

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 29, 2020

KALEIDO BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-38822
(Commission
File Number)

47-3048279
(IRS Employer
Identification No.)

65 Hayden Avenue Lexington, MA
(Address of principal executive offices)

02421
(Zip Code)

Registrant's telephone number, including area code: **(617) 674-9000**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 Par Value	KLDO	NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Resignation

On September 29, 2020, the Board of Directors (the “Board”) of Kaleido Biosciences, Inc. (the “Company”) accepted the planned resignation of Alison Lawton, Ph.D. from the Board, effective as of October 13, 2020 (the “Effective Date”). Ms. Lawton’s decision to resign was not the result of any disagreement with the Company on any matters relating to the Company’s operations, policies or practices.

Management Transition

On September 29, 2020, the Board appointed Mr. Daniel Menichella as President and Chief Executive Officer and a member of the Board, effective as of the Effective Date. Mr. Menichella will also serve as the Company’s Principal Executive Officer.

Mr. Menichella, 61, was most recently Chief Executive Officer of CureVac B.V., a role he held since June 2018 after having been hired as Chief Executive Officer of CureVac’s US subsidiary in January 2017. Prior to that, Mr. Menichella was Chief Business Officer at several companies, including Bamboo Therapeutics, Inc. from 2015-2016, Applied Genetic Technologies Corporation (AGTC) from 2013-2015 and Zyngenia, Inc. from 2011-2013. Mr. Menichella also led Business Development and Corporate Strategy functions at Talecris Biopharmaceuticals from 2007-2011 and at Merck KGaA from 2002-2007. He earned his Bachelor of Arts from Harvard University and his Master of Business Administration from the University of North Carolina at Chapel Hill.

In connection with Mr. Menichella’s appointment as Chief Executive Officer and President, the Company and Mr. Menichella entered into an employment agreement, dated September 30, 2020 (the “Employment Agreement”). Pursuant to the terms of the Employment Agreement, Mr. Menichella will receive an annual salary of \$540,000 and be eligible for an annual bonus, with a target bonus of 50% of his base salary, based on achievement of performance goals established by the compensation committee of the Board. Mr. Menichella will also receive an equity grant to purchase 600,000 shares of the Company’s common stock, at an exercise price equal to the fair market value of such shares on the date of grant (the “Option Grant”). Twenty-five percent of the Option Grant will vest and become exercisable on the first anniversary of the Effective Date, and the balance of the Option Grant will vest ratably over thirty-six months thereafter, subject to Mr. Menichella’s continued employment through each such vesting date. Mr. Menichella is also eligible to participate in the Company’s employee benefit plans available to its employees, including its stock option plan, subject to the terms of those plans.

In the event that Mr. Menichella is terminated by the Company without cause or resigns for good reason, Mr. Menichella will be entitled to (i) cash severance payments in an amount equal to twelve months of Mr. Menichella’s salary existing at the time of his termination plus an amount equal to the incentive compensation paid to Mr. Menichella during the fiscal year prior to his termination, payable in equal installments on the Company’s normal payroll cycle, provided that Mr. Menichella does not breach certain restrictive covenants set forth in his employment agreement; (ii) an extension of the period during which Mr. Menichella can exercise any of his vested options to purchase stock in the Company until the first anniversary of his termination; and (iii) reimbursement of COBRA premiums for health benefit coverage for him and his immediate family in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to Mr. Menichella had he remained employed with the Company for up to twelve months following the date of termination.

In the event that Mr. Menichella is terminated without cause or resigns for good reason within fifteen months following a “change in control” (as defined in the Employment Agreement), Mr. Menichella will be entitled to (i) cash severance payments in an amount equal to 1.5 times the sum of (x) twelve months of Mr. Menichella’s salary existing at the time of his termination, plus (y) his target annual bonus for the year of termination, payable in equal installments on the Company’s normal payroll cycle; (ii) reimbursement of COBRA premiums for health benefit coverage for him and his immediate family in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to Mr. Menichella had he remained employed with the Company for up to eighteen months following the date of termination; and (iii) the acceleration of vesting of all unvested equity awards held by Mr. Menichella immediately prior to such termination.

