
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

Kindred Biosciences, Inc.

(Name of Subject Company — Issuer)

Common Stock, par value \$0.0001 per share
(Title of Class of Securities)

494577109
(CUSIP Number of Class of Securities)

Marcela A. Kirberger
General Counsel and Corporate Secretary
Elanco Animal Health Incorporated
2500 Innovation Way, Greenfield, Indiana 46140
(877) 352-6261

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications on Behalf of Filing Persons)

Copies to:
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June 15, 2021
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because § 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g) check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7(b) for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 (the "Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1	Names of Reporting Persons ELANCO ANIMAL HEALTH INCORPORATED		
2	Check the Appropriate Box if a Member of a Group: (a) <input type="checkbox"/> (b) <input type="checkbox"/>		
3	SEC Use Only		
4	Source of Funds OO (See Item 3)		
5	Check Box if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e): <input type="checkbox"/>		
6	Citizenship Or Place Of Organization INDIANA		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	7	Sole Voting Power	0
	8	Shared Voting Power	6,846,657*
	9	Sole Dispositive Power	0
	10	Shared Dispositive Power	6,846,657*
11	Aggregate Amount Beneficially Owned By Each Reporting Person 6,846,657* (See Items 4 and 5)		
12	Check if the Aggregate Amount in Row (11) Excludes Certain Shares: <input type="checkbox"/>		
13	Percent Of Class Represented By Amount In Row (11) 15.10%*		
14	Type Of Reporting Person CO		

* Beneficial ownership of the Common Stock (as defined below) of Kindred Biosciences, Inc. ("KindredBio" or the "Company") is being reported hereunder solely because the Reporting Persons (as defined below) may be deemed to have beneficial ownership of such Common Stock by virtue of the Support Agreements (as defined below). Neither the filing of this Schedule 13D nor any of its contents shall be deemed to constitute an admission by the Reporting Persons that they are the beneficial owners of any Common Stock for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, or for any other purpose, and such beneficial ownership thereof is expressly disclaimed.

The shares of Common Stock over which the Reporting Persons may be deemed to have beneficial ownership are comprised of 6,846,657 shares of Common Stock (including shares issuable upon exercise of outstanding options to purchase shares of Common Stock) beneficially owned by the stockholders (the "Stockholders") party to the Support Agreements. Generally, upon the exercise of any security convertible or exchangeable for any Common Stock by the Stockholders, such shares of Common Stock acquired upon exercise thereof shall be included under the Support Agreements and the Reporting Persons may be deemed to have beneficial ownership of such additional shares of Common Stock, if any.

The percentage calculation is based on 45,330,569 shares of Common Stock outstanding as of June 14, 2021 and based on the representation of the Company in the Merger Agreement (as defined below).

1	Names of Reporting Persons KNIGHT MERGER SUB, INC.		
2	Check the Appropriate Box if a Member of a Group: (a) <input type="checkbox"/> (b) <input type="checkbox"/>		
3	SEC Use Only		
4	Source of Funds OO (See Item 3)		
5	Check Box if Disclosure of Legal Proceedings is Required Pursuant to Item 2(d) or 2(e): <input type="checkbox"/>		
6	Citizenship Or Place Of Organization DELAWARE		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	7	Sole Voting Power 0	
	8	Shared Voting Power 6,846,657*	
	9	Sole Dispositive Power 0	
	10	Shared Dispositive Power 6,846,657*	
11	Aggregate Amount Beneficially Owned By Each Reporting Person 6,846,657* (See Items 4 and 5)		
12	Check if the Aggregate Amount in Row (11) Excludes Certain Shares: <input type="checkbox"/>		
13	Percent Of Class Represented By Amount In Row (11) 15.10%*		
14	Type Of Reporting Person CO		

* See note above with respect to Elanco Animal Health Incorporated.

Item 1. Security and Issuer

This statement on Schedule 13D (this “Schedule 13D”) relates to the common stock, par value \$0.0001 (the “Common Stock” or “Shares”), of Kindred Biosciences, Inc. (“KindredBio”). The address of the principal executive offices of KindredBio is 1555 Bayshore Highway, Suite 200, Burlingame, California 94010.

Item 2. Identity and Background

This Schedule is being filed pursuant to Rule 13d-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), by Elanco Animal Health Incorporated, an Indiana corporation (“Elanco”) and Knight Merger Sub, Inc., a Delaware corporation (“Merger Sub”, and together with Elanco, the “Reporting Persons”). A Joint Filing Agreement between the Reporting Persons is attached as Exhibit 99.5 hereto.

The address of the principal business and the principal office of Elanco and Merger Sub is 2500 Innovation Way, Greenfield, Indiana 46140.

Elanco is a premier animal health company that innovates, develops, manufactures and markets products for pets and farm animals. Merger Sub is a wholly owned subsidiary of Elanco and has not conducted any business and has no assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to the Merger Agreement (as defined below) and the transactions contemplated thereby.

The name, business address, present principal occupation or employment and citizenship of each director and executive officer (including a director and officer who may be a controlling person) of the Reporting Persons is set forth on Schedule A.

During the last five years, none of the Reporting Persons or, to the knowledge of the Reporting Persons, any of the persons listed on Schedule A have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

The total amount of funds required by the Reporting Persons to complete the Merger (as defined below) is approximately \$440 million, plus related fees and expenses. The Reporting Persons intend to fund the acquisition with pre-payable debt.

Item 4. Purpose of Transaction

On June 15, 2021, Elanco and Merger Sub entered into an Agreement and Plan of Merger (the “Merger Agreement”) with KindredBio. Upon the terms and subject to the conditions of the Merger Agreement, Elanco and KindredBio have agreed that Merger Sub will merge with and into KindredBio, with KindredBio surviving the merger as a wholly owned subsidiary of Elanco (the “Merger”).

Upon completion of the Merger, each share of KindredBio common stock that is issued and outstanding immediately prior to the effective time of the Merger (the “Effective Time”) (other than certain excluded shares as described in the Merger Agreement) will automatically be converted into the right to receive \$9.25 in cash, without interest (the “Merger Consideration”).

