Eli Lilly and Company
Second Quarter 2013 Financial Review

July 24th, 2013

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 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.

Beyond the Quarterly Financial Results

Key events since the last earnings call

Clinical:

- Presented detailed data at the American Diabetes Association annual meeting from initial Phase 3 trials for dulaglutide and, in collaboration with Boehringer Ingelheim, for empagliflozin
- Along with Incyte, presented 52-week data at the annual meeting of the European League Against Rheumatism from the Phase 2b rheumatoid arthritis trial of baricitinib
- Announced that the PRONOUNCE study, comparing an Alimta®/carboplatin doublet regimen to a paclitaxel/carboplatin/bevacizumab triplet regimen, did not achieve its primary endpoint of improved progression-free survival without grade four adverse events
- Announced that PRELUDE, a Phase 3 study evaluating enzastaurin as monotherapy treatment for the prevention of relapse in patients with diffuse large B-cell lymphoma, did not meet its primary endpoint of improved disease-free survival
- Stopped the Phase 2 study for LY2886721, a beta secretase (BACE) inhibitor being investigated as a once-daily treatment to slow the progression of Alzheimer's disease

Regulatory/Commercial:

- Announced that the marketing authorization application for new insulin glargine product for the treatment of type 1 and type 2 diabetes was accepted for review by the European Medicines Agency (EMA); application filed through the EMA's biosimilar pathway
- Received European approval for Strattera® for the treatment of adults with ADHD
- Draft decision by the Centers for Medicare & Medicaid Services proposing Coverage with Evidence Development for the use of beta-amyloid PET imaging agents, including Amyvid™

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 and other income and expenses from business development activities

2013 Income Statement (Reported)

Millions; except per share data

	Q2 2013	Growth	June YTD	Growth
Total Revenue	$5,930	6%	$11,532	3%
Gross Margin Percent	80.3%	0.8pp	79.9%	0.8pp
Total Operating Expense*	3,261	0%	6,283	0%
Operating Income	1,503	25%	2,925	13%
Other Income / (Deductions)	12	NM	541	NM
Effective Tax Rate	*20.4%*	*(1.7)pp*	*20.5%*	*(2.8)pp*
Net Income	**$1,206**	**31%**	**$2,754**	**42%**
Diluted EPS	**$1.11**	**34%**	**$2.53**	**46%**

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

Note: See slide 20 for a complete list of charges.

Reconciliation of GAAP Reported to Non-GAAP Adjusted Information; certain line items (unaudited)

Millions; except per share data

	Q2 2013			
	GAAP Reported	Adjust-ments	Non-GAAP Adjusted	Non-GAAP Adjusted Growth
Total Revenue	5,930	-	5,930	6%
Gross Margin	80.3%	-	80.3%	0.8pp
Total Operating Expense	3,261	(63)	3,198	(2)%
Operating Income	1,503	63	1,566	30%
Other Income / (Deductions)	12	-	12	NM
Effective Tax Rate	*20.4%*	*0.1%*	*20.5%*	*(1.6)pp*
Net Income	$1,206	$49	$1,255	36%
Diluted EPS	$1.11	$0.04	$1.16	40%

Note: Numbers may not add due to rounding.

Reconciliation of GAAP Reported to Non-GAAP Adjusted Information; certain line items (unaudited)

Millions; except per share data

	June YTD 2013			
	GAAP Reported	Adjust-ments	Non-GAAP Adjusted	Non-GAAP Adjusted Growth
Total Revenue	11,532	-	11,532	3%
Gross Margin	79.9%	-	79.9%	0.8pp
Total Operating Expense	6,283	(85)	6,198	(1)%
Operating Income	2,925	85	3,010	15%
Other Income / (Deductions)	541	(495)	46	NM
Effective Tax Rate	*20.5%*	*(2.4)%*	*18.1%*	*(5.3)pp*
Net Income	$2,754	$(252)	$2,503	28%
Diluted EPS	$2.53	$(0.23)	$2.30	32%

Note: Numbers may not add due to rounding.

EPS Reconciliation

	Q2 2013	Q2 2012	Growth	YTD 13	YTD 12	Growth
EPS (reported)	**$1.11**	**$0.83**	**34%**	**$2.53**	**$1.73**	**46%**
Asset impairment, restructuring and other special charges	0.04	-		0.06	0.01	
Income from the transfer of exenatide commercial rights	-	-		(0.29)	-	
EPS (non-GAAP)	**$1.16**	**$0.83**	**40%**	**$2.30**	**$1.74**	**32%**

Note: Numbers may not add due to rounding.

Effect of Price/Rate/Volume on Revenue

Q2 2013					
Pharmaceuticals	Amount	Price	FX Rate	Volume	Total
U.S.	$2,962.2	15%	-	(0)%	14%
Europe	954.7	(1)%	(1)%	(4)%	(5)%
Japan	490.0	(3)%	(18)%	10%	(11)%
ROW	809.4	(1)%	(2)%	5%	2%
Total Pharma	5,216.4	7%	(3)%	1%	6%
Animal Health	543.5	3%	(1)%	5%	6%
Net Product Sales	5,759.9	7%	(2)%	1%	6%
Collab/Other Revenue	169.8	0%	(1)%	18%	17%
Total Revenue	**$5,929.7**	**6%**	**(2)%**	**2%**	**6%**

YTD 2013					
Pharmaceuticals	Amount	Price	FX Rate	Volume	Total
U.S.	$5,688.3	12%	-	(4)%	8%
Europe	1,942.4	(1)%	0%	(2)%	(3)%
Japan	951.6	(3)%	(16)%	10%	(8)%
ROW	1,583.7	(2)%	(2)%	3%	(0)%
Total Pharma	10,166.0	6%	(2)%	(1)%	3%
Animal Health	1,042.4	2%	(1)%	2%	4%
Net Product Sales	11,208.4	5%	(2)%	(0)%	3%
Collab/Other Revenue	323.3	0%	(1)%	(2)%	(3)%
Total Revenue	**$11,531.7**	**5%**	**(2)%**	**(1)%**	**3%**

Note: Numbers may not add due to rounding.

