Eli Lilly and Company
Second Quarter Financial Review

July 25th, 2012

Answers That Matter.

Agenda

Key Recent Events, Financial Results and Pipeline Update

- Phil Johnson, Vice President, Investor Relations
- Ilissa Rassner, 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

Industry-wide events:

- Supreme Court upheld most aspects of the Affordable Care Act
- The Prescription Drug User Fee Act was reauthorized

Commercial:

- Cymbalta® received pediatric exclusivity; U.S. exclusivity now set to expire in December 2013
- Amyvid™ became available to imaging centers in many U.S. cities

Regulatory:

- The FDA approved Erbitux® in combination with FOLFIRI as first-line treatment for patients with KRAS mutation negative (commonly known as KRAS wild-type), EGFR-expressing metastatic colorectal cancer
- Europe's CHMP issued a positive opinion recommending approval of Jentadueto®; subsequently, the European Commission granted approval

Beyond the Quarterly Financial Results

Key events since the last earnings call (cont.)

Medical:

- Multiple Phase 2 data presentations at medical meetings: novel basal insulin analog at ADA, dulaglutide at ASH, and baricitinib at EULAR
- First pivotal trial for pomaglumetad methionil as monotherapy treatment for schizophrenia did not meet primary efficacy endpoint; data from two on-going trials, expected later in 2012, will inform future development
- PARAMOUNT Phase 3 data for Alimta continuation maintenance presented at ASCO; median overall survival of 13.9 months from randomization for Alimta arm compared to 11.0 months for placebo arm

Other:

- Board of Directors authorized resumption of share repurchase program
- District Court provided ruling in Markman hearing for Alimta® method-of-use patent case; ruling consistent with Lilly's position
- Significant progress made in building robust presence in China: opening of research center, inauguration of manufacturing site, and expanded collaboration with Novast Laboratories

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

	Q2 2012	Growth	June YTD	Growth
Total Revenue	$5,601	(10)%	$11,203	(7)%
Gross Margin Percent	79.5%	(0.9)pp	79.1%	(1.0)pp
Total Operating Expense*	3,252	(2)%	6,251	1%
Operating Income	1,202	(30)%	2,607	(25)%
Other Income / (Deductions)	(17)	(71)%	(63)	(9)%
Effective Tax Rate	*22.1%*	*1.2pp*	*23.4%*	*2.5pp*
Net Income	$924	(30)%	$1,950	(28)%
Diluted EPS	$0.83	(30)%	$1.74	(28)%

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

2012 Income Statement (Reported)

Millions; except per share data

	Q2 2012	Growth	June YTD	Growth
Total Revenue	$5,601	(10)%	$11,203	(7)%
Gross Margin Percent	79.5%	(0.9)pp	79.1%	(1.0)pp
Total Operating Expense*	3,252	(5)%	6,275	(8)%
Operating Income	1,202	(24)%	2,584	(10)%
Other Income / (Deductions)	(17)	(71)%	(63)	(9)%
Effective Tax Rate	*22.1%*	*0.3pp*	*23.3%*	*3.6pp*
Net Income	$924	(23)%	$1,935	(14)%
Diluted EPS	$0.83	(22)%	$1.73	(14)%

* 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) while Q2 2011 includes a restructuring charge of $132.3 million (pretax), or $0.11 (after-tax). These charges are 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

	Q2 2012	Q2 2011	Growth
EPS (reported)	$0.83	$1.07	(22%)
Asset impairment, restructuring and other special charges	-	0.11	
EPS (non-GAAP)	$0.83	$1.18	(30%)

Note: Numbers may not add due to rounding.

Effect of Price/Rate/Volume on Revenue

Q2 2012					
Pharmaceuticals	Amount	Price	FX Rate	Volume	Total
U.S.	$2,589.5	6%	-	(20)%	(14)%
Europe	1,009.7	(8)%	(7)%	(12)%	(27)%
Japan	549.7	(5)%	2%	18%	15%
ROW	794.3	(3)%	(5)%	2%	(5)%
Total Pharma	4,943.2	0%	(2)%	(11)%	(13)%
Animal Health	512.3	7%	(2)%	26%	32%
Net Product Sales	5,455.5	1%	(2)%	(9)%	(10)%
Collab/Other Revenue	145.2	0%	-	(13)%	(13)%
Total Revenue	$5,600.7	1%	(2)%	(9)%	(10)%

June YTD 2012					
Pharmaceuticals	Amount	Price	FX Rate	Volume	Total
U.S.	$5,243.7	9%	-	(18)%	(9)%
Europe	2,001.7	(8)%	(5)%	(11)%	(24)%
Japan	1,036.6	(4)%	3%	11%	10%
ROW	1,584.3	(3)%	(3)%	1%	(6)%
Total Pharma	9,866.3	2%	(1)%	(11)%	(10)%
Animal Health	1,003.0	5%	(1)%	29%	32%
Net Product Sales	10,869.3	2%	(1)%	(8)%	(8)%
Collab/Other Revenue	333.4	0%	-	6%	6%
Total Revenue	$11,202.7	2%	(1)%	(8)%	(7)%

Note: Numbers may not add due to rounding.

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

Year-on-Year Growth

	Q2 2012		June YTD 2012	
	With FX	w/o FX	With FX	w/o FX
Total Revenue	(10)%	(8)%	(7)%	(6)%
Cost of Sales	(7)%	10%	(3)%	10%
Gross Margin	(11)%	(13)%	(9)%	(10)%
Operating Expense *(R&D plus SG&A)*	(2)%	0%	1%	2%
Operating Income	(30)%	(37)%	(25)%	(31)%
EPS	(30)%	(37)%	(28)%	(34)%