In addition, at the Effective Time, (i) each share of KindredBio common stock subject to vesting, repurchase or other lapse restriction that is outstanding immediately prior to the Effective Time will fully vest (to the extent such stock would not otherwise vest) and be cancelled and converted automatically into the right to receive the Merger Consideration; (ii) each option to purchase shares of KindredBio common stock (other than rights to purchase shares of KindredBio common stock under the KindredBio employee stock purchase plan) (each, a “KindredBio Option”), whether vested or unvested and whether subject to time-based or performance-based vesting, that is outstanding immediately prior to the Effective Time will become fully vested (to the extent unvested or to the extent such KindredBio Option would not otherwise vest) and be automatically cancelled and converted into the right to receive a payment in cash equal to the product of (a) the excess, if any, of the Merger Consideration over the exercise price per share subject to such KindredBio Option and (b) the total number of shares subject to such KindredBio Option; and (iii) each award of restricted stock units denominated in shares of KindredBio common stock, whether subject to time-based or performance-based vesting, that is outstanding immediately prior to the Effective Time (each, a “KindredBio RSU Award”) will become fully vested (to the extent unvested or to the extent such award would not otherwise vest), and be automatically cancelled and converted into the right to receive a payment in cash equal to the product of (A) the total number of shares of KindredBio common stock subject to such KindredBio RSU Award and (B) the Merger Consideration. Any KindredBio Option with a per share exercise price equal to or greater than the Merger Consideration will be cancelled for no consideration.

The completion of the Merger is subject to the satisfaction or waiver of certain conditions, including (i) requisite approval of the holders of KindredBio common stock; (ii) the absence of any law or order in the United States or the European Union prohibiting the Merger and (iii) the expiration or earlier termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. In addition, each of Elanco's and KindredBio's obligations to complete the Merger is subject to certain other conditions, including (a) the accuracy of the representations and warranties of the other party, subject to the standards set forth in the Merger Agreement, (b) compliance of the other party with its covenants in all material respects; and (c) with respect to Elanco's obligation to complete the Merger, the absence of a material adverse effect on KindredBio.

Concurrently with the execution and delivery of the Merger Agreement, the Stockholders entered into a Support Agreement (the "Support Agreements") with Elanco and Merger Sub, pursuant to which each Stockholder agreed, among other things, to vote his, her or its Covered Shares (as defined in the Support Agreement) (i) in favor of the adoption of the Merger Agreement, the Merger and the transactions contemplated thereby and the approval of all agreements related to the Merger, and any proposal to adjourn or postpone the stockholder meeting to a later date if there are not sufficient votes for adoption of the Merger Agreement; (ii) against any Acquisition Proposal (as defined in the Merger Agreement); (iii) against any extraordinary corporate transaction such as a merger agreement or merger (other than the Merger Agreement and the Merger), consolidation, combination, share exchange, reorganization, recapitalization, dissolution, liquidation or winding up of or by KindredBio, or any sale, lease, license or transfer of a material amount of assets of KindredBio; (iv) against any change in or to (a) KindredBio's board of directors that is not recommended by its existing board of directors, (b) the present capitalization or corporate structure of KindredBio, or (c) KindredBio's governing documents that is not consented to by Elanco under the Merger Agreement; and (v) against any proposal, action or agreement that would reasonably be expected to (1) result in a breach of any covenant, representation, warranty or other obligation or agreement of the Stockholder under the Support Agreement or, to the Stockholder's knowledge, of KindredBio under the Merger Agreement or (2) to the Stockholder's knowledge, impede, interfere with or prevent the consummation of the Merger. No Stockholder may propose, commit or agree to take any action inconsistent with any of the foregoing clauses (i), (ii), (iii), (iv) or (v).

Each Stockholder also agreed that, except as provided in the Support Agreement, he, she or it will not (i) offer to transfer, transfer or consent to transfer any of its Covered Shares; (ii) enter into any agreement to transfer his, her or its Covered Shares; (iii) grant any proxy, power-of-attorney or other authorization in respect of its Covered Shares; (iv) deposit or permit the deposit of any of its Covered Shares into a voting trust or enter into a voting agreement or arrangement; (v) create or permit to exist any lien on any of the Covered Shares, or (vi) take any other action that would restrict, limit or interfere with the performance of the Stockholder's obligations under the Support Agreement in any material respect or otherwise make any representation or warranty of the Stockholder untrue or incorrect in any material respect.

Each Stockholder signed the Support Agreement solely in his or her capacity as a stockholder. The Support Agreements do not prohibit any Stockholder from acting (or failing to act) in his or her capacity as an officer or director of KindredBio.

The Support Agreements provide for termination upon the earliest of (i) the mutual written agreement of Elanco and the Stockholder; (ii) the Effective Time; (iii) the entry by KindredBio, without Stockholder's consent, into an amendment, waiver or modification of the Merger Agreement that adversely changes the form or reduces the amount of consideration to be paid for Stockholder's shares; and (iv) the termination of the Merger Agreement.

Shared voting and dispositive power with respect to the Covered Shares may be deemed to have been acquired through execution of the Support Agreements. The Reporting Persons have not expended any funds in connection with the execution of the Support Agreements.

Elanco and KindredBio entered into a Mutual Confidentiality Agreement, dated as of January 11, 2020 (the “Non-Disclosure Agreement”), in connection with, among other things, a potential acquisition or other business combination of the parties. Pursuant to the Non-Disclosure Agreement, subject to certain customary exceptions, each party agreed to keep confidential certain non-public information disclosed to one party or its representatives by or on behalf of the other party or such party’s affiliates or representatives, including all analyses or other materials containing such non-public information. The parties also agreed not to (a) effect or seek, offer or propose (whether publicly or otherwise) to effect, or announce any intention to effect or cause or participate in or in any way assist, facilitate or encourage any other person to effect or seek, offer or propose (whether publicly or otherwise) to effect or participate in, (i) any acquisition of any securities (or beneficial ownership thereof), or rights or options to acquire any securities (or beneficial ownership thereof), or any assets, indebtedness or businesses of the other party or any of its subsidiaries or affiliates, (ii) any tender or exchange offer, merger or other business combination involving the other party, any of the other party’s subsidiaries or affiliates or assets, (iii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the other party or any of its subsidiaries or affiliates, or (iv) any “solicitation” of “proxies” (as such terms are used in the proxy rules of the Securities and Exchange Commission (the “SEC”)) or consents to vote any voting securities of the other party or any of its affiliates; (b) form, join or in any way participate in a “group” (as defined under the Exchange Act) with respect to the other party or otherwise act in concert with any person in respect of any such securities; (c) otherwise act, alone or in concert with others, to seek representation on or to control or influence the management, Board of Directors or policies of the other or to obtain representation on the Board of Directors of the other party; (d) take any action which would or would reasonably be expected to force the party to make a public announcement regarding any of the types of matters set forth in (a) above; or (e) enter into any discussions or arrangements with any third party with respect to any of the foregoing.

