Lilly

JULY 24, 2018

2018 EARNINGS

Q2

AGENDA

INTRODUCTION, KEY RECENT EVENTS, AND ELANCO UPDATE

Dave Ricks, Chairman and Chief Executive Officer

Q2 FINANCIAL RESULTS AND FINANCIAL GUIDANCE

Josh Smiley, Senior Vice President, Finance and Chief Financial Officer

PIPELINE AND KEY FUTURE EVENTS

Dave Ricks, Chairman and Chief Executive 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 factors including, but not limited to, 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.

Lilly's ability to complete and achieve the anticipated benefits of the planned IPO of Elanco Animal Health may be materially affected by such factors as changes to the business, results of operation or financial condition of Elanco or Lilly; changes in the animal health or pharmaceutical industries; adverse market or macroeconomic conditions; and other factors outside Lilly's control that could affect the advisability, pricing and timing of the potential Elanco IPO.

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.

STRATEGIC DELIVERABLES

PROGRESS SINCE THE LAST EARNINGS CALL

GROW REVENUE

- 9% revenue growth driven by new products
  - 9% pharma volume growth
  - 31% U.S. diabetes volume growth

EXPAND MARGINS

- Excluding FX on international inventories sold, non-GAAP:
  - gross margin as a % of revenue increased 130bp
  - operating income % of revenue was 30.6%, an increase of 590bp

CREATE LONG-TERM VALUE

- Decided to establish Elanco as an independent, publicly-traded company
- Acquired ARMO BioSciences
- Returned $1.5 billion to shareholders
- Authorized a new $8 billion share repurchase program

SPEED LIFE-CHANGING MEDICINES

- Approval and launch of Olumiant® for RA in the U.S.
- Submitted nasal glucagon (US/EU)
- Positive Phase 3 readouts for Taltz®, galcanezumab-glnm, and tanezumab

UPDATE ON ELANCO STRATEGIC REVIEW

DECISION AND RATIONALE

Establish Elanco as an independent, publicly-traded company via an IPO and subsequent separation

- Maximizes value for Lilly shareholders
- Allows Elanco to deploy its resources to the growth opportunities that best serve its customers
- Provides Lilly greater focus on the human pharmaceutical business and the company's purpose of creating life changing medicines for patients

POTENTIAL TIMELINE*

- Q3 or Q4 2018 (prior to IPO): debt offering
- Q3 or Q4 2018: equity offering (IPO) of less than 20% of Elanco's shares
- 2019: disposition of remaining ownership interest in Elanco

*subject to a number of factors and uncertainties, including business and market conditions

KEY EVENTS SINCE THE LAST EARNINGS CALL

COMMERCIAL

- Launched Olumiant (baricitinib) in the U.S. for rheumatoid arthritis (RA).

REGULATORY

- The U.S. FDA approved the 2-mg dose of Olumiant (baricitinib) for the treatment of adults with moderately-to-severely active rheumatoid arthritis (RA) who have had an inadequate response to one or more tumor necrosis factor (TNF) inhibitor therapies;
- A label update for Taltz (ixekizumab) to include data in psoriasis involving the genital area received CHMP positive opinion and U.S. FDA approval;
- The U.S. FDA approved a label update for Alimta® (pemetrexed) to include data from the KEYNOTE-021 cohort G study;
- The U.S. FDA approved a label update for Trulicity® (dulaglutide) to include data from the AWARD-7 clinical trial; and
- The submission of nasal glucagon to the FDA and EMA for approval.
- The U.S. submission of an additional indication for Cyramza in 2L HCC based on the REACH-2 study.

CLINICAL

- Along with AstraZeneca, announced the discontinuation of Phase 3 clinical trials of lanabecestat, an oral BACE inhibitor for the treatment of Alzheimer's disease;
- Along with Boehringer Ingelheim, announced that:
  - both trials in the EASE Phase 3 program for Jardiance® (empagliflozin) in adults with type 1 diabetes, met their primary endpoint;
  - CARMELINA®, the cardiovascular outcome trial for Tradjenta® (linagliptin), met the primary endpoint;
- Announced that COAST-W, the second study of Taltz (ixekizumab) for the treatment of Ankylosing Spondylitis (AS), also known as radiographic axial spondyloarthritis (r-axSpA), met the primary endpoint and major secondary endpoints;
- Along with Pfizer, announced that a 16-week Phase 3 study of tanezumab in patients with osteoarthritis (OA) pain met all three co-primary endpoints;

KEY EVENTS SINCE THE LAST EARNINGS CALL (CONT.)

CLINICAL (cont.)

- Announced that the episodic cluster headache study for galcanezumab-glnm met the primary endpoint, while the chronic cluster headache study did not;
  - At AHS, presented Phase 3 episodic cluster headache data for galcanezumab-glnm;
- At ASCO, presented Phase 3 trial results for Cyramza® (ramucirumab) as a single agent in the second-line treatment of liver cancer (REACH-2);
- At EULAR, presented Phase 2 systemic lupus erythematosus (SLE) data for Olumiant (baricitinib);
- At DDW, presented Phase 2 ulcerative colitis data for mirikizumab, an IL-23p19 monoclonal antibody; and
- At ADA, presented Phase 2 data in adults with type 2 diabetes for two investigational doses (3.0 and 4.5mg) of Trulicity (dulaglutide).

BUSINESS DEVELOPMENT & OTHER

- Announced Lilly intends to establish Elanco Animal Health as an independent, publicly-traded company;
- Acquired ARMO BioSciences, an immuno-oncology company;

BUSINESS DEVELOPMENT & OTHER (cont.)

- Acquired AurKa Pharma and its oncology compound AK-01, an Aurora kinase A inhibitor that was originally discovered at Lilly;
- Announced an agreement with Anima Biotech for the discovery and development of translation inhibitors for several target proteins by using Anima's Translation Control Therapeutics platform;
- Announced that the U.S. District Court for the Southern District of Indiana ruled in favor of Lilly that the Alimta vitamin regimen patent would be infringed by a competitor that had stated its intent to market alternative salt forms of pemetrexed prior to the patent's expiration in May 2022. The generic competitors have appealed;
- The Japan Patent Office ruled in Lilly's favor – issuing notices of closures in the two invalidation trials filed against the Alimta vitamin regimen patents in Japan;
- The German Federal Patent court held our Alimta vitamin regimen patent invalid. We plan to appeal this decision;
- Announced that Sue Mahony, Ph.D., senior vice president of Lilly and president of Lilly Oncology, will retire at the end of August 2018;
- Distributed nearly $600 million to shareholders via the dividend; and
- Repurchased $950 million of stock, exhausting the 2013 $5 billion share repurchase program, and authorized a new $8 billion program.

COMPARISON MEASURES

"REPORTED" RESULTS

Include all financial results as reported in accordance with Generally Accepted Accounting Principles (GAAP)

"NON-GAAP" MEASURES

Start with **"REPORTED" RESULTS**

Include adjustments for items such as:

- Asset impairment, restructuring and other special charges
- Acquired in-process R&D charges and other income and expenses from business development activities
- Amortization of intangible assets

2018 INCOME STATEMENT - REPORTED

Millions; except per share data

	Q2 2018	Change	YTD 2018	Change
Total Revenue	$6,355	9%	$12,055	9%
Gross Margin	73.2%	0.2pp	72.8%	(0.8pp)
Total Operating Expense*	4,686	54%	7,441	7%
Operating Income (Loss)	(33)	NM	1,340	13%
Other Income (Expense)	38	(37)%	105	(24)%
Effective Tax Rate	NM	NM	33.8%	1.7pp
Net Income (Loss)	**($260)**	NM	**$957**	**7%**
EPS	**($0.25)**	NM	**$0.92**	**8%**

* Includes research and development expense, marketing, selling and administrative expense, acquired in-process research and development charges, and asset impairment, restructuring and other special charges.
NM – not meaningful

RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION; CERTAIN LINE ITEMS (UNAUDITED)

Millions; except per share data

	Q2 2018			
	GAAP Reported	Adjust-ments	**Non-GAAP Adjusted**	Non-GAAP Adjusted Change
Total Revenue	$6,355	-	**$6,355**	9%
Gross Margin	73.2%	2.9%	**76.1%**	(0.2pp)
Total Operating Expense	4,686	(1,700)	**2,985**	(1)%
Operating Income (Loss)	(33)	1,886	**1,852**	28%
Other Income (Expense)	38	(26)	**12**	(80)%
Effective Tax Rate	NM	NM	**17.0%**	(4.7pp)
Net Income (Loss)	($260)	$1,807	**$1,547**	31%
EPS	($0.25)	$1.75	**$1.50**	35%

Note: Numbers may not add due to rounding; see slide 24 for a complete list of significant adjustments.

RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION; CERTAIN LINE ITEMS (UNAUDITED)

Millions; except per share data

	YTD 2018			
	GAAP Reported	Adjust-ments	**Non-GAAP Adjusted**	Non-GAAP Adjusted Change
Total Revenue	$12,055	-	**$12,055**	9%
Gross Margin	72.8%	2.8%	**75.6%**	(1.4pp)
Total Operating Expense	7,441	(1,780)	**5,661**	(3)%
Operating Income	1,340	2,116	**3,457**	29%
Other Income (Expense)	105	(26)	**80**	(43)%
Effective Tax Rate	33.8%	(17.3)%	**16.5%**	(5.0pp)
Net Income	$957	$1,995	**$2,953**	33%
EPS	$0.92	$1.92	**$2.83**	35%

Note: Numbers may not add due to rounding; see slide 25 for a complete list of significant adjustments.

RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION; CERTAIN LINE ITEMS (UNAUDITED)

Millions; except per share data

	Q2 2018	Q2 2017	Change	YTD 2018	YTD 2017	Change
EPS (reported)	**($0.25)**	**$0.95**	**NM**	**$0.92**	**$0.85**	**8%**
Acquired in-process research and development	1.56	-		1.55	0.81	
Amortization of intangible assets	0.12	0.12		0.24	0.23	
Asset impairment, restructuring, and other special charges	0.06	0.03		0.13	0.19	
Other, net	0.01	0.01		0.01	0.02	
EPS (non-GAAP)	**$1.50**	**$1.11**	**35%**	**$2.83**	**$2.10**	**35%**

Note: Numbers may not add due to rounding; see slides 24 and 25 for more details on these significant adjustments.

EFFECT OF PRICE/RATE/VOLUME ON REVENUE

Millions

	Q2 2018					
Pharmaceuticals	**Amount**	**Price**	**FX Rate**	**Volume**	**Total**	**CER**
U.S.	$3,223.7	1%	-	9%	11%	11%
Europe	941.0	(3)%	9%	8%	14%	5%
Japan	640.4	(8)%	3%	12%	6%	3%
Rest of World	758.0	4%	2%	4%	10%	8%
Total Pharma	5,563.2	(0)%	2%	9%	10%	8%
Animal Health	792.1	2%	1%	(2)%	1%	(1)%
Total Revenue	**$6,355.2**	0%	2%	7%	9%	7%

Note: Numbers may not add due to rounding.

CER = price change + volume change

EFFECT OF PRICE/RATE/VOLUME ON REVENUE

Millions

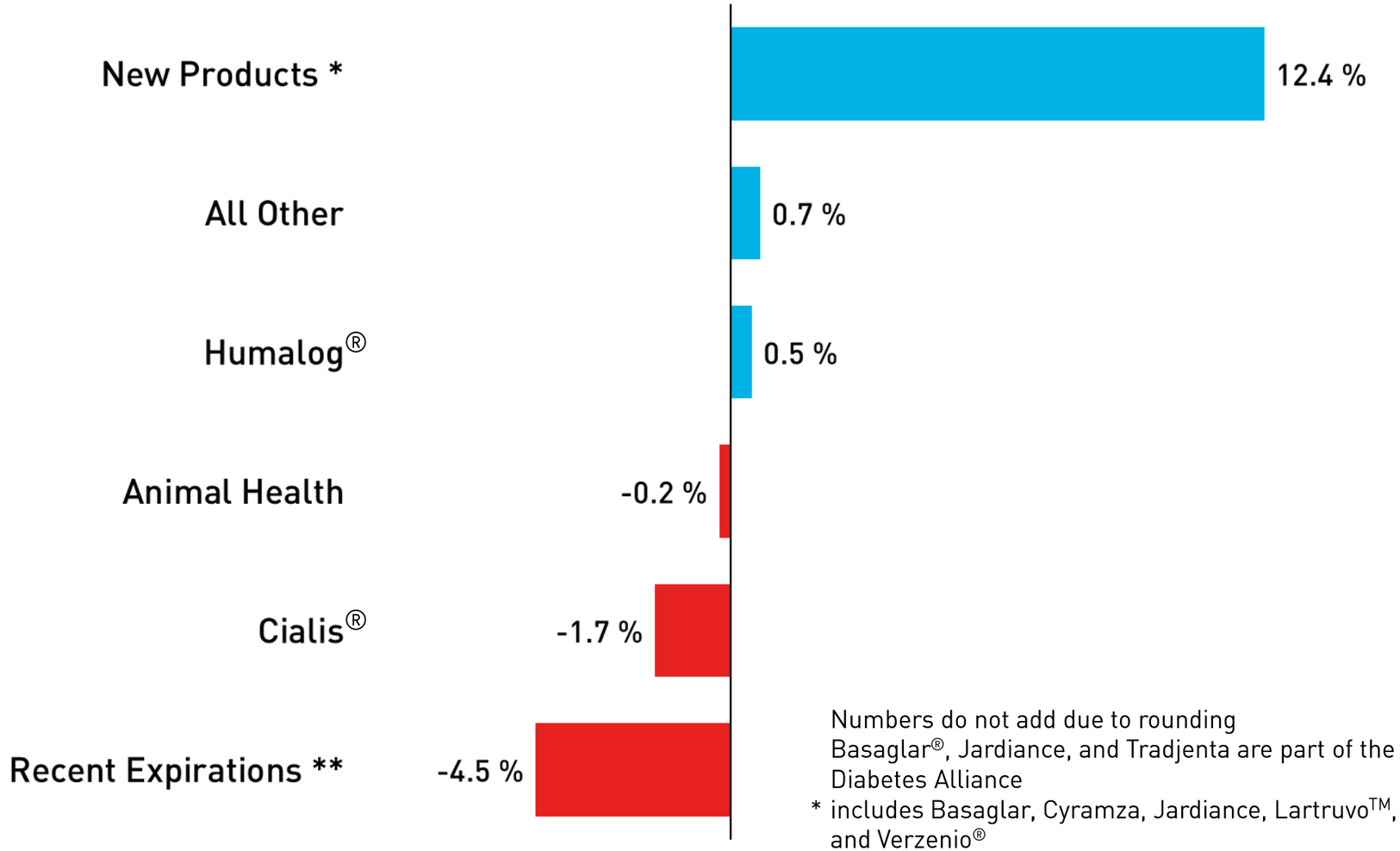
	YTD 2018					
Pharmaceuticals	**Amount**	**Price**	**FX Rate**	**Volume**	**Total**	**CER**
U.S.	$6,002.7	5%	-	6%	10%	10%
Europe	1,834.8	(4)%	12%	7%	15%	3%
Japan	1,177.2	(6)%	4%	8%	6%	2%
Rest of World	1,487.1	2%	3%	4%	9%	6%
Total Pharma	10,501.9	1%	3%	6%	11%	8%
Animal Health	1,553.4	3%	2%	(5)%	(0)%	(2)%
Total Revenue	**$12,055.2**	2%	3%	5%	9%	6%

Note: Numbers may not add due to rounding.

