Eli Lilly and Company
Second Quarter Financial Review

July 21st, 2011

Answers That Matter.

Agenda

Key Recent Events, Financial Results and Pipeline Update

- Phil Johnson, Vice President, Investor Relations
- Jill Thoren, Senior Director, Investor Relations
- Ronika Pletcher, 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

Regulatory:

- Received EC approval of Bydureon; country-by-country launches to begin in Q3
- Submitted Bydureon to regulatory authorities in Japan
- Completed QT study of exenatide administered at and above therapeutic levels; in Q3, we expect to submit the reply to FDA's Complete Response Letter for Bydureon
- Received approval of linagliptin in the U.S. (Tradjenta), Japan (Trazenta) and in Mexico and Brazil (Trayenta); U.S. launch occurred in May; launches in Japan, Mexico and Brazil targeted for Q3
- Received CHMP recommendation for approval of linagliptin (Trajenta); EC approval expected in Q3
- Submitted the sBLA for Erbitux in first-line non-small cell lung cancer

Clinical:

- Presented positive data at ASCO from the PARAMOUNT study evaluating the use of Alimta as maintenance treatment following Alimta induction treatment (continuation maintenance)

Business Development:

- Received final EC approval for – and closed on – our acquisition of Janssen's animal health business
- Signed agreements with Synthes to jointly develop site-specific bone healing products, to evaluate Forteo for additional orthopedic uses, and for Synthes to co-promote Forteo to orthopedic surgeons in the U.S. and select OUS countries
- Formed BioCritica, along with private investors, for the continued U.S. development and commercialization of Xigris; BioCritica also received rights to acquire several pre-clinical compounds as well as OUS rights to Xigris
- Entered into a collaboration with Medtronic to research and develop a new approach to treating Parkinson's disease using an implantable drug delivery system

Legal:

- The Supreme Court denied Lilly's petition to reconsider the federal appeals court decision invalidating Gemzar's method-of-use patent
- The U.S. District Court for the Southern District of Indiana ruled in Lilly's favor in the Cymbalta patent litigation; as a result, we do not expect generic duloxetine in the U.S. until at least June 2013

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

2011 Income Statement (Non-GAAP)

Millions; except per share data

	Q2 2011	Q2 2010	Growth
Total Revenue	6,253	5,749	9%
Gross Margin	80.4%	82.2%	(1.8)pp
Total Operating Expense*	3,304	2,943	12%
Operating Income	1,721	1,782	(3)%
Other Income / (Deductions)	(58)	(18)	NM
Effective Tax Rate	*20.9%*	*22.5%*	*(1.6)pp*
Net Income	$1,316	$1,367	(4)%
Diluted EPS	$1.18	$1.24	(5)%

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

2011 Income Statement (Reported)

Millions; except per share data

	Q2 2011	Q2 2010	Growth
Total Revenue	6,253	5,749	9%
Gross Margin	80.4%	82.2%	(1.8)pp
Total Operating Expense*	3,436	2,970	16%
Operating Income	1,589	1,755	(9)%
Other Income / (Deductions)	(58)	(18)	NM
Effective Tax Rate	*21.8%*	*22.3%*	*(0.5)pp*
Net Income	$1,197	$1,349	(11)%
Diluted EPS	$1.07	$1.22	(12)%

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

Notes: Q2 2011 includes a charge of $132.3 million (pretax), or $0.11 (after-tax) while Q2 2010 includes a charge of $27.3 million (pretax), or $0.02 per share (after-tax). These charges are primarily related to severance costs from previously announced strategic actions that the company is taking to reduce its cost structure and global workforce.

EPS Reconciliation

	Q2 2011	Q1 2010	Growth
EPS (reported)	$1.07	$1.22	(12%)
Restructuring charges	0.11	0.02	
EPS (non-GAAP)	$1.18	$1.24	(5%)

Note: Numbers may not add due to rounding.

Effect of Price/Rate/Volume on Revenue

	Q2 2011 Amount	Q2 2011 vs. Q2 2010			
Pharmaceuticals		Price	FX Rate	Volume	Total
U.S.	$3,003.3	0%	-	1%	2%
Europe	1,375.3	(1)%	11%	6%	16%
Japan	480.1	(1)%	14%	15%	28%
ROW	838.3	(2)%	5%	9%	12%
Total Pharma	5,697.0	(0)%	4%	4%	8%
Animal Health	389.5	2%	2%	16%	20%
Net Product Sales	6,086.5	(0)%	4%	5%	9%
Collab/Other Revenue	166.4	0%	0%	4%	4%
Total Revenue	$6,252.8	(0)%	4%	5%	9%

Note: Numbers may not add due to rounding.

Effect of Foreign Exchange on 2011 Results
(Non-GAAP)

Year-on-Year Growth

	Q2 2011		YTD 2011	
	With FX	w/o FX	With FX	w/o FX
Total Revenue	9%	5%	8%	5%
Cost of Sales	20%	5%	12%	5%
Gross Margin	6%	5%	7%	5%
Operating Expense *(R&D plus SG&A)*	12%	9%	11%	9%
Operating Income	(3)%	(3)%	(1)%	(1)%
EPS	(5)%	(4)%	0%	(0)%

Effect of Foreign Exchange on 2011 Results
(Reported)