Elanco and KindredBio entered into an Exclusivity Agreement, dated as of May 31, 2021, as amended on June 11, 2021 (as amended, the “Exclusivity Agreement”), pursuant to which KindredBio agreed, among other things, that, until June 16, 2021, it would not, would cause its subsidiaries not to, and would not authorize or permit their representatives to (other than with respect to Elanco or its representatives), (i) solicit, initiate, seek, propose, knowingly encourage (including by way of furnishing information) or knowingly take any action designed to facilitate any inquiry regarding, or the making of any inquiry, proposal or offer that constitutes, or could lead to, an Acquisition Proposal (as defined in the Exclusivity Agreement), (ii) engage in, continue or otherwise participate in any discussions or negotiations relating to, enter into any agreement, arrangement or understanding (whether or not binding) relating to, or otherwise cooperate in any way with, any Acquisition Proposal or any inquiry, proposal or offer that could lead to an Acquisition Proposal, (iii) furnish any information relating to KindredBio or any of its subsidiaries or any Company Product (as defined in the Exclusivity Agreement) or afford access to the business, properties, assets, books or records of KindredBio or any of its subsidiaries to any person in connection with any Acquisition Proposal or any inquiry, proposal or offer that constitutes, or could lead to, an Acquisition Proposal, (iv) otherwise knowingly facilitate any effort or attempt to make an Acquisition Proposal or any inquiry, proposal or offer that could lead to an Acquisition Proposal, (v) take any action or exempt any person from the restriction on “business combinations” or any similar provision contained in applicable anti-takeover laws or KindredBio’s organizational documents or grant a waiver under Section 203 of the Delaware General Corporation Law, or (vi) resolve, propose or agree to do any of the foregoing.

The purpose of the Merger is to acquire control of, and ownership of the entire equity interest in, the Company. At the effective time of the Merger, (i) the certificate of incorporation and bylaws of the surviving corporation will be amended and restated in its entirety as set forth in exhibits to the Merger Agreement, and (ii) the directors and officers of Merger Sub immediately prior to the effective time of the Merger will be the initial directors and officers of the surviving corporation. Following the Merger, the Shares will no longer be traded on the Nasdaq Capital Market, there will be no public market for the Shares, and registration of the Shares under the Exchange Act will be terminated. Except as set forth in this Schedule 13D and in connection with the Merger and the Support Agreements described above, the Reporting Persons do not have any plan or proposals that relate to or would result in any of the transactions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

The foregoing description of (i) the Merger Agreement and the transactions contemplated thereby, (ii) the Support Agreements and the transactions contemplated thereby, (iii) the Non-Disclosure Agreement and the transactions contemplated thereby, and (iv) the Exclusivity Agreement and the transactions contemplated thereby, in each case, do not purport to be complete and are qualified in their entirety by reference to the Merger Agreement, which is filed as Exhibit 2.1 hereto, to the Form of Support Agreement, which is filed as Exhibit 99.1 hereto, to the Non-Disclosure Agreement, which is filed as Exhibit 99.2 hereto, and to the Exclusivity Agreement, including the amendment to the Exclusivity Agreement, which are filed as Exhibits 99.3 and 99.4 hereto, each of which is incorporated herein by reference.

This filing does not constitute a solicitation of any vote or approval in connection with the Merger. KindredBio intends to file with the SEC and mail to its stockholders a definitive proxy statement in connection with the proposed Merger. BEFORE MAKING ANY VOTING DECISION, KINDREDBIO’S STOCKHOLDERS ARE URGED TO READ CAREFULLY AND IN THEIR ENTIRETY THE PROXY STATEMENT (INCLUDING ALL AMENDMENTS AND SUPPLEMENTS THERETO) AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT KINDREDBIO AND THE PROPOSED MERGER. The proposals for the Merger will be made solely through the proxy statement. Investors and stockholders may obtain copies of the proxy statement and other documents filed with the SEC by KindredBio (when they become available) free of charge from the SEC’s website at www.sec.gov or by accessing KindredBio’s website at www.kindredbio.com. In addition, a copy of the proxy statement (when it becomes available) may be obtained free of charge from Investor Relations at Kindred Biosciences, Inc., 1555 Bayshore Highway, Suite 200, Burlingame, CA 94010. Copies of the documents filed with the SEC by Elanco (when they become available) may be obtained free of charge from the SEC’s website at www.sec.gov or by accessing Elanco’s website at www.elanco.com.

Elanco, KindredBio, and certain of their directors, executive officers and employees may be considered participants in the solicitation of proxies from KindredBio's stockholders with respect to the proposed transactions. Information regarding the persons who may, under the SEC rules, be deemed participants in the solicitation of KindredBio's stockholders in connection with the proposed Merger and a description of their direct and indirect interests therein, by security holdings or otherwise, will be set forth in the definitive proxy statement that KindredBio intends to file with the SEC when it becomes available. Information about Elanco's directors and executive officers is set forth in Elanco's definitive proxy statement for its 2021 Annual Meeting of Shareholders, which was filed with the SEC on March 25, 2021. Information about KindredBio's directors and executive officers is set forth in KindredBio's definitive proxy statement for its 2021 Annual Meeting of Stockholders, which was filed with the SEC on April 29, 2021. These documents may be obtained as indicated above.

