Lilly

FEBRUARY 6, 2019

2018 EARNINGS

Q4 + FY

AGENDA

INTRODUCTION AND KEY RECENT EVENTS

Dave Ricks, Chairman and Chief Executive Officer

Q4 FINANCIAL RESULTS AND FINANCIAL GUIDANCE

Josh Smiley, Senior Vice President, Finance and Chief Financial Officer

PIPELINE AND KEY FUTURE EVENTS

Dave Ricks, Chairman and Chief Executive 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, including the pending acquisition of Loxo Oncology, Inc.; economic conditions; changes in laws and regulations, including health care reform; and uncertainties and risks related to timing and potential value to both Elanco and Lilly of the planned separation of the Elanco animal health business, including business, industry, and market risks, as well as risks involving realizing the anticipated tax-free nature of the separation.

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 DELIVERABLES

PROGRESS SINCE THE LAST EARNINGS CALL

Grow Revenue

- 5% revenue growth in Q4, despite LOE headwinds
- Revenue growth driven by:
  - 11% pharma volume growth
  - Newer products accounted for 38% of total pharma revenue

Improve Productivity

- Excluding FX on international inventories sold, non-GAAP:
  - gross margin as a % of revenue decreased by ~25bps
  - operating income as a % of revenue increased by ~165bps

Create Long-Term Value

- Entered into agreement to acquire Loxo Oncology
- Distributed $0.6B via dividends and $1.1B via share repurchases
- Announced 15% dividend increase

Speed Life-Changing Medicines

- Phase 3 data for tanezumab in osteoarthritis pain and baricitinib in atopic dermatitis
- Submitted new indication in the U.S. for Emgality

KEY EVENTS SINCE THE LAST EARNINGS CALL

COMMERCIAL

- In collaboration with Innovent Biologics, received Chinese approval and launched **Tyvyt®** (sintilimab injection), a fully human PD-1 monoclonal antibody, for the treatment of patients with relapsed/refractory classical Hodgkin's lymphoma after two or more lines of systemic chemotherapy.

REGULATORY

- Received European Commission approval of **Emgality®** (galcanezumab) for the prophylaxis of migraine in adults who have at least four migraine days per month;
- Submitted sBLA to the U.S. Food and Drug Administration (FDA) for **Emgality** for the preventive treatment of episodic cluster headache;
- The FDA granted Fast Track designation to **baricitinib** for the potential treatment of systemic lupus erythematosus (SLE); and
- The FDA granted approval for a new indication for **Alimta** (premetrexed for injection) in combination with KEYTRUDA (pembrolizumab), developed and marketed by Merck (known as MSD outside the U.S. and Canada), and platinum chemotherapy for the first-line treatment of patients with metastatic nonsquamous non-small cell lung cancer, with no EGFR or ALK genomic tumor aberrations.

CLINICAL

- Announced results of the Phase 3 study of **Lartruvo®** (olaratumab) in combination with doxorubicin in patients with advanced or metastatic soft tissue sarcoma, ANNOUNCE, did not meet the primary endpoint of overall survival and there was no difference in survival between the study arms;
- Along with Incyte, announced **baricitinib** met the primary endpoint in BREEZE-AD1 and BREEZE-AD2, two Phase 3 studies evaluating safety and efficacy of baricitinib monotherapy for the treatment of adult patients with moderate to severe atopic dermatitis;
- Announced results of the Phase 3b/4 SPIRIT-H2H study which showed that **Taltz®** (ixekizumab) was superior to Humira® (adalimumab) on the primary and all major secondary endpoints in patients with active psoriatic arthritis who are biologic disease-modifying anti-rheumatic drug (DMARD)-naïve; and
- Along with Pfizer, announced positive top-line results from a Phase 3 study evaluating **tanezumab** 2.5 mg or 5 mg in patients with moderate-to-severe osteoarthritis (OA) pain, where the 5mg treatment arm met all three co-primary endpoints at 24 weeks and the 2.5 mg treatment arm met two of three co-primary endpoints.

KEY EVENTS SINCE THE LAST EARNINGS CALL (CONT.)

BUSINESS DEVELOPMENT & OTHER

- Announced an agreement to acquire **Loxo Oncology**, a biopharmaceutical company focused on the development and commercialization of highly selective medicines for patients with genomically defined cancers, for $235.00 per share in cash, or approximately $8.0 billion;
- Entered into an agreement with **AC Immune** to research and develop tau aggregation inhibitor small molecules for the potential treatment of Alzheimer's disease (AD) and other neurodegenerative diseases;
- Acquired all assets related to **Hydra Biosciences'** pre-clinical program of TRPA1 antagonists, currently being studied for the potential treatment of chronic pain syndromes;
- Entered into an agreement with **Aduro Biotech** for Aduro's cGAS-STING Pathway Inhibitor program for the research and development of novel immunotherapies for autoimmune and other inflammatory diseases;
- Expanded a collaboration with **Evidation Health** for global access to Evidation's Andromeda data platform with the goal of uncovering new ways to measure and understand a patient's health by accessing consented data;

BUSINESS DEVELOPMENT & OTHER (CONT.)

- The American College of Cardiology (ACC) issued an Expert Consensus Decision Pathway recommending **Jardiance®** (empagliflozin) as the preferred SGLT2 inhibitor for its proven benefit in reducing the risk of cardiovascular death in adults with type 2 diabetes and established cardiovascular disease;
- Distributed nearly $600 million to shareholders via the dividend and announced a 15% dividend increase; and
- Repurchased $1.1 billion of stock.

COMPARISON MEASURES

"REPORTED" RESULTS

Include all financial results as reported in accordance with Generally Accepted Accounting Principles (GAAP)

"NON-GAAP" MEASURES

Start with **"REPORTED" RESULTS**

Include adjustments for items such as:

- Acquired in-process R&D charges and other income and expenses from business development activities
- Amortization of intangible assets
- Asset impairment, restructuring and other special charges
- Tax expenses associated with U.S. Tax Reform and the separation of the Elanco animal health business

2018 INCOME STATEMENT - REPORTED

Millions; except per share data

	Q4 2018	Change	YTD 2018	Change
TOTAL REVENUE	$6,439	5%	$24,556	7%
GROSS MARGIN	75.2%	1.9pp	73.8%	0.7pp
TOTAL OPERATING EXPENSE*	3,891	(10)%	14,405	(3)%
OPERATING INCOME	954	NM	3,721	96%
OTHER INCOME (EXPENSE)	(15)	NM	75	(75)%
EFFECTIVE TAX RATE	(19.8)%	NM	14.9%	NM
NET INCOME	**$1,125**	**NM**	**$3,232**	**NM**
EPS	**$1.10**	**NM**	**$3.13**	**NM**

* 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 2018			
	GAAP Reported	Adjust-ments	Non-GAAP Adjusted	Non-GAAP Adjusted Change
TOTAL REVENUE	$6,439	-	**$6,439**	5%
GROSS MARGIN	75.2%	1.4%	**76.6%**	0.5pp
TOTAL OPERATING EXPENSE	3,891	(577)	**3,314**	1%
OPERATING INCOME	954	663	**1,617**	15%
OTHER INCOME (EXPENSE)	(15)	10	**(5)**	NM
EFFECTIVE TAX RATE	(19.8)%	35.6%	**15.8%**	(4.4pp)
NET INCOME	$1,125	$233	**$1,358**	13%
EPS	$1.10	$0.23	**$1.33**	17%

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

	YTD 2018			
	GAAP Reported	Adjust-ments	Non-GAAP Adjusted	Non-GAAP Adjusted Change
TOTAL REVENUE	$24,556	-	**$24,556**	7%
GROSS MARGIN	73.8%	2.4%	**76.2%**	(0pp)
TOTAL OPERATING EXPENSE	14,405	(2,471)	**11,934**	(1)%
OPERATING INCOME	3,721	3,045	**6,766**	25%
OTHER INCOME (EXPENSE)	75	(15)	**59**	(80)%
EFFECTIVE TAX RATE	14.9%	1.1%	**16.0%**	(4.5pp)
NET INCOME	$3,232	$2,503	**$5,735**	27%
EPS	$3.13	$2.42	**$5.55**	30%

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 2018	Q4 2017	Change	YTD 2018	YTD 2017	Change
EPS (REPORTED)	**$1.10**	**($1.58)**	**NM**	**$3.13**	**($0.19)**	**NM**
ACQUIRED IN-PROCESS RESEARCH AND DEVELOPMENT	0.26	0.03		1.83	0.97	
AMORTIZATION OF INTANGIBLE ASSETS	0.07	0.11		0.43	0.44	
ASSET IMPAIRMENT, RESTRUCTURING, AND OTHER SPECIAL CHARGES	0.21	0.75		0.41	1.23	
2017 U.S. TAX REFORM AND OTHER TAX RELATED CHARGES	(0.31)	1.81		(0.25)	1.81	
OTHER, NET	-	0.01		0.01	0.03	
EPS (NON-GAAP)	**$1.33**	**$1.14**	**17%**	**$5.55**	**$4.28**	**30%**

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

PHARMACEUTICALS	Q4 2018					
	Amount	Price	FX Rate	Volume	Total	CER
U.S.	$3,278.9	(6)%	—%	12%	6%	6%
EUROPE	938.0	(4)%	(3)%	9%	3%	5%
JAPAN	641.2	(8)%	(0)%	9%	1%	2%
REST OF WORLD	764.0	(3)%	(6)%	13%	4%	10%
TOTAL PHARMA	**5,622.1**	**(5)%**	**(1)%**	**11%**	**5%**	**6%**
ANIMAL HEALTH	816.5	1%	(3)%	5 %	3%	6%
TOTAL REVENUE	**$6,438.6**	**(5)%**	**(1)%**	**11%**	**5%**	**6%**

Note: Numbers may not add due to rounding.

CER = price change + volume change

EFFECT OF PRICE/RATE/VOLUME ON REVENUE

Millions

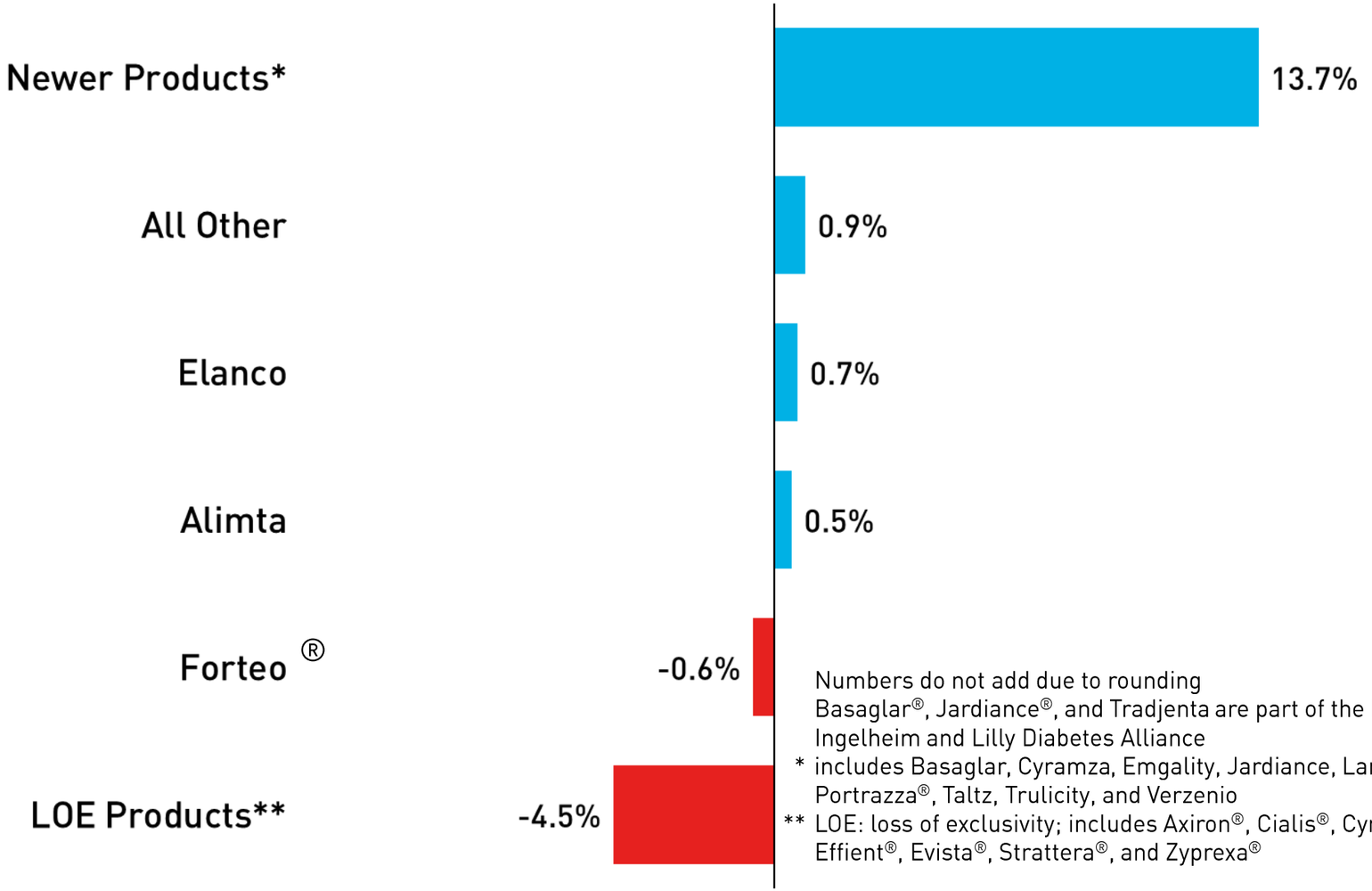
PHARMACEUTICALS	YTD 2018					
	Amount	Price	FX Rate	Volume	Total	CER
U.S.	$12,352.1	(1)%	—%	10%	10%	10%
EUROPE	3,663.1	(4)%	5%	7%	8%	3%
JAPAN	2,407.4	(7)%	2%	8%	3%	1%
REST OF WORLD	2,990.5	(0)%	(1)%	9%	8%	9%
TOTAL PHARMA	**21,413.2**	**(2)%**	**1%**	**9%**	**8%**	**7%**
ANIMAL HEALTH	3,142.5	3%	0%	(1)%	2%	2%
TOTAL REVENUE	**$24,555.7**	**(1)%**	**1%**	**8%**	**7%**	**7%**

Note: Numbers may not add due to rounding.

