Lilly

Q2

2019 Business Results

AGENDA

INTRODUCTION AND KEY RECENT EVENTS

Dave Ricks, Chairman and Chief Executive Officer

Q2 FINANCIAL RESULTS AND FINANCIAL GUIDANCE

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

R&D UPDATE

Dan Skovronsky, M.D., Ph.D., Chief Scientific Officer

CLOSING REMARKS

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; economic conditions; and changes in laws and regulations, including health care reform.

For additional information about the factors that affect the company's business, please see the company's latest Forms 10-K and 10-Q filed with the Securities and Exchange Commission.

The company undertakes no duty to update forward-looking statements

STRATEGIC DELIVERABLES

PROGRESS SINCE THE LAST EARNINGS CALL

Grow Revenue

- 1% revenue growth in Q2; 3% in constant currency
- Revenue growth driven by:
  - 6% volume growth
  - Key growth drivers accounted for 43% of total revenue

Improve Productivity

- Non-GAAP:
  - Gross margin was 81.0% (80.2% excluding FX impact on international inventories sold)
  - Operating income was 27.9%

Create Long-Term Value

- Announced Centrexion licensing agreement
- Completed $3.5 billion accelerated share repurchase program
- Distributed $0.6 billion via dividends

Speed Life-Changing Medicines

- FDA approval of Baqsimi™ for severe hypoglycemia
- FDA approval of Emgality® in episodic cluster
- FDA approval of Cyramza® in high AFP 2L HCC
- Positive OS results for MONARCH 2 Verzenio® study
- Positive results from AWARD-11 study of dulaglutide alternate doses for type 2 diabetes

KEY EVENTS SINCE THE LAST EARNINGS CALL

COMMERCIAL

- Launched **Insulin Lispro,** a lower-priced version of Humalog®, in the United States, providing people with diabetes an option that has a list price 50 percent lower than the current Humalog list price.

REGULATORY

- The FDA approved **Emgality** for the treatment of episodic cluster headache in adults;
- The FDA approved **Baqsimi**, as the first and only nasally administered glucagon to treat severe hypoglycemia in adults and children with diabetes ages four years and older;
- The FDA approved **Cyramza** as a single agent, for the treatment of patients with hepatocellular carcinoma (HCC) who have an alpha-fetoprotein (AFP) of ≥ 400 ng/mL and have been previously treated with sorafenib; and
- The FDA granted Fast Track designation to **empagliflozin**, part of our collaboration with Boehringer Ingelheim, for the reduction of the risk of cardiovascular death and hospitalization for heart failure in people with chronic heart failure.

CLINICAL

- Announced the Phase 3 AWARD-11 trial studying 3.5 mg and 4.0 mg doses of **Trulicity®,** met its primary endpoint of superiority in A1C and its secondary endpoint of superiority in weight reduction compared to Trulicity 1.5mg. The safety and tolerability of the investigational doses was consistent with the known profile of Trulicity 1.5 mg;
- Announced the Phase 3 MONARCH 2 trial of **Verzenio** in patients with HR+, HER2- mBC, demonstrated statistically significant improvement in overall survival (OS) at a pre-planned interim analysis;
- Along with Pfizer, announced results from a Phase 3 study evaluating long-term safety and efficacy of **tanezumab** in Japanese patients with moderate-to-severe CLBP; and
- Announced and presented Phase 2 data for tirzepatide in type 2 diabetes, showing a consistent positive impact on blood glucose control and weight loss while improving tolerability with dose escalations.

BUSINESS DEVELOPMENT & OTHER

- Announced a licensing agreement to acquire the exclusive worldwide rights to a novel small molecule somatostatin receptor type 4 (SSTR4) agonist from Centrexion Therapeutics Corporation;
- Distributed over $0.6 billion to shareholders via the dividend;
- Announced Mike Harrington, Senior Vice President and General Counsel, will retire at the end of the year; and
- Announced Patrik Jonsson as the new Senior Vice President and President of Lilly Bio-Medicines.