The foregoing description of the Employment Agreement is a summary only and is qualified in its entirety by reference to the full text of the Employment Agreement, which is filed herewith as Exhibit 10.1 and incorporated by reference herein in its entirety.

Item 7.01. Regulation FD Disclosure.

On October 1, 2020, the Company issued a press release announcing Mr. Menichella's appointment and Ms. Lawton's resignation from the Board. A copy of this press release is furnished as Exhibit 99.1 to this Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
10.1	Employment Agreement, dated September 30, 2020, by and between Kaleido Biosciences, Inc. and Daniel Menichella.
99.1	Press Release issued by the Company on October 1, 2020, furnished hereto.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

KALEIDO BIOSCIENCES, INC.

Date: October 1, 2020

By: /s/ William Duke, Jr.

William Duke

Chief Financial Officer

(Principal Financial and Accounting Officer)

KALEIDO BIOSCIENCES, INC.

EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is made as of September 30, 2020, between Kaleido Biosciences, Inc., a Delaware corporation (the “Company”), and Daniel Menichella (the “Employee”) and is effective as October 13, 2020 (the “Effective Date”). In consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment.

(a) Term. The term of this Agreement shall commence on the Effective Date and continue until terminated in accordance with the provisions hereof (the “Term”). The Employee’s employment with the Company will continue to be “at will,” meaning that the Employee’s employment may be terminated by the Company or the Employee at any time and for any reason subject to the terms of this Agreement.

(b) Position and Duties. During the Term, the Employee shall serve as the President & Chief Executive Officer (CEO) of the Company, and shall have such duties and authorities as may from time to time be reasonably prescribed by the Company’s Board of Directors (the “Board”). The Employee shall also serve as a Director on the Board. The Employee shall devote substantially all working time and efforts to the business and affairs of the Company. Notwithstanding the foregoing, the Employee may serve on other boards of directors, with the advance written approval of the Board, or engage in religious, charitable or other community activities as long as such services and activities do not interfere with the Executive’s performance of his duties to the Company as provided in this Agreement.

2. Compensation and Related Matters.

(a) Base Salary. The Company shall pay the Employee an initial base salary of \$540,000, subject to annual review by the Compensation Committee for potential upward adjustments (the “Compensation Committee”) of the Company’s Board of Directors (“Board”). The base salary in effect at any given time is referred to herein as “Base Salary.” The Base Salary shall be payable in a manner that is consistent with the Company’s usual payroll practices.

(b) Incentive Compensation. During the Term, the Employee shall be eligible to receive cash incentive compensation as determined by the Board or the Compensation Committee from time to time, in accordance with Company’s bonus program. The Company will initially target the Employee’s Incentive Bonus at 50% of his Base Salary (prorated for 2020 based on the Effective Date). The actual incentive target and any Incentive Bonus is discretionary and will be subject to the Company’s assessment of the Employee’s performance, as well as business conditions at the Company. The Incentive Bonus also will be subject to approval by and adjustment at the discretion of the Board and the terms of any applicable

incentive plan. Any Incentive Bonus will be paid by March 15 of the year following the year in which it is earned. Except as otherwise provided in Section 4(b)(i) below or the Company's bonus program, to earn incentive compensation, the Employee must be employed by the Company on the day such incentive compensation is paid.

(c) Equity. Within 5 days of the Date of Hire, the Employee shall be eligible to participate in Kaleido's equity incentive program and be granted, at such time as the Board determines, an option to purchase 600,000 shares of common stock (such equity award is referred to as the "Equity Award"). Subject to the Board's approval of the Equity Award, the Equity Award will vest according to the following schedule: 25% of the Equity Award will vest on the first anniversary of the Date of Hire, and the remaining 75% of the Equity Award will vest in equal installments at the end of each calendar quarter over the next three years, provided that, in each case, that the Employee continues to provide continuous services to the Company as of each such vesting date. The grant of the Equity Award will be conditioned upon, among other things, the Employee's execution of all necessary documentation relating to the Equity Award as determined by the Company (all such documentation is collectively referred to as the "Equity Award Documentation"). In all respects, these options will be governed by the 2019 Stock Option and Incentive Plan and the applicable Stock Option Agreement.