CER = price change + volume change

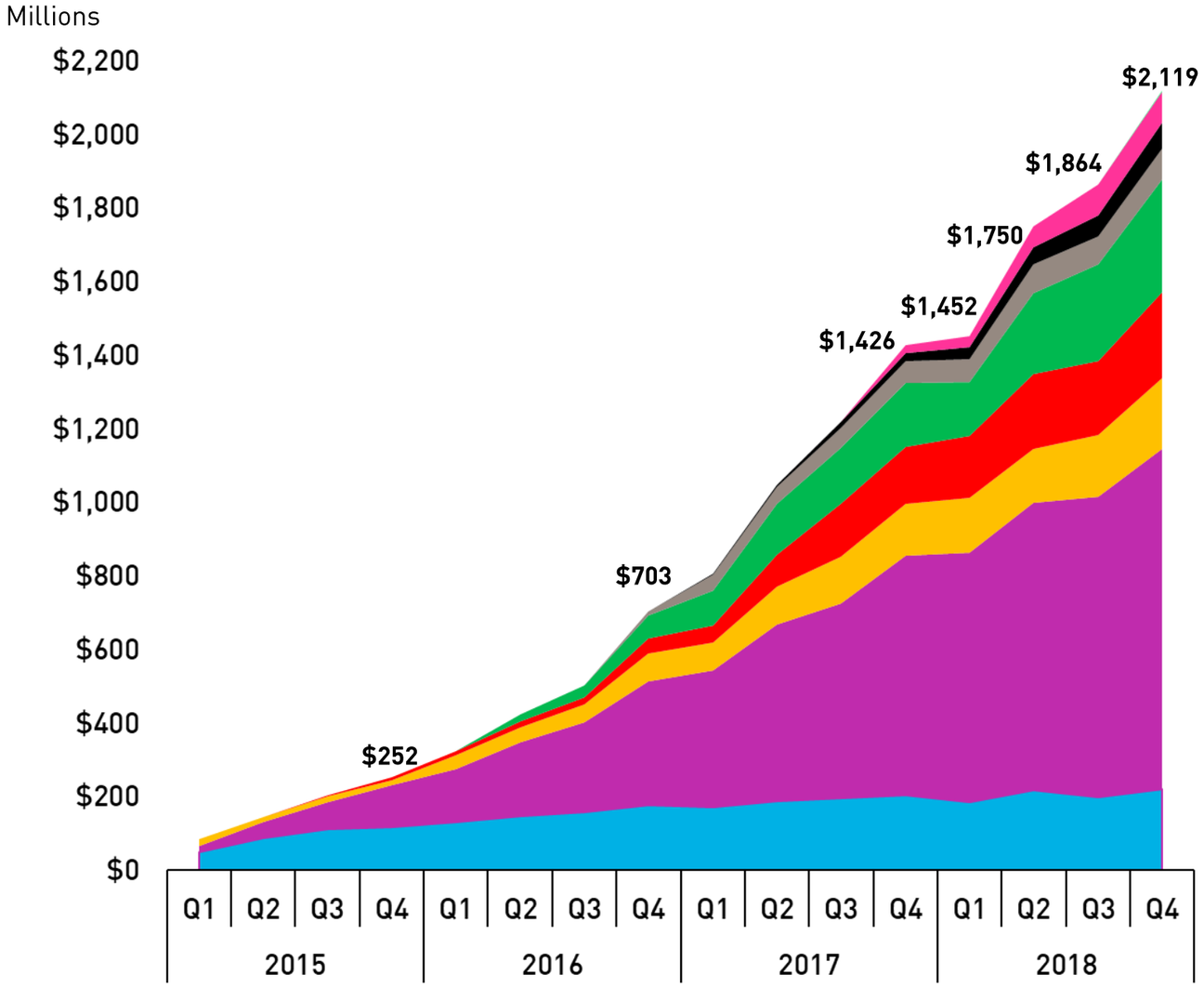
NEWER PRODUCTS DRIVING WW VOLUME GROWTH

Contribution to 11% Q4 WW Volume Growth



Numbers do not add due to rounding
Basaglar®, Jardiance®, and Tradjenta are part of the Boehringer Ingelheim and Lilly Diabetes Alliance
* includes Basaglar, Cyramza, Emgality, Jardiance, Lartruvo, Olumiant, Portrazza®, Taltz, Trulicity, and Verzenio
** LOE: loss of exclusivity; includes Axiron®, Cialis®, Cymbalta®, Effient®, Evista®, Strattera®, and Zyprexa®

UPDATE ON NEWER 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.

EMGALITY
- U.S. launch October 2018
- U.S. NBRx 20% by end of Q4 2018

VERZENIO
- Launched in 1L mBC Q1'18 in U.S. and Q4 Germany and Japan
- U.S. NBRx at 19% SOM

OLUMIANT
- RA U.S. launch July 2018
- Significant driver of volume growth in Europe

LARTRUVO

TALTZ
- U.S. Derm SOM growth led all biologics (+3.7ppts TRx) vs. Q4 2017
- Total molecule TRx grew 82% vs. Q4 2017

BASAGLAR
- Continued U.S. TRx SOM gain in Q4'18 almost 65bps
- 2nd highest in U.S. NBRx SOM

JARDIANCE
- Market leader in U.S. TRx (43% SOM) and NBRx (52% SOM)
- Market growth improving, TRx +9% and NTS +14% vs. Q4 2017

TRULICITY
- U.S. TRx leader (45% SOM)
- U.S. GLP-1 class continued significant TRx growth

CYRAMZA
- Japan SOM market leader in 2L metastatic gastric cancer

EFFECT OF FOREIGN EXCHANGE ON 2018 RESULTS

Year-on-Year Growth

	Q4 2018		YTD 2018	
REPORTED	**With FX**	**w/o FX**	**With FX**	**w/o FX**
TOTAL REVENUE	5%	6%	7%	7%
COST OF SALES	(3)%	2%	5%	1%
GROSS MARGIN	7%	7%	8%	9%
OPERATING EXPENSE	(10)%	(10)%	(3)%	(3)%
OPERATING INCOME	NM	NM	NM	NM
EPS	NM	NM	NM	NM

NON-GAAP	**With FX**	**w/o FX**	**With FX**	**w/o FX**
TOTAL REVENUE	5%	6%	7%	7%
COST OF SALES	2%	9%	8%	4%
GROSS MARGIN	5%	5%	7%	7%
OPERATING EXPENSE	1%	2%	(1)%	(1)%
OPERATING INCOME	15%	13%	25%	27%
EPS	17%	15%	30%	31%

2019 GUIDANCE

	Prior	Updated	Comments
TOTAL REVENUE	$25.3 - $25.8 billion	$25.1 - $25.6 billion	Updated expectations for Lartruvo, partially offset by inclusion of Vitrakvi and positive trends in our core business performance
GROSS MARGIN % (GAAP)	approx. 75.0%	unchanged	
GROSS MARGIN % (NON-GAAP)	approx. 76.5%	unchanged	
MKTG, SELLING & ADMIN.	$6.4 - $6.7 billion	unchanged	
RESEARCH & DEVELOPMENT	$5.6 - $5.8 billion	$5.8 - $6.0 billion	Addition of Loxo Oncology development portfolio
OTHER INCOME/(EXPENSE)	$(225) - $(75) million	$(325) - $(175) million	Increased net interest expense from Loxo Oncology acquisition financing
TAX RATE (GAAP)	approx. 16.0%	Approx. 16.5%	Certain acquisition and integration expenses for Loxo Oncology not deductible for tax purposes
TAX RATE (NON-GAAP)	approx. 16.0%	approx. 15.0%	Decrease driven by adjustments for U.S. Tax Reform
EARNINGS PER SHARE (GAAP)	$5.52 - $5.62	$4.57 - $4.67	Decrease driven by updated expectations for Lartruvo and impact of the Loxo Oncology acquisition
EARNINGS PER SHARE (NON-GAAP)	$5.90 - $6.00	$5.55 - $5.65	Updated expectations for Lartruvo and impact of the Loxo Oncology acquisition, partially offset by positive trends in our core business performance and an improved tax rate
NOTE: OPERATING INCOME %	approx. 28.5%	approx. 27.5%	Lower revenue and increased R&D expense

Assumes 19.8% Elanco minority interest for entirety of 2019 and the Loxo Oncology acquisition closes in Q1 2019

FX assumptions of 1.17 (Euro), 113 (Yen) and 6.86 (Renminbi) remain unchanged

PHARMA ONLY 2019 EXPECTATIONS*

	Prior	Updated	Comments
TOTAL REVENUE	$22.2 - $22.7 billion	$22.0 - $22.5 billion	Updated expectations for Lartruvo, partially offset by inclusion of Vitrakvi and positive trends in our core business performance
GROSS MARGIN % (NON-GAAP)	approx. 80.0%	unchanged	
MKTG, SELLING & ADMIN.	$5.7 - $6.0 billion	unchanged	
RESEARCH & DEVELOPMENT	$5.3 - $5.5 billion	$5.5 - $5.7 billion	Addition of Loxo Oncology development portfolio
OTHER INCOME/(EXPENSE)	$(150) - $0 million	$(250) - $(100) million	Increased net interest expense from Loxo Oncology acquisition financing
TAX RATE (NON-GAAP)	approx. 15.5%	approx. 14.5%	Decrease driven by adjustments for U.S. Tax Reform
EARNINGS PER SHARE (NON-GAAP)	tbd	tbd	
NOTE: OPERATING INCOME %	approx. 30.0%	approx. 28.0%	Updated expectations for Lartruvo and impact of the Loxo Oncology acquisition partially offset by positive trends in our core business performance

*to be converted into full and formal guidance once the Elanco separation is complete

LILLY SELECT NME AND NILEX PIPELINE

FEBRUARY 5, 2019

LEGEND

- NME
- NILEX
- * *Commercial Collaboration*
- *MOVEMENT SINCE OCTOBER 30, 2018*
- ACHIEVED MILESTONE
- REMOVAL
- ** *Pending closure of Loxo Oncology acquisition*

PHASE 1

- BTK INHIBITOR** Cancer
- TRK INHIBITOR** Cancer
- GDF 15 AGONIST Diabetes
- PD-1 MAB AGONIST Immunology
- CD200R MAB AG Immunology
- PACAP38 MAB Pain
- PD-L1/TIM-3 Cancer
- N3PG Aβ MAB Alzheimer's
- BAS INS ACYLATED Diabetes
- BTLA AGONIST MAB Immunology
- IDO1 INHIBITOR Cancer
- ERK INHIBITOR Cancer
- IL-23/CGRP Immunology
- AUR A KIN INH Cancer
- IL-2 CONJUGATE Immunology
- DACRA-089 Diabetes
- IL-33 MAB Immunology
- BAFF/IL-17 Immunology
- TIM-3 MAB Cancer
- Aβ42 MAB Alzheimer's
- OXYNTOMODULIN Diabetes
- PD-L1 + LY COMBO Cancer
- CXCR1/2L MAB Immunology

PHASE 2

- RET INHIBITOR** Cancer
- BARICITINIB Alopecia Areata
- MIRIKIZUMAB Crohn's Disease
- OLARATUMAB Pancreatic Cancer
- ABEMACICLIB HR+/HER2+MBC
- ABEMACICLIB Prostate Cancer
- BASAL INSULIN-FC Diabetes
- PEGILODECAKIN NSCLC
- PREXASERTIB Cancer
- AUTOMATED INSULIN DELIVERY SYS Diabetes
- PI3/MTOR KIN INH Cancer
- MERESTINIB Cancer
- TGFβ R1 KI Cancer
- D1 PAM Dementia
- TAU DEPOSIT MAB Alzheimer's
- N3PG Aβ MAB Alzheimer's

PHASE 3

- EMPAGLIFLOZIN* Chronic Kidney Disease
- RAMUCIRUMAB 1st Line NSCLC
- DULAGLUTIDE 3.0 / 4.5 mg
- BARICITINIB Atopic Dermatitis
- BARICITINIB Systemic Lupus Erythematosus
- EMPAGLIFLOZIN* Type 1 Diabetes
- EMPAGLIFLOZIN* Heart Failure
- TANEZUMAB* Chronic Lower Back Pain
- TANEZUMAB* Cancer Pain
- MIRIKIZUMAB Ulcerative Colitis
- IXEKIZUMAB Non-Radiographic AxSpA
- TIRZEPATIDE Diabetes
- ABEMACICLIB Adjuvant Breast Cancer
- PEGILODECAKIN Pancreatic Cancer
- FLORTAUCIPIR Tau Imaging, *diagnostic*
- MIRIKIZUMAB Psoriasis
- TANEZUMAB* Osteoarthritis Pain
- SOLANEZUMAB Preclinical AD
- ULTRA-RAPID LISPRO Diabetes

REG REVIEW

- GALCANEZUMAB Cluster Headache
- IXEKIZUMAB Radiographic AxSpA
- RAMUCIRUMAB 2nd Line Hepatic Cancer
- LASMIDITAN Migraine
- NASAL GLUCAGON Hypoglycemia

APPROVED

REMOVED

- UROCORTIN-2 PEPT Heart Failure
- DACRA-042 Diabetes
- BTK INHIBITOR Immunology

POTENTIAL KEY EVENTS 2018

New since last update

Phase 3 Initiations

Baricitinib for psoriatic arthritis (now expected 2019)
Baricitinib for systemic lupus erythematosus
Mirikizumab for psoriasis
Mirikizumab for ulcerative colitis
Dulaglutide alternate doses for type 2 diabetes
Tirzepatide for type 2 diabetes
Empagliflozin for chronic kidney disease[1] (now expected 2019)

Phase 3 Data Top-Line Disclosures

Flortaucipir (18F AV-1451) tau imaging agent
Lanabecestat for Alzheimer's Disease
Tanezumab for osteoarthritis pain (dosing study)[2]
Tradjenta CAROLINA CV outcomes study[1] (now expected 2019)
Trulicity REWIND CV outcomes study
Ultra Rapid Lispro (URLi) for type 1 and type 2 diabetes
Ramucirumab RANGE for 2L bladder cancer (final analysis)
Ramucirumab RELAY for 1L EGFR NSCLC (PFS readout) (now expected 2019)

Medical Meeting Presentations

Galcanezumab for episodic cluster headache
Ixekizumab for axial spondyloarthritis
Empagliflozin for type 1 diabetes[1]
Tradjenta CARMELINA CV outcomes study[1]
Ramucirumab REACH 2 in 2L high AFP hepatocellular cancer
Alimta®+platinum+Keytruda® in 1L nonsquamous NSCLC (KN-189)[3]

Regulatory Submissions

Lasmiditan for acute migraine
Empagliflozin + linagliptin + metformin XR (US)[1] (now expected 2019)
Nasal glucagon for hypoglycemia (US/EU)
Ramucirumab REACH 2 in 2L high AFP hepatocellular cancer (US/EU/J)
Ixekizumab for axial spondyloarthritis (US)
Galcanezumab for episodic cluster headache