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**

Reflect adjustments for items such as:

- Discontinued operations of Elanco Animal Health
- 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
- Charges related to the suspension of promotion of Lartruvo

2019 INCOME STATEMENT – REPORTED

Millions; except per share data

	Q2 2019	Change	YTD 2019	Change
TOTAL REVENUE	$5,637	1%	$10,729	2%
GROSS MARGIN	80.0%	2.1pp	78.9%	1.6pp
TOTAL OPERATING EXPENSE*	3,014	(31)%	6,322	(8)%
OPERATING INCOME	1,498	NM	2,143	66%
OPERATING MARGIN	26.6%	26.7pp	20.0%	7.7pp
OTHER INCOME (EXPENSE)	(32)	NM	54	(54)%
EFFECTIVE TAX RATE	9.5%	NM	14.1%	(19.4pp)
NET INCOME - CONTINUING OPERATIONS	$1,327	NM	$1,888	NM
EPS - CONTINUING OPERATIONS	**$1.44**	**NM**	**$1.98**	**NM**
EPS - DISCONTINUED OPERATIONS	**$0.00**		**$3.86**	
EPS - TOTAL	**$1.44**	**NM**	**$5.84**	**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

	Q2 2019			
	GAAP Reported	Adjustments	Non-GAAP Adjusted	Non-GAAP Adjusted Change
TOTAL REVENUE	$5,637	-	**$5,637**	1%
GROSS MARGIN	80.0%	1.0%	**81.0%**	1.2pp
TOTAL OPERATING EXPENSE	3,014	(25)	**2,989**	8%
OPERATING INCOME	1,498	77	**1,575**	(7)%
OPERATING MARGIN	26.6%	1.4%	**27.9%**	(2.5pp)
OTHER INCOME (EXPENSE)	(32)	-	**(32)**	NM
EFFECTIVE TAX RATE	9.5%	0.5%	**10.0%**	(6.7pp)
NET INCOME - CONTINUING OPERATIONS	$1,327	61	**$1,388**	(3)%
EPS - CONTINUING OPERATIONS	$1.44	0.07	**$1.50**	1%
EPS - DISCONTINUED OPERATIONS	$0.00	0.00	**$0.00**	NM
EPS - TOTAL	$1.44	0.07	**$1.50**	1%

Note: Numbers may not add due to rounding; see slide 27 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 2019			
	GAAP Reported	Adjustments	Non-GAAP Adjusted	Non-GAAP Adjusted Change
TOTAL REVENUE	$10,729	-	**$10,729**	2%
GROSS MARGIN	78.9%	1.7%	**80.6%**	1.4pp
TOTAL OPERATING EXPENSE	6,322	(586)	**5,736**	10%
OPERATING INCOME	2,143	766	**2,909**	(8)%
OPERATING MARGIN	20.0%	7.1%	**27.1%**	(2.8pp)
OTHER INCOME (EXPENSE)	54	-	**54**	(41)%
EFFECTIVE TAX RATE	14.1%	(2.7)%	**11.4%**	(4.7pp)
NET INCOME - CONTINUING OPERATIONS	$1,888	736	**$2,625**	(4)%
EPS - CONTINUING OPERATIONS	$1.98	0.85	**$2.83**	1%
EPS - DISCONTINUED OPERATIONS	$3.86	(3.86)	**$0.00**	NM
EPS - TOTAL	$5.84	(3.01)	**$2.83**	1%

Note: Numbers may not add due to rounding; see slide 28 for a complete list of significant adjustments.

EPS RECONCILIATION

	Q2 2019	Q2 2018	Change	YTD 2019	YTD 2018	Change
EPS (REPORTED)	**$1.44**	**($0.25)**	**NM**	**$5.84**	**$0.92**	**NM**
AMORTIZATION OF INTANGIBLE ASSETS	0.04	0.08		0.08	0.17	
ACQUIRED IN-PROCESS RESEARCH AND DEVELOPMENT	0.02	1.61		0.14	1.65	
DISCONTINUED OPERATIONS		0.03		(3.86)	(0.02)	
REDUCED SHARES OUTSTANDING		0.04		0.05	0.06	
LARTRUVO CHARGES				0.14		
ASSET IMPAIRMENT, RESTRUCTURING, AND OTHER SPECIAL CHARGES		(0.01)		0.44	0.03	
OTHER, NET		(0.02)			(0.02)	
EPS (NON-GAAP)	**$1.50**	**$1.48**	**1%**	**$2.83**	**$2.79**	**1%**

Note: Numbers may not add due to rounding; see slides 27 and 28 for more details on these significant adjustments.

