

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): August 9, 2012

ELI LILLY AND COMPANY

(Exact name of registrant as specified in its charter)

Indiana	001-06351	35-0470950
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

Lilly Corporate Center

Indianapolis, Indiana

(Address of Principal
Executive Offices)

46285

(Zip Code)

Registrant's telephone number, including area code: (317) 276-2000

No Change

(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:

- 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))

Item 2.02. Results of Operations and Financial Condition

On August 9, 2012, we issued a press release updating financial guidance for 2012. The press release is attached to this Form 8-K as [Exhibit 99.1](#).

We use non-GAAP financial measures, such as non-GAAP earnings per share, that differ from financial statements reported in conformity to U.S. generally accepted accounting principles ("GAAP"). The press release attached as Exhibit 99.1 includes a non-GAAP presentation of our 2012 guidance, based on final results for the first two quarters of 2012 and the full year 2011. In today's press release, we used non-GAAP financial measures to calculate earnings per share, other income and deductions, and expected tax rate, each adjusted to exclude the effect of the following:

- Estimated income from early payment of Amylin Pharmaceuticals revenue sharing obligations in the third quarter of 2012.
- Asset impairment charges in the first quarter of 2012 and the fourth quarter of 2011 related to the withdrawal of Xigris.
- Restructuring charges in the first, second, and third quarters of 2011 related to severance costs from previously-announced strategic actions that the company is taking to reduce its cost structure and global workforce.
- In-process research and development charges in the first quarter of 2011 associated with our diabetes collaboration with Boehringer Ingelheim.

The items that we exclude when we provide non-GAAP expectations are typically highly variable, difficult to predict, and of a size that could have a substantial impact on our reported operations for a period. We believe that these non-GAAP measures provide useful information to investors. Among other things, they may help investors evaluate our ongoing operations. They can assist in making meaningful period-over-period comparisons and in identifying operating trends that would otherwise be masked or distorted by the items subject to the adjustments. Management uses these non-GAAP measures internally to evaluate the performance of the business, including to allocate resources and to evaluate results relative to incentive compensation targets.

Investors should consider these non-GAAP measures in addition to, not as a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. For the reasons described above for use of non-GAAP measures, our prospective earnings guidance is subject to adjustment for certain future matters, similar to those identified above, as to which prospective quantification generally is not feasible.

The information in this Item 2.02 and the press release attached as Exhibit 99.1 are considered furnished to the Commission and are not deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Item 9.01. Financial Statements and Exhibits

Exhibit Number	Description
99.1	Press release dated August 9, 2012

SIGNATURE

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 thereunto duly authorized.

ELI LILLY AND COMPANY

(Registrant)

By: /S/ ARNOLD C. HANISH
Name: Arnold C. Hanish
Title: Vice President and
Chief Accounting Officer

Dated: August 9, 2012

EXHIBIT INDEX

Exhibit
Number

Exhibit

99.1

Press release dated August 9, 2012

Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285
U.S.A.

www.lilly.com

Date: August 9, 2012

For Release: Immediately

Refer to: (317) 276-5795 – Mark E. Taylor (Media)
(317) 655-6874 – Philip Johnson (Investors)

Lilly Revises 2012 Reported Guidance to Reflect Income from Early Payment of Amylin Obligations

- *Company will recognize income in the third quarter of 2012 of approximately \$790 million (pre-tax), or approximately \$.43 per share (after-tax).*
- *2012 earnings per share guidance range on a non-GAAP basis unchanged at \$3.30 - \$3.40.*
- *2012 earnings per share guidance range on a reported basis raised to \$3.72 - \$3.82.*
- *Company remains on track to meet or exceed its mid-term minimum financial performance goals.*

INDIANAPOLIS, IN - Eli Lilly and Company (NYSE: LLY) has revised certain elements of its 2012 reported financial guidance to reflect additional income the company will recognize as a result of the early payment of financial obligations from Amylin Pharmaceuticals.

Following the completion of its acquisition by Bristol-Myers Squibb, Amylin has paid to Lilly \$1.259 billion in satisfaction of its revenue sharing obligation with respect to exenatide. As a result, Lilly will recognize income in the third quarter of 2012 of approximately \$790 million (pre-tax), or approximately \$.43 per share (after-tax). In addition to income previously deferred pursuant to this arrangement, Lilly also expects to recognize income in 2013 related to this payment of approximately \$425 million (pre-tax), or approximately \$.25 per share (after-tax), contingent upon transfer of exenatide commercial rights outside the U.S. to Amylin. Currently, Lilly anticipates these rights will be transferred to Amylin over the course of 2013. In addition, Amylin has also repaid in full to Lilly a \$165 million loan and accrued interest.

