Eli Lilly and Company
2014 Financial Guidance

January 7th, 2014

Answers That Matter.

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.

Our Journey Leading up to 2014

- Executed our innovation-based strategy and re-shaped our business:
  - Purchased ImClone, bolstering oncology and biotech capabilities
  - Organized along five lines of business
  - Established a Development Center of Excellence
  - Removed over $1 billion from projected 2011 expenses
  - Reduced headcount by over 5,500 (excluding strategic additions)
  - Invested in growth areas – Japan, Emerging Markets and Elanco
  - Drove growth in brands not facing generic competition – Alimta®, Cialis®, Forteo®, Humalog® and Humulin®
  - Entered into strategic diabetes alliance with Boehringer Ingelheim
  - Successfully replenished our pipeline, increasing assets in mid- to late-stage development from 7 in 2004 to nearly 40 today
  - Strengthened our investment in discovery research for the long-term

Significantly transformed our business; now stronger, more resilient, more effective … and better positioned to succeed

Our Focus in 2014 and Beyond

- Continued focus on our strategy:
  - Advancing our pipeline
    - Obtaining timely regulatory approvals
    - Successfully launching new products, new indications and line extensions
    - Maintaining a flow of innovation
  - Driving strong performance of our marketed brands and key growth areas
  - Increasing productivity and reducing our cost structure

- Potential for multiple product launches positions us well for growth and margin expansion post-2014:
  - Four NME regulatory submissions in 2013 with more possible in 2014
  - Potential for three NME launches in 2014 with more possible in 2015

2014 Guidance

Total Revenue	$19.2 to $19.8 billion
Gross Margin % of Revenue	Approximately 74%
Mktg, Selling & Admin.	$6.2 to $6.5 billion
Research & Development	$4.4 to $4.7 billion
Other Income/(Expense)	$100 - $200 million
Tax Rate	Approximately 20%
Minimum Net Income	$3 billion
Earnings per Share	$2.77 - $2.85
Minimum Operating Cash Flow	$4 billion
Capital Expenditures	Approximately $1.3 billion

Key Events in 2014

Potential Phase 3 initiations:

- CDK4/6 for cancer
- Blosozumab for osteoporosis

Potential Phase 3 data internal readouts:

- Basal insulin peglispro for type 1 and type 2 diabetes
- Ramucirumab for second-line metastatic colorectal cancer
- Ixekizumab for psoriasis
- Tabalumab for lupus
- First trial of baricitinib in rheumatoid arthritis

Potential Phase 3 data external disclosures:

- AWARD-2, AWARD-4 and AWARD-6 of dulaglutide for type 2 diabetes
- New insulin glargine product for type 1 and type 2 diabetes [1] (ELEMENT1 and ELEMENT2)
- Necitumumab for first-line squamous NSCLC (SQUIRE)
- Ramucirumab as combination therapy for second-line gastric cancer (RAINBOW)
- Ramucirumab for second-line NSCLC (REVEL)
- Ramucirumab for second-line hepatocellular cancer (REACH)

Potential regulatory submissions:

- Basal insulin peglispro for type 1 and type 2 diabetes
- Empagliflozin + linagliptin FDC for type 2 diabetes [1]
- Empagliflozin + metformin IR FDC for type 2 diabetes [1]
- Necitumumab for first-line squamous NSCLC
- Ramucirumab as combination therapy for second-line gastric cancer
- Ramucirumab for second-line NSCLC
- Ramucirumab for second-line hepatocellular cancer

Potential regulatory actions:

- Empagliflozin for type 2 diabetes [1]
- Dulaglutide for type 2 diabetes
- Ramucirumab as monotherapy for second-line gastric cancer
- New insulin glargine product [1]

Other:

- Ruling in Alimta District Court trial for method-of-use patent
- Evista® U.S. patent expiration
- Cymbalta® EU data package exclusivity expiration
- Partial clinical hold resolution for tanezumab [2]

1 in collaboration with Boehringer Ingelheim
2 in collaboration with Pfizer

2014 Summary

- Focused on implementation of our innovation-based strategy:
  - Advancing our pipeline
  - Driving strong performance of our key growth areas and marketed brands
  - Increasing productivity across our business
- Expect continued progress in 2014 on each element of our strategy:
  - Advancing our pipeline
    - Additional Phase 3 data readouts and data presentations
    - Potential for more regulatory submissions
    - Begin launch of next wave of innovation
  - Offset some of Cymbalta and Evista revenue loss with growth across a broad range of products, geographies and businesses
  - Significant reduction in both SG&A and R&D expense
- Expect to achieve minimum net income and operating cash flow goals, allowing:
  - Investment in new product launches
  - Payment of dividend at least at its current level
  - Recapitalization of physical asset base
  - Reinvestment in business development and/or return of additional cash to shareholders via share repurchase`
- Poised to drive growth and expand margins post-2014 while building a sustainable R&D engine