Eli Lilly and Company
First Quarter Financial Review

April 25th, 2012

Answers That Matter.

Agenda

Key Recent Events, Financial Results and Pipeline Update

- Phil Johnson, Vice President, Investor Relations
- Travis Coy, Director, Investor Relations

Key Future Events, Financial Guidance and Summary

- Derica Rice, Executive Vice President, Global Services and Chief Financial Officer

Question and Answer Session

Safe Harbor Provision

This presentation contains forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. The company's results may be affected by such factors as the risks and uncertainties in pharmaceutical research and development; competitive developments; regulatory actions; litigation and investigations; business development transactions; economic conditions; and changes in laws and regulations, including health care reform. For additional information about the factors that affect the company's business, please see the company's latest Forms 10-K and 10-Q filed with the Securities and Exchange Commission.

The company undertakes no duty to update forward-looking statements.

Beyond the Quarterly Financial Results

Key events since the last earnings call

Commercial:

- In the U.S., launched Jentadueto™, the linagliptin plus metformin fixed-dose combination for treatment of adults with type 2 diabetes

Regulatory:

- Japan's Ministry of Health, Labor and Welfare approved Zyprexa® for treatment of depression in bipolar disorder and Cymbalta® for treatment of diabetic peripheral neuropathic pain
- Received European Commission approval for Amylin's Byetta® as an adjunctive therapy to basal insulin, with or without metformin and/or pioglitazone, for the treatment of type 2 diabetes in adults
- Received a Complete Response Letter from the FDA for Erbitux® in first-line non-small cell lung cancer. Lilly and Bristol-Myers Squibb do not plan to further pursue this FLEX submission. Marketing for FDA-approved indications is unaffected by this decision.
- FDA approved Amyvid™ (Florbetapir F 18 Injection) for use in patients being evaluated for Alzheimer's Disease and other causes of cognitive decline

Clinical:

- Announced Phase 3 study data that showed both Cialis® and tamsulosin significantly improved scores on the International Prostate Symptom Score in men with signs and symptoms suggestive of benign prostatic hyperplasia
- Announced new Phase 2 data, published in NEJM, that showed ixekizumab, an anti-IL-17 monoclonal antibody, met its primary endpoint in patients with moderate-to-severe plaque psoriasis

Comparison Measures

Results shown two ways to aid analysis

"Reported" results

- Include all financial results as reported in accordance with GAAP

"Non-GAAP" results

- Start with "Reported" results
- Include adjustments for items such as:
  - Restructuring charges, asset impairments and special charges
  - In-process R&D charges from business development activities

2012 Income Statement (Non-GAAP)

Millions; except per share data

	Q1 2012	Q1 2011	Growth
Total Revenue	5,602	5,839	(4)%
Gross Margin	78.6%	79.8%	(1.2)pp
Total Operating Expense*	2,999	2,910	3%
Operating Income	1,405	1,749	(20)%
Other Income / (Deductions)	(46)	(11)	NM
Effective Tax Rate	*24.4%*	*20.9%*	*3.5pp*
Net Income	$1,027	$1,375	(25)%
Diluted EPS	$0.92	$1.24	(26)%

* Includes Research and Development expense and Selling, Marketing and Administrative expense.

2012 Income Statement (Reported)

Millions; except per share data

	Q1 2012	Q1 2011	Growth
Total Revenue	5,602	5,839	(4)%
Gross Margin	78.6%	79.8%	(1.2)pp
Total Operating Expense*	3,023	3,374	(10)%
Operating Income	1,381	1,285	7%
Other Income / (Deductions)	(46)	(11)	NM
Effective Tax Rate	*24.3%*	*17.1%*	*7.2pp*
Net Income	$1,011	$1,056	(4)%
Diluted EPS	$0.91	$0.95	(4)%

* Includes Research and Development expense, Selling, Marketing and Administrative expense and other charges.

Notes: Q1 2012 includes a charge of $23.8 million (pretax), or $0.01 (after-tax) primarily related to the withdrawal of Xigris.

Q1 2011 includes a restructuring charge of $76.3 million (pretax), or $0.06 (after-tax). This charge is primarily related to severance costs from previously announced strategic actions to reduce the company's cost structure and global workforce. In addition, Q1 2011 includes a charge of $388.0 million (pretax), or $0.23 per share (after-tax), for acquired in-process research and development associated with the collaboration with Boehringer Ingelheim.

EPS Reconciliation

	Q1 2012	Q1 2011	Growth
EPS (reported)	$0.91	$0.95	(4%)
Asset impairment, restructuring and other special charges	0.01	0.06	
In-process research and development charge associated with the Boehringer Ingelheim collaboration		0.23	
EPS (non-GAAP)	$0.92	$1.24	(26%)

Note: Numbers may not add due to rounding.

Effect of Price/Rate/Volume on Revenue

Pharmaceuticals	Q1 2012 Amount	Q1 2012 vs. Q1 2011			
		Price	FX Rate	Volume	Total
U.S.	$2,654.2	12%	-	(16)%	(4)%
Europe	992.0	(8)%	(2)%	(11)%	(21)%
Japan	486.9	(4)%	4%	5%	5%
ROW	790.1	(3)%	(2)%	(1)%	(6)%
Total Pharma	4,923.1	4%	(0)%	(11)%	(7)%
Animal Health	490.7	2%	(1)%	31%	33%
Net Product Sales	5,413.8	4%	(0)%	(8)%	(5)%
Collab/Other Revenue	188.2	0%	0%	26%	26%
Total Revenue	$5,602.0	4%	(0)%	(7)%	(4)%

Note: Numbers may not add due to rounding.

Effect of Foreign Exchange on 2012 Results
(Non-GAAP)

Year-on-Year Growth

	Q1 2012	
	With FX	w/o FX
Total Revenue	(4)%	(4)%
Cost of Sales	2%	10%
Gross Margin	(5)%	(7)%
Operating Expense *(R&D and SG&A)*	3%	3%
Operating Income	(20)%	(24)%
EPS	(26)%	(30)%

Effect of Foreign Exchange on 2012 Results
(Reported)