Regulatory Actions

Baricitinib for rheumatoid arthritis (US)
Galcanezumab for migraine prevention (US/EU)
Ixekizumab for psoriatic arthritis (EU)
Abemaciclib + fulvestrant for 2L breast cancer (MONARCH 2) (EU/J)
Abemaciclib + AIs for 1L breast cancer (MONARCH 3) (US/EU/J)
Alimta sNDA to include KEYNOTE-021G data (US)[3]
Alimta sNDA to include KEYNOTE-189 data (US)[3]
Fruquintinib for 3L metastatic colorectal cancer (China)[4]

Other

Rulings in ongoing Alimta patent litigation:
US IPR Appeal to CAFC (now expected in 2019)
US alternative salt forms (district court rulings)
Japan (Nipro)
Germany

[1] in collaboration with Boehringer Ingelheim
[2] in collaboration with Pfizer
[3] in collaboration with Merck
[4] in collaboration with Hutchison China MediTech

POTENTIAL KEY EVENTS 2019

New since last update

Phase 3 Initiations

- **Empagliflozin** for chronic kidney disease[1]
- **Tirzepatide** for obesity
- **Baricitinib** for alopecia areata
- **Mirikizumab** for Crohn's disease
- **Baricitinib** for psoriatic arthritis

Phase 3 Data Top-Line Disclosures

- **Dulaglutide** alternate doses for type 2 diabetes
- **Empagliflozin** CHF exercise ability studies[1]
- **Linagliptin** CAROLINA CV outcomes study[1]
- **Baricitinib** for atopic dermatitis
- **Ixekizumab** non-radiographic axial spondyloarthritis
- **Ixekizumab** psoriasis head-to-head vs. guselkumab
- **Tanezumab** for osteoarthritis pain[2]
- **Tanezumab** for chronic low back pain[2]
- **Tanezumab** for osteoarthritis pain long-term safety study[2]
- **Olaratumab** for soft tissue sarcoma (OS readout)
- **RET-Inhibitor** for NSCLC and thyroid cancer (registrational Phase 2)[3]
- **Ramucirumab** for 1L EGFR NSCLC cancer (PFS readout)

Medical Meeting Presentations

- **Dulaglutide** REWIND CV outcomes study
- **Ultra rapid lispro** for type 1 and type 2 diabetes

Regulatory Submissions

- **Connected Pen** for type 1 and type 2 diabetes (US)
- **Dulaglutide** REWIND CV outcomes study (US/other)
- **Empagliflozin** for type 1 diabetes[1] (US)
- **Ultra rapid lispro** for type 1 and type 2 diabetes (US/EU/J)
- **Galcanezumab** for episodic cluster headache (EU)
- **Ixekizumab** for radiographic axial spondyloarthritis (EU/J)
- **RET-Inhibitor** for NSCLC and thyroid cancer (US)[3]

Regulatory Actions

- **Nasal glucagon** for hypoglycemia (US/EU)
- **Lasmiditan** for acute migraine (US)
- **Galcanezumab** for episodic cluster headache (US)
- **Ixekizumab** for radiographic axial spondyloarthritis (US)
- **Ramucirumab** for 2L high AFP hepatocellular cancer (US/EU/J)

Other

- Rulings in ongoing **Alimta** patent litigation
  - US IPR appeal (CAFC)
  - US alternative salt forms appeal (CAFC)
- Full separation of **Elanco Animal Health**
- Closing of **Loxo Oncology** acquisition

[1] in collaboration with Boehringer Ingelheim
[2] in collaboration with Pfizer
[3] contingent upon closing of the Loxo Oncology acquisition

SUMMARY

- 2018 **revenue growth** of 7%, driven by volume; newer products approximately 34% of pharma revenue
- Excluding FX on international inventories sold, **operating margin expansion** of 470 basis points compared to 2017
- Progress on our **innovation-based strategy** including:
  - Additions to late phase pipeline leveraging both internal (tirzepatide, mirikizumab) and external (pegilodecakin, RET-Inhibitor*) innovation
- Deployed $6.5 billion to shareholders via dividend and stock repurchases, entered into agreement to acquire Loxo Oncology and announced many other business development transactions

Grow Revenue

Minimum average annual revenue growth of 7% in constant currency from 2015 through 2020 (pharma only)

Improve Productivity

Excluding FX on int'l inventories sold, minimum operating margin % of revenue of 31% in 2020 (pharma only)

Speed Life-Changing Medicines

- Potential to launch 20+ new molecules in 10 years (2014-2023)
- On average, could launch 2+ new indications or line extensions per year

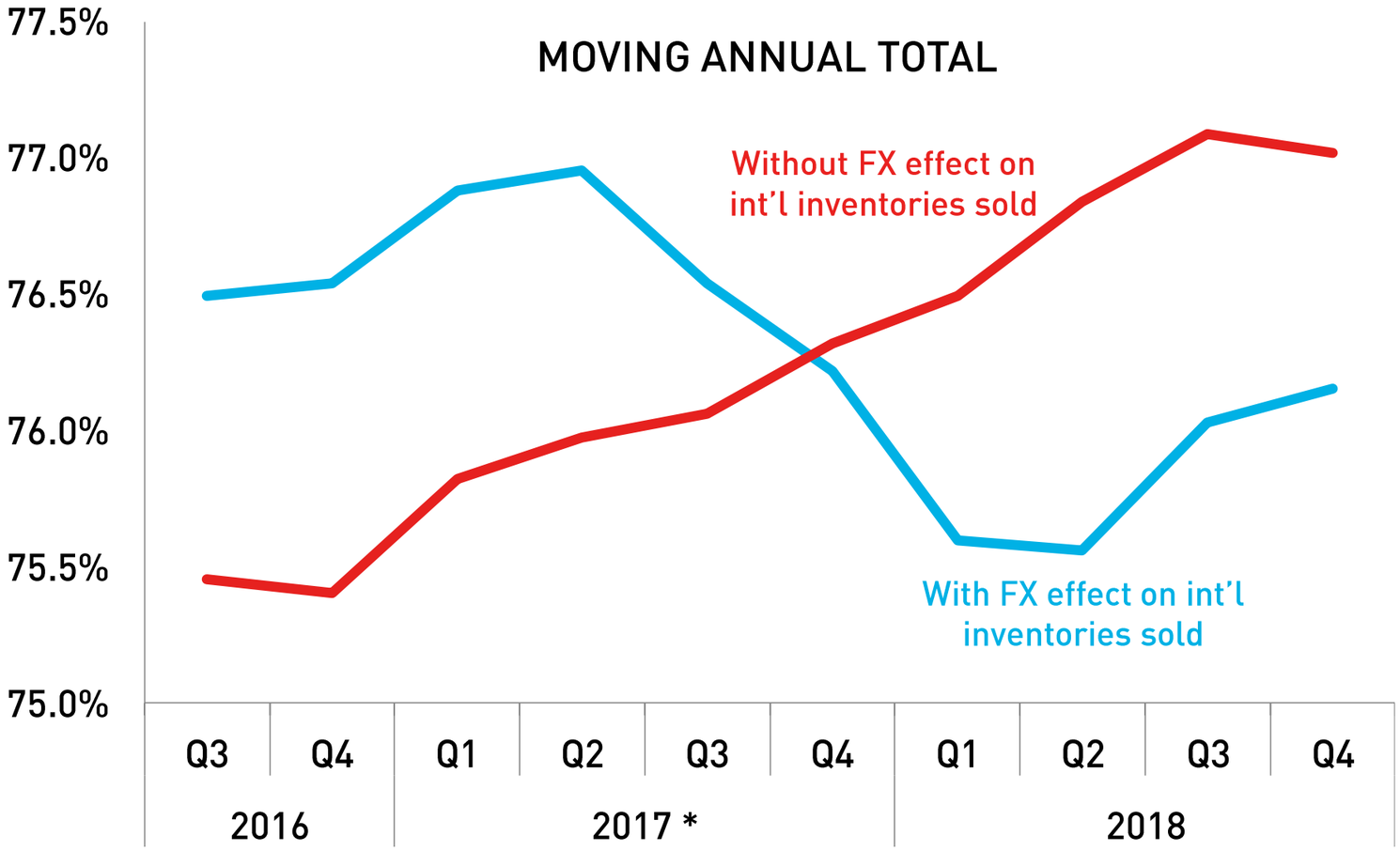
Create Long-Term Value

- Fund existing marketed and pipeline products
- Bolster growth prospects via business development
- Annual dividend increases

* contingent upon closing of the Loxo Oncology acquisition

Supplementary Slides

NON-GAAP GROSS MARGIN % OF REVENUE



Individual quarter GM % of Revenue:

with FX effect on int'l inv sold	76.4%	77.4%	77.8%	76.3%	74.8%	76.1%	75.1%	76.1%	76.7%	76.6%
w/o FX effect on int'l inv sold	75.5%	75.5%	76.7%	76.3%	75.8%	76.5%	77.4%	77.6%	76.9%	76.3%

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.
* 2017 has been reclassified to reflect changes to pension and post-retirement benefit cost accounting effective Jan 1, 2018.

Q4 2018 INCOME STATEMENT NOTES

Q4 2018 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- acquired in-process R&D charges totaling $329.4 million (pretax), or $0.26 per share (after-tax), related to business development activity with Dicerna Pharmaceuticals, SIGA Technologies, Chugai Pharmaceutical Co., LTD, NextCure, Inc. and Hydra Biosciences;
- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties totaling $87.3 million (pretax), or $0.07 per share (after-tax);
- asset impairment, restructuring and other special charges of $235.5 million (pretax), or $0.21 per share (after-tax), primarily associated with severance costs incurred as a result of actions taken to reduce the company's cost structure as well as expenses associated with the separation of the Elanco animal health business; and
- adjustments to tax expenses associated with U.S. tax reform and the separation of the Elanco animal health business totaling ($318.4) million (pretax), or ($0.31) per share (after-tax).

Q4 2017 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- tax charge of $1.914 billion, or $1.81 per share, for U.S. tax reform legislation, including the one-time repatriation transition tax also known as the "toll tax";
- asset impairment, restructuring and other special charges of $1.003 billion (pretax), or $0.75 per share (after-tax), primarily associated with the U.S. voluntary early retirement program and other efforts to reduce the company's cost structure;
- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties totaling $164.7 million (pretax), or $0.11 per share (after-tax);
- an acquired in-process research and development charge of $50.0 million (pretax), or $0.03 per share (after-tax), associated with a strategic collaboration with CureVac to co-develop potential cancer vaccine products; and
- inventory step-up costs associated with the acquisition of Boehringer Ingelheim Vetmedica's U.S. feline, canine, and rabies vaccine portfolio totaling $10.7 million (pretax), or $0.01 per share (after-tax).

YTD 2018 INCOME STATEMENT NOTES

YTD 2018 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- acquired in-process R&D charges totaling $1.984 billion (pretax), or $1.83 per share (after-tax), primarily driven by the acquisition of ARMO Biosciences, and the business development transaction with Dicerna Pharmaceuticals;
- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties totaling $546.0 million (pretax), or $0.43 per share (after-tax);
- asset impairment, restructuring and other special charges of $530.1 million (pretax), or $0.42 per share (after-tax), primarily related to the sale of the Posilac (rbST) brand and the related sale of the August, Georgia manufacturing site, , as well as the suspension of commercial activities for Imrestor®. The charges also include expenses associated with the initial public offering and separation of the Elanco animal health business, as well as efforts to reduce the company's cost structure.; and
- adjustments to tax expenses associated with U.S. tax reform and the separation of the Elanco animal health business totaling ($262.9) million (pretax), or ($0.25) per share (after-tax).

YTD 2017 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- tax charge of $1.914 billion, or $1.81 per share, for U.S. tax reform legislation, including the one-time repatriation transition tax also known as the “toll tax”;
- asset impairment, restructuring and other special charges of $1.674 billion (pretax), or $1.23 per share (after-tax), primarily associated with the U.S. voluntary early retirement program and other efforts to reduce the company’s cost structure;
- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties totaling $674.8 million (pretax), or $0.44 per share (after-tax);
- acquired in-process research and development charges related to the acquisition of CoLucid Pharmaceuticals and the collaborations with Nektar Therapeutics, KeyBioscience and CureVac totaling $1.113 billion (pretax), or $0.97 per share (after-tax); and
- inventory step-up costs associated with the acquisition of Boehringer Ingelheim Vetmedica’s U.S. feline, canine, and rabies vaccine portfolio totaling $42.7 million (pretax), or $0.03 per share (after-tax).