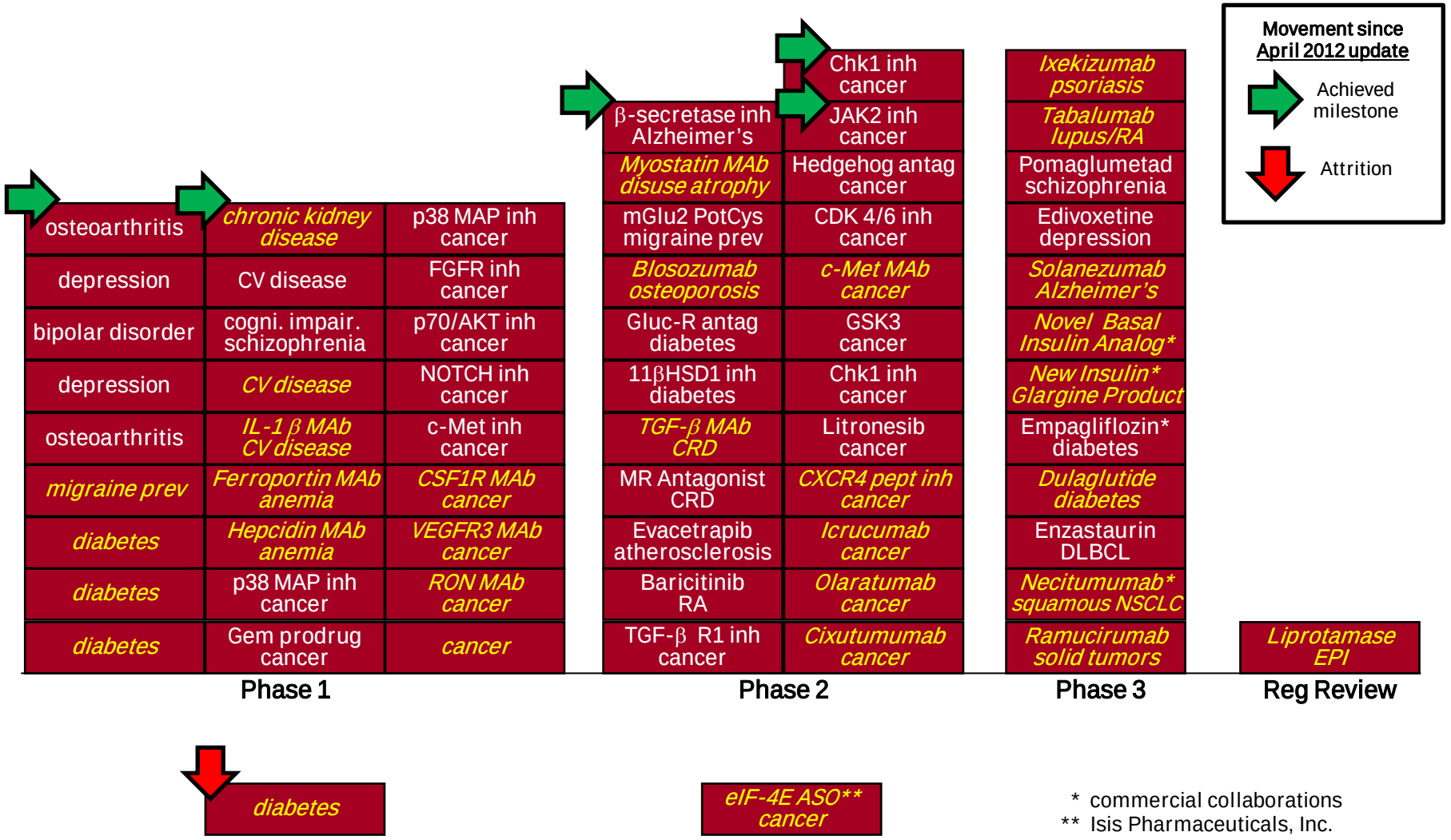
Effect of Foreign Exchange on 2012 Results (Reported)

Year-on-Year Growth

	Q2 2012		June YTD 2012	
	With FX	w/o FX	With FX	w/o FX
Total Revenue	(10)%	(8)%	(7)%	(6)%
Cost of Sales	(7)%	10%	(3)%	10%
Gross Margin	(11)%	(13)%	(9)%	(10)%
Operating Expense *(R&D, SG&A and sign. items)*	(5)%	(4)%	(8)%	(7)%
Operating Income	(24)%	(32)%	(10)%	(17)%
EPS	(22)%	(31)%	(14)%	(21)%

Lilly NME Pipeline
July 15, 2012

New Chemical Entity (NCE)
New Biotech Entity (NBE)



* commercial collaborations
** Isis Pharmaceuticals, Inc. continues to develop the molecule

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 (PARAMOUNT) 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
- ✓+ Cymbalta U.S. pediatric exclusivity

Potential Phase 3 trial initiation:

- Evacetrapib (CETP inhibitor)
- Baricitinib (JAK1/JAK2 inhibitor)

Data disclosures, trials completing in '12:

- Solanezumab Phase 3 trials in Alzheimer's
- Effient® Phase 3 trial in ACS-medical management (ESC in August)
- ✓ 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)
- Baricitinib Phase 2b study in RA (12-week data at EULAR in June, 24-week data later in 2012)
- ✓- Pomaglumetad methionil initial pivotal study for monotherapy in acute schizophrenia

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

	Prior	Current
Total Revenue	$21.8 to $22.8 billion	$21.8 to $22.8 billion
Gross Margin % of Revenue	Approx. 77%	Approx. 78%
Mktg, Selling & Admin.	$7.4 to $7.8 billion	$7.3 to $7.7 billion
Research & Development	$5.0 to $5.3 billion	$5.0 to $5.3 billion
Other Income/(Expense)	$(50) - $100 million	$(75) - $50 million
Tax Rate	Approx. 21%	Approx. 21%
Earnings per Share (non-GAAP)	$3.15 - $3.30	$3.30 - $3.40
Earnings per Share (reported)	$3.14 - $3.29	$3.29 - $3.39
Capital Expenditures	Approx. $800 million	Approx. $800 million

For complete reconciliation to reported guidance, please see slide 16 of this presentation and our earnings press release dated July 25, 2012.

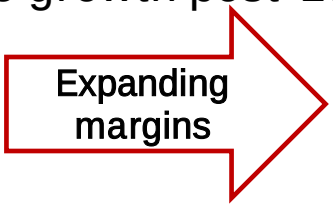
Earnings per Share Expectations

	2012	2011	Growth
EPS (reported)	$3.29-$3.39	$3.90	(13)%-(16)%
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)	$3.30-$3.40	$4.41	(23)%-(25)%

Note: Numbers may not add due to rounding.

