animal protein is plentiful and governments are willing to take action even when there is scientific uncertainty. Our total revenue attributable to antibacterials for livestock was ~~approximately~~ **less than** $ **950** ~~1. 0 billion~~ **million** for the year ended December 31, ~~2022~~ **2023** . For example, regulations regarding antibiotic usage in animals have been introduced in certain markets, including the U. S., the EU, China, France, Germany, and Vietnam. In addition, certain jurisdictions like Italy have implemented the use of electronic prescriptions, which has caused more disciplined use of antibiotics and decreased the demand for our antibacterial products. Also, in certain markets, there has been an increase in consumer preference towards proteins produced without the use of antibiotics. ~~18 |~~ We cannot predict whether antibacterial resistance concerns will result in additional restrictions or bans, expanded regulations, public pressure to discontinue or reduce use of antibacterials in food- producing animals or increased consumer preference for antibiotic- free protein, any of which could materially adversely affect our operating results and financial condition. Perceived adverse effects linked to the consumption of food derived from animals that

utilize our products or animals generally 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. Furthermore, changing consumer preferences and increasing consumer interest in alternatives to animal- based protein and dairy products has driven the growth of plant- based substitutes. 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 materially adversely affect 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. 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. Furthermore, new or more stringent regulations could, directly or indirectly, impact the use of one or more of our products. More stringent regulation of the livestock industry or our products could have a material adverse effect on our operating results and financial condition. We may not successfully acquire and integrate other businesses, license rights to technologies or products, form and manage alliances or divest businesses. We 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, due to regulatory constraints or limitations or other unforeseen factors that prevent us from realizing the expected benefits. We may be unable to integrate acquisitions successfully into our existing business, and we may be unable to achieve expected sales, gross margin improvements or efficiencies. 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 or government investigations in connection with, or as a result of, acquisitions, dispositions, licenses or other alliances. While our evaluation of any potential transaction includes business, legal and financial due diligence with the goal of identifying and evaluating the material risks involved, our due diligence reviews may not identify all of the issues necessary to accurately estimate the cost and potential loss contingencies of a particular transaction, including potential exposure to regulatory sanctions or fines resulting from an acquisition target' s previous activities, inadequate controls, or costs associated with any quality issues with an acquisition target' s legacy products. Any of these events could cause us to incur significant expenses and could materially adversely affect our operating results and financial condition. **18 |** Our business may be negatively affected by weather conditions, natural disasters and the availability of natural resources. Adverse weather events and natural disasters may also interfere with and negatively impact operations at our manufacturing sites, research and development facilities and office buildings, which could have a material adverse effect on our operating results and financial condition, especially if such interruptions to regular operations are frequent or prolonged. Weather conditions, including excessive cold or heat, natural disasters, floods, droughts and other events, could negatively impact our livestock customers by impairing the health or growth of their animals or the production or availability of feed. Such events ~~can~~ **could** also interfere with our livestock customers' operations due to power outages, fuel shortages, damage to their farms or facilities or disruption of transportation channels, among other things. For example, severe droughts can lead to a decrease in harvested corn and higher corn prices, which may impact the profitability of livestock producers of cattle, pork and poultry. Higher corn prices may contribute to reductions in herd or flock sizes that may result in reduced spending on animal health products. Adverse weather conditions and natural disasters may also have a material **adverse** impact on the aquaculture business. In the event of a natural disaster, adverse weather conditions, or a shortage of fresh water, veterinarians or livestock producers may purchase less of our products and our operating results and financial condition could be materially adversely affected. In addition, veterinary hospitals and practitioners depend on visits from and access to animals under their care. Veterinarians' patient volume and ability to operate could be adversely affected if they experience natural disasters or adverse weather conditions, including floods, fires, earthquakes and hurricanes or other storms, or prolonged snow or ice, particularly in regions not accustomed to sustained inclement weather. Climate change could have a material adverse impact on our and our customers' businesses. We operate in many regions, countries and communities around the world where our businesses, and our activities and the activities of our customers and suppliers, could be disrupted by climate change. Potential physical risks from climate change may include altered distribution and intensity of rainfall, prolonged droughts or flooding, increased frequency of wildfires and other natural disasters, rising sea levels, and a rising heat index, any of which could cause negative impacts to our and our customers' and suppliers' businesses. Increased temperatures and rising water levels may negatively impact our livestock customers by increasing the prevalence of parasites and diseases that affect food animals. In addition, changes in water temperatures could affect the timing of reproduction and growth of various fish species, and trigger the outbreak of certain water borne diseases. The physical changes caused by climate change may also prompt changes in regulations or consumer preferences which in turn could have negative consequences for our and our customers' businesses. Climate change may negatively impact our customers' operations, particularly those in the livestock industry, through climate- related impacts such as increased air and water temperatures, rising water levels and increased incidence of disease in livestock. In addition, concerns regarding greenhouse gas emissions and other potential environmental impacts of livestock production have led to some consumers opting to limit or avoid consuming animal products. If such events affect our customers' businesses, they may purchase ~~19 |~~ fewer Zoetis products, and our revenues may be negatively impacted. **Such** ~~Climate~~ **climate** driven changes could have a material adverse impact on the financial performance of our business, and on our customers. The impacts from climate change may also impact