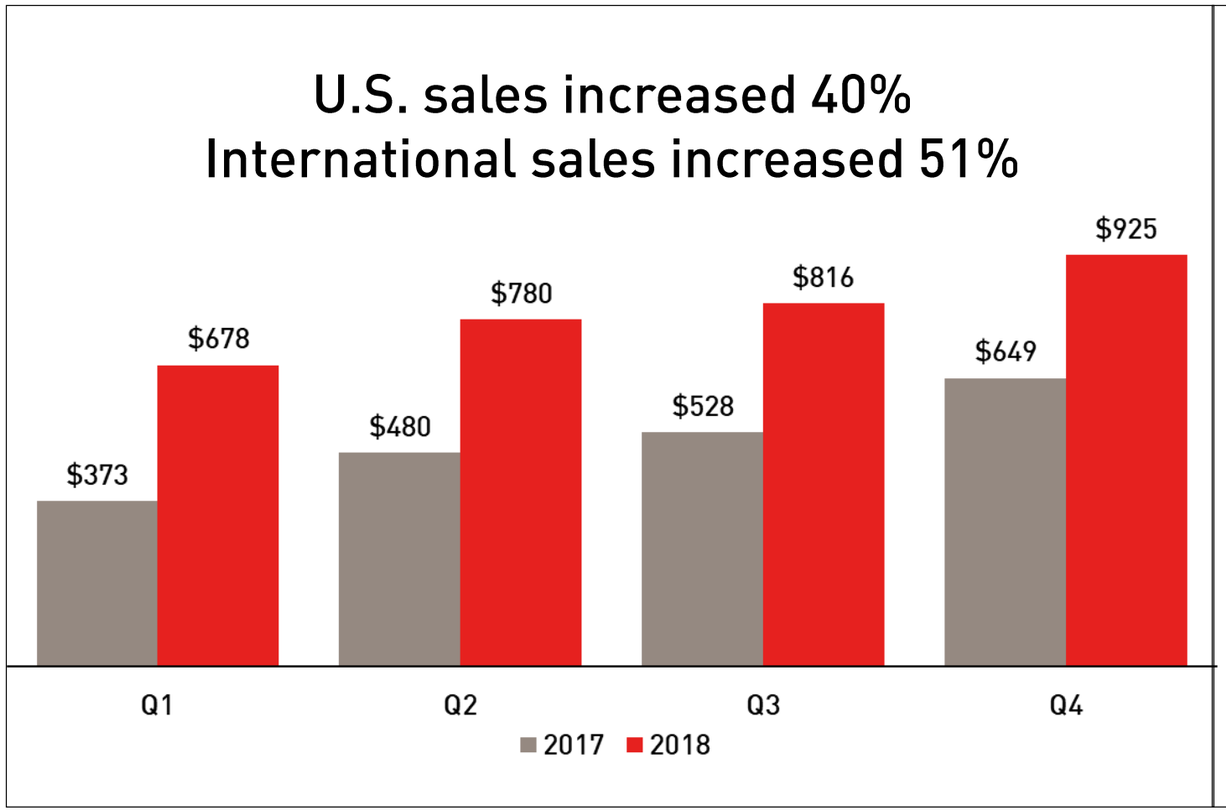
COMPARATIVE EPS SUMMARY 2017/2018

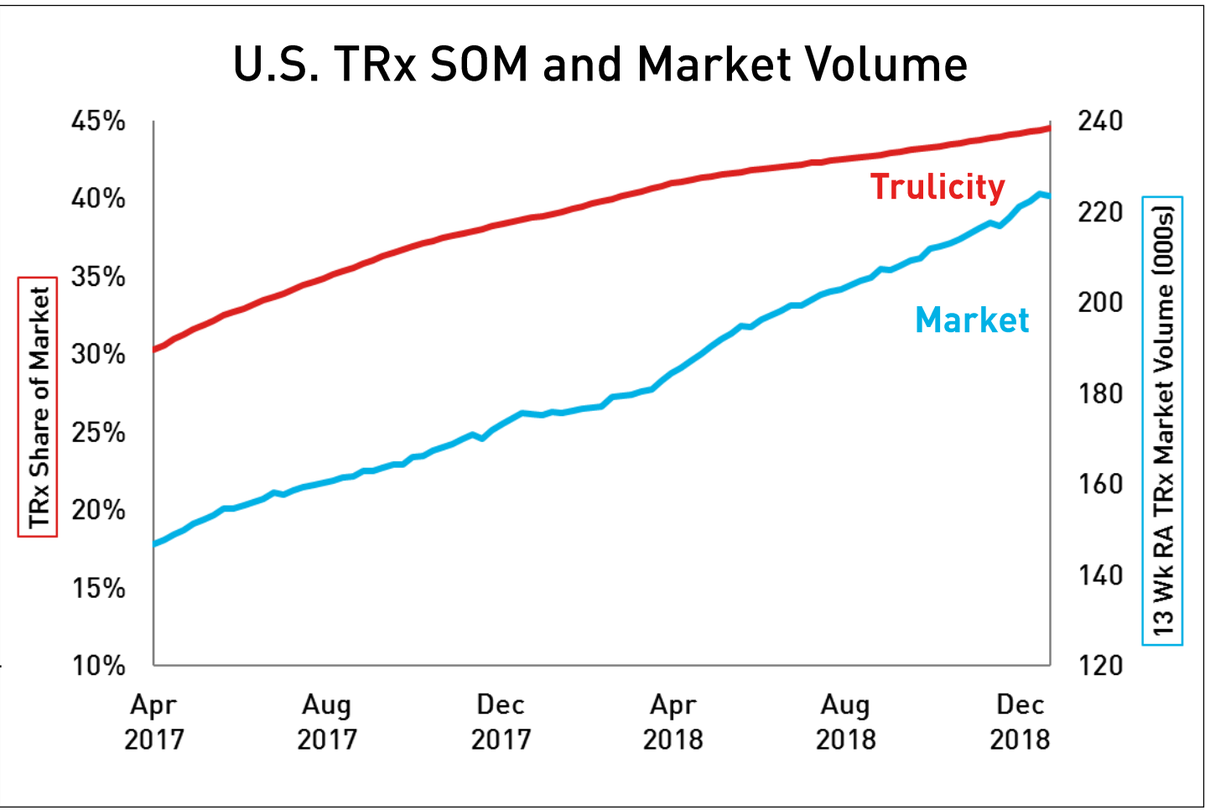
	1Q17	2Q17	3Q17	4Q17	2017	1Q18	2Q18	3Q18	4Q18	2018
Reported	(0.10)	0.95	0.53	(1.58)	(0.19)	1.16	(0.25)	1.12	1.10	3.13
Non-GAAP	0.98	1.11	1.05	1.14	4.28	1.34	1.50	1.39	1.33	5.55

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 February 6, 2019.

Q4 2018 TRULICITY SALES INCREASED 42%

Millions





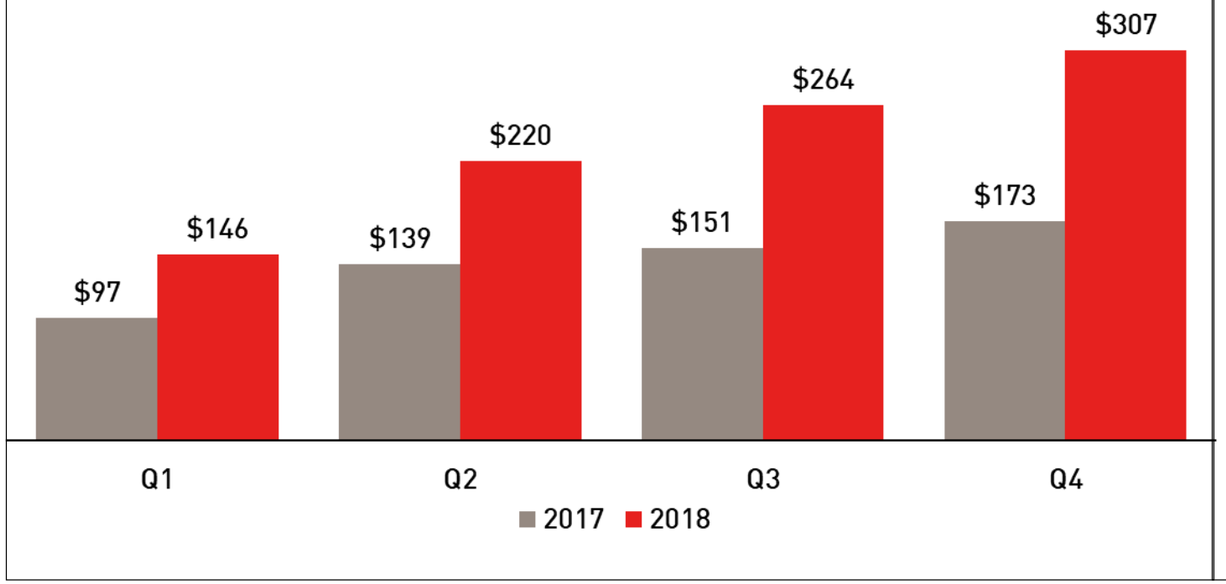
Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 28, 2018

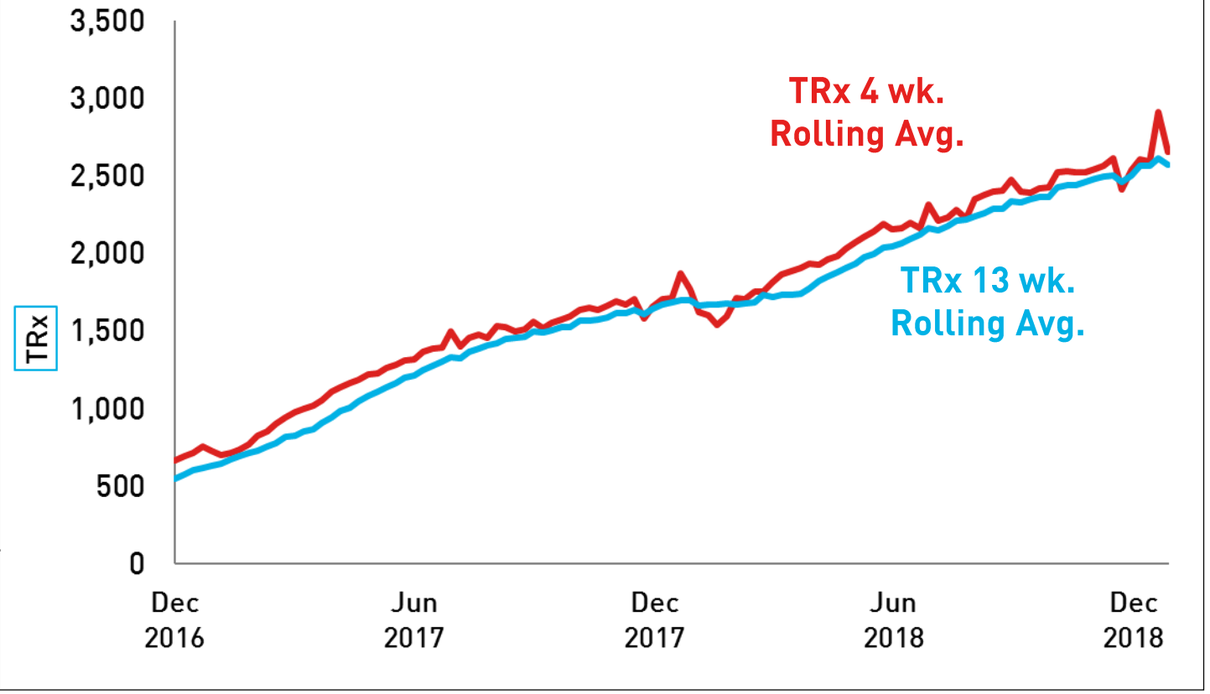
Q4 2018 TALTZ SALES INCREASED 78%

Millions

U.S. sales increased 71%
International sales were $64 million



U.S. TRx Volume

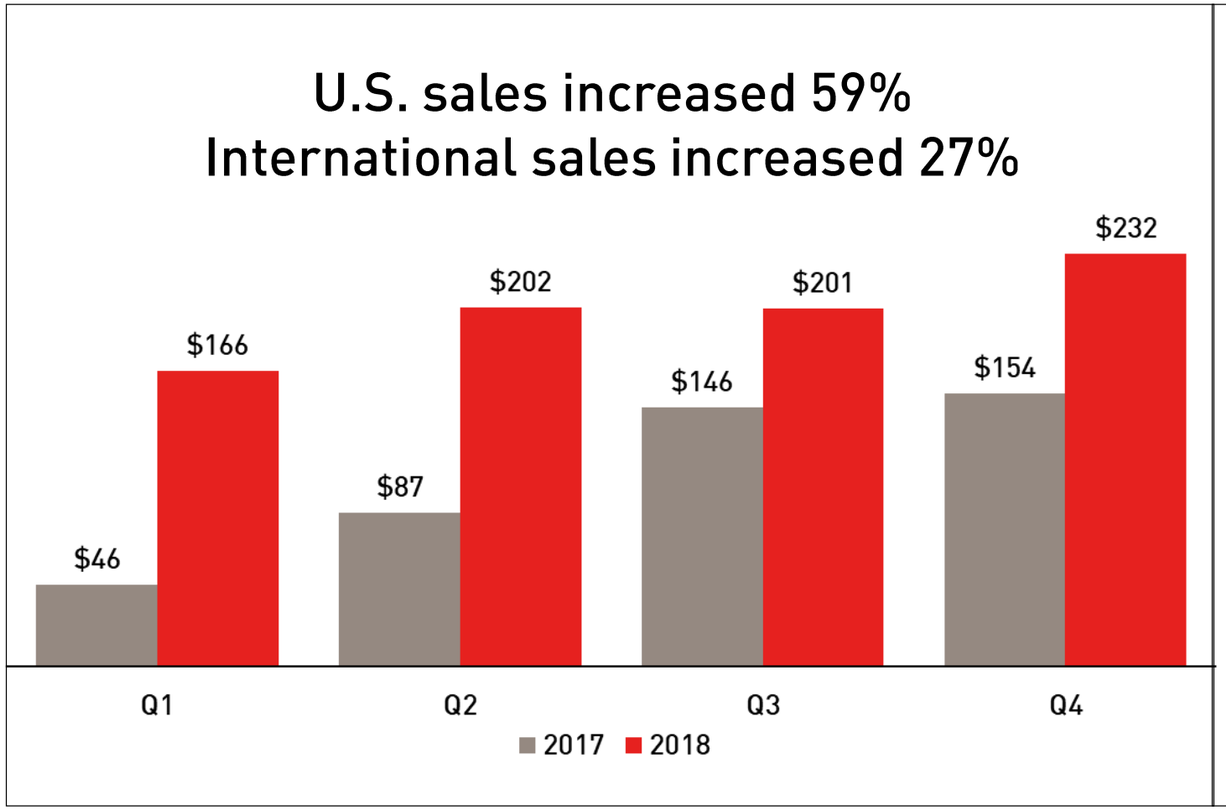


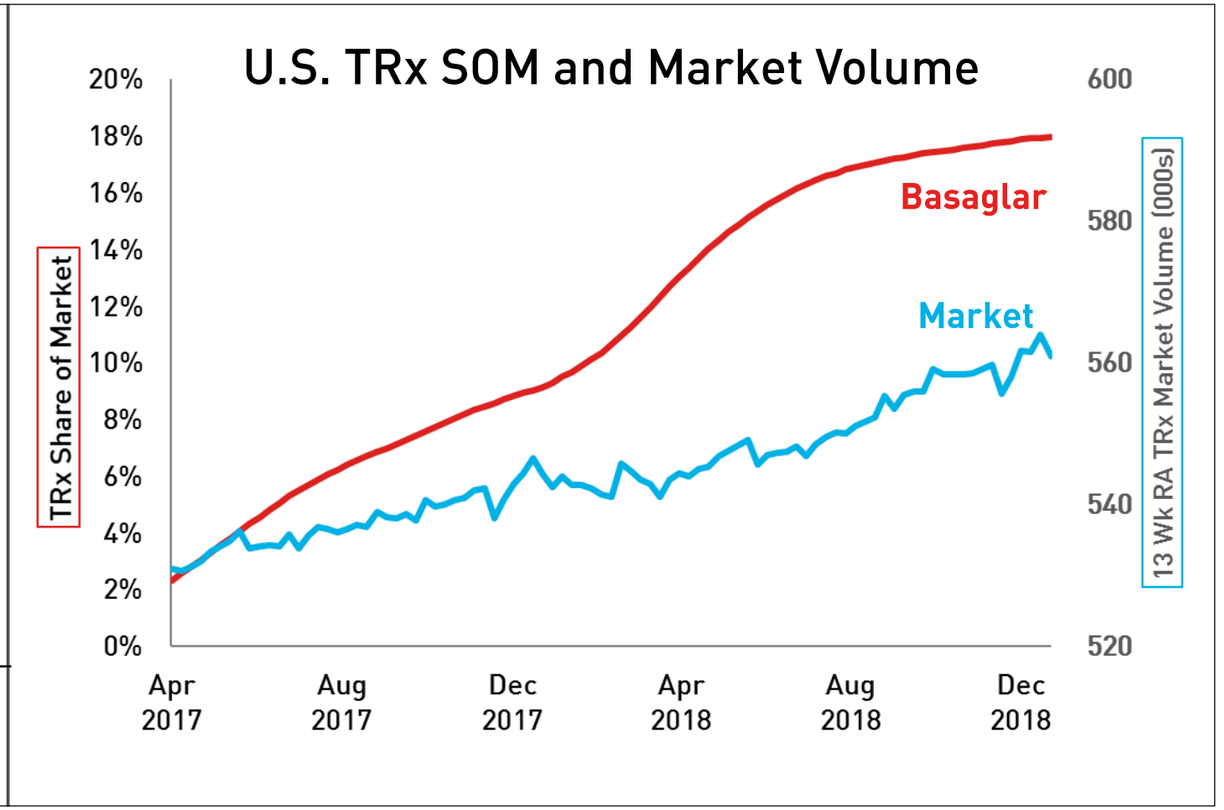
Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 28, 2018

