

KINDRED BIOSCIENCES, INC.

CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “**Board**”) of Kindred Biosciences, Inc., a Delaware corporation (the “**Company**”), has adopted the following Corporate Governance Guidelines (the “**Guidelines**”) to assist the Board in the exercise of its responsibilities and to serve the interests of the Company and its stockholders. The Guidelines should be interpreted in the context of all applicable laws and regulations and the Company’s Certificate of Incorporation, Bylaws, Board committee charters, and other corporate governance documents. The Guidelines acknowledge the leadership exercised by the Board’s standing committees and their chairs and are intended to serve as a flexible framework within which the Board may conduct its business and not as a set of legally binding obligations. The Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate and in the best interests of the Company and its stockholders or as required by applicable laws and regulations.

I. THE BOARD

A. Size and Independence of the Board

The Company’s Certificate of Incorporation states that the number of directors will be determined from time to time by the Board. The Nominating and Corporate Governance Committee will periodically review the size of the Board and may make recommendations to the Board regarding the size that is most effective in relation to the Company’s operations.

The Board will be comprised of a majority of directors who qualify as independent directors (“**Independent Directors**”) under the applicable rules of the NASDAQ Stock Market LLC (“**Nasdaq**”). Based upon the Company’s operations, the Board will determine from time to time whether the Company should have a Chairman of the Board and/or a lead director.

B. Separate Sessions of Independent Directors

The Independent Directors will meet in executive session without non-Independent Directors or management present on a regularly scheduled basis, but no less than twice per year.

C. Director Qualification Standards

The Nominating and Corporate Governance Committee, in recommending director candidates, and the Board, in nominating director candidates, will evaluate candidates in accordance with the criteria for directors that are set forth in the Charter of the Nominating and Corporate Governance Committee.

D. Director Orientation and Continuing Education

Management will provide an orientation process for new directors, including background material on the Company and its business. As appropriate, management will provide opportunities for additional educational sessions for directors on matters relevant to the Company and its business.

E. Service on Other Boards of Directors

The Board does not believe that its members should be prohibited from serving on boards of directors of other organizations and has not adopted any guidelines limiting such activities. However, the Nominating and Corporate Governance Committee may take into account the nature of and time involved in a director's service on other boards of directors and/or committees in evaluating the suitability of individual director candidates and current directors. Service on other boards of directors and/or committees should be consistent with the Company's conflict of interest policies that are described below and in the Company's Code of Ethics and Business Conduct.

F. Former Officer's Board Membership

When an officer who is also a member of the Board resigns, retires, or is otherwise terminated as an officer of the Company, he or she shall offer to resign from the Board. The Nominating and Corporate Governance Committee will act to determine whether to accept the director's resignation and will submit that recommendation to the Board, which will promptly act on the Committee's recommendation. The Nominating and Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept the director's resignation.

G. No Term Limits or Mandatory Retirement Age

As each director is periodically subject to election by the Company's stockholders, the Board does not believe that it is in the best interests of the Company to establish term limits or a mandatory retirement age at this time. Additionally, such term limits or mandatory retirement age may cause the Company to lose the contribution of directors who have been able to develop, over a period of time, significant insight into the Company's business and therefore can provide an increased contribution to the Board.

H. Directors' Responsibilities

The business and affairs of the Company will be managed under the direction of the Board, including its committees. Each director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. These include:

- Exercising the director's business judgment in good faith and acting in a manner reasonably believed to be in the best interests of the Company's stockholders;
- Overseeing the conduct and management of the Company's business;
- Reviewing, evaluating and, where appropriate, approving the Company's significant financial and business strategies and plans, including significant acquisitions and dispositions of assets and businesses and entries into new lines of business;
- Selecting, evaluating, and compensating the Company's executive officers; and

- Ensuring that the business of the Company is conducted in conformity with applicable laws and regulations.

I. Director Compensation

The Board believes that director compensation should fairly pay directors for work required in a business of the Company's size and scope, and that compensation should align directors' interests with the long-term interests of stockholders. The Compensation Committee will review and make recommendations to the Board regarding the cash and equity compensation of directors. The Company's executive officers will not receive additional compensation for their service as directors.

Except as otherwise permitted by applicable laws and regulations, members of the Board's committees may not directly or indirectly receive any compensation from the Company other than their directors' compensation, including any compensation for service on committees of the Board and the receipt of equity incentive awards.

J. Stock Ownership

The Company encourages directors to own shares of the Company's common stock. However, the number of shares of the Company's common stock owned by any director is a personal decision and, at this time, the Board has chosen not to adopt a policy requiring ownership by directors of a minimum number of shares of common stock.

K. Board Access to Senior Management

The Board will have complete access to Company management in order to ensure that directors can ask any questions and receive all information necessary to perform their duties. Directors should exercise judgment to ensure that their contact with management does not distract managers from their jobs or disturb the business operations of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Company's Chief Executive Officer or Chief Financial Officer.

L. Board Access to Independent Advisors

The Board's committees may hire independent advisors as set forth in their applicable charters. The Board as a whole shall have access to any independent advisor retained by the Company, and the Board may hire any independent advisor it considers necessary to discharge its responsibilities.

M. Evaluations of the Board and Its Committees

The Nominating and Corporate Governance Committee will oversee an annual evaluation of the Board and its committees.

N. Succession Planning

The Board (or a committee delegated by the Board) will work on a periodic basis with the Chief Executive Officer to evaluate the Company's succession plans upon the Chief Executive Officer's retirement or in the event of an unexpected occurrence.

O. Conflicts of Interest

Directors are expected to avoid any action, position, or interest that conflicts with the interests of the Company or gives the appearance of a conflict of interest. A director must promptly disclose to the Board any actual or potential conflict of interest that he or she has with respect to a matter under consideration by the Board, excuse himself or herself from discussion on the matter, and not vote on the matter.

II. BOARD MEETINGS

A. Frequency of Meetings

The Board will meet at least four times annually, in person or telephonically. In addition, special meetings may be called from time to time as determined by the needs of the Company's business.

B. Director Attendance

A director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. Accordingly, a director is expected to regularly prepare for and attend meetings of the Board and all committees on which the director sits (including separate meetings of the Independent Directors), with the understanding that, on occasion, a director may be unable to attend a meeting. A director who is unable to attend a meeting of the Board or a committee of the Board is expected to notify the Chief Executive Officer or the Chair of the appropriate committee in advance of such meeting and, whenever possible, participate in the meeting via teleconference in the case of an in-person meeting.

C. Attendance of Non-Directors

Company officers who are not directors and outside advisors and consultants may from time to time be invited to participate in Board and/or committee meetings to (1) provide insight into items being discussed by the Board or committee and (2) make presentations to the Board or committee on relevant matters.

D. Advance Receipt of Meeting Materials

Information regarding the topics to be considered at a meeting is essential to the Board's understanding of the business and the preparation of the directors for a productive meeting. To the extent feasible, the meeting agenda and any written materials relating to each Board meeting will be distributed to the directors sufficiently in advance of each meeting to allow for meaningful review of the agenda and materials by the directors. Directors are expected to have reviewed and be prepared to discuss all materials distributed in advance of any meeting.

III. COMMITTEE MATTERS

The Board currently has three standing committees: (1) the Audit Committee, (2) the Compensation Committee, and (3) the Nominating and Corporate Governance Committee. Each committee will perform its duties as assigned by the Board in compliance with the Company's bylaws and the committee's charter. It is the responsibility of the directors to attend the meetings of the committees on which they serve. Each committee member will be an Independent Director.