Zoetis' and our suppliers' manufacturing processes. For example, ample amounts of clean water are needed to produce our products, and the effects from climate change could result in water supply interruptions and low water quality. In addition, increased frequency of natural disasters and adverse weather conditions **as a result of climate change** may disrupt our manufacturing processes or our supply chain. These disruptions may have a material adverse effect on our business, financial condition, results of operations and / or cash flows. Modification of foreign trade policy by the U. S. or other countries or the imposition of tariffs on imported goods may harm our business. Changes in trade laws, agreements and policies governing trade in and out of the territories and countries where our customers do business could negatively impact such customers' businesses and adversely affect our operating results. A number of our customers, particularly U. S.- based livestock producers, benefit from free trade agreements. As well, international trade agreements or policies could harm our business and customers, and, as a result, negatively impact our financial condition and results of operations. Additionally, in response to U. S. tariffs affecting exports, some governments, including China, have instituted and may in the future institute tariffs on certain U. S. goods. While the scope and duration of these and any future tariffs remains uncertain, tariffs imposed by the U. S. or other governments on our products or the active pharmaceutical ingredients or other components thereof could negatively impact our financial condition and results of operations. 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 in sales of our companion animal products, especially in developed countries where there is a higher rate of pet ownership. Our business could be adversely affected by labor disputes, strikes or work stoppages. Some of our employees are members of unions, works councils, trade associations or are otherwise subject to collective bargaining agreements in certain jurisdictions, including the U. S. As a result, we are subject to the risk of labor disputes, strikes, work stoppages and other labor- relations matters. We may be unable to negotiate new collective bargaining agreements on similar or more favorable terms and may experience work stoppages or other labor problems in the future at our sites. We could experience a disruption of our operations or higher ongoing labor costs, which could have a material adverse effect on our operating results and financial condition, potentially resulting in canceled orders by customers, unanticipated inventory accumulation or shortages and reduced revenue and net income. We may also experience difficulty or delays in implementing changes to our workforce in certain markets. In addition, labor problems at our suppliers, CMOs or other service providers could have a material adverse effect on our operating results and financial condition. **19 |** Our business may be harmed if we are unable to retain and hire executive officers or other key personnel. We depend on the efforts of our executive officers and certain key personnel, including research, technical, sales **, security** , marketing, manufacturing and administrative personnel. Our ability to recruit and retain such talent will depend on a number of factors, including compensation and benefits, work location and work environment. From time to time there may be shortages of skilled labor, which may make it more difficult for us to attract and retain qualified employees or lead to increased labor costs. In addition, we generally do not enter into employment agreements with our executive officers and other key personnel. If we cannot effectively recruit and retain qualified executives and employees, we may not be able to maintain or expand our operations, or our business could be otherwise adversely affected and could, at least temporarily, have a material adverse effect on our operating results and financial condition. We may be required to write down goodwill or identifiable intangible assets. Under accounting principles generally accepted in the United States of America (U. S. GAAP), if we determine goodwill or identifiable intangible assets are impaired, we will be required to write down these assets and record a non- cash impairment charge. As of December 31, ~~2022~~ **2023** , we had goodwill of $ 2. ~~7~~ **8** billion and identifiable intangible assets, less accumulated amortization, of $ 1. ~~4~~ **3** billion. Identifiable intangible assets consist primarily of developed technology rights, brands, trademarks, license agreements, patents, acquired customer relationships 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 Consolidated Statements of Income and write- downs recorded in our Consolidated 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 our research and development Our R &..... contract research organizations. Risks related to manufacturing and supply 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 our products in sufficient quantities. On December 31, ~~2022~~ **2023** , we had a global manufacturing network consisting of 29 manufacturing sites located in 12 countries. We also employ a network of ~~132~~ **109** third- party CMOs. Many of our products involve complex manufacturing processes and are sole- sourced from certain manufacturing sites. Minor deviations in our or our suppliers' manufacturing or logistical 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, including logistical service providers, to comply with applicable regulations and quality assurance guidelines, including any changes to Good Manufacturing Practices (GMP); • the failure to accurately forecast demand for our products; • mislabeling; • construction delays; • equipment malfunctions; • shortages of materials; • labor problems, including any COVID- related impacts; • delays in receiving any required governmental authorizations or regulatory approvals, including as a result of any prolonged shutdown of the U. S. government; • natural disasters and adverse weather conditions; • power outages; • criminal

