

**PETIQ, INC.**  
**COMPENSATION COMMITTEE CHARTER**

**I. Purpose**

This charter governs the operations of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of PetIQ, Inc. (the “Company”). The Committee has overall responsibility for, among other matters, (1) reviewing key employee compensation goals, policies, plans and programs; (2) reviewing and approving the compensation of the Company’s directors, chief executive officer and other executive officers; (3) reviewing and approving employment agreements and other similar arrangements between the Company and the Company’s executive officers; and (4) administering the Company’s stock plans and other incentive compensation plans.

**II. Membership**

The number of members of the Committee shall be determined by the Board and shall consist of two or more directors of the Company, each of whom shall be “independent” under the rules of the NASDAQ Stock Market (“NASDAQ”), or otherwise eligible to serve on the Committee pursuant to applicable phase-in rules and exemptions, in each case as such requirements are interpreted by the Board in its business judgment. It shall be the responsibility of the Board to determine, in its judgment, whether a member is independent of management and free from any relationship or service to the Company that might interfere with his or her exercise of independent judgment in carrying out his or her responsibilities as a Committee member, including, but not limited to: (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Company to such director and (ii) whether such director is affiliated with the Company, a subsidiary of the Company or an affiliate of a subsidiary of the Company. In addition, at least two members of the Committee shall (i) be “Non-Employee Directors” for purpose of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and (ii) satisfy the “outside director” requirements for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, to the extent applicable.

**III. Organization and Procedures**

The members of the Committee shall be appointed by the Board. Members shall be appointed annually for a term of one (1) year. If a Committee chairperson is not designated by the Board, the members of the Committee shall designate a chairperson by a majority vote. The chairperson shall preside over meetings of the Committee and may call special meetings, in addition to those regularly scheduled, and will report to the Board the actions and recommendations of the Committee.

The Committee shall have the authority to establish its own rules and procedures consistent with the bylaws of the Company for notice and conduct of its meetings should the Committee, in its discretion, deem it desirable to do so. A majority of the whole Committee shall constitute a quorum for the transaction of business. The vote of a majority of the members of the Committee present at a meeting at which a quorum is present shall be the act of the Committee.

Unless otherwise stated herein or established by the Committee, the Committee shall be governed by the same procedural rules, including rules regarding meetings, actions without meetings, notices and waivers of notice, as are applicable to the Board. The Committee shall maintain minutes of meetings.

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of a compensation consultant, legal counsel or other adviser, as it deems necessary to fulfill its duties and responsibilities under this charter. The Committee shall set the compensation and oversee the work of any compensation consultant, legal counsel or other adviser. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its compensation consultant, legal counsel or other adviser. In discharging its responsibilities, the Committee shall have full access to any relevant records of the Company. The Committee shall maintain minutes of meetings. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant, legal counsel or other adviser, and the authority granted under this charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this charter.

Before selecting or receiving advice from a compensation consultant, legal counsel or other adviser (other than in-house legal counsel), the Committee must take into consideration all factors relevant to the adviser's independence from the Company's management, including: (i) the provision of other services to the Company by the person that employs such adviser; (ii) the amount of fees received from the Company by the person that employs such adviser, as a percentage of the total revenue of the person that employs the adviser; (iii) the policies and procedures of the person that employs the adviser that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the adviser with a member of the Committee; (v) any stock of the Company owned by the adviser; and (vi) any business or personal relationship of the adviser or the person employing the adviser with any officer who is an "insider" subject to Section 16 of the Exchange Act (collectively, the "Senior Officers"). The Committee may retain, or receive advice from, any compensation adviser that it prefers, including ones that are not independent, after considering the specified factors.

#### **IV. Committee Authority and Responsibilities**

The authority and responsibilities of the Committee shall include the following duties:

1. Review and approve corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer (the "CEO") and the Senior Officers, evaluate the performance of the CEO and other Senior Officers in light of those goals and objectives and, either as a committee or together with the other independent directors (as directed by the Board), determine and approve, or recommend to the Board for approval, the compensation levels for the CEO and other Senior Officers based on this evaluation, with the deliberations and voting on the CEO's compensation to be conducted without the CEO present;
2. Review and approve all Senior Officer employment contracts and other compensatory, severance and change-in-control arrangements for current and former Senior Officers;
3. In consultation with management, review and establish the Company's overall

- management compensation and benefits philosophy and policies, plans and programs;
4. Review and evaluate the compensation of directors annually, including the appropriate mix of cash compensation and equity compensation, and make recommendations to the Board regarding director compensation;
  5. Recommend to the Board any stock ownership guidelines for the Senior Officers, other executives and non-employee directors and periodically assess and monitor compliance with these guidelines and recommend revisions as appropriate;
  6. Establish and review periodically policies and procedures with respect to perquisites;
  7. Review the Company's incentive compensation arrangements to determine whether they encourage excessive risk-taking, review and discuss at least annually the relationship between risk management policies and practices and compensation and evaluate compensation policies and practices that could mitigate any such risk;
  8. Review and approve the creation or revision of any clawback policy allowing the Company to recoup compensation paid to current and former employees;
  9. Make recommendations to the Board regarding the adoption of any anti-hedging or anti-pledging policies;
  10. Review, approve and administer the Company's equity-based compensation plans, management incentive compensation plans and deferred compensation plans, including by: (i) if applicable, establishing performance objectives and certifying performance achievement; (ii) reviewing and approving all plans and grant awards under such plans; and (iii) adopting, amending and terminating any such plans;
  11. If applicable, produce and approve compensation committee report on executive compensation for inclusion in the Company's Form 10-K or annual proxy statement in accordance with Securities and Exchange Commission proxy and disclosure rules;
  12. If applicable, review with the Company's management and approve the Compensation Discussion and Analysis ("CD&A") and, based on such discussions, determine whether to recommend to the Board that the CD&A be included in the Company's Form 10-K or annual proxy statement, as applicable;
  13. Review and approve the peer groups used for the stock performance graph included in the Company's annual report and, based on such discussions, determine whether to recommend to the Board that the stock performance graph be included in the Company's Form 10-K or annual report, as applicable;
  14. If applicable, review and recommend to the Board for approval the frequency with which the Company will conduct stockholder advisory votes on executive compensation (any such vote, a "Say-on-Pay Vote"), taking into account results of the most recent stockholder advisory vote on frequency of Say-on-Pay Votes required by Section 14A of the Exchange Act, and review, and approve, the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's annual proxy statement; and

15. Annually perform, or participate in, an evaluation of the performance of the Committee against the requirements of this Compensation Committee Charter, the results of which shall be presented to the Board.

The Committee also shall undertake such additional activities within the scope of its primary function as the Board or the Committee may from time to time determine or as may otherwise be required by law, the Board or the Company's bylaws or charter.

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval. The Committee shall annually perform, or participate in, an evaluation of the performance of the Committee against the requirements of this charter, the results of which shall be presented to the Board.

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**Effective \_\_\_\_\_, 2017**