“The early payment of the revenue sharing obligation by Amylin allows Lilly to recognize the obligation's value in the near-term, receive significant income in both 2012 and 2013, and further strengthen our balance sheet,” said Derica Rice, Lilly executive vice president, global services and chief financial officer. “With this additional cash, we will continue to advance our pipeline of more than 60 potential new medicines in development, as well as fund capital expenditures, business development activity, our dividend and share repurchases.

“At the same time, we still expect to meet or exceed our mid-term minimum financial goals, despite not receiving 15 percent of net exenatide sales on an ongoing basis. From now through 2014, on an annual basis we still expect revenue to be at least \$20 billion, net income to be at least \$3 billion, and operating cash flow to be at least \$4 billion.”

In accordance with generally accepted accounting principles (GAAP), the recognition of the income from the early payment of the revenue sharing obligation has caused Lilly to revise certain elements of its 2012 reported financial guidance. The income has been excluded from the company's 2012 non-GAAP financial guidance. For further details of the differences between the company's reported and non-GAAP financial guidance, please see the reconciliation table below. The non-GAAP financial guidance is intended to provide additional insights into the underlying trends in the company's business.

2012 Financial Guidance

On a non-GAAP basis, the company still expects full-year 2012 earnings per share to be in the range of \$3.30 to \$3.40, but now expects full-year 2012 earnings per share to be in the range of \$3.72 to \$3.82 on a reported basis. Certain other elements of the company's 2012 financial guidance on a reported basis have also been revised, as noted below.

	2012 Expectations	2011 Results	% Change
Earnings per share (reported)	\$3.72 to \$3.82	\$3.90	(5)% to (2)%
Estimated income from early payment of Amylin revenue sharing obligation	(.43)	—	
In-process research and development charge associated with Boehringer Ingelheim collaboration	—	.23	
Asset impairment, restructuring, other special charges	.01	.29	
Earnings per share (non-GAAP)	\$3.30 to \$3.40	\$4.41	(25)% to (23)%

Numbers in the 2011 full-year column do not add due to rounding.

The company still anticipates 2012 revenue of between \$21.8 and \$22.8 billion.

The company still anticipates that gross margin as a percent of revenue will be approximately 78 percent in 2012.

The company still expects to keep 2012 operating expenses essentially flat compared to 2011. Marketing, selling and administrative expenses are still expected to decline and to be in the range of \$7.3 billion to \$7.7 billion. Research and development expense is still expected to be flat to increasing and in the range of \$5.0 billion to \$5.3 billion.

On a reported basis, other income and deductions is now expected to be in a range between \$715 million and \$840 million of net income in 2012. On a non-GAAP basis, other income and deductions is still expected to be in a range between net expense of \$75 million and net income of \$50 million in 2012.

On a reported basis, the 2012 tax rate is now expected to be approximately 23.5 percent. On a non-GAAP basis, the 2012 tax rate is still expected to be approximately 21 percent. Both tax rates assume the extension of the R&D tax credit for the full year 2012.

Operating cash flows in 2012 are still expected to be more than sufficient to fund capital expenditures of approximately \$800 million, as well as anticipated business development activity, the company's current dividend and stock repurchases.

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of pharmaceutical products by applying the latest research from its own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Ind., Lilly provides answers - through medicines and information - for some of the world's most urgent medical needs. Additional information about Lilly is available at www.lilly.com; Lilly's clinical trial registry is available at www.lillytrials.com.

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This press release contains forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. There are significant risks and uncertainties in pharmaceutical research and development. There can be no guarantees with respect to pipeline products that the products will receive the necessary clinical and manufacturing regulatory approvals or that they will prove to be commercially successful. Pharmaceutical products can develop unexpected safety or efficacy concerns. The company's results may also be affected by such factors as competitive developments affecting current products, including the impact of generic competition; market uptake of recently-launched products; the timing of anticipated regulatory approvals and launches of new products; regulatory actions regarding currently marketed products; issues with product supply; regulatory changes or other developments; regulatory compliance problems or government investigations; patent disputes; changes in patent law or regulations related to data-package exclusivity; other litigation involving current or future products; the impact of governmental actions regarding pricing, importation, and reimbursement for pharmaceuticals, including U.S. health care reform; changes in tax law; asset impairments and restructuring charges; acquisitions and business development transactions; and the impact of exchange rates and global macroeconomic conditions. For additional information about the factors that affect the company's business, please see the company's latest Form 10-Q and Form 10-K filed with the U.S. Securities and Exchange Commission. The company undertakes no duty to update forward-looking statements.

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