and 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 at or 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 and financial condition. For example, **during the COVID- 19 pandemic** we have experienced challenges in manufacturing certain products including Simparica Trio, and the component parts of certain products including Librela and Solensia, that have impacted our ability to meet customer demand. As a result, we have had to take certain measures including placing limits on the amounts of product veterinarians could purchase and delayed the launch of the product in certain markets. ~~21 |~~Our manufacturing network, including our CMOs, may be unable to meet the demand for our products or we may have excess capacity if demand for our products changes. The unpredictability of a product' s regulatory or commercial success or failure, the lead time necessary to construct highly technical and complex manufacturing sites, and shifting customer demand (including as a result of market conditions or entry of branded or generic competition) increase the potential for capacity imbalances. In addition, construction of sites is expensive, and our ability to recover costs will depend on the market acceptance and success of the products produced at the new sites, which is uncertain. We rely on third parties to provide us with products, materials and services, and are subject to increased labor and material costs and potential disruptions in supply. 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, including any impacts caused by the COVID- 19 pandemic. In addition, labor costs may be subject to volatility caused by the supply of labor, governmental regulations, economic climate and other **20 |** 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, result in product delivery delays or shortages, and impact our ability to launch new products on a timely basis or at all. We may not be able to pass all or a material portion of any higher product, material, transportation or labor costs on to our customers, which could materially adversely affect our operating results and financial condition. Certain third- party suppliers are the sole or exclusive source of certain products, materials and services 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, fail to renew contracts with us or otherwise fail to meet their obligations to us. There may be delays and additional costs due to changes to our existing manufacturing facilities and the construction of new manufacturing plants. As part of our supply network strategy, we have invested and will continue to invest in improvements to our existing manufacturing facilities and in new manufacturing plants. In addition, certain of our existing manufacturing facilities are in the process of being upgraded. These types of projects are subject to risks of delay or cost overruns inherent in any large construction project, and require licensure by various regulatory authorities. Significant cost overruns or delays in completing these projects could have an adverse effect on the Company' s return on investment **.Risks related to** our research and development Our R & D,acquisition and licensing efforts may fail to generate new products and product lifecycle innovations.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 revenue 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 ~~20 |~~success when introduced into new markets.Furthermore,the timing and cost of our R & D may increase,and our R & D may become less predictable.For example,changes in regulations applicable to our industry may make it more time-consuming and / or costly to research,develop and register products.If we are unable to generate new products or expand the use of our existing products,our business,financial condition and results of operations will be materially adversely affected.New product R & D leverages discoveries of pharmaceutical and biotechnology R & D.We have and expect to continue to enter into collaboration or licensing arrangements with third parties to provide us with access to molecules,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 these technologies to conduct R & D on cost- effective terms,our ability to develop some types of new products could be limited.We may experience difficulties or delays in the development and commercialization of new products.New products may appear promising in development but fail to reach the market within the expected or optimal timeframe,or at all.In addition,product extensions or additional indications may not be approved.Developing and commercializing new products subjects us to inherent risks and uncertainties,including (i) delayed or denied regulatory approvals,(ii) delays or challenges with producing products in accordance with regulatory requirements,on a commercial scale and at a reasonable cost;(iii) failure to accurately predict the market for new products;and (iv) efficacy and safety concerns.In addition,a failure to continue to identify and develop products,both internally and through external sources,could impact our future success.Once necessary regulatory approvals are obtained,the commercial success of any new product depends upon,among other things,its acceptance by veterinarians and end customers,and on our ability to successfully manufacture,market,and distribute products in sufficient quantities to meet actual demand.The inability to successfully bring a product to market could negatively impact our revenues and earnings.Our R & D relies on evaluations in animals,which may become subject to bans or additional restrictive regulations.The evaluation of our existing and new medicines and vaccines for animals is required in order to develop and commercialize them.Animal testing in