Year-on-Year Growth

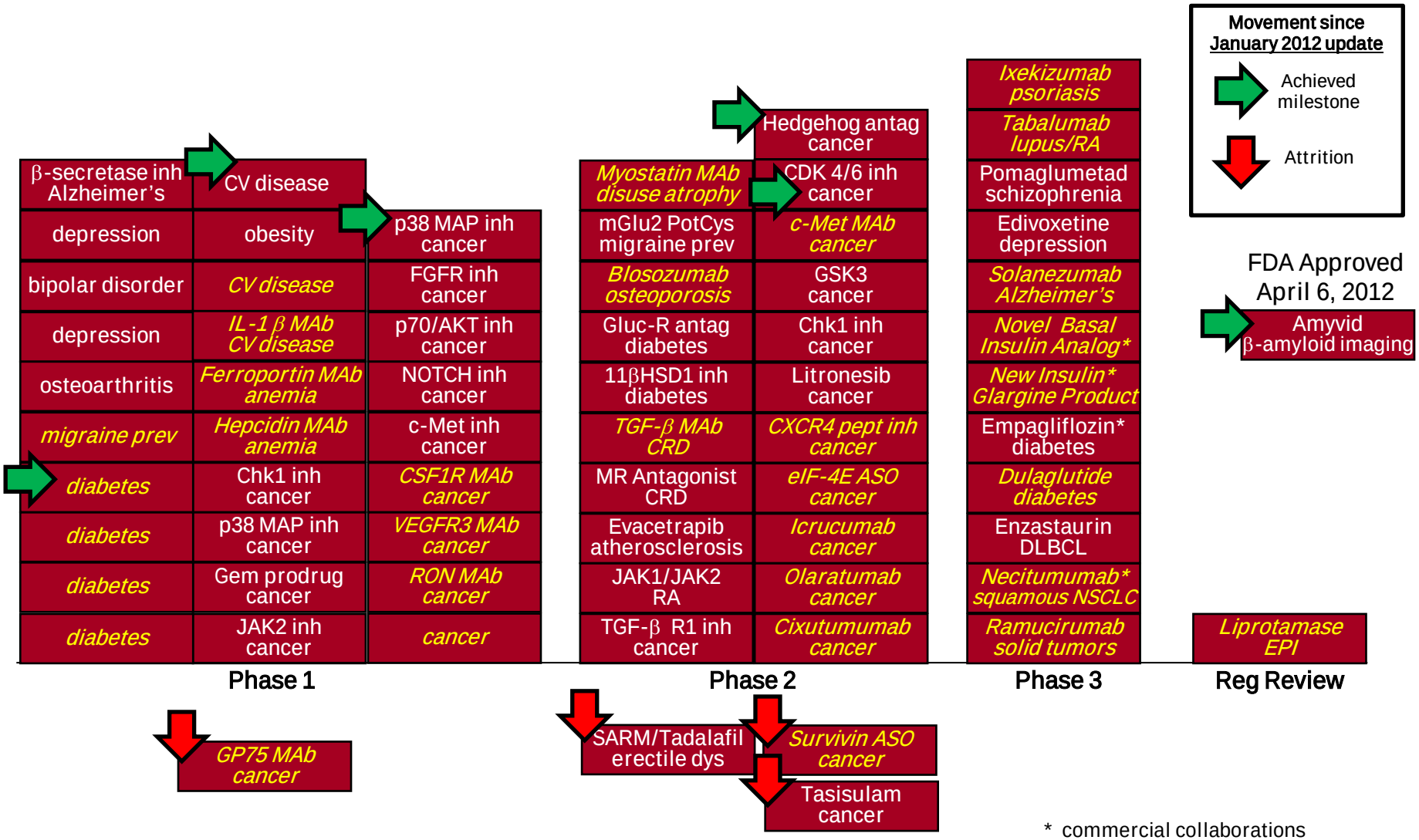
	Q1 2012	
	With FX	w/o FX
Total Revenue	(4)%	(4)%
Cost of Sales	2%	10%
Gross Margin	(5)%	(7)%
Operating Expense *(R&D, SG&A and sign. items)*	(10)%	(10)%
Operating Income	7%	1%
EPS	(4)%	(10)%

Lilly NME Pipeline

April 18, 2012

New Chemical Entity (NCE)

New Biotech Entity (NBE)



* commercial collaborations

Key Events in 2012

Red text – potential 2012 data disclosure

Potential U.S. regulatory actions:

- ✓+ Linagliptin plus metformin fixed-dose combination for type 2 diabetes [1]
- Alimta® continuation maintenance in nonsquamous non-small cell lung cancer
- ✓- Erbitux for 1st-line non-small cell lung cancer
- Erbitux for 1st-line metastatic colorectal cancer
- ✓+ Amyvid for the detection of beta amyloid plaques

Potential Phase 3 trial initiation:

- Evacetrapib (CETP inhibitor)
- JAK1/JAK2 inhibitor

Data disclosures, trials completing in '12:

- Solanezumab Phase 3 trials in Alzheimer's
- Effient® Phase 3 trial in ACS-medical management
- Alimta Phase 3 PARAMOUNT trial (ASCO in June)
- Alimta Phase 3 POINTBREAK trial
- Initial empagliflozin Phase 3 trials in type 2 diabetes [1, 2]
- Initial dulaglutide Phase 3 trials in type 2 diabetes [2]
- Dulaglutide Phase 2 hemodynamic study (ASH in May)
- JAK1/JAK2 Phase 2b study in RA (3-month data at EULAR in June, 6-month data later in 2012)

Data disclosures, trials completed in '11:

- ✓ Ixekizumab Phase 2 data in psoriasis (data published in NEJM in March)
- Novel basal insulin analog Phase 2 data in type 1 and type 2 diabetes [1] (ADA in June)

✓ denotes that an event has occurred

1 in collaboration with Boehringer Ingelheim

2 external data disclosure expected in 2013

2012 Guidance

Total Revenue	$21.8 to $22.8 billion
Gross Margin % of Revenue	Approximately 77%
Mktg, Selling & Admin.	$7.4 to $7.8 billion
Research & Development	$5.0 to $5.3 billion
Other Income/(Expense)	$(50) - $100 million
Tax Rate	Approximately 21%
Earnings per Share (non-GAAP)	$3.15 - $3.30
Earnings per Share (reported)	$3.14 - $3.29
Capital Expenditures	Approximately $800 million

For complete reconciliation to reported guidance, please see slide 15 of this presentation and our earnings press release dated April 25, 2012.

Earnings per Share Expectations

	2012	2011	Growth
EPS (reported)	$3.14-$3.29	$3.90	(16)%-(19)%
In-process research and development charge associated with the Boehringer Ingelheim collaboration	-	0.23	
Asset impairment, restructuring and other special charges	0.01	0.29	
EPS (non-GAAP)	$3.15-$3.30	$4.41	(25)%-(29)%

Note: Numbers may not add due to rounding.