Item 5. Interest in Securities of the Company

(a), (b). Other than those Covered Shares that may be deemed to be beneficially owned in connection with the Support Agreements, the Reporting Persons have not acquired and, for the purposes of Rule 13d-4 promulgated under the Exchange Act, do not beneficially own any Shares. As a result of the Support Agreements, the Reporting Persons may be deemed to have the power to vote against certain matters set forth in Item 4 above and cause the disposition of up to an aggregate of 6,846,657 Shares, and thus, for the purpose of Rule 13d-3 promulgated under the Exchange Act, the Reporting Persons may each be deemed to be the beneficial owner of an aggregate of 6,846,657 Shares. The Covered Shares that may be deemed to be beneficially owned by the Reporting Persons constitute approximately 15.10% of the Shares issued and outstanding as of June 14, 2021, as represented by the Company in the Merger Agreement. The Reporting Persons are not entitled to any rights as stockholders of the Company as to the Covered Shares, except as otherwise expressly provided in the Support Agreements. This Schedule 13D shall not be construed as an admission by the Reporting Persons that the Reporting Persons are, for the purposes of Section 13(d) of the Exchange Act, the beneficial owners of the Covered Shares. Except as set forth herein, none of the Reporting Persons nor, to the knowledge of the Reporting Persons, any of the persons named in Schedule A hereto beneficially own any Shares.

(c). Except for the Merger Agreement and the Support Agreements, to the knowledge of the Reporting Persons, no transactions in the class of securities reported have been effected during the past 60 days by any person named in Schedule A or Item 5(a).

(d). To the knowledge of the Reporting Persons, based on representations made by the Stockholders in the Support Agreements, other than the Stockholders, no other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the securities of the Company reported herein.

(e). Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Company

Except for the Merger Agreement, the Support Agreements, the Non-Disclosure Agreement and the Exclusivity Agreement, to the knowledge of the Reporting Persons, there are no contracts, arrangements, understandings or relationships (legal or otherwise), including, but not limited to, transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies, among the persons named in Item 2 or between such persons and any other person, with respect to any securities of the Company, including any securities pledged or otherwise subject to a contingency the occurrence of which would give another person voting power or investment power over such securities other than standard default and similar provisions contained in loan agreements.

Item 7. Material to Be Filed as Exhibits

- [2.1 Agreement and Plan of Merger, dated as of June 15, 2021, among Elanco Animal Health Incorporated, Knight Merger Sub, Inc. and Kindred Biosciences, Inc. \(incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by Elanco Animal Health Incorporated with the SEC on June 16, 2021\).](#)
 - [99.1 Form of Support Agreement, dated as of June 15, 2021, among Elanco Animal Health Incorporated, Knight Merger Sub, Inc. and certain stockholders of Kindred Biosciences, Inc. \(incorporated by reference to Exhibit 99.3 to the Current Report on Form 8-K filed by Elanco Animal Health Incorporated with the SEC on June 16, 2021\).](#)
 - [99.2 Mutual Confidentiality Agreement, dated as of January 11, 2020, between Elanco Animal Health Incorporated and Kindred Biosciences, Inc.](#)
 - [99.3 Exclusivity Agreement, dated as of May 31, 2021, between Elanco Animal Health Incorporated and Kindred Biosciences, Inc.](#)
 - [99.4 Amendment to Exclusivity Agreement, dated as of June 11, 2021, between Elanco Animal Health Incorporated and Kindred Biosciences, Inc.](#)
 - [99.5 Joint Filing Agreement, dated as of June 25, 2021, between Elanco Animal Health Incorporated and Knight Merger Sub, Inc.](#)
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Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: June 25, 2021

ELANCO ANIMAL HEALTH INCORPORATED

/s/ Todd Young

Name: Todd Young

Title: Executive Vice President and Chief Financial Officer

KNIGHT MERGER SUB, INC.

/s/ Jinee Majors

Name: Jinee Majors

Title: Secretary

Schedule A

1. Elanco Animal Health Incorporated

The name, business address, title, present principal occupation or employment of each of the directors and executive officers of Elanco Animal Health Incorporated are set forth below. If no business address is given, the director's or executive officer's business address is 2500 Innovation Way, Greenfield, Indiana 46140. Unless otherwise indicated below, all of the persons listed below are citizens of the United States of America.

Name	Position with Elanco Animal Health Incorporated	Principal Occupation and Employer
R. David Hoover	Director and Chairman	Former Chief Executive Officer, Ball Corporation
Jeffrey N. Simmons	Director; President and Chief Executive Officer	President and Chief Executive Officer, Elanco
Kapila K. Anand	Director	Retired Partner, KPMG LLP
John P. Bilbrey	Director	Former Chief Executive Officer and President, The Hershey Company
William F. Doyle	Director	Executive Chairman of Novocure Ltd. and Managing Director, WFD Ventures LLC, with a business address at 1500 Broadway, New York, NY 10036
Scott D. Ferguson	Director	Founder and Managing Partner of Sachem Head Capital Management, with a business address at 250 West 55th Street, 34th Floor, New York, New York 10019
Art A. Garcia	Director	Former Executive Vice President and Chief Financial Officer, Ryder System, Inc.
Michael J. Harrington	Director	Former Senior Vice President and General Counsel, Eli Lilly & Company
Paul Herendeen	Director	Advisor to the Chairman and Chief Executive Officer, Bausch Health Companies Inc., with a business address at 400 Somerset Corporate Blvd., Bridgewater, NJ 08807
Lawrence E. Kurzius	Director	Chair, President and Chief Executive Officer of McCormick & Company, with a business address at 24 Schilling Road, Hunt Valley, MD 21031
Deborah T. Kochevar	Director	Senior Fellow at Fletcher School of Law and Diplomacy, and Dean Emerita of Cummings School of Veterinary Medicine at Tufts University, with a business address at 160 Packard Ave., Medford, MA 02155
Kirk P. McDonald	Director	Chief Executive Officer, GroupM North America, with a business address at 3 World Trade Center, 175 Greenwich St, New York, NY 10006
Denise Scots-Knight	Director	Chief Executive Officer and Co-Founder, Mereo BioPharma Group plc, with a business address at 1 Cavendish Place, London, W1G 0QF, United Kingdom
Ramiro Cabral	Executive Vice President, President, Elanco International	Executive Vice President, President, Elanco International, Elanco
Dirk Ehle	Executive Vice President and President, Elanco Europe	Executive Vice President and President, Elanco Europe, Elanco
David Kinard	Executive Vice President, Human Resources, Corporate Affairs and Administration	Executive Vice President, Human Resources, Corporate Affairs and Administration, Elanco

