



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment

Blank lines for listing Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See attachment

Blank lines for providing information regarding resulting losses.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment

Blank lines for providing other necessary information for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ Kathleen St. Louis Date ▶ 8/28/19

Print your name ▶ Kathleen St. Louis

Title ▶ Chief Tax Officer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Elanco Animal Health Incorporated

EIN: 82-5497352

Attachment to Form 9913

Report of Organizational Actions Affecting Basis of Securities

**14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.**

On July 18, 2019, pursuant to the Agreement and Plan of Merger dated as of April 26, 2019 (the "Merger Agreement"), by and among Elanco Animal Health Incorporated, an Indiana corporation ("Elanco"), Elanco Athens Inc., a Delaware corporation and a direct wholly owned subsidiary of Elanco ("Acquisition Sub"), and Aratana Therapeutics, Inc., a Delaware corporation ("Aratana"), Acquisition Sub merged with and into Aratana with Aratana as the surviving corporation (the "Merger"). Upon the completion of the Merger, Aratana became a wholly-owned subsidiary of Elanco.

Pursuant to the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each share of common stock of Aratana ("Aratana Common Stock") issued and outstanding immediately prior to the Effective Time (excluding cancelled shares and any shares held by holders who exercised their statutory dissenters' rights), was converted into the right to receive (i) 0.1481 validly issued, fully-paid and non-assessable shares of Elanco common stock ("Elanco Common Stock"), subject to the right to receive cash in lieu of fractional shares, and (ii) one contingent value right ("CVR"), which represents the right to receive a contingent cash payment of \$0.25 if the milestone is achieved in accordance with the terms and conditions of the CVR Agreement.

**15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a US taxpayer as an adjustment per share or as a percentage of old basis.**

Assuming you report the Merger as a closed transaction for U.S. federal income tax purposes, the exchange of Aratana Common Stock for Elanco Common Stock and CVRs pursuant to the Merger Agreement should result in (i) the tax basis of the CVRs received by a U.S. taxpayer being equal to the fair market value of such CVRs, and (ii) the aggregate tax basis of the shares of Elanco Common Stock received by a U.S. taxpayer (including any fractional shares that will be deemed received and redeemed) being equal to the aggregate tax basis of the shares of Aratana Common Stock surrendered by such taxpayer in the Merger, reduced by the fair market value of the CVRs received by such taxpayer, and increased by any gain recognized by such taxpayer in the Merger (other than any gain recognized as a result of the deemed receipt and redemption of any fractional shares of Elanco Common Stock).

A former Aratana shareholder must allocate the aggregate tax basis in its shares of Elanco Common Stock received in the Merger (as determined pursuant to the immediately preceding paragraph) across the total number of shares of Elanco Common Stock received in the Merger. If a former Aratana shareholder acquired different blocks of Aratana Common Stock at different times or at different prices, such holder's tax basis in the shares of Elanco Common Stock received in the Merger should be determined by reference to each separate block of Aratana Common Stock. The resulting tax basis will differ with respect to each former Aratana shareholder.

Former Aratana shareholders should receive a Form 1099-B from the Exchange Agent, Broadridge Corporate Issuer Solutions, Inc., reflecting the amount of their gross proceeds from the Merger.

For more information regarding the tax consequences of the Merger, including treatment of the transaction as an open or closed transaction and the recognition of gain in the Merger, please see the section titled "*Material U.S. Federal Income Tax Consequences*" in our Form S-4 filed with the SEC with respect to the Merger, which can be accessed here. Former Aratana shareholders are encouraged to consult their tax advisors regarding the tax consequences of the Merger.

**16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates**

See the response to Item 15 above. The closing stock price of the Aratana Common Stock on April 25, 2019 was \$3.43, while the closing stock price of the Elanco Common Stock was \$32.39. The closing stock price of the Aratana Common Stock on July 17, 2019 was \$4.92, while the closing stock price of the Elanco Common Stock was \$33.18.

**17. List the applicable IRC section(s) and subsection(s) upon which the tax treatment is based.**

Elanco's acquisition of Aratana pursuant to the Merger should qualify as a "reorganization" for U.S. federal income tax purposes within the meaning of Section 368(a) of the Code. As such, the U.S. federal income tax consequences to the former Aratana shareholders should be determined under Sections 354, 356, 358, 1001, 1221 and 1223 of the Code.

**18. Can any resulting loss be recognized?**

In general, an Aratana shareholder who exchanged its shares of Aratana Common Stock for Elanco Common Stock and CVRs may recognize gain, but not loss, as a result of the Merger.

An Aratana shareholder who received cash in lieu of a fractional share of Elanco Common Stock generally will be treated as having received such fractional share in the Merger and then as having sold such fractional share for cash. As a result, gain or loss will be recognized, based on

the difference between the amount of cash received in lieu of the fractional share of Elanco Common Stock and the tax basis allocated to such fractional share of Elanco Common Stock.

**19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.**

The Merger is reportable in the tax year that includes the date of the Merger, July 18, 2019. The holding period for any shares of Elanco Common Stock received by an Aratana shareholder in the Merger should generally include the shareholder's holding period in the shares of Aratana Common Stock exchanged for such shares of Elanco Common Stock.