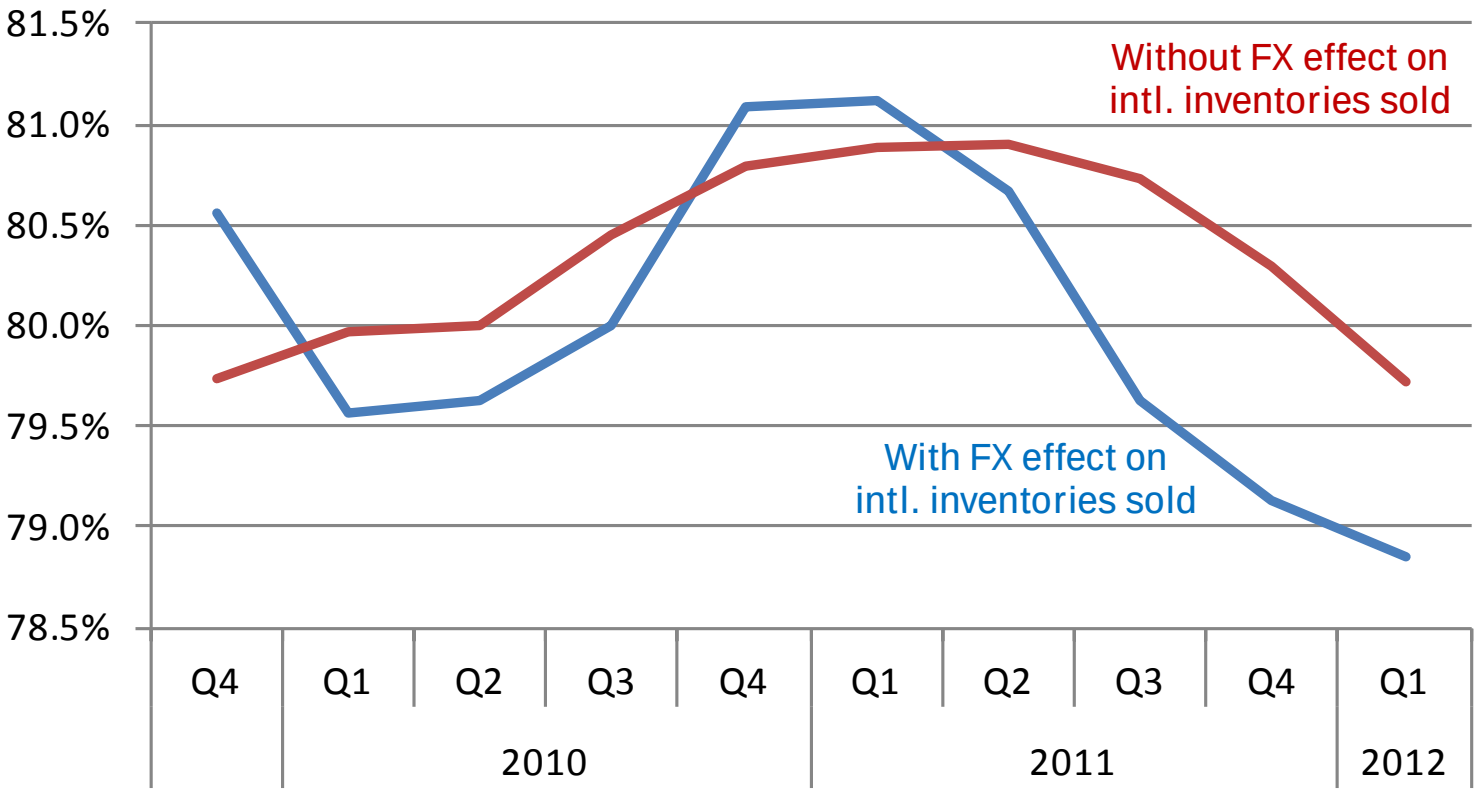
Q1 2012 Summary

- Continued implementation of our strategy:
  - Replenishing and advancing our pipeline
  - Driving growth in key patent-protected brands and in countercyclical growth areas
  - Increasing productivity across our business to fund R&D, recapitalize physical assets and maintain the dividend
- Q1 2012 financial results place us on track to meet or exceed our minimum annual financial expectations during YZ:
  - At least $20 billion in revenue
  - At least $3 billion in net income
  - At least $4 billion in operating cash flow
- Poised to return to growth post-2014 with 12 molecules in Phase 3

Supplementary Slides

Gross Margin % - Moving Annual Total

Non-GAAP



Individual quarter GM% of Revenue:

with FX effect on intl inv sold	75.9%	79.5%	82.2%	82.5%	80.1%	79.8%	80.4%	78.2%	78.1%	78.6%
w/o FX effect on intl inv sold	79.2%	80.4%	81.7%	80.6%	80.6%	80.7%	81.7%	80.0%	78.8%	78.3%

Note: The lines in the graph are moving annual totals (i.e. trailing 4 quarters) while the two rows of numbers are from specific quarters.

Comparative EPS Summary 2011/2012

	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012
Non-GAAP	1.24	1.18	1.13	0.87	4.41	0.92				
Reported	0.95	1.07	1.11	0.77	3.90	0.91				

Note: Numbers may not add due to rounding.

For complete reconciliation to reported earnings, please see slide 8 of this presentation and our earnings press release dated April 25, 2012.

Q1 Other Income/(Deductions)