Marcela A. Kirberger	Executive Vice President, General Counsel and Corporate Secretary	Executive Vice President, General Counsel and Corporate Secretary, Elanco
Joyce Lee	Executive Vice President and President, U.S. Pet Health and Commercial Operations	Executive Vice President and President, U.S. Pet Health and Commercial Operations, Elanco
Racquel Harris Mason	Executive Vice President and Chief Marketing Officer	Executive Vice President and Chief Marketing Officer, Elanco
James Meer	Vice President, Chief Accounting Officer	Vice President, Chief Accounting Officer, Elanco
Aaron Schacht	Executive Vice President, Innovation, Regulatory, and Business Development	Executive Vice President, Innovation, Regulatory, and Business Development, Elanco
Dr. José Manuel Correia de Simas	Executive Vice President, U.S. Farm Animal Business	Executive Vice President, U.S. Farm Animal Business, Elanco
David Urbanek	Executive Vice President, Manufacturing and Quality	Executive Vice President, Manufacturing and Quality, Elanco
Todd Young	Executive Vice President, Chief Financial Officer, Corporate Governance and Strategy	Executive Vice President, Chief Financial Officer, Corporate Governance and Strategy, Elanco

2. Knight Merger Sub, Inc.

The name, business address, title, present principal occupation or employment of each of the directors and executive officers of Merger Sub are set forth below. If no business address is given, the director's or executive officer's business address is 2500 Innovation Way, Greenfield, Indiana 46140. Unless otherwise indicated below, all of the persons listed below are citizens of the United States of America.

<u>Name</u>	<u>Position at Merger Sub</u>	<u>Principal Occupation and Employer</u>
David Pugh	Director; President and Treasurer	Treasurer, Elanco
Kathleen St. Louis	Director; Vice President	Chief Tax Officer, Elanco
Jinee Majors	Director; Secretary	Sr. Assistant General Counsel, Securities and Corporate Transactions, Elanco

MUTUAL CONFIDENTIALITY AGREEMENT

This Mutual Confidentiality Agreement (this "Agreement") is entered into as of January 11, 2020 by and between Kindred Biosciences, Inc., a Delaware corporation with its principal place of business at 1555 Bayshore Highway, Suite 200, Burlingame, California 94010 USA ("KindredBio") and Elanco US Inc., a Delaware corporation with its principal place of business at 2500 Innovation Way, P.O. Box 708, Greenfield IN 46140 ("Elanco").

WHEREAS, in connection with the consideration of a potential acquisition or other business combination of the parties, KindredBio and Elanco expect to make available to one another and their respective directors, officers, employees, agents or advisors (including without limitation attorneys, accountants, consultants, bankers and financial advisors) (collectively, "Representatives"), certain Confidential Information (defined below) concerning their respective businesses, financial condition, operations, assets and liabilities; and

WHEREAS, the parties desire to protect and preserve the confidentiality of such Confidential Information;

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth in this Agreement, the parties hereby agree as follows:

1. Confidential Information. "Confidential Information" (i) shall mean any such information concerning the disclosing party (whether prepared by the disclosing party, its advisors or otherwise and irrespective of the form of communication) which is furnished hereunder to the receiving party or to its Representatives now or in the future by or on behalf of the disclosing party and (ii) shall be deemed to include all notes, analyses, compilations, studies, interpretations or other documents prepared by the receiving party or its Representatives which contain, reflect or are based upon, in whole or in part, the information furnished to such party or its Representatives pursuant hereto. The term "Confidential Information" does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by the receiving party or its Representatives, (ii) was within the receiving party's possession prior to its being furnished to the receiving party by or on behalf of the disclosing party pursuant hereto (provided that the source of such information was not known by the receiving party to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the disclosing party or any other party with respect to such information), (iii) becomes available to the receiving party on a non-confidential basis from a source other than the disclosing party or any of its Representatives (provided that such source is not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the disclosing party or any other party with respect to such information), (iv) is independently developed by the receiving party without use of or reference to the Confidential Information, or (v) is approved for release by the disclosing party in writing.

2. Use and Disclosure of Confidential Information. Each party agrees that it and its Representatives will not use the Confidential Information disclosed to it or its Representatives by the other party or the other party's Representatives for any purpose except to evaluate the possible transaction between the parties. Neither party will disclose any Confidential Information of the other party to third parties except those Representatives of such party who are required to have the information in order to carry out the discussions and negotiations concerning the possible transaction. Each party has had or will have those Representatives of such party to whom Confidential Information of the other party is disclosed or who have access to Confidential Information of the other party agree to keep such information confidential, and each such Representative has been informed of the confidential nature of the information and the terms of this Agreement and has agreed to be bound by the terms hereof to the same extent as if they were parties hereto. In any event, the receiving party shall be responsible for any breach of this Agreement by any of its Representatives, and agrees, at its sole expense, to take all reasonable measures (including without limitation court proceedings) to restrain its Representatives from prohibited or unauthorized disclosure or use of the Confidential Information. Each party agrees that it will take all reasonable measures to protect the secrecy of and avoid disclosure or use of Confidential Information of the other party in order to prevent it from falling into the public domain or the possession of persons other than those authorized hereunder to have any such information. Each party agrees to notify the other party in writing of any misuse or misappropriation of such Confidential Information of the other party that may come to its attention.

3. Non-Disclosure of Transaction. In addition, each party agrees that, without the prior written consent of the other party, it and its Representatives (who will themselves be informed only on a need-to-know basis) will not disclose to any other person the fact that any Confidential Information has been made available hereunder, that discussions or negotiations are taking place concerning a possible transaction involving the parties or any of the terms, conditions or other facts with respect thereto (including the status thereof); provided that a party or its Representatives may make such disclosure if, in the reasonable opinion of outside counsel, such disclosure is required by applicable law, regulation or securities exchange/market listing requirement.

