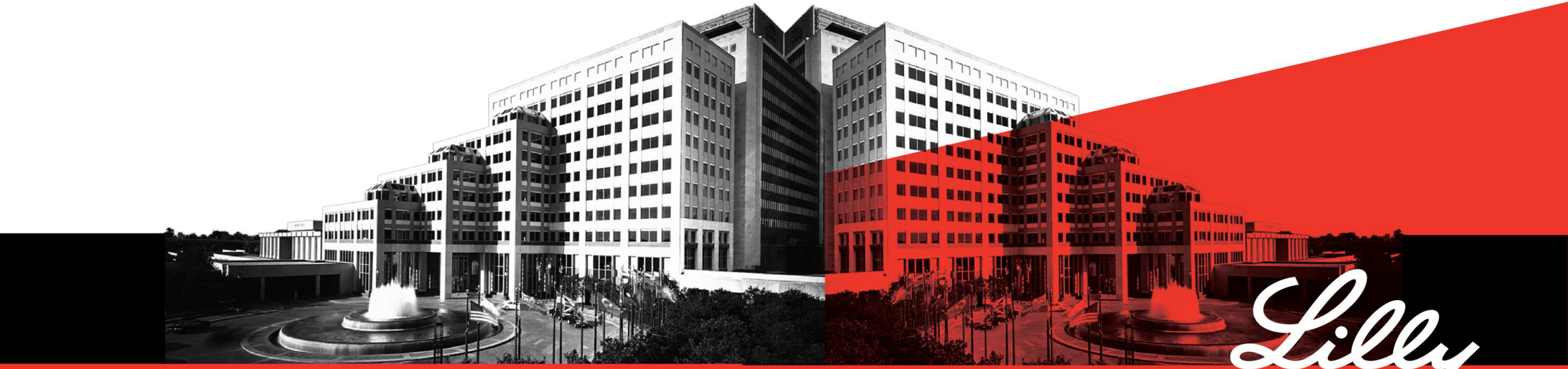
Q4 2016
FINANCIAL REVIEW

JANUARY 31, 2017



AGENDA

INTRODUCTION AND KEY RECENT EVENTS

Dave Ricks, President and Chief Executive Officer

Q4 FINANCIAL RESULTS, KEY FUTURE EVENTS, FINANCIAL GUIDANCE

Phil Johnson, Vice President, Investor Relations

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

QUESTION AND ANSWER SESSION

SAFE HARBOR PROVISION

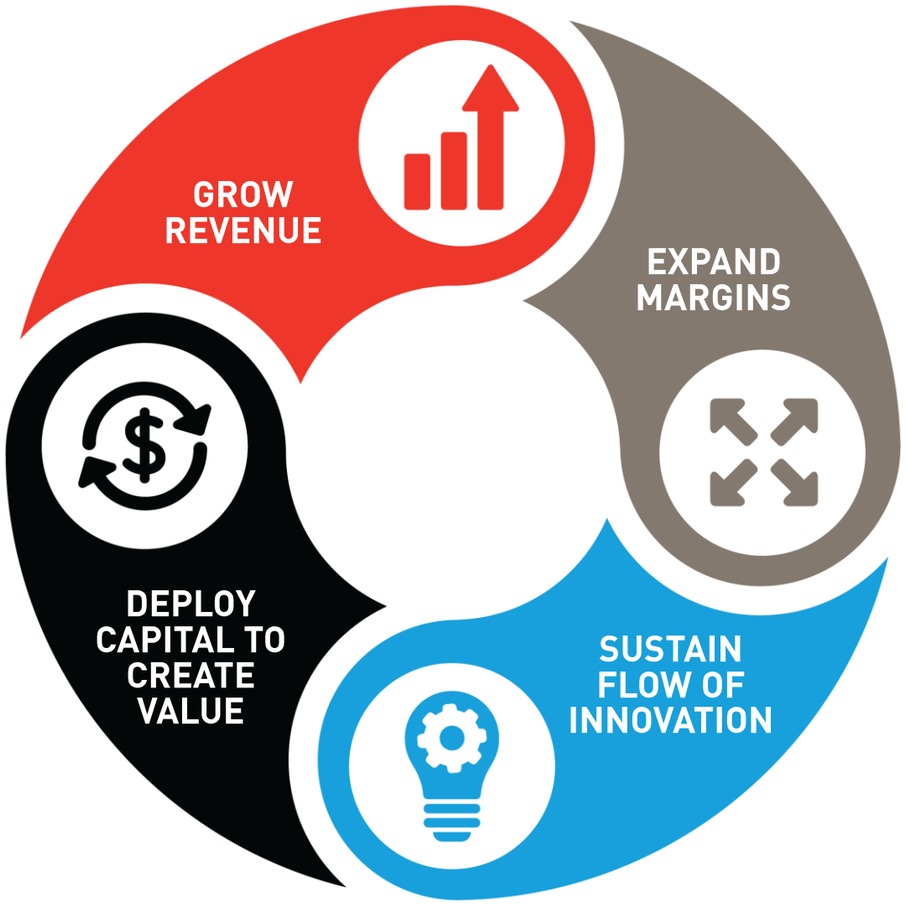
This presentation contains forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. The company's results may be affected by factors including, but not limited to, the risks and uncertainties in pharmaceutical research and development; competitive developments; regulatory actions; litigation and investigations; business development transactions; economic conditions; and changes in laws and regulations, including health care reform.

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 OBJECTIVES

PROGRESS SINCE THE LAST EARNINGS CALL



GROW REVENUE

Revenue growth of 7%

Pharmaceutical volume growth of 9%

New products drove 8.9pp of volume growth

EXPAND MARGINS

OPEX % of revenue decreased over 400bp vs. Q4 2015

Excluding FX on int'l inventories sold, GM % decreased 20bp vs. Q4 2015

DEPLOY CAPITAL TO CREATE VALUE

Closed BI U.S. AH vaccines deal

Announced agreement to acquire CoLucid

Increased dividend 2%; paid $300 million to buy stock

SUSTAIN FLOW OF INNOVATION

U.S. approval and launch of CV indication for Jardiance®

U.S. launch of Basaglar®

EC approval of Lartruvo™

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

KEY EVENTS SINCE THE LAST EARNINGS CALL

COMMERCIAL

- In collaboration with Boehringer Ingelheim, launched in the U.S.:
  - A new indication for Jardiance (empagliflozin) tablets to reduce the risk of cardiovascular (CV) death in adults with type 2 diabetes (T2D) and established CV disease; and
  - Basaglar (insulin glargine injection 100 units/mL), a long-acting insulin with an amino acid sequence identical to Lantus®, another U-100 insulin glargine
- Launched Latruvo in the U.S. and Europe for advanced soft tissue sarcoma;
- Launched Taltz® in Japan for both psoriasis and psoriatic arthritis; and
- Along with Aratana, announced that Galliprant® (grapiprant tablets), a first-in-class product for the management of pain and inflammation associated with canine osteoarthritis, is now available to veterinarians in the U.S.

REGULATORY

- Received European Commission conditional marketing authorization for Lartruvo (olaratumab injection, 10 mg/mL), in combination with doxorubicin, to treat adults with advanced soft tissue sarcoma not amenable to curative treatment with radiotherapy or surgery and who have not been previously treated with doxorubicin;
- Received a positive European regulatory opinion recommending approval of baricitinib for the treatment of moderate to severe active rheumatoid arthritis in adult patients who have responded inadequately to, or who are intolerant to one or more disease modifying anti rheumatic drugs; if approved baricitinib will be marketed as Olumiant®;

REGULATORY (CONTINUED)

- In collaboration with Boehringer Ingelheim, received:
  - U.S. FDA approval of a new indication for Jardiance (empagliflozin) tablets to reduce the risk of CV death in adults with T2D and established CV disease;
  - European Commission approval of an update to the Jardiance label including a change to the indication statement and inclusion of data on the reduction of risk of CV death in patients with T2D and established CV disease;
  - U.S. FDA updates to the labels for Synjardy®, Synjardy XR, and Glyxambi® to include data on the reduction of risk of CV death in patients with T2D and established CV disease when treated with empagliflozin;
  - a positive European regulatory opinion recommending approval of an update to the Synjardy label to include a change to the indication statement and inclusion of data on the reduction of risk of CV death in patients with T2D and established CV disease when treated with empagliflozin;
  - U.S. FDA approval of Synjardy XR (empagliflozin and metformin hydrochloride extended-release) tablets as an adjunct to diet and exercise to improve glycemic control in adults with T2D when treatment with both empagliflozin and metformin is appropriate; and
  - European Commission approval for Glyxambi, a single pill combining Jardiance and Trajenta® (linagliptin), for use in adults with T2D to improve blood sugar control when metformin and/or sulphonylurea and one of the monocomponents of Glyxambi do not provide adequate blood sugar control, or when a patient is already being treated with the free combination of Jardiance and Trajenta.
- Announced FDA extended the review period for the NDA of baricitinib for the treatment of moderate-to-severe rheumatoid arthritis; FDA action is now expected in early Q2.

KEY EVENTS SINCE THE LAST EARNINGS CALL

CLINICAL

- Announced that solanezumab did not meet the primary endpoint in the EXPEDITION3 clinical trial, a Phase 3 study in people with mild dementia due to Alzheimer's disease.

BUSINESS DEVELOPMENT & OTHER

- The U.S. Court of Appeals for the Federal Circuit upheld the district court's decision and ruled in Lilly's favor regarding validity and infringement of the vitamin regimen patent for Alimta®;
- Announced completion of the acquisition of Boehringer Ingelheim Vetmedica, Inc's U.S. feline, canine, and rabies vaccines portfolio as well as a fully-integrated manufacturing and R&D site and several pipeline assets;
- Announced an agreement to acquire CoLucid Pharmaceuticals for $960 million, adding lasmiditan, a potential first-in-class non-vasoconstrictive migraine treatment, to our pain management pipeline;
- Announced a worldwide agreement to co-develop MEDI1814, an antibody selective for amyloid-beta 42 (Aβ42), which is currently in Phase 1 trials as a potential disease-modifying treatment for Alzheimer's disease;

BUSINESS DEVELOPMENT & OTHER (CONTINUED)

- Announced the expansion of an existing immuno-oncology collaboration with Merck to add a new study of Lilly's Lartruvo (olaratumab) with Merck's Keytruda® (pembrolizumab) in patients with previously-treated advanced or metastatic soft tissue sarcoma;
- Announced a partnership with Express Scripts to allow people who use Lilly insulin, in particular those who have no insurance or are in the deductible phase of their high-deductible insurance plans, to access discounted prices using mobile and web platforms hosted by Blink Health; and
- Distributed over $500 million to shareholders via the dividend; paid $300 million for stock repurchases; $2.35 billion remains under outstanding $5 billion share repurchase program.

COMPARISON MEASURES

"REPORTED" RESULTS

Include all financial results as reported in accordance with 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

2016 INCOME STATEMENT - REPORTED

Millions; except per share data

	Q4 2016	Change	2016	Change
Total Revenue	$5,760	7%	$21,222	6%
Gross Margin	74.6%	0.4pp	73.4%	(1.4)pp
Total Operating Expense*	3,418	(5)%	12,108	(1)%
Operating Income	876	NM	3,459	29%
Other Income/(Expense)	16	(65)%	(85)	NM
Effective Tax Rate	13.5%	21.1pp	18.9%	5.2pp
Net Income	**$772**	**61%**	**$2,738**	**14%**
Diluted EPS	**$0.73**	**62%**	**$2.58**	**14%**

* 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

	Q4 2016			
	GAAP Reported	Adjust-ments	**Non-GAAP Adjusted**	Non-GAAP Adjusted Change
Total Revenue	$5,760	-	**$5,760**	7%
Gross Margin	74.6%	2.8%	**77.4%**	0.1pp
Total Operating Expense	3,418	(179)	**3,239**	(0)%
Operating Income	876	342	**1,218**	33%
Other Income/(Expense)	16	-	**16**	(65)%
Effective Tax Rate	13.5%	4.4%	**17.9%**	4.4pp
Net Income	$772	$242	**$1,013**	22%
Diluted EPS	$0.73	$0.23	**$0.95**	22%

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

	2016			
	GAAP Reported	Adjust-ments	**Non-GAAP Adjusted**	Non-GAAP Adjusted Change
Total Revenue	$21,222	-	**$21,222**	6%
Gross Margin	73.4%	3.1%	**76.5%**	(1.6)pp
Total Operating Expense	12,108	(420)	**11,688**	4%
Operating Income	3,459	1,096	**4,555**	4%
Other Income/(Expense)	(85)	204	**119**	(53)%
Effective Tax Rate	18.9%	1.2%	**20.1%**	(0.8)pp
Net Income	$2,738	$998	**$3,736**	2%
Diluted EPS	$2.58	$0.94	**$3.52**	3%

Note: Numbers may not add due to rounding; see slide 26 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

	Q4 2016	Q4 2015	Change	2016	2015	Change
EPS (reported)	**$0.73**	**$0.45**	**62%**	**$2.58**	**$2.26**	**14%**
Amortization of intangible assets	0.11	0.11		0.44	0.39	
Asset impairment, restructuring, and other special charges	0.10	0.10		0.29	0.25	
Venezuela charge	-	-		0.19	-	
Acquired in-process R&D	0.02	0.12		0.02	0.33	
Novartis Animal Health inventory step up	-	-		-	0.10	
Net charge related to repurchase of debt	-	-		-	0.09	
EPS (non-GAAP)	**$0.95**	**$0.78**	**22%**	**$3.52**	**$3.43**	**3%**

Note: Numbers may not add due to rounding; see slides 25 and 26 for more details on these significant adjustments.