EFFECT OF PRICE/RATE/VOLUME ON REVENUE

Millions

	Q2 2019					
	Amount	Price	FX Rate	Volume	Total	CER
U.S.	$3,253	(4)%	—%	5%	0%	0%
EUROPE	928	(2)%	(7)%	8%	(1)%	6%
JAPAN	653	(0)%	(2)%	4%	2%	4%
REST OF WORLD	803	(2)%	(7)%	14%	5%	12%
TOTAL REVENUE	$5,637	(3)%	(2)%	6%	1%	3%

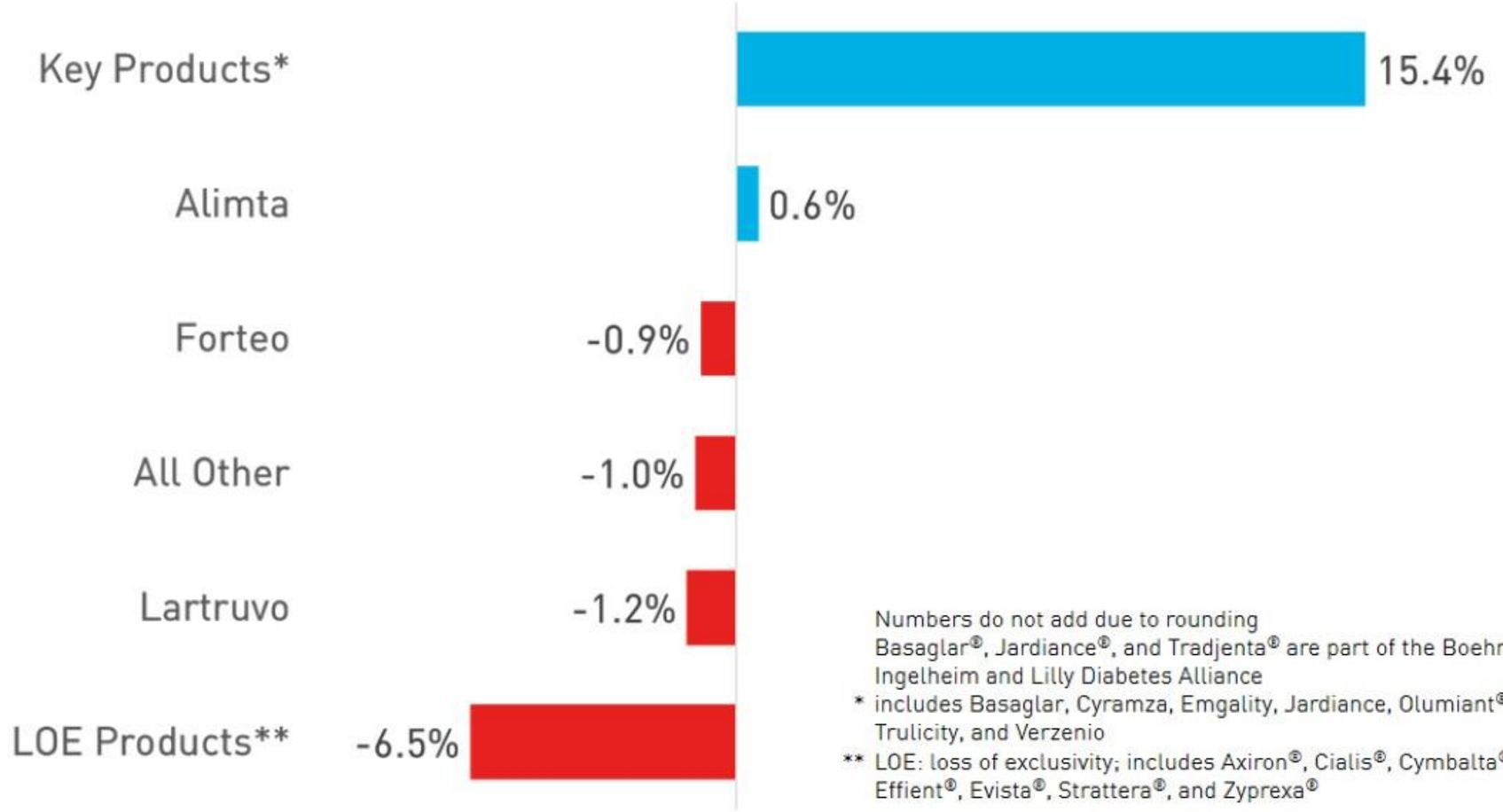
	2019 YTD					
	Amount	Price	FX Rate	Volume	Total	CER
U.S.	$6,143	(4)%	—%	5%	2%	2%
EUROPE	1,829	(2)%	(7)%	8%	(0)%	7%
JAPAN	1,197	(3)%	(1)%	6%	2%	3%
REST OF WORLD	1,560	(1)%	(7)%	12%	4%	11%
TOTAL REVENUE	$10,729	(3)%	(2)%	7%	2%	4%

Note: Numbers may not add due to rounding.