CER = price change + volume change

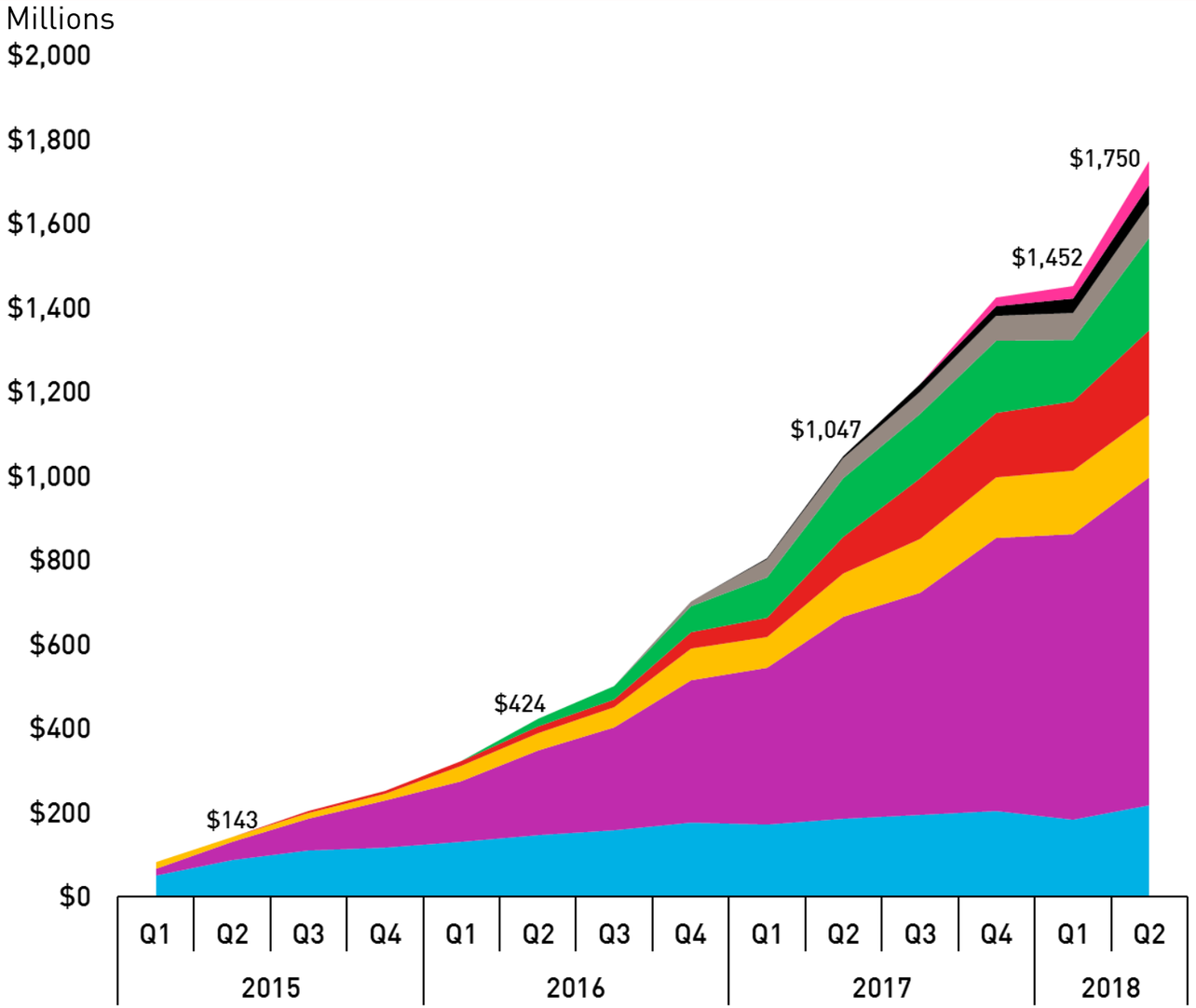
NEW PRODUCTS DRIVING WW VOLUME GROWTH

Contribution to 7% Q2 WW Volume Growth



Numbers do not add due to rounding
Basaglar®, Jardiance, and Tradjenta are part of the Boehringer Ingelheim and Lilly Diabetes Alliance
* includes Basaglar, Cyramza, Jardiance, Lartruvo™, Olumiant, Portrazza®, Taltz, Trulicity, and Verzenio®
** includes Axiron®, Cymbalta®, Effient®, Evista®, Strattera®, and Zyprexa®

UPDATE ON NEW PRODUCT LAUNCH PROGRESS



Note: Jardiance is sold by Boehringer Ingelheim; Lilly records as revenue its share of Jardiance gross margin
Jardiance and Basaglar are part of the Boehringer Ingelheim and Lilly Diabetes Alliance

VERZENIO
- Launched 1L metastatic breast cancer in Q1'18 in U.S.
- U.S. NBRx at approximately 20% SOM

OLUMIANT
- Launched RA in U.S. in Q2'18
- Leading driver of Lilly volume growth in Europe

LARTRUVO
- Strong continued uptake in U.S.; European launches ongoing

TALTZ
- NBRx SOM at approx. 16% in dermatology, up from 12% in Q1'18
- Launched PsA in Q1'18 in U.S. and Germany

BASAGLAR
- U.S. TRx SOM gain of 230bp in Q2'18 (730bp in H1'18)
- 2nd highest in U.S. NBRx SOM

JARDIANCE
- Market leader in U.S. TRx (40% SOM) and NBRx (50% SOM)

TRULICITY
- Achieved TRx SOM leadership in U.S.
- GLP-1 class TRx continued to grow nearly 26% in U.S.

CYRAMZA
- Nearly 71% SOM in 2L metastatic gastric cancer in Japan

EFFECT OF FOREIGN EXCHANGE ON 2018 RESULTS

Year-on-Year Growth

	Q2 2018		YTD 2018	
Reported	**With FX**	**w/o FX**	**With FX**	**w/o FX**
Total Revenue	9%	7%	9%	6%
Cost of Sales	8%	1%	12%	0%
Gross Margin	9%	10%	8%	9%
Operating Expense	54%	52%	8%	6%
Operating Income (Loss)	(103)%	(99)%	9%	22%
EPS	(126)%	(123)%	2%	17%
Non-GAAP				
Total Revenue	9%	7%	9%	6%
Cost of Sales	10%	1%	16%	2%
Gross Margin	9%	9%	7%	8%
Operating Expense	(1)%	(2)%	(3)%	(5)%
Operating Income	28%	31%	29%	35%
EPS	35%	38%	35%	42%

2018 GUIDANCE

	Prior	Updated	Comments
Total Revenue	$23.7 - $24.2 billion	$24.0 - $24.5 billion	Driven by performance across the portfolio and higher collaboration revenue, partially offset by FX
Gross Margin % (GAAP)	Approx. 73%	Approx. 73.5%	Favorable impact of FX, partially offset by inventory charge related to suspension of Imrestor sales
Gross Margin % (non-GAAP)	Approx. 75%	Approx. 76%	Favorable impact of FX
Mktg, Selling & Admin.	$6.2 - $6.5 billion	unchanged	
Research & Development	$5.2 - $5.4 billion	unchanged	
Other Income/(Expense)	$75 - $200 million	unchanged	
Tax Rate (GAAP)	Approx. 17%	Approx. 22.5%	Primarily driven by non-deductible IPR&D charge for acquisition of ARMO BioSciences
Tax Rate (non-GAAP)	Approx. 17%	unchanged	
Earnings per Share (GAAP)	$4.52 - $4.62	$3.19 - $3.29	Primarily driven by IPR&D charge for acquisition of ARMO BioSciences
Earnings per Share (non-GAAP)	$5.10 - $5.20	$5.40 - $5.50	See revenue and non-GAAP gross margin % explanations
Capital Expenditures	Approx. $1.2 billion	unchanged	

FX rates for current guidance:

- Euro at 1.16
- Yen at 110
- Pound at 1.31

LILLY SELECT NME AND NILEX PIPELINE

JULY 17, 2018

PHASE 1

AUR A KIN INH Cancer	PDE4 INHIBITOR Immunology
SEL BACE 1 INH Alzheimer's	ERK INHIBITOR Cancer
IDO1 INHIBITOR Cancer	DACRA-089 Diabetes
BAFF/IL-17 Immunology	IL-23/CGRP Immunology
Aβ42 MAB Alzheimer's	IL-2 PEG Immunology
AUTO INSULIN DELIVERY SYSTEM Diabetes	IL-33 MAB Immunology
BASAL INSULIN-FC Diabetes	TIM-3 MAB Cancer
IL-21 MAB Immunology	OXYNTOMODULIN Diabetes
PD-L1 + LY COMBO Cancer	CXCR1/2L MAB Immunology
HYPOGLYCEMIA Diabetes	CSF1R MAB Cancer

GPR142 AGONIST
Diabetes

PHASE 2

PEGILODECAKIN NSCLC	
MIRIKIZUMAB Crohn's Disease	ABEMACICLIB HR+/HER2+MBC
TGFβ R1 KI Cancer	BARICITINIB, Systemic Lupus Erythematosus
PREXASERTIB Cancer	D1 PAM Dementia
PI3/MTOR INH Cancer	MERESTINIB Cancer
N3PG + BACE COMBO Alzheimer's	BTK INHIBITOR Immunology
TAU DEPOSIT MAB Alzheimer's	GIP/GLP-1 Diabetes
DACRA-042 Diabetes	N3PG Aβ MAB Alzheimer's

PHASE 3

MIRIKIZUMAB Ulcerative Colitis	
BARICITINIB Atopic Dermatitis	DULAGLUTIDE 3.0 / 4.5 mg
EMPAGLIFLOZIN* Type 1 Diabetes	EMPAGLIFLOZIN* Heart Failure
GALCANEZUMAB Cluster Headache	TANEZUMAB* Chronic Lower Back Pain
TANEZUMAB* Cancer Pain	ABEMACICLIB Adjuvant Breast Cancer
RAMUCIRUMAB 2nd Line Bladder Cancer	RAMUCIRUMAB, 2nd Line Hepatocellular Cancer
RAMUCIRUMAB 1st Line NSCLC	IXEKIZUMAB Non-Radiographic AxSpA
LASMIDITAN Migraine	IXEKIZUMAB Radiographic AxSpA
PEGILODECAKIN Pancreatic Cancer	FLORTAUCIPIR Tau Imaging, *diagnostic*
MIRIKIZUMAB Psoriasis	TANEZUMAB* Osteoarthritis Pain
SOLANEZUMAB Preclinical AD	ULTRA-RAPID LISPRO Diabetes

LANABECESTAT*
Alzheimer's

REGULATORY REVIEW

NASAL GLUCAGON Hypoglycemia	GALCANEZUMAB Migraine

LEGEND

- NEW CHEMICAL ENTITY
- NEW BIOTECH ENTITY
- NILEX
- * *Commercial Collaboration*

MOVEMENT SINCE APRIL 20, 2018

- ACHIEVED MILESTONE
- REMOVAL

POTENTIAL KEY EVENTS 2018

PHASE 3 INITIATIONS

- Baricitinib for psoriatic arthritis
- Baricitinib for systemic lupus erythematosus
- Mirikizumab for psoriasis
- Mirikizumab for ulcerative colitis
- Dulaglutide alternate doses for type 2 diabetes
- GIP/GLP-1 for type 2 diabetes (late 2018/early 2019)
- Empagliflozin for chronic kidney disease[1]

PHASE 3 DATA TOP-LINE DISCLOSURES

- Flortaucipir (18F AV-1451) tau imaging agent
- Lanabecestat for Alzheimer's Disease
- Tanezumab for osteoarthritis pain (dosing study)[2]
- Tradjenta CAROLINA CV outcomes study[1]
- Trulicity REWIND CV outcomes study
- Ultra rapid insulin for type 1 and type 2 diabetes
- Ramucirumab RANGE for 2L bladder cancer (final analysis)
- Ramucirumab RELAY for 1L EGFR NSCLC cancer (PFS readout)

PHASE 3 DATA PRESENTATIONS / PUBLICATIONS

- Galcanezumab for cluster headache
- Ixekizumab for axial spondlyoarthritis
- Empagliflozin for type 1 diabetes[1]
- Tradjenta CARMELINA CV outcomes study[1]
- Ramucirumab REACH 2 in 2L high AFP hepatocellular cancer
- Alimta+platinum+Keytruda in 1L nonsquamous NSCLC (KN-189)[3]

REGULATORY SUBMISSIONS

- Lasmiditan for acute migraine
- Empagliflozin + linagliptin + metformin XR (US)[1] (now expected 2019)
- Nasal glucagon for hypoglycemia (US/EU)
- Ramucirumab REACH 2 in 2L high AFP hepatocellular cancer (US/EU)

REGULATORY ACTIONS

- Baricitinib for rheumatoid arthritis (US)
- Galcanezumab for migraine prevention
- Ixekizumab for psoriatic arthritis (EU)
- Abemaciclib + fulvestrant for 2L breast cancer (MONARCH 2) (EU/J)
- Abemaciclib + AIs for 1L breast cancer (MONARCH 3) (US/EU/J)
- Alimta sNDA to include KEYNOTE-021G data (US)[3]
- Alimta sNDA to include KEYNOTE-189 data (US)[3]
- Fruquintinib for 3L metastatic colorectal cancer (China)[4]

OTHER

Rulings in ongoing Alimta patent litigation:

- US IPR Appeal to CAFC
- US alternative salt forms (district court rulings)
- Japan (Nipro)
- Germany

[1] in collaboration with Boehringer Ingelheim
[2] in collaboration with Pfizer
[3] in collaboration with Merck
[4] in collaboration with Hutchison China MediTech

SUMMARY

- Q2 2018 revenue growth of 9%, driven by new products
- Excluding FX, non-GAAP EPS growth of 38% and operating margin expansion of 560 basis points
- Progress on our innovation-based strategy included: the launch of Olumiant in the U.S., the submission of nasal glucagon to the FDA, and positive Phase 3 readouts for Taltz, galcanezumab, and tanezumab
- Deployed over $1.5 billion to shareholders via dividend and stock repurchases, announced a new $8 billion share repurchase program, and announced the company's intent to establish Elanco as a separate, publicly-traded company through an IPO and subsequent separation

GROW REVENUE

- Minimum average annual revenue growth of 5% in constant currency from 2015 through 2020

EXPAND MARGINS

- Excluding FX on int'l inventories sold, minimum operating margin % of revenue of 30% in 2020