(d) Expenses. The Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by his during the Term in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company.

(e) Vacation. During the Term, the Employee shall be entitled to paid vacation in accordance with the Company's policies and procedures. The Employee shall also be entitled to all paid holidays given by the Company in accordance with the policies and procedures then in effect and established by the Company.

(f) Other Benefits. During the Term, the Employee shall be eligible to participate in or receive benefits under the Company's employee benefit plans in effect from time to time, subject to the terms of such plans.

3. Termination. During the Term, the Employee's employment hereunder may be terminated without any breach of this Agreement under the following circumstances:

(a) Death. The Employee's employment hereunder shall terminate upon his death.

(b) Disability. The Company may terminate the Employee's employment if he is disabled and unable to perform the essential functions of the Employee's then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 consecutive days in any 12-month period. If any question shall arise as to whether during any period the Employee is disabled so as to be unable to perform the essential functions of the Employee's then existing position or positions with or without reasonable accommodation, the Employee may, and at the request of the Company shall, submit to the Company a certification in reasonable detail by a physician selected by the Employee. In the event the

Company has additional requests for information, the Employee shall cooperate with any reasonable request to obtain additional detail from the Employee's physician in connection with such certification. If such question shall arise and the Employee shall fail to submit such certification, the Company's determination of such issue shall be binding on the Employee. Nothing in this Section 3(b) shall be construed to waive the Employee's rights, if any, under existing law.

(c) Termination by Company for Cause. The Company may terminate the Employee's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (i) conduct by the Employee constituting a material act of misconduct in connection with the performance of his duties, including, without limitation, misappropriation of funds; (ii) the commission by the Employee of any felony or a misdemeanor involving moral turpitude, ~~deceit, dishonesty or fraud~~, or any conduct by the Employee that would reasonably be expected to result in material injury or reputational harm to the Company or any of its subsidiaries or affiliates if he were retained in his position; (iii) a material violation by the Employee of the Company's written employment policies; or (iv) failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

(d) Termination Without Cause. The Company may terminate the Employee's employment hereunder at any time without Cause. Any termination by the Company of the Employee's employment under this Agreement which does not constitute a termination for Cause under Section 3(c) and does not result from the death of the Employee under Section 3(a) or the disability of the Employee under Section 3(b) shall be deemed a termination without Cause.

(e) Termination by the Employee. The Employee may terminate his employment hereunder at any time for any reason, including but not limited to Good Reason. For purposes of this Agreement, "Good Reason" shall mean that the Employee has complied with the "Good Reason Process" (hereinafter defined) following the occurrence of any of the following events: (i) a material diminution in the Employee's responsibilities, authority or duties; (ii) a material diminution in the Employee's Base Salary except for across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company; (iii) a material change in the geographic location at which the Employee provides services to the Company, except for required travel for the Company's business; or (iv) the material breach of this Agreement by the Company. "Good Reason Process" shall mean that (i) the Employee reasonably determines in good faith that a "Good Reason" condition has occurred; (ii) the Employee notifies the Company in writing of the first occurrence of the Good Reason condition within 60 days of the first occurrence of such condition; (iii) the Employee cooperates in good faith with the Company's efforts, for a period not less than 30 days following such notice (the "Cure Period"), to remedy the condition; (iv) notwithstanding such efforts, the Good Reason condition continues to exist; and (v) the Employee terminates his employment within 60 days after the end of the Cure Period. If the Company cures the Good Reason condition during the Cure Period, Good Reason shall be deemed not to have occurred.