CER = price change + volume change

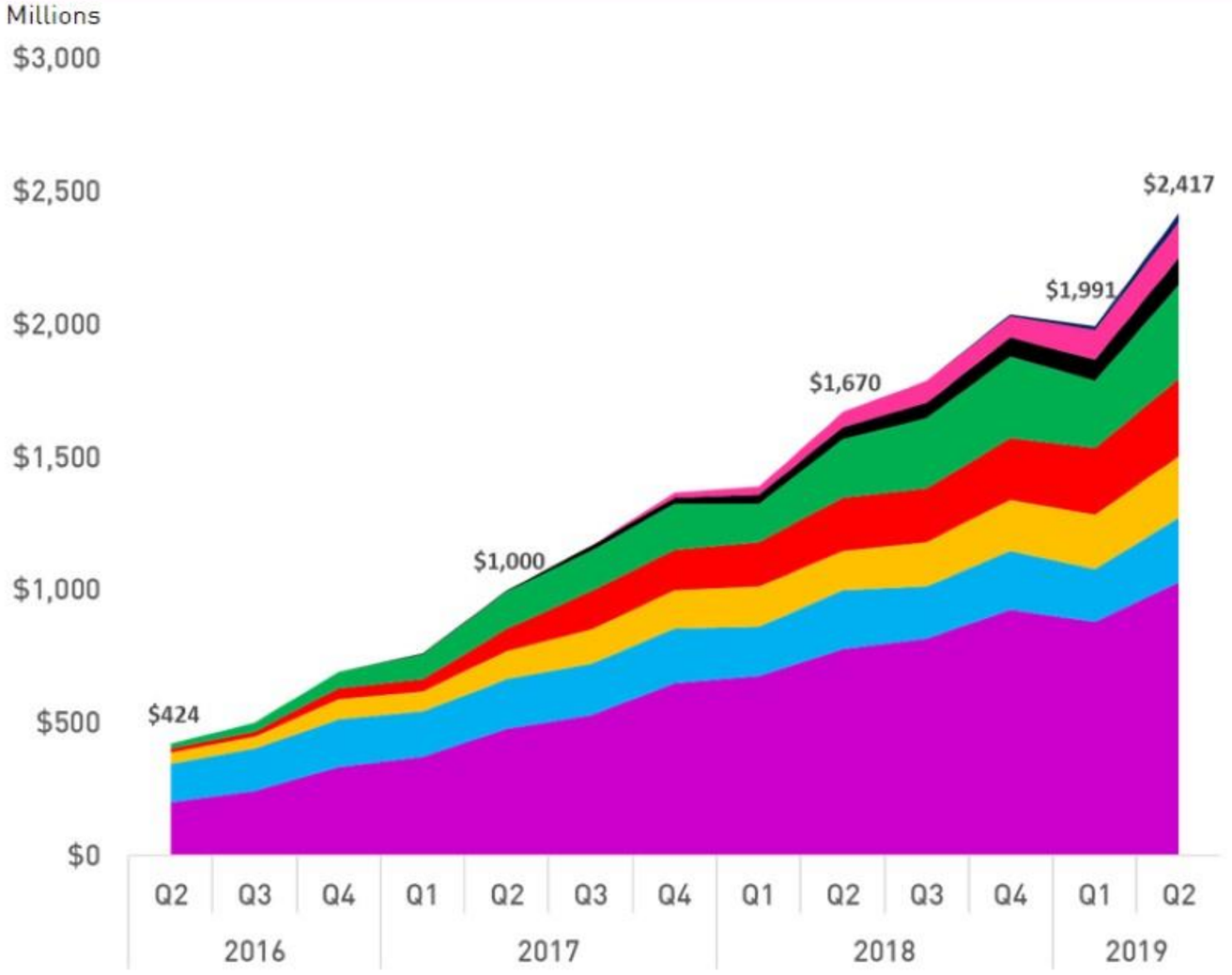
KEY PRODUCTS DRIVING WW VOLUME GROWTH

Contribution to 6% Q2 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, Olumiant®, Taltz®, Trulicity, and Verzenio
** LOE: loss of exclusivity; includes Axiron®, Cialis®, Cymbalta®, Effient®, Evista®, Strattera®, and Zyprexa®

UPDATE ON KEY GROWTH PRODUCTS



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
- Approved in cluster headache in U.S. in Q2 2019
- U.S. NBRx SOM 41% at the end of Q2 2019

VERZENIO
- Launched in 1L mBC Q1 2018 in U.S.; Q4 2018 Germany and Japan
- U.S. NBRx SOM 16% at the end of Q2 2019

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

TALTZ
- Total molecule TRx grew 61% vs. Q2 2018
- Derm NBRx SOM exited Q2 on par with Cosentyx in U.S.