EFFECT OF PRICE/RATE/VOLUME ON REVENUE

Millions

	Q4 2016					
Pharmaceuticals	**Amount**	**Price**	**FX Rate**	**Volume**	**Total**	**CER**
U.S.	$2,834.1	1%	-	15%	16%	16%
EuCan*	855.9	(6)%	(2)%	(2)%	(9)%	(7)%
Japan	608.7	(7)%	13%	3%	9%	(4)%
Emerging Markets	624.1	0%	(3)%	3%	0%	3%
Total Pharma	4,922.9	(1)%	1%	9%	8%	7%
Animal Health	837.6	1%	(0)%	3%	3%	4%
Total Revenue	**$5,760.5**	**(1)%**	**1%**	**8%**	**7%**	**7%**

* includes Europe and Canada

CER = price change + volume change

Note: Numbers may not add due to rounding.

EFFECT OF PRICE/RATE/VOLUME ON REVENUE

Millions

	2016					
Pharmaceuticals	**Amount**	**Price**	**FX Rate**	**Volume**	**Total**	**CER**
U.S.	$9,941.7	2%	-	14%	16%	16%
EuCan*	3,559.8	(5)%	(2)%	1%	(6)%	(4)%
Japan	2,253.0	(6)%	11%	9%	15%	3%
Emerging Markets	2,309.4	0%	(6)%	(1)%	(7)%	(1)%
Total Pharma	18,063.9	(1)%	(0)%	8%	8%	8%
Animal Health	3,158.2	1%	(2)%	(0)%	(1)%	1%
Total Revenue	**$21,222.1**	**(0)%**	**0%**	**7%**	**6%**	**7%**

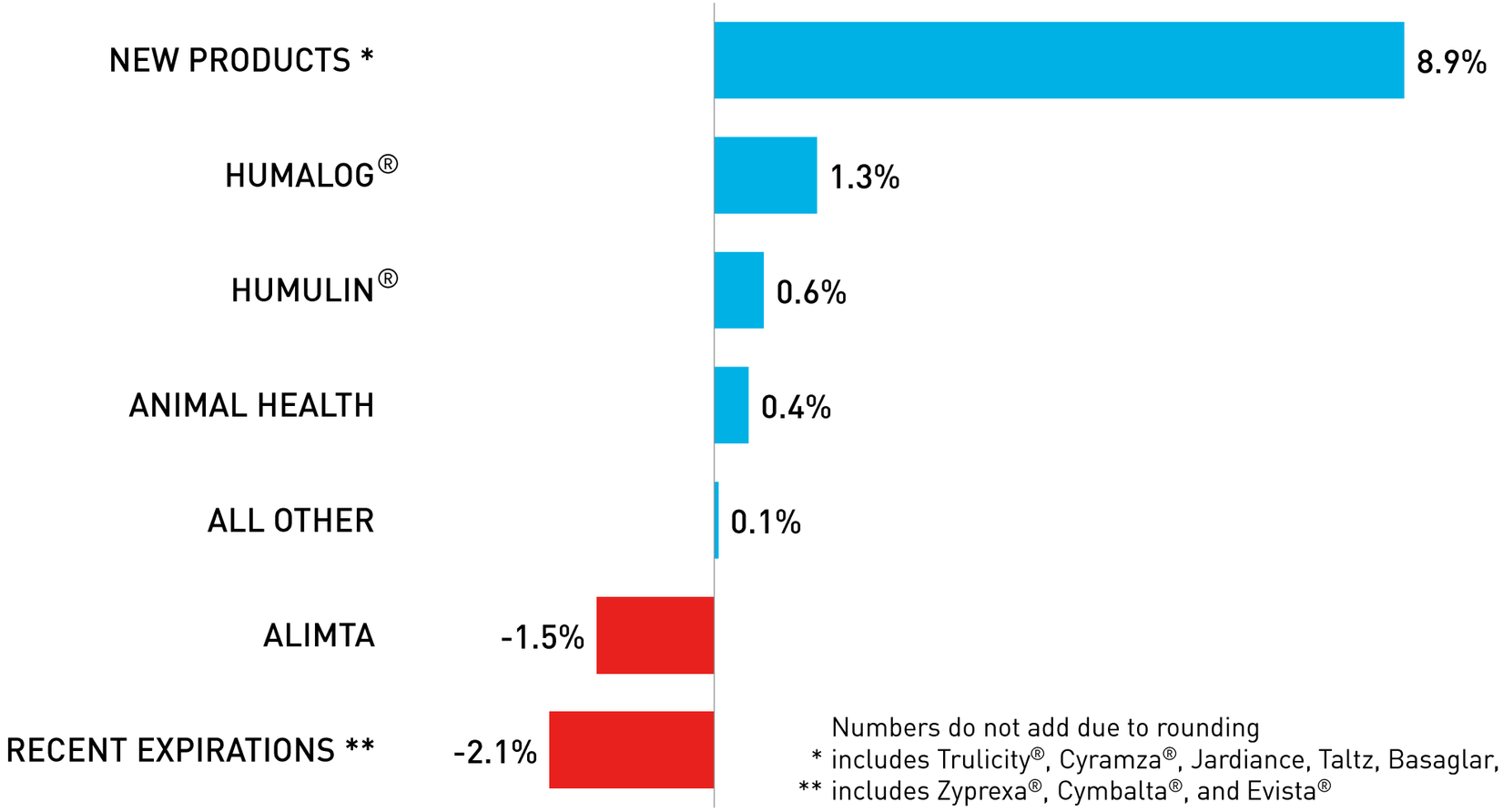
* includes Europe and Canada

CER = price change + volume change

Note: Numbers may not add due to rounding.

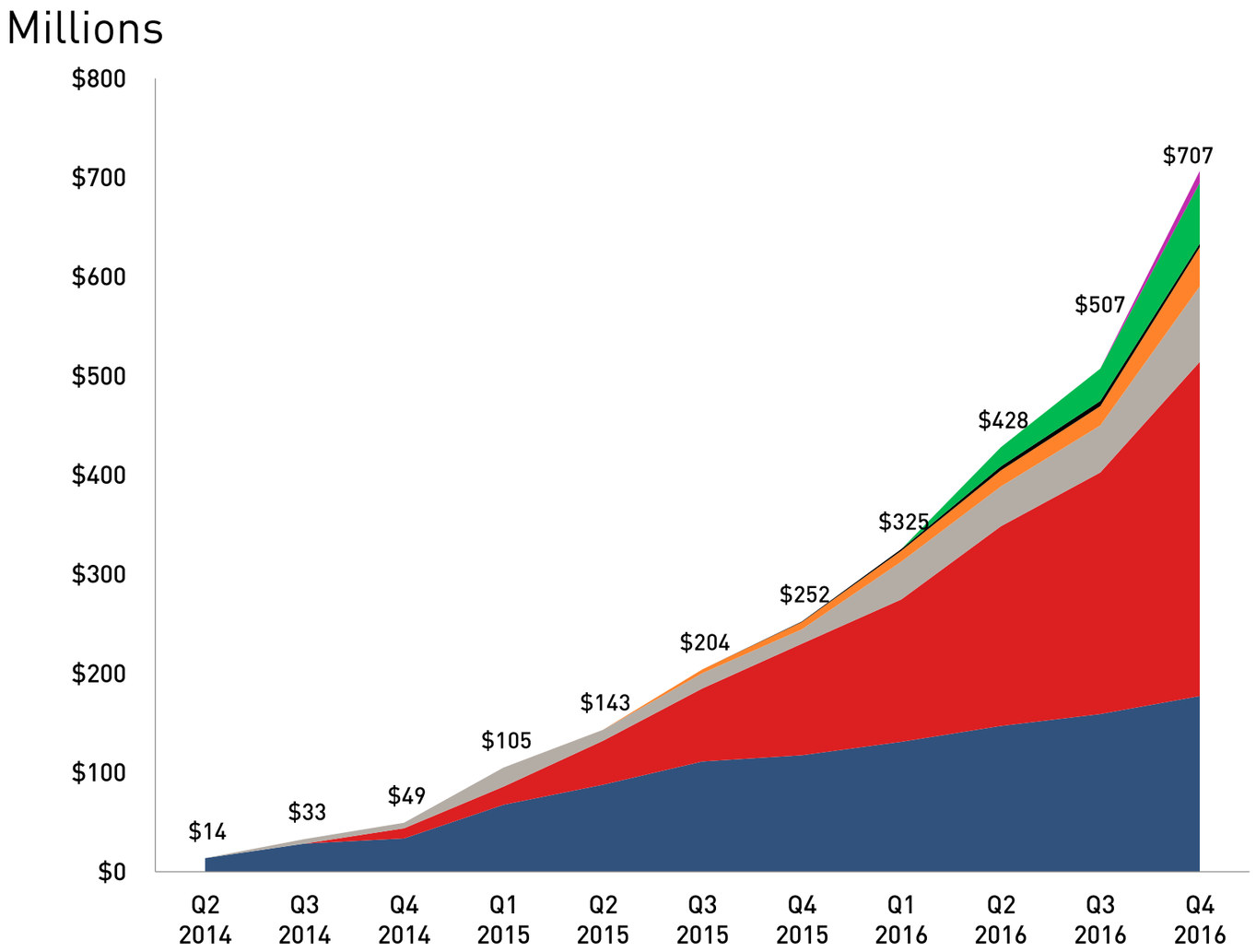
NEW PRODUCTS DRIVING WW REVENUE GROWTH

Contribution to 8% Q4 WW Volume Growth



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

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

TRULICITY
- U.S. NBRx SOM among Endos similar to Victoza®
- GLP-1 class TRx growing nearly 30% in U.S.

CYRAMZA
- Strong early uptake in gastric cancer in Japan
- Competitive pressure in the U.S. from I/O agents in lung

JARDIANCE
- U.S. approval and launch of new CV indication
- Market leader in U.S. NBRx SOM among Endos

TALTZ
- U.S. NBRx Derms SOM over 10%; strong IL-17A class growth
- Global launches continue

BASAGLAR
- Launched in U.S. December 15, 2016
- Basal DoT SOM reached 16% in Japan and nearing 4% in Europe

LARTRUVO
- U.S. launched in October, Europe launches began in December

PORTRAZZA
- Competitive pressure from I/O agents

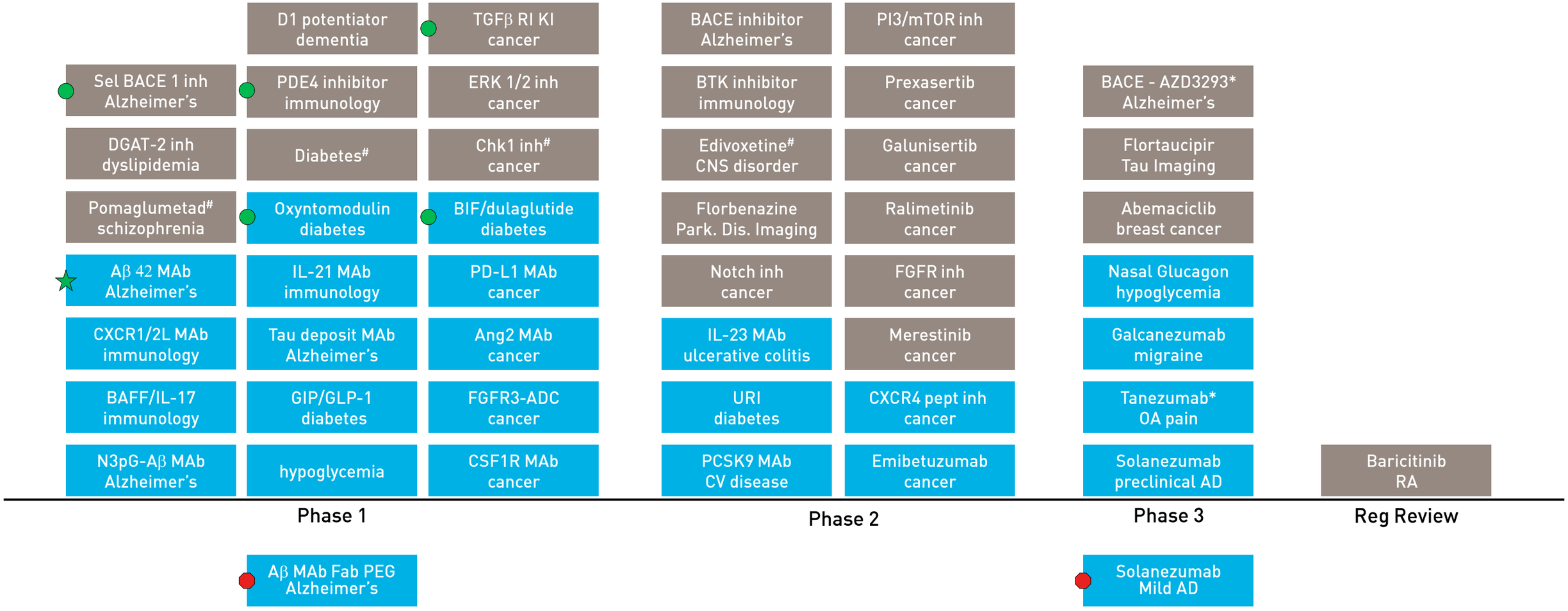
EFFECT OF FOREIGN EXCHANGE ON 2016 RESULTS

Year-on-Year Growth

	Q4 2016		2016	
Reported	**With FX**	**w/o FX**	**With FX**	**w/o FX**
Total Revenue	7%	7%	6%	7%
Cost of Sales	6%	7%	12%	8%
Gross Margin	8%	7%	4%	6%
Operating Expense	(5)%	(4)%	(1)%	(0)%
Operating Income	119%	132%	29%	43%
EPS	62%	61%	14%	32%
Non-GAAP				
Total Revenue	7%	7%	6%	7%
Cost of Sales	7%	8%	14%	9%
Gross Margin	7%	6%	4%	6%
Operating Expense	(0)%	0%	4%	5%
Operating Income	33%	30%	4%	9%
EPS	22%	19%	3%	7%