(f) Notice of Termination. Except for termination as specified in Section 3(a), any termination of the Employee's employment by the Company or any such termination by the Employee shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(g) Date of Termination. "Date of Termination" shall mean: (i) if the Employee's employment is terminated by his death, the date of his death; (ii) if the Employee's employment is terminated by the Company on account of the Employee's disability under Section 3(b) or by the Company for Cause under Section 3(c), the date on which a Notice of Termination is given; (iii) if the Employee's employment is terminated by the Employee under Section 3(e) without Good Reason, 30 days after the date on which a Notice of Termination is given, and (iv) if the Employee's employment is terminated by the Employee under Section 3(e) with Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that the Employee gives a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement, provided, however, that in the event the Company accelerates the Date of Termination, the Employee shall be entitled to all compensation, including but not limited to salary, bonus (if any), benefits and vesting of equity, that would otherwise have been owed the Employee for the period between the Date of Termination set by the Company and the Date of Termination set out in the Notice of Termination to the Company.

4. Compensation Upon Termination.

(a) Termination Generally. If the Employee's employment with the Company is terminated for any reason, the Company shall pay or provide to the Employee (or to his authorized representative or estate) (i) any Base Salary earned through the Date of Termination, unpaid expense reimbursements (subject to, and in accordance with, Section 2(d) of this Agreement) and unused vacation that accrued through the Date of Termination on or before the time required by law but in no event more than 30 days after the Employee's Date of Termination; and (ii) any vested benefits the Employee may have under any employee benefit plan of the Company through the Date of Termination, which vested benefits shall be paid and/or provided in accordance with the terms of such employee benefit plans (collectively, the "Accrued Benefit").

(b) Termination by the Company Without Cause or by the Employee with Good Reason. During the Term, if the Employee's employment is terminated by the Company without Cause as provided in Section 3(d), or the Employee terminates his employment for Good Reason as provided in Section 3(e), then the Company shall pay the Employee his Accrued Benefit. In addition, subject to the Employee signing a separation agreement containing, among other provisions, a general release of claims in favor of the Company and related persons and entities, confidentiality, return of property and non-disparagement, in a form and manner satisfactory to the Company (the "Separation Agreement and Release") and the Separation Agreement and Release becoming irrevocable and fully effective, all within 60 days after the Date of Termination (or such shorter time period provided in the Separation Agreement and Release):

(i) The Company shall pay the Employee an amount equal to twelve (12) months of the Employee's Base Salary plus an amount equal to the incentive compensation paid to the Employee pursuant to Section 2(b) above during the fiscal year prior to the year of termination (the "Severance Amount"). Notwithstanding the foregoing, if the Employee breaches any of the provisions contained in Section 7 of this Agreement, all payments of the Severance Amount shall immediately cease;

(ii) Notwithstanding any provision in the Equity Documents to the contrary, and subject to the Employee's compliance with the provisions contained in Section 7 of this Agreement, the Company shall extend the period during which the Employee can exercise any of his vested options to purchase stock in the Company until the anniversary of the Employee's Date of Termination;

(iii) If the Employee was participating in the Company's group health plan immediately prior to the Date of Termination and elects COBRA health continuation, then the Company shall pay to the Employee a monthly cash payment for twelve (12) months or the Employee's COBRA health continuation period, whichever ends earlier, in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to the Employee if the Employee had remained employed by the Company as well as any administrative fee; and

(iv) the amounts payable under Section 4(b)(i) and (iii) shall be paid out in substantially equal installments in accordance with the Company's payroll practice commencing within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the Severance Amount shall begin to be paid in the second calendar year by the last day of such 60-day period; provided, further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

5. Change in Control Payment. The provisions of this Section 5 set forth certain terms of an agreement reached between the Employee and the Company regarding the Employee's rights and obligations upon the occurrence of a Change in Control of the Company. These provisions are intended to assure and encourage in advance the Employee's continued attention and dedication to his assigned duties and his objectivity during the pendency and after the occurrence of any such event. These provisions shall apply in lieu of, and expressly supersede, the provisions of Section 4(b) regarding severance pay and benefits upon a termination of employment, if such termination of employment occurs in anticipation of, on or within fifteen (15) months after the occurrence of the first event constituting a Change in Control. These provisions shall terminate and be of no further force or effect beginning fifteen (15) months after the occurrence of a Change in Control.