SPEED LIFE CHANGING MEDICINES

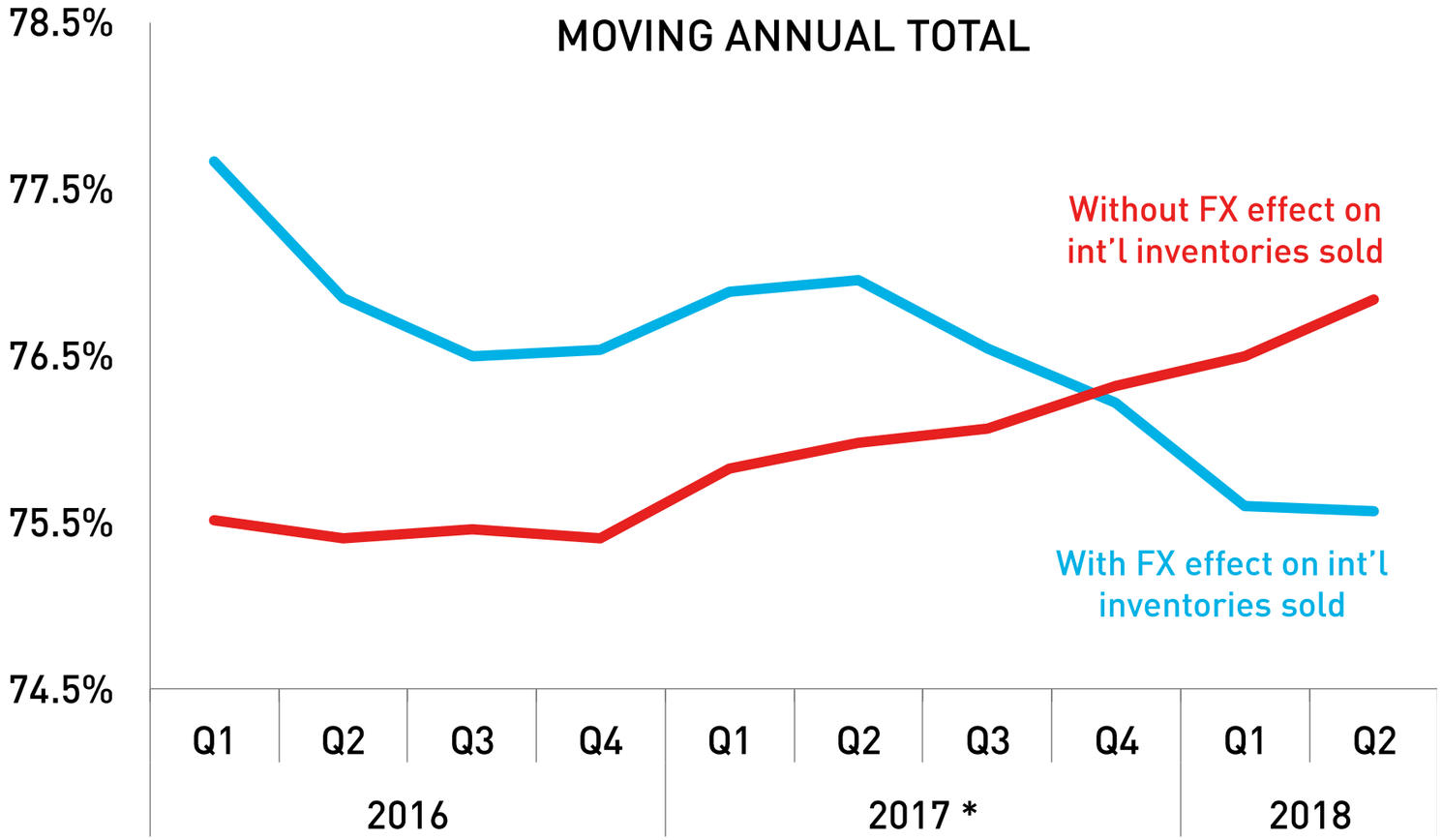
- Potential to launch 20+ new molecules in 10 years (2014-2023)
- On average, could launch 2+ new indications or line extensions per year

CREATE LONG-TERM VALUE

- Fund existing marketed and pipeline products
- Bolster growth prospects via business development in focus areas
- Annual dividend increases

Supplementary Slides

NON-GAAP GROSS MARGIN % OF REVENUE



Individual quarter GM % of Revenue:										
with FX effect on int'l inv sold	76.3%	76.0%	76.4%	77.4%	77.8%	76.3%	74.8%	76.1%	75.1%	76.1%
w/o FX effect on int'l inv sold	74.9%	75.7%	75.5%	75.5%	76.7%	76.3%	75.8%	76.5%	77.4%	77.6%

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.
* 2017 has been reclassified to reflect changes to pension and post-retirement benefit cost accounting effective Jan 1, 2018

Q2 2018 INCOME STATEMENT NOTES

Q2 2018 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- acquired in-process R&D charges totaling $1,624.5 million (pretax), or $1.56 per share (after-tax), primarily related to acquisitions of ARMO Biosciences, Inc. and AurKa Pharma Inc., as well as a collaboration with Sigilon Therapeutics;
- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties totaling $152.9 million (pretax), or $0.12 per share (after-tax); and
- asset impairment, restructuring and other special charges of $82.4 million (pretax), or $0.07 per share (after-tax), primarily associated with asset impairment and restructuring charges related to the suspension of commercial activities for Imrestor, as well as expenses associated with the review of strategic alternatives for the Elanco Animal Health business.

Q2 2017 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties totaling $178.1 million (pretax), or $0.12 per share (after-tax); and
- other special charges of $66.1 million (pretax), or $0.04 per share (after-tax) related to the acquisition and integration of Novartis Animal Health, as well as inventory step-up costs associated with the acquisition of Boehringer Ingelheim Vetmedica's U.S. feline, canine, and rabies vaccine portfolio.

YTD 2018 INCOME STATEMENT NOTES

YTD 2018 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- acquired in-process R&D charges totaling $1,624.5 million (pretax), or $1.55 per share (after-tax), primarily related to acquisitions of ARMO Biosciences, Inc. and AurKa Pharma Inc., as well as a collaboration with Sigilon Therapeutics;
- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties totaling $305.3 million (pretax), or $0.24 per share (after-tax); and
- asset impairment, restructuring and other special charges of $160.7 million (pretax), or $0.13 per share (after-tax), primarily associated with asset impairment and restructuring charges related to the review of strategic alternatives for the Elanco Animal Health business, expenses associated with the decision to end Posilac® (rbST) production at the Augusta, Georgia manufacturing site, as well as charges related to the suspension of commercial activities for Imrestor.

YTD 2017 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- an acquired in-process research and development charge related to the acquisition of CoLucid Pharmaceuticals totaling $857.6 million (pretax), or $0.81 per share (after-tax);
- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties totaling $354.2 million (pretax), or $0.23 per share (after-tax); and
- other specified items of $290.4 million (pretax), or $0.21 per share (after-tax) related to severance costs incurred as a result of actions taken to reduce the company's cost structure, as well as integration costs and asset impairments related to the acquisition and integration of Novartis Animal Health, as well as inventory step-up costs associated with the acquisition of Boehringer Ingelheim Vetmedica's U.S. feline, canine, and rabies vaccine portfolio.

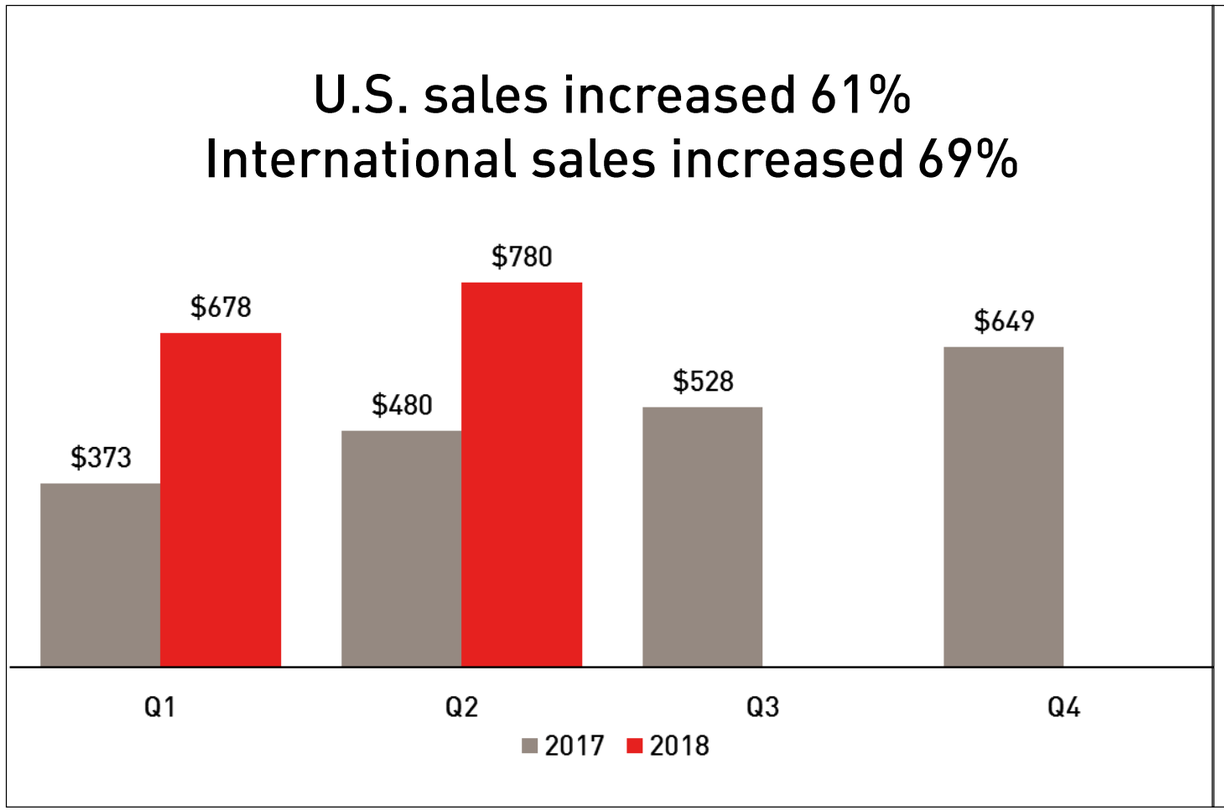
COMPARATIVE EPS SUMMARY 2017/2018

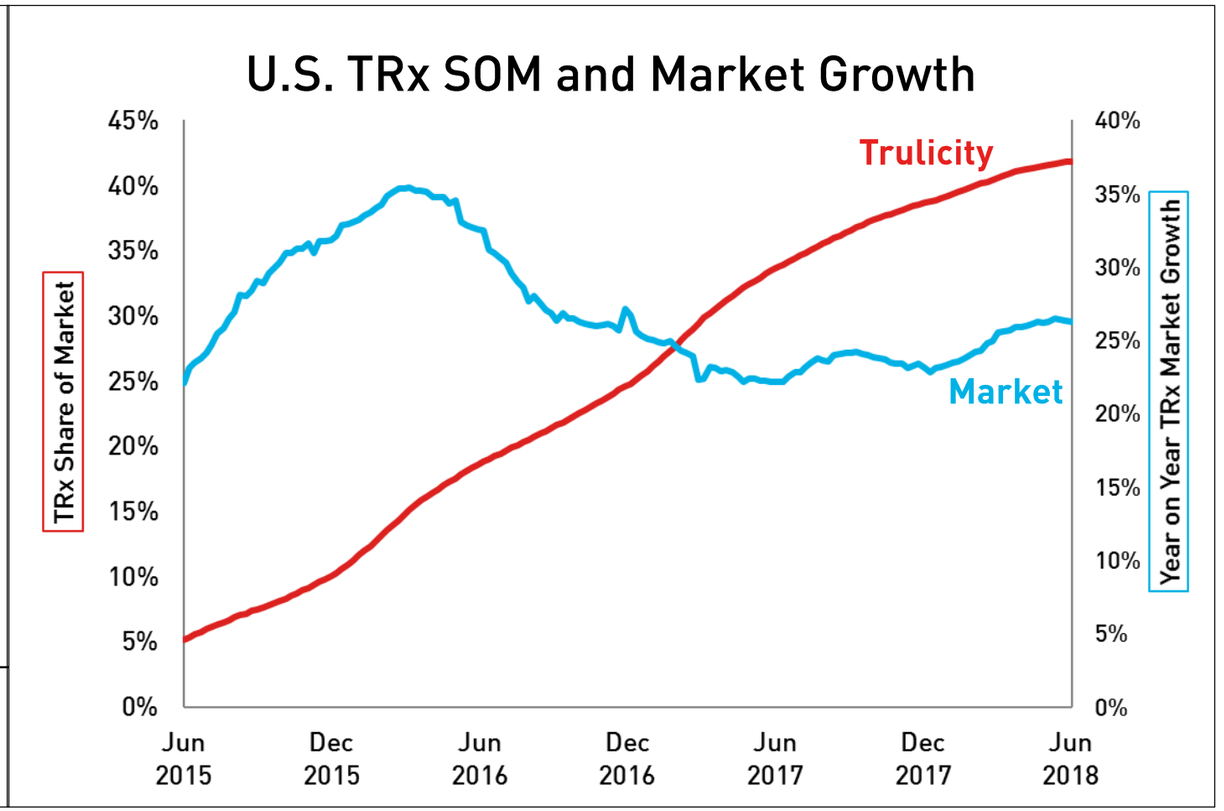
	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018
Reported	(0.10)	0.95	0.53	(1.58)	(0.19)	1.16	(0.25)			
Non-GAAP	0.98	1.11	1.05	1.14	4.28	1.34	1.50			

Note: Numbers may not add due to rounding.
For a complete reconciliation to reported earnings, see slides 24 and 25 and our earnings press release dated July 24, 2018.