BASAGLAR
- U.S. TRx 21% at end of Q2 2019
- TRx SOM +6% since Q2 2018

JARDIANCE
- Market leader in U.S. TRx SOM 53% and NTS SOM 66%
- Market growth strong, TRx +13% and NTS +33% vs. Q2 2018

CYRAMZA
- Approved in HCC Q2 2019 in U.S.
- U.S. SOM in 2L NSCLC YoY has doubled from Q2 2018

TRULICITY
- U.S. TRx leader with over 46% SOM
- U.S. GLP-1 class continues strong growth of nearly 30%

EFFECT OF FOREIGN EXCHANGE ON 2019 RESULTS

Year-on-Year Growth

	Q2 2019		YTD 2019	
REPORTED	**With FX**	**w/o FX**	**With FX**	**w/o FX**
TOTAL REVENUE	1%	3%	2%	4%
COST OF SALES	(9)%	2%	(6)%	8%
GROSS MARGIN	4%	4%	4%	3%
OPERATING EXPENSE	(31)%	(29)%	(8)%	(6)%
OPERATING INCOME	NM	NM	66%	46%
EPS - TOTAL	NM	NM	NM	NM

NON-GAAP	**With FX**	**w/o FX**	**With FX**	**w/o FX**
TOTAL REVENUE	1%	3%	2%	4%
COST OF SALES	(5)%	8%	(5)%	10%
GROSS MARGIN	2%	2%	3%	3%
OPERATING EXPENSE	8%	10%	10%	12%
OPERATING INCOME	(7)%	(9)%	(8)%	(11)%
EPS - TOTAL	1%	(1)%	1%	(2)%

2019 GUIDANCE

	Prior	Updated	Comments
TOTAL REVENUE	$22.0 - $22.5 billion	unchanged	
GROSS MARGIN % (GAAP)	approx 79.0%	unchanged	
GROSS MARGIN % (NON-GAAP)	approx 80.0%	unchanged	
MKTG, SELLING & ADMIN.	$5.7 - $6.0 billion	$5.9 - $6.1 billion	Reflecting increased investments in key growth drivers
RESEARCH & DEVELOPMENT	$5.5 - $5.7 billion	unchanged	
OTHER INCOME/(EXPENSE)	$(250) - $(100) million	$(150) - $0 million	Gains on mark-to-market of public equities
TAX RATE (GAAP)	15.0% - 16.0%	14.0% - 15.0%	Reflects net discrete tax benefit
TAX RATE (NON-GAAP)	14.0% - 15.0%	13.0% - 14.0%	Reflects net discrete tax benefit
EARNINGS PER SHARE (GAAP)	$8.57 - $8.67	$8.58 - $8.68	
EARNINGS PER SHARE (NON-GAAP)	$5.60 - $5.70	$5.67 - $5.77	Reflects net discrete tax benefit
NOTE: OPERATING INCOME %	approx. 28.0%	unchanged	