4. Required Disclosure. In the event that a party or any of its Representatives is requested or required (by government or securities exchange/market authorities by oral questions, interrogations, requests for information or documents in legally required government or securities filings, legal proceedings, subpoena, civil investigative demand or other similar process) to disclose any of the other party's Confidential Information, the party requested or required to make the disclosure shall provide the other party with prompt written notice of any such request or requirement so that the other party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. If, in the absence of a protective order or other remedy or the receipt of a waiver by such other party, the party requested or required to make the disclosure or any of its Representatives is nonetheless in the reasonable opinion of outside counsel, legally compelled to disclose the other party's Confidential Information to any government agency or tribunal or securities exchange/market authority or else stand liable for contempt or suffer other censure or penalty, the party requested or required to make the disclosure or its Representatives may, without liability hereunder, disclose to such government agency or tribunal or securities exchange/market authority only that portion of the other party's Confidential Information which such counsel advises is legally required to be disclosed, provided that the party requested or required to make the disclosure exercises its best efforts to preserve the confidentiality of the other party's Confidential Information, including, without limitation, by cooperating with the other party to obtain confidential treatment or an appropriate protective order or other reliable assurance that confidential treatment will be accorded the other party's Confidential Information by such government agency or tribunal or securities exchange/market authority.

5. Termination of Discussion. If either party decides that it does not wish to proceed with a transaction with the other party, the party so deciding will promptly inform the other party by the way of a notice of termination of that decision. In that case, or at any time upon the request of the disclosing party for any reason, each receiving party will promptly deliver to the disclosing party all Confidential Information (and all copies thereof) furnished to the receiving party or its Representatives by or on behalf of the disclosing party pursuant hereto. In the event of such a decision or request, all other Confidential Information incorporated into materials prepared by the receiving party shall be destroyed and no copy thereof shall be retained, and in no event shall either party be obligated to disclose or provide the material prepared by it or its Representatives to the other party. Notwithstanding the return or destruction of the Confidential Information, each party and its Representatives will continue to be bound by its obligations of confidentiality and other obligations hereunder.

6. No Representation of Accuracy. Each party understands and acknowledges that neither party nor any of its Representatives makes any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information made available to it.

7. Definitive Agreements. Each party understands and agrees that no contract or agreement providing for any transaction of the type contemplated by this Agreement involving the parties shall be deemed to exist between the parties unless and until a final definitive agreement has been executed and delivered. Each party also agrees that unless and until a final definitive agreement regarding a transaction between the parties has been executed and delivered, neither party will be under any legal obligation of any kind whatsoever with respect to such a transaction by virtue of this Agreement, or any proposals or deal term summaries discussed by the parties, except for the matters specifically agreed to herein. Both parties further acknowledge and agree that each party reserves the right, in its sole discretion, to reject any and all proposals made by the other party or any of its Representatives with regard to a transaction between the parties, and to terminate discussions and negotiations at any time (except as may be provided in a separate exclusivity agreement or a final definitive agreement).

8. No Trading in Securities. Each party acknowledges and agrees that it is aware (and that its Representatives are aware or, upon receipt of any Confidential Information, will be advised by you) that (i) the Confidential Information being furnished to the other party and its Representatives contains material, non-public information regarding the disclosing party, and (ii) the United States securities laws prohibit any persons who have material, nonpublic information concerning the matters which are the subject of this Agreement, including the Confidential Information, from purchasing or selling securities of a company which may be a party to a transaction of the type contemplated by this Agreement or from communicating such information to any person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities in reliance upon such information.

9. Non-Solicitation. For a period of one year from the date of this Agreement, neither party will directly solicit the employment of any officer or employee of the other party or its affiliates without the prior written consent of such other party; provided, however, that this provision shall not prohibit either party from responding to any employee of the other party who initiates discussion of employment opportunities without solicitation or inducement by the first party; provided further, that solicitation through a headhunter or other agent shall be considered direct solicitation for purposes of this paragraph and non-directed newspaper and Internet help-wanted advertising shall not be considered direct solicitation for purposes of this paragraph.

10. Injunctive Relief. It is further understood and agreed that money damages would not be a sufficient remedy for any breach of this Agreement by either party or any of its Representatives and that the non-breaching party shall be entitled to equitable relief, including injunction and specific performance, as a remedy for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Agreement but shall be in addition to all other remedies available at law or equity.

11. Governing Law; Jurisdiction and Venue. The internal laws of the State of Delaware (without regard to its conflicts of law principles) will govern the validity of this Agreement, the construction of its terms, and the interpretation and enforcement of the rights and duties of the parties hereto. Each of the parties hereby irrevocably consents to the exclusive jurisdiction of and venue in the United States District Court for the District of Delaware in connection with any litigation of a dispute between them arising from or relating to this Agreement and waives any and all right to object to the jurisdiction of such court or to claim that venue in such court is not proper. In the event of litigation relating to this Agreement, if a court of competent jurisdiction determines that either party or any of its Representatives have breached this Agreement, then the breaching party shall be liable and pay to the non-breaching party the reasonable legal fees and expenses incurred in connection with such litigation, including any appeal therefrom.

12. Standstill. Each party hereto agrees that, for a period of two years from the date of this Agreement, unless specifically invited in writing by the other party, neither it nor any of its Representatives will in any manner, directly or indirectly: (a) effect or seek, offer or propose (whether publicly or otherwise) to effect, or announce any intention to effect or cause or participate in or in any way assist, facilitate or encourage any other person to effect or seek, offer or propose (whether publicly or otherwise) to effect or participate in, (i) any acquisition of any securities (or beneficial ownership thereof), or rights or options to acquire any securities (or beneficial ownership thereof), or any assets, indebtedness or businesses of the other party or any of its subsidiaries or affiliates, (ii) any tender or exchange offer, merger or other business combination involving the other party, any of the other party's subsidiaries or affiliates or assets, (iii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the other party or any of its subsidiaries or affiliates, or (iv) any "solicitation" of "proxies" (as such terms are used in the proxy rules of the Securities and Exchange Commission) or consents to vote any voting securities of the other party or any of its affiliates; (b) form, join or in any way participate in a "group" (as defined under the Securities Exchange Act of 1934, as amended) with respect to the other party or otherwise act in concert with any person in respect of any such securities; (c) otherwise act, alone or in concert with others, to seek representation on or to control or influence the management, Board of Directors or policies of the other or to obtain representation on the Board of Directors of the other party; (d) take any action which would or would reasonably be expected to force the party to make a public announcement regarding any of the types of matters set forth in (a) above; or (e) enter into any discussions or arrangements with any third party with respect to any of the foregoing. Each party further agrees during such period not to request that the other party or any of its Representatives, directly or indirectly, amend or waive any provision of this paragraph (including this sentence).