Q2 2018 TRULICITY SALES INCREASED 62%

Millions



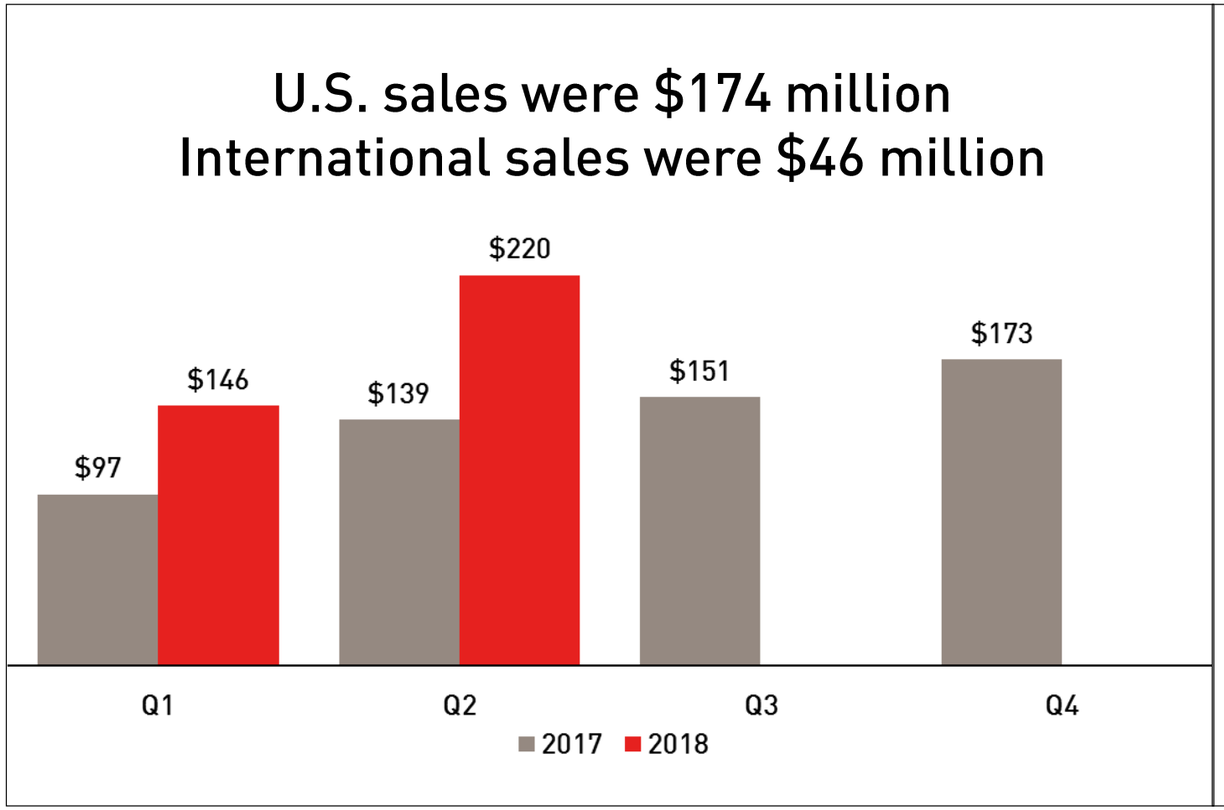


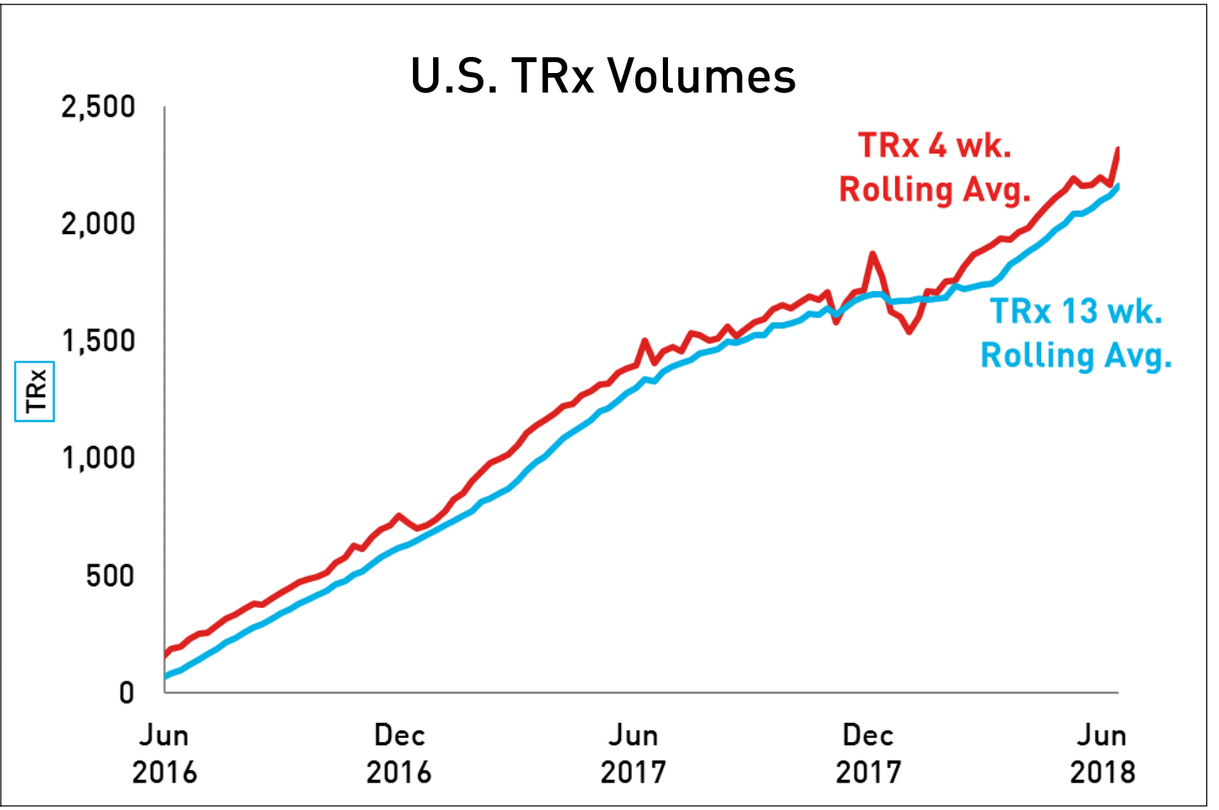
Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 29, 2018

Q2 2018 TALTZ SALES INCREASED 59%

Millions



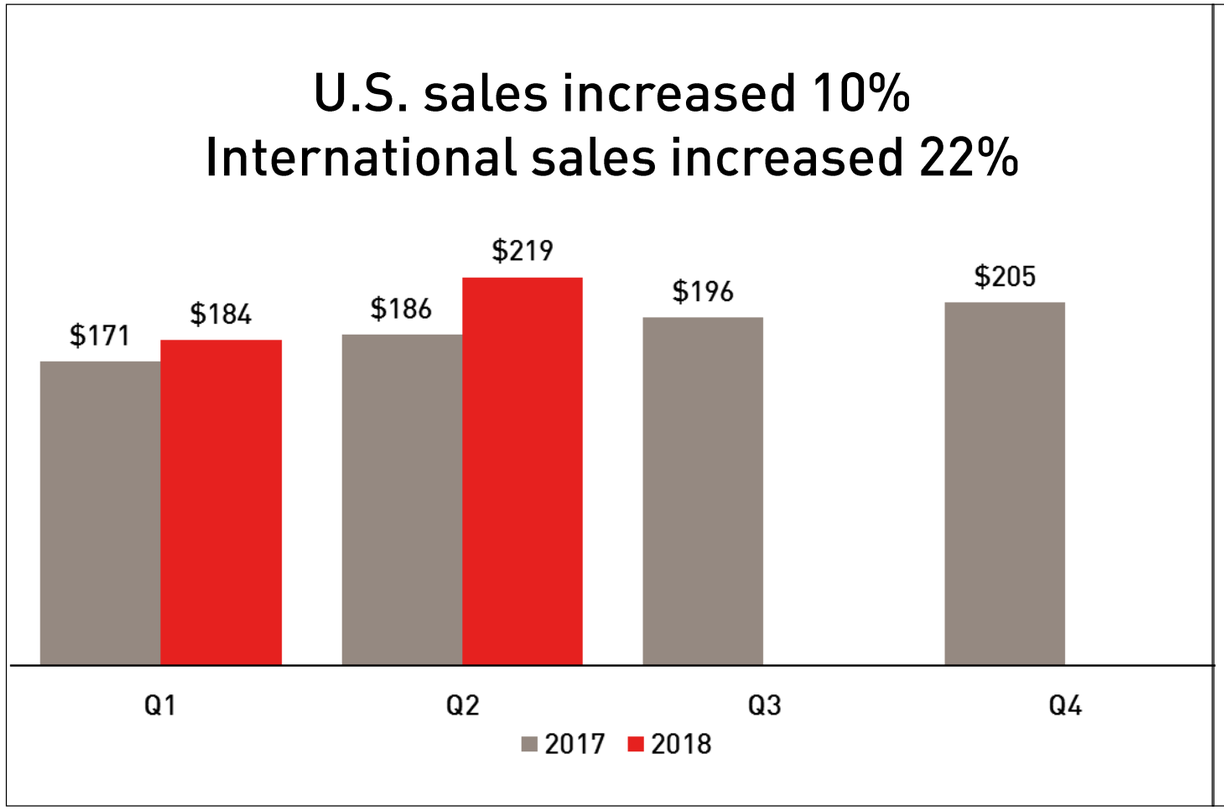


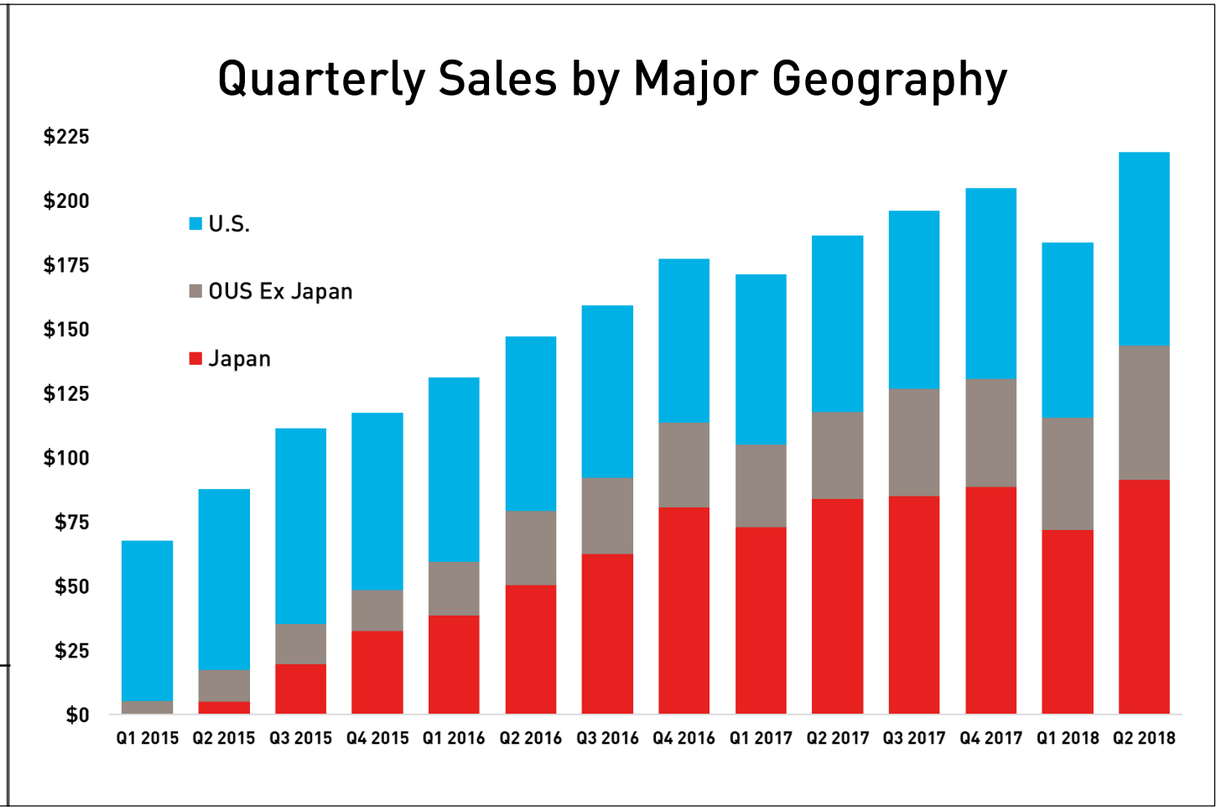
Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 29, 2018

Q2 2018 CYRAMZA SALES INCREASED 17%

Millions

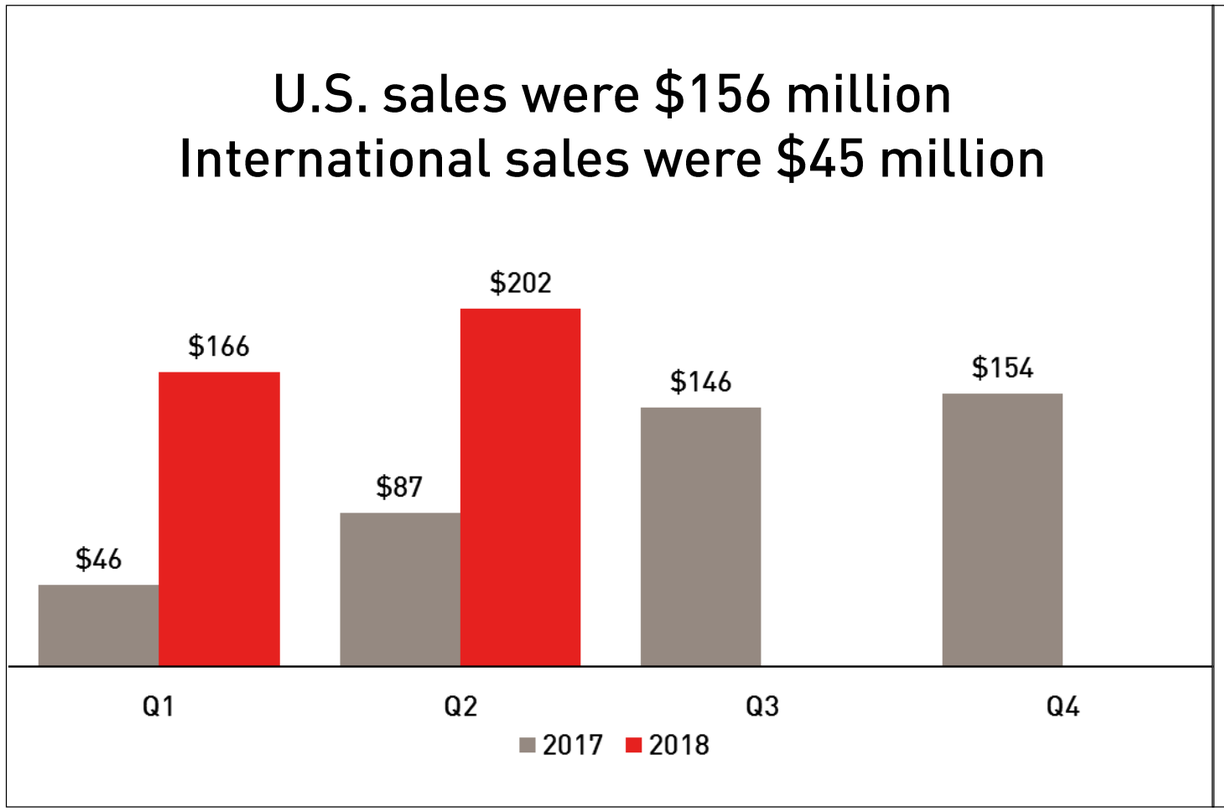


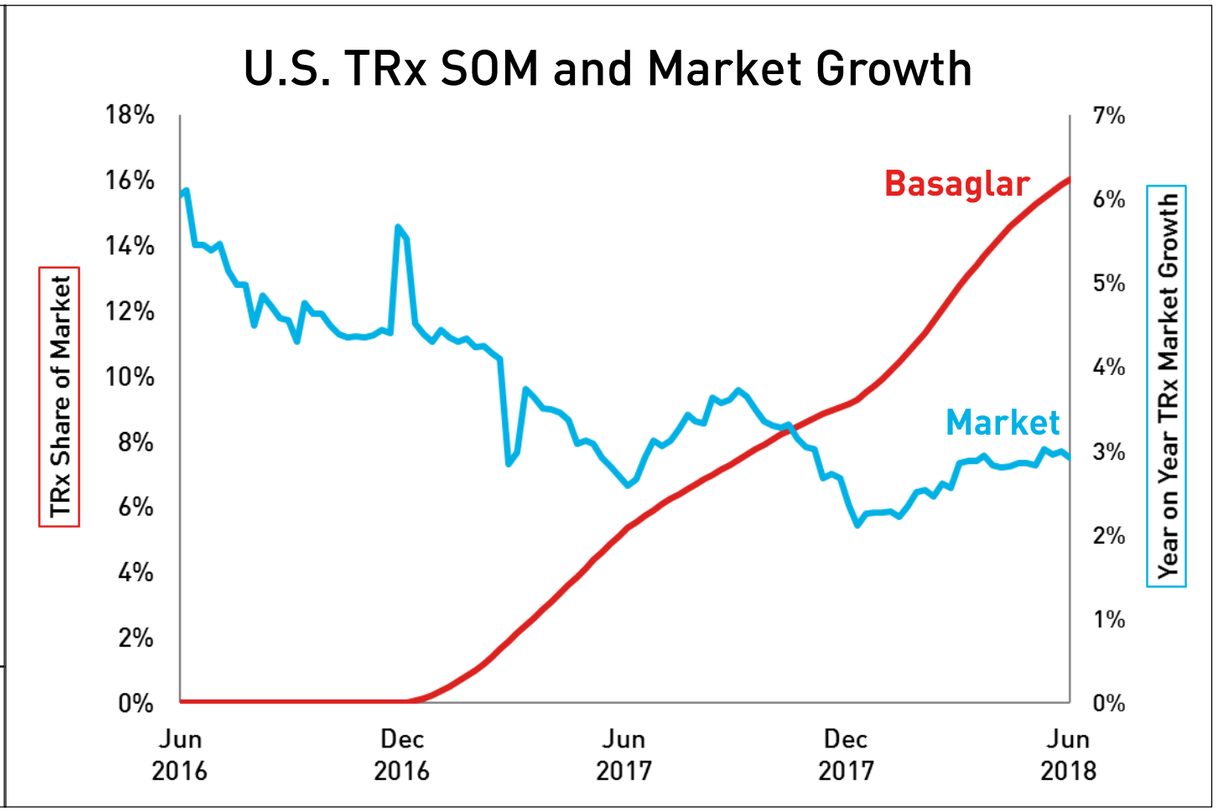


Note: Numbers may not add due to rounding.