Year-on-Year Growth

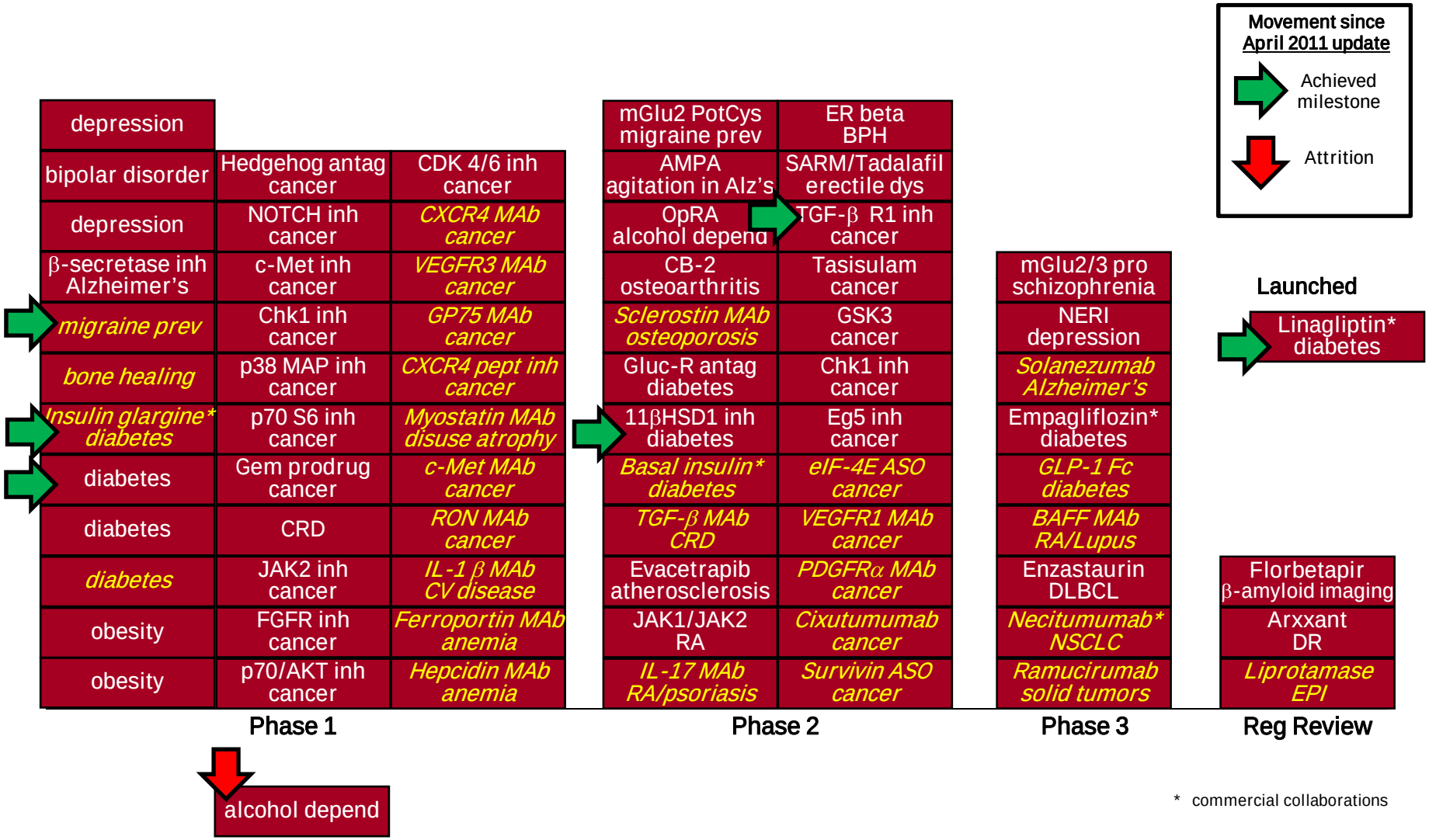
	Q2 2011		YTD 2011	
	With FX	w/o FX	With FX	w/o FX
Total Revenue	9%	5%	8%	5%
Cost of Sales	20%	5%	12%	5%
Gross Margin	6%	5%	7%	5%
Operating Expense *(R&D plus SG&A)*	16%	13%	19%	18%
Operating Income	(9)%	(9)%	(15)%	(16)%
EPS	(12)%	(11)%	(14)%	(15)%

Lilly NME Pipeline

July 11, 2011

New Chemical Entity (NCE)

New Biotech Entity (NBE)



* commercial collaborations

Key Future Events in 2011

Potential regulatory approvals:

- Linagliptin in Europe
- In the U.S.:
  - Cialis for BPH
  - Byetta in combination with basal insulin
  - Erbitux for 1st-line head and neck cancer

Expected regulatory submissions:

- Response to FDA complete response letter for Bydureon
- sBLA for Erbitux in first-line mCRC
- Response to FDA complete response letter for Amyvid

Initiation of Phase 3 trials:

- Novel basal insulin analog
- New insulin glargine
- anti-IL-17 monoclonal antibody

Potential U.S. legal rulings:

- Strattera CAFC appeal
- Alimta District Court ruling

2011 Guidance

Millions, except per share amounts

Total Revenue	Mid-single digit increase
Gross Margin % of Revenue	Declining
Mktg, Selling & Admin.	High-single digit increase
Research & Development	Low-single digit increase
Other Income/(Expense)	$(100) - $(175)
Tax Rate (reported)	Approximately 20%
Tax Rate (non-GAAP)	Approximately 21%
EPS (reported)	$3.85 - $3.95
Reconciling Items (estimated) *(excludes any potential future items)*	$0.40
EPS (non-GAAP)	$4.25 - $4.35
Capital Expenditures	$700-$800

For complete reconciliation to reported guidance, please see slide 15 of this presentation and our earnings press release dated July 21, 2011.

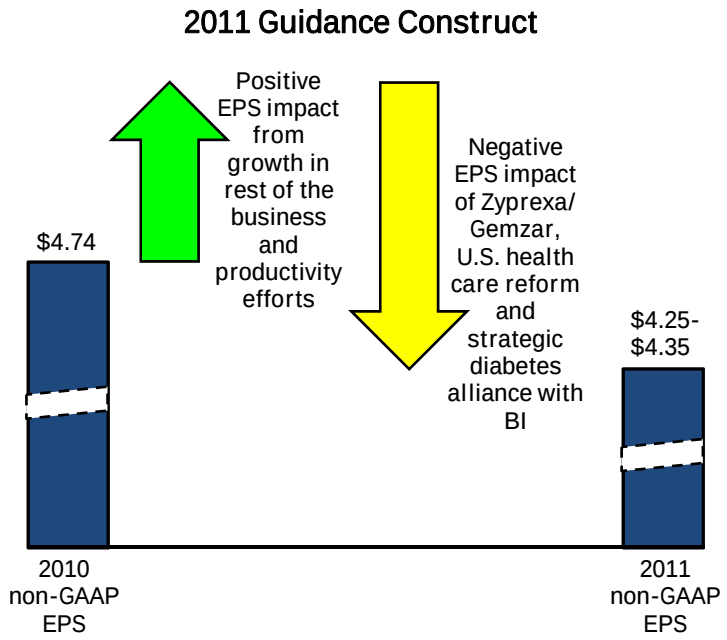
Earnings per Share Expectations

	2011	2010	Growth
Earnings per share (reported)	$3.85-$3.95	$4.58	(14)%-(16)%
Restructuring charges	0.17	0.13	
In-process research and development charges associated with the Boehringer Ingelheim (2011) and Acrux (2010) agreements	0.23	0.03	
EPS (non-GAAP)	$4.25-$4.35	$4.74	(8)%-(10)%

Note: Numbers may not add due to rounding.