(a) Change in Control. During the Term, if in anticipation of, on or within fifteen (15) months after a Change in Control, the Employee's employment is terminated by the Company without Cause as provided in Section 3(d) or the Employee terminates his employment for Good Reason as provided in Section 3(e), then, subject to the signing of the Separation

Agreement and Release by the Employee and the Separation Agreement and Release becoming irrevocable and fully effective, all within 60 days after the Date of Termination (or such shorter time period provided in the Separation Agreement and Release):

(i) the Company shall pay the Employee a lump sum in cash in an amount equal to 1.5 times the sum of (A) the Employee's current Base Salary (or the Employee's Base Salary in effect immediately prior to the Change in Control, if higher), plus (B) the target incentive compensation established for the Employee in the fiscal year of termination; and if no such target has been established, the target incentive compensation established for the Employee in the fiscal year prior to the year of termination;

(ii) notwithstanding anything to the contrary in any applicable option agreement or stock-based award agreement, all stock options and other stock-based awards held by the Employee (the "Equity Awards") shall immediately accelerate and become fully exercisable or nonforfeitable as of the later of (x) the Date of Termination or (y) the Effective Date of the Separation Agreement and Release (the "Accelerated Vesting Date"); *provided* that any termination or forfeiture of the unvested portion of such Equity Awards that would otherwise occur on the Date of Termination in the absence of this Agreement will be delayed until the Effective Date of the Separation Agreement and Release and will only occur if the vesting pursuant to this subsection does not occur due to the absence of the Separation Agreement and Release becoming fully effective within the time period set forth therein. ; and

(iii) if the Employee was participating in the Company's group health plan immediately prior to the Date of Termination and elects COBRA health continuation, then the Company shall pay to the Employee a monthly cash payment for eighteen (18) months or the Employee's COBRA health continuation period, whichever ends earlier, in an amount equal to the monthly employer contribution that the Company would have made to provide health insurance to the Employee if the Employee had remained employed by the Company as well as any administrative fee; and

(iv) The amounts payable under Section 5(a)(i) and (iii) shall be paid or commence to be paid within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payment shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period.

(b) Additional Limitation.

(i) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and the applicable regulations thereunder (the "Aggregate Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall

be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be \$1.00 less than the amount at which the Employee becomes subject to the excise tax imposed by Section 4999 of the Code; provided that such reduction shall only occur if it would result in the Employee receiving a higher After Tax Amount (as defined below) than the Employee would receive if the Aggregate Payments were not subject to such reduction. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; provided that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

(ii) For purposes of this Section 5(b), the “After Tax Amount” means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on the Employee as a result of the Employee’s receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, the Employee shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(iii) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to Section 5(b)(i) shall be made by a nationally recognized accounting firm selected by the Company (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and the Employee within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or the Employee. Any determination by the Accounting Firm shall be binding upon the Company and the Employee.

(c) Definitions. For purposes of this Section 5, the following terms shall have the following meanings: “Change in Control” shall mean any of the following:

(i) any “person,” as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Act”) (other than the Company, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries), together with all “affiliates” and “associates” (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 50 percent or more of the combined voting power of the Company’s then

outstanding securities having the right to vote in an election of the Board (“Voting Securities”) (in such case other than as a result of an acquisition of securities directly from the Company); or

(ii) the date a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or

(iii) the consummation of (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than 50 percent of the voting shares of the Company issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company and its affiliates on a consolidated basis.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of Voting Securities beneficially owned by any person to 50 percent or more of the combined voting power of all of the then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns 50 percent or more of the combined voting power of all of the then outstanding Voting Securities, then a “Change in Control” shall be deemed to have occurred for purposes of the foregoing clause (i).

6. Section 409A.

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of the Employee’s separation from service within the meaning of Section 409A of the Code, the Company determines that the Employee is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Employee becomes entitled to under this Agreement on account of the Employee’s separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Employee’s separation from service, or (B) the Employee’s death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Employee during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes “non-qualified deferred compensation” under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Employee’s termination of employment, then such payments or benefits shall be payable only upon the Employee’s “separation from service.” The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to the Employee or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

7. Confidential Information, Noncompetition and Cooperation. The terms of the Employee Confidentiality, Assignment and Noncompetition Agreement (the “Restrictive Covenant Agreement”), between the Company and the Employee, attached hereto as Exhibit A, shall continue to be in full force and effect and are incorporated by reference in this Agreement. The Employee hereby reaffirms the terms of the Restrictive Covenant Agreement as material terms of this Agreement.