Effect of Foreign Exchange on 2013 Results

Year-on-Year Growth

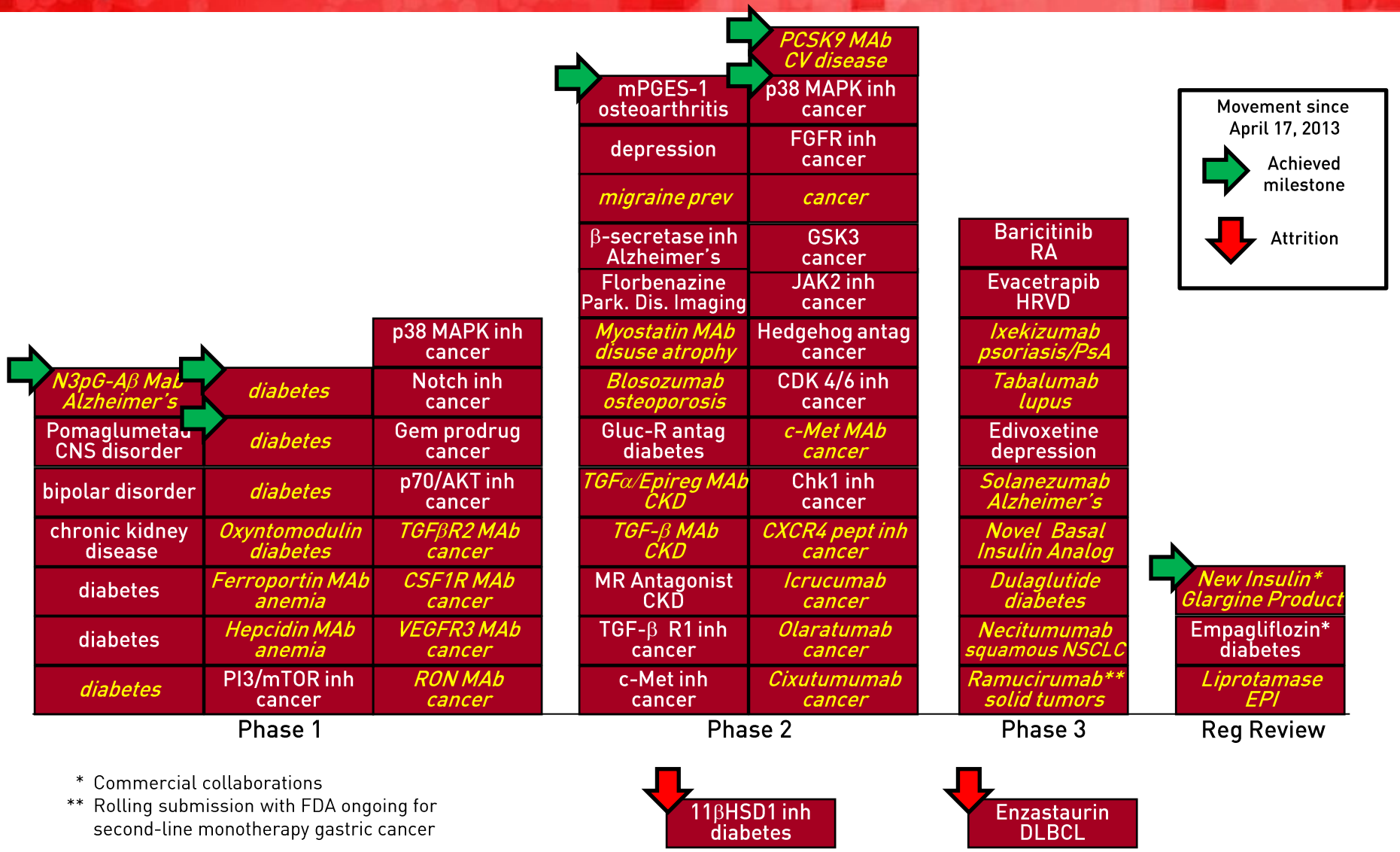
	Q2 2013		June YTD 2013	
	With FX	w/o FX	With FX	w/o FX
Total Revenue	6%	8%	3%	5%
Cost of Sales	2%	(2)%	(1)%	(2)%
Gross Margin	7%	11%	4%	7%
Reported Operating Expense	0%	2%	0%	1%
Reported Operating Income	25%	36%	13%	20%
Reported EPS	34%	46%	46%	54%
Non-GAAP Operating Expense	(2)%	(0)%	(1)%	0%
Non-GAAP Operating Income	30%	41%	15%	22%
Non-GAAP EPS	40%	52%	32%	40%

Lilly NME Pipeline

July 15, 2013

New Chemical Entity (NCE)

New Biotech Entity (NBE)



* Commercial collaborations

** Rolling submission with FDA ongoing for second-line monotherapy gastric cancer

Key Events in 2013

Potential Phase 3 data external disclosure / internal readouts:

- ✓+ Initial trials of dulaglutide for type 2 diabetes
- ✓+ Initial trials of empagliflozin for type 2 diabetes [1]
- Initial trials of novel basal insulin analog for type 1 and type 2 diabetes
- ✓+ Trials of new insulin glargine product for type 1 and type 2 diabetes [1]
- ✓+ Ramucirumab as monotherapy for second-line gastric cancer (ASCO-GI in January)
- Ramucirumab for breast cancer
- Ramucirumab as combination therapy for second-line gastric cancer
- ✓- Enzastaurin for DLBCL
- Necitumumab for first-line squamous NSCLC
- Initial trials of edivoxetine as adjunctive therapy for major depressive disorder
- ✓- Additional analyses of Phase 3 trials of tabalumab for rheumatoid arthritis

Potential regulatory submissions:

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

Other:

- Initiation of new pivotal trial for solanezumab in patients with mild AD
- Alimta District Court trial for method-of-use patent (August)
- Cymbalta® U.S. patent expiration (December)

1 in collaboration with Boehringer Ingelheim
2 FDA rolling submission underway

2013 Guidance

	Prior	Current
Total Revenue	$22.6 to $23.4 billion	$22.6 to $23.4 billion
Gross Margin % of Revenue	Approx. 78%	Approx. 79%
Mktg, Selling & Admin.	$7.1 to $7.4 billion	$7.0 to $7.2 billion
Research & Development	$5.3 to $5.6 billion	$5.3 to $5.5 billion
Other Income/(Expense) (non-GAAP)	$(50) - $100 million	$(50) - $100 million
Other Income/(Expense) (GAAP)	$440 - $590 million	$440 - $590 million
Tax Rate (non-GAAP)	Approx. 19.0%	Approx. 19.0%
Tax Rate (GAAP)	Approx. 20.5%	Approx. 20.5%
Earnings per Share (non-GAAP)	$3.82 - $3.97	$4.05 - $4.15
Earnings per Share (GAAP)	$4.10 - $4.25	$4.28 - $4.38
Capital Expenditures	Approx. $900 million	Approx. $900 million

Earnings Per Share Expectations

	2013	2012	Growth
EPS (reported)	**$4.28-$4.38**	**$3.66**	**17%-20%**
Asset impairment, restructuring and other special charges	0.06	0.16	
Income from the transfer of exenatide commercial rights	(0.29)	(0.43)	
EPS (non-GAAP)	**$4.05-$4.15**	**$3.39**	**19%-22%**

Note: Numbers may not add due to rounding.