LILLY NME PIPELINE

JANUARY 18, 2017



New Chemical Entity (NCE)

New Biotech Entity (NBE)

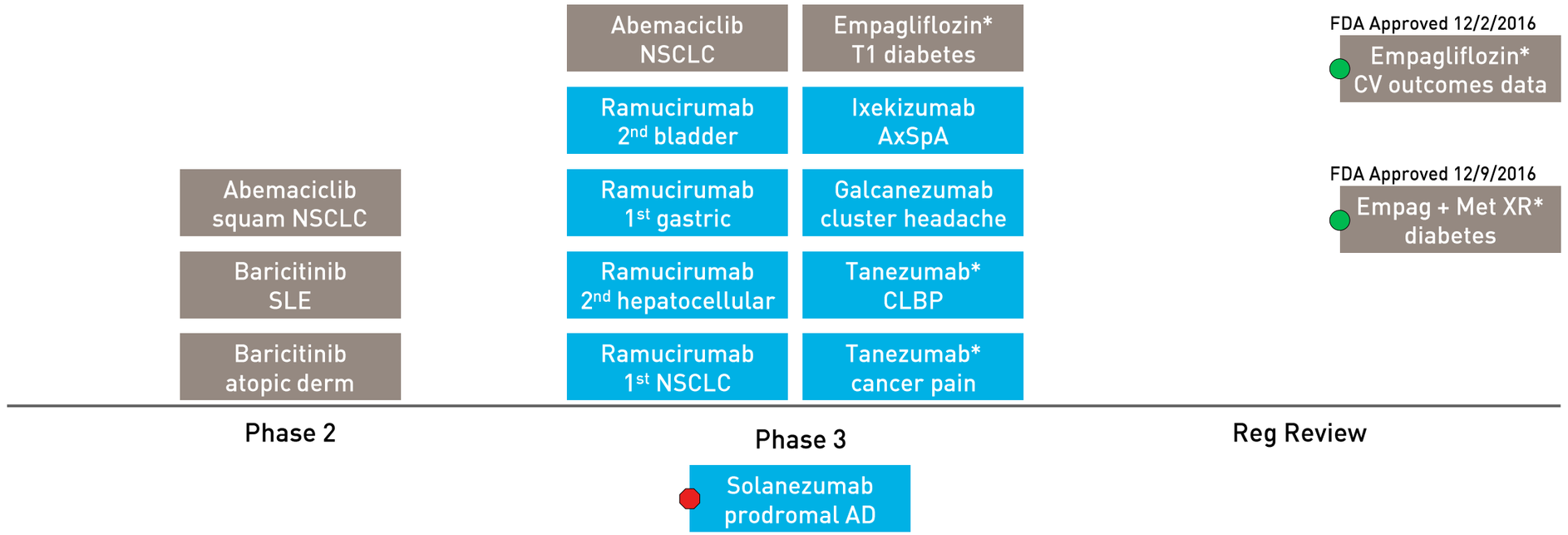
MOVEMENT SINCE OCTOBER 19, 2016: Achieved milestone Attrition New molecule

*Commercial collaborations #Owned by third parties; Lilly retains rights

LILLY SELECT NILEX PIPELINE

JANUARY 18, 2017

Select NILEX in Phase 2 development or later for NMEs that have progressed to Phase 3 or launched for a lead indication



New Chemical Entity (NCE)

New Biotech Entity (NBE)

MOVEMENT SINCE OCTOBER 19, 2016: Achieved milestone Attrition New molecule

*Commercial collaborations

POTENTIAL KEY EVENTS 2016

PHASE 3 INITIATIONS

- BACE inhibitor for Alzheimer's disease [1]
- CGRP MAb for migraine prevention
- Ixekizumab for axial spondyloarthritis
- Solanezumab for prodromal AD
- Ultra-rapid insulin for diabetes (possible in 2017)

PHASE 3 DATA INTERNAL READOUTS

- Abemaciclib single-agent Phase 2 breast cancer
- CGRP MAb for cluster headache (possible in 2018)
- Ixekizumab for psoriatic arthritis (SPIRIT-P2)
- Solanezumab for mild Alzheimer's disease

PHASE 3 DATA EXTERNAL DISCLOSURES

- Abemaciclib single-agent Phase 2 breast cancer
- Baricitinib RA-BEYOND study (long-term extension)
- Linagliptin type 2 diabetes albuminuria study (MARLINA-T2D) [2]
- Ixekizumab for psoriasis H2H vs ustekinumab (IXORA-S)

REGULATORY SUBMISSIONS

- Olaratumab for soft-tissue sarcoma (US/EU)
- Baricitinib for rheumatoid arthritis (US/EU/J)
- Empagliflozin/metformin XR [2] (US)

REGULATORY ACTIONS

- Olaratumab for soft-tissue sarcoma (US/EU)
- Necitumumab for first-line squamous NSCLC (EU)
- Cyramza for second-line NSCLC (EU/J)
- Cyramza for second-line mCRC (EU/J)
- Ixekizumab for psoriasis (US/EU)
- Ixekizumab for psoriasis and psoriatic arthritis (J)
- Empagliflozin CV outcomes [2] (US/EU)
- Empagliflozin/linagliptin FDC for type 2 diabetes [2] (EU)
- Linagliptin/metformin XR [2] (US)
- Empagliflozin/metformin XR [2] (US)

OTHER

- Pediatric exclusivity for Effient®
- Pediatric exclusivity for Cialis® (possible in 2017)
- Rulings in ongoing Alimta patent litigation:
  - U.S.
  - UK
  - Germany

[1] in collaboration with AstraZeneca
[2] in collaboration with Boehringer Ingelheim

POTENTIAL KEY EVENTS 2017

PHASE 3 INITIATIONS

- Ultra-rapid insulin for diabetes
- Baricitinib for psoriatic arthritis
- Empagliflozin for heart failure (HFrEF) [1]
- Empagliflozin for heart failure (HFpEF) [1]

PHASE 3 DATA INTERNAL READOUTS

- Flortaucipir (18F AV-1451) tau imaging agent
- Abemaciclib MONARCH 3 study
- Abemaciclib JUNIPER study
- Ramucirumab RAINFALL 1L gastric (initial PFS readout)
- Alimta+platinum+Keytruda in 1L nonsquamous NSCLC (KN-189) [2]

PHASE 3 DATA EXTERNAL DISCLOSURES

- Galcanezumab for migraine prevention
- Abemaciclib MONARCH 2 study
- Ramucirumab RANGE study in 2L bladder cancer (PFS readout)

REGULATORY SUBMISSIONS

- Galcanezumab for migraine prevention (US)
- Abemaciclib for advanced breast cancer (MONARCH 1) (US)
- Abemaciclib + fulvestrant for 2L breast cancer (MONARCH 2) (US/EU/J)
- Fruquitinib for 3L metastatic colorectal cancer (China)
- Ixekizumab for psoriatic arthritis (US)

REGULATORY ACTIONS

- Baricitinib for rheumatoid arthritis (US/EU/J)
- Alimta+carbo+Keytruda in 1L nonsquamous NSCLC (KN-021G) (US) [2, 3]

OTHER

- ✓+ Closing of BI U.S. animal health vaccines acquisition
- Closing of CoLucid Pharmaceuticals acquisition
- Pediatric exclusivity for Cialis
- Rulings in ongoing Alimta patent litigation:
  - ✓+ U.S. CAFC
  - U.S. IPRs
  - UK
  - Germany
  - Japan

[1] in collaboration with Boehringer Ingelheim
[2] in collaboration with Merck
[3] KN-021G is a Merck sBLA filing for Keytruda

2017 GUIDANCE

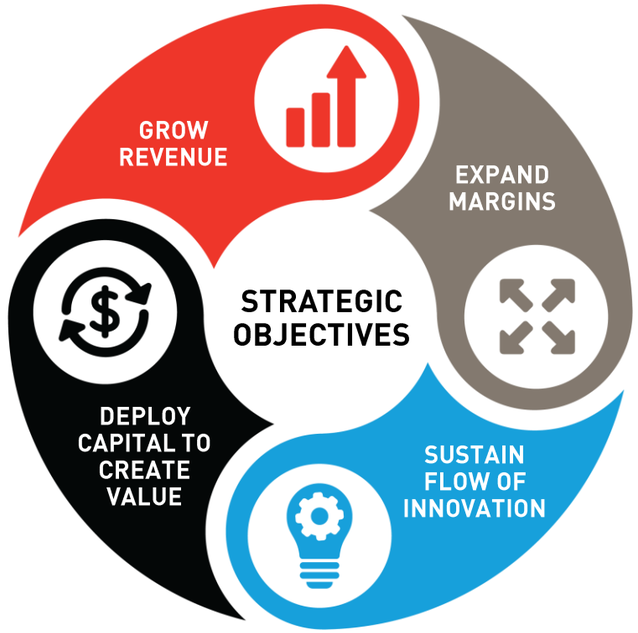
	Prior	Current
Total Revenue	$21.8 to $22.3 billion	unchanged
Gross Margin % of Revenue (GAAP)	Approx. 73.5%	unchanged
Gross Margin % of Revenue (non-GAAP)	Approx. 77.0%	unchanged
Marketing, Selling & Administrative	$6.4 to $6.6 billion	unchanged
Research & Development	$4.9 to $5.1 billion	unchanged
Other Income/(Expense)	$0 - $100 million	unchanged
Tax Rate (GAAP)	Approx. 20.0%	Approx. 24.5%
Tax Rate (non-GAAP)	Approx. 22.0%	unchanged
Earnings per Share (GAAP)	$3.51 to $3.61	$2.69 to $2.79
Earnings per Share (non-GAAP)	$4.05 to $4.15	unchanged
Capital Expenditures	Approx. $1.2 billion	unchanged

FX rates for current guidance:

- Euro at 1.05
- Yen at 108
- Pound at 1.30

SUMMARY

- Strong momentum with our innovation-based strategy
- Seven product launches in last three years, three more launches possible in next two years
- Changing expectations for outcomes and delivering value to the healthcare system, leading to volume-based revenue growth and expanding margins
- Company focused on continued execution of strategy to create value for all our stakeholders



GROW REVENUE

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

DEPLOY CAPITAL TO CREATE VALUE

Fund existing marketed and pipeline products

Bolster growth prospects via business devt. in focus areas

Annual dividend increases

EXPAND MARGINS

Excluding FX, gross margin % to increase from 2015 through 2020

OPEX % of revenue of 50% or less in 2018

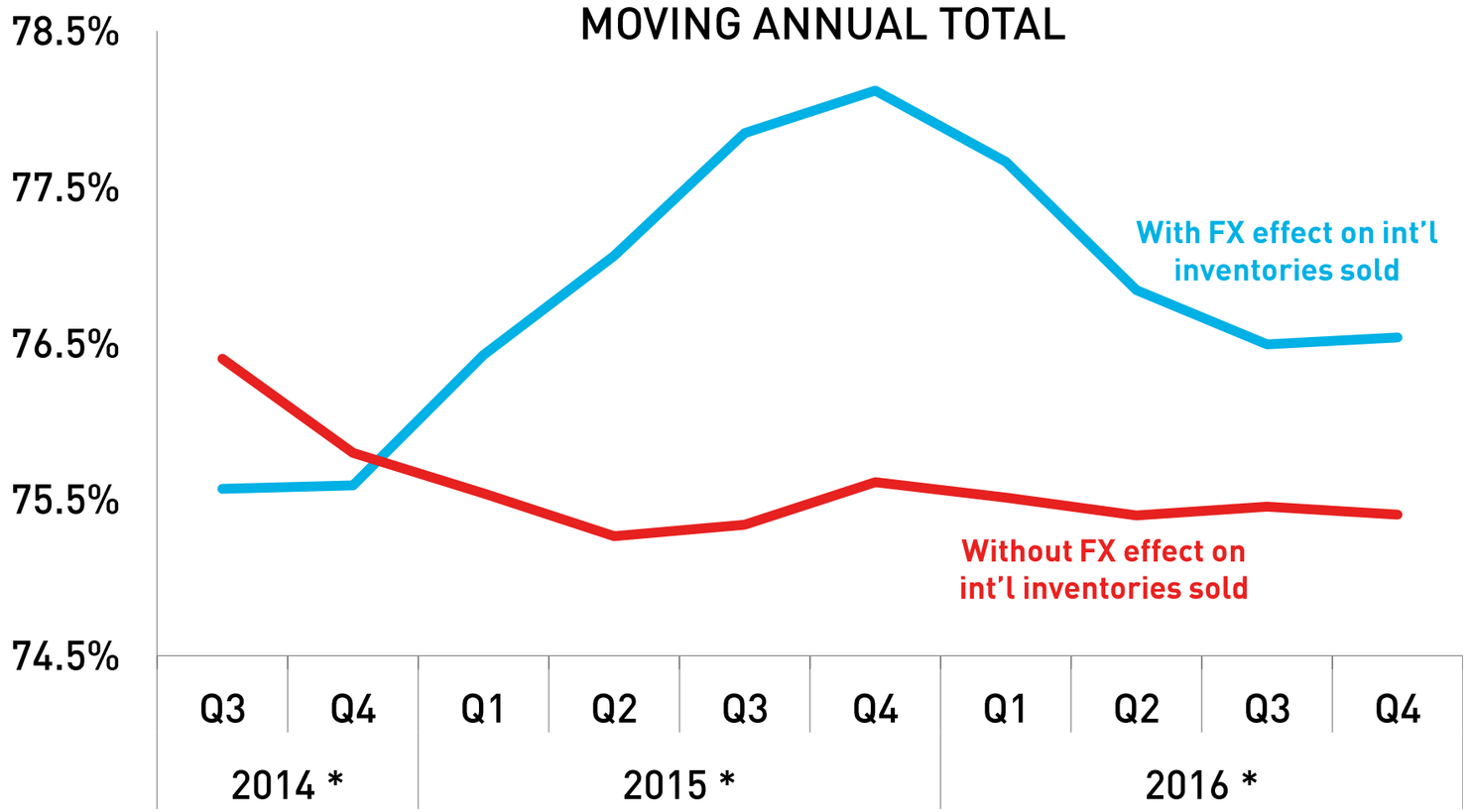
SUSTAIN FLOW OF INNOVATION

Potential to launch 20+ new molecules in 10 years (2014-2023)