Q4 2018 BASAGLAR SALES INCREASED 51%

Millions





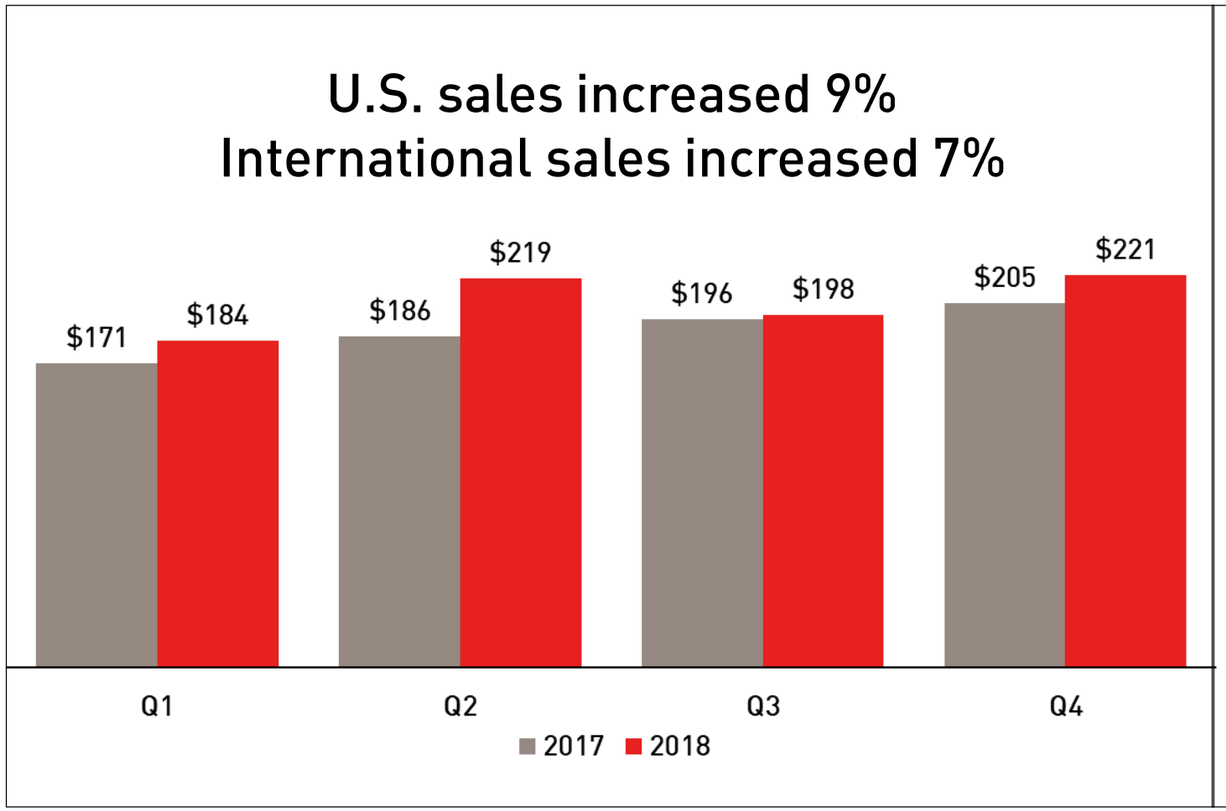
Note: Numbers may not add due to rounding.

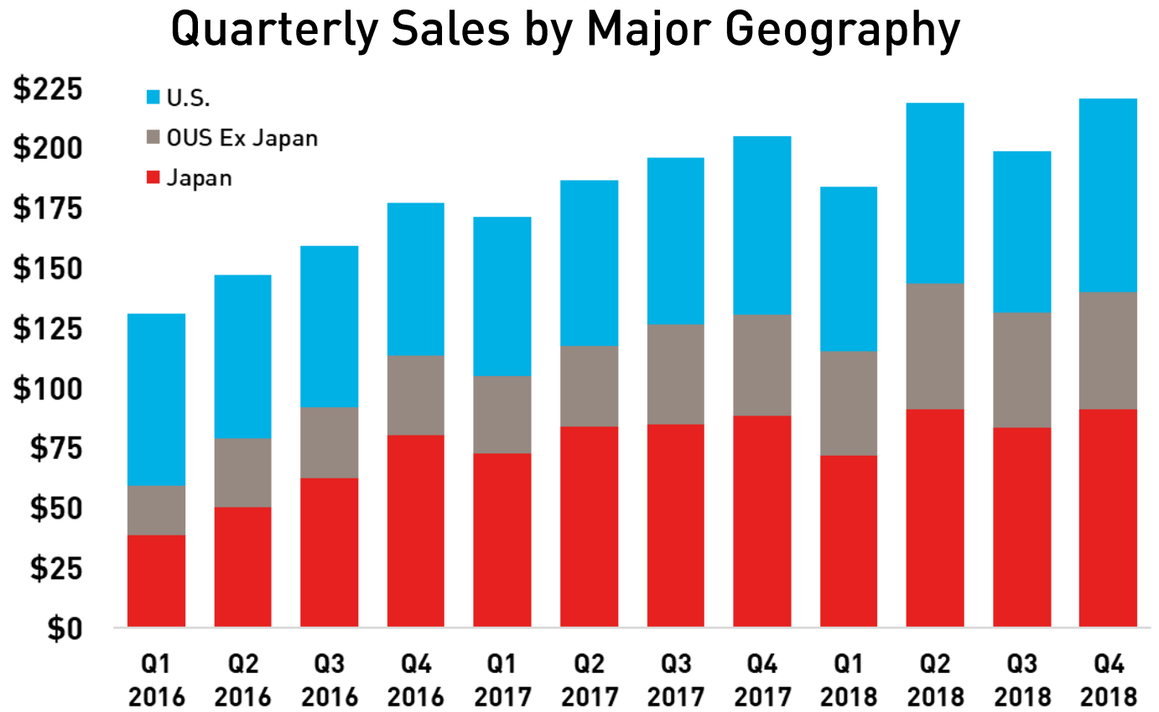
Source: IQVIA NPA TRx 3MMA, weekly data December 28, 2018

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

Q4 2018 CYRAMZA SALES INCREASED 8%

Millions

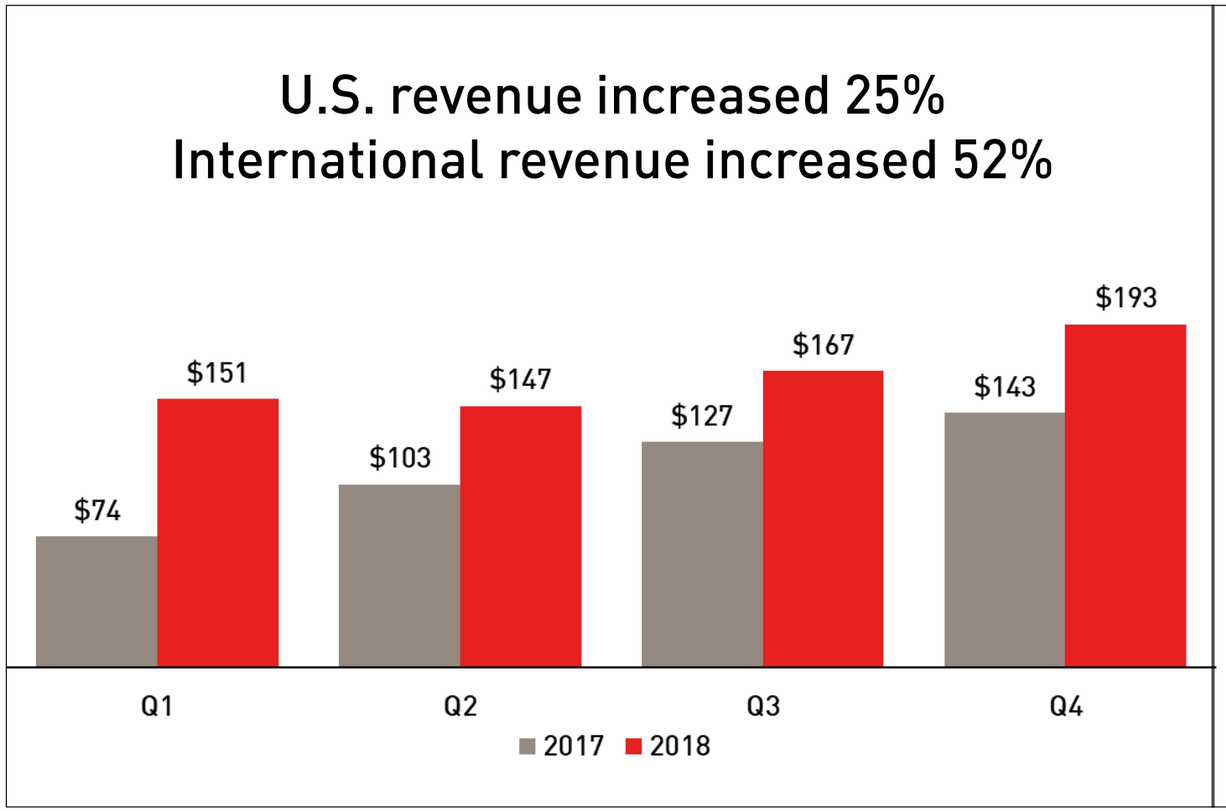


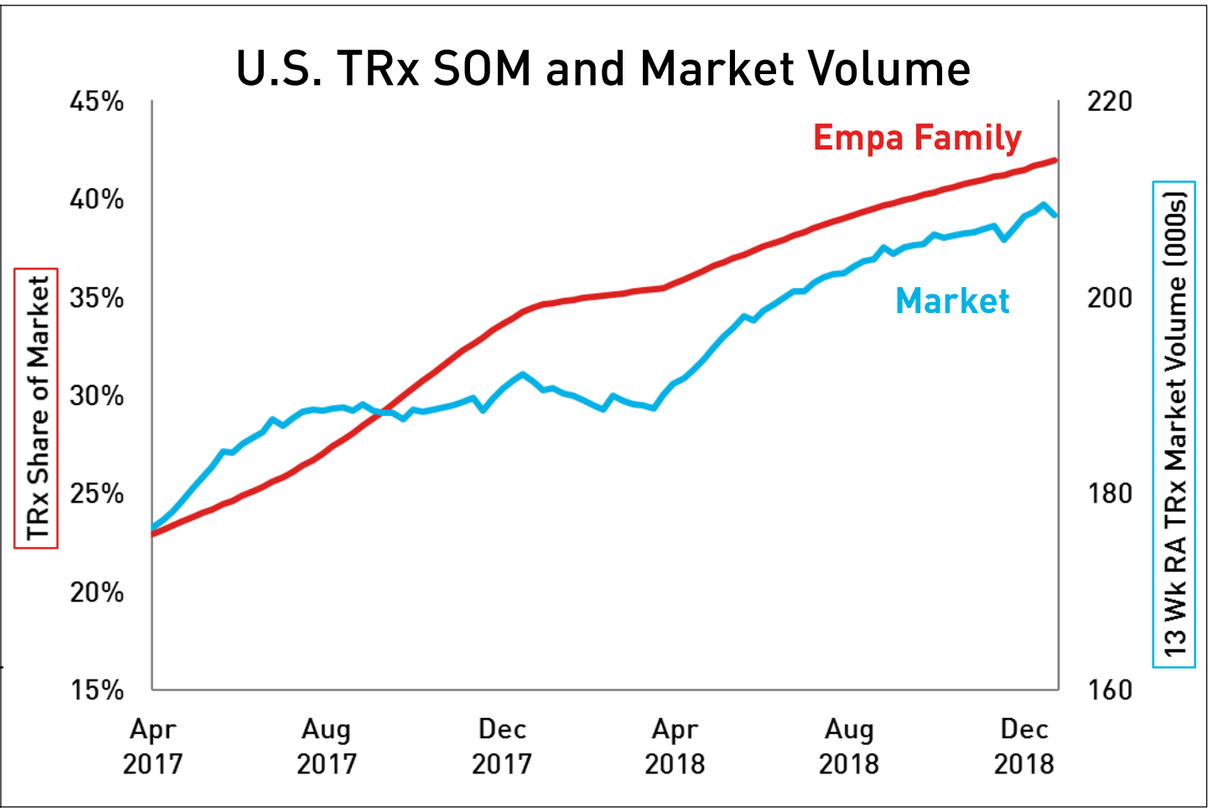


Note: Numbers may not add due to rounding.

Q4 2018 JARDIANCE REVENUE INCREASED 35%

Millions





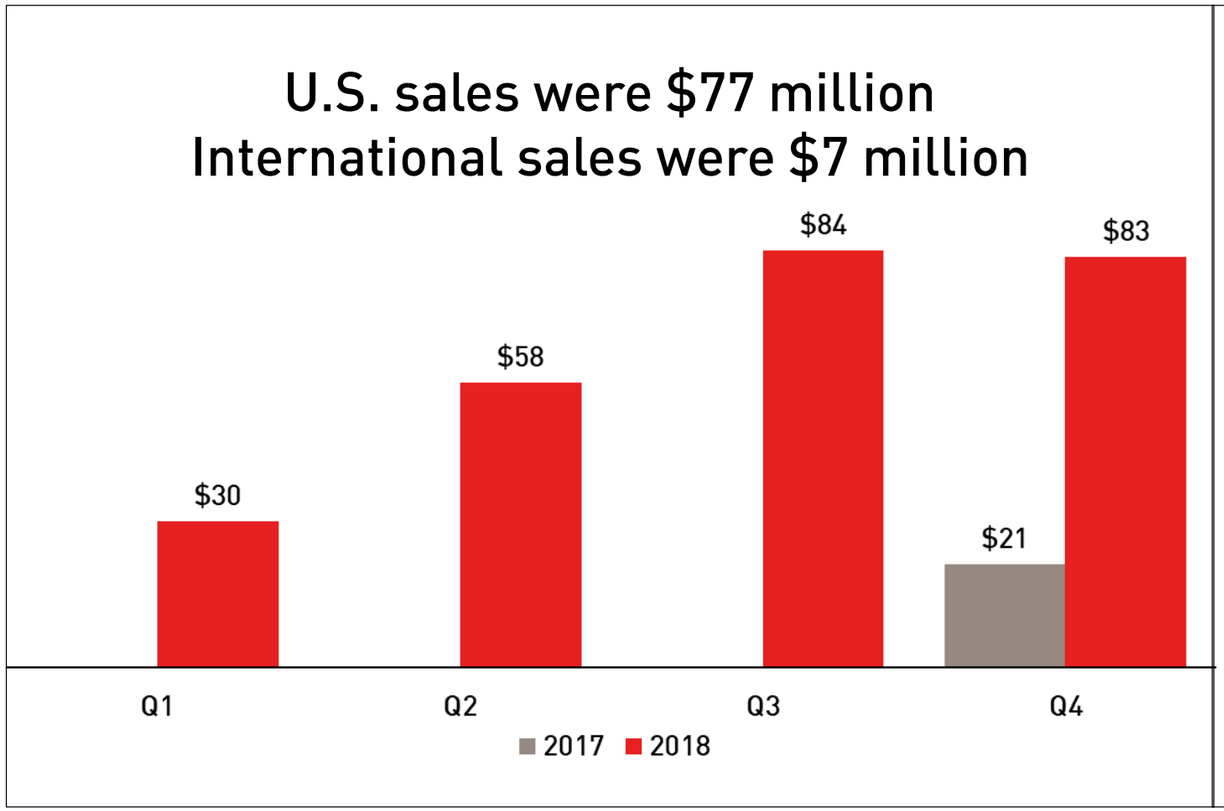
Note: Numbers may not add due to rounding.