Q2 2013 Summary

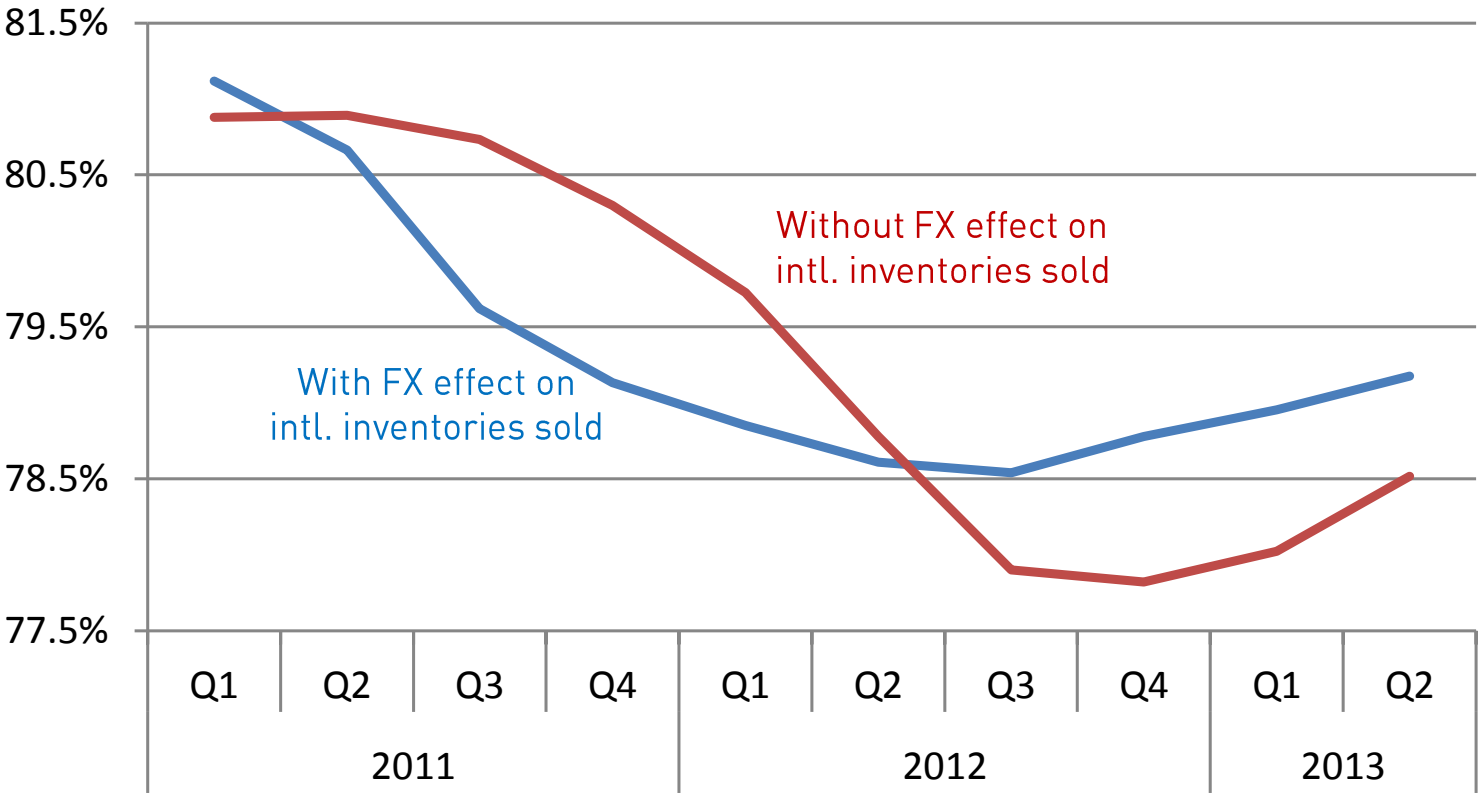
- **Continued implementation of our strategy:**
  - Replenishing and advancing our pipeline
  - Driving strong performance of our marketed brands and key growth areas
  - Increasing productivity and reducing our cost structure

- **We remain on track to meet, or exceed, our mid-term financial projections:**
  - At least $20 billion in revenue
  - At least $3 billion in net income
  - At least $4 billion in operating cash flow

- **Poised to return to growth post-2014 with the potential for up to 4 NME submissions this year**

Supplementary Slides

Gross Margin % - Moving Annual Total



Individual quarter GM% of Revenue:

with FX effect on intl inv sold	79.8%	80.4%	78.2%	78.1%	78.6%	79.5%	77.9%	79.0%	79.3%	80.3%
w/o FX effect on intl inv sold	80.7%	81.7%	80.0%	78.8%	78.3%	77.9%	76.4%	78.5%	79.1%	79.9%

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 2012/2013

	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Non-GAAP	0.92	0.83	0.79	0.85	3.39	1.14	1.16			
Reported	0.91	0.83	1.18	0.74	3.66	1.42	1.11			

Note: Numbers may not add due to rounding.

For a complete reconciliation to reported earnings, see slide 20 of this presentation and our earnings press release dated July 24, 2013.

2013 Income Statement Notes

Notes:

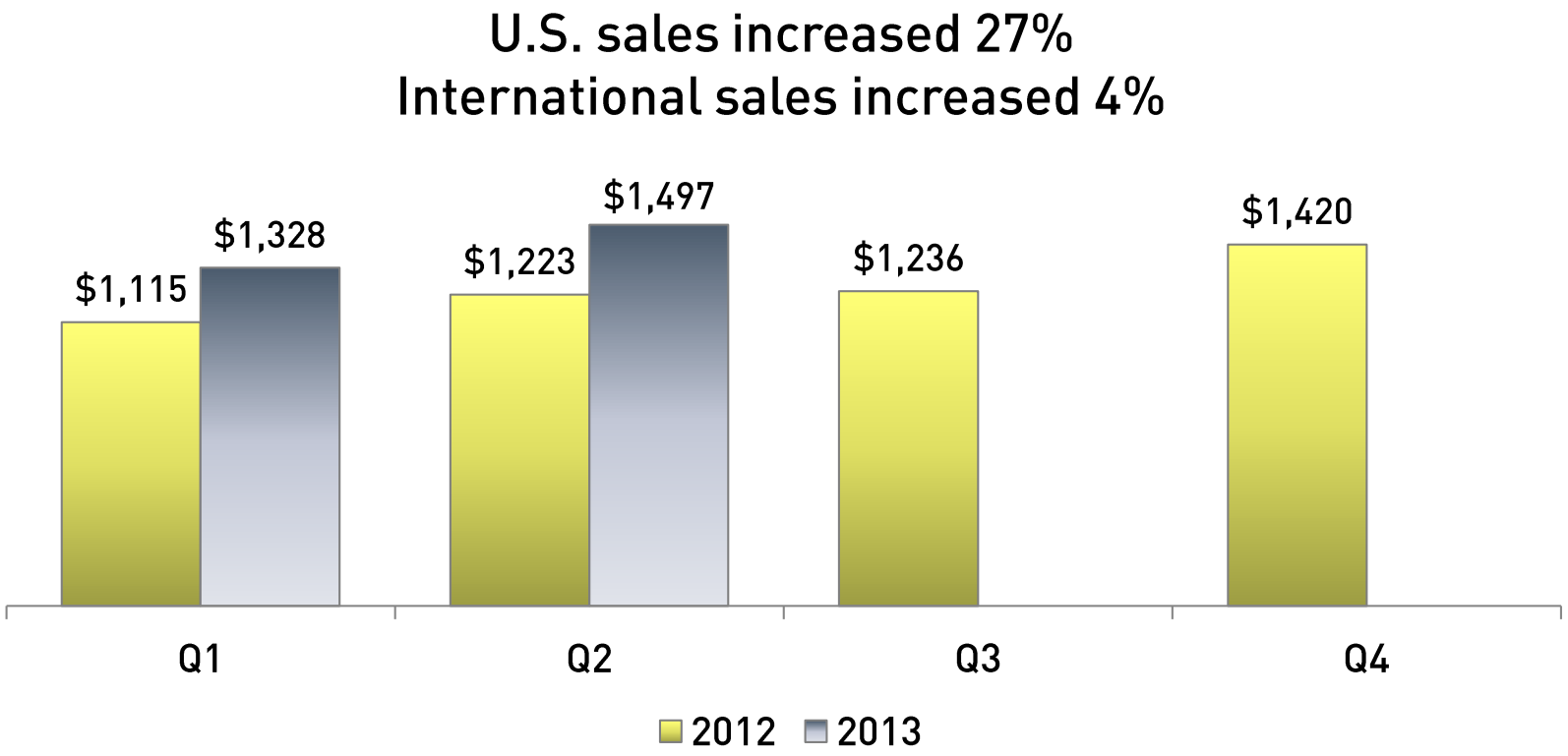
- The second quarter 2013 non-GAAP financial statements have been adjusted to eliminate a charge of $63.5 million (pretax), or EPS of $0.04 (after-tax), primarily related to the anticipated closure of a packaging and distribution facility in Germany.

