

# **MWI VETERINARY SUPPLY, INC.**

## **CHARTER OF THE COMPENSATION COMMITTEE**

### **Purpose**

The Compensation Committee is appointed by the Board of Directors (the “Board”) of MWI Veterinary Supply, Inc. (the “Company”) to discharge the Board’s responsibilities relating to the compensation of the Company’s executive officers and directors. The Compensation Committee has overall responsibility for evaluating and approving executive officer and director compensation plans, policies and programs of the Company, as well as all equity-based compensation plans and policies. The Compensation Committee also is responsible for preparing an annual report on executive compensation for inclusion in the Company’s proxy statement filed with the Securities and Exchange Commission (the “SEC”).

### **Committee Membership and Meetings**

The Compensation Committee shall consist of not less than two (2) members. Each member of the Compensation Committee shall satisfy the independence requirements established by the NASDAQ Stock Market (unless otherwise permitted by NASDAQ Stock Market regulations), and meet the definitions of “non-employee director” for purposes of Rule 16b-3 promulgated by the SEC under the Securities Exchange Act of 1934, as amended, and “outside director” for purposes of Section 162(m) of the Internal Revenue Code.

The members of the Compensation Committee shall be appointed by the Board based on the recommendation of the Corporate Governance and Nominating Committee. Compensation Committee members may be replaced by the Board. The Board shall designate one member of the Compensation Committee to serve as its chair.

The Compensation Committee shall meet at least twice annually, or more frequently as circumstances dictate. Special meetings may be convened as the Compensation Committee deems necessary or appropriate. The Compensation Committee may invite to any of its meetings other directors, members of Company management and such other persons as it deems appropriate in order to carry out its responsibilities. The Compensation Committee will keep minutes of its meetings and will make such minutes available to the full Board for its review.

The affirmative vote of a majority of the members of the Compensation Committee present at the time of such vote will be required to approve any action of the Compensation Committee. Subject to the requirements of any applicable law, regulation or rule, any action required or permitted to be taken at a meeting of the Compensation Committee may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all members of the Compensation Committee.

### **Committee Authority and Responsibilities**

1. The Compensation Committee shall have the sole authority to retain at the expense of the Company and terminate any compensation consultant used to assist the Company, the Board or the Compensation Committee in the evaluation of the compensation of the chief executive officer (“CEO”), or any other executive officer or director and shall have sole authority to approve such consultant’s fees and other retention terms.

2. The Compensation Committee also shall have the authority, to the extent it deems necessary or appropriate to carry out its responsibilities, to retain at the expense of the Company independent legal, accounting, actuarial or other advisors. The Compensation Committee shall have the sole authority to approve such advisors' fees and other retention terms.
3. The Compensation Committee shall have the authority to confer with Company management and other employees to the extent it deems necessary or appropriate to fulfill its responsibilities. The Compensation Committee is authorized to conduct or initiate inquiries or investigations into any matters within the Compensation Committee's scope of responsibilities and shall have full access to the books, records, facilities and personnel of the Company.
4. The Compensation Committee annually shall review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and determine and approve the CEO's compensation level based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Compensation Committee may consider the Company's performance and relative stockholder returns, the value of similar incentive awards to CEOs at comparable companies, the awards given to the CEO in past years and other factors that the Compensation Committee deems appropriate in connection with its review.
5. The Compensation Committee shall interpret, implement, administer, review and approve all aspects of remuneration to the Company's executive officers and other key officers, including their participation in incentive-compensation plans and equity-based compensation plans. The Compensation Committee also shall review and approve for the CEO and all other executive officers of the Company all employment agreements, consulting agreements, severance arrangements and change in control agreements or provisions.
6. The Compensation Committee shall have the same authority with regard to all aspects of director compensation as it has been granted with regard to executive compensation, except that the ultimate decision regarding the compensation of any director shall be subject to the approval of the Board.
7. The Compensation Committee shall develop, approve, administer and recommend to the Board and the Company's stockholders for their approval (to the extent such approval is required by any applicable law, regulation or NASDAQ rule) all stock ownership, stock option and other equity-based compensation plans of the Company, and all related policies and programs.
8. The Compensation Committee shall make individual determinations and grant any shares, stock options, or other equity-based awards under all equity-based compensation plans, and exercise such other power and authority as may be required or permitted under such plans, other than with respect to non-employee directors, which determinations shall be subject to the approval of the Board.
9. The Compensation Committee may form and delegate authority to subcommittees as the Compensation Committee may deem appropriate.
10. The Compensation Committee shall report regularly to the Board, but not less frequently than annually. The Compensation Committee shall report to the Board at least annually on the compensation of Board members as compared to the compensation of directors of comparable companies, and make recommendations regarding changes to the Company's director compensation practices.

11. The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for its approval. This Charter is in all respects subject and subordinate to the Company's Certificate of Incorporation and Bylaws, as such documents may be amended from time to time, and all applicable laws.
12. The Compensation Committee shall review on an annual basis its own performance, and report the results of such review to the Board.

### **Miscellaneous**

In addition to the activities described above, the Compensation Committee shall perform such other functions as necessary or appropriate in its or the Board's opinion under applicable law, the Company's Certificate of Incorporation, Bylaws and the resolutions and other directives of the Board.

### **Effective Date**

This Compensation Committee Charter was adopted by the Board on June 30, 2005, 2005, and will be effective as of the date the Company's common stock is first quoted on the NASDAQ Stock Market.