certain countries has been the subject of increased regulation,controversy and adverse publicity.Our licenses or permits for animal testing could be revoked or put on hold due to animal welfare events that may occur.Some organizations and individuals have attempted to ban animal testing or encourage the adoption of additional regulations applicable to animal testing and animal welfare.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 impact R & D projected timelines or harm our reputation or the reputation of our contract research organizations ~~.Risks~~ . Risks related to legal matters and regulation Our business is subject to substantial regulation. As a global company, we are subject to various state, federal and international laws and regulations, including regulations relating to the development, quality assurance, manufacturing, importation, distribution, marketing and sale of our products. In addition, our manufacturing facilities are subject to periodic inspections by regulatory agencies. Our failure, or the failure of third parties we rely on, including CMOs, to comply with these regulatory requirements, allegations of such non- compliance or the discovery of previously unknown problems with a product or manufacturer could result in, among other things, inspection observation notices, warning letters or similar regulatory correspondence, fines, a partial or total shutdown of production in one or more of our facilities while an alleged violation is remediated, withdrawals or suspensions of current **21 |** products from the market, and civil or criminal prosecution, as well as decreased sales as a result of negative publicity and product liability claims. Any one of these consequences could materially adversely affect our operating results and financial condition. In addition, 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. We have changed, and may in the future change, the locations of where certain of our products are manufactured and, because of these changes, we may be required to obtain new regulatory approvals. Our failure to obtain approvals, delays in the approval process, including any delays resulting from any prolonged shutdown of the U. S. government, 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. The OFAC at the U. S. Treasury Department and the Bureau of Industry and Security at the U. S. Department of Commerce (BIS), and similar agencies in other countries and territories outside the U. S., administer certain laws and regulations that restrict its persons and, in some instances, extraterritorial persons, in conducting activities, transacting business with or making investments in certain countries, governments, entities and individuals subject to economic sanctions. Our international operations subject us to these laws and regulations, which are complex, restrict our business dealings with certain countries, governments, entities, and individuals, and are constantly changing. For example, we sell limited humanitarian animal health products, including medicines, diagnostics and vaccines, to Russia and Iran, in compliance with economic sanctions affecting these countries. Violations of sanctions regulations may be punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment, which could adversely affect our reputation, business, financial condition, results of operations and cash flows. In addition, our internal control policies and procedures may not protect us from reckless or criminal acts committed by our employees and agents. For example, in December 2020, we submitted a final voluntary disclosure to OFAC and the U. S. Department of Justice regarding certain transactions involving sales of food, medicine or devices to individuals or entities who may have been resident in or had ties to Iran potentially in violation of the ITSR administered by OFAC. The sales were made by our Platinum Performance business, which we acquired in August 2019. **In July 2023, OFAC provided a No Action letter confirming a final determination that no further action would be taken in the matter. The U. S. Department of Justice has not responded to date.** A 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 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. There has been a broad range of proposed and promulgated state, national and international regulation aimed at reducing the effects of climate change. Such regulations apply or could apply in countries where we have interests or could have interests in the future **. The EU recently adopted the European Sustainability Reporting Standards (ESRS) and the Corporate Sustainability Reporting Directive (CSRD) that will require disclosure by EU entities, including certain EU subsidiaries of non- EU entities, regarding the risks and opportunities arising from environmental, social and corporate governance issues, and on the impact of companies' activities on people and the environment. Similarly, the State of California recently passed the Climate Corporate Data Accountability Act and the Climate- Related Financial Risk Act that will impose broad climate- related disclosure obligations on certain companies doing business in California, including us, starting in 2026** . In the U. S., there is a significant possibility that some form of regulation will be enacted at the federal level to address the effects of climate change **, including the climate change disclosure rules from the SEC that are expected to be finalized in 2024** . Such regulation could ~~22 |~~take several forms that could result in additional costs in the form of investments of capital to maintain compliance with laws and regulations and taxes. Climate change regulation continues to evolve, and it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation. **We are also subject to chemical regulation in the United States and internationally. For example, governmental authorities in the United States are increasingly focused on preventing environmental contamination from per and polyfluoroalkyl substances (PFAS), which may be contained in certain of our products. For example, the state of Maine requires reporting of intentionally added PFAS in products, and the sale in Maine of any products containing intentionally added PFAS will be prohibited after January 1, 2030 (subject to certain exceptions to be promulgated by the Maine Department of Environmental Protection). In addition, federal and**