Q2 2011 Summary

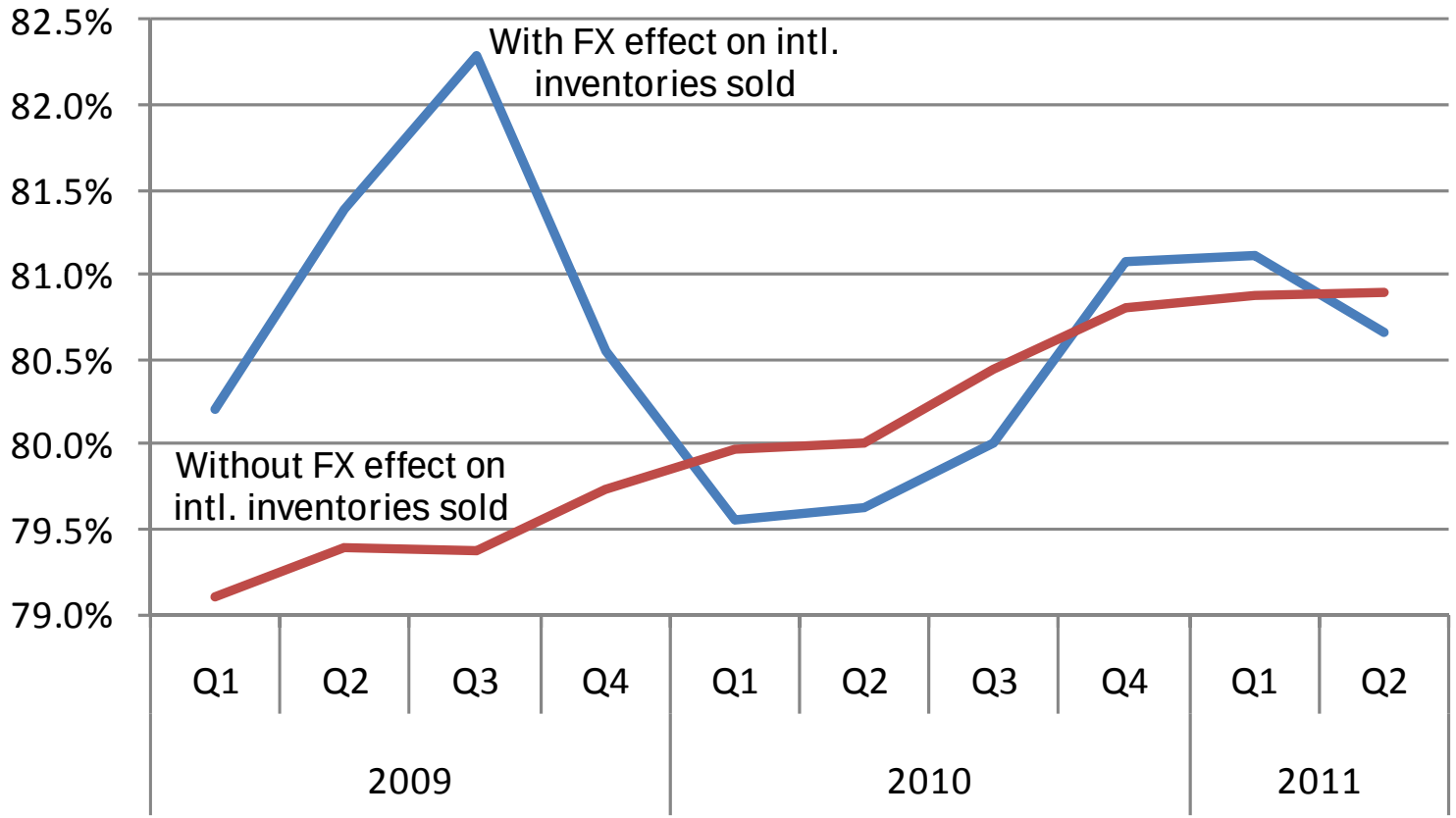
- Advancing the pipeline:
  - Nine molecules currently in Phase 3 development
  - On track to achieve goal of 10 molecules in Phase 3 by the end of 2011
- Tracking to achieve 2011 headcount and expense containment goals
- Q2 non-GAAP financial results:
  - Revenue, OPEX and EPS growth of 9%, 12% and -5%, respectively
- Excluding Gemzar outside of Japan, U.S. health care reform and investments for the BI alliance, the rest of the business generated:
  - Revenue growth of 13%
  - OPEX growth of 7% (10% on a reported basis)
  - High teens EPS growth (low-single digit growth on a reported basis)



Supplementary Slides

Gross Margin % - Moving Annual Total

Pro-forma non-GAAP



Individual quarter GM% of Revenue:

with FX effect on intl inv sold	83.8%	82.1%	81.1%	75.9%	79.5%	82.2%	82.5%	80.1%	79.8%	80.4%
w/o FX effect on intl inv sold	79.4%	81.7%	78.8%	79.2%	80.4%	81.7%	80.6%	80.6%	80.7%	81.7%

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 2010/2011

	1Q10	2Q10	3Q10	4Q10	2010	1Q11	2Q11	3Q11	4Q11	2011
Non-GAAP	1.18	1.24	1.21	1.11	4.74	1.24	1.18			
Reported	1.13	1.22	1.18	1.05	4.58	0.95	1.07			

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 July 21, 2011.

Q2 Other Income/(Loss)