On average, could launch 2+ new indications or line extensions per year

Supplementary Slides

NON-GAAP GROSS MARGIN % OF REVENUE



Individual quarter GM % of Revenue:										
with FX effect on intl inv sold	74.8%	76.3%	78.2%	79.2%	77.8%	77.3%	76.3%	76.0%	76.4%	77.4%
w/o FX effect on intl inv sold	74.9%	74.7%	75.3%	76.2%	75.2%	75.7%	74.9%	75.7%	75.5%	75.5%

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.
* Excludes amortization of intangibles from cost of sales and includes Novartis Animal Health

Q4 2016 INCOME STATEMENT NOTES

Q4 2016 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 $164.5 million (pretax), or $0.11 per share (after-tax);
- severance costs related to the termination of solanezumab trials, integration costs associated with the acquisition of Novartis Animal Health, and asset impairments, totaling $147.6 million (pretax), or $0.10 per share (after-tax); and
- costs associated with upfront payments for acquired in-process research and development projects acquired in a transaction other than a business combination, these costs are related to an agreement with AstraZeneca to co-develop MEDI1814, totaling $30.0 million (pretax), or $0.02 per share (after-tax).

Q4 2015 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 $169.0 million (pretax), or $0.11 per share (after-tax);
- acquired in-process research and development charges, associated primarily with the acquisition of worldwide rights to an intranasal glucagon from Locemia Solutions, totaling $199.0 million (pretax), or $0.12 per share (after-tax); and
- costs associated with restructuring to reduce the company's cost structure, asset impairments, and integration costs associated with the acquisition of Novartis Animal Health totaling $144.9 million (pretax), or $0.10 per share (after-tax).

2016 INCOME STATEMENT NOTES

2016 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- amortization of intangibles primarily associated with costs of marketed products acquired or licensed from third parties totaling $683.3 million (pretax), or $0.44 per share (after-tax);
- charges associated with integration and severance costs related to the acquisition of Novartis Animal Health, severance costs related to the termination of solanezumab trials, and asset impairments related to the closure of an animal health manufacturing facility in Ireland, totaling $382.5 million (pretax), or $0.29 per share (after-tax);
- a charge related to the impact of the Venezuelan financial crisis, including the significant deterioration of the Bolívar, for $203.9 million (pretax), or $0.19 per share (after-tax); and
- costs associated with upfront payments for acquired in-process research and development projects acquired in a transaction other than a business combination, these costs are related to an agreement with AstraZeneca to co-develop MEDI1814, totaling $30.0 million (pretax), or $0.02 per share (after-tax).

2015 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 $626.2 million (pretax), or $0.39 per share (after-tax);
- costs associated with restructuring to reduce the company's cost structure, asset impairments, and integration costs associated with the acquisition of Novartis Animal Health totaling $367.7 million (pretax), or $0.25 per share (after-tax);
- acquired in-process research and development costs totaling $535.0 million (pretax), or $0.33 per share (after-tax), comprised of a $200.0 million payment to Pfizer following the FDA decision allowing the resumption of the Phase 3 clinical program for tanezumab, a $149.0 million payment to Locemia Solutions associated with the acquisition of worldwide rights to an intranasal glucagon, a $56.0 million payment to Innovent associated with a collaboration to develop potential oncology therapies, a $50.0 million payment to Hanmi Pharmaceutical Co., Ltd. related to an exclusive license and collaboration agreement for Hanmi's oral Bruton's tyrosine kinase (BTK) inhibitor, a $30.0 million payment to BioNTech AG related to a research collaboration to discover novel cancer immunotherapies, and a $50.0 million in payments for other technology collaborations;
- inventory step-up costs associated with the acquisition of Novartis Animal Health totaling $153.0 million (pretax), or $0.10 per share (after-tax); and
- a net charge associated with debt extinguishment of $152.7 million (pretax), or $0.09 per share (after-tax).

COMPARATIVE EPS SUMMARY 2015/2016

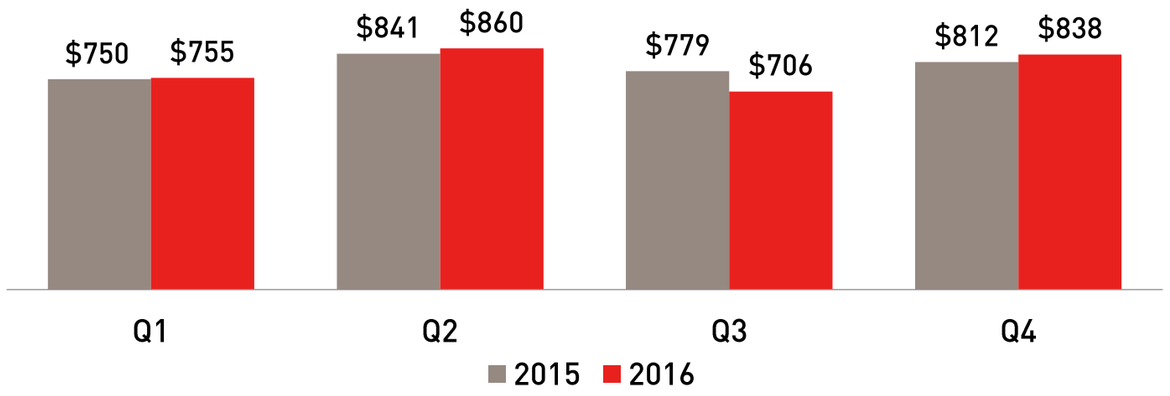
	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	3Q16	4Q16	2016
Non-GAAP	0.87	0.90	0.89	0.78	3.43	0.83	0.86	0.88	0.95	3.52
Reported	0.50	0.56	0.75	0.45	2.26	0.41	0.71	0.73	0.73	2.58

Note: Numbers may not add due to rounding.
For a complete reconciliation to reported earnings, see slides 25 and 26 and our earnings press release dated January 31, 2017.

Q4 2016 ANIMAL HEALTH REVENUE INCREASED 3%

Millions

U.S. revenue increased 2%
International sales increased 4%



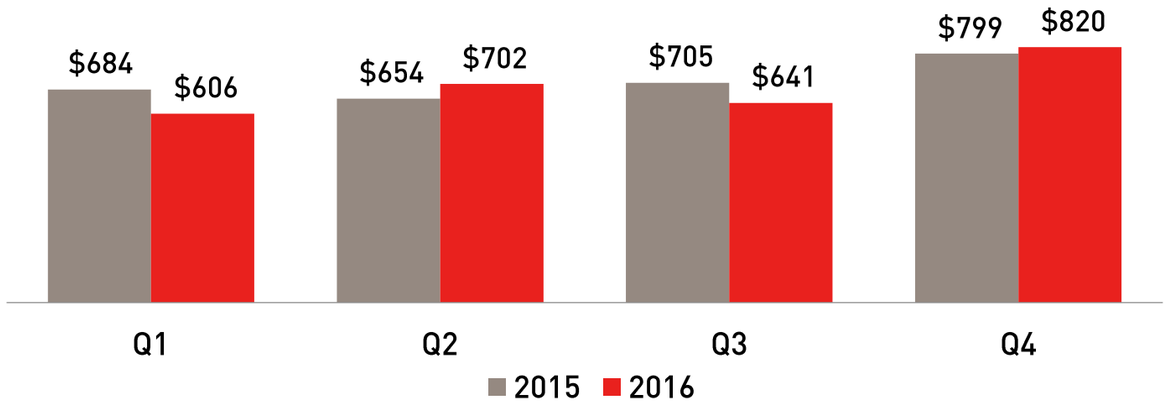
	Q4 Sales	Change	Performance	Rate
U.S. Food and Other	$243.3	(11)%	(11)%	-
U.S. Companion	145.7	32%	32%	-
OUS Food and Other	353.5	6%	6%	(1)%
OUS Companion	95.1	0%	1%	(1)%
WW Animal Health	**$837.6**	**3%**	**4%**	**(0)%**

- U.S. companion animal sales increase driven by new product launches
- U.S. food animal sales decrease due to market access pressures in swine and dairy