Longer-term Financial Outlook

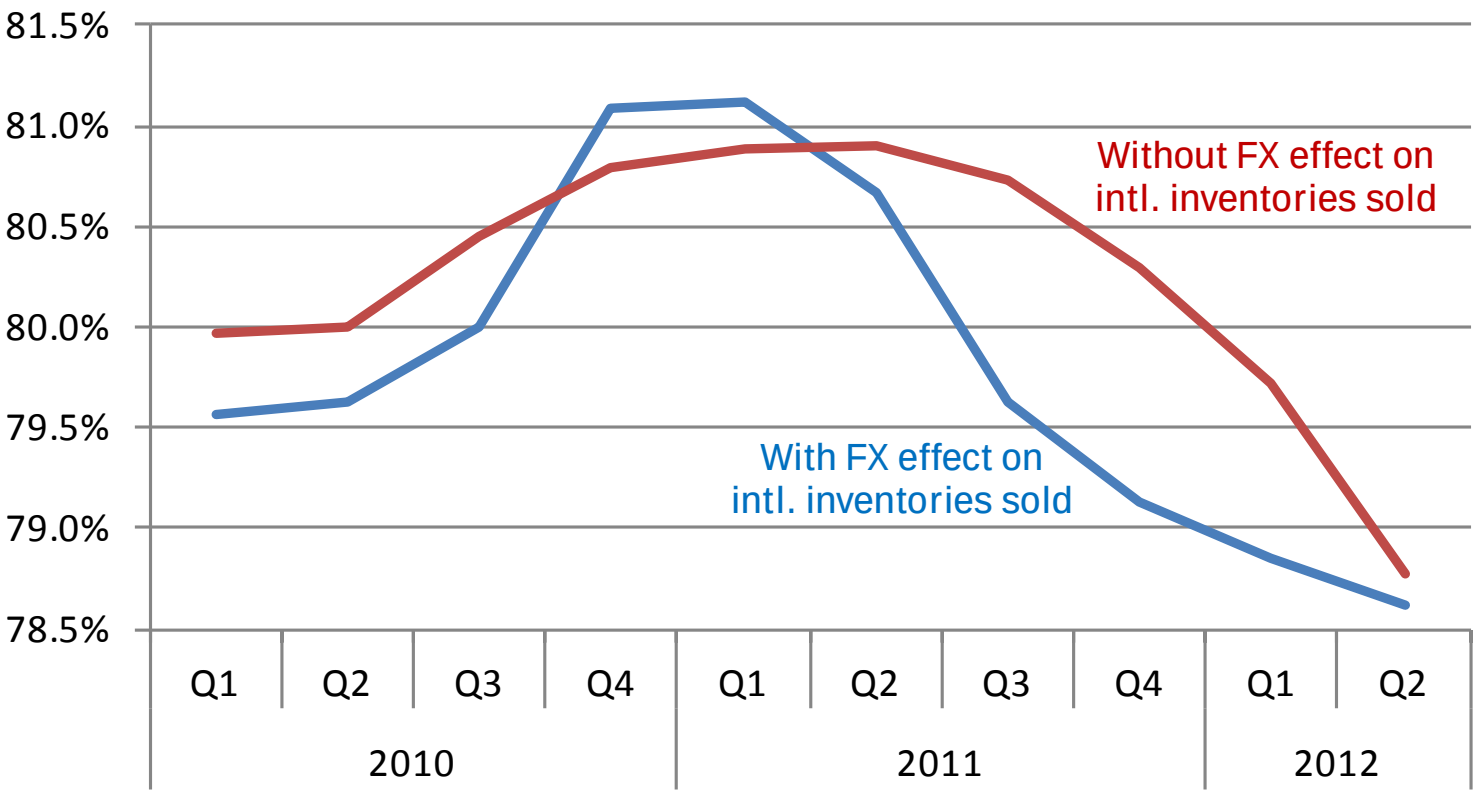
- Solid foundation to bridge patent expirations and return to growth post-2014
- Progress to date places us on track to meet or exceed our minimum annual financial expectations through 2014:
  - At least $20 billion in revenue
  - At least $3 billion in net income
  - At least $4 billion in operating cash flow
- This financial performance provides capacity to:
  - Fund the pipeline that will drive our future growth
  - Recapitalize our physical assets
  - Engage in business development
  - Continue paying the dividend at least at its current level
- Expected revenue and income growth post-2014
  - Pipeline begins to kick in
  - Leverage existing infrastructure
  - Continued cost management



  - R&D % back to historical Lilly averages
  - SG&A % in line with industry norms

Supplementary Slides

Gross Margin % - Moving Annual Total



Individual quarter GM% of Revenue:

with FX effect on intl inv sold	79.5%	82.2%	82.5%	80.1%	79.8%	80.4%	78.2%	78.1%	78.6%	79.5%
w/o FX effect on intl inv sold	80.4%	81.7%	80.6%	80.6%	80.7%	81.7%	80.0%	78.8%	78.3%	77.9%

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	0.83			
Reported	0.95	1.07	1.11	0.77	3.90	0.91	0.83			

Note: Numbers may not add due to rounding.

For complete reconciliation to reported earnings, please see slide 9 of this presentation and our earnings press release dated July 25, 2012.

Q2 Other Income/(Deductions)

Millions

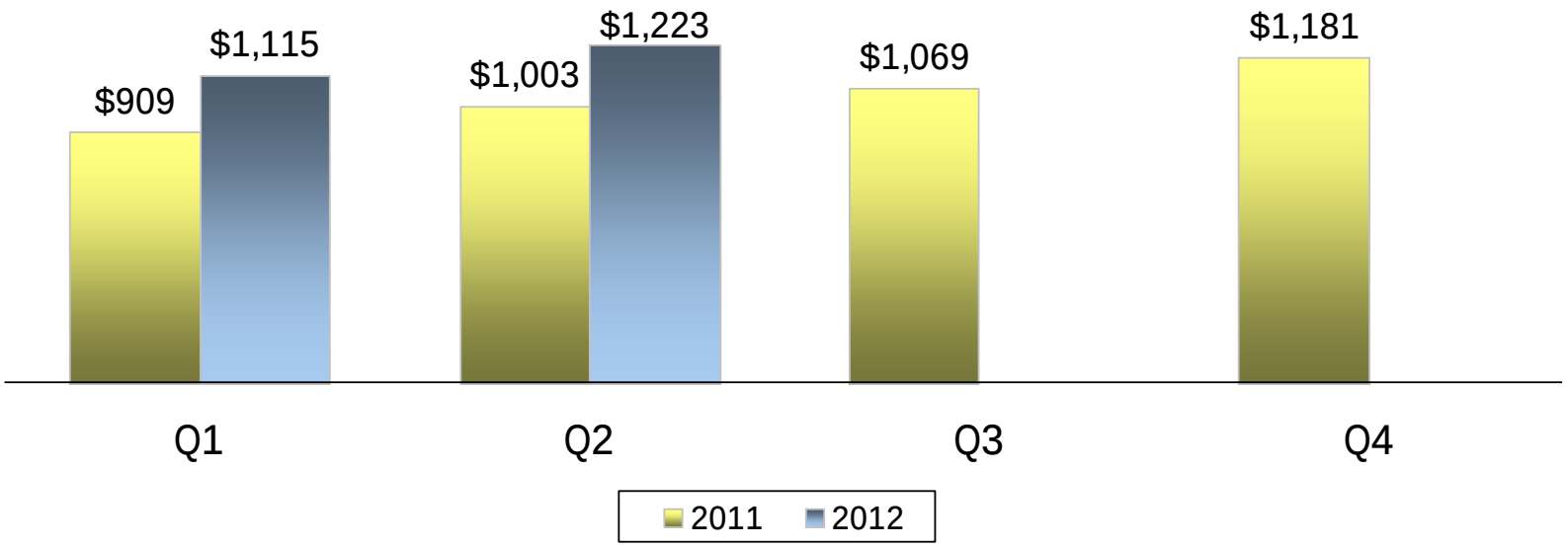
	Q2 12	Q2 11
- Interest Expense	($43.0)	($45.1)
- Interest Income	27.2	17.8
Interest, net	(15.8)	(27.3)
- FX Gains / (Losses)	(8.2)	(0.9)
- Gains / (Losses) on Equity Investments	2.3	40.4
- Miscellaneous Income / (Loss)	5.2	(69.8)
Other Income, net	(0.7)	(30.3)
Net Other Income (Loss)	$(16.5)	$(57.6)

Note: Numbers may not add due to rounding.