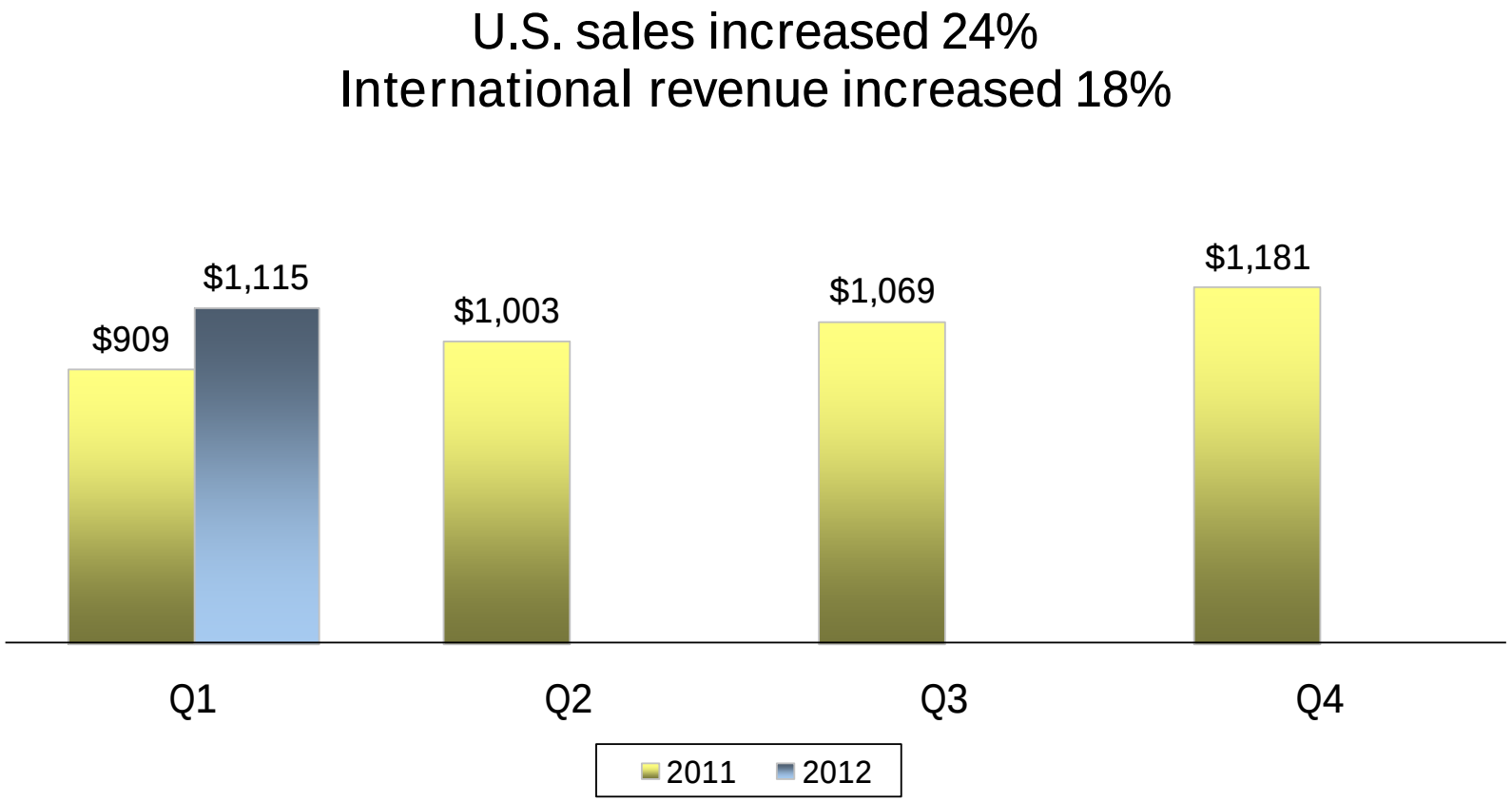
Millions

	Q1 12	Q1 11
- Interest Expense	($45.3)	($45.8)
- Interest Income	26.1	15.5
Interest, net	(19.2)	(30.3)
- FX Gains / (Losses)	(10.7)	(10.4)
- Gains / (Losses) on Equity Investments	5.7	35.4
- Miscellaneous Income / (Loss)	(21.8)	(5.9)
Other Income, net	(26.8)	19.1
Net Other Income (Loss)	$(46.0)	$(11.2)

Note: Numbers may not add due to rounding.

Q1 Cymbalta Revenue Increased 23%

Millions

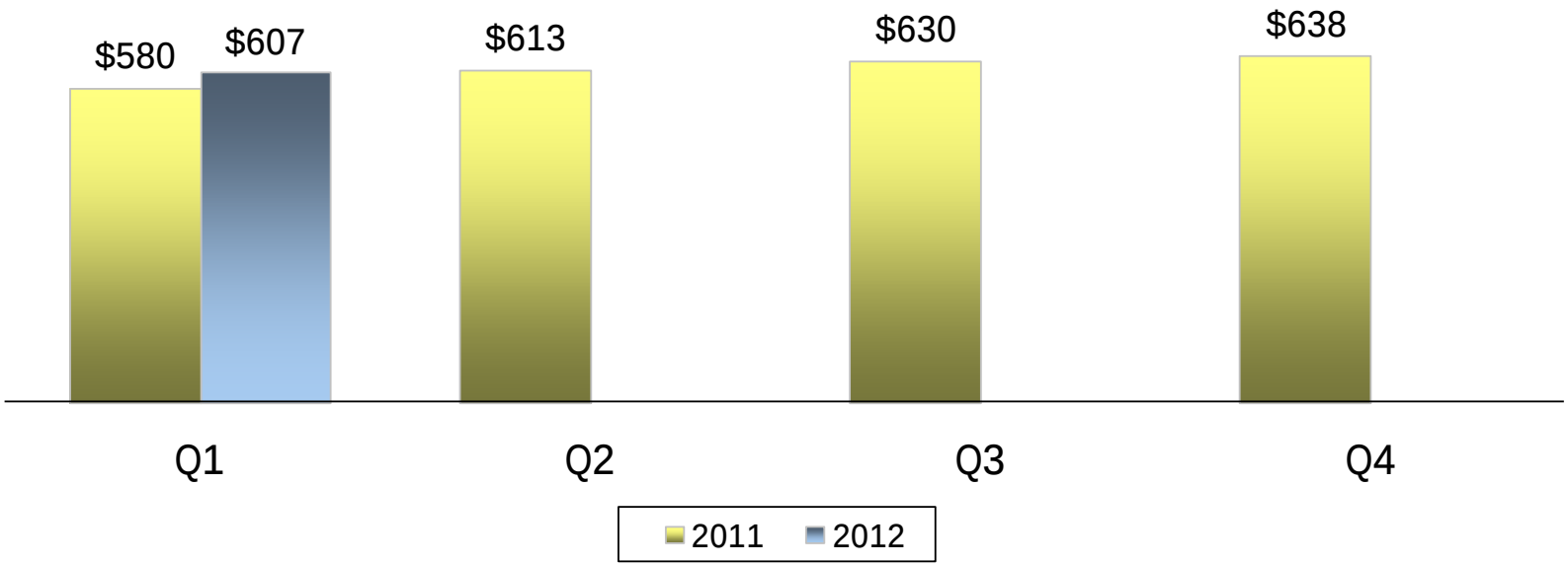


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q1 Alimta Sales Increased 5%