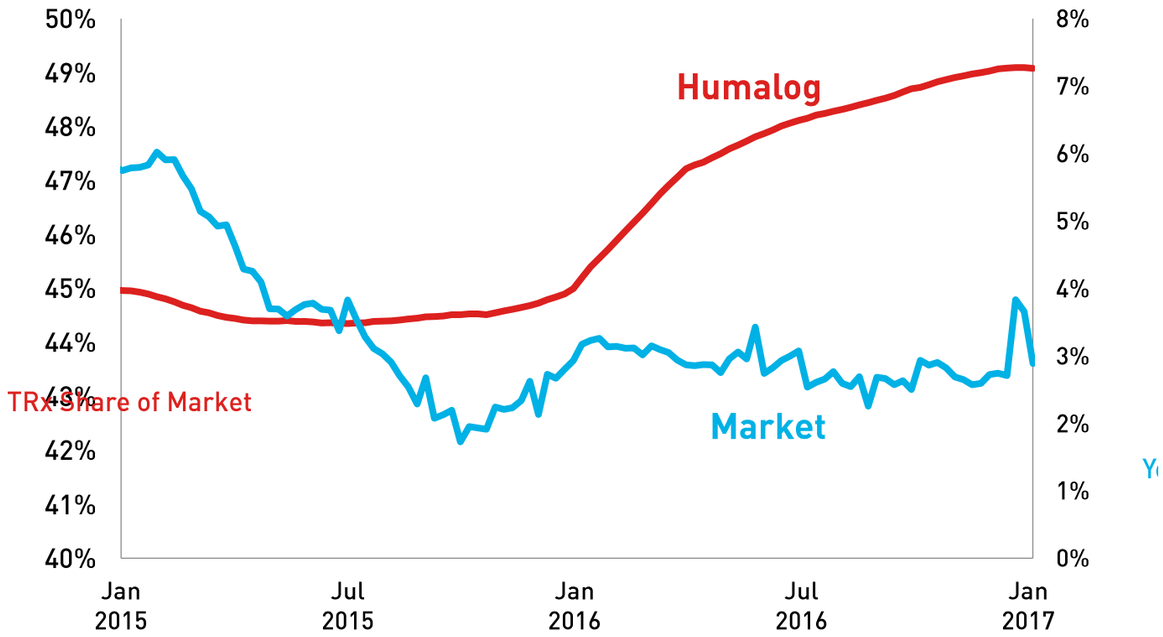
Q4 2016 HUMALOG SALES INCREASED 3%

Millions

U.S. sales increased $14 million
International sales increased $7 million



U.S. TRx SOM and Market Growth

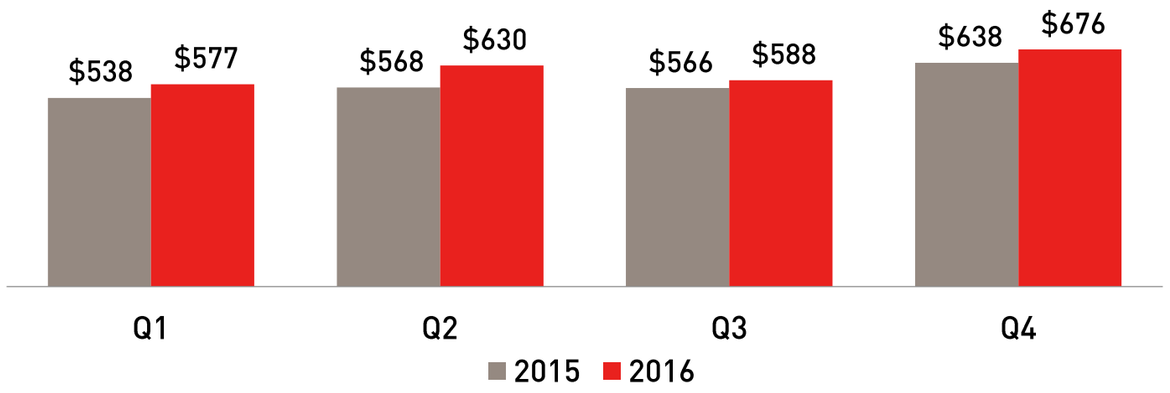


Source: QuintilesIMS Health NPA TRx 3MMA, weekly data January 6, 2016

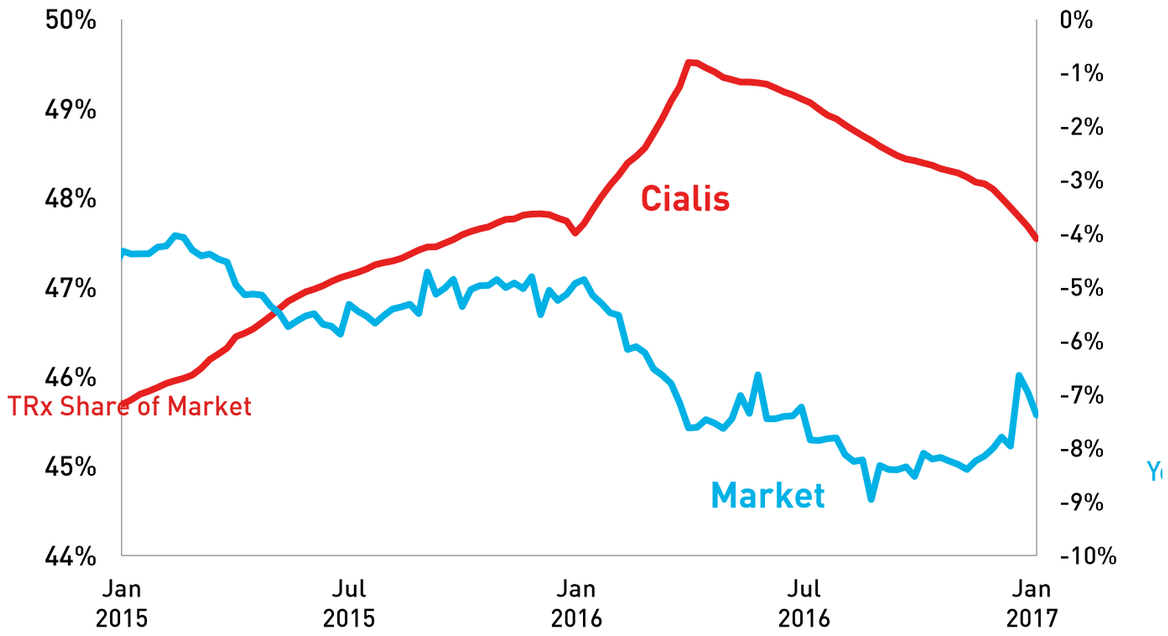
Q4 2016 CIALIS SALES INCREASED 6%

Millions

U.S. sales increased $27 million
International sales increased $11 million



U.S. TRx SOM and Market Growth

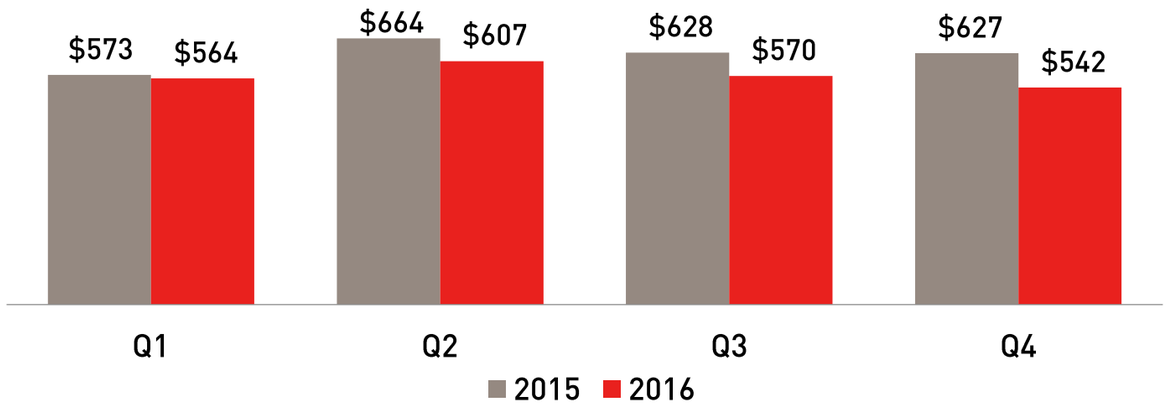


Source: QuintilesIMS Health NPA TRx 3MMA, weekly data January 6, 2016

Q4 2016 ALIMTA SALES DECREASED 14%

Millions

U.S. sales decreased $13 million
International sales decreased $73 million



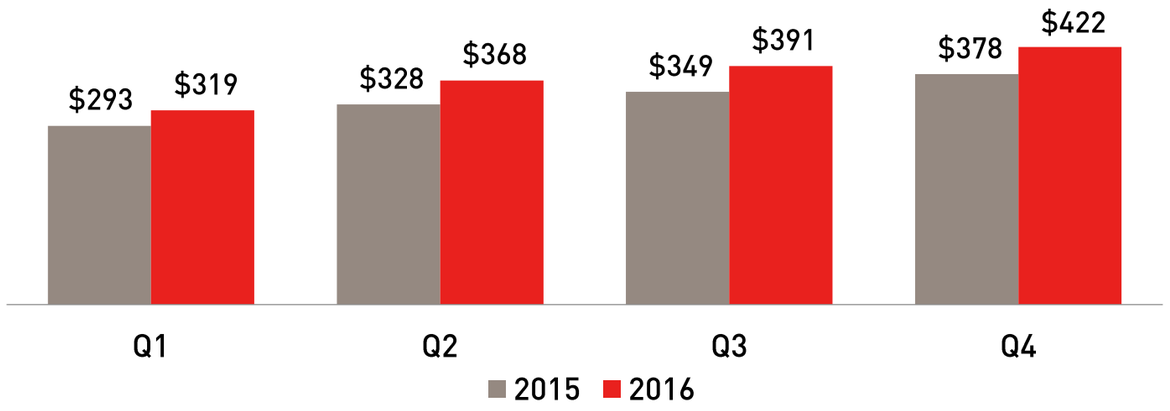
	Q4 Sales	Change	Performance	Rate
U.S. Alimta	$269.8	(5)%	(5)%	-
OUS Alimta	271.7	(21)%	(23)%	2%
WW Alimta	**$541.6**	**(14)%**	**(15)%**	**1%**

- U.S. sales decreased due to lower demand, primarily from competition from immuno-oncology agents
- OUS sales decreased due to generic uptake and lower prices

Q4 2016 FORTEO® SALES INCREASED 12%

Millions

U.S. sales increased $44 million
International sales increased $1 million



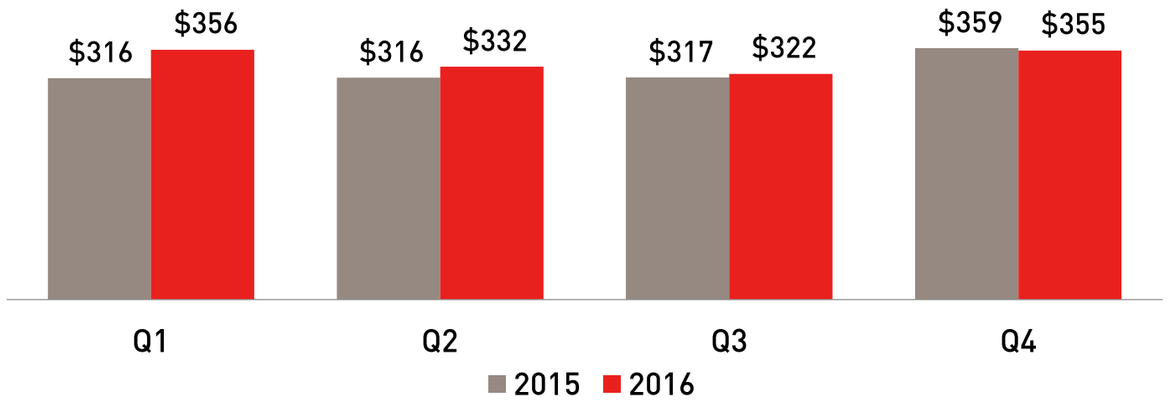
	Q4 Sales	Change	Performance	Rate
U.S. Forteo	$229.3	23%	23%	0%
OUS Forteo	193.1	1%	(5)%	6%
WW Forteo	**$422.5**	**12%**	**9%**	**3%**

- U.S. sales increase driven by higher realized prices
- OUS sales essentially unchanged as favorable FX and higher volume are mostly offset lower prices due to the bi-annual price revision in Japan