**state governments and agencies are in various stages of considering and / or implementing laws and regulations requiring the reporting, restriction and / or phase- out of PFAS products.** Furthermore, we cannot predict the nature of future laws, regulations, or changes in tax laws and tariffs, 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. Changes in applicable federal, state, local and foreign laws and regulations could have a material adverse effect on our operating results and financial condition. 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. In addition, changes in the interpretations of laws and regulations to which we are subject, or in legal standards in one or more of the jurisdictions in which we operate, could increase our exposure to liability. For example, in the U. S., attempts have been made to allow damages for emotional distress and pain and suffering in connection with the loss of, or injury to, a companion animal. If such attempts were successful, our exposure with respect to product liability claims could increase materially. We also sell certain nutritional and diagnostic products used in human health that could increase the scope of our liability. 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. **22 |** The illegal distribution and sale by third parties of counterfeit or illegally compounded versions of our products or of stolen, diverted or relabeled products could have a negative impact on our reputation and business. Third parties may illegally distribute and sell counterfeit or illegally compounded versions of our products that do not meet the exacting standards of our development, manufacturing and distribution processes. Counterfeit or illegally compounded medicines pose a significant risk to animal health and safety because of the conditions under which they are manufactured and the lack of regulation of their contents. Our reputation and business could suffer harm as a result of counterfeit or illegally compounded products which are alleged to be equivalent and / or which are sold under our brand name. We are aware of at least one pharmacy in Brazil that may be engaged in the practice of illegally compounding oclacitinib, the active pharmaceutical ingredient in our Apoquel product. We are also aware of some counterfeit versions of our Simparica product in Brazil and are coordinating with the local authorities. In addition, products stolen or unlawfully diverted from inventory, warehouses, plants or while in transit, which are not properly stored or which have an expired shelf life and which have been repackaged or relabeled and which are sold through unauthorized channels, could adversely impact animal health and safety, our reputation and our business. Public loss of confidence in the integrity of vaccines and / or pharmaceutical products as a result of counterfeiting, illegally compounding or theft could have a material adverse effect on our product sales, business and results of operations. 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 claims and other 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. In addition, certain of our products ~~could~~ **are regulated by the U. S. Drug Enforcement Administration as controlled substances because of their potential to** be misused or abused by humans, which could expose us to liability. For example, Ketamine, the active pharmaceutical ingredient in our Ketaset product (a nonnarcotic **, nonbarbiturate** agent for anesthetic use in cats), is **classified** ~~abused by humans~~ as a ~~hallucinogen~~ **Schedule III drug under the Controlled Substances Act due to its moderate to low potential for physical and psychological dependence** . 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 **. Additionally, if we fail to maintain effective controls against diversion of our products that are classified as controlled substances, we could be subject to significant fines and penalties as well as reputational damage** . Any of these events could materially adversely affect our operating results and financial condition. Our operations and reputation may be impacted if we do not comply with continually changing laws and regulations regarding data privacy. We collect and use personal data of our customers, employees and suppliers, including health information in our human health business, in a variety of ways. In addition, we have been investing in data and digital capabilities and have expanded our diagnostics portfolio. As a result, we possess and process an increasing amount of personal data. Our customers, employees and suppliers expect that we will adequately protect their data. Our collection, use, retention, storage, and sharing of personal data is subject to a variety of data privacy laws and regulations in the United States and other regions where we operate. The legal environment surrounding data privacy is demanding with the frequent imposition of new and changing regulatory requirements. As a global company, we are faced with the challenge of how to manage a diverse patchwork of laws, rules, regulations and industry standards, including, but not limited to, the California Consumer Privacy Act, the EU' s General Data Protection Regulation, the U. K.' s General Data Protection Regulation, the Brazilian General Data Protection Law, and China’ s Personal Information Protection Law. These laws and regulations vary across countries, are complex and can be subject to significant change. Any actual or perceived failure to comply with these current and future laws could result in significant consequences for Zoetis. This includes substantial fines and penalties, regulatory investigations, and civil lawsuits with damages, all of which could have a material adverse effect on our reputation and our business. In addition, the costs associated with compliance with these legal and regulatory requirements are significant and likely to increase in the future. Our aspirations, goals and disclosures related to environmental, social and governance (“ ESG ”) matters expose us to numerous risks, including risks to our reputation. Our Driven to Care sustainability

program includes various ESG aspirations and goals. These goal statements reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our efforts to accomplish and accurately report on these goals and objectives present numerous operational, reputational, financial, legal and other risks, any of which could have a material negative impact, including on our reputation. ~~23 |~~Our ability to achieve any goal or objective, including with respect to environmental and diversity initiatives, is subject to numerous risks, many of which are outside of our control. Examples of such risks include: (1) the availability and cost of low- or non- carbon- based energy sources and technologies, (2) evolving regulatory requirements **and rulings** affecting ESG **and diversity** standards or disclosures, (3) our ability to recruit, develop and retain diverse talent in our labor markets, and (4) the impact of our organic growth and acquisitions or dispositions of businesses or operations. The standards for tracking and reporting on ESG matters ~~are