Millions

U.S. sales increased 10%
International sales increased 1%

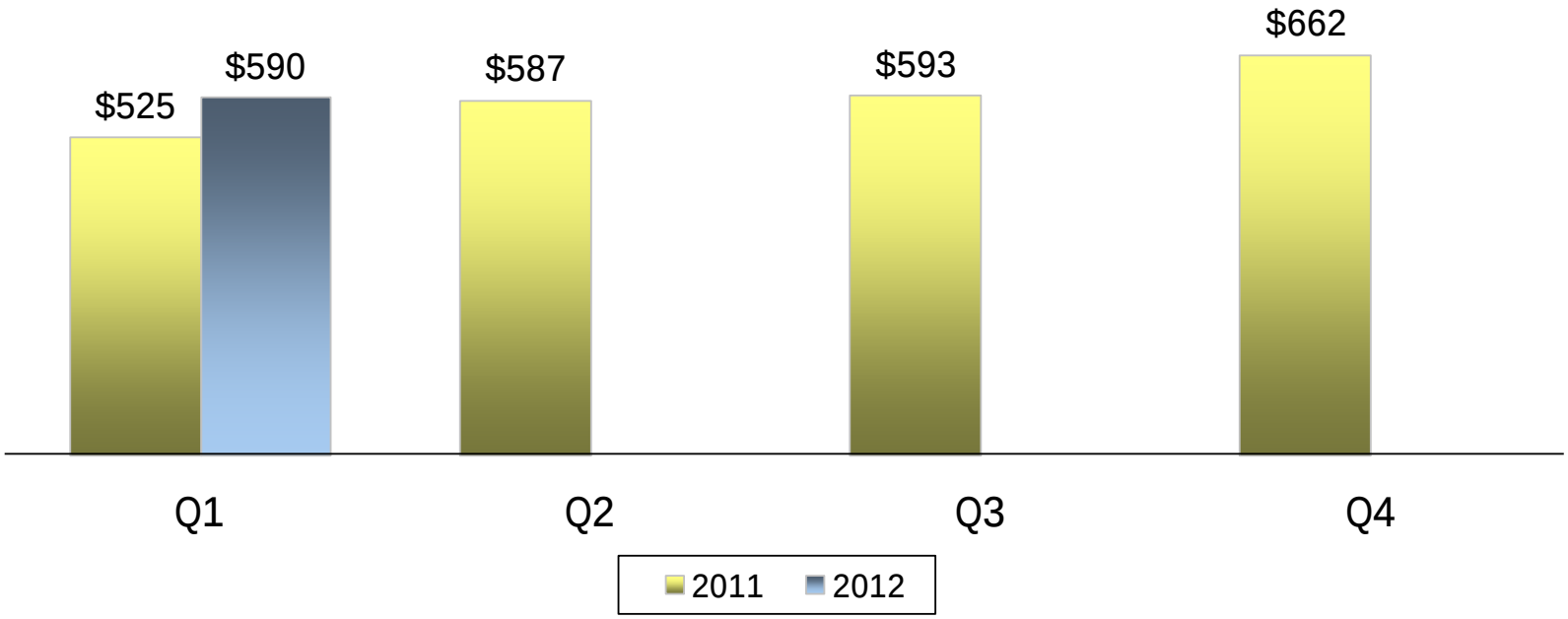


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q1 Humalog® Sales Increased 12%

Millions

U.S. sales increased 15%
International sales increased 9%

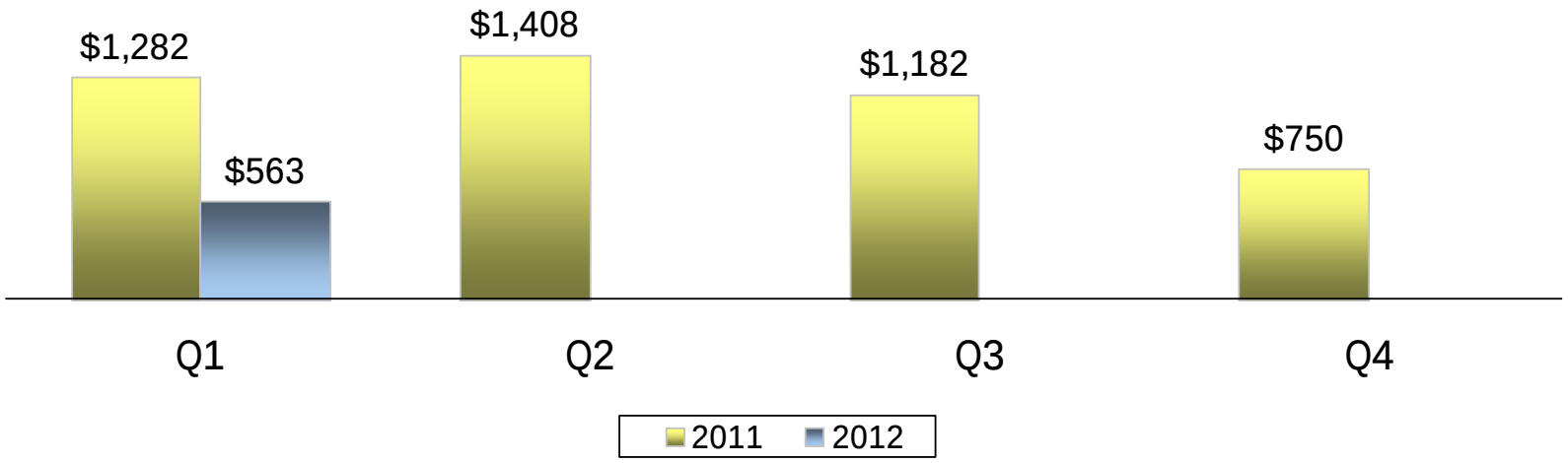


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q1 Zyprexa Sales Decreased 56%