Q4 2016 HUMULIN SALES DECREASED 1%

Millions

U.S. sales increased $11 million
International sales decreased $14 million

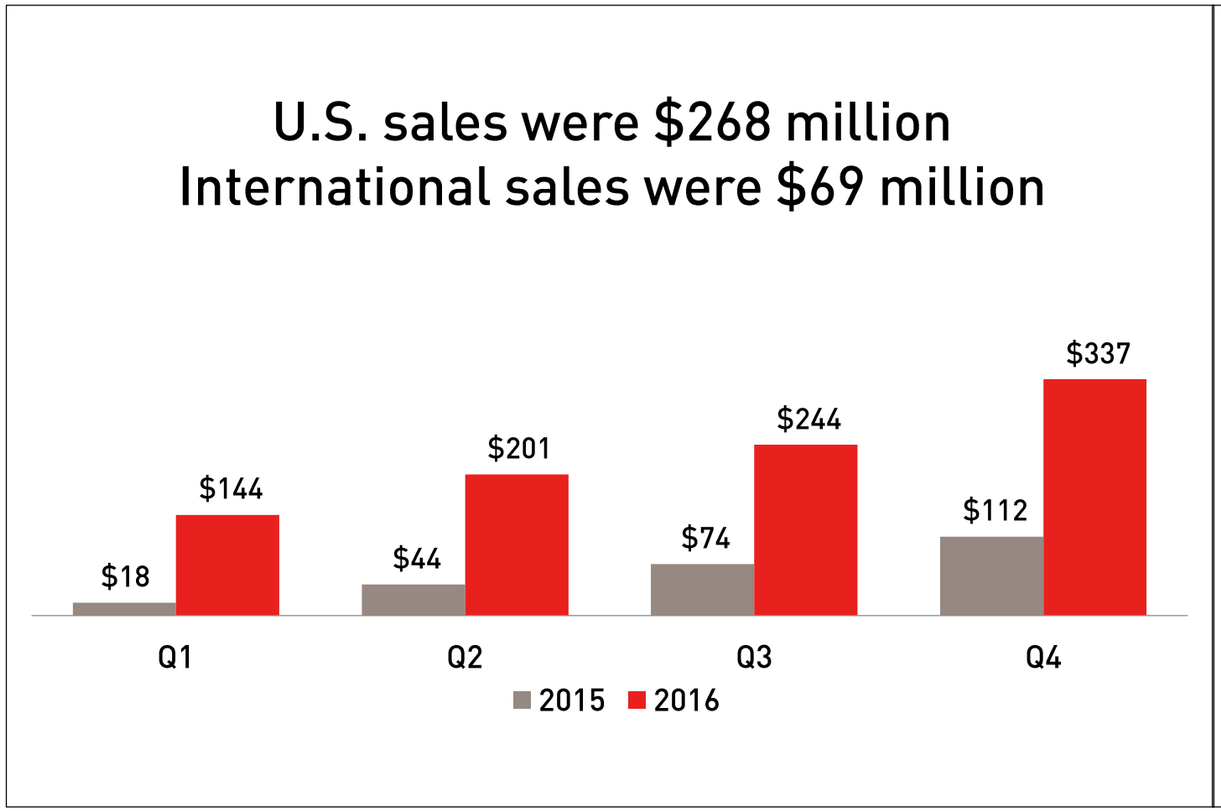


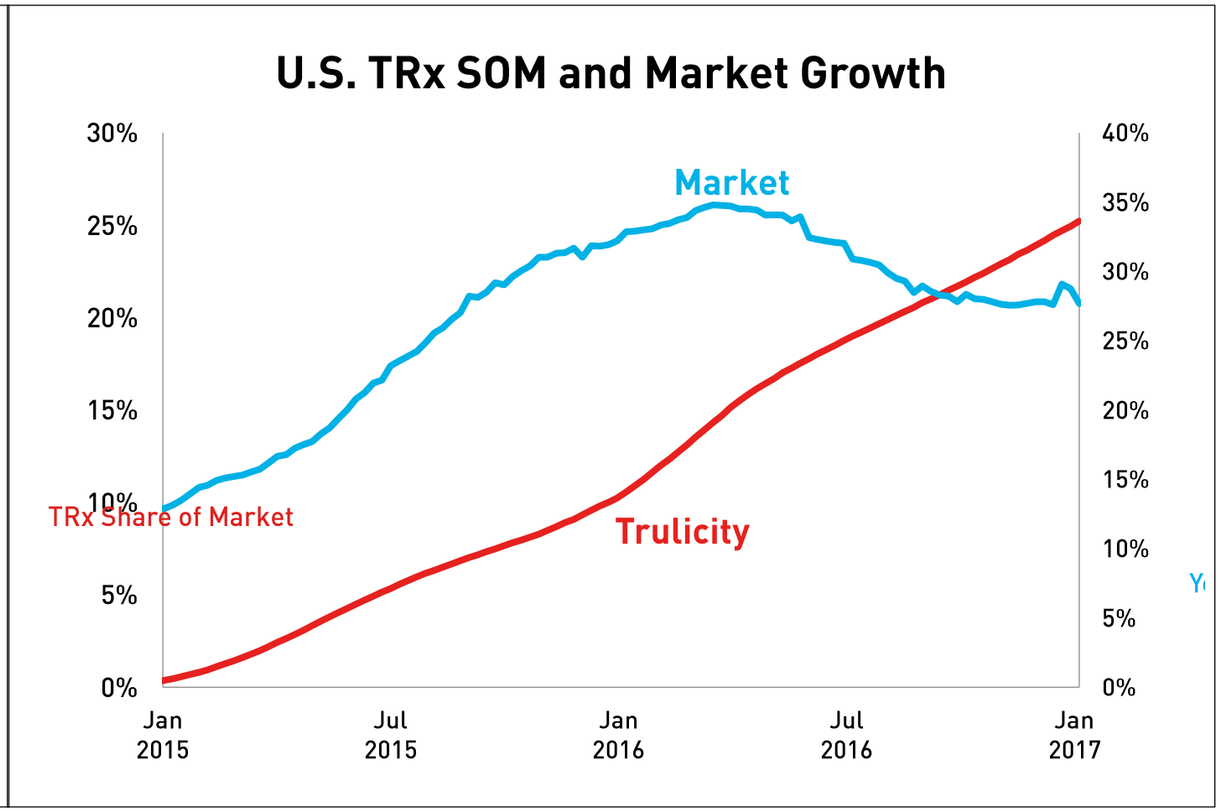
U.S. TRx SOM and Market Growth

Source: QuintilesIMS Health NPA TRx 3MMA, weekly data January 6, 2016

Q4 2016 TRULICITY SALES WERE $337 MILLION

Millions

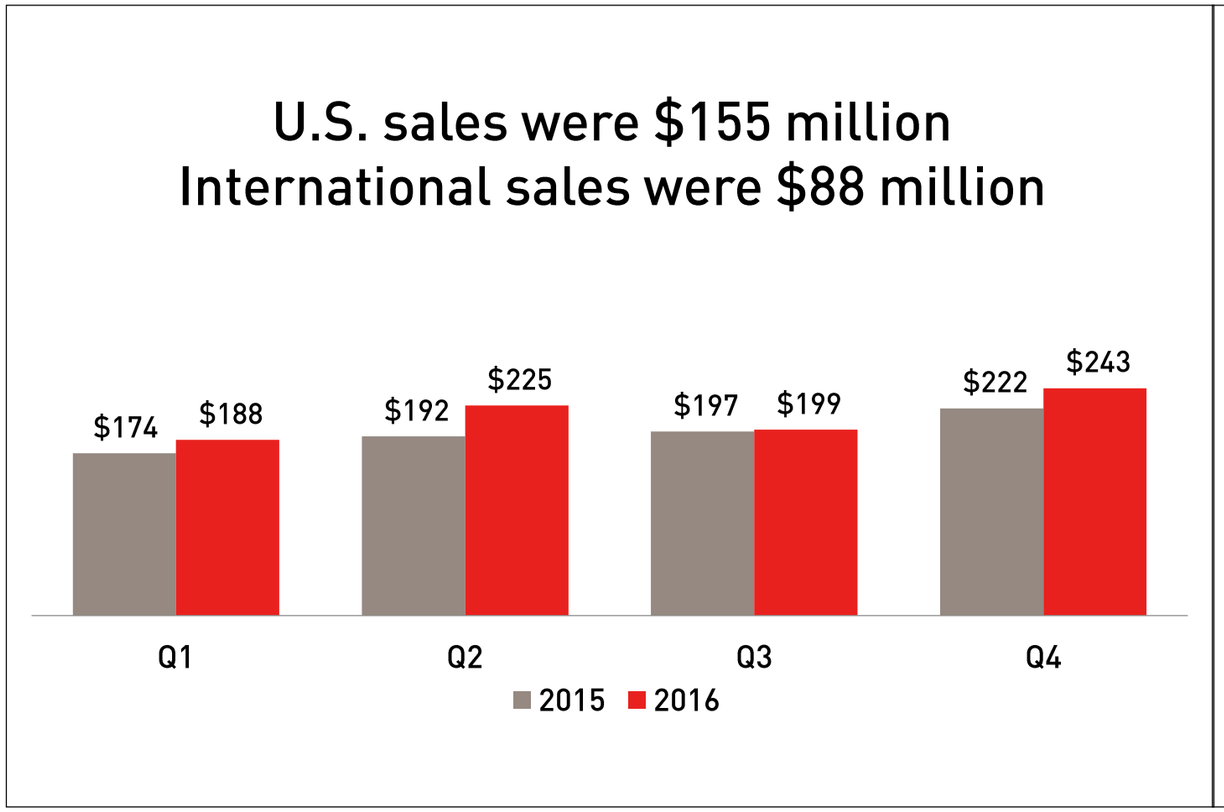


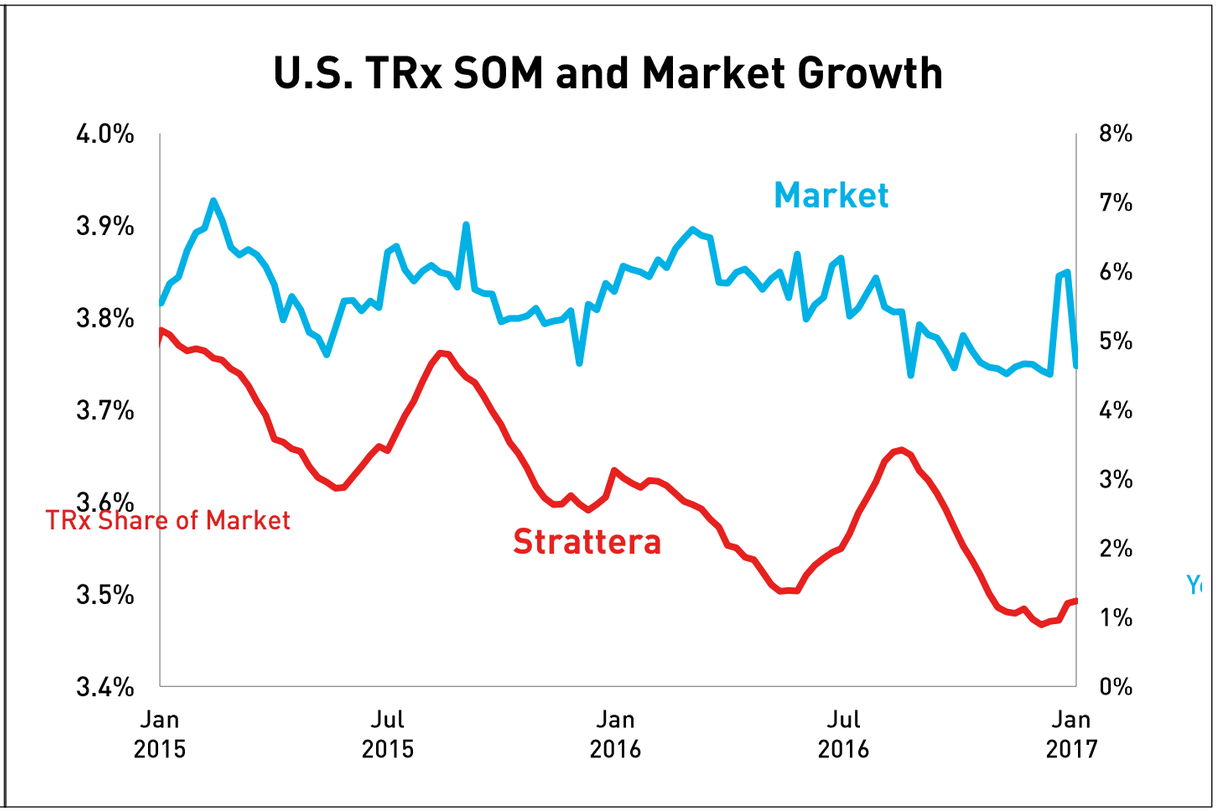


Source: QuintilesIMS Health NPA TRx 3MMA, weekly data January 6, 2016

Q4 2016 STRATTERA® SALES INCREASED 8%

Millions



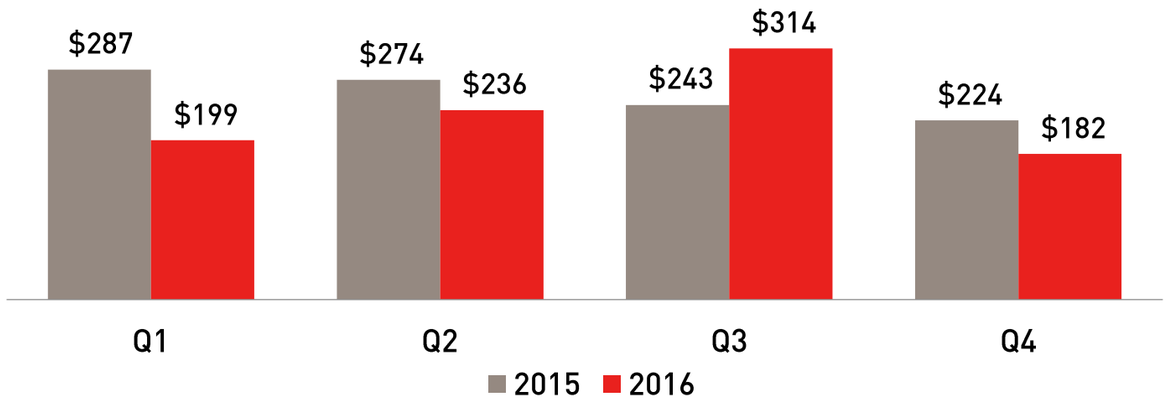


Source: QuintilesIMS Health NPA TRx 3MMA, weekly data January 6, 2016

Q4 2016 CYMBALTA SALES DECREASED 19%

Millions

U.S. sales decreased $2 million
International sales decreased $40 million

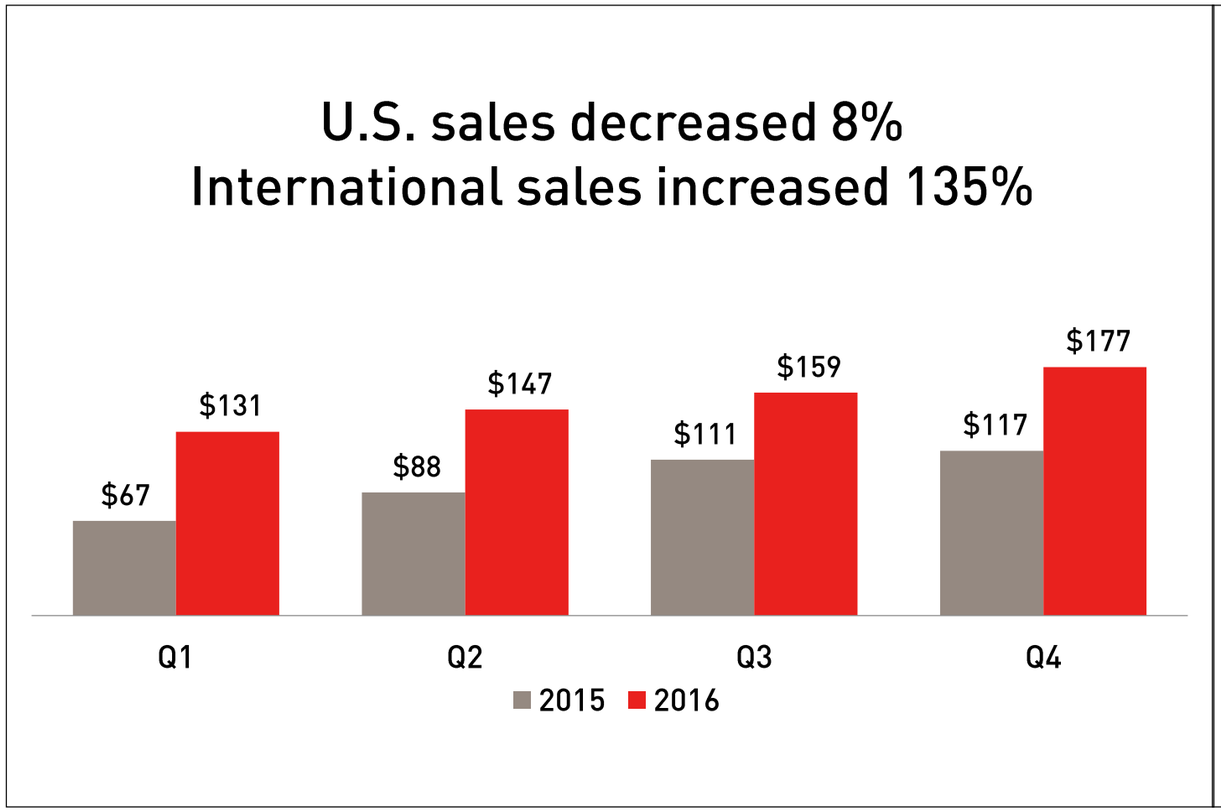


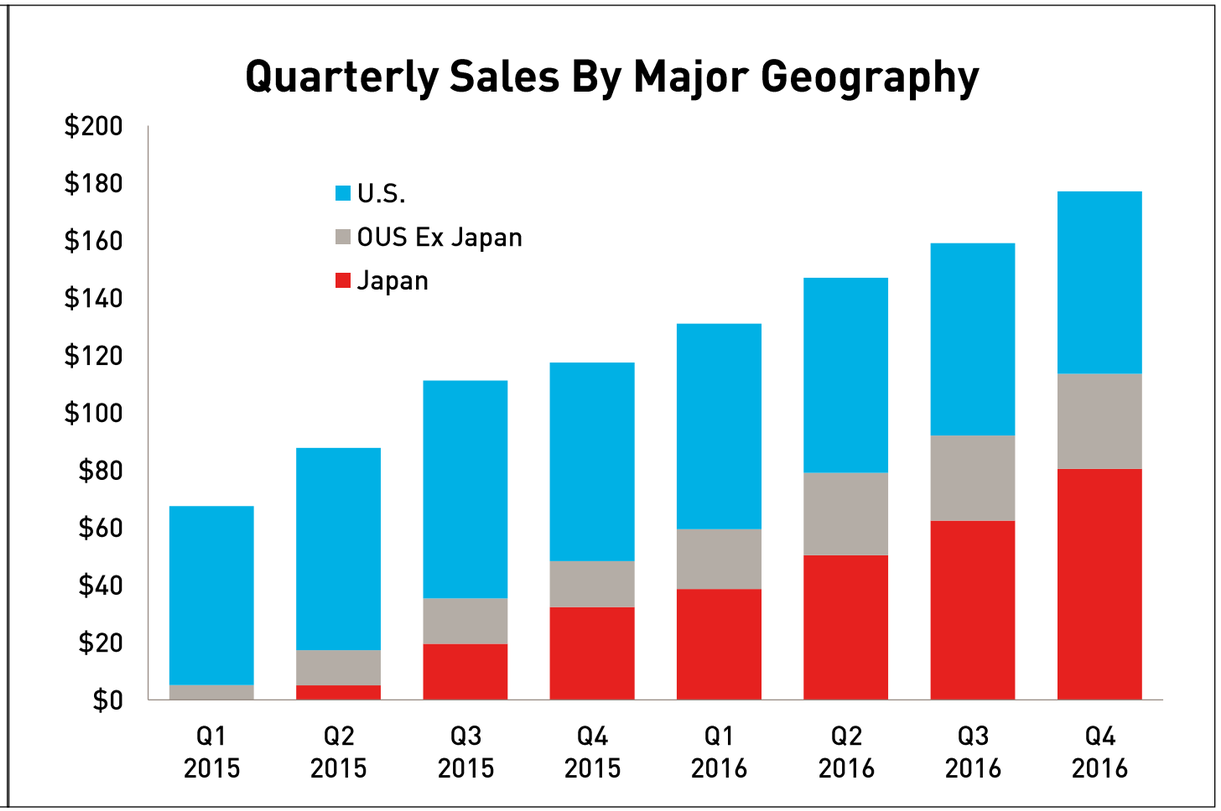
	Q4 Sales	Change	Performance	Rate
U.S. Cymbalta	$23.2	(8)%	(8)%	0%
OUS Cymbalta	158.7	(20)%	(25)%	5%
WW Cymbalta	**$181.8**	**(19)%**	**(23)%**	**5%**