relatively new, have not been harmonized~~ and continue to evolve. Our processes and controls may not always align with evolving standards for identifying, measuring and reporting ESG metrics, our interpretation of reporting standards that may be required by the SEC, European **Union** and other regulators may differ from those of others and such standards may change over time, any of which could result in significant revisions to our goals or reported progress in achieving such goals. If our ESG practices do not meet evolving investor or other stakeholder expectations and standards, then our reputation, our ability to attract or retain employees and our attractiveness as an investment, business partner or acquirer could be negatively impacted. Similarly, our failure or perceived failure to pursue or fulfill our goals, targets and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could also have similar negative impacts and expose us to government enforcement actions and private litigation. **23 |** Risks related to operating in foreign jurisdictions A significant portion of our operations are conducted in foreign jurisdictions, including jurisdictions presenting a high risk of bribery and corruption, 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; • difficulties enforcing contractual and intellectual property rights; • theft or compromise of technology, data and intellectual property; • parallel trade in our products (importation of our products from EU countries where our products are sold at lower prices into EU countries where the products are sold at higher prices); • compliance with a wide variety of potentially changing and conflicting laws and regulations, such as the FCPA, the U. K. Bribery Act of 2010 and similar anti- bribery and corruption- related laws globally, including labor laws, tax laws, tariffs and those relating to environmental, health and safety requirements; • 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 OFAC and the EU, in relation to our products or the products of farmers and other customers (e. g., restrictions on the importation of agricultural products from the EU to Russia); • government limitations on foreign ownership or government takeover or nationalization of our business; • imposition of anti- dumping and countervailing duties or other trade- related sanctions; • costs and difficulties and compliance risks in staffing, managing and monitoring international operations, including the use of overseas third- party goods and service providers; • longer payment cycles and increased exposure to counterparty risk; and • additional limitations on transferring personal information between countries or other restrictions on the processing of personal information. 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 ~~2022~~ **2023** , we generated approximately ~~42~~ **43** % of our revenue in currencies other than the U. S. dollar, principally the euro, **Brazilian real, Australian dollar,** Chinese renminbi, **British pound and** ~~Brazilian real, Australian dollar,~~ Canadian dollar ~~and British pound~~ . 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 revenue. In addition, because our financial statements are reported in U. S. dollars, changes in currency exchange rates **, including changes in countries with highly inflationary economies,** 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. We currently have substantial operations in countries that have cash repatriation restrictions or exchange controls in place, including China, 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 and are subject to certain risks due to our presence in emerging markets, including political or economic instability and failure to adequately comply with legal and regulatory requirements. We have been taking steps to increase our presence in emerging markets. Failure to continue to maintain and expand our business in emerging markets could 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 and adverse weather conditions. Furthermore, we have also experienced lower than expected sales in certain emerging markets due to local, regional and global ~~24 |~~ 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 revenue in certain emerging markets in Latin America has been adversely impacted by currency fluctuations and devaluations. In addition, certain emerging markets have legal systems that are less developed or familiar to us. Compliance with diverse legal requirements is costly and

time- consuming and requires significant resources. In the event we believe or have reason to believe our employees have or may have violated applicable laws or regulations, we may be subject to investigation costs, potential penalties and other related costs which in turn could negatively affect our reputation and our results of operations. **24 |** Risks related to tax matters The Company could be subject to changes in its tax rates, the adoption of new U. S. or foreign tax legislation or exposure to additional tax liabilities. The multinational nature of our business subjects us to taxation in the U. S. and numerous foreign jurisdictions. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. The company' s future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. For example, ~~in October 2021,~~ the Organisation for Economic Co- operation and Development (OECD) ~~announced that its~~ **is** ~~members have agreed~~ **continuing to work** on **fundamental changes in** ~~a two- pillar approach to address~~ the **allocation of profits among** tax ~~challenges of the digital economy.~~ **jurisdictions in which companies do business (** Pillar One **), as well as** ~~amends profit allocation and nexus rules to grant more taxing rights to countries where consumers are located regardless of~~ the **implementation** ~~physical presence~~ of **a** ~~the business. Pillar Two introduces common~~ global minimum tax **(** ~~rules across the countries participating in the OECD Inclusive Framework. Such rules, when implemented, would operate through top- up taxes and other measures if a multinational group' s income is not subject to a sufficient level of tax in a particular jurisdiction. On December 15, 2022, the EU Council confirmed its adoption of the~~ Pillar Two ~~15 %~~ **).