Q2 2018 BASAGLAR SALES WERE $202 MILLION

Millions





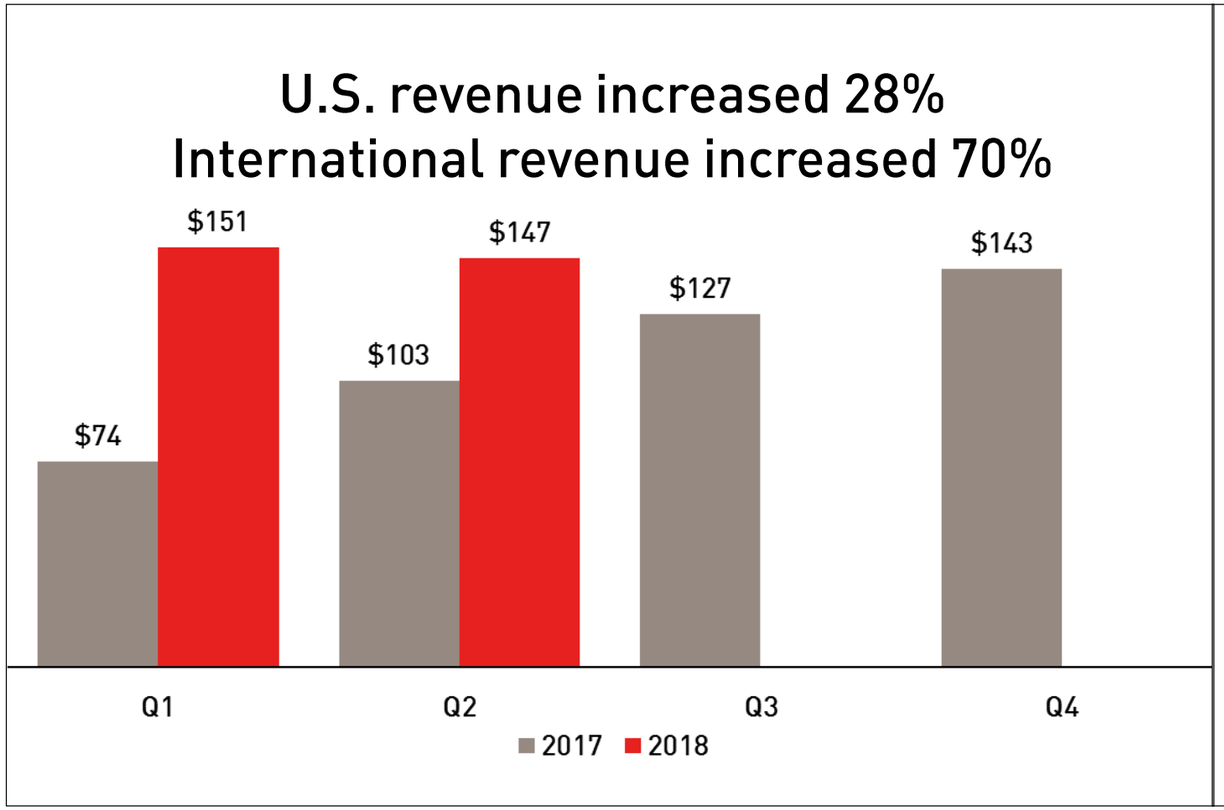
Note: Numbers may not add due to rounding.

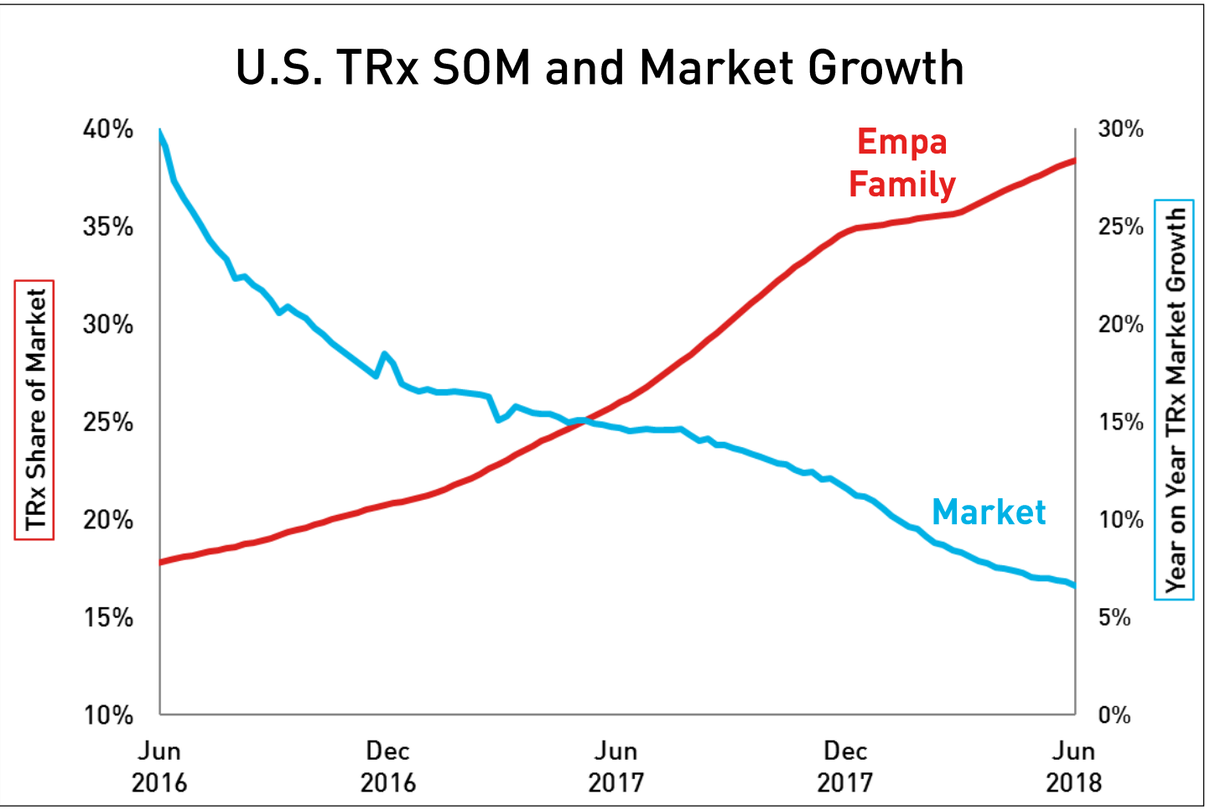
Source: IQVIA NPA TRx 3MMA, weekly data June 29, 2018

Note: Basaglar is part of the Boehringer Ingelheim and Lilly Diabetes Alliance

Q2 2018 JARDIANCE REVENUE INCREASED 43%

Millions





Note: Numbers may not add due to rounding.

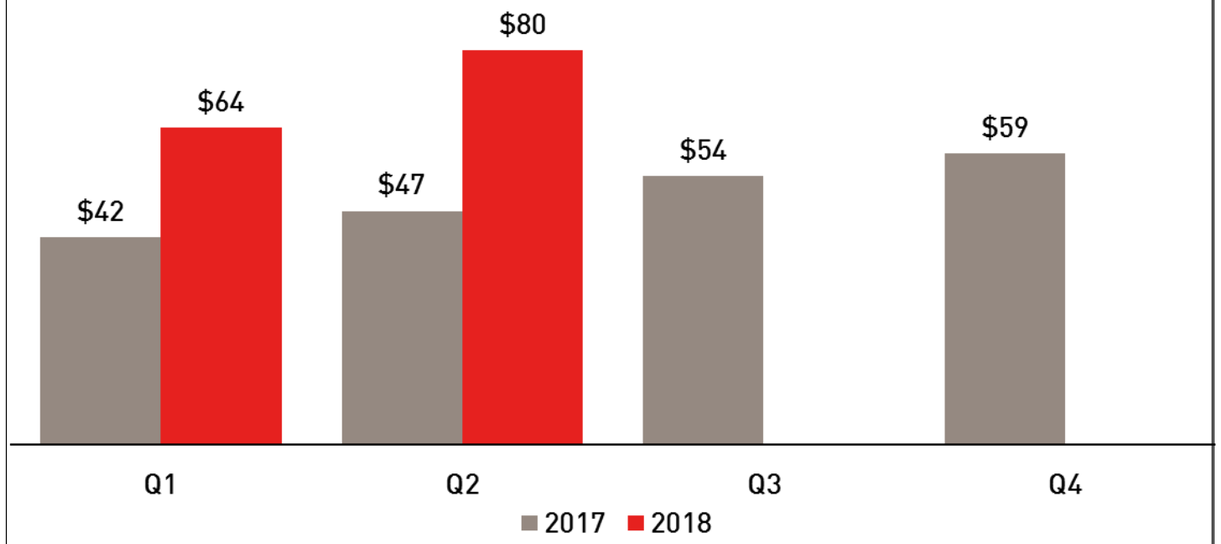
Source: IQVIA NPA TRx 3MMA, weekly data June 29, 2018

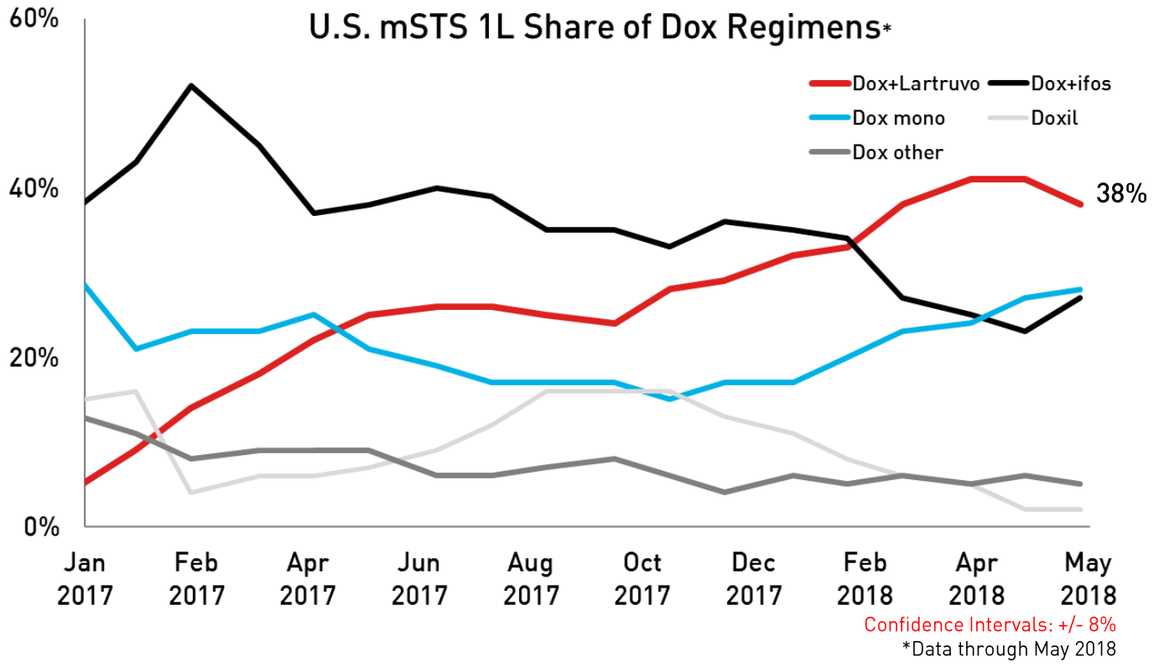
Note: Jardiance is part of the Boehringer Ingelheim and Lilly Diabetes Alliance