Q2 Cymbalta Sales Increased 22%

Millions

U.S. sales increased 26%
International sales increased 9%

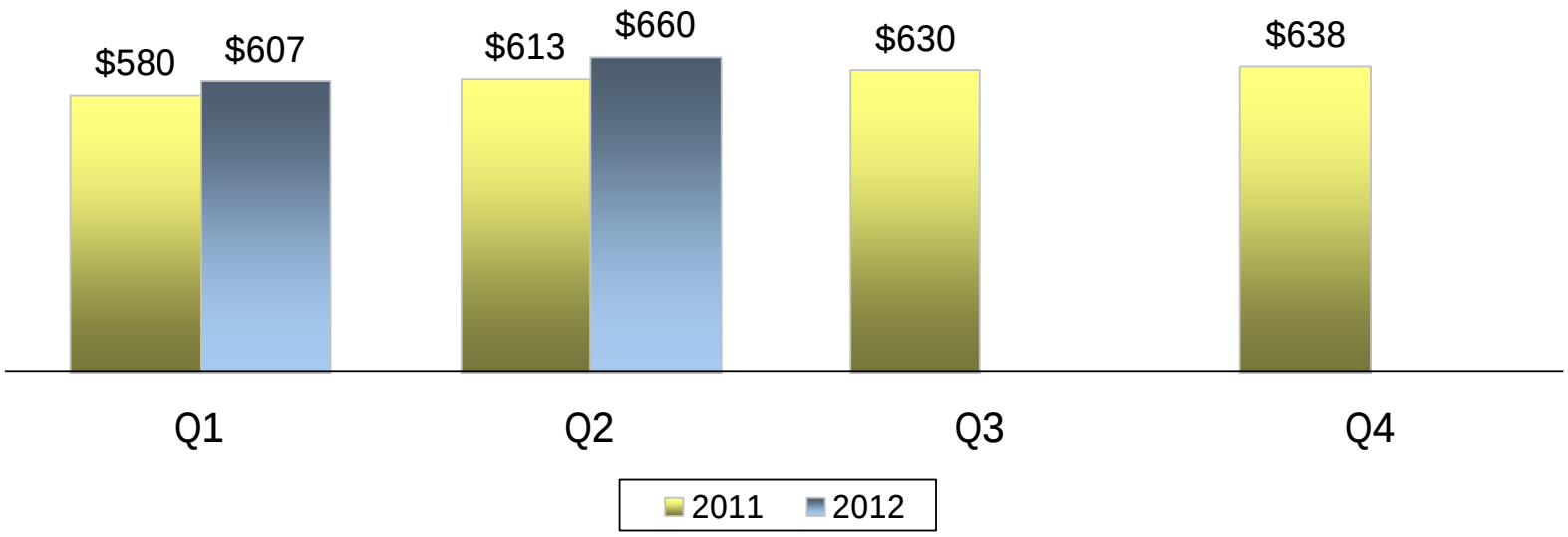


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Alimta Sales Increased 8%

Millions

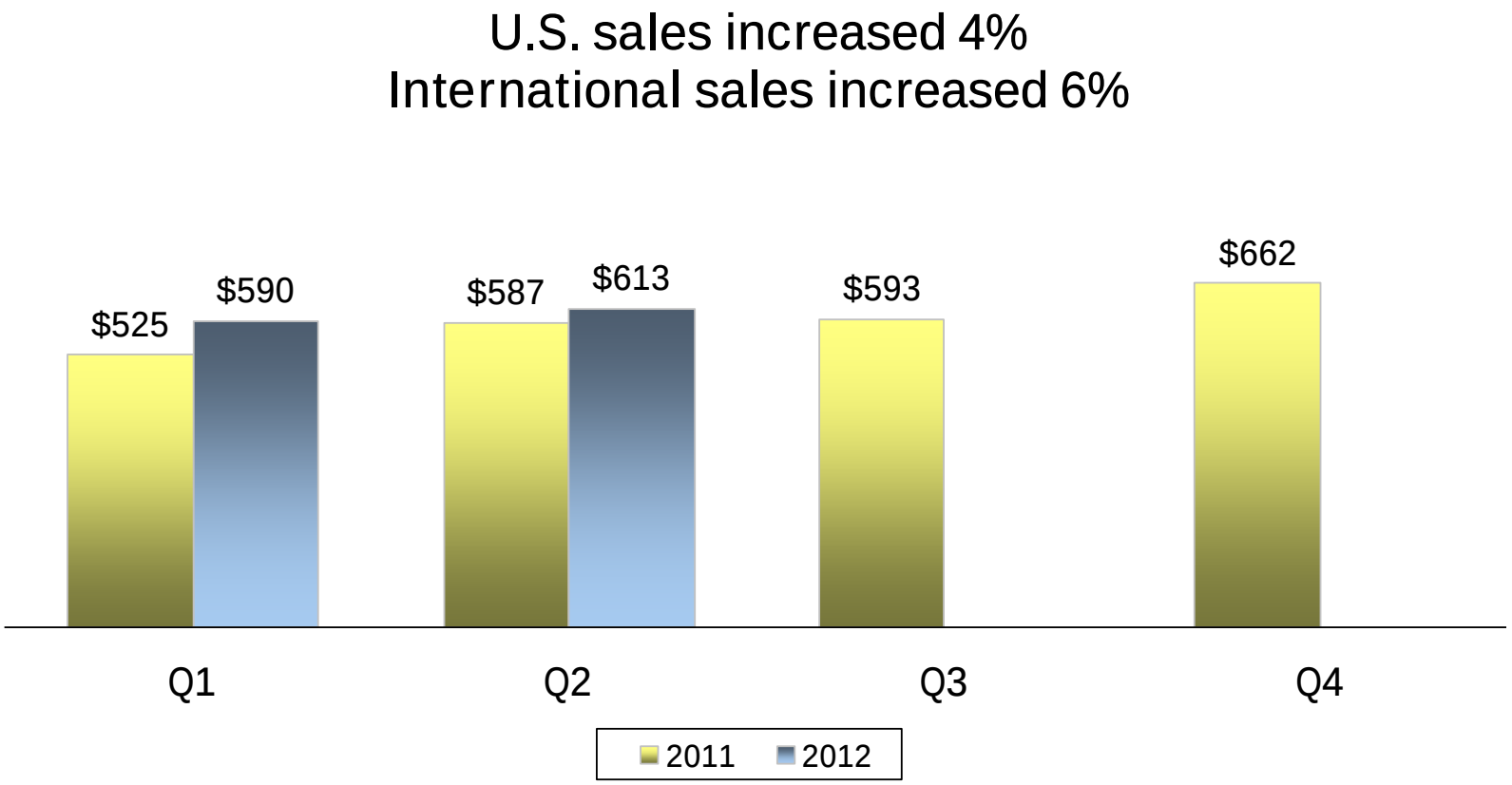
U.S. sales increased 11%
International sales increased 5%