13. Inquiries. Neither party, nor any of such party's Representatives will contact any third party with whom the other or any of its subsidiaries has a business or other relationship (including without limitation any customer or supplier of the other party) in connection with the possible transaction without the other party's prior written consent.

14. Entire Agreement; Severability. This Agreement constitutes the entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the parties with respect to such subject matter. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and shall be interpreted so as reasonably to effect the intent of the parties hereto.

15. Amendment and Waiver. Any term or provision of this Agreement may be amended only by the written consent of each of the parties hereto. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a writing signed by the party to be bound by such waiver. The waiver by a party of any breach hereof or default in the performance hereof will not be deemed to constitute a waiver of any other default or any succeeding breach or default.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument.

17. Term. This Agreement will terminate two years from the date hereof.

Please confirm your agreement with the foregoing by signing and returning one copy to the undersigned, whereupon this letter agreement shall become binding.

KINDRED BIOSCIENCES, INC.

By: /s/ Richard Chin

Name: Richard Chin

Title: CEO

ELANCO US, INC.

By: /s/ Aaron L. Schacht

Name: Aaron L. Schacht

Title: Exec VP – Innovation/Regulatory/BD



STRICTLY PRIVATE & CONFIDENTIAL

May 31, 2021

Richard Chin, M.D.
Chief Executive Officer
Kindred Biosciences, Inc.
1555 Bayshore Highway, Suite #200
Burlingame, CA 94010

Dear Dr. Chin,

Reference is made to our discussions regarding the proposed acquisition (the "Proposed Transaction") of all of the issued and outstanding equity interests of Kindred Biosciences, Inc. (the "Company") by Elanco Animal Health Incorporated or one of its designated affiliates (collectively, "Elanco"). In order to facilitate and expedite continued discussions between the Company and Elanco with respect to the Proposed Transaction, and understanding that Elanco has devoted and intends to continue to devote substantial time and effort to the evaluation and documentation of the Proposed Transaction, the parties hereto hereby agree as set forth below.

1. **Exclusivity.** During the Exclusivity Period (as defined below), the Company shall not, and shall cause its subsidiaries not to, and shall not authorize or permit their respective Representatives (as defined below) to (other than with respect to Elanco or any of its Representatives), directly or indirectly, (i) solicit, initiate, seek, propose, knowingly encourage (including by way of furnishing information) or knowingly take any action designed to facilitate any inquiry regarding, or the making of any inquiry, proposal or offer that constitutes, or could lead to, an Acquisition Proposal (as defined below), (ii) engage in, continue or otherwise participate in any discussions or negotiations relating to, enter into any agreement, arrangement or understanding (whether or not binding) relating to, or otherwise cooperate in any way with, any Acquisition Proposal or any inquiry, proposal or offer that could lead to an Acquisition Proposal, (iii) furnish any information relating to the Company or any of its subsidiaries or any Company Product (as defined below) or afford access to the business, properties, assets, books or records of the Company or any of its subsidiaries to any person in connection with any Acquisition Proposal or any inquiry, proposal or offer that constitutes, or could lead to, an Acquisition Proposal, (iv) otherwise knowingly facilitate any effort or attempt to make an Acquisition Proposal or any inquiry, proposal or offer that could lead to an Acquisition Proposal, (v) take any action or exempt any person from the restriction on "business combinations" or any similar provision contained in applicable anti-takeover laws or the Company's organizational documents or grant a waiver under Section 203 of the Delaware General Corporation Law, or (vi) resolve, propose or agree to do any of the foregoing.
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The Company shall, and shall cause its subsidiaries and its and their respective Representatives to, immediately terminate any and all discussions or negotiations with any party other than Elanco (and its Representatives) with respect to any Acquisition Proposal or any inquiry, proposal or offer that constitutes, or could lead to, an Acquisition Proposal.

The Company shall promptly notify Elanco in the event that, during the Exclusivity Period, the Company waives, releases any person from, amends in any manner less favorable to the Company or fails to enforce any standstill or similar agreement with respect to the Company or any of its subsidiaries (any such action, a "Standstill Waiver"), and concurrently with such Standstill Waiver, the restrictions on Elanco under Section 12 (Standstill) of the Mutual Confidentiality Agreement (as defined below) automatically will be waived, amended (to the extent such amendment is more favorable to Elanco than Section 12 of the Mutual Confidentiality Agreement as in effect on the date hereof), released or deemed non-enforceable to the same extent as the Standstill Waiver.