Q2 2018 LARTRUVO SALES WERE $80 MILLION

Millions

U.S. sales were $51 million
International sales were $29 million



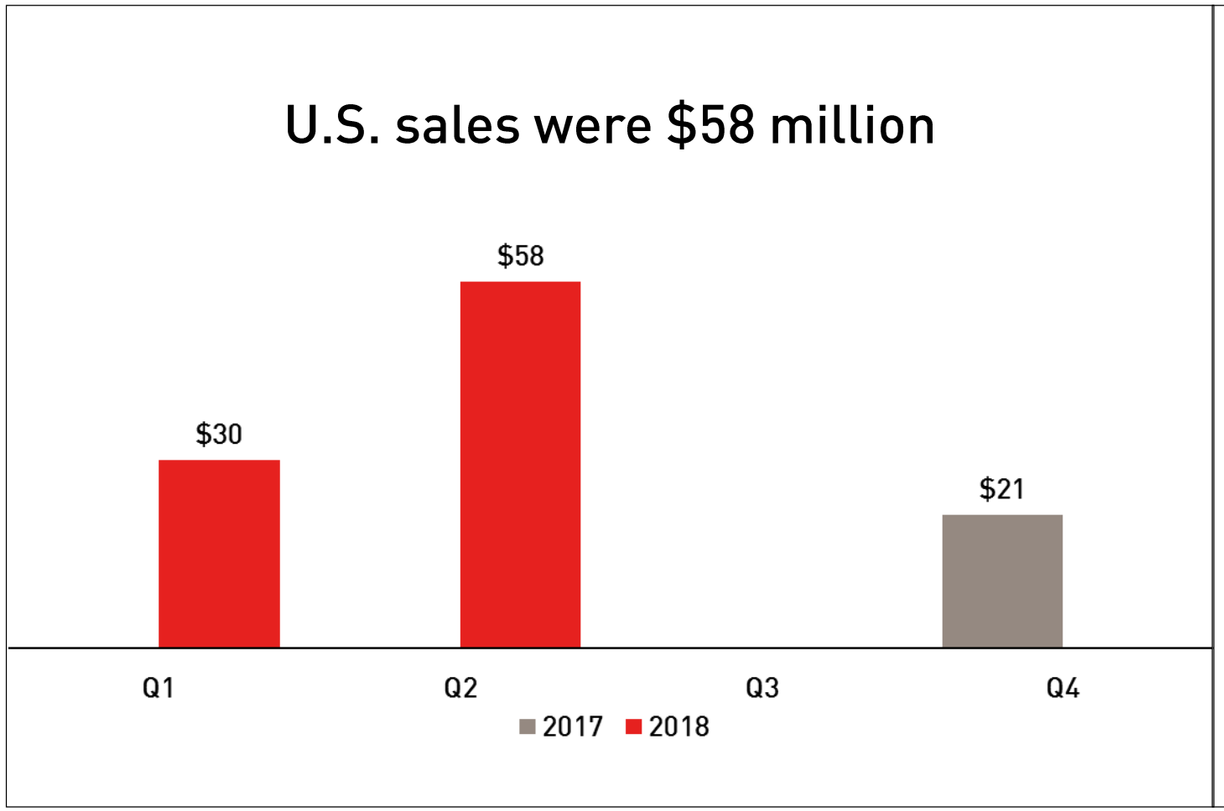


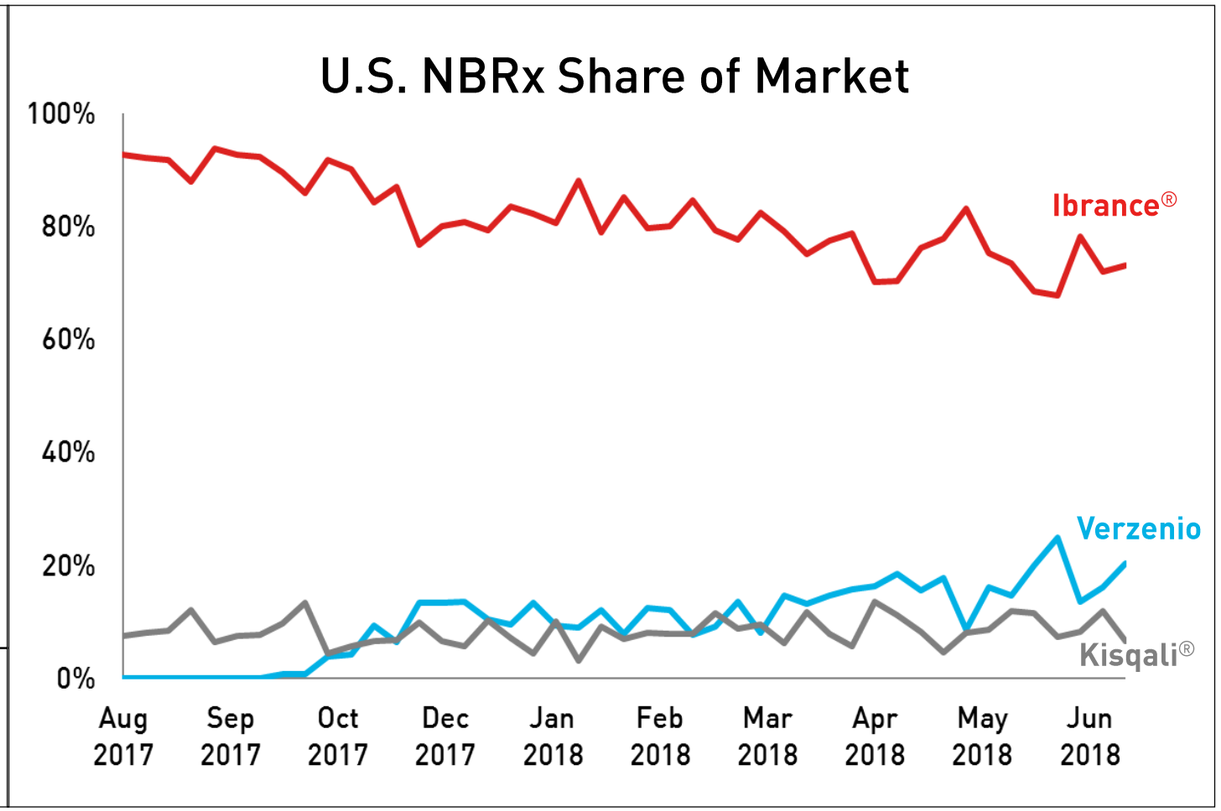
Note: dox regimens make up approx. 52% of total mSTS market

Note: Numbers may not add due to rounding.

Q2 2018 VERZENIO SALES WERE $58 MILLION

Millions



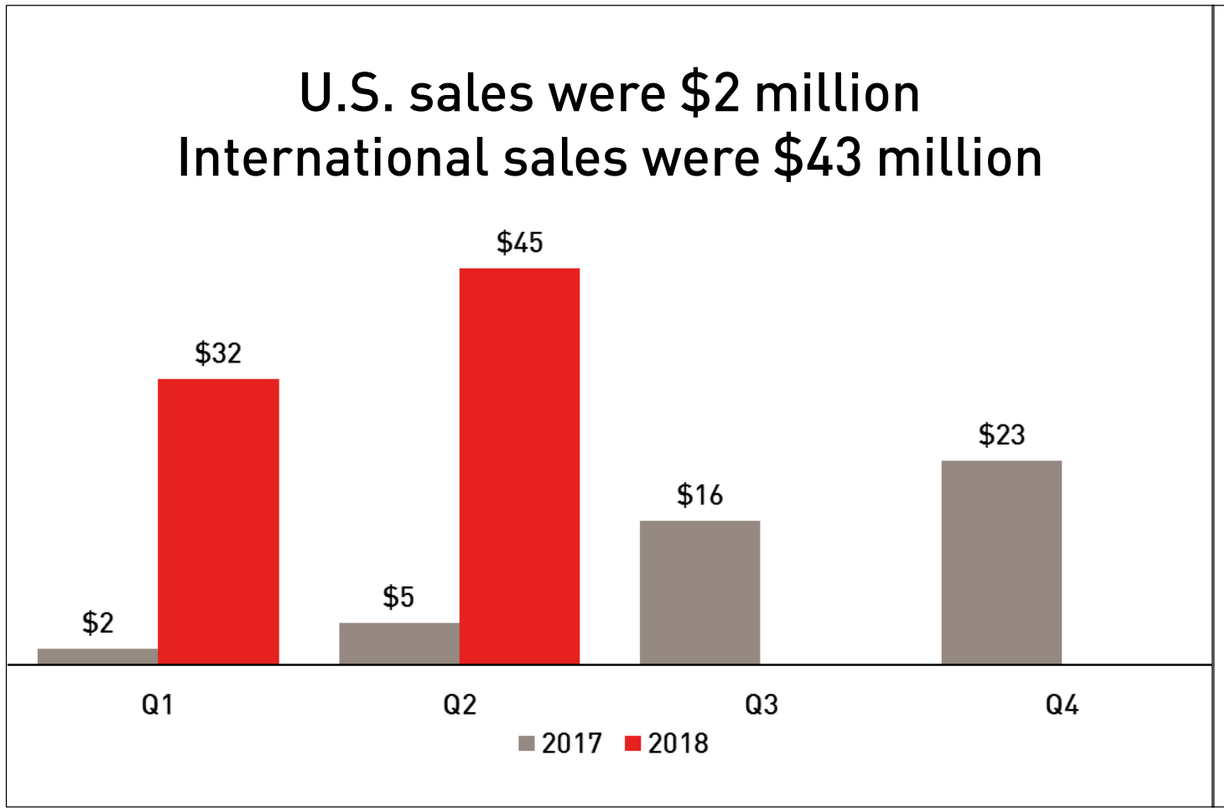


Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx, weekly data June 29, 2018

Q2 2018 OLUMIANT SALES WERE $45 MILLION

Millions

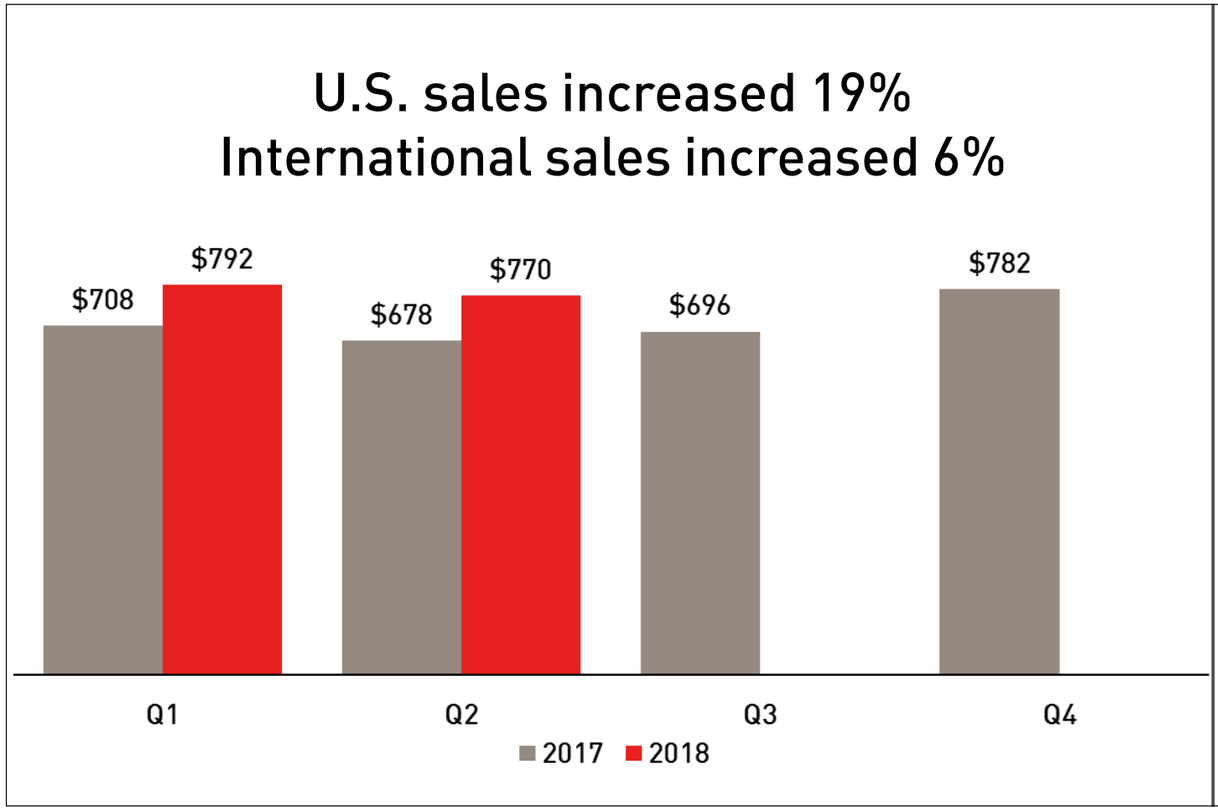


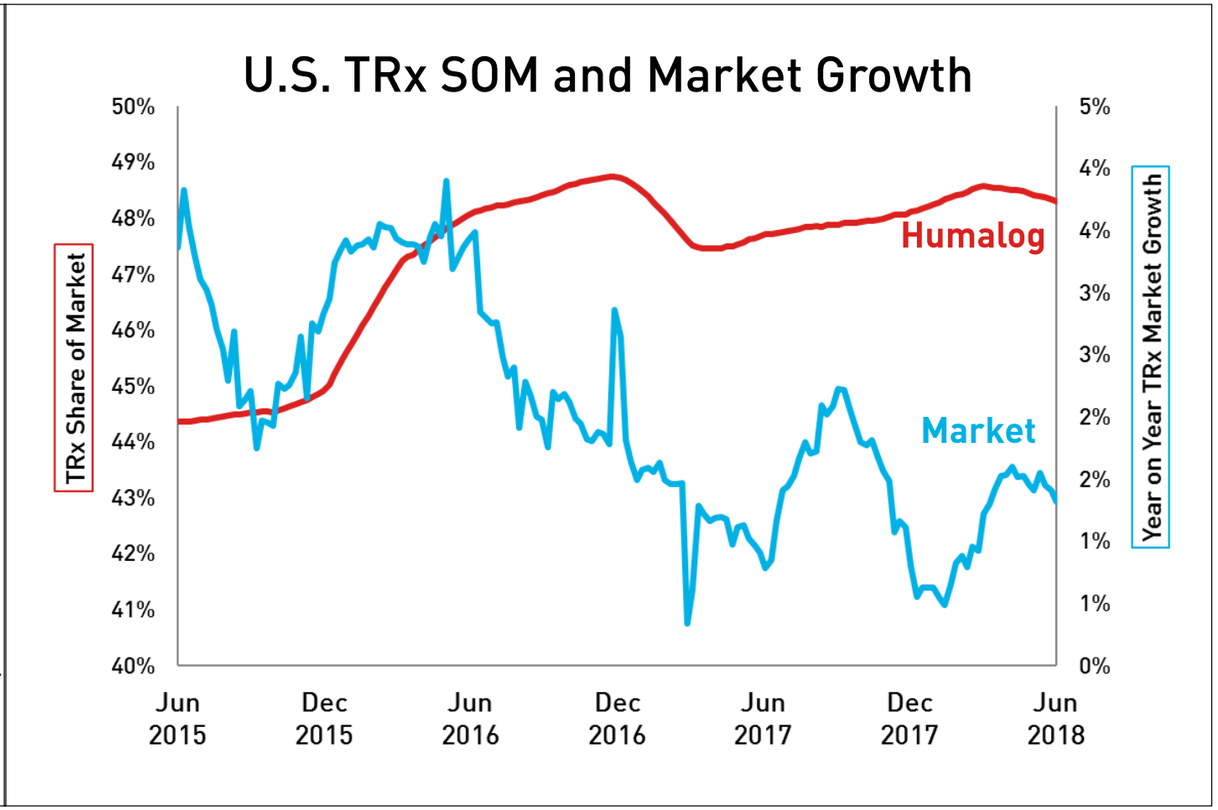
- Approved and launched in the U.S. in Q2 2018
- Q2 sales driven by Europe, led by Germany
- Leading driver of Lilly volume growth in Europe

Note: Numbers may not add due to rounding.