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

Q2 Humalog® Sales Increased 4%

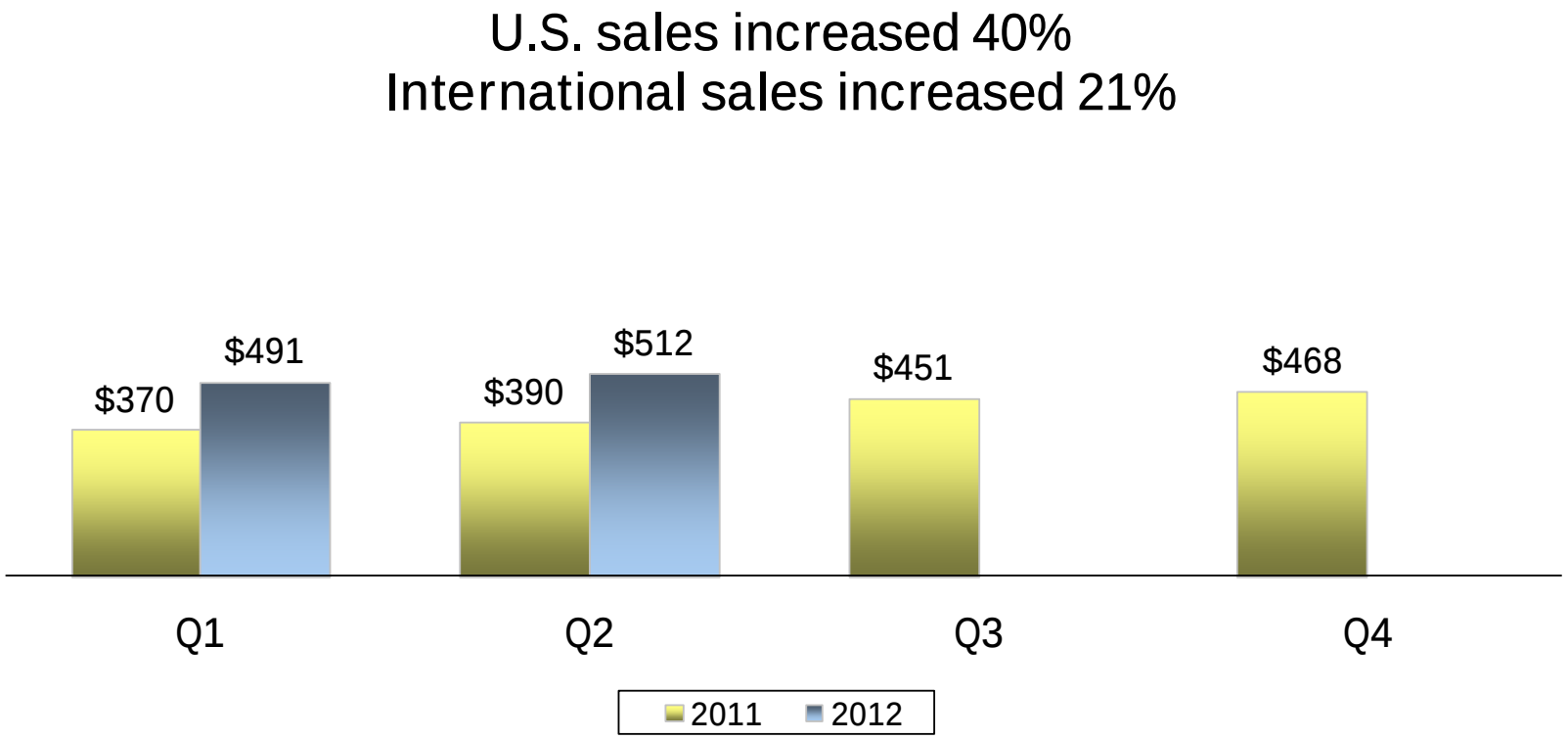
Millions



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

Q2 Animal Health Sales Increased 32%

Millions

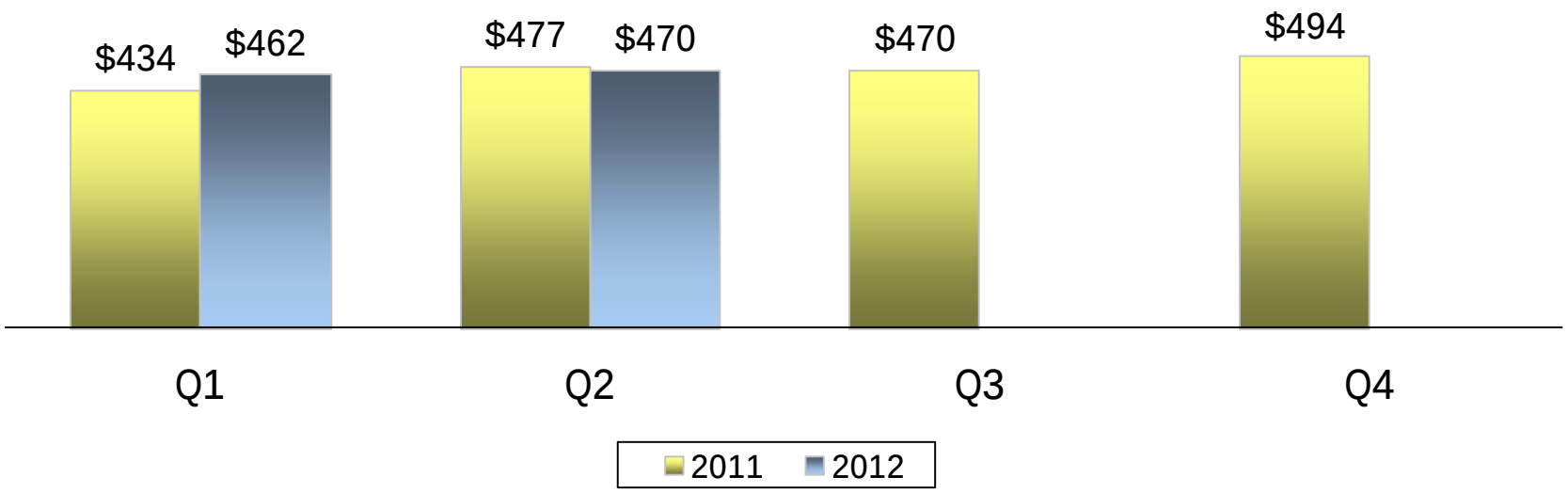


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Cialis® Sales Decreased 2%

Millions

U.S. sales increased 3%
International sales decreased 5%

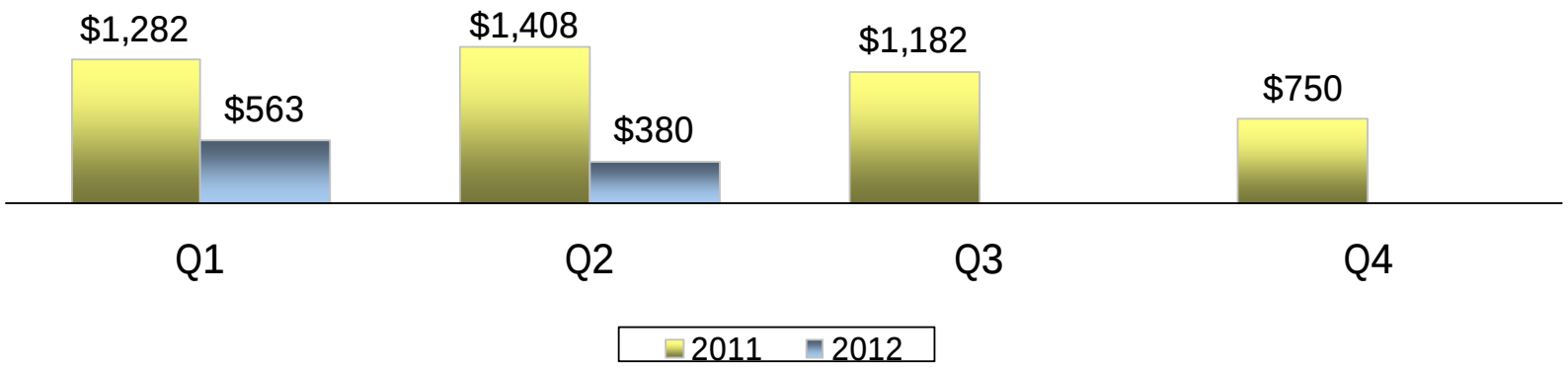


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Zyprexa® Sales Decreased 73%