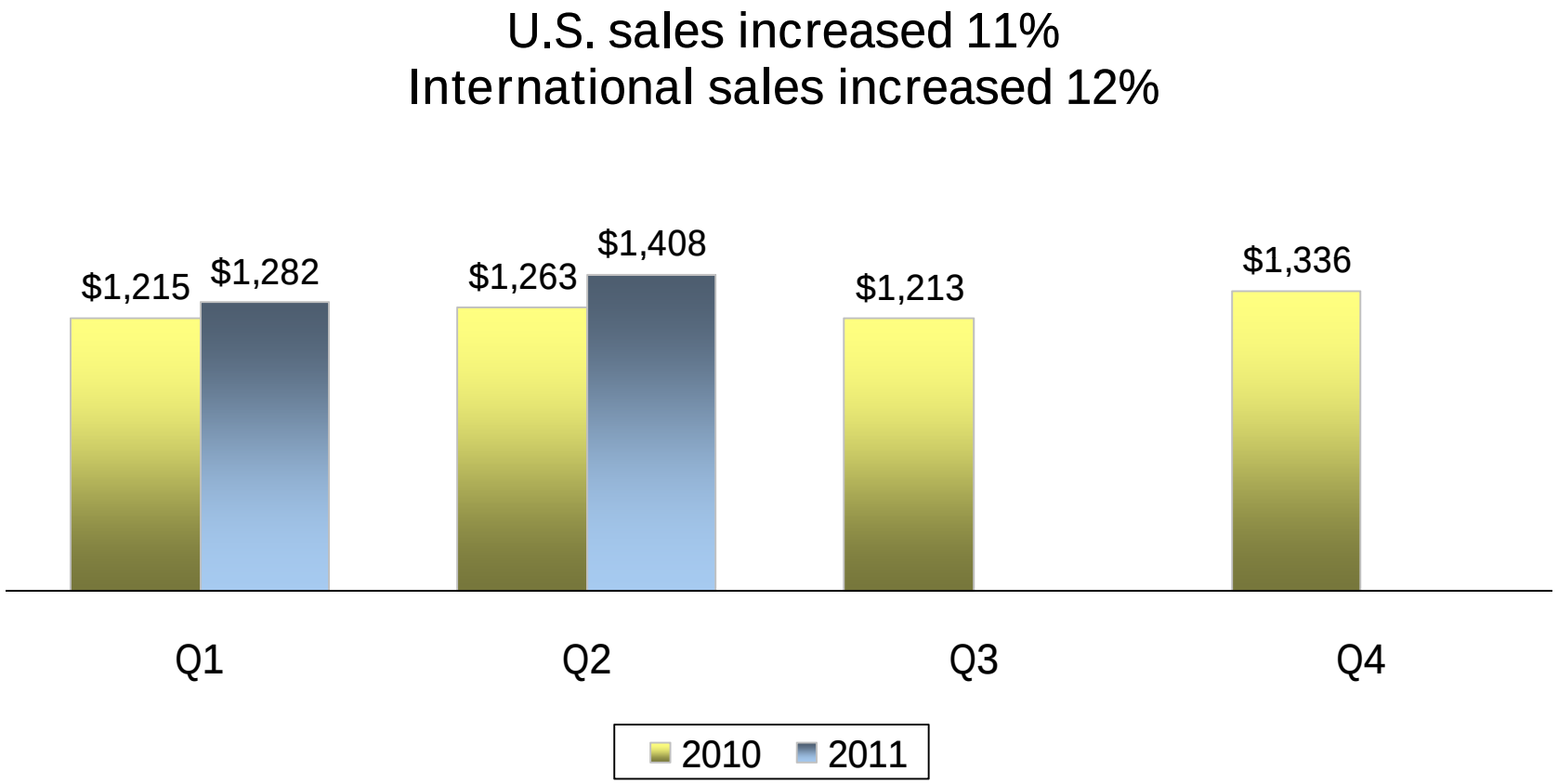
Millions

	Q2 11	Q2 10
- Interest Expense	($45.1)	($47.5)
- Interest Income	17.8	11.0
Interest, net	(27.3)	(36.5)
- FX Gains / (Losses)	(0.9)	(3.8)
- Gains / (Losses) on Equity Investments	40.4	4.1
- Miscellaneous Income / (Loss)	(69.8)	17.8
Miscellaneous Income/(Loss), net	(30.3)	18.1
Net Other Income (Loss)	$(57.6)	$(18.4)

Note: Numbers may not add due to rounding.

Q2 Zyprexa® Sales Increased 12%

Millions

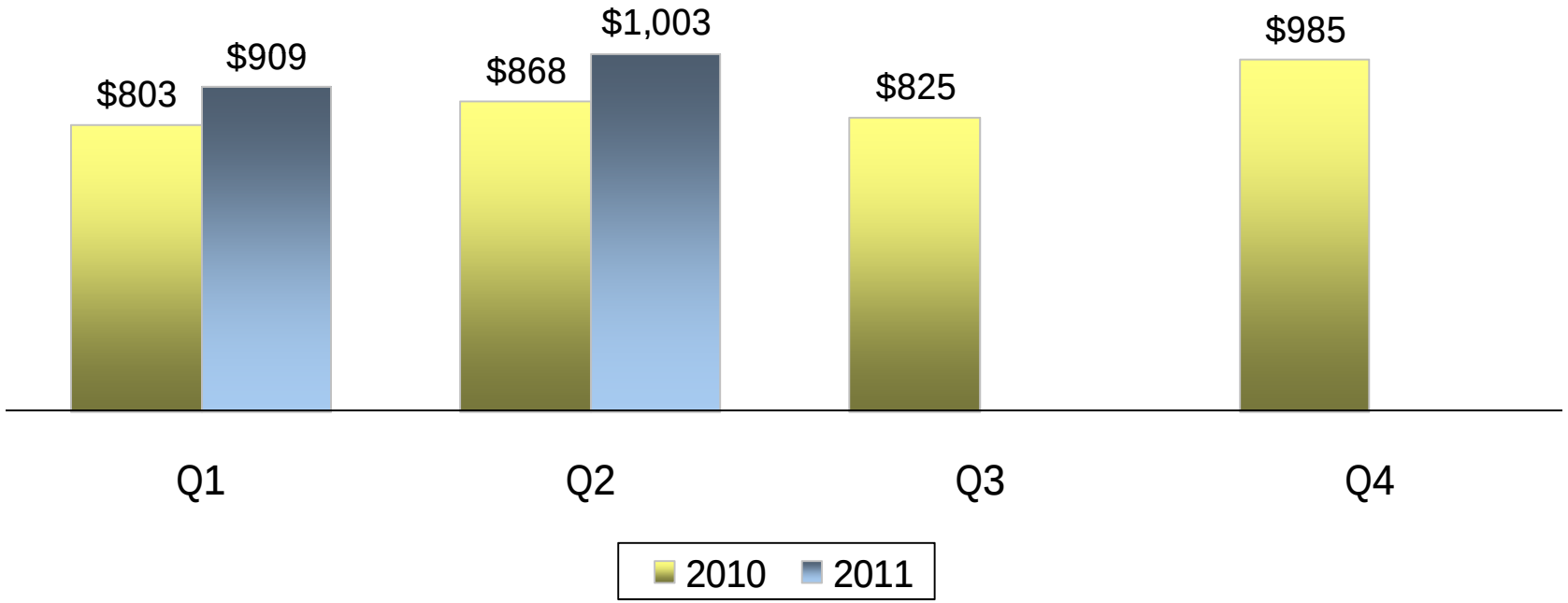


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Cymbalta® Revenue Increased 16%