Q2 2018 HUMALOG SALES INCREASED 13%

Millions



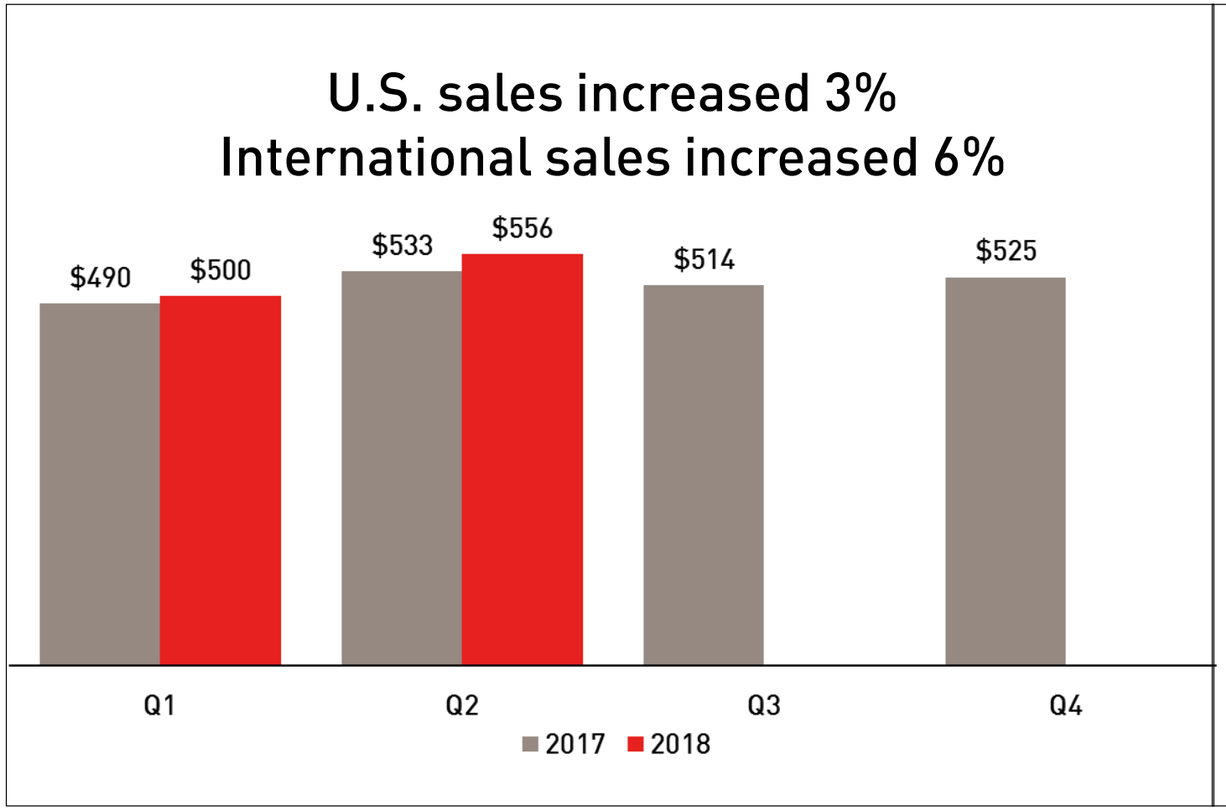


Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 29, 2018

Q2 2018 ALIMTA SALES INCREASED 4%

Millions



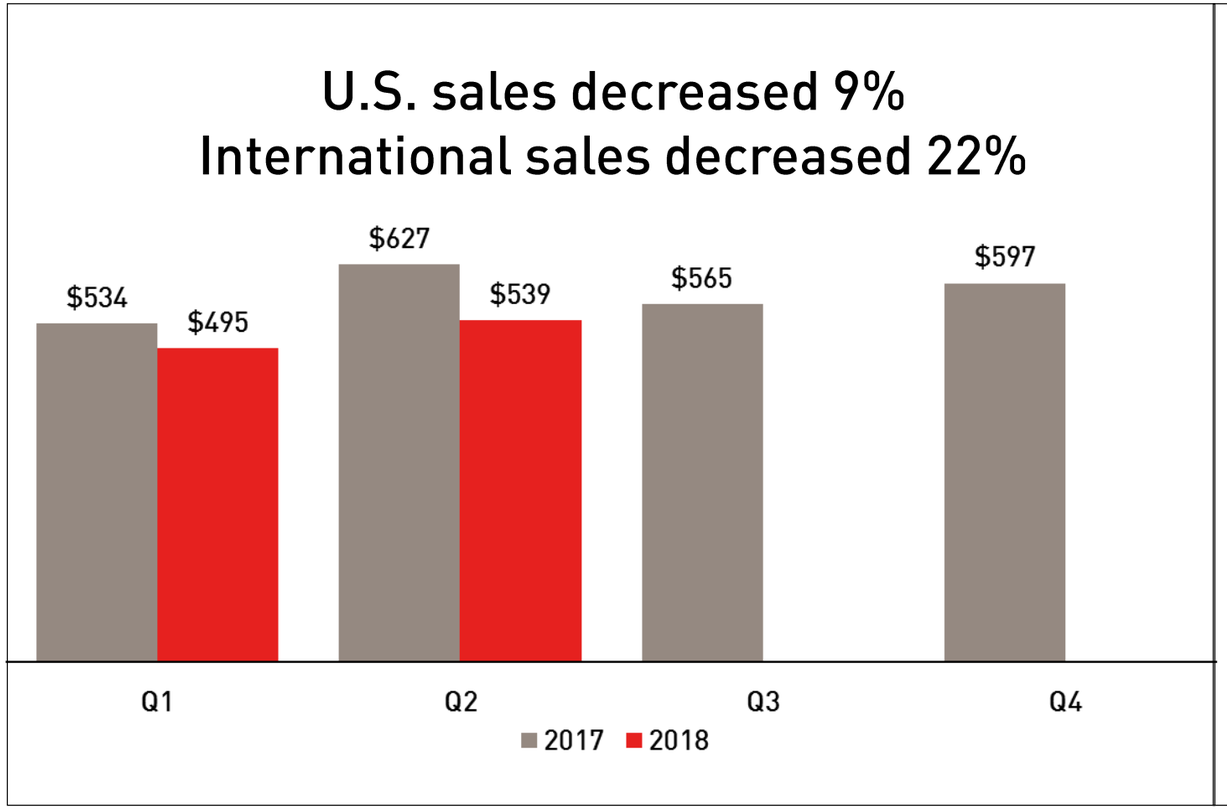
	Q2 Sales	Change	Performance	Rate
U.S. Alimta	$281.3	3%	3%	-
OUS Alimta	$274.6	6%	0%	6%
WW Alimta	$555.9	4%	1%	3%

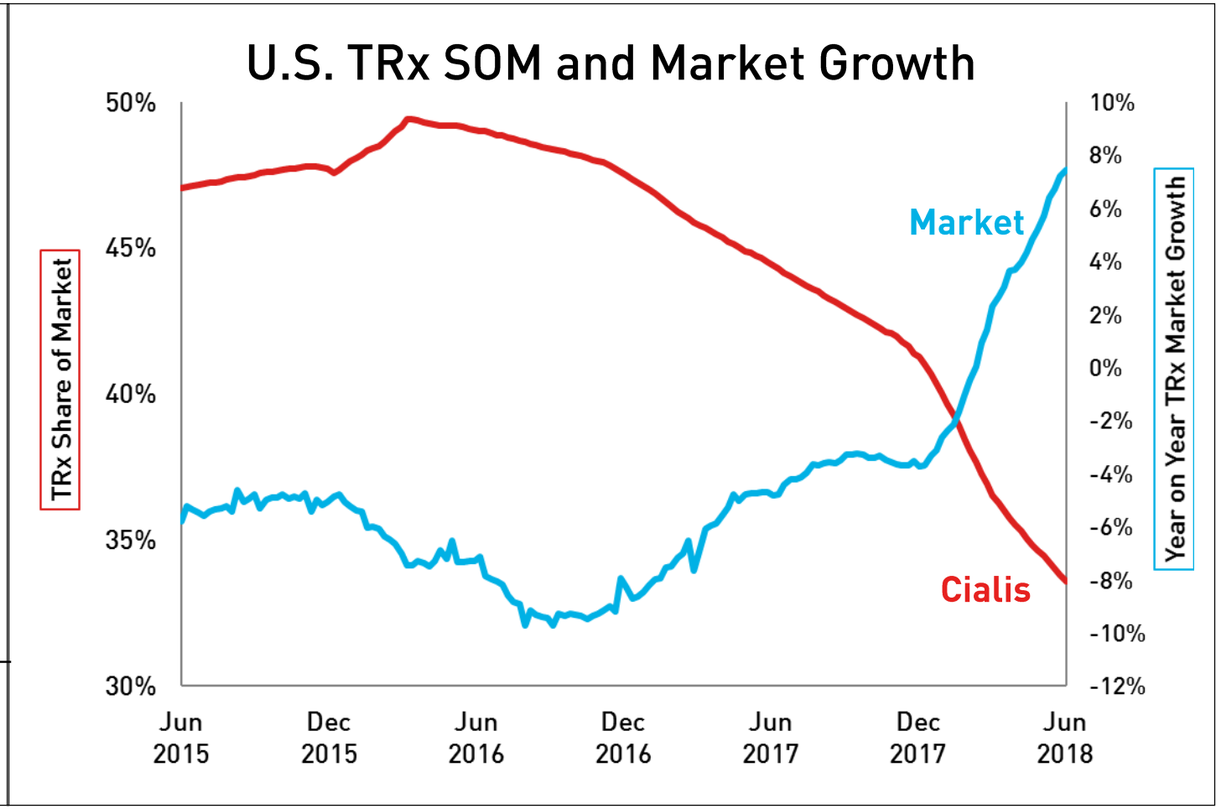
- U.S. sales increase primarily driven by increased demand and customer buying patterns
- OUS sales increase driven by favorable rate impact and higher realized prices, partially offset by decreased volume driven by competitive pressure and loss of exclusivity

Note: Numbers may not add due to rounding.

Q2 2018 CIALIS SALES DECREASED 14%

Millions



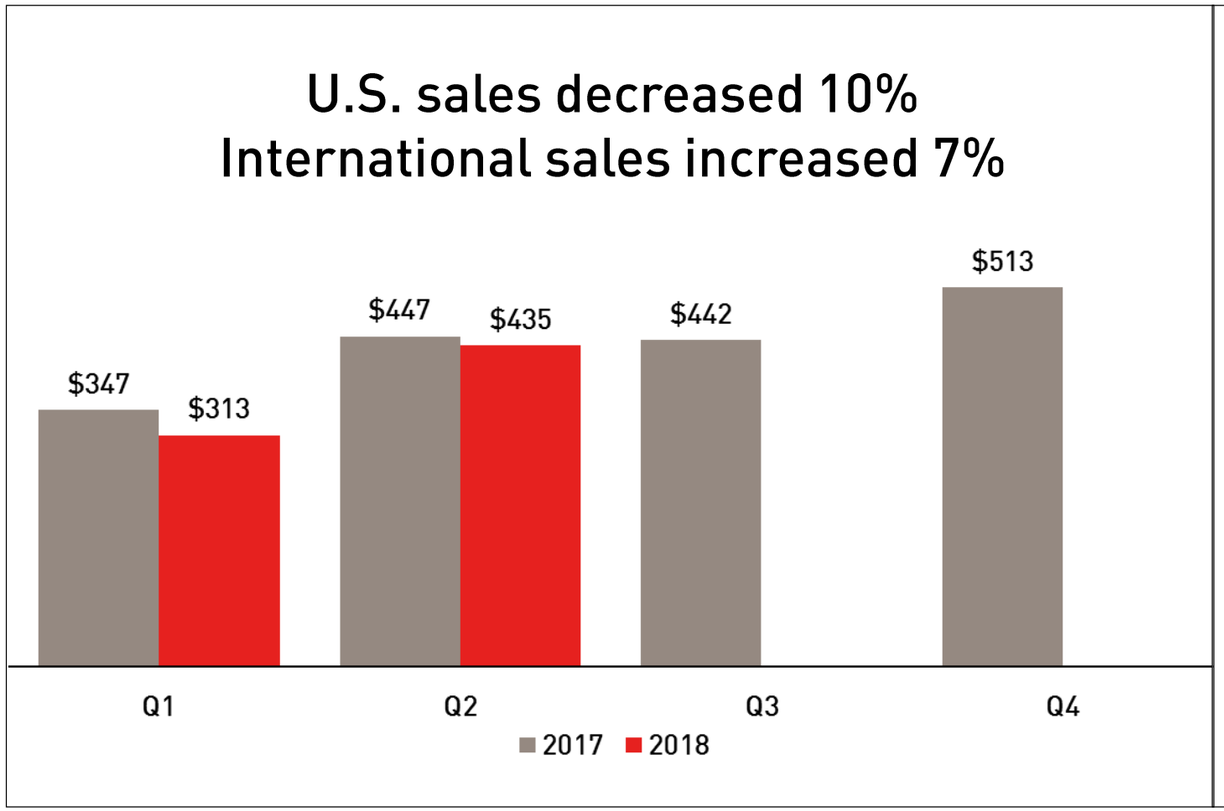


Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 29, 2018

Q2 2018 FORTEO® SALES DECREASED 3%

Millions



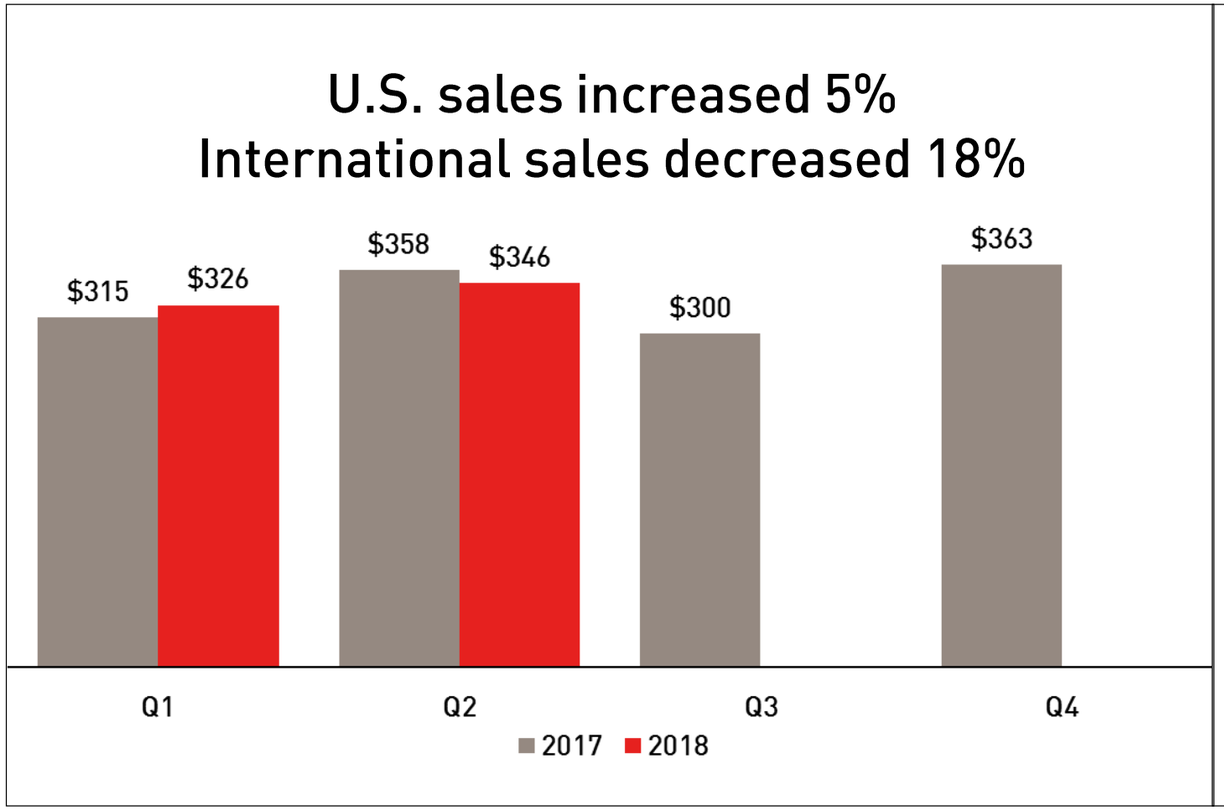
	Q2 Sales	Change	Performance	Rate
U.S. Forteo	$224.5	(10%)	(10%)	-
OUS Forteo	$210.0	7%	2%	5%
WW Forteo	$434.5	(3%)	(5%)	2%