Millions

U.S. sales decreased 96%
International sales decreased 50%

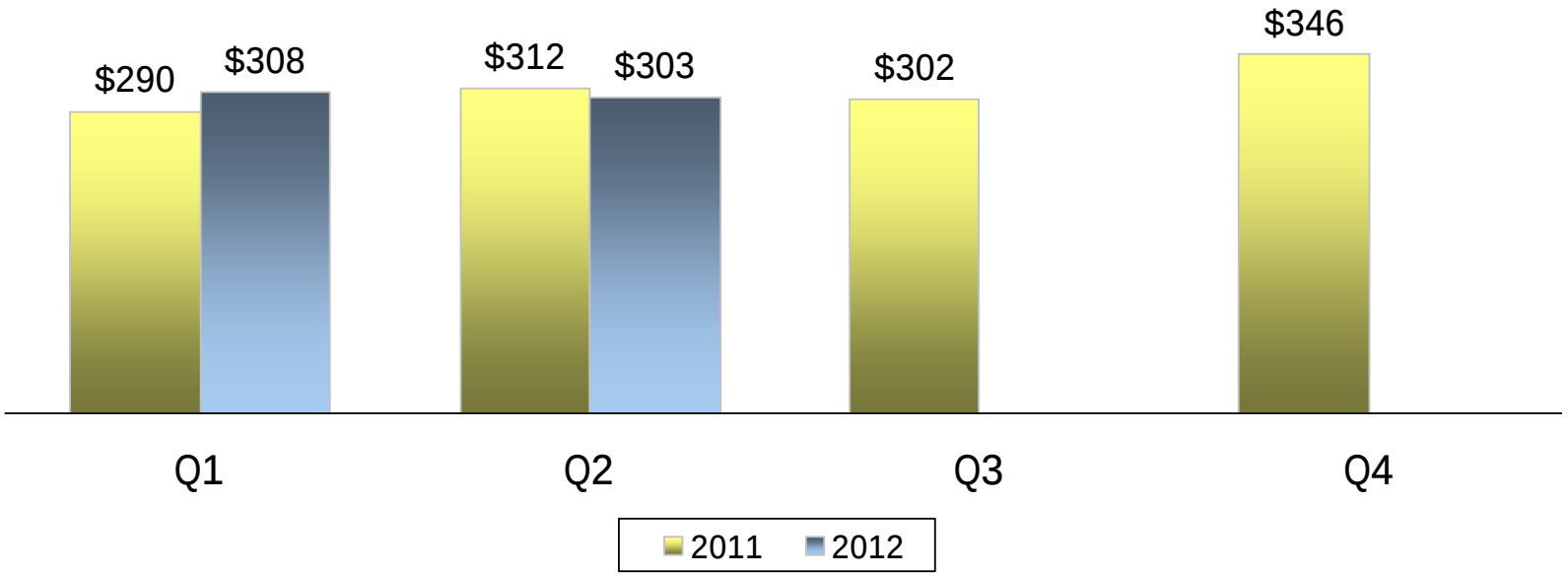


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Humulin® Sales Decreased 3%

Millions

U.S. sales decreased 3%
International sales decreased 3%

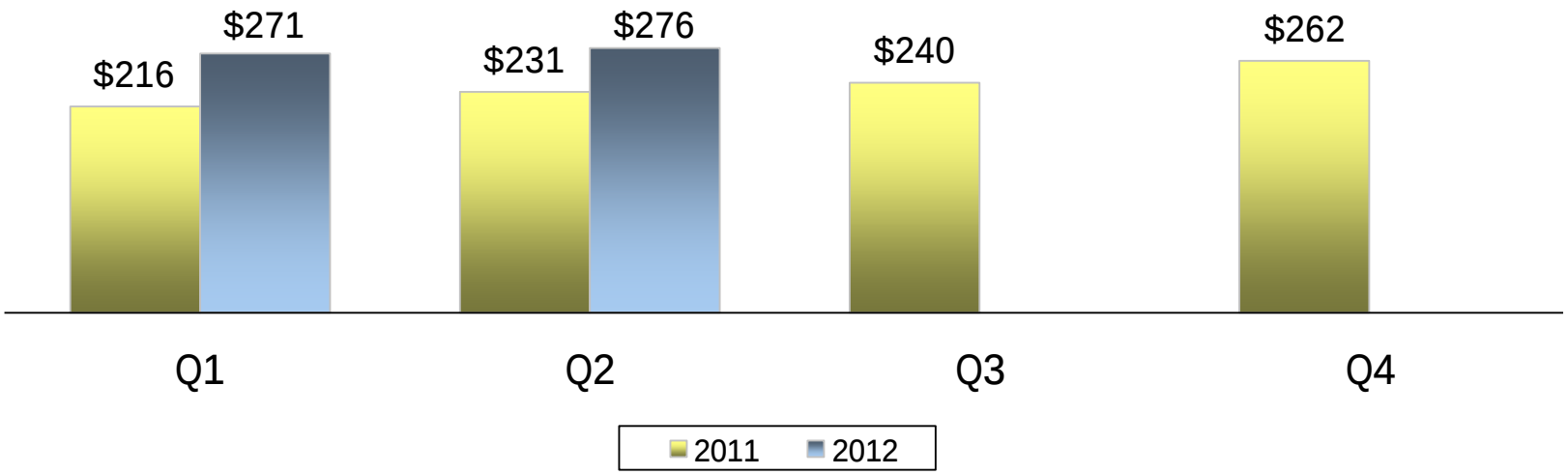