Millions

U.S. sales increased 7%
International revenue increased 53%

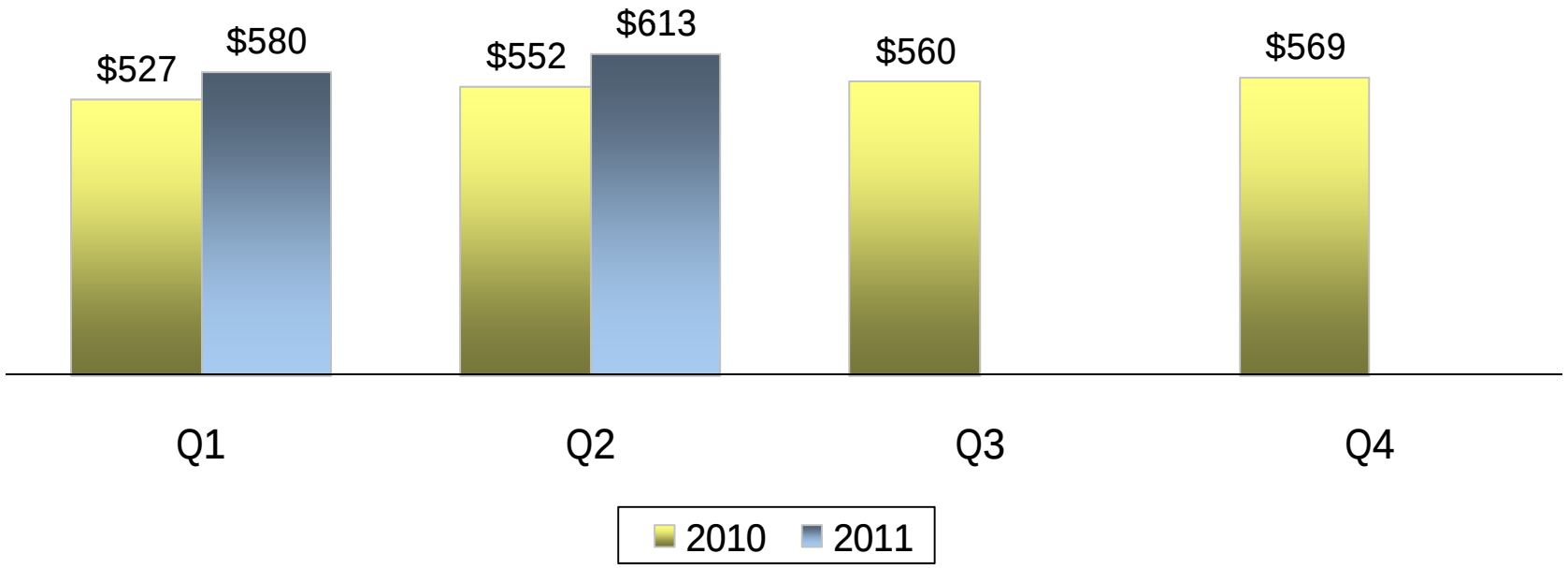


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Alimta® Sales Increased 11%

Millions

U.S. sales decreased 1%
International sales increased 21%

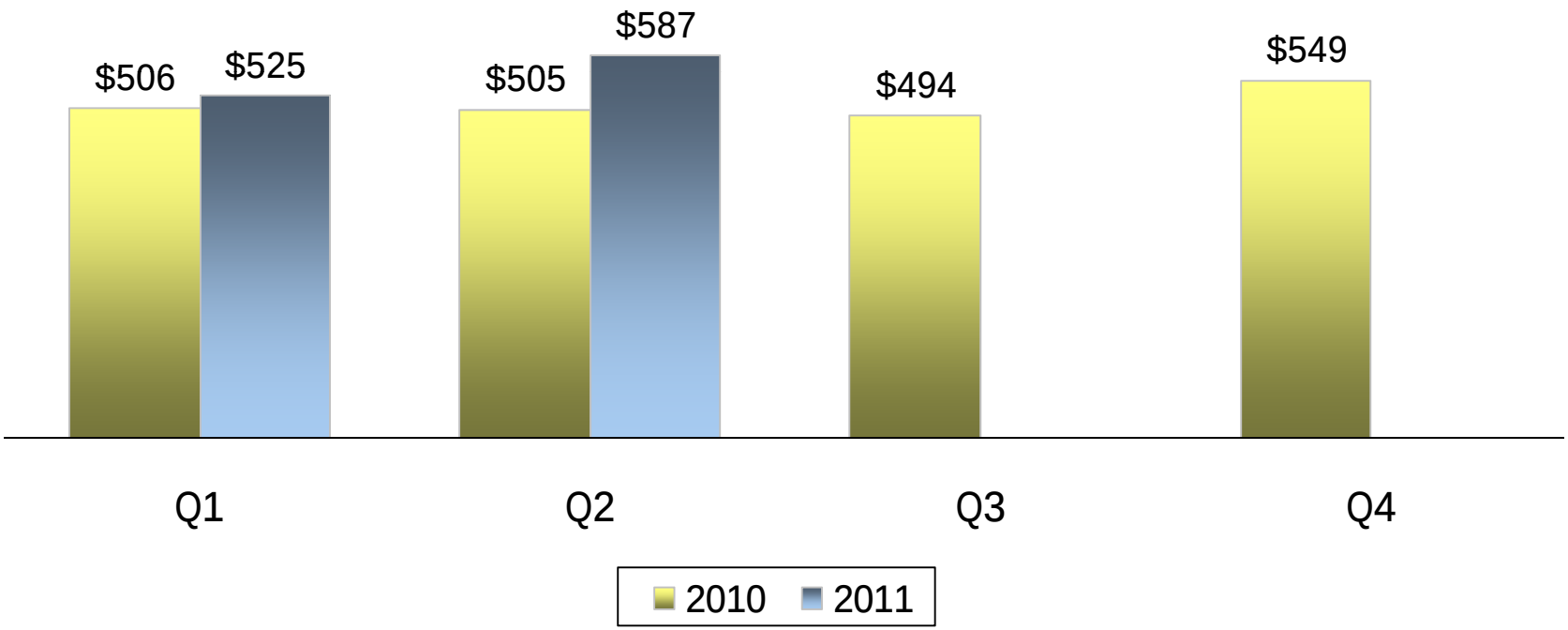


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Humalog® Sales Increased 16%

Millions

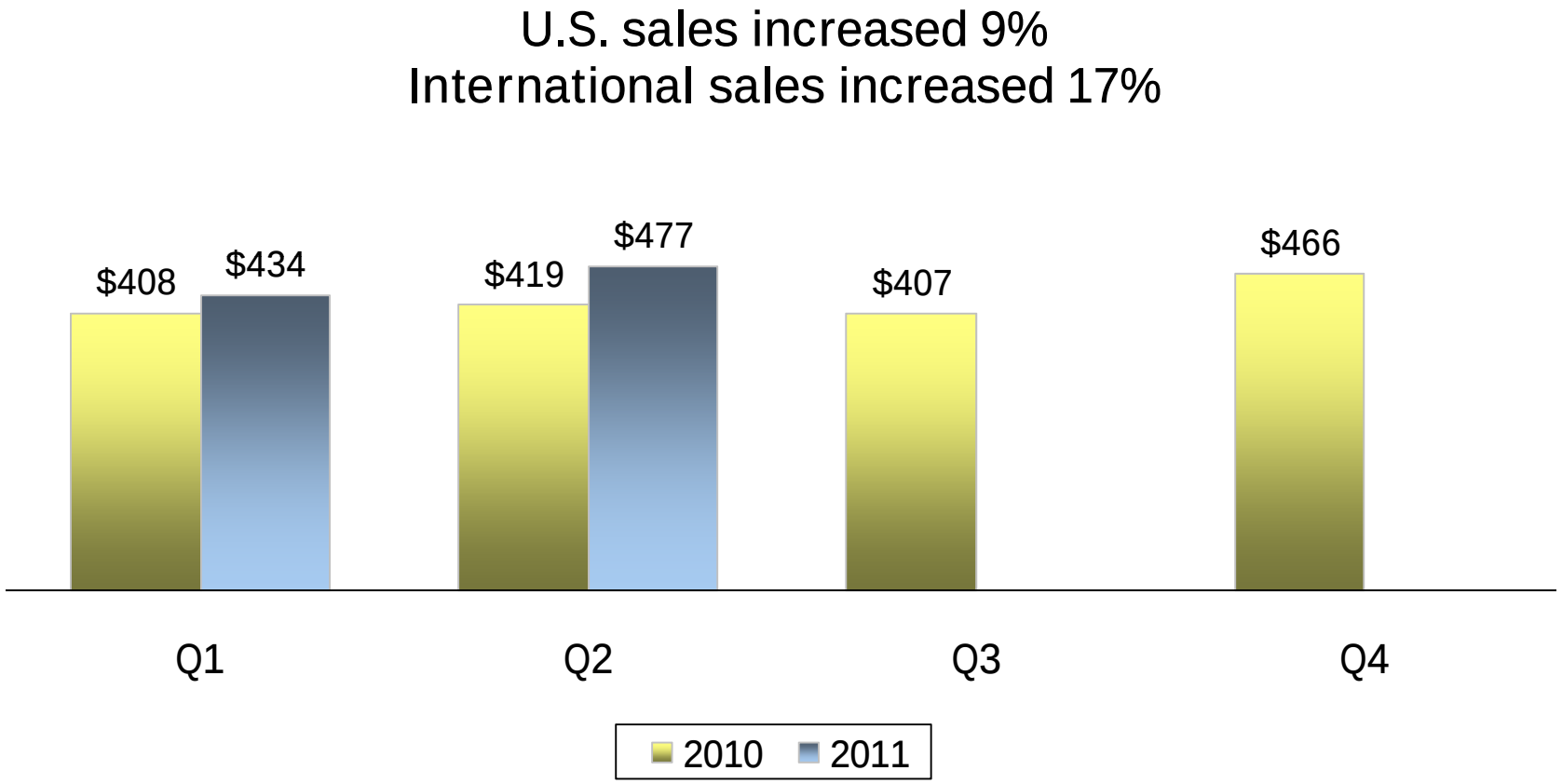
U.S. sales increased 14%
International sales increased 20%