- In addition, the year-to-date 2013 non-GAAP financial statements have been adjusted to eliminate income of $495.4 million (pretax), or EPS of $0.29 (after-tax), related to the transfer of exenatide commercial rights in markets outside the U.S. to Amylin and a charge of $21.7 million (pretax), or EPS of $0.01 (after-tax), associated with severance costs from actions the company is taking, primarily outside the U.S., to reduce its cost structure and global workforce.

- The year-to-date 2012 non-GAAP financial statements have been adjusted to eliminate a charge of $23.8 million (pretax), or EPS of $0.01 (after-tax) primarily related to the withdrawal of Xigris®.

Q2 Cymbalta Sales Increased 22%

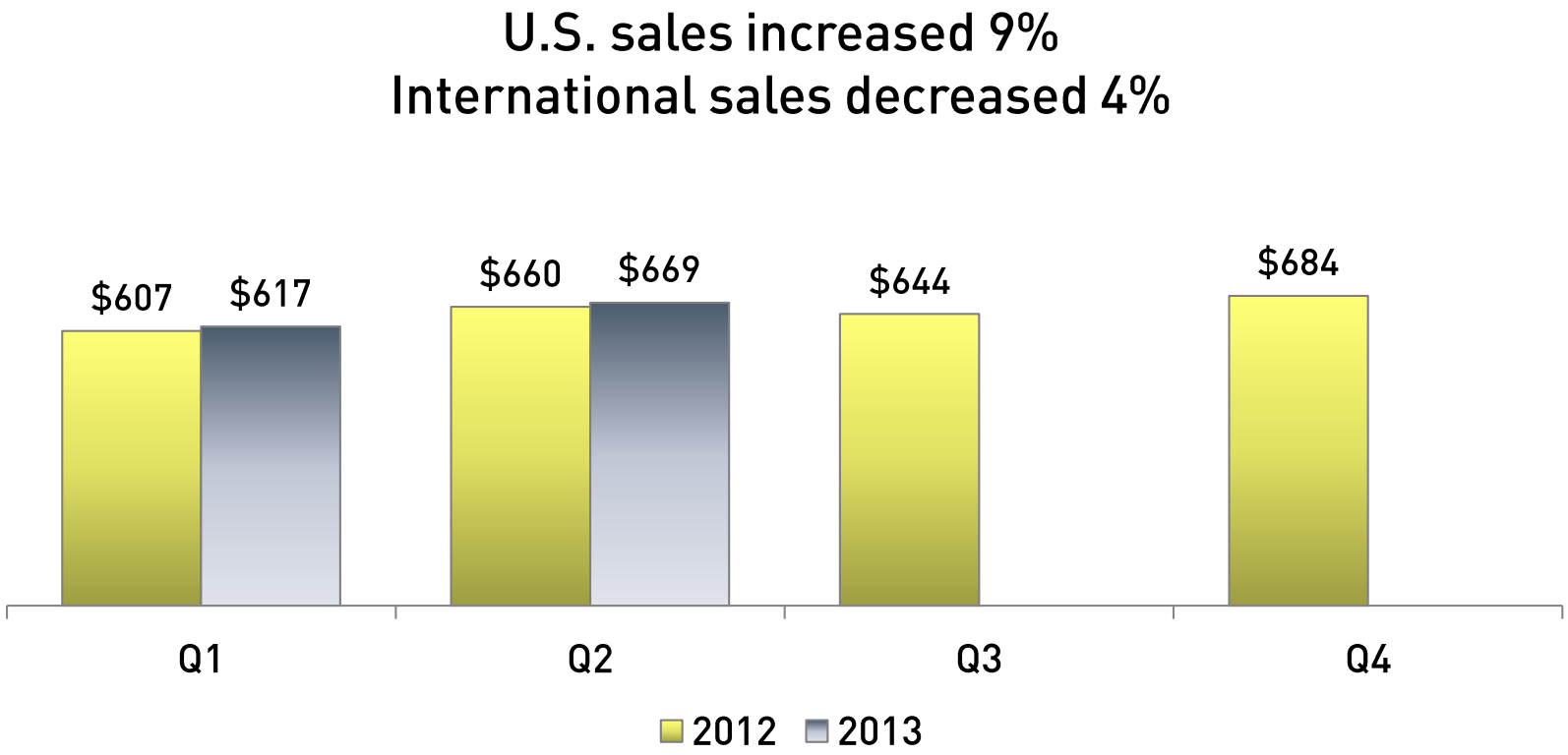
Millions



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

Q2 Alimta Sales Increased 2%