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Forteo® Sales Increased 20%

Millions

U.S. sales increased 7%
International sales increased 31%

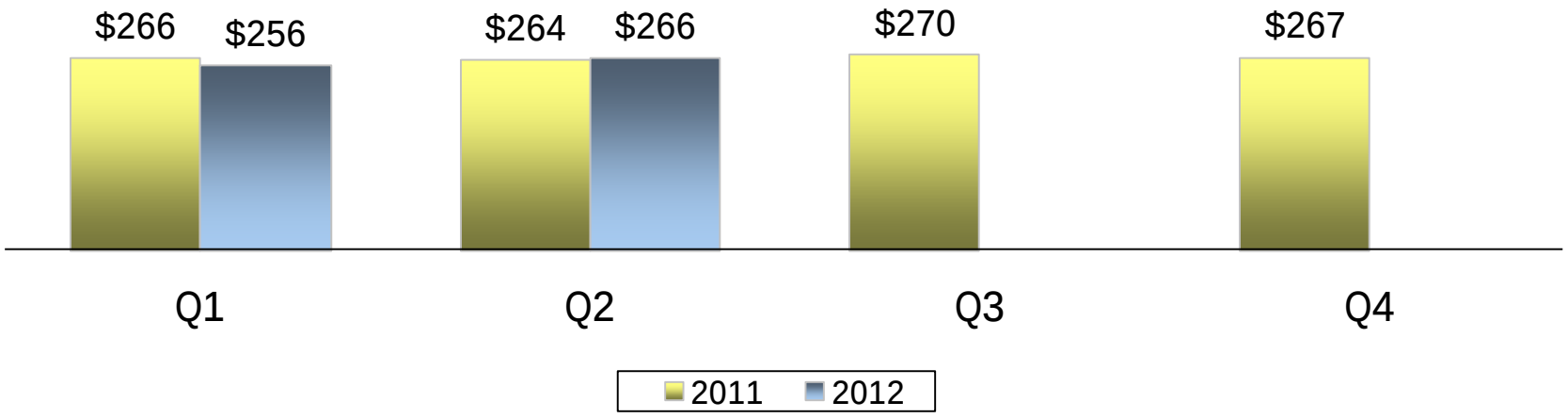


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Evista® Sales Increased 1%

Millions

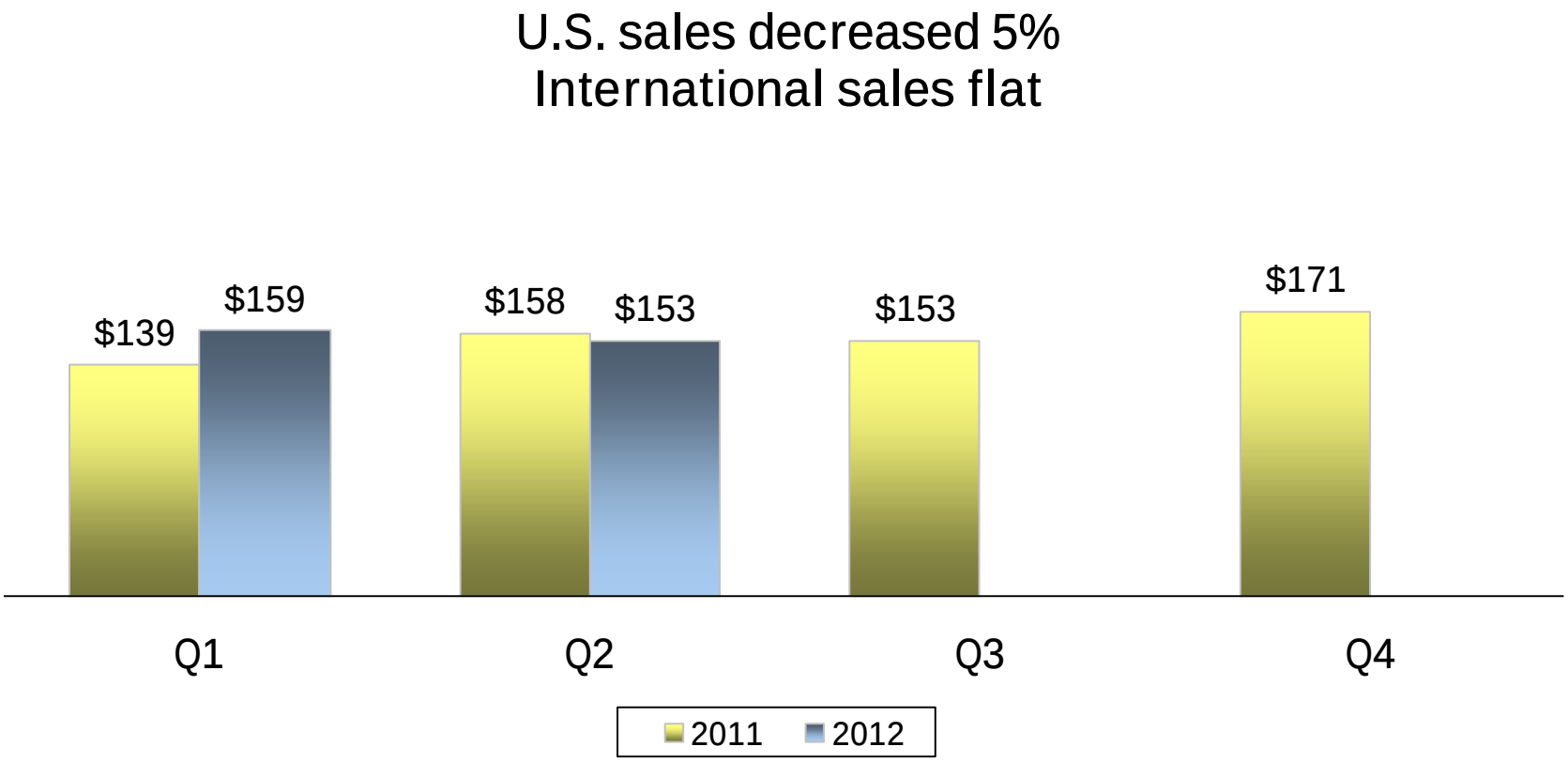
U.S. sales increased 5%
International sales decreased 6%