- OUS sales decrease driven by continued sales erosion following the loss of exclusivity in Europe in 2014, offset by an increase in Japan

Q4 2016 CYRAMZA SALES INCREASED 51%

Millions

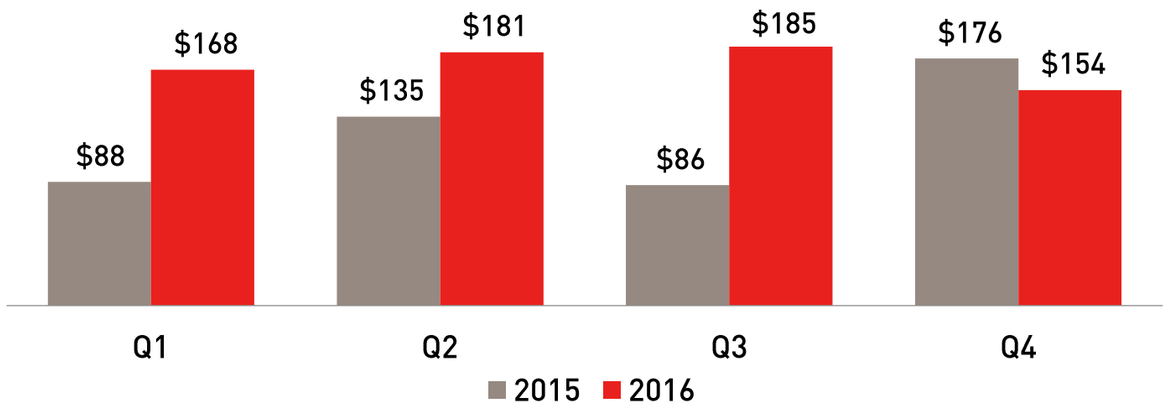




Q4 2016 ERBITUX® REVENUE DECREASED 13%

Millions

U.S. sales were $130 million
International sales were $24 million



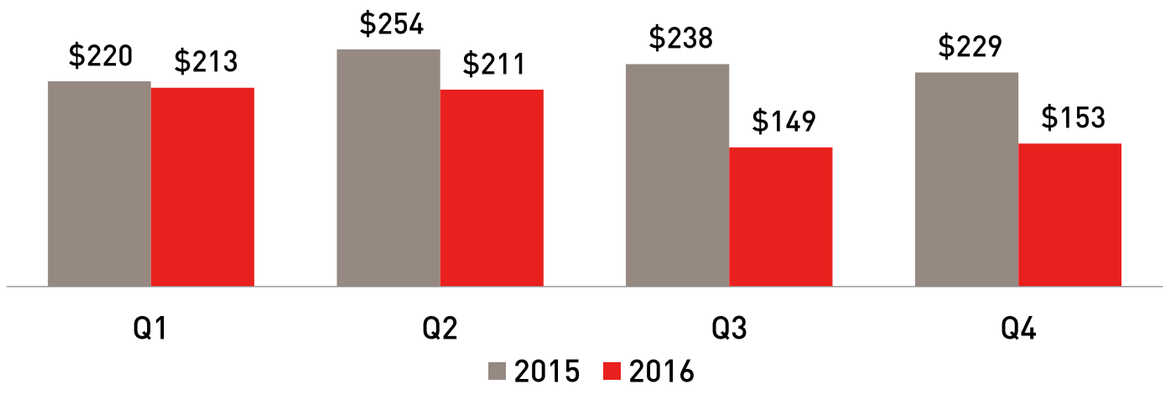
	Q4 Sales	Change	Performance	Rate
U.S. Erbitux	$129.7	(14)%	(14)%	0%
OUS Erbitux	24.0	(5)%	(7)%	2%
WW Erbitux	**$153.7**	**(13)%**	**(13)%**	**0%**

- U.S. sales decrease driven by initial stocking in the base period following the take back of North American rights from Bristol-Myers Squibb on October 1, 2015, and IO competition in the head and neck cancer indication

Q4 2016 ZYPREXA SALES DECREASED 33%

Millions

U.S. sales decreased $16 million
International sales decreased $60 million



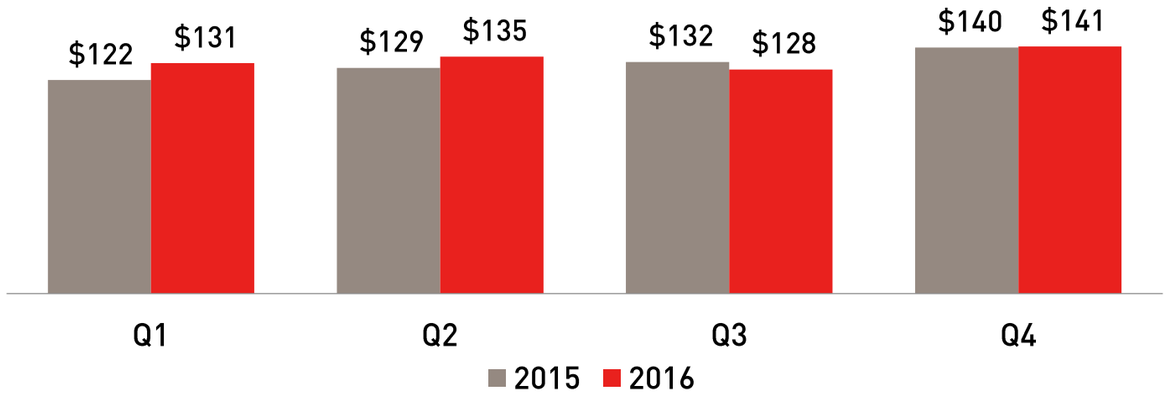
	Q4 Sales	Change	Performance	Rate
U.S. Zyprexa	$10.0	(61)%	(61)%	-
OUS Zyprexa	143.0	(30)%	(32)%	3%
WW Zyprexa	**$153.0**	**(33)%**	**(36)%**	**2%**

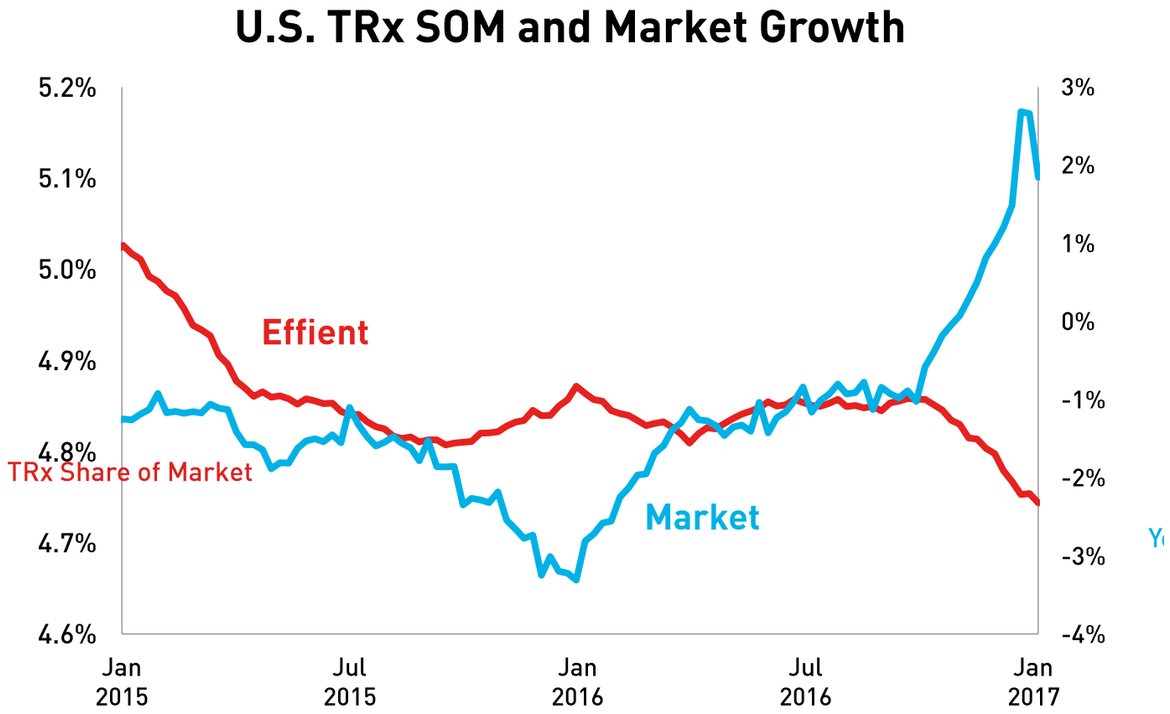
- OUS Zyprexa sales declined primarily due to the introduction of generic olanzapine in Japan in June; Japan Zyprexa sales were $58.5 million, a decrease of 55% excluding FX

Q4 2016 EFFIENT SALES WERE FLAT

Millions

U.S. sales increased $12 million
International sales decreased $11 million



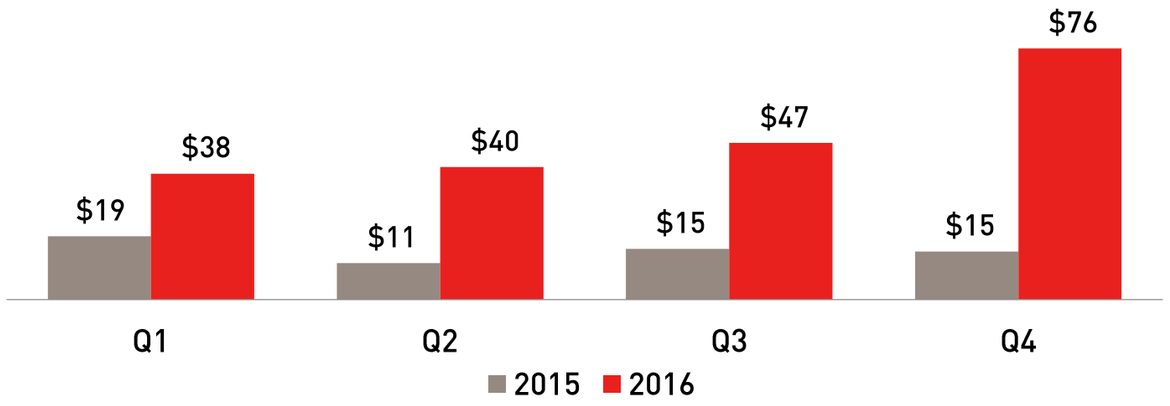


Source: QuintilesIMS Health NPA TRx 3MMA, weekly data January 6, 2016

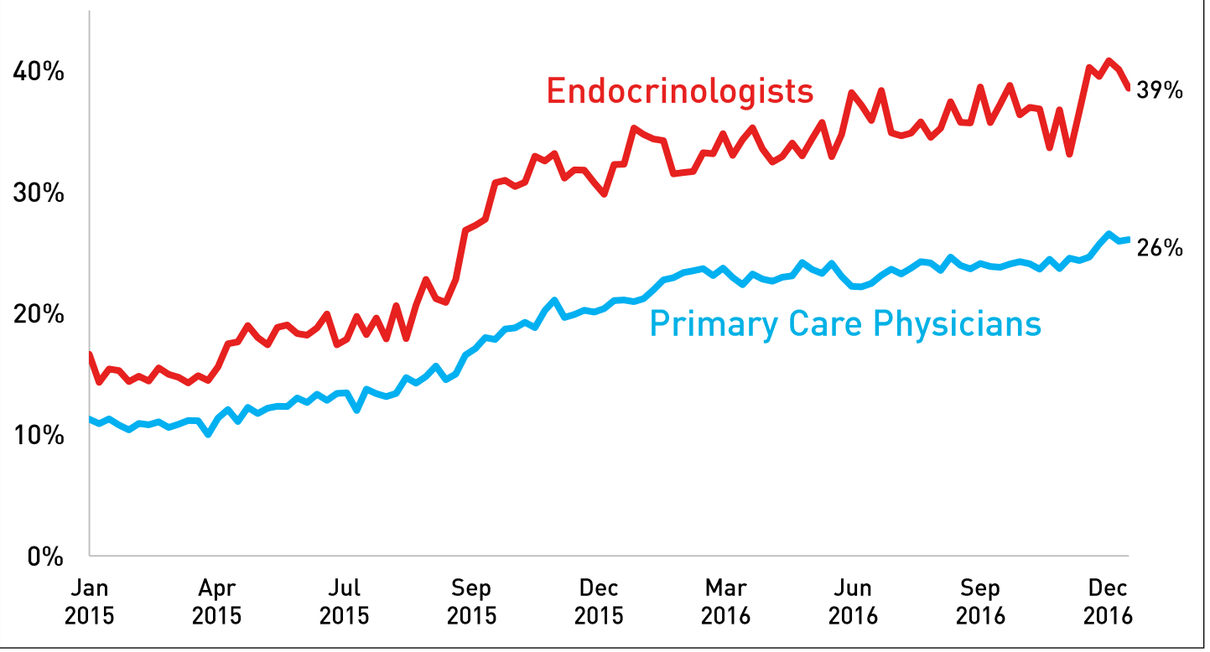
Q4 2016 JARDIANCE REVENUE WAS $76 MILLION