Millions

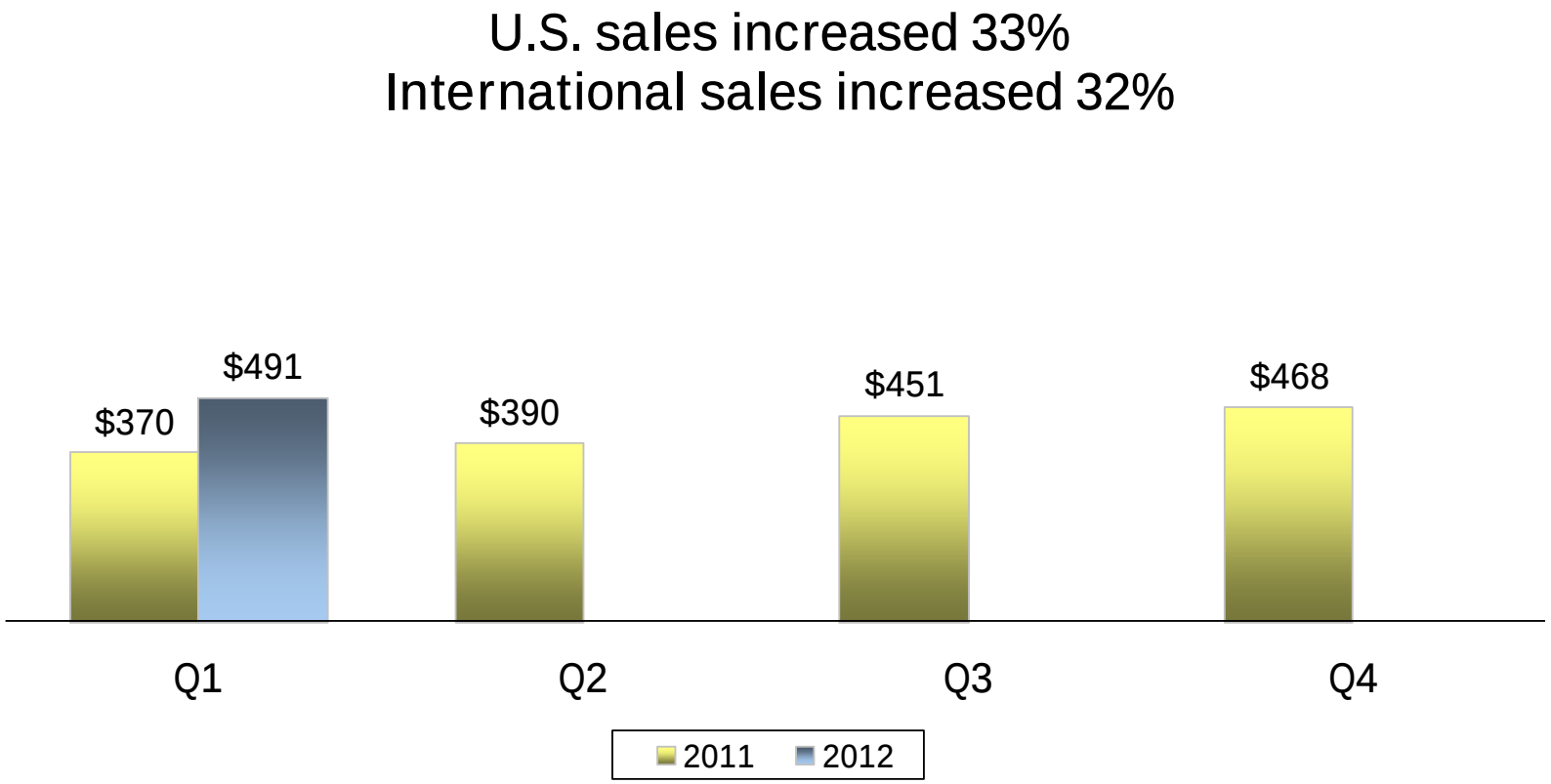
U.S. sales decreased 66%
International sales decreased 47%



Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q1 Animal Health Sales Increased 33%

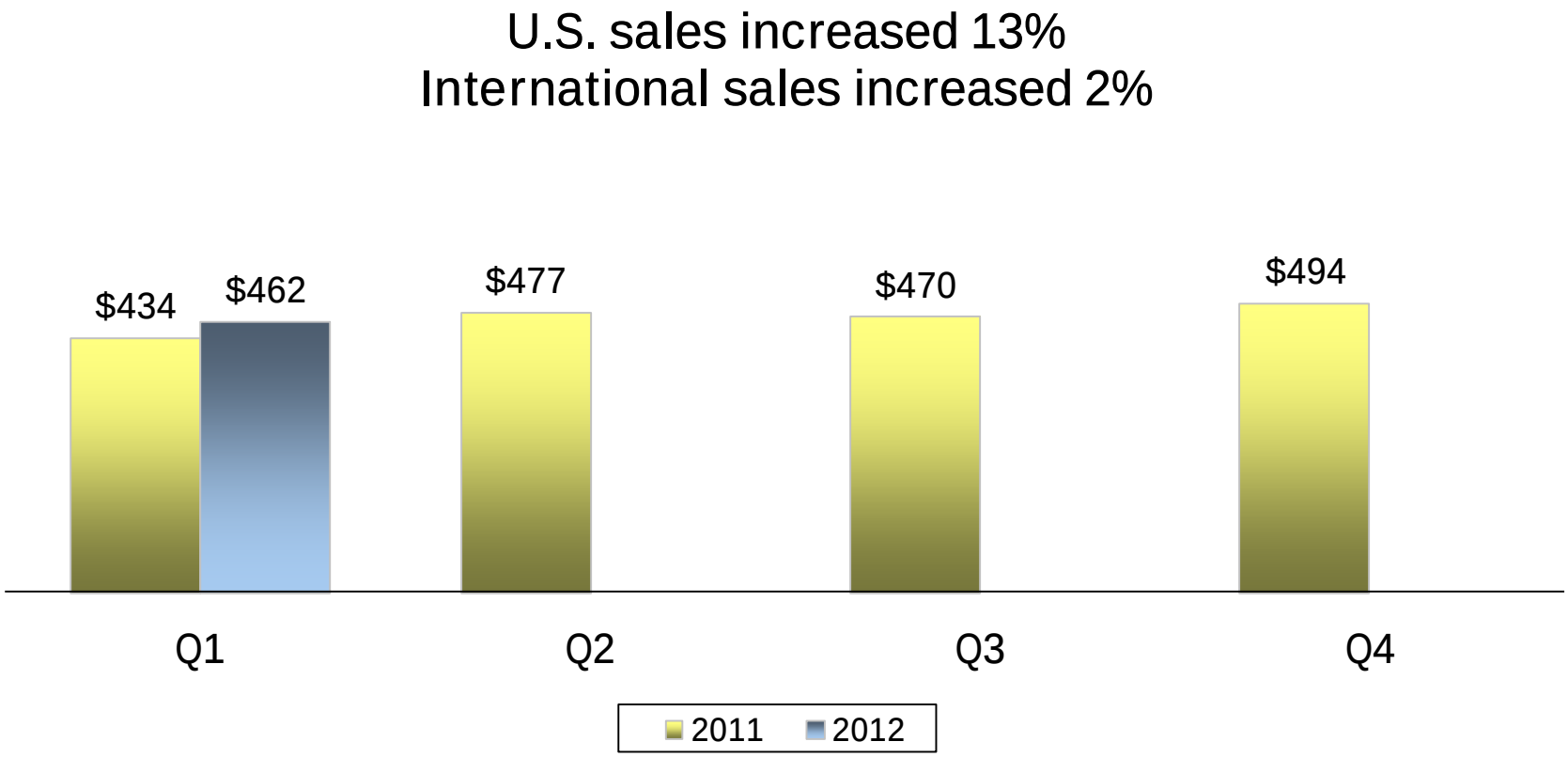
Millions



Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q1 Cialis Sales Increased 6%

Millions



Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q1 Humulin® Sales Increased 6%