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

Q2 Cialis® Sales Increased 14%

Millions

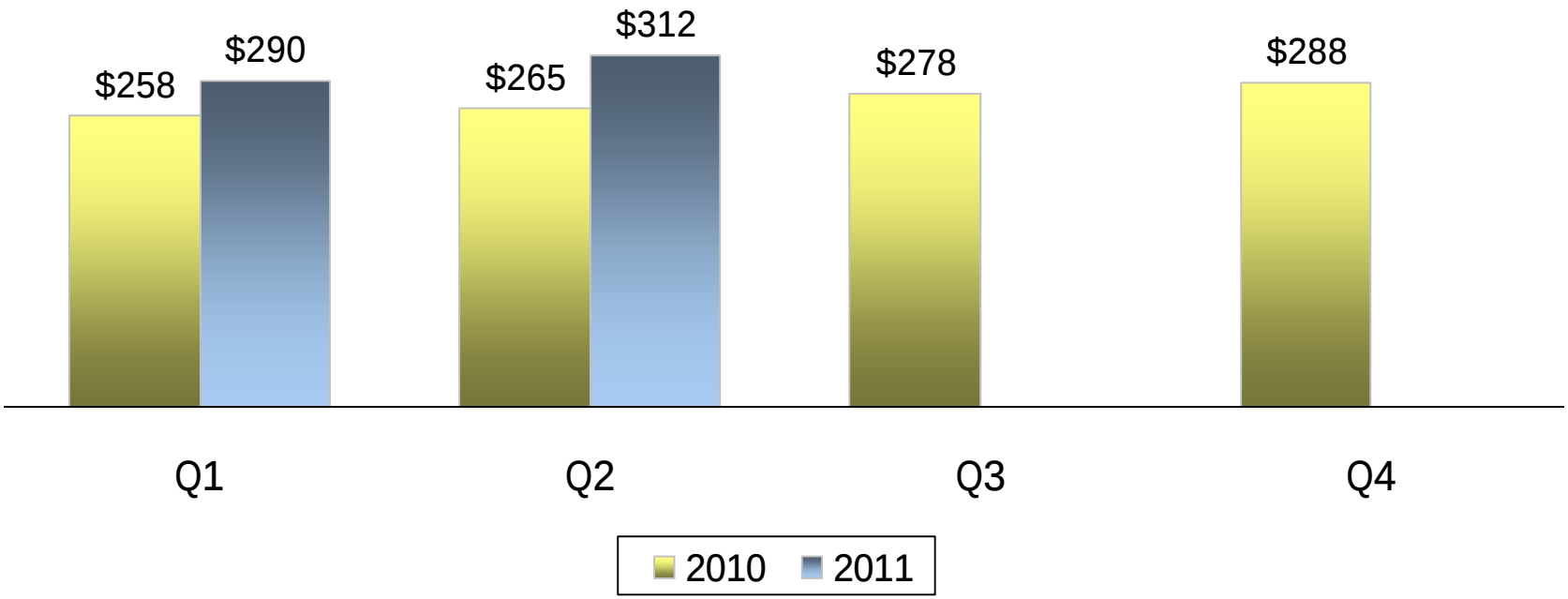


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Humulin® Sales Increased 18%