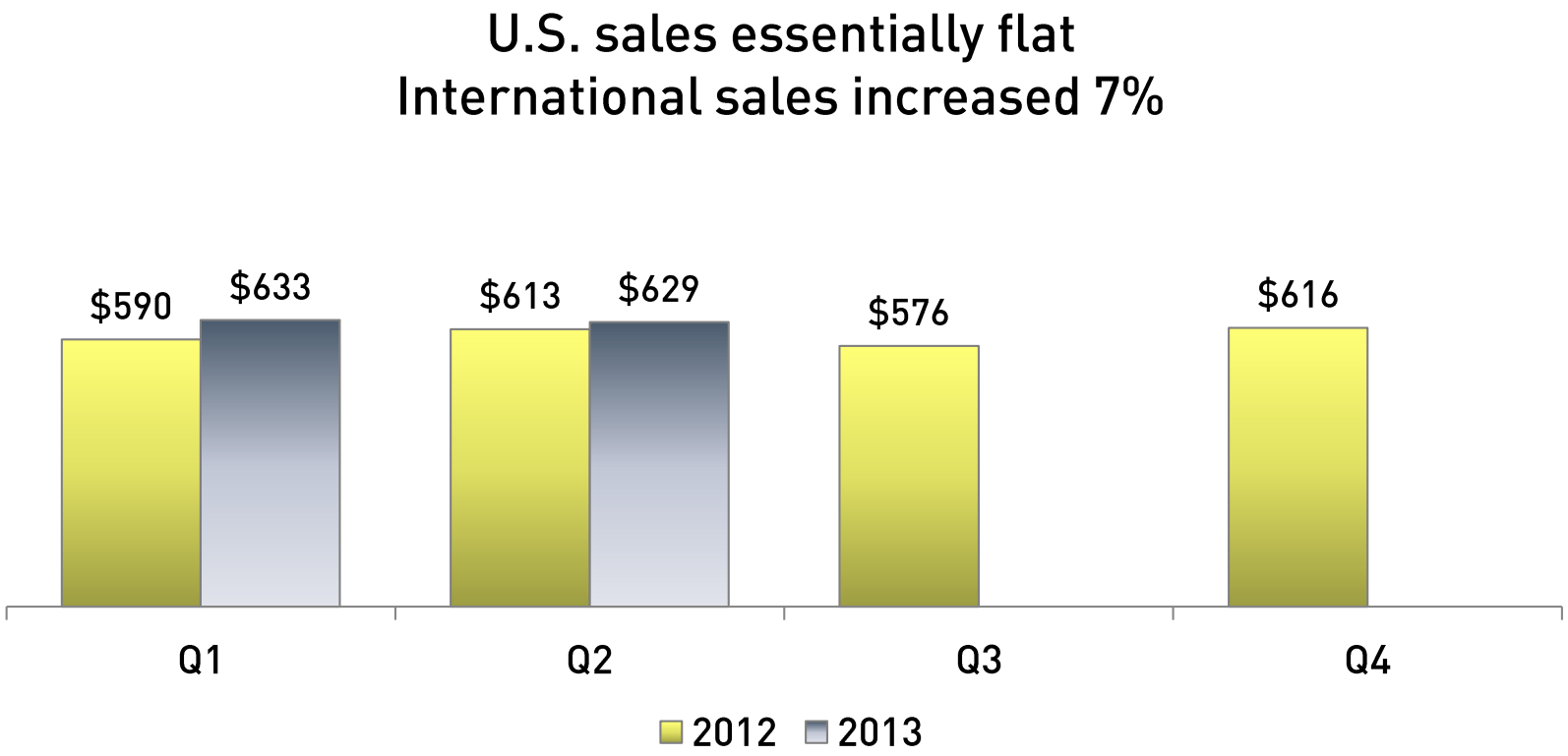
Millions



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

Q2 Humalog® Sales Increased 2%

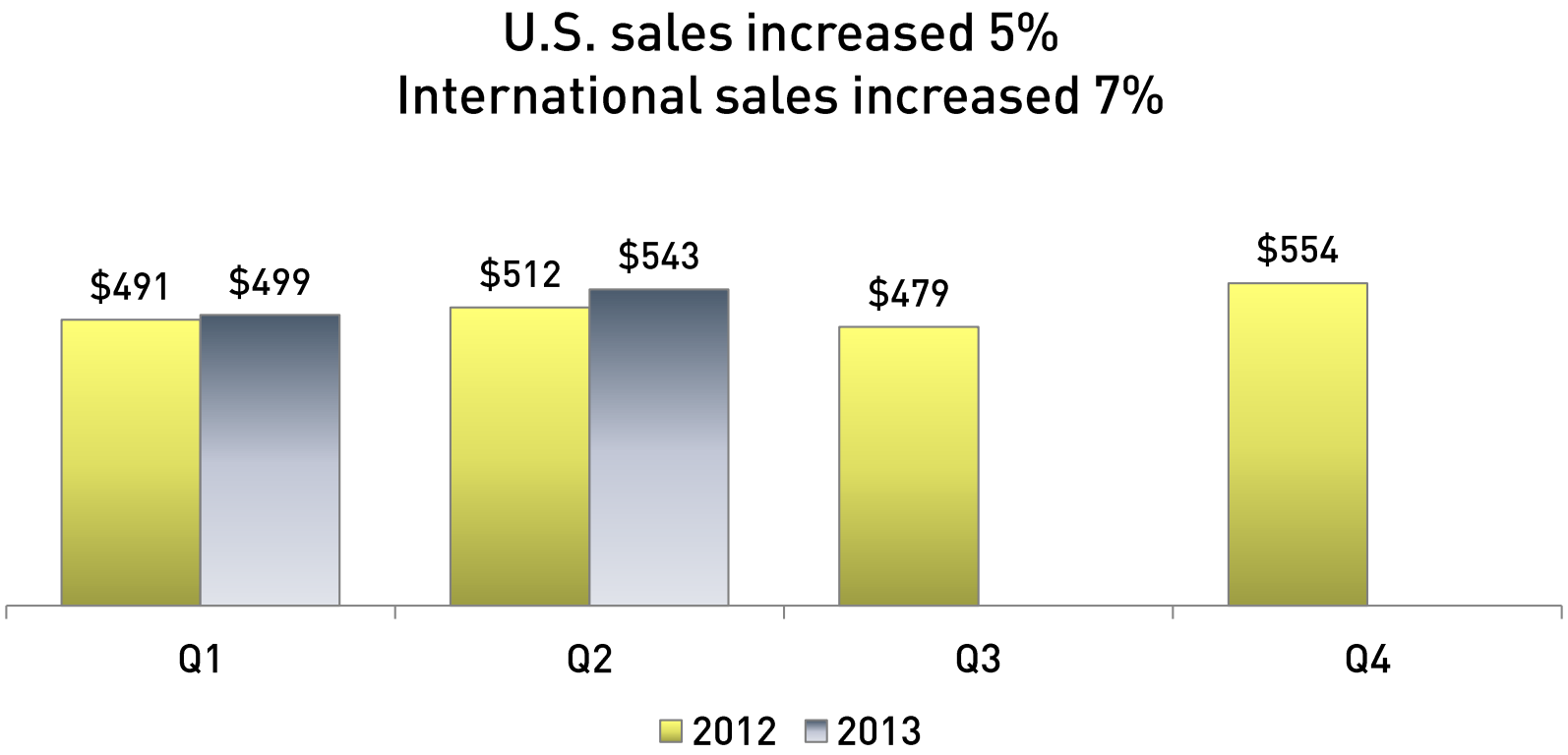
Millions



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

Q2 Animal Health Sales Increased 6%

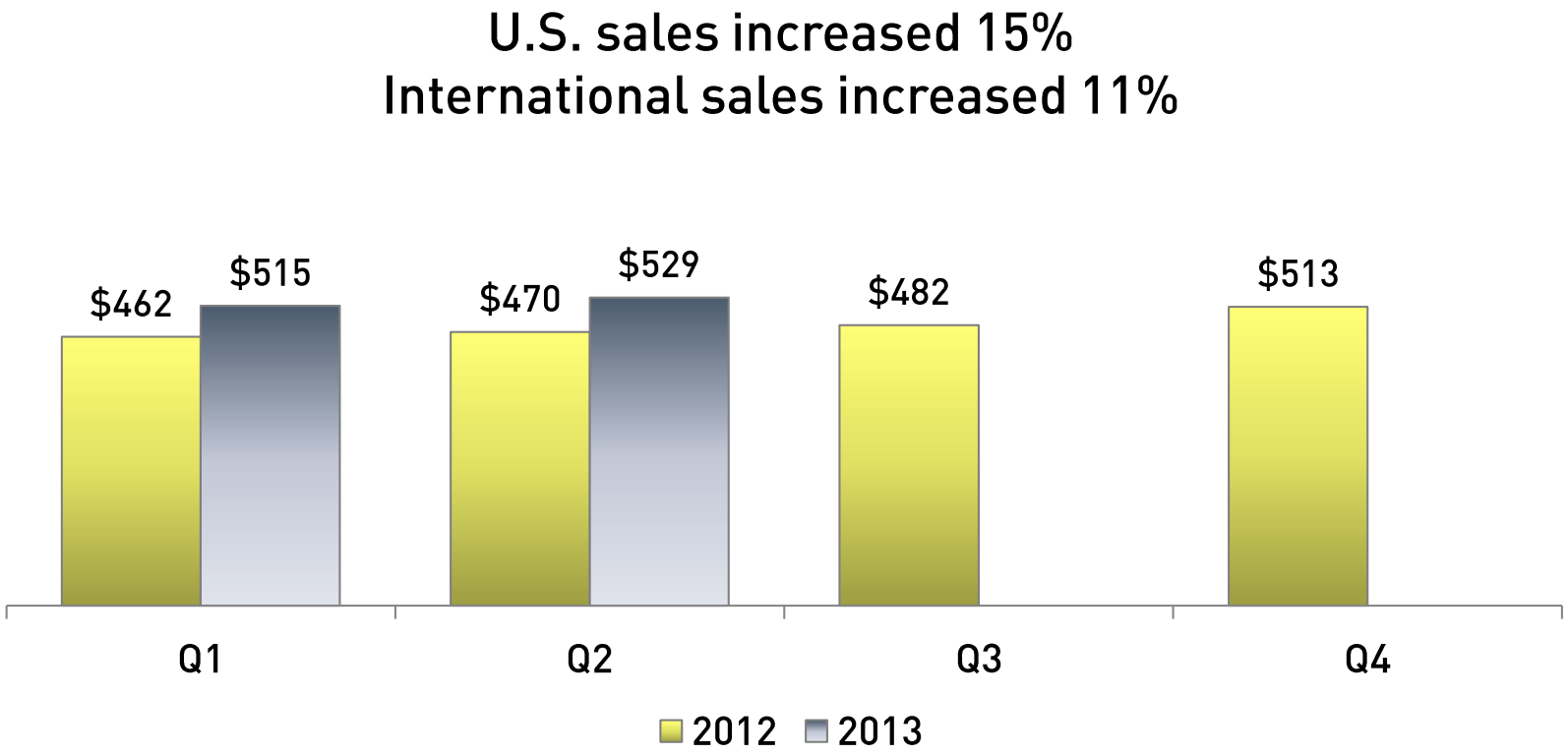
Millions



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

Q2 Cialis® Sales Increased 13%