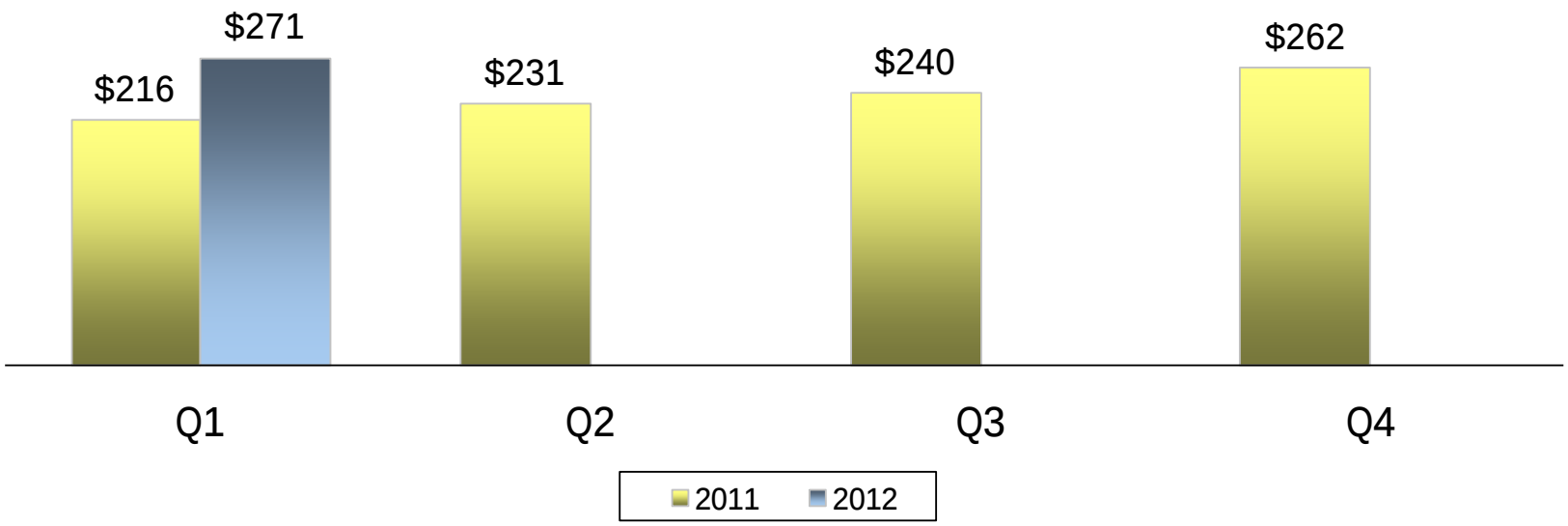
Millions

Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q1 Forteo® Sales Increased 26%

Millions

U.S. sales increased 9%
International sales increased 43%

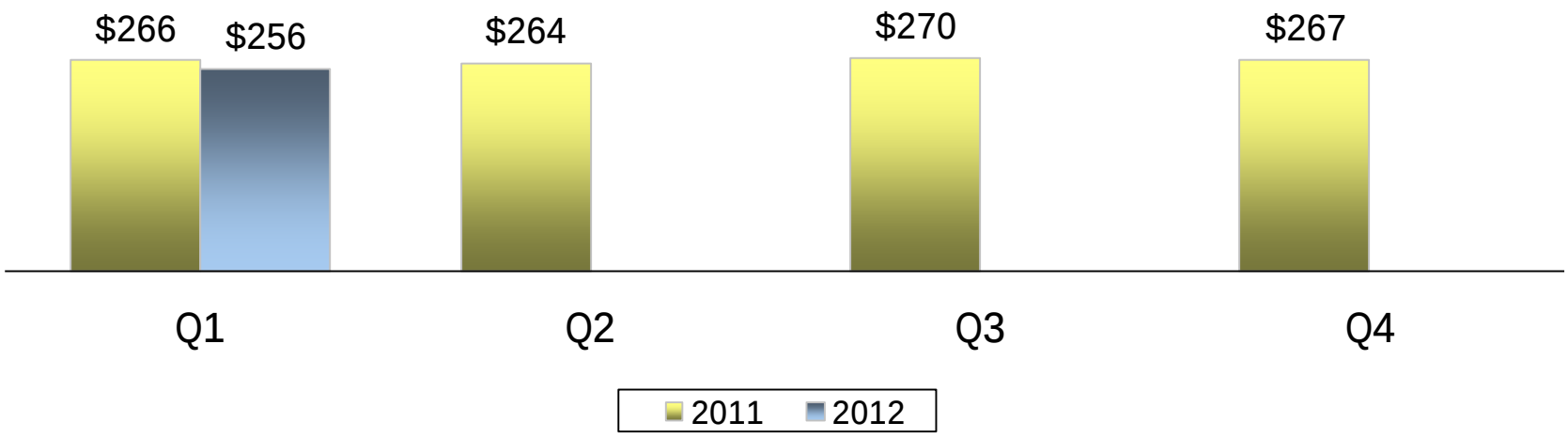


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q1 Evista® Sales Decreased 4%

Millions

U.S. sales decreased 1%
International sales decreased 8%

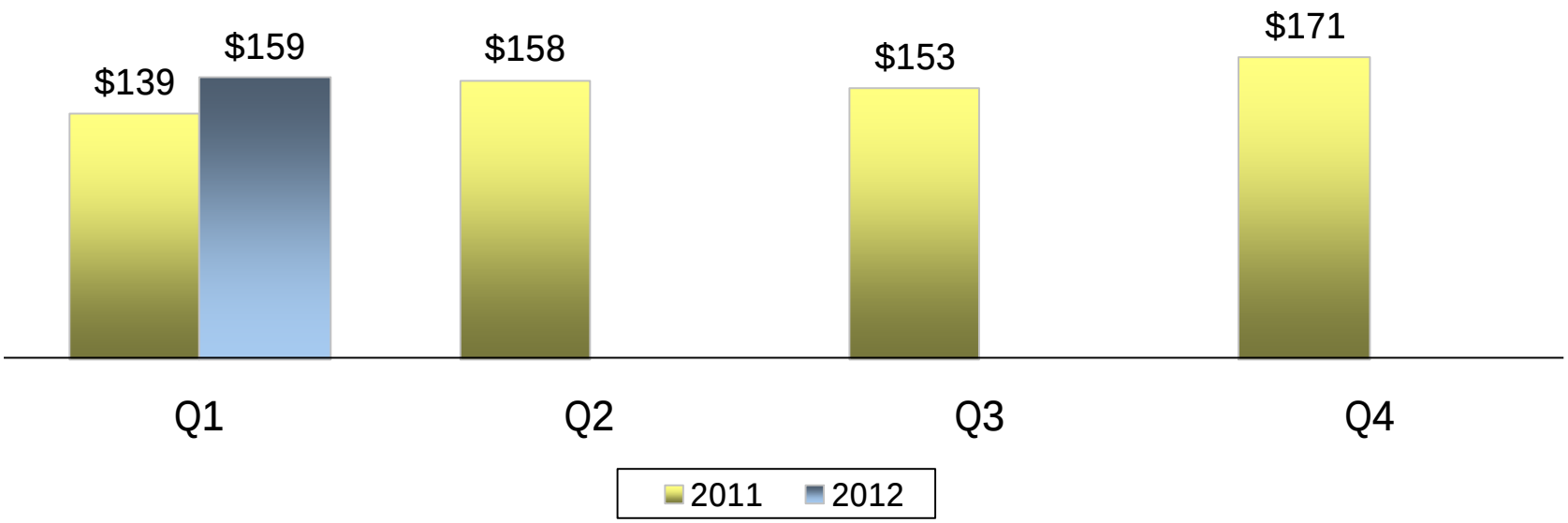


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q1 Strattera® Sales Increased 15%