Millions

U.S. revenue was $56 million
International revenue was $20 million



U.S. New Therapy Starts (NTS Rx) SOM



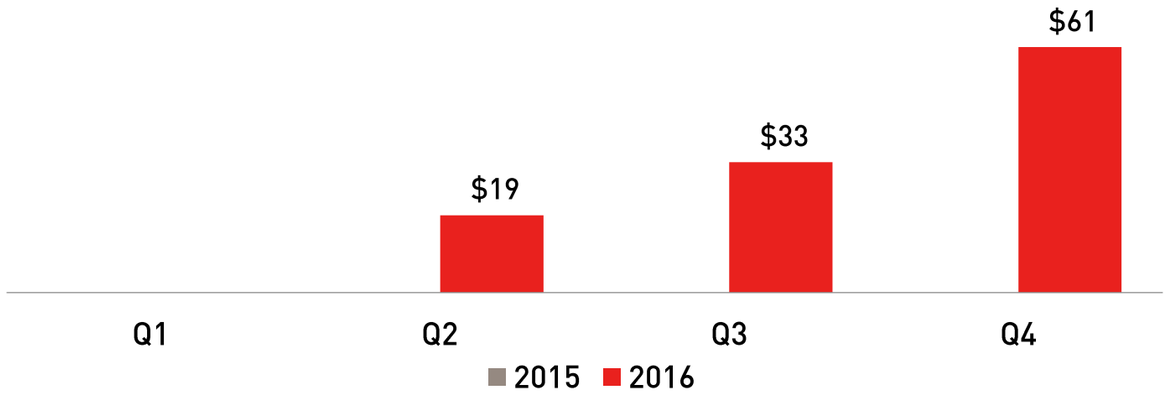
Source: QuintilesIMS Health NPA NTS Rx 3MMA, weekly data January 6, 2016

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

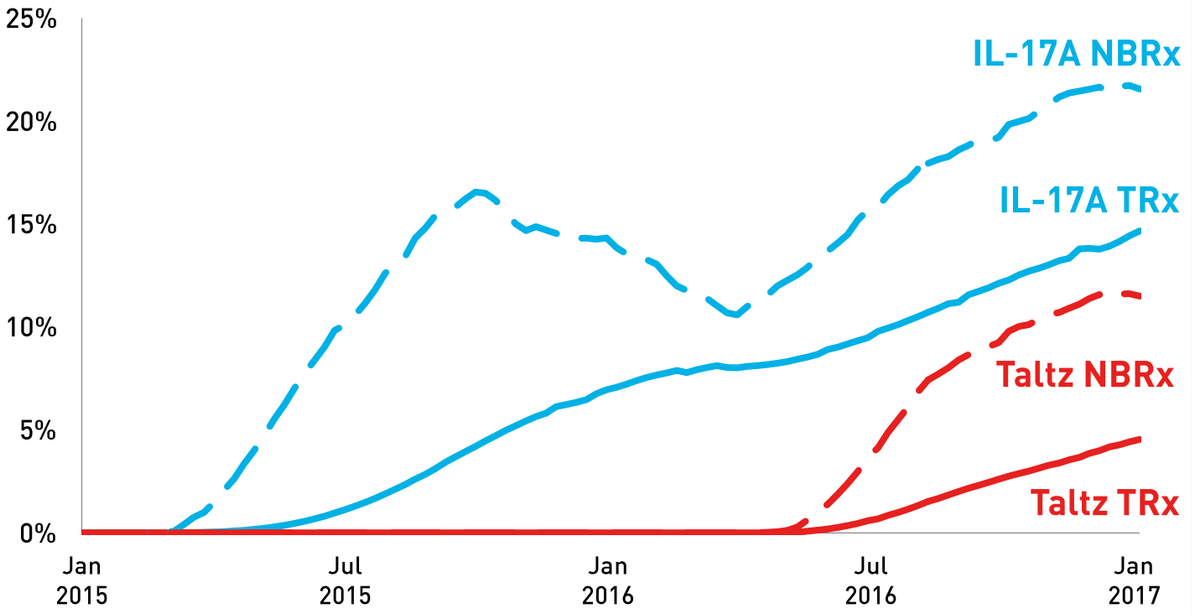
Q4 2016 TALTZ SALES WERE $61 MILLION

Millions

U.S. sales were $59 million
International sales were $2 million



U.S. Share of Biologics – Dermatologists

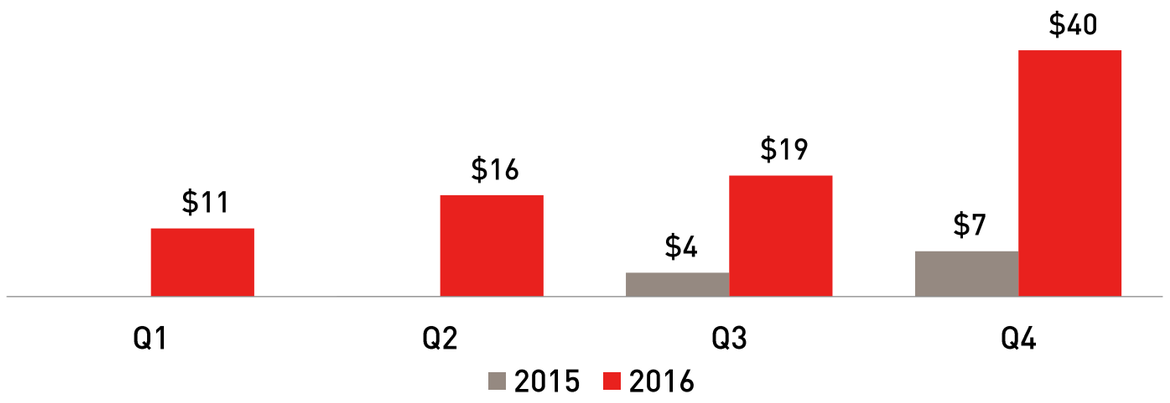


Source: QuintilesIMS Health NPA TRx and NBRx 3MMA, weekly data January 6, 2016

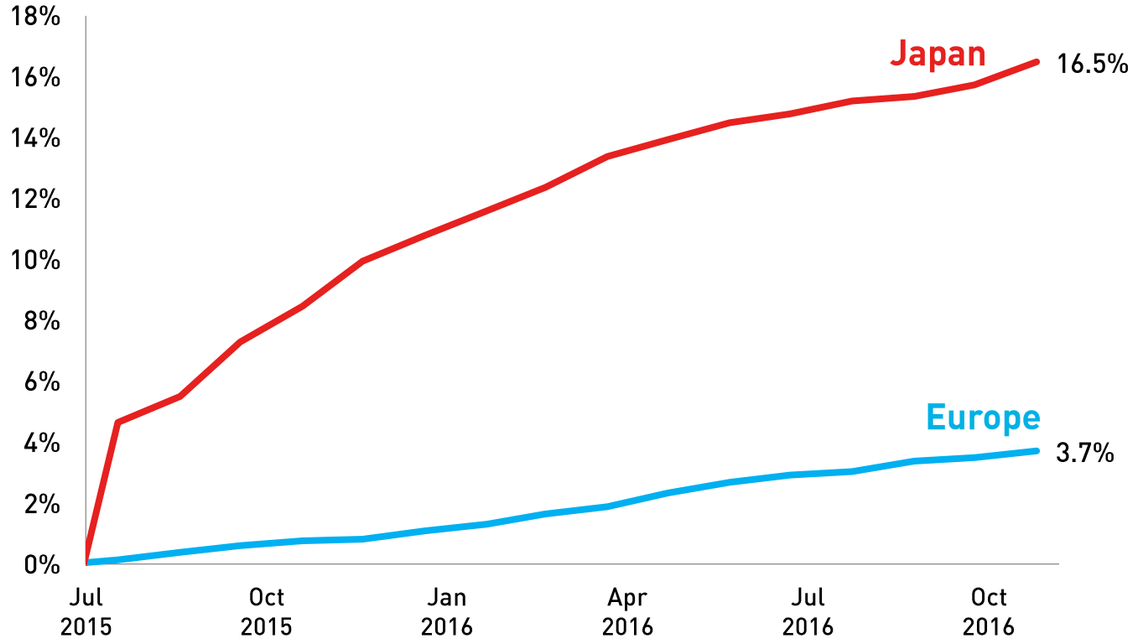
Q4 2016 BASAGLAR SALES WERE $40 MILLION

Millions

U.S. December sales were $16 million
International sales were $24 million



Basaglar Days of Therapy SOM
Total Basal Insulin Market



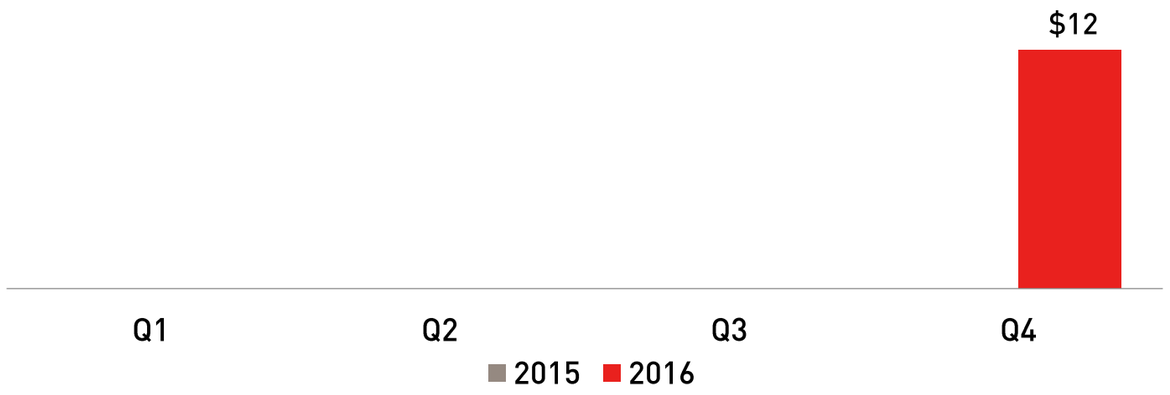
Source: QuintilesIMS Health, monthly data November 2016

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

Q4 2016 LARTRUVO SALES WERE $12 MILLION

Millions

U.S. sales were $11 million
International sales were $1 million

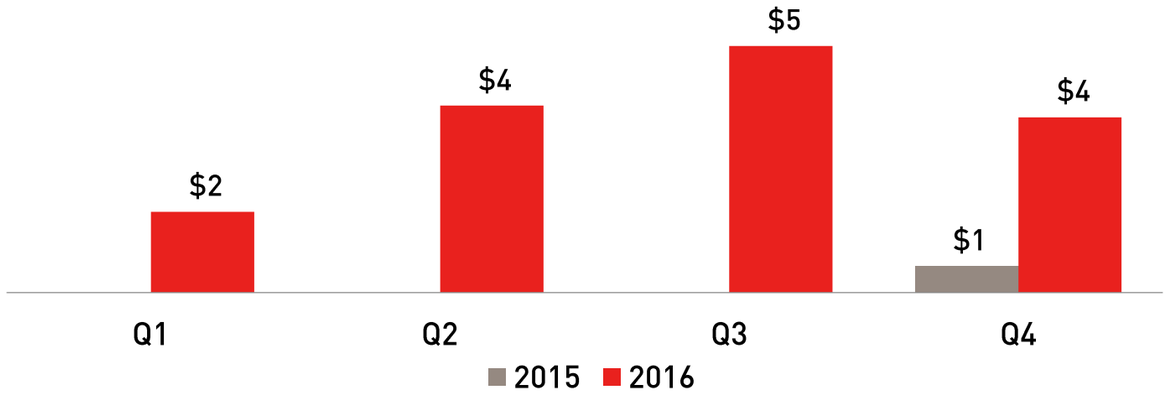


- Launched in the U.S. in October 2016
- Initial launches in Europe began in December 2016

Q4 2016 PORTRAZZA SALES WERE $4 MILLION

Millions

U.S. sales were $3.3 million
International sales were $0.4 million



- Launched in the U.S. in December 2015
- Initial launches in Europe began in Q2 2016
- Uptake of IO agents in 1L squamous NSCLC affecting Portrazza use

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