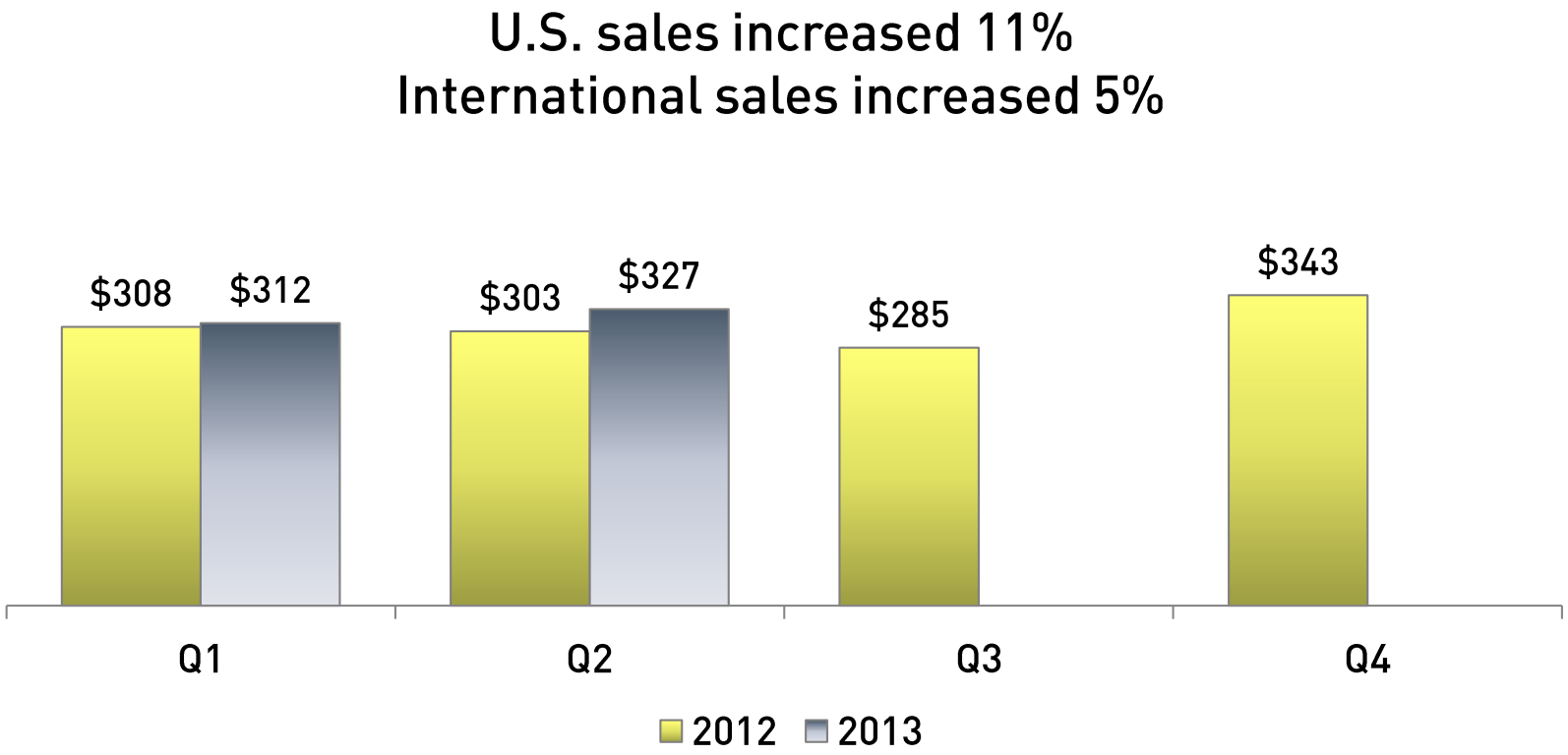
Millions



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

Q2 Humulin® Sales Increased 8%

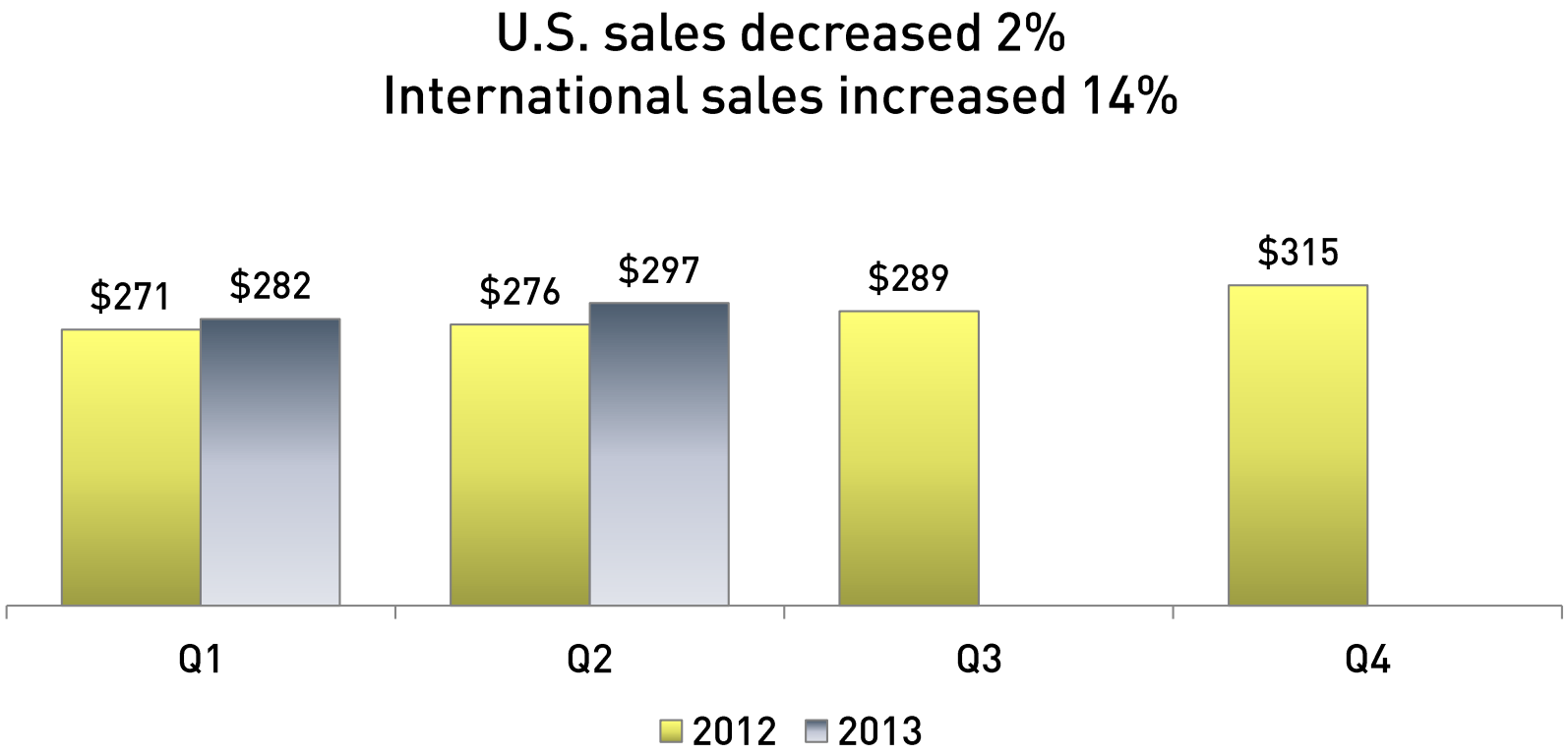
Millions



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

Q2 Forteo® Sales Increased 7%

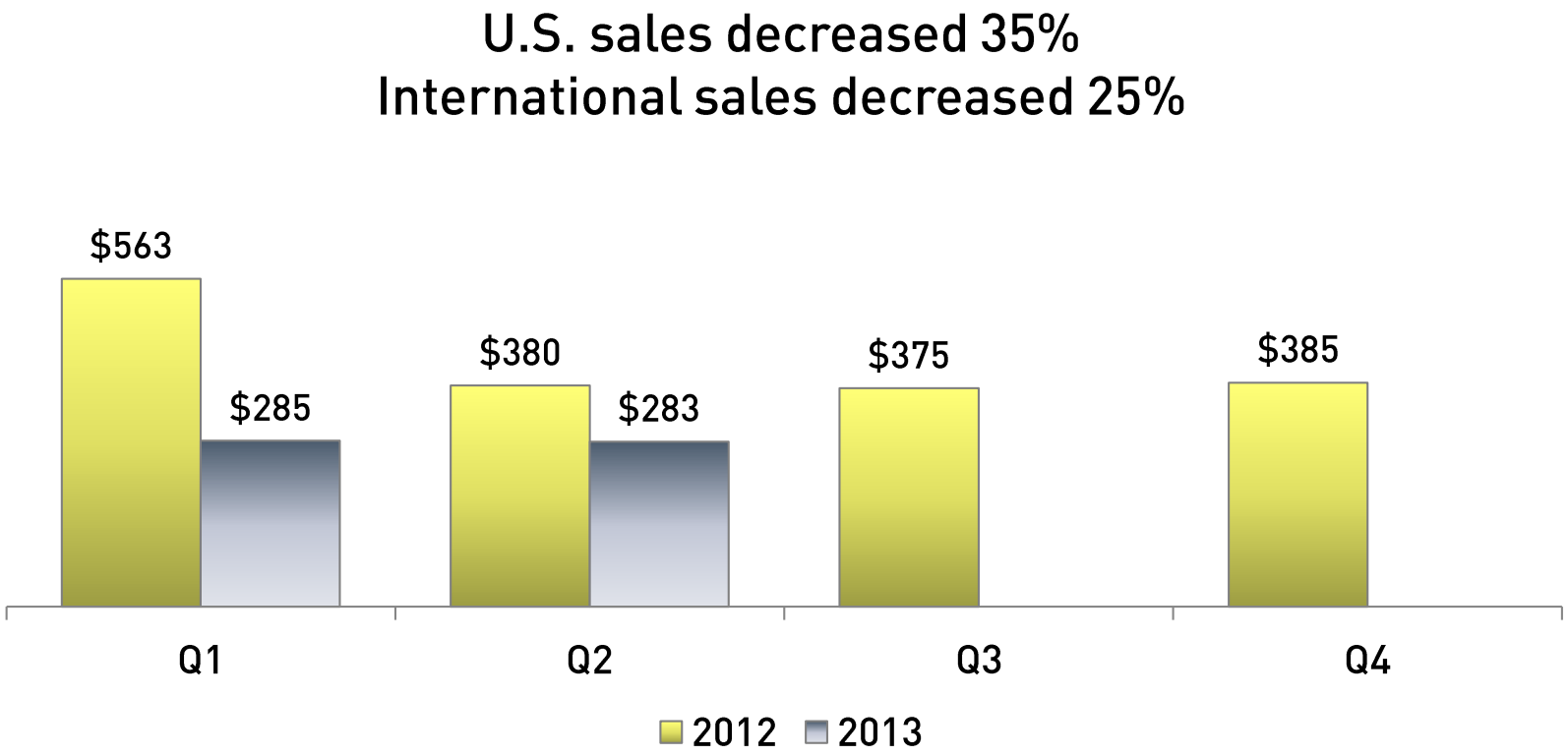
Millions



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

Q2 Zyprexa® Sales Decreased 25%