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

Q2 Strattera® Sales Decreased 3%

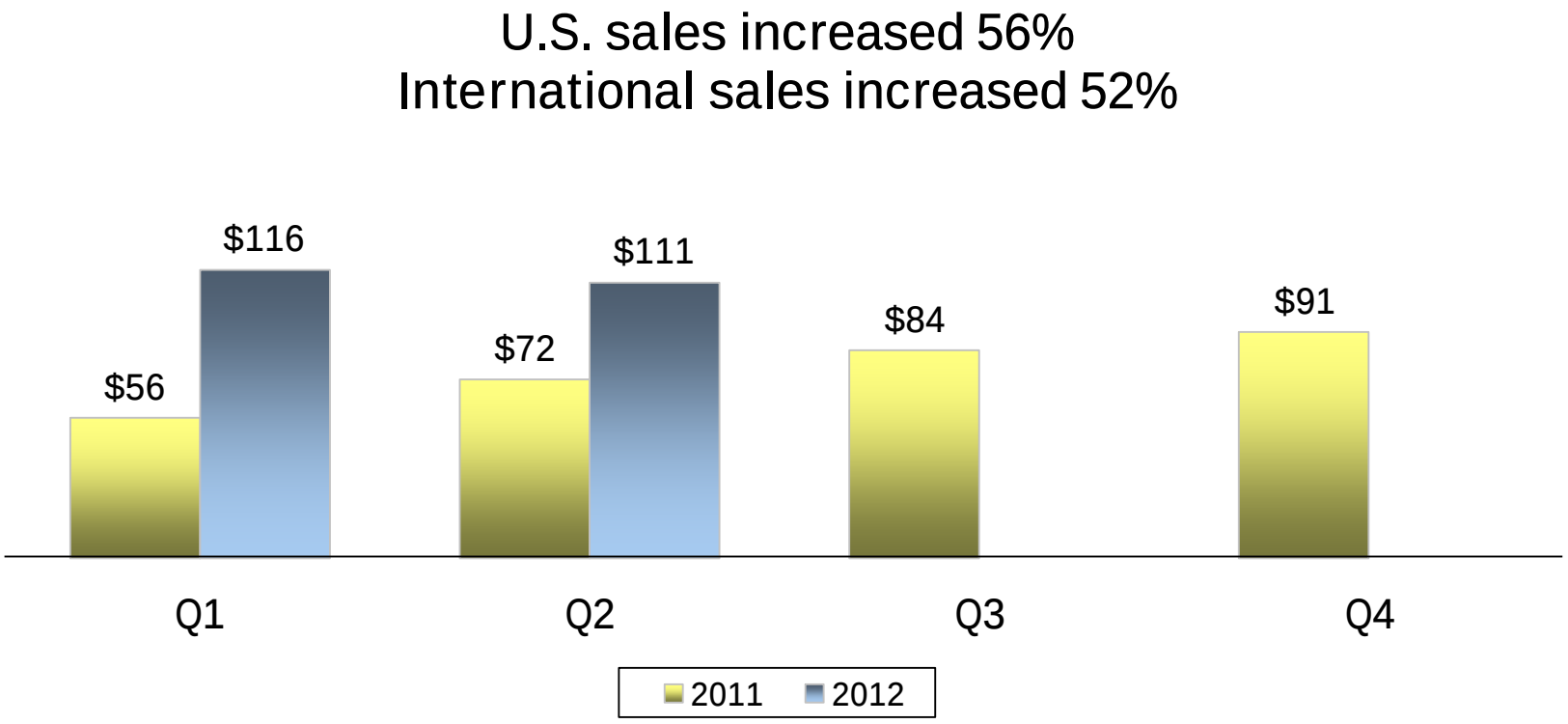
Millions



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

Q2 Effient Sales Increased 55%

Millions

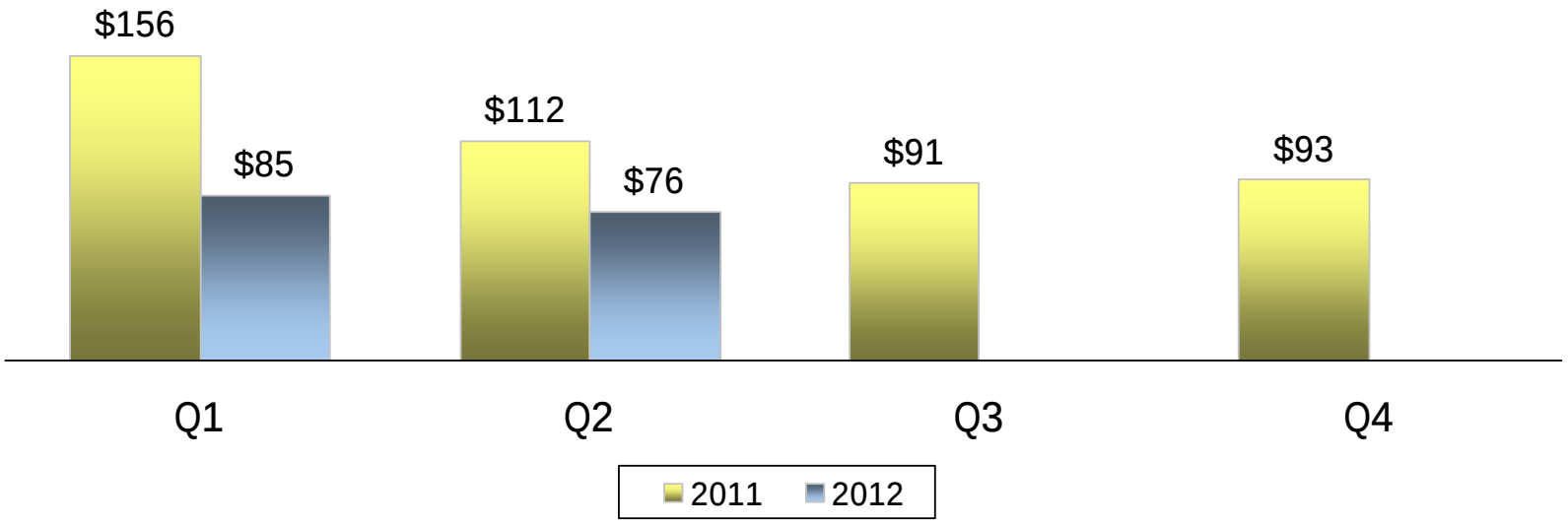


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q2 Gemzar® Sales Decreased 32%

Millions

U.S. sales decreased 70%
International sales decreased 25%



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