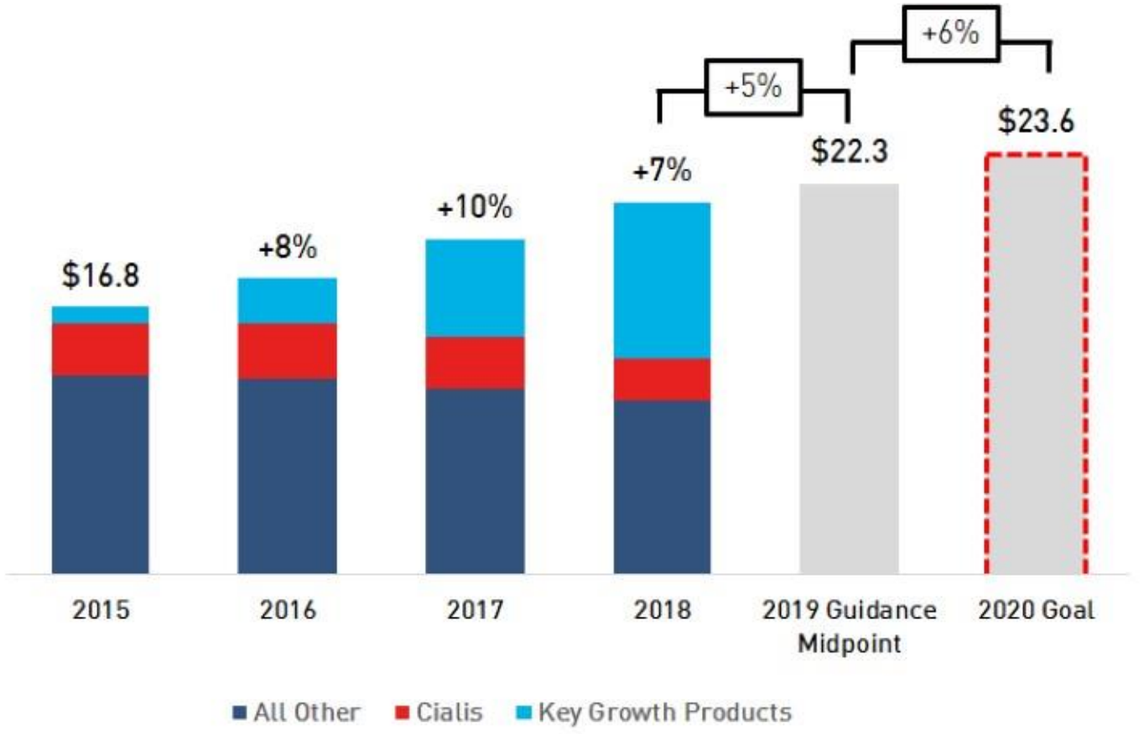
*Assumed 19.8% Elanco minority interest for entirety of 2019
**Assumes GAAP shares outstanding 938 million, non-GAAP shares outstanding 924 million

Updated FX assumptions of 1.11 (Euro), 110 (Yen) and 6.90 (Renminbi)

PROGRESS ON 2020 EXPECTATIONS

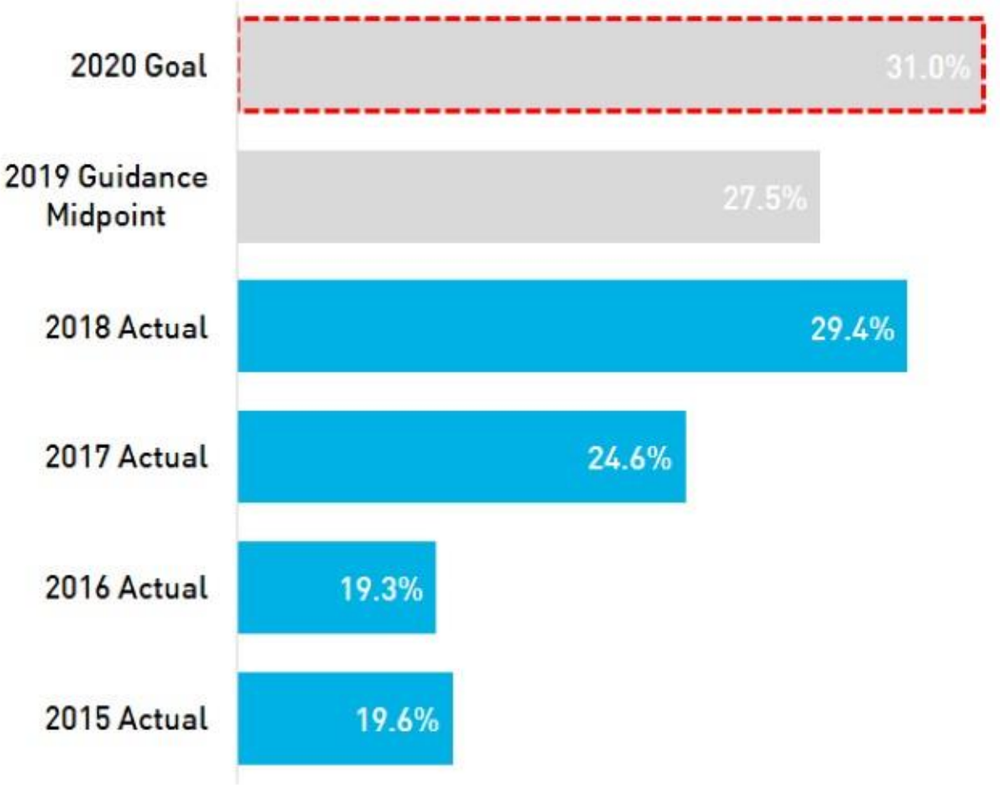
Billions

Revenue[1]