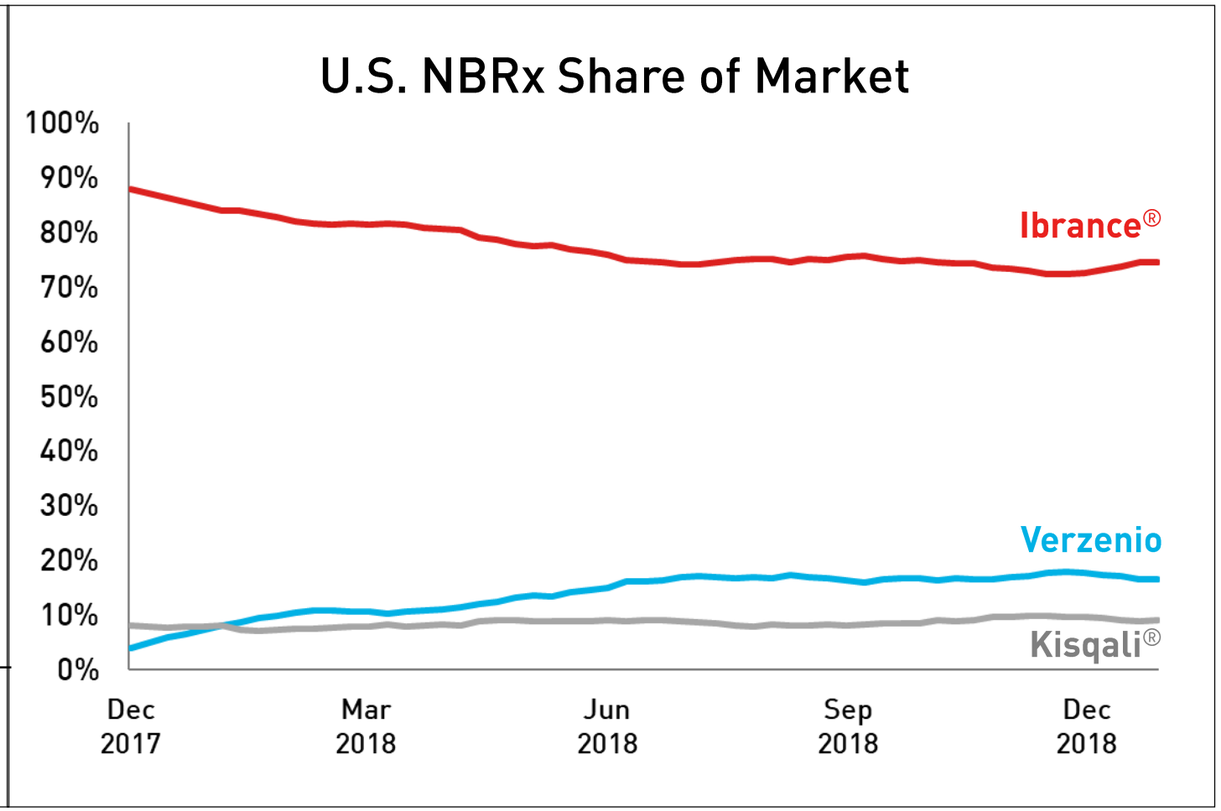
Source: IQVIA NPA TRx 3MMA, weekly data December 28, 2018

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

Q4 2018 VERZENIO SALES WERE $83 MILLION

Millions



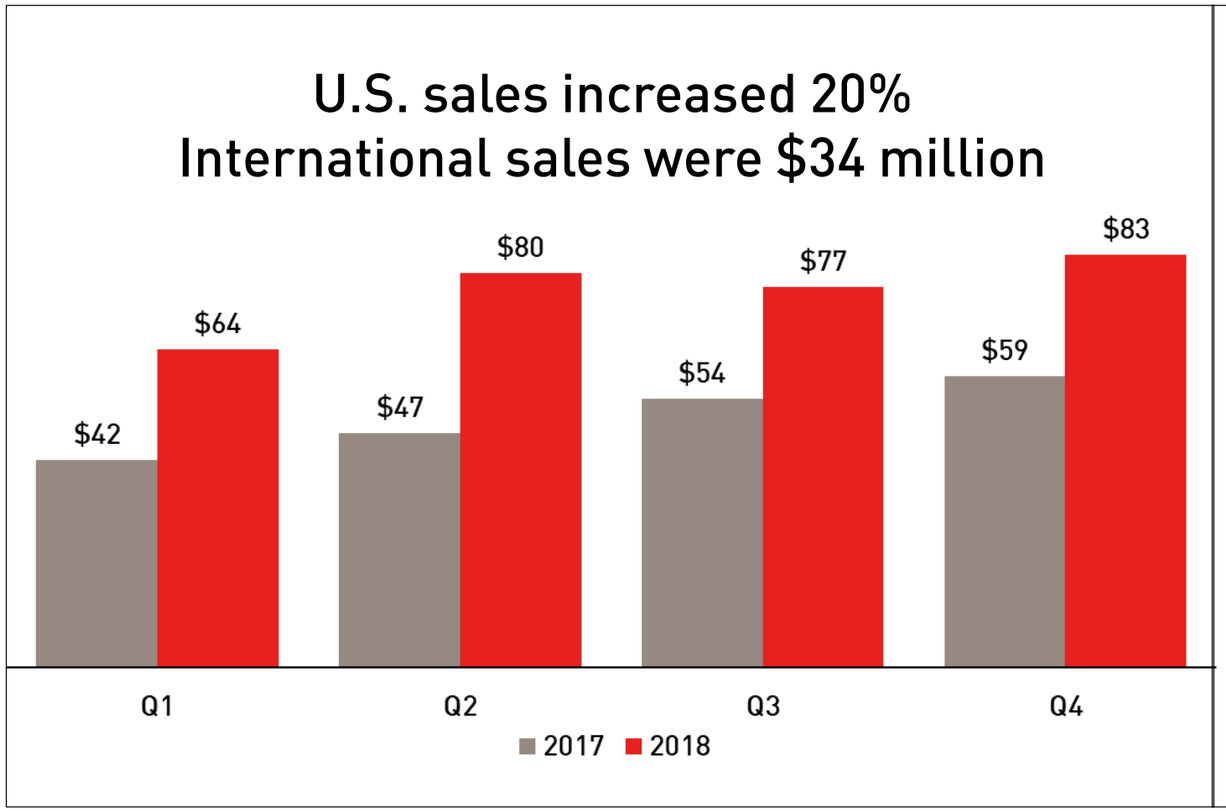


Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 28, 2018

Q4 2018 LARTRUVO SALES INCREASED 41%

Millions

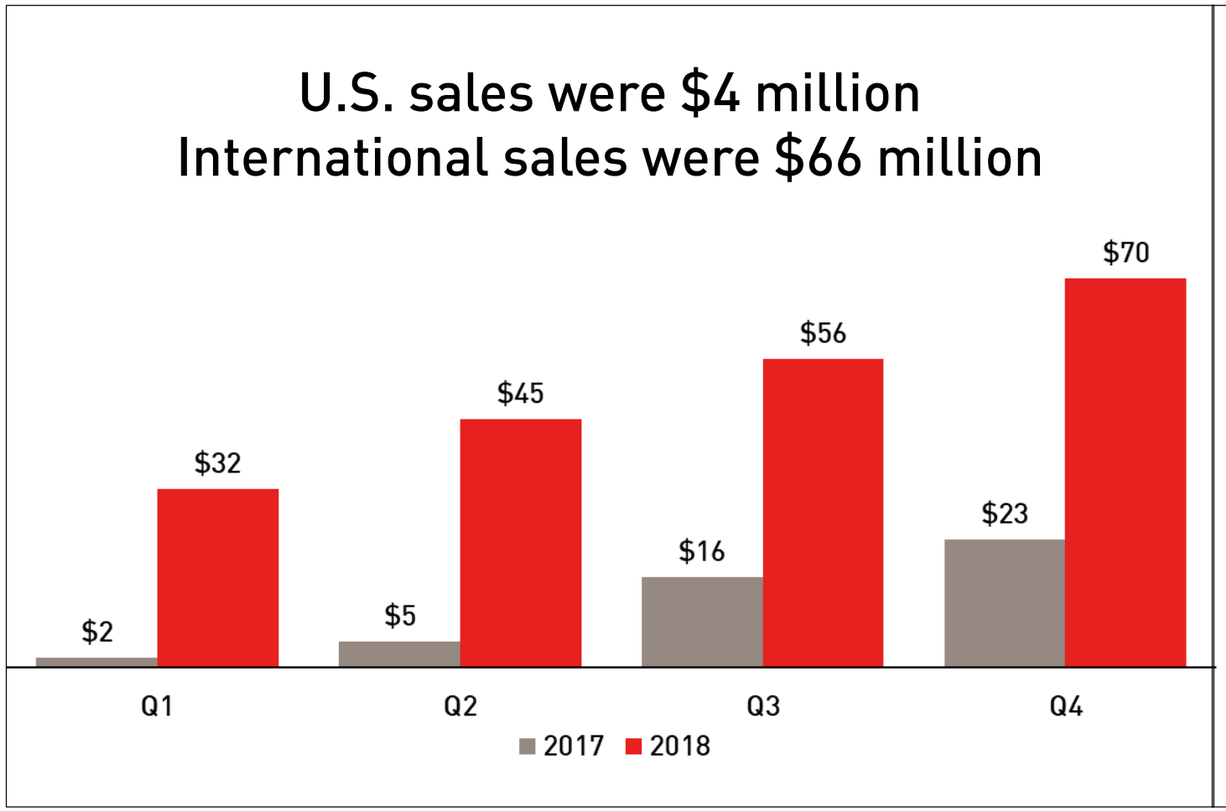


- ANNOUNCE study did not meet the primary endpoint of overall survival and there was no difference in survival between the study arms
- Active promotion has been suspended

Note: Numbers may not add due to rounding.