** ~~global~~ **Global** ~~minimum tax. Under the directive, EU members have until December 31, 2023 to implement the minimum tax into their domestic law. In addition, global~~ minimum tax legislation has been proposed and / or enacted in various ~~other~~ jurisdictions. These two pillars combined ~~may~~ represent a significant change in the international tax regime, and there is risk of an adverse impact to our effective tax rate, but the amount of such impact remains uncertain at this time. In addition, our effective tax rate is subject 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. The company is also subject to the examination of its tax positions, tax returns and other tax matters by the Internal Revenue Service and other tax authorities and governmental bodies. There can be no assurance as to the outcome of these examinations. If the company' s effective tax rates were to increase, particularly in the U. S. or other material foreign jurisdictions, or if the company' s tax positions are either not sustained upon examination or only partially sustained, the company' s operating results, cash flows and financial condition could be adversely affected. Risks related to intellectual property The alleged intellectual property rights of third parties may negatively affect our business. A third party may sue us, our distributors or licensors, 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. The costs of defending an intellectual property action are often substantial and could materially adversely affect our operating results and financial condition, even if we successfully defend such action. Moreover, even if we believe that we do not infringe a validly existing third- party patent, we may choose to license such patent, which would result in associated costs and obligations. We may also incur costs in connection with an obligation to compensate a distributor, licensor or other third party. The intellectual property positions of animal health medicines and vaccines businesses frequently involve complex legal and factual questions, and an issued patent does not provide the right to practice the patented technology or to develop, manufacture or commercialize the patented product. We cannot guarantee that a competitor or other third party does not have or will not obtain rights to intellectual property that, in the absence of a license, 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, 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, data protection, 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. In addition, 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. 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. The validity, enforceability, scope and effective term of our intellectual property can be highly uncertain and often involve complex legal and factual questions and proceedings that differ between jurisdictions. Our ability to enforce our intellectual property rights 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 adversely affected. We are regularly party to patent litigation 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. ~~25 |~~ Risks related to information technology We may be unable to adequately protect our information technology systems from **cyberattacks** ~~cyber- attacks~~, breaches of security or misappropriation of data, which could result in the disclosure of confidential information, damage our reputation, and subject us to significant financial and legal exposure. Our reputation as a global leader in animal health and our reliance on complex information systems and digital solutions make us inherently vulnerable to malicious cyber intrusion and attack. In addition, we have been investing in data and digital capabilities and have expanded our diagnostics portfolio, and as a result, there could be an increased likelihood of a **cyberattack** ~~cyber- attack~~ or breach of security that could negatively impact us or our customers. **Cyberattacks** ~~Cyber- attacks~~ are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. **Cyberattacks** ~~Cyber- attacks~~ could include wrongful conduct by hostile foreign governments, industrial espionage, the deployment of harmful malware, ransomware, denial- of- service attacks, and other

means to threaten data confidentiality, integrity and availability. In addition, despite our efforts to protect sensitive, confidential or personal data or information, we (or our third party partners) may be vulnerable to material security breaches, theft, misplaced or lost data, programming errors, employee errors and / or malfeasance that could potentially lead to the compromise of sensitive, confidential or personal data or information, improper use of our systems or networks, unauthorized access, use, disclosure, modification or **25 |** destruction of information (including confidential business information, trade secrets, intellectual property and corporate strategic plans), defective products, production downtimes and operational disruptions **. In support of our flexible work environment, many of our workforce work either part- time or full- time remotely, which could increase risks associated with cybersecurity, information technology and systems which could have a material adverse effect on our business** . The costs imposed on us as a result of a cyberattack or network disruption could be significant. Among others, such costs could include increased expenditures on ~~cyber security~~ **cybersecurity** measures, litigation, regulatory investigations, fines, and sanctions, lost revenues from business interruption, damage to the public' s perception regarding our ability to keep our information secure and significant remediation costs. As a result, a cyberattack or network disruption could have a material adverse effect on our business, financial condition, and operating results. We depend on sophisticated information technology and infrastructure. We rely on the efficient and uninterrupted operation of complex information technology systems to manage our operations, to process, transmit and store electronic and financial information, and to comply with regulatory, legal and tax requirements. We also depend on our information technology infrastructure for digital marketing activities and for electronic communications among our personnel, customers and suppliers around the world. System failures or outages could compromise our ability to perform these functions in a timely manner, which could harm our ability to conduct business, hurt our relationships with our customers, or delay our financial reporting. Such failures could materially adversely affect our operating results and financial condition. In addition, we depend on third parties and applications on virtualized (cloud) infrastructure to operate and support our information systems. These third parties include large established vendors, as well as many small, privately owned companies. Failure by these providers to adequately support 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. We may be unable to successfully manage our online ordering sites. In many markets around the world, such as the U. S. and Brazil, we provide online ordering sites to customers, often relying on third parties to host and support the application. The operation of our online business depends on our ability to maintain the efficient and uninterrupted operation of our online order- taking and fulfillment operations. Risks associated with our online business include: disruptions in telephone or internet service or power outages; failures of the information systems that support 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. 