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
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 (pemetrexed 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

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Change</th>
<th>YTD 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$6,439</td>
<td>5%</td>
<td>$24,556</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>75.2%</td>
<td>1.9pp</td>
<td>73.8%</td>
<td>0.7pp</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong>*</td>
<td>3,891</td>
<td>(10)%</td>
<td>14,405</td>
<td>(3)%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>954</td>
<td>NM</td>
<td>3,721</td>
<td>96%</td>
</tr>
<tr>
<td><strong>Other Income (Expense)</strong></td>
<td>[15]</td>
<td>NM</td>
<td>75</td>
<td>(75)%</td>
</tr>
<tr>
<td><strong>Effective Tax Rate</strong></td>
<td>(19.8)%</td>
<td>NM</td>
<td>14.9%</td>
<td>NM</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$1,125</td>
<td>NM</td>
<td>$3,232</td>
<td>NM</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>$1.10</td>
<td>NM</td>
<td>$3.13</td>
<td>NM</td>
</tr>
</tbody>
</table>

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

Note: Numbers may not add due to rounding; see slide 25 for a complete list of significant adjustments.
Millions; except per share data

<table>
<thead>
<tr>
<th></th>
<th>GAAP Reported</th>
<th>Adjustments</th>
<th>Non-GAAP Adjusted</th>
<th>Non-GAAP Adjusted Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>$24,556</td>
<td>-</td>
<td>$24,556</td>
<td>7%</td>
</tr>
<tr>
<td><strong>GROSS MARGIN</strong></td>
<td>73.8%</td>
<td>2.4%</td>
<td>76.2%</td>
<td>(0pp)</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSE</strong></td>
<td>14,405</td>
<td>(2,471)</td>
<td>11,934</td>
<td>(1)%</td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td>3,721</td>
<td>3,045</td>
<td>6,766</td>
<td>25%</td>
</tr>
<tr>
<td><strong>OTHER INCOME (EXPENSE)</strong></td>
<td>75</td>
<td>(15)</td>
<td>59</td>
<td>(80)%</td>
</tr>
<tr>
<td><strong>EFFECTIVE TAX RATE</strong></td>
<td>14.9%</td>
<td>1.1%</td>
<td>16.0%</td>
<td>(4.5pp)</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$3,232</td>
<td>$2,503</td>
<td>$5,735</td>
<td>27%</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>$3.13</td>
<td>$2.42</td>
<td>$5.55</td>
<td>30%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>Q4 2017</th>
<th>Change</th>
<th>YTD 2018</th>
<th>YTD 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS (REPORTED)</td>
<td>$1.10</td>
<td>$(1.58)</td>
<td>NM</td>
<td>$3.13</td>
<td>$(0.19)</td>
<td>NM</td>
</tr>
<tr>
<td>Acquired in-process research and</td>
<td>0.26</td>
<td>0.03</td>
<td></td>
<td>1.83</td>
<td>0.97</td>
<td>NM</td>
</tr>
<tr>
<td>development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>0.07</td>
<td>0.11</td>
<td></td>
<td>0.43</td>
<td>0.44</td>
<td></td>
</tr>
<tr>
<td>Asset impairment, restructuring,</td>
<td>0.21</td>
<td>0.75</td>
<td></td>
<td>0.41</td>
<td>1.23</td>
<td></td>
</tr>
<tr>
<td>and other special charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017 U.S. tax reform and other tax</td>
<td>(0.31)</td>
<td>1.81</td>
<td></td>
<td>(0.25)</td>
<td>1.81</td>
<td></td>
</tr>
<tr>
<td>related charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other, net</td>
<td>-</td>
<td>0.01</td>
<td></td>
<td>0.01</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>EPS (NON-GAAP)</td>
<td>$1.33</td>
<td>$1.14</td>
<td>17%</td>
<td>$5.55</td>
<td>$4.28</td>
<td>30%</td>
</tr>
</tbody>
</table>

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

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

Note: Numbers may not add due to rounding.

CER = price change + volume change
## Effect of Price/Rate/Volume on Revenue

### Millions

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

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

Newer Products* 13.7%
All Other 0.9%
Elanco 0.7%
Alimta 0.5%
Forteo ® -0.6%
LOE Products** -4.5%

2018 Q4 EARNINGS

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

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 (+3.7pts 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

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.