Q4 2018 OLUMIANT SALES WERE $70 MILLION

Millions

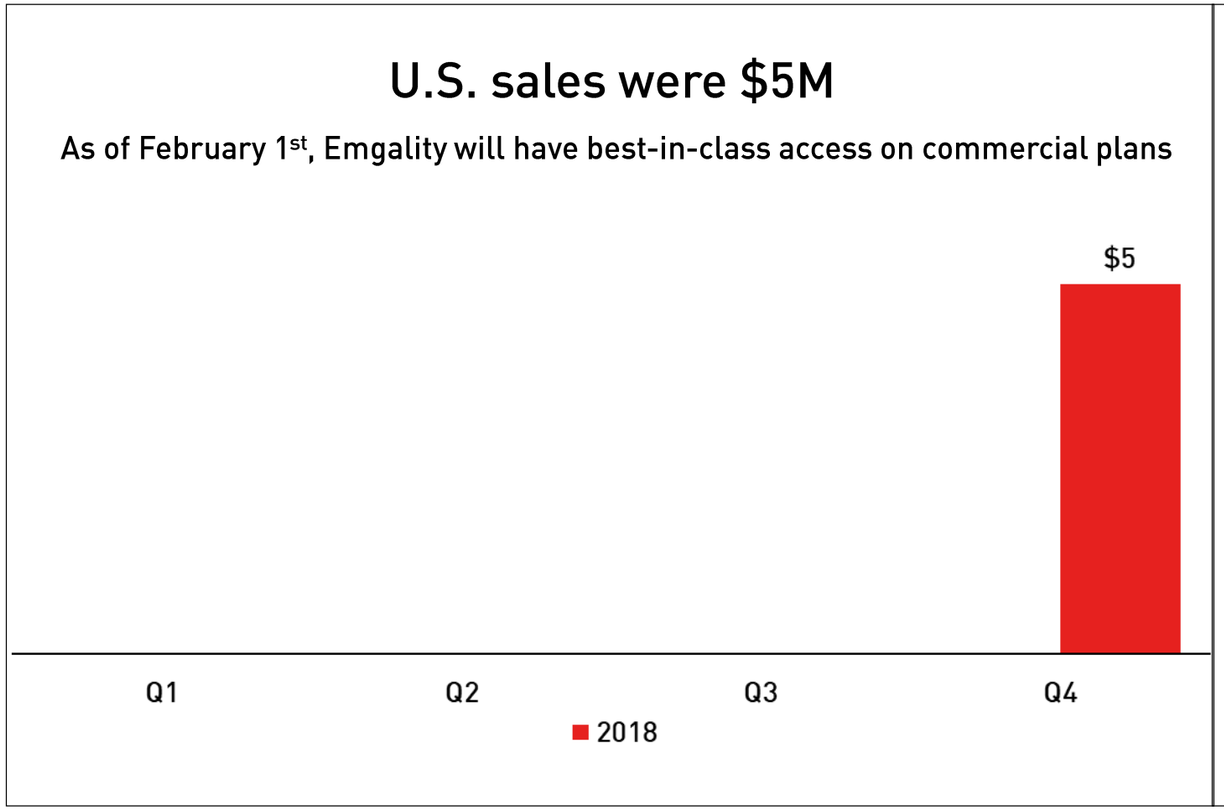


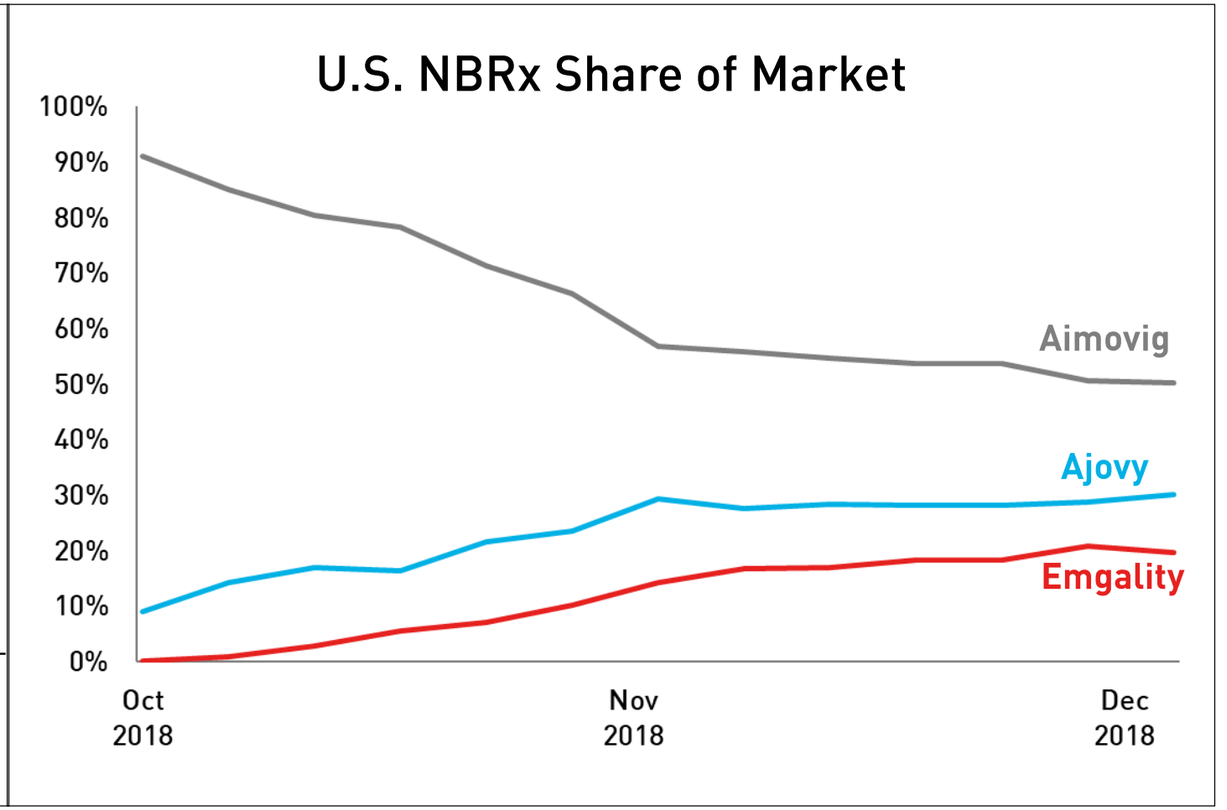
- Launched in the U.S. in July 2018
- Q4 sales driven by Europe, led by Germany
- Key driver of volume growth in Europe

Note: Numbers may not add due to rounding.

Q4 2018 EMGALITY SALES WERE $5M

Millions



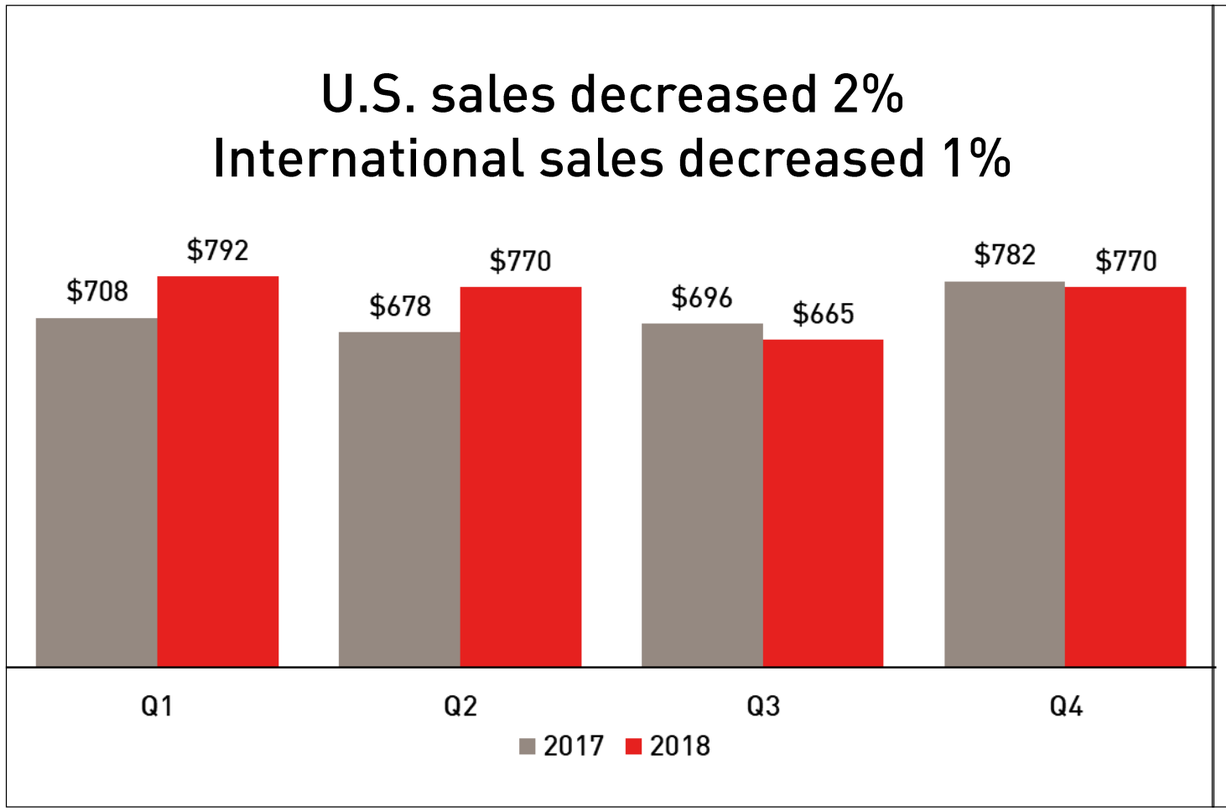


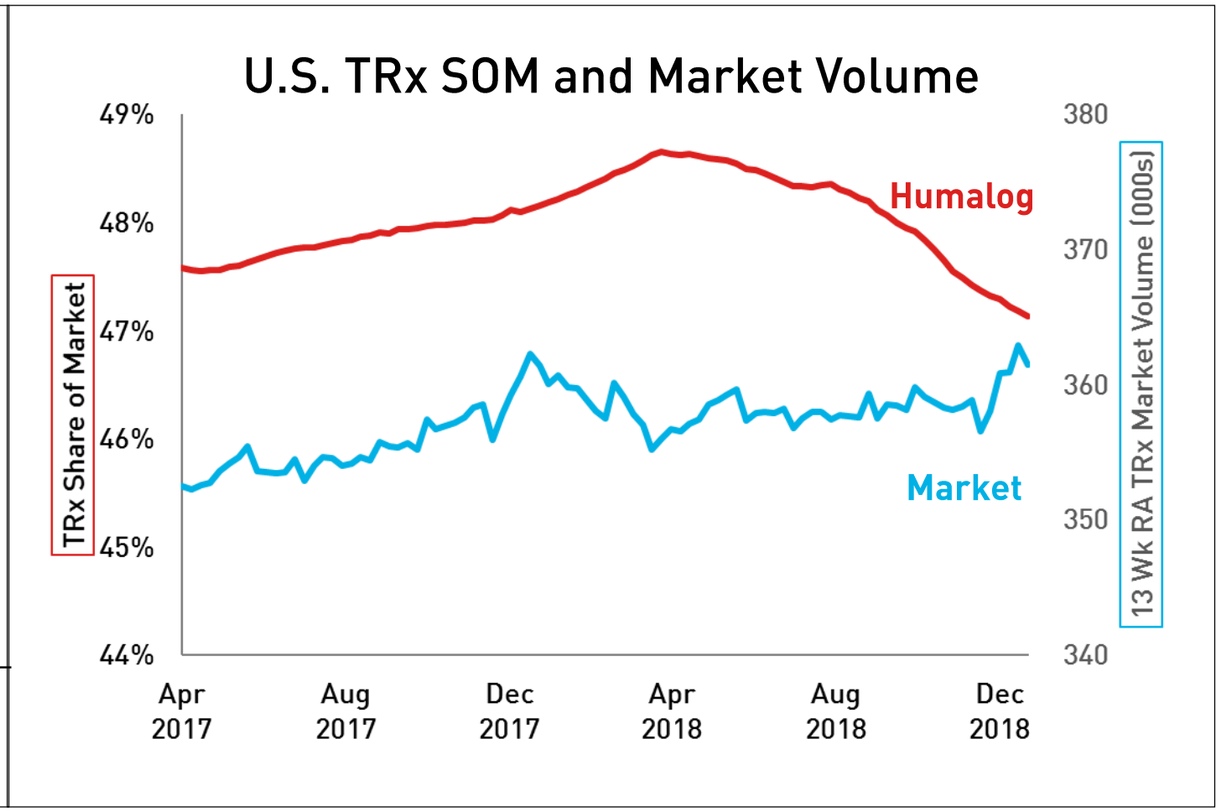
Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 28, 2018

Q4 2018 HUMALOG SALES DECREASED 2%

Millions



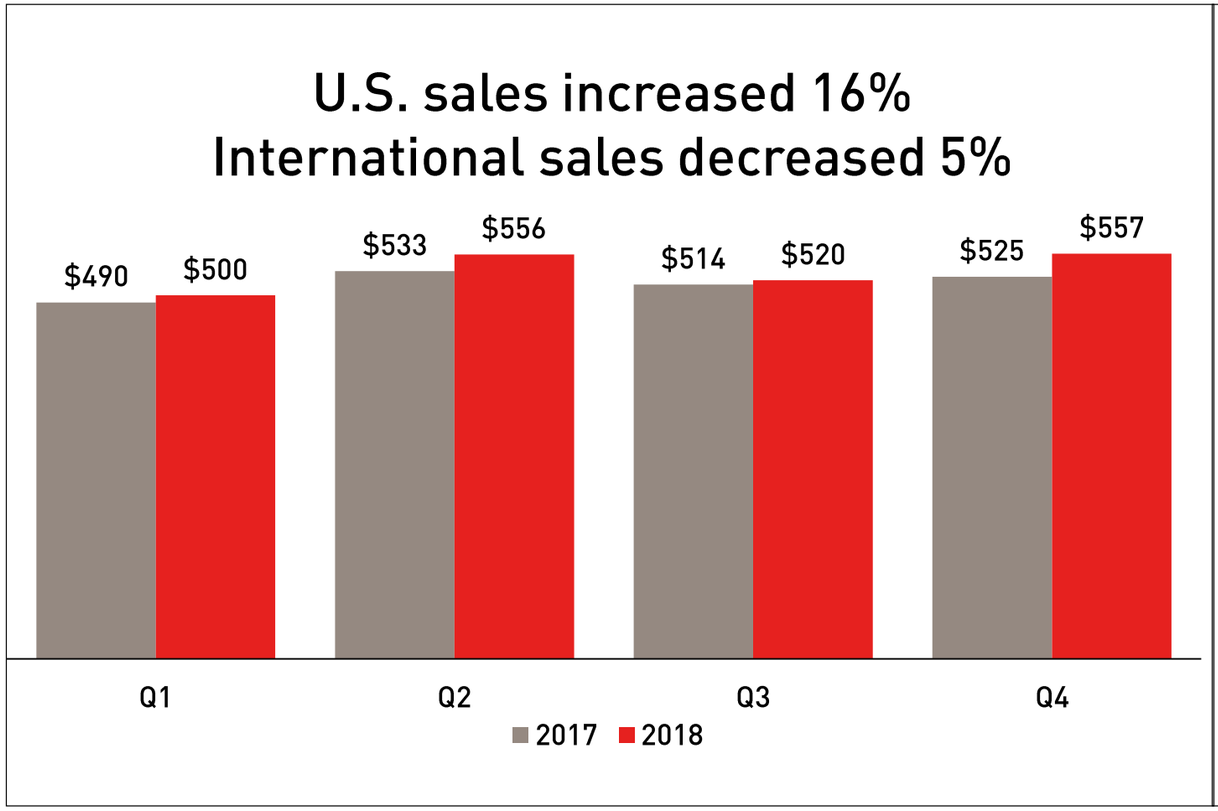


Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 28, 2018

Q4 2018 ALIMTA SALES INCREASED 6%

Millions



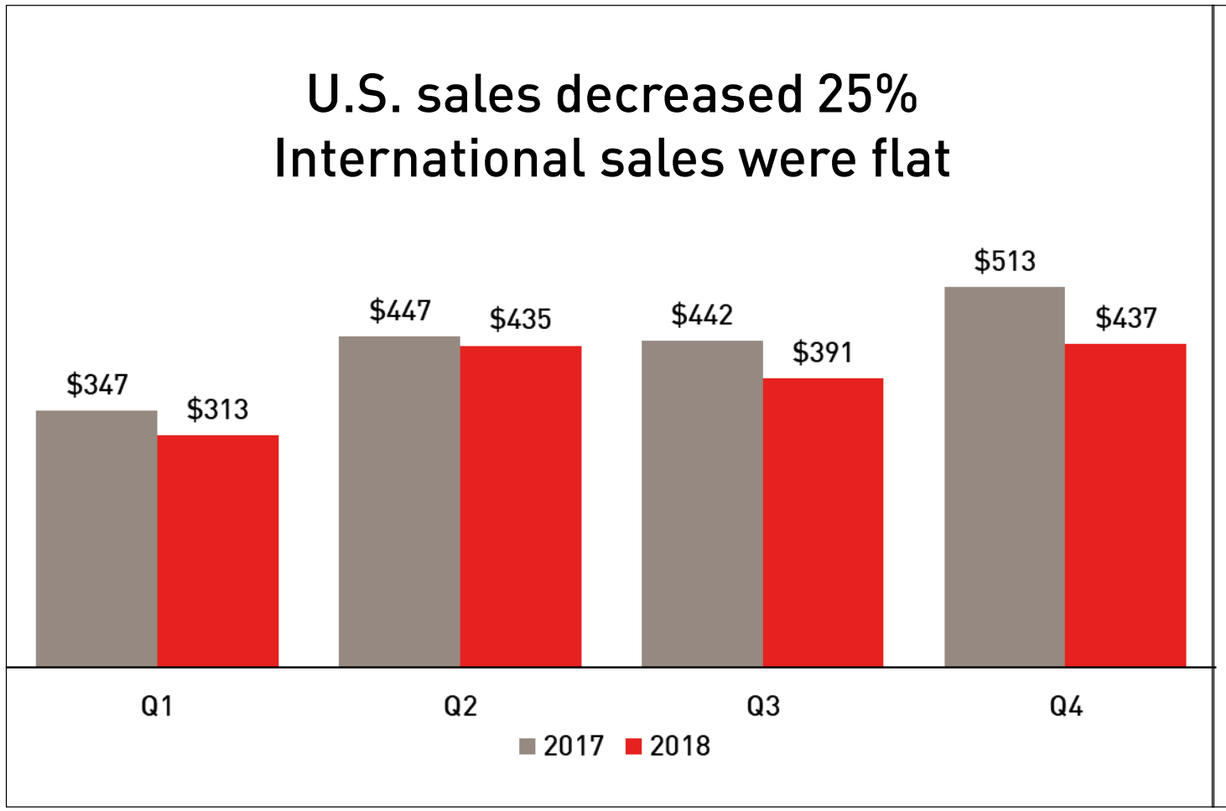
	Q4 Sales	Change	Performance	Rate
U.S. Alimta	$315.9	16%	16%	-
OUS Alimta	$241.0	(5%)	(3%)	(2%)
WW Alimta	$556.9	6%	7%	(1%)

- U.S. sales increase primarily driven by higher realized prices and increased demand
- OUS sales decrease driven primarily by lower realized prices and, to a lesser extent, the unfavorable impact of FX partially offset by increased volume

Note: Numbers may not add due to rounding.