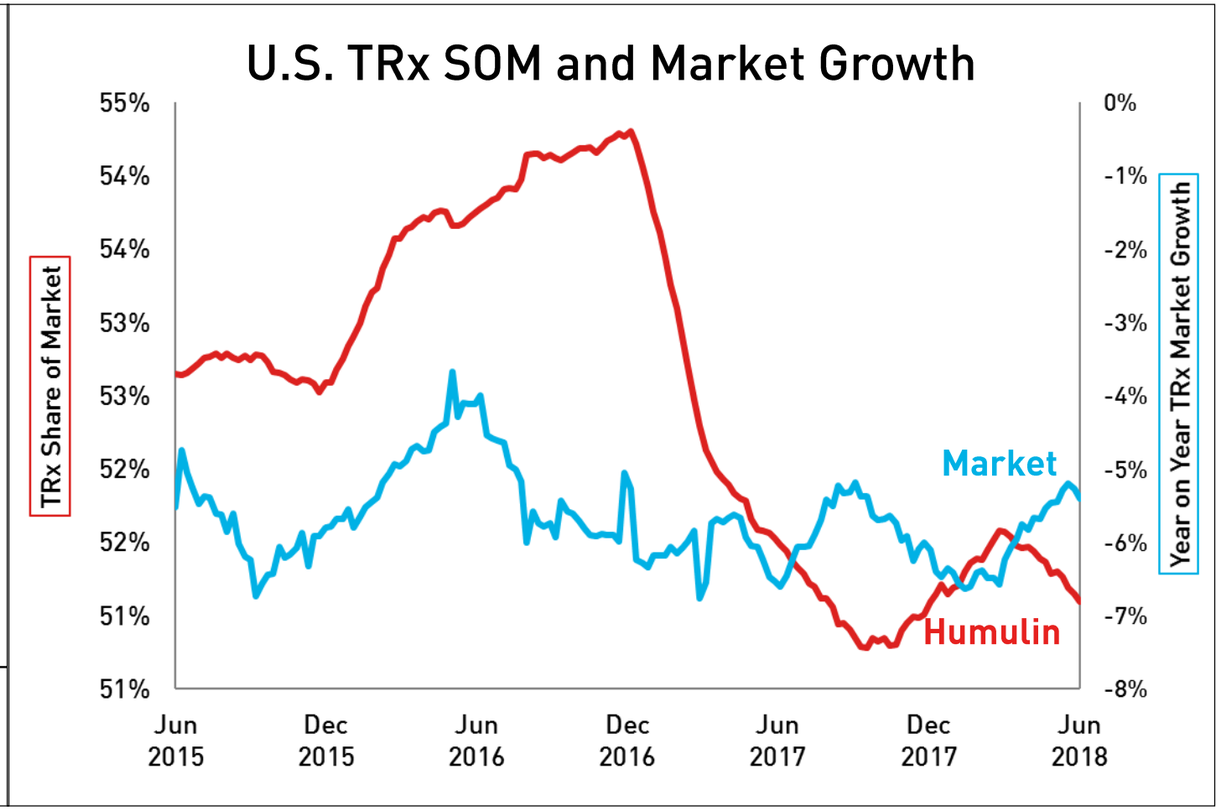
- U.S. sales decrease primarily driven by decreased demand and lower realized prices
- OUS sales increase driven by favorable rate impact and, to a lesser extent, increased volume, partially offset by lower realized prices

Note: Numbers may not add due to rounding.

Q2 2018 HUMULIN® SALES DECREASED 3%

Millions



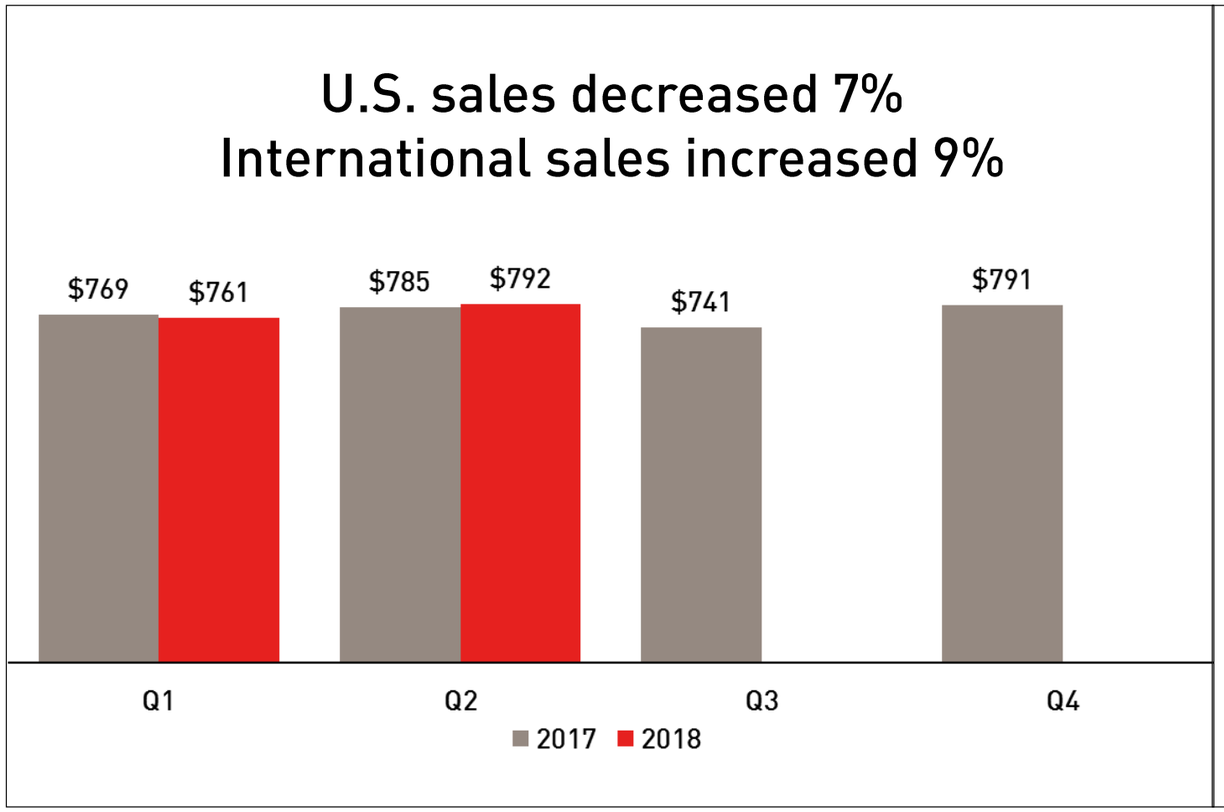


Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 29, 2018

Q2 2018 ANIMAL HEALTH SALES INCREASED 1%

Millions

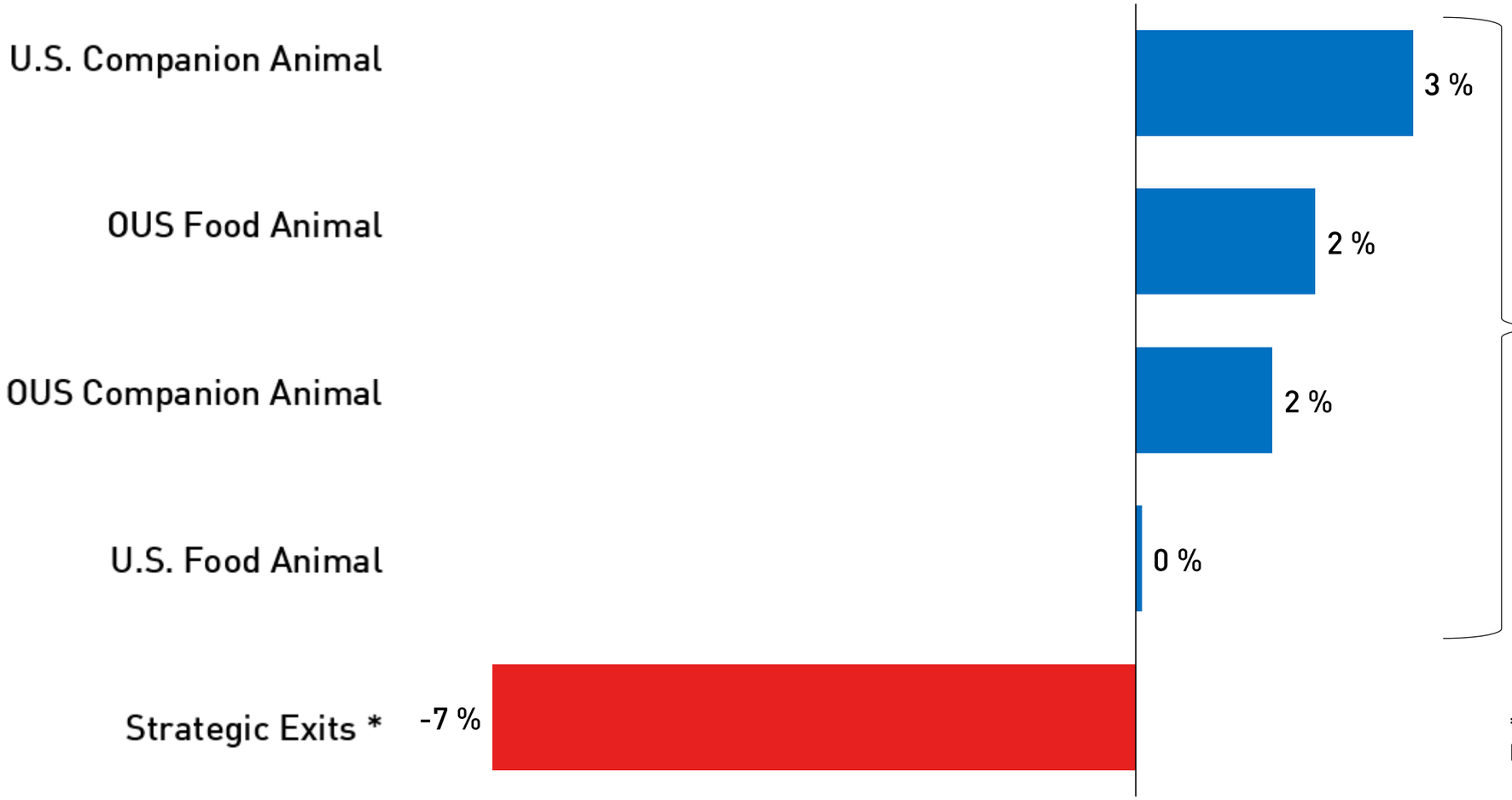


	Q2 Sales	Change	Performance	Rate
U.S. Companion	$206.9	(7%)	(7%)	-
U.S. Food and Other	$171.4	(7%)	(7%)	-
OUS Companion	$93.7	5%	1%	5%
OUS Food and Other	$320.3	11%	8%	2%
WW Animal Health	$792.1	1%	(1%)	1%

Note: Numbers may not add due to rounding.

DRIVERS OF ELANCO WW REVENUE CHANGE

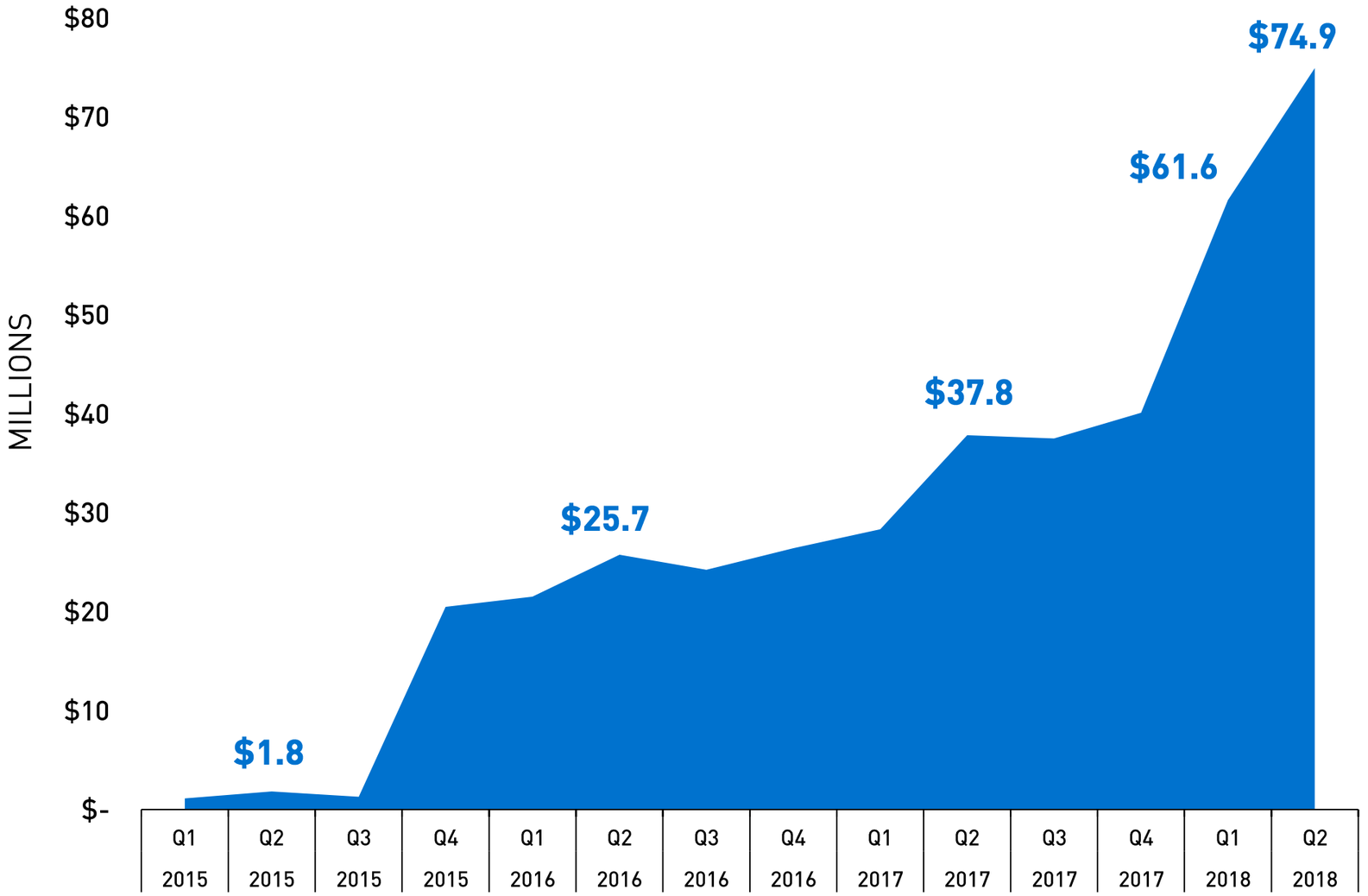
Contributions to 1% Total Elanco Revenue Decline



excluding Strategic Exits, Elanco grew 8% in performance terms

* Strategic Exits includes Posilac, Ft. Dodge CMO, Doctors Pet Care, Ethicon, Adequan, and Imaverol

ELANCO NEW PRODUCT LAUNCHES



Elanco™

NEW PRODUCTS INCLUDE:

COMPANION ANIMAL

- Interceptor® Plus
- Osurnia®
- Galliprant®
- Credelio™

FOOD ANIMAL

- Imrestor®*
- Imvixa™
- Kavault® / Inteprity®
- Clynav™

*Marketing of this product has been suspended while additional indications are pursued

LILLY FOR BETTER

LILLY UNITES CARING WITH DISCOVERY
TO MAKE LIFE BETTER FOR PEOPLE AROUND THE WORLD.

Lilly