2. Certain Definitions. For purposes of this letter agreement, the following terms shall have the following meanings:

- a. "Acquisition Proposal" means any inquiry, offer, proposal or indication of interest (in writing or otherwise) from any third party relating to any transaction or series of related transactions involving (i) any acquisition or purchase by any third party, directly or indirectly, of 15% or more of any class of outstanding voting or equity securities of the Company, or any tender offer or exchange offer that, if consummated, would result in any third party beneficially owning 15% or more of any class of outstanding voting or equity securities of the Company, (ii) any merger, amalgamation, consolidation, share exchange, business combination, asset acquisition, sale, joint venture, license, collaboration, research and development or other similar transaction involving assets or businesses that constitute or represent 15% or more of the consolidated revenue, net income or assets of the Company and its subsidiaries, taken as a whole, (iii) any sale or license of (other than any non-exclusive license and non-material license granted by the Company in the ordinary course of business consistent with past practice or contract manufacturing agreement), or joint venture, partnership or collaboration with respect to any Company Product, or (iv) any liquidation, dissolution, recapitalization, extraordinary dividend or other significant corporate reorganization of the Company, the business of which constitutes 15% or more of the consolidated revenue, net income or assets of the Company and its subsidiaries, taken as a whole.
 - b. "Company Product" means any product subject to a preclinical or clinical trial, or being researched, tested, developed, distributed, commercialized or otherwise exploited by or on behalf of the Company or its subsidiaries and all products with respect to which the Company or its subsidiaries has royalty rights, including Zimeta, KIND-030, KIND-016, KIND-032, KIND-025, KIND-509, KIND-510a or KIND-511, in each case, in any dosage form or formulation.
 - c. "Exclusivity Period" means the period commencing at 12:00 a.m. New York City time on June 1, 2021 and ending at 11:59 p.m. New York City Time on June 12, 2021.
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- d. "Representatives" of a person means, such person's respective subsidiaries and each of such person's and such subsidiaries' respective officers, directors and senior employees, agents, advisors (including legal counsel and financial advisors), and the representatives of any of the foregoing.
3. Definitive Agreements. The parties hereto agree that unless and until a definitive written agreement with respect to the Proposed Transaction has been executed and delivered (and in that case, subject to the terms, conditions and limitations set forth therein), neither Elanco nor the Company will be under any legal obligation of any kind whatsoever with respect to the Proposed Transaction by virtue of this letter agreement or any written or oral expression with respect to the Proposed Transaction by any of the respective Representatives of either Elanco or the Company, in each case except for the following (which shall constitute binding and legally enforceable obligations of the applicable parties): (a) the express undertakings of the Company pursuant to Section 1 above and (b) the obligations of the parties set forth in the Mutual Confidentiality Agreement, dated as of January 11, 2020, by and between the Company and Elanco US Inc. (the "Mutual Confidentiality Agreement").
4. Representatives; No Conflicts. The Company shall be responsible for any breaches by any of its Representatives of this letter agreement. The Company represents and warrants to Elanco that it is free to enter into this letter agreement and that the entry by the Company into this letter agreement will not conflict with the rights of any other person or entity.
5. Confidentiality. This letter agreement will be treated as Confidential Information governed by the terms of the Mutual Confidentiality Agreement.
6. Remedies. Each party hereto agrees that irreparable harm would occur as a result of, and that monetary damages would not be a sufficient remedy for, any breach of this letter agreement and that the non-breaching party shall be entitled to equitable relief, including an injunction or injunctions and specific performance, as a remedy for any such breach (in any case without any requirement to prove damages or securing or posting any bond in connection with such remedy), and that such remedy shall not be deemed to be the exclusive remedy for a breach by any party of this letter agreement but shall be in addition to all other remedies available at law or in equity. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.
7. Miscellaneous. The parties hereto acknowledge and agree that the mutual covenants contained in this letter agreement, and other good and valuable consideration provided by Elanco contemplated herein, constitute good and sufficient consideration for the grant by the Company of the rights and obligations set forth in this letter agreement. This letter agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to conflicts of law principles or rules (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Delaware. This letter agreement may be executed in any number of counterparts, including by .pdf transmission, each of which shall be deemed an original and all of which together shall constitute one agreement.
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This letter agreement may be amended, modified or extended only by a written agreement signed by each of the parties hereto.

[Remainder of the page intentionally left blank]

Very truly yours,

ELANCO ANIMAL HEALTH INCORPORATED

By: /s/ Aaron L. Schacht

Name: Aaron L. Schacht

Title: EVP of Innovation, Regulatory & Business Development

Agreed and accepted:

KINDRED BIOSCIENCES, INC.

By: /s/ Richard Chin

Name: Richard Chin

Title: CEO

[Signature page to Exclusivity Letter]

STRICTLY PRIVATE & CONFIDENTIAL

June 11, 2021

Richard Chin, M.D.
Chief Executive Officer
Kindred Biosciences, Inc.
1555 Bayshore Highway, Suite #200
Burlingame, CA 94010

Dear Dr. Chin,

Reference is made to that letter agreement (the "Letter Agreement"), dated as of May 31, 2021, between Kindred Biosciences, Inc. (the "Company") and Elanco Animal Health Incorporated ("Elanco"). In accordance with Section 7 of the Letter Agreement, the Company and Elanco hereby agree to amend the Letter Agreement as set forth below.

1. Definition of Exclusivity Period. The definition of "Exclusivity Period" in Section 2(c) of the Letter Agreement shall be amended and restated as follows:

"Exclusivity Period" means the period commencing at 12:00 a.m. New York City time on June 1, 2021 and ending at 9:30 a.m. New York City Time on June 16, 2021.
2. Other Terms. The provisions of Sections 4, 5, 6 and 7 of the Letter Agreement shall apply *mutatis mutandis* to this amendment.
3. Full Force and Effect. Except as specifically amended hereby, the parties hereto acknowledge and agree that all of the terms and provisions set forth in the Letter Agreement remain in full force and effect in all respects.

[Remainder of the page intentionally left blank.]

Very truly yours,

ELANCO ANIMAL HEALTH INCORPORATED

By: /s/ Aaron L. Schacht

Name: Aaron L. Schacht

Title: Executive Vice President of Innovation,
Regulatory & Business Development

Agreed and accepted:

KINDRED BIOSCIENCES, INC.

By: /s/ Richard Chin

Name: Richard Chin

Title: CEO

[Signature page to Amendment to Exclusivity Letter]

Joint Filing Agreement

In accordance with Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended, the persons named below agree to the joint filing on behalf of each of them of a statement on Schedule 13D (including amendments thereto) with respect to the common stock, par value \$0.0001 per share, of Kindred Biosciences, Inc., a Delaware corporation, and further agree that this Joint Filing Agreement be included as an Exhibit to such joint filings. In evidence thereof, the undersigned, being duly authorized, have executed this Joint Filing Agreement as of the date set forth below.

Date: June 25, 2021

ELANCO ANIMAL HEALTH INCORPORATED

/s/ Todd Young

Name: Todd Young

Title: Executive Vice President and Chief Financial Officer

KNIGHT MERGER SUB, INC.

/s/ Jinee Majors

Name: Jinee Majors

Title: Secretary