Millions

U.S. sales increased 27%
International sales increased 11%

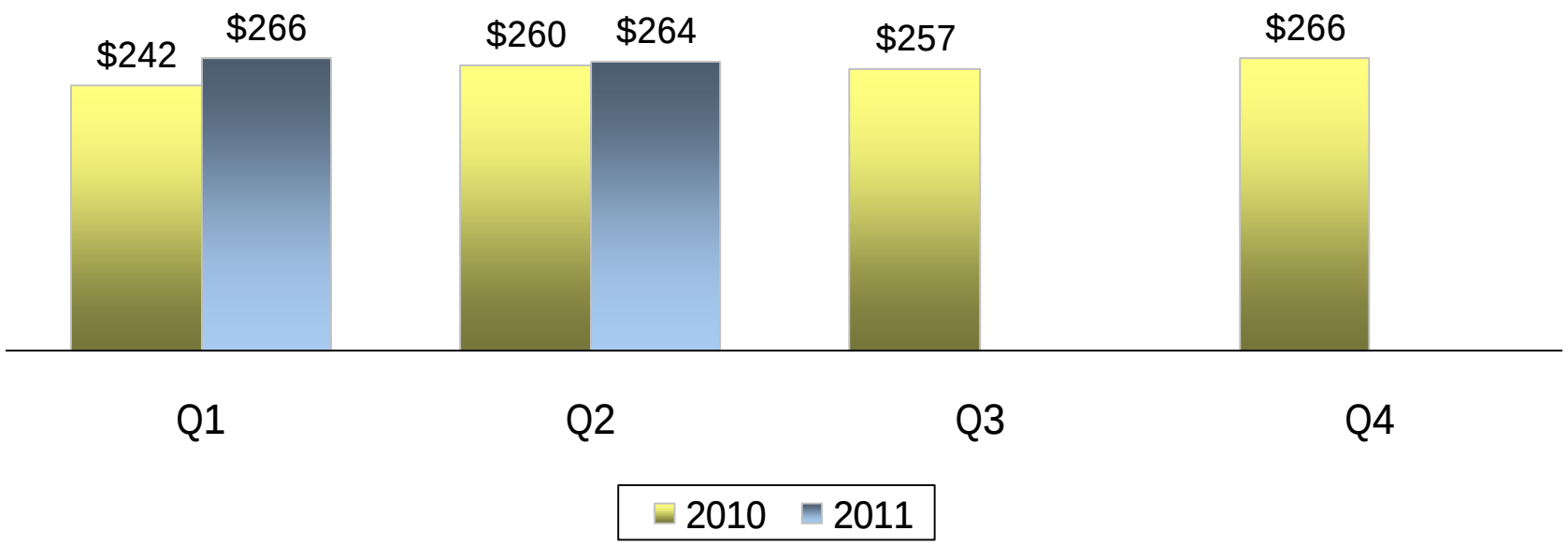


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Evista® Sales Increased 2%

Millions

U.S. sales decreased 1%
International sales increased 6%

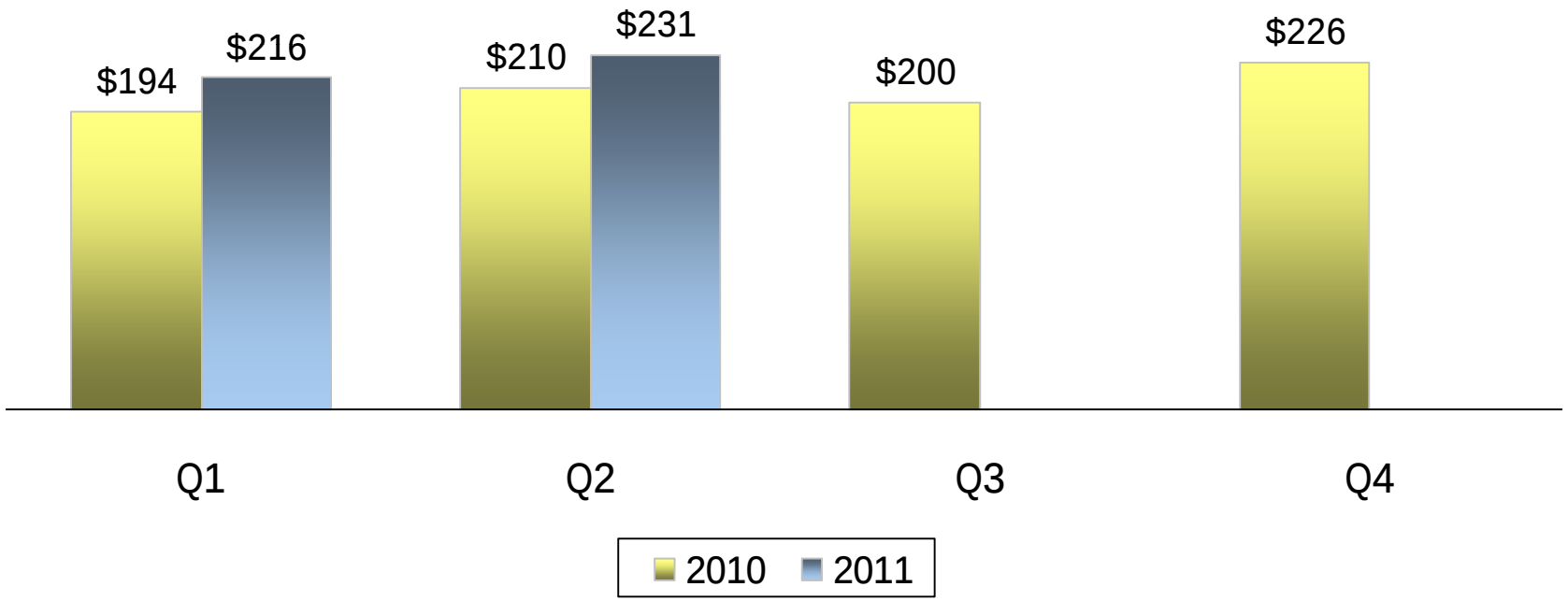


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Forteo® Sales Increased 10%

Millions

U.S. sales decreased 16%
International sales increased 55%

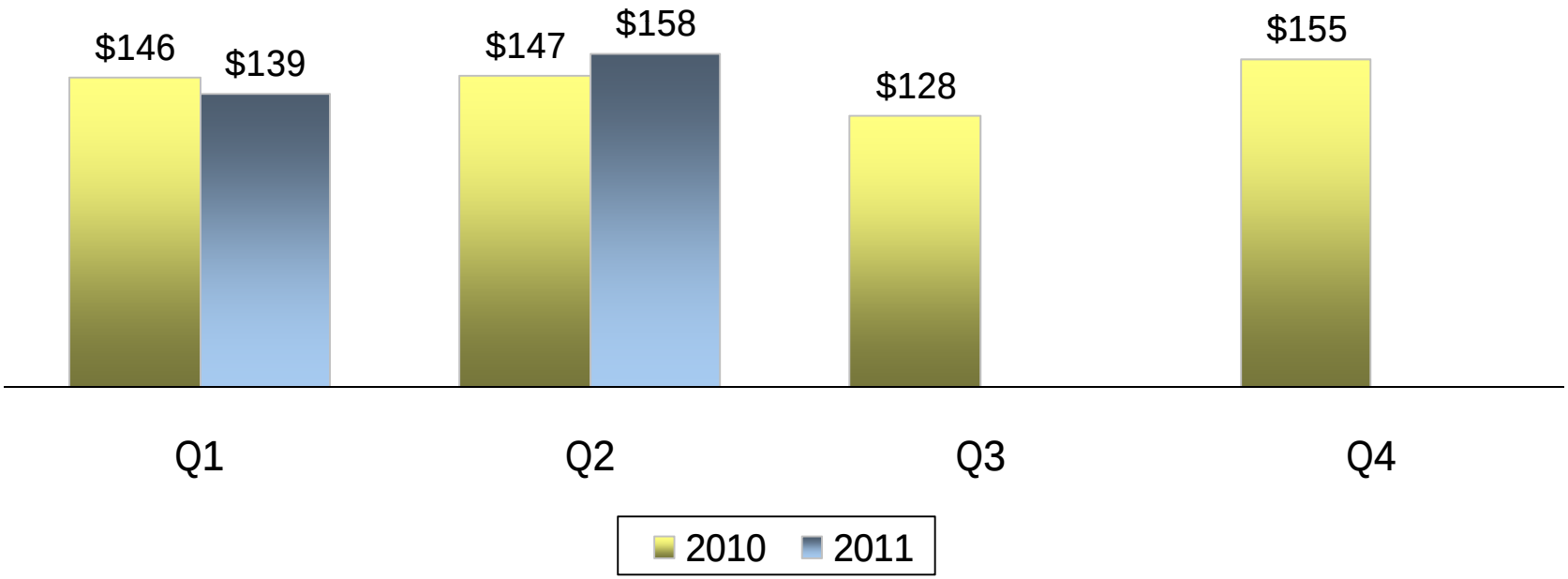


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Strattera® Sales Increased 7%