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. As of December 31, ~~2022~~ **2023** , we had approximately $ ~~8~~ **6** . ~~0~~ **7** billion of total unsecured indebtedness outstanding. In addition, we currently have agreements for a multi- year revolving credit facility and a commercial paper program, each with a capacity of up to $ 1. 0 billion. While we currently do not have any amounts drawn under the credit facility nor any commercial paper issued under the commercial paper program, we may incur indebtedness under these arrangements in the future. We may incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our high level of debt could intensify. Specifically, our high level of debt could have important consequences, including: • making it more difficult for us to satisfy our obligations with respect to our debt; • limiting our ability to obtain additional financing to fund future working capital, capital expenditures, business development or other general corporate requirements, including dividends; • increasing our vulnerability to general adverse economic and industry conditions; • exposing us to the risk of increased interest rates as certain of our borrowings may in the future be at variable rates of interest; • limiting our flexibility in planning for and reacting to changes in the animal health industry; • placing us at a competitive disadvantage to other, less leveraged competitors; • impacting our effective tax rate; and ~~26 |~~• 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. Our failure to comply with such covenants could result in an event of default, which could result in the acceleration of all our debt. Our credit ratings may not reflect all risks of an investment in our senior notes. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect the market prices of our securities and increase our borrowing costs. **26 |** ~~We also hold certain interest rate swap agreements that have the economic effect of modifying the fixed interest obligations associated with our senior notes due 2028 so that a portion of the interest payable on these notes is effectively variable based on the London Interbank Offered Rate (LIBOR). In November 2020, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation (collectively, the agencies) issued a statement to encourage banks to transition away from U. S. dollar LIBOR as soon as practicable and in any event by December 31, 2021. On December 31, 2021, The U. K. Financial Conduct Authority and ICE Benchmark Administration (the administrator of LIBOR) ceased the British pound, euro, Swiss franc and Japanese yen LIBOR panels and panels for 1- week and 2- month U. S. dollar LIBOR, and the remaining U. S. dollar LIBOR panels will cease after June 30, 2023. The Alternative Reference Rates Committee in the United States has proposed that the Secured Overnight Financing Rate (SOFR) is the rate that represents best practice as the alternative to U. S dollar LIBOR for use in derivatives and other financial contracts that are currently indexed to LIBOR,~~

~~however, it is unknown whether this or any other alternative reference rate will attain market acceptance as a replacement for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U. S. Treasury securities, and is based on directly observable U. S. Treasury- backed repurchase transactions. The discontinuance or modification of LIBOR, the introduction of alternative reference rates or other reforms to LIBOR could cause the interest rate calculated on our interest rate swap agreements associated with our senior notes due 2028 to be materially different than expected.~~ 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. 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 certain international subsidiaries, and their ability to make such cash available to us, by dividend, debt repayment or otherwise. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, may materially adversely affect our operating results, financial condition and liquidity and our ability to satisfy our obligations under our indebtedness or pay dividends on our common stock. We may not have the funds necessary to finance the change of control offer required by the indenture governing our senior notes. Upon the occurrence of a change of control of Zoetis and a downgrade below investment grade by Moody' s Investor Services, Inc. and S & P Global Ratings, a division of S & P Global Inc., we will be required to offer to repurchase all of our outstanding senior notes. However, we may not have sufficient funds available at the time of the change of control to finance the required change of control offer or restrictions in our then- existing debt instruments will not allow such repurchases. Our failure to purchase the senior notes as required under the indenture would result in a default under the indenture, which could have material adverse consequences for us and the holders of the senior notes. Risks related to our relationship with Pfizer 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 Agreement (Pfizer as licensor) 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. We are dependent on Pfizer to prosecute, maintain and enforce certain intellectual property. Under the Patent and Know- How License Agreement, Pfizer is responsible for filing, prosecuting and maintaining patents that Pfizer licenses to us. In the animal health field, Pfizer has the first right, and in some cases the sole right, to enforce such licensed patents, and in the human health field, subject to certain exceptions, Pfizer has the sole right to enforce the licensed patents. If Pfizer fails to fulfill its obligations or chooses to not enforce the licensed patents under this agreement, we may not be able to prevent competitors from making, using and selling competitive products, which could have an adverse effect on our business. 