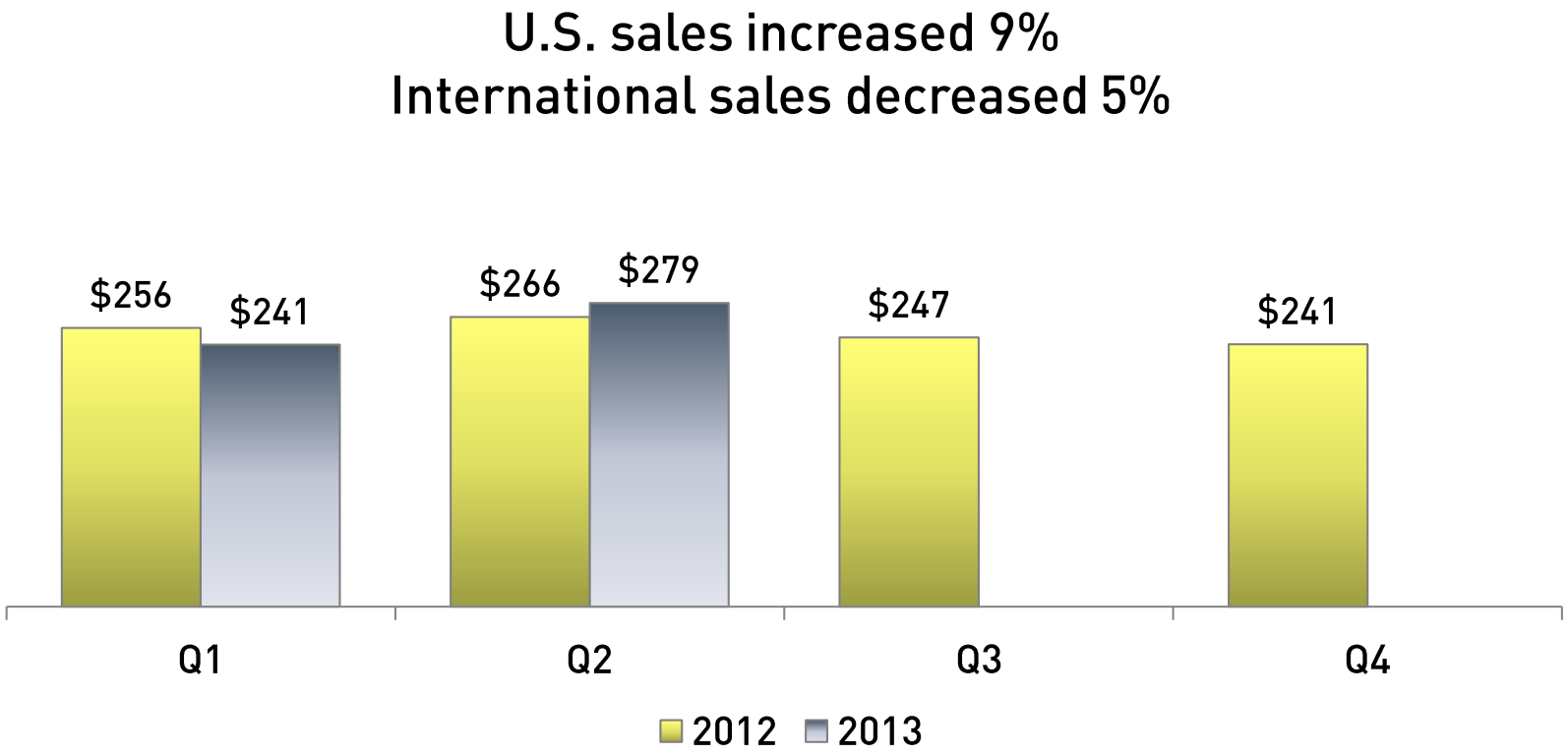
Millions



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

Q2 Evista® Sales Increased 5%

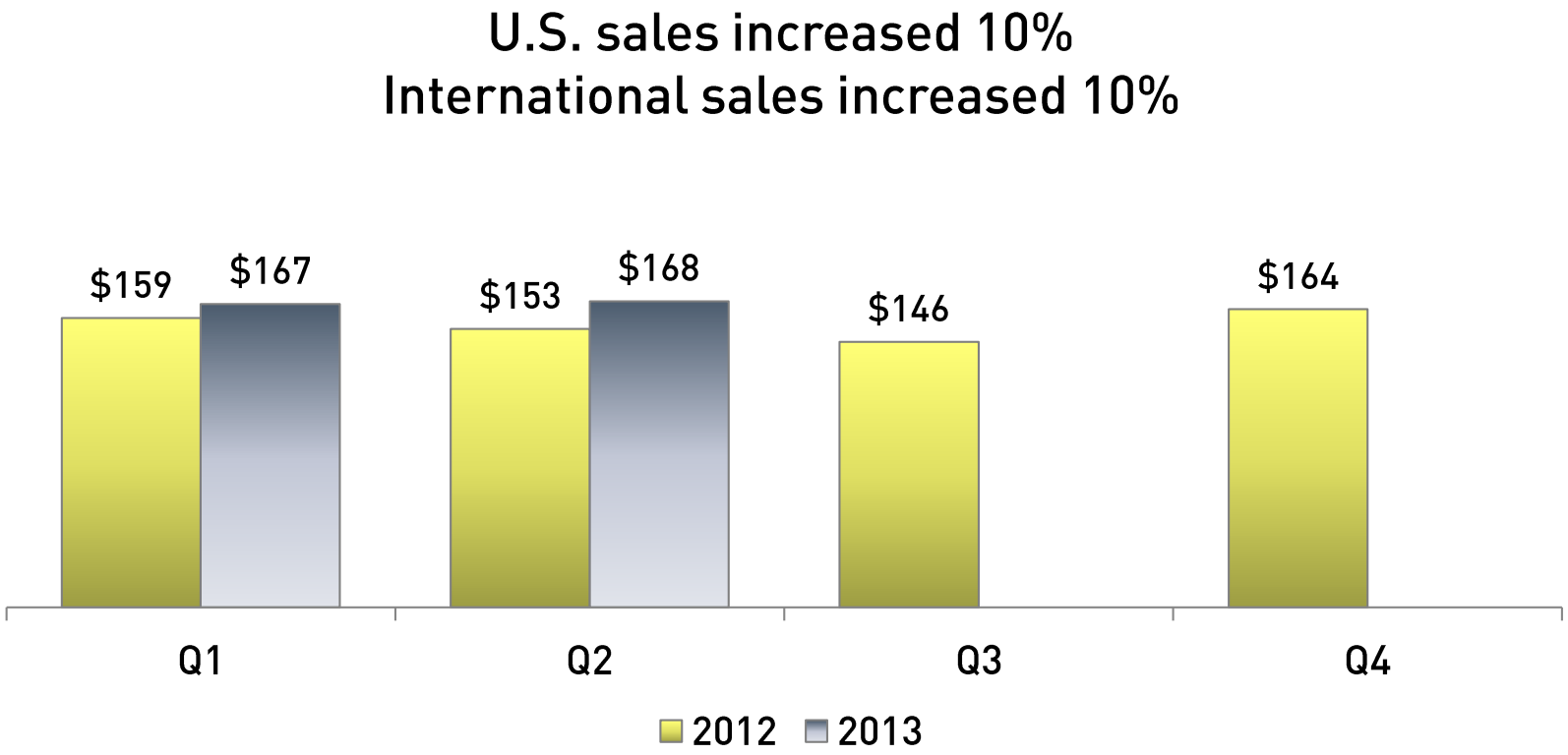
Millions



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

Q2 Strattera Sales Increased 10%

Millions



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

Q2 Effient® Sales Increased 24%

Millions

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