Millions

U.S. sales decreased 2%
International sales increased 28%

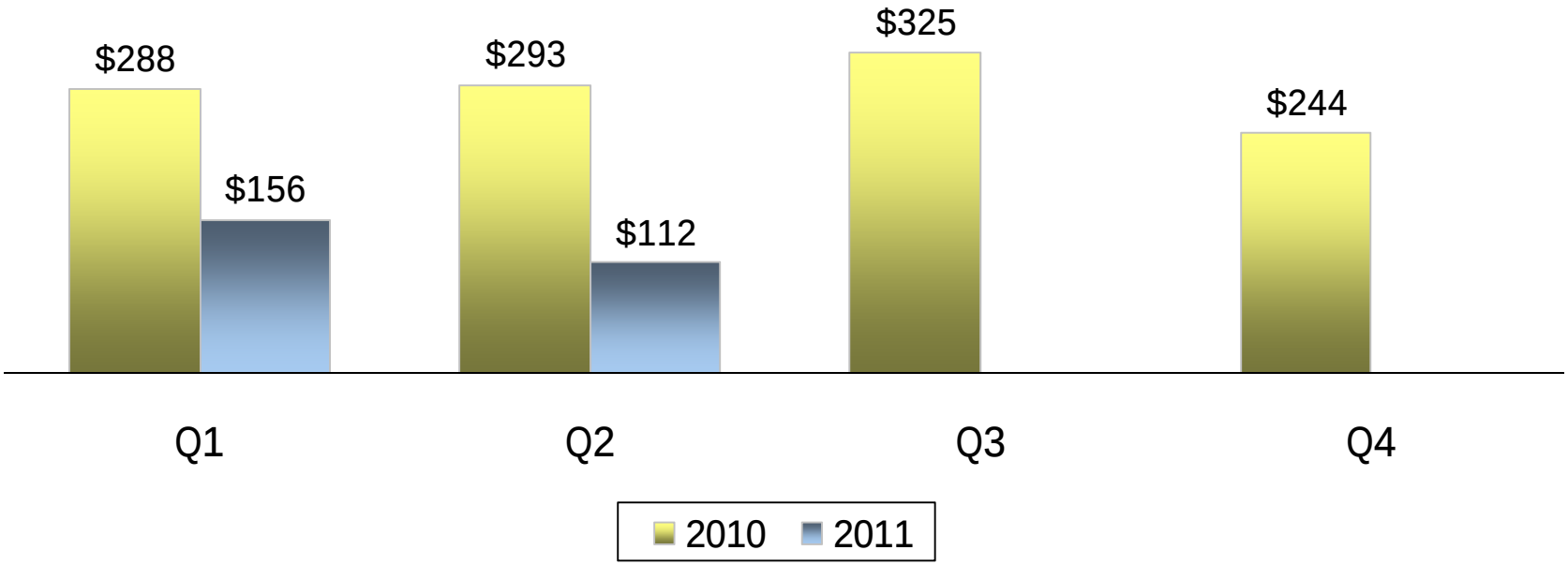


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Gemzar® Sales Decreased 62%

Millions

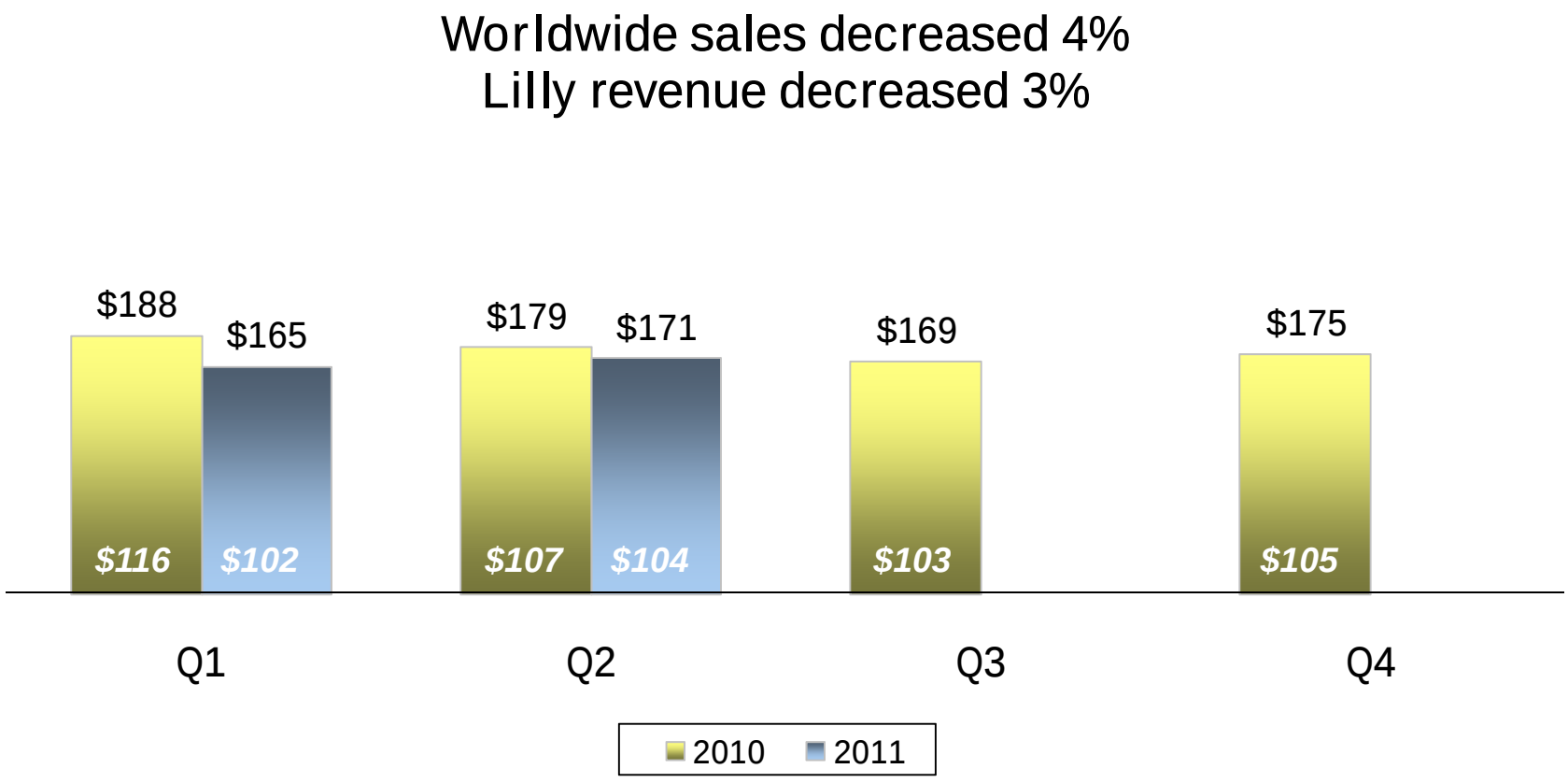
U.S. sales decreased 91%
International sales decreased 8%



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

Q2 Byetta® Worldwide Sales $171.2 Million

Millions



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