2018 Q4 EARNINGS
# Effect of Foreign Exchange on 2018 Results

## Year-on-Year Growth

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>YTD 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With FX</td>
<td>w/o FX</td>
</tr>
<tr>
<td><strong>REPORTED</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>COST OF SALES</td>
<td>(3)%</td>
<td>2%</td>
</tr>
<tr>
<td>GROSS MARGIN</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>OPERATING EXPENSE</td>
<td>(10)%</td>
<td>(10)%</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>NM</td>
<td>NM</td>
</tr>
<tr>
<td>EPS</td>
<td>NM</td>
<td>NM</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q4 2018</th>
<th>YTD 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With FX</td>
<td>w/o FX</td>
</tr>
<tr>
<td><strong>NON-GAAP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>COST OF SALES</td>
<td>2%</td>
<td>9%</td>
</tr>
<tr>
<td>GROSS MARGIN</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>OPERATING EXPENSE</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>EPS</td>
<td>17%</td>
<td>15%</td>
</tr>
</tbody>
</table>
## 2019 GUIDANCE

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

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*

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

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

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Not for promotional use

2018 Q4 EARNINGS
POTENTIAL KEY EVENTS 2018

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 [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
- **Tadjenta** CAROLINA CV outcomes study [now expected 2019]
- **Trulicity** REWIND CV outcomes study
- **Ultra Rapid Lispro** [URL] 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 diabetes¹
- **Tadjenta** CARMELINA CV outcomes study [now expected 2019]
- **Ramucirumab** REACH 2 in 2L high AFN hepatocellular cancer
- **Alimta®+platinum+Keytruda®** in 1L nonsquamous NSCLC [KN-189]³

Regulatory Submissions

- **Lasmiditan** for acute migraine
- **Empagliflozin + linagliptin + metformin XR** [US/EU] [now expected 2019]
- **Nasal glucagon** for hypoglycemia [US/EU]
- **Ramucirumab** REACH 2 in 2L high AFN hepatocellular cancer [US/EU/J]¹²
- **Ixekizumab** for axial spondyloarthritis [US/EU]
- **Galcanezumab** for episodic cluster headache

Regulatory Actions

- **Baricitinib** for rheumatoid arthritis [US/EU]
- **Galcanezumab** for migraine prevention [US/EU]
- **Ixekizumab** for psoriatic arthritis [EU]
- **Abemaciclib + fulvestrant** for 2L breast cancer (MONARCH 2) [EU/J]¹³
- **Abemaciclib + AIs for 1L breast cancer** (MONARCH 3) [US/EU/J]¹³
- **Alimta** sNDA to include KEYNOTE-021G data [US]¹³
- **Alimta** sNDA to include KEYNOTE-189 data [US]¹³
- **Fruquintinib** for 3L metastatic colorectal cancer [China]¹⁴

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

Phase 3 Initiations
- **✓ Empagliflozin** for chronic kidney disease
- **✓ 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
- **Linagliptin** CAROLINA CV outcomes study
- **✓ Baricitinib** for atopic dermatitis
- **Ixekizumab** non-radiographic axial spondyloarthritis
- **Ixekizumab** psoriasis head-to-head vs. guselkumab
- **✓ Tanezumab** for osteoarthritis pain
- Tanezumab for chronic low back pain
- Tanezumab for osteoarthritis pain long-term safety study
- **✓ Olaratumab** for soft tissue sarcoma (OS readout)
- **✓ RET-Inhibitor** for NSCLC and thyroid cancer [registrational Phase 2]
- **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 [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/J]

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
NON-GAAP GROSS MARGIN % OF REVENUE