(a) Litigation and Regulatory Cooperation. During and after the Employee’s employment, the Employee shall cooperate fully with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Employee was employed by the Company. The Employee’s full cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to

prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after the Employee's employment, the Employee also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Employee was employed by the Company. The Company shall reimburse the Employee for any reasonable out-of-pocket expenses incurred in connection with the Employee's performance of obligations pursuant to this Section 7(a).

(b) Relief. The Employee agrees that it would be difficult to measure any damages caused to the Company which might result from any breach by the Employee of the promises set forth in this Section 7, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, subject to Section 8 of this Agreement, the Employee agrees that if the Employee breaches, or proposes to breach, any portion of this Agreement, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company. In addition, in the event the Employee breaches this Section 7 during a period when he is receiving severance benefits pursuant to Section 4 or Section 5 hereof, the Company shall have the right to suspend or terminate such severance benefits. Such suspension or termination shall not limit the Company's other options with respect to relief for such breach and shall not relieve the Employee of his duties under this Agreement.

(c) Protected Disclosures and Other Protected Action. Nothing contained in this Agreement limits the Employee's ability to communicate with any federal, state or local governmental agency or commission, including to provide documents or other information, without notice to the Company.

8. Arbitration of Disputes. Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of the Employee's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Boston, Massachusetts in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. In the event that any person or entity other than the Employee or the Company may be a party with regard to any such controversy or claim, such controversy or claim shall be submitted to arbitration subject to such other person or entity's agreement. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 8 shall be specifically enforceable. Notwithstanding the foregoing, this Section 8 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 8.

9. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 8 of this Agreement, the parties hereby consent to the jurisdiction of

the Superior Court of the Commonwealth of Massachusetts and the United States District Court for the District of Massachusetts. Accordingly, with respect to any such court action, the Employee (a) submits to the personal jurisdiction of such courts; (b) consents to service of process; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

10. Integration. This Agreement, including the Restrictive Covenant Agreement, and Stock Option Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter, including the Prior Agreement.

11. Withholding. All payments made by the Company to the Employee under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law.

12. Successor to the Employee. This Agreement shall inure to the benefit of and be enforceable by the Employee's personal representatives, executors, administrators, heirs, distributees, devisees and legatees. In the event of the Employee's death after his termination of employment but prior to the completion by the Company of all payments due to him under this Agreement, the Company shall continue such payments to the Employee's beneficiary designated in writing to the Company prior to his death (or to his estate, if the Employee fails to make such designation).

13. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

14. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of the Employee's employment to the extent necessary to effectuate the terms contained herein.

15. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

16. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Employee at the last address the Employee has filed in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

17. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Employee and by a duly authorized representative of the Company.

18. Governing Law. This is a Massachusetts contract and shall be construed under and be governed in all respects by the laws of the Commonwealth of Massachusetts without giving effect to the conflict of laws principles thereof.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

20. Successor to Company. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a material breach of this Agreement.

21. Gender Neutral. Wherever used herein, a pronoun in the masculine gender shall be considered as including the feminine gender unless the context clearly indicates otherwise.

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date and year first above written.

KALEIDO BIOSCIENCES, INC.

By:
Its:

EMPLOYEE

DAN MENICHELLA

Kaleido Biosciences Appoints Daniel Menichella as President and Chief Executive Officer

LEXINGTON, Mass., October 1, 2020 – Kaleido Biosciences, Inc. (Nasdaq: KLDO), a clinical-stage healthcare company with a chemistry-driven approach to targeting the microbiome to treat disease and improve human health, announced that Daniel Menichella has been appointed President and Chief Executive Officer and a member of the company's Board of Directors, effective October 13, 2020. Mr. Menichella succeeds Alison Lawton, who stepped down to attend to a family health matter but continued to work with the Company in the Office of the CEO alongside Executive Chair Mike Bonney.