[1]Constant currency; % change = price change + volume change; restated for Pharma only
Key Growth Products includes: Basaglar, Cyramza, Emgality, Jardiance, Olumiant, Taltz, Trulicity, and Verzenio

Operating Income %[2]

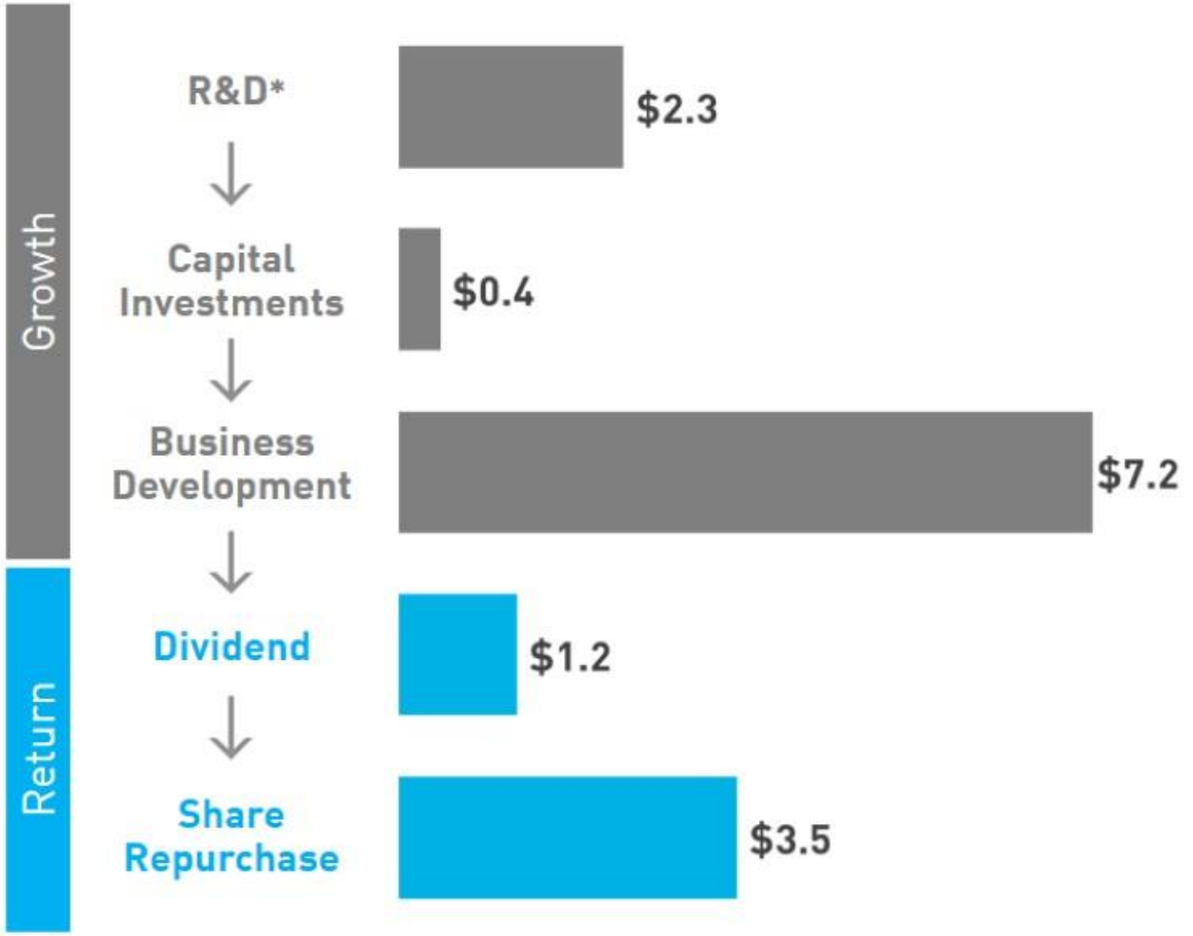


[2]Excluding FX on int'l inventories sold; Pharma only

CAPITAL ALLOCATION

Billions

YTD 2019 Capital Allocation



*After-tax (non-GAAP)

Priorities for 2H 2019

- **Invest in new launches and key growth products**
- **Fund internal pipeline to deliver new medicines**
- **Augment internal projects with external innovation**
- **Return cash to shareholders**