Moving Annual Total

Without FX effect on int’l inventories sold

With FX effect on int’l inventories sold

<table>
<thead>
<tr>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
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<td>2017*</td>
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<td>2018</td>
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</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>1Q17</th>
<th>2Q17</th>
<th>3Q17</th>
<th>4Q17</th>
<th>2017</th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported</td>
<td>(0.10)</td>
<td>0.95</td>
<td>0.53</td>
<td>(1.58)</td>
<td>(0.19)</td>
<td>1.16</td>
<td>(0.25)</td>
<td>1.12</td>
<td>1.10</td>
<td>3.13</td>
</tr>
<tr>
<td>Non-GAAP</td>
<td>0.98</td>
<td>1.11</td>
<td>1.05</td>
<td>1.14</td>
<td>4.28</td>
<td>1.34</td>
<td>1.50</td>
<td>1.39</td>
<td>1.33</td>
<td>5.55</td>
</tr>
</tbody>
</table>

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

U.S. sales increased 40%
International sales increased 51%

Note: Numbers may not add due to rounding.

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

Not for promotional use

2018 Q4 EARNINGS
Q4 2018 TALTZ SALES INCREASED 78%

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

Not for promotional use
Q4 2018 BASAGLAR SALES INCREASED 51%

Millions

U.S. sales increased 59%
International sales increased 27%

Source: IQVIA NPA TRx 3MMA, weekly data December 28, 2018
Note: Basaglar is part of the Boehringer Ingelheim and Lilly Diabetes Alliance

Note: Numbers may not add due to rounding.
Q4 2018 CYRAMZA SALES INCREASED 8%

U.S. sales increased 9%
International sales increased 7%

Note: Numbers may not add due to rounding.

2018 Q4 EARNINGS
Q4 2018 JARDIANCE REVENUE INCREASED 35%

U.S. revenue increased 25%
International revenue increased 52%

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

U.S. sales were $77 million
International sales were $7 million

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

U.S. sales increased 20%
International sales were $34 million

- 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

U.S. sales were $4 million
International sales were $66 million

- 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

U.S. sales were $5M
As of February 1st, Emgality will have best-in-class access on commercial plans

U.S. NBRx Share of Market

Note: Numbers may not add due to rounding.

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

Not for promotional use

2018 Q4 EARNINGS
Q4 2018 HUMALOG SALES DECREASED 2%

Millions

U.S. sales decreased 2%
International sales decreased 1%

Q1: $708 - $792
Q2: $678 - $770
Q3: $696 - $665
Q4: $782 - $770

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MM, weekly data December 28, 2018
Q4 2018 ALIMTA SALES INCREASED 6%

U.S. sales increased 16%
International sales decreased 5%

<table>
<thead>
<tr>
<th></th>
<th>Q4 Sales</th>
<th>Change</th>
<th>Performance</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Alimta</td>
<td>$315.9</td>
<td>16%</td>
<td>16%</td>
<td>-</td>
</tr>
<tr>
<td>OUS Alimta</td>
<td>$241.0</td>
<td>(5%)</td>
<td>(3%)</td>
<td>(2%)</td>
</tr>
<tr>
<td>WW Alimta</td>
<td>$556.9</td>
<td>6%</td>
<td>7%</td>
<td>(1%)</td>
</tr>
</tbody>
</table>

- 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

<table>
<thead>
<tr>
<th></th>
<th>Q4 Sales</th>
<th>Change</th>
<th>Performance</th>
<th>Rate</th>
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<tbody>
<tr>
<td>U.S. Forteo</td>
<td>$228.2</td>
<td>(25)%</td>
<td>(25)%</td>
<td>-</td>
</tr>
<tr>
<td>OUS Forteo</td>
<td>$208.9</td>
<td>(0)%</td>
<td>1%</td>
<td>(2%)</td>
</tr>
<tr>
<td>WW Forteo</td>
<td>$437.1</td>
<td>(15)%</td>
<td>(14)%</td>
<td>(1%)</td>
</tr>
</tbody>
</table>

• 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%

U.S. sales decreased 52%
International sales decreased 25%

<table>
<thead>
<tr>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>$534</td>
<td>$627</td>
<td>$565</td>
<td>$597</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding.

U.S. TRx SOM and Market Volume

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

2018 Q4 EARNINGS
Q4 2018 HUMULIN® SALES DECREASED 7%

Millions

U.S. sales decreased 7%
International sales decreased 7%

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 28, 2018
Lilly unites caring with discovery to make life better for people around the world.