"I'm excited to welcome Dan to Kaleido and am confident his extensive experience helping companies advance product candidates, execute meaningful business development partnerships, and build strong cultures will help Kaleido fulfill its great potential," said Mike Bonney. "I look forward to working closely with Dan to ensure a smooth transition as I return to my role as an active and involved Board Chair."

Mr. Menichella is an experienced Chief Executive Officer, having been hired as CEO of CureVac Inc.'s US subsidiary in January 2017 before taking over as CEO of the international company in June of 2018. Prior to that, Mr. Menichella was Chief Business Officer at several companies, including Bamboo Therapeutics from 2015-2016, Applied Genetic Technologies Corporation (AGTC) from 2013-2015 and Zyngenia, Inc. from 2011-2013. Mr. Menichella also led Business Development and Corporate Strategy functions at Talecris Biopharmaceuticals from 2007-2011 and at Merck KGaA from 2002-2007. He earned his Bachelor of Arts from Harvard University and his Master of Business Administration from the University of North Carolina at Chapel Hill.

"I am thrilled to join Kaleido at such an exciting time in its evolution," said Mr. Menichella. "With a strong product platform and multiple key milestones anticipated between now and the end of 2021, I look forward to continuing to build upon our leadership in the microbiome space and finding new ways to treat disease and improve human health."

"On behalf of the Board of Directors and employees of Kaleido, we want to recognize Alison's meaningful contributions over her near three years leading the Company," said Mike Bonney. "Alison will be stepping down from the Board coincident with Dan's start, and has agreed to be available to Dan for advice and counsel, as he moves into the CEO role."

About Microbiome Metabolic Therapies (MMT™)

Kaleido's Microbiome Metabolic Therapies, or MMTs, are designed to drive the function and distribution of the microbiome's existing microbes in order to decrease or increase the production of metabolites, or to advantage or disadvantage certain bacteria in the microbiome community. The Company's initial MMT candidates are targeted, synthetic glycans that are orally administered, have limited systemic exposure, and are selectively metabolized by



enzymes in the microbiome. Kaleido utilizes its discovery and development platform to study MMTs in microbiome samples to rapidly advance MMT candidates rapidly into clinical studies in healthy subjects and patients. These human clinical studies are conducted under regulations supporting research with food, evaluating safety, tolerability and potential markers of effect. For MMT candidates that are further developed as therapeutics, the Company conducts clinical trials under an Investigational New Drug (IND) or regulatory equivalent outside the U.S., in Phase 2 or later development.

About Kaleido Biosciences

Kaleido Biosciences is a clinical-stage healthcare company with a differentiated, chemistry-driven approach to targeting the microbiome to treat disease and improve human health. The Company has built a proprietary product platform to enable the rapid and cost-efficient discovery and development of novel Microbiome Metabolic Therapies (MMT™). MMTs are designed to modulate the metabolic output and profile of the microbiome by driving the function and distribution of the gut's existing microbes. Kaleido is advancing a broad pipeline of MMT candidates with the potential to address a variety of diseases and conditions with significant unmet patient needs. To learn more, visit <https://kaleido.com/>.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including, without limitation, statements regarding the therapeutic potential of our MMT candidates, the timing of initiation, completion and reporting of results of our clinical and preclinical studies, and our strategy, business plans and focus. The words "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "project," "potential," "continue," "target" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Any forward-looking statements in this press release are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and important factors that may cause actual events or results to differ materially from those expressed or implied by any forward-looking statements contained in this press release, including, without limitation, those related to the breadth of our pipeline of product candidates, the strength of our proprietary product platform, the efficiency of our discovery and development approach, the clinical development and safety profile of our MMT candidates and their therapeutic potential, whether and when, if at all, our MMT candidates will receive approval from the U.S. Food and Drug Administration and for which, if any, indications, competition from other biotechnology companies, and other risks identified in our SEC filings, including our most recent Form 10-Q, and subsequent filings with the SEC. We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date they are made. We disclaim any obligation to publicly update or revise any such statements to reflect any change in expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.



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