Q4 2018 FORTEO SALES DECREASED 15%

Millions



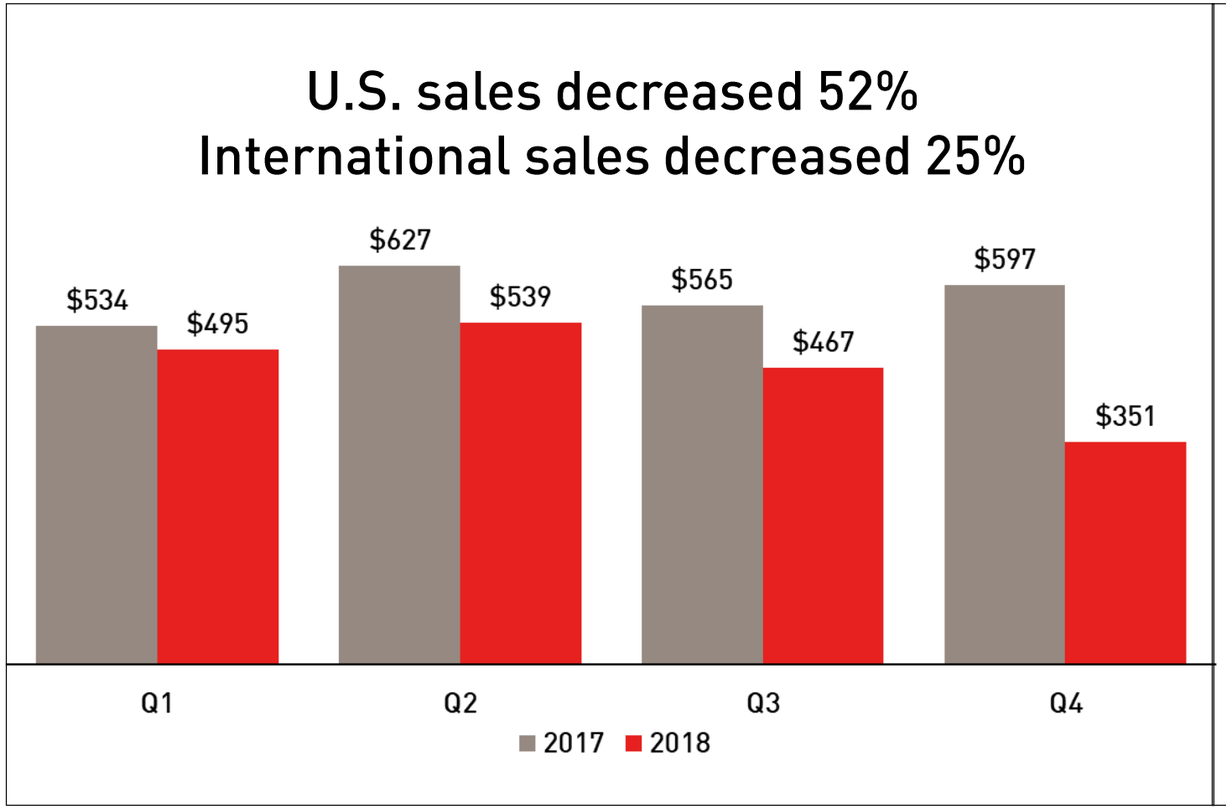
	Q4 Sales	Change	Performance	Rate
U.S. Forteo	$228.2	(25)%	(25)%	-
OUS Forteo	$208.9	(0%)	1%	(2%)
WW Forteo	$437.1	(15)%	(14)%	(1%)

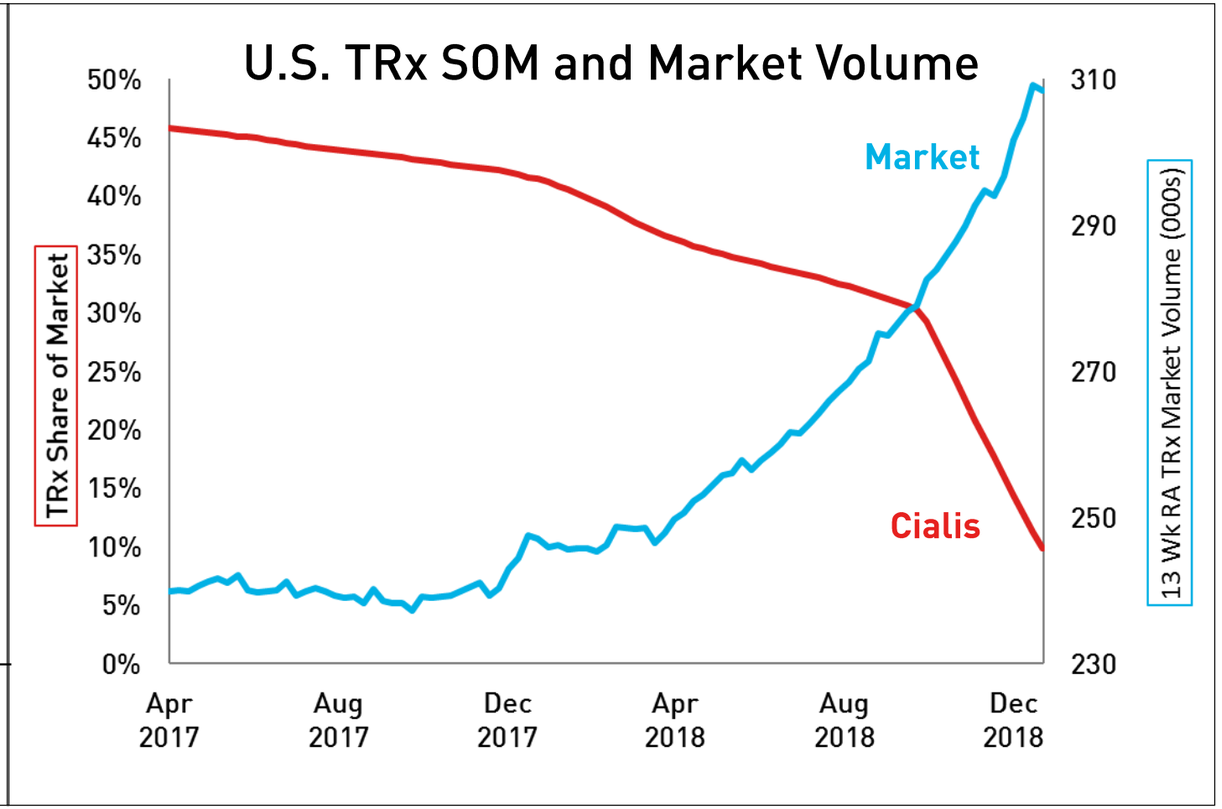
- U.S. sales decrease primarily driven by decreased demand and, to a lesser extent, lower realized prices
- OUS sales remained flat driven by increased volume, offset by the unfavorable impact of FX and lower realized prices

Note: Numbers may not add due to rounding.

Q4 2018 CIALIS SALES DECREASED 41%

Millions



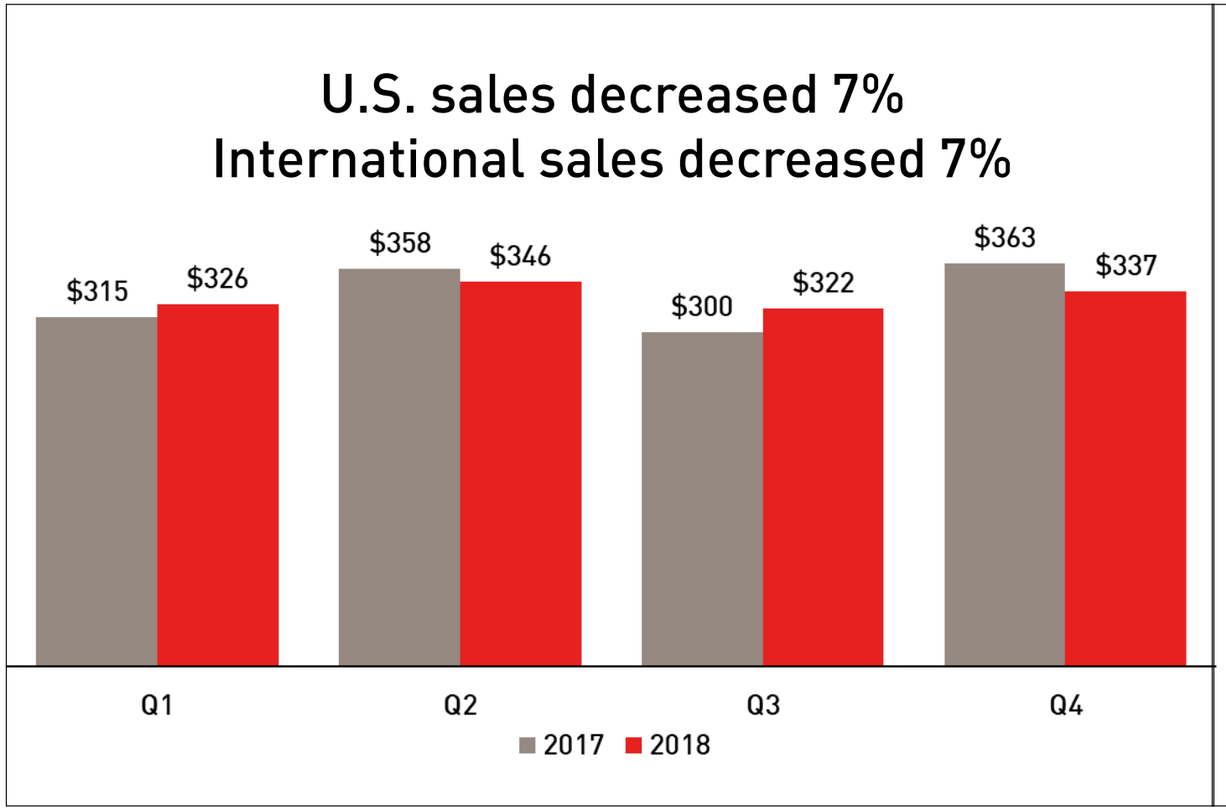


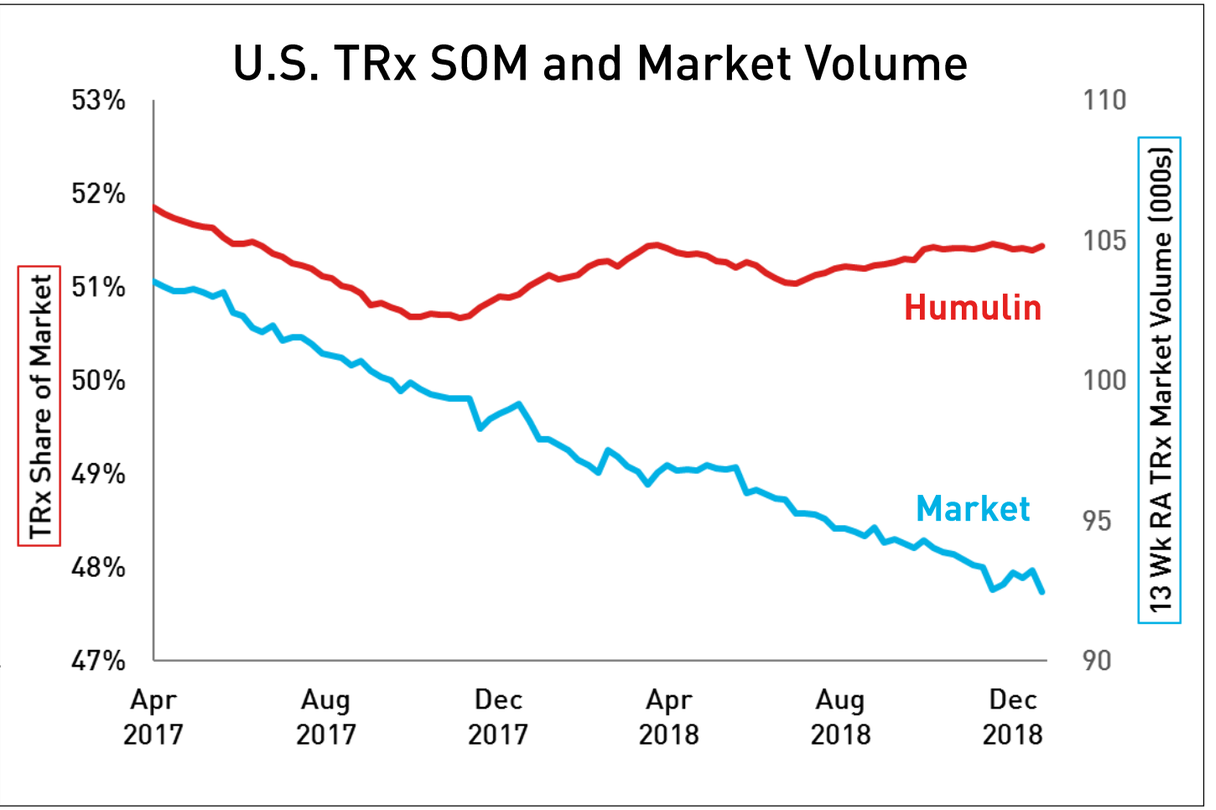
Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 28, 2018

Q4 2018 HUMULIN® SALES DECREASED 7%

Millions





Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 28, 2018

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TO MAKE LIFE BETTER FOR PEOPLE AROUND THE WORLD.

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