Millions

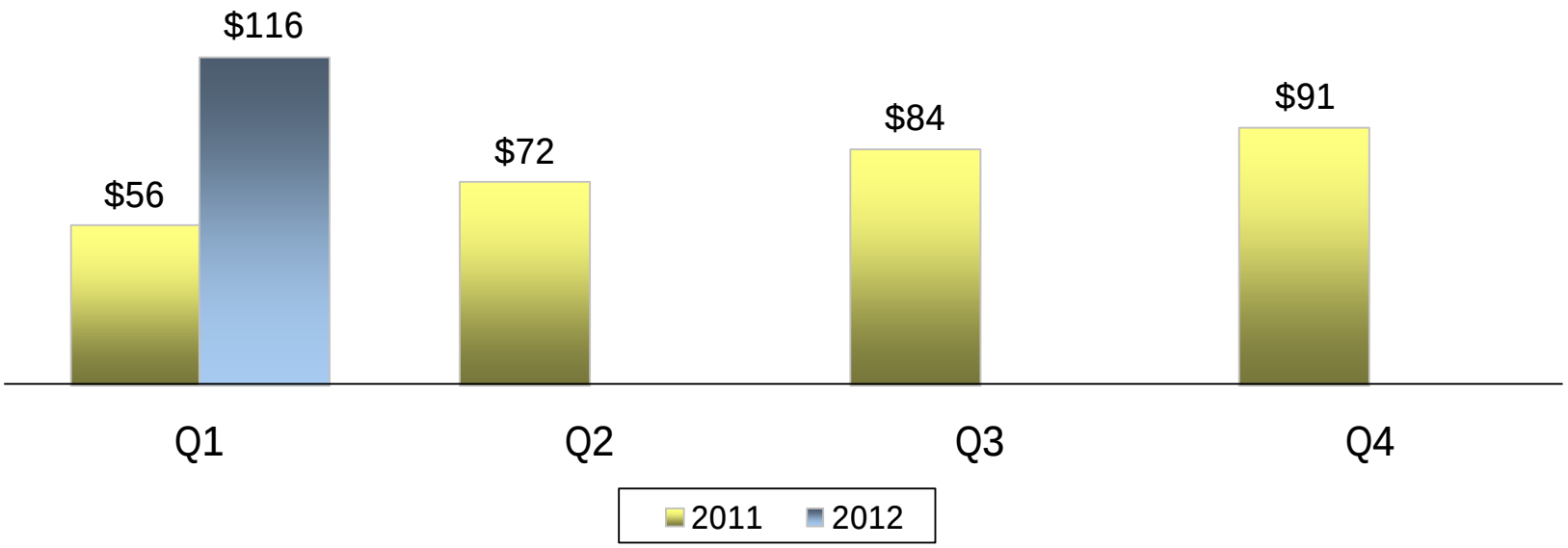
U.S. sales increased 21%
International sales increased 4%



Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q1 Effient Worldwide Sales $116 Million

Millions

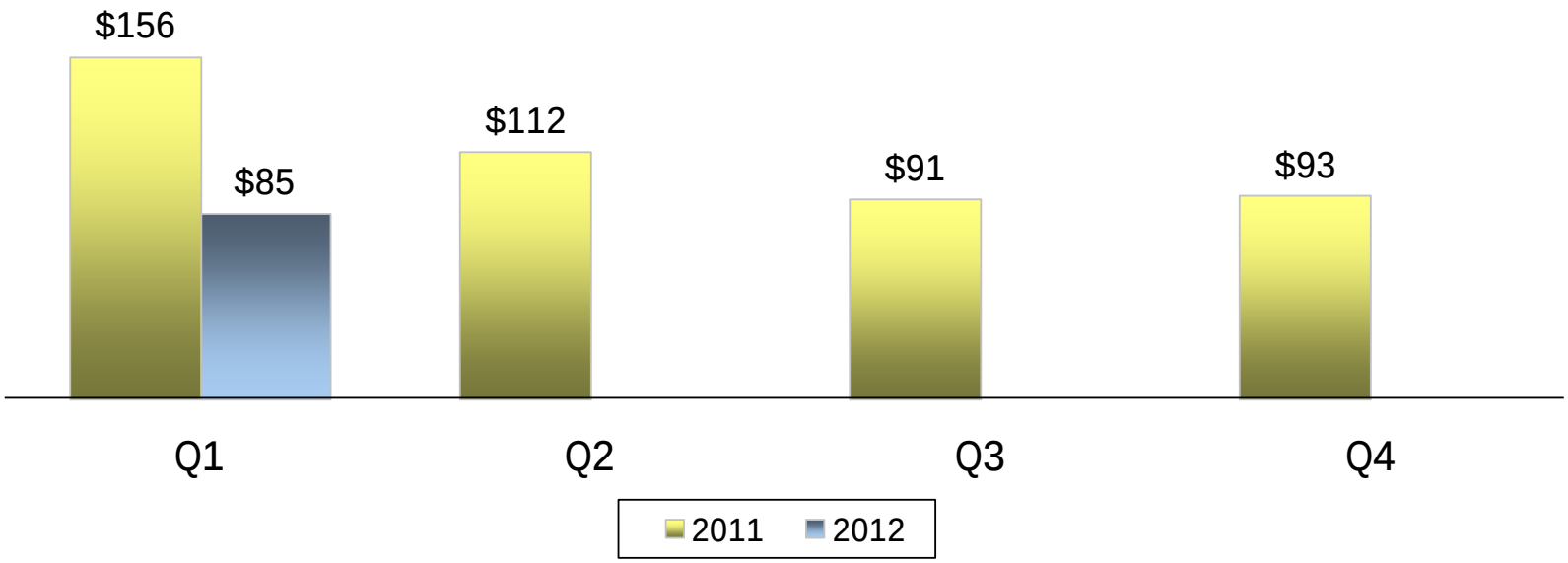


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q1 Gemzar® Sales Decreased 46%

Millions

U.S. sales decreased 77%
International sales decreased 26%



Note: Quarterly numbers may not add to year-to-date totals due to rounding.