SELECT NME AND NILEX PIPELINE

JULY 25, 2019

LEGEND

- NME
- NILEX
- ★ *Commercial Collaboration*

MOVEMENT SINCE April 24, 2019

- ACHIEVED MILESTONE
- REMOVAL

PHASE 1	PHASE 2	PHASE 3	REG REVIEW	APPROVED
TAU MORPHOMER Alzheimer's	SSTR4 AGONIST Pain			
GLP-1R NPA Diabetes	TRPA1 ANTAG Pain			
GGG TRI-AGONIST Diabetes	PD-1/PD-L1 Cancer			
O-GLCNACASE INH Alzheimer's	NOT DISCLOSED Cancer			
BTK INHIBITOR Cancer	GDF 15 AGONIST Diabetes			
PD-1 MAB AGONIST Immunology	CD200R MAB AG Immunology			
PACAP38 MAB Pain	BAS INS ACYLATED Diabetes			
BTLA MAB AGONIST Immunology	IDO1 INHIBITOR Cancer			
ERK INHIBITOR Cancer	IL-2 CONJUGATE Immunology			
AUR A KIN INHIBITOR Cancer	TIM-3 MAB Cancer			
BAFF/IL-17 Immunology	OXYNTOMODULIN Diabetes			
DACRA-089 Diabetes	CXCR1/2L MAB Immunology			
	PEGILODECAKIN NSCLC	BARICITINIB Alopecia Areata		
	ABEMACICLIB HR+/HER2+MBC	DULAGLUTIDE 3.0 / 4.5 mg	IXEKIZUMAB Non-Radiographic AxSpA	RAMUCIRUMAB 1st Line NSCLC
	ABEMACICLIB Prostate Cancer	EMPAGLIFLOZIN* Heart Failure	EMPAGLIFLOZIN* Chronic Kidney Disease	EMPAGLIFLOZIN* Type 1 Diabetes
	OLARATUMAB Pancreatic Cancer	TANEZUMAB* Chronic Lower Back Pain	TANEZUMAB* Cancer Pain	DULAGLUTIDE REWIND
	MIRIKIZUMAB Crohn's Disease	BARICITINIB Atopic Dermatitis	BARICITINIB Systemic Lupus Erythematosus	CONNECTED CARE PREFILLED INSULIN PEN Diabetes
	IL-33 MAB Atopic Dermatitis	MIRIKIZUMAB Ulcerative Colitis	ABEMACICLIB Adjuvant Breast Cancer	EMPA + LINA + MET XR* Type 2 Diabetes
	RET INHIBITOR Cancer	PEGILODECAKIN Pancreatic Cancer	TIRZEPATIDE Diabetes	IXEKIZUMAB Radiographic AxSpA
	BASAL INSULIN-FC Diabetes	MIRIKIZUMAB Psoriasis	FLORTAUCIPIR Tau Imaging, *diagnostic*	ULTRA-RAPID LISPRO Diabetes
	AUTOMATED INSULIN DELIVERY SYS Diabetes	SOLANEZUMAB Preclinical AD	TANEZUMAB* Osteoarthritis Pain	LASMIDITAN Migraine
	TGFβ R1 KIN INH Cancer			RAMUCIRUMAB 2nd Line Hepatic Cancer
	D1 PAM Dementia			GALCANEZUMAB Cluster Headache
	ZAGOTENEMAB (TAU MAB) Alzheimer's			NASAL GLUCAGON Hypoglycemia
	DONANEMAB (N3PG Aβ MAB) Alzheimer's			
PD-L1/TIM-3 Cancer	IL-23/CGRP Immunology			

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[1,3]
- **Baricitinib** for atopic dermatitis[3] (first two of five studies)
- **Ixekizumab** non-radiographic axial spondyloarthritis
- **Ixekizumab** psoriasis head-to-head vs. guselkumab
- **Tanezumab** for osteoarthritis pain[2] and chronic low back pain[2]
- **Tanezumab** for osteoarthritis pain long-term safety study[2]
- **Olaratumab** for soft tissue sarcoma (OS readout) [3]
- **RET-Inhibitor** for NSCLC and thyroid cancer (registrational Phase 2)
- **Ramucirumab** for 1L EGFR NSCLC cancer (PFS readout)[3]
- **Pegilodecakin** for 2L pancreatic cancer
- **Abemaciclib** MONARCH 2 study (OS readout)

Medical Meeting Presentations

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

Regulatory Submissions

- **Connected Pen** for type 1 and type 2 diabetes (US)
- **Dulaglutide** alternate doses for type 2 diabetes
- **Dulaglutide** REWIND CV outcomes study (US/EU)
- **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)
- **Empagliflozin + linagliptin + metformin XR** for type 2 diabetes (US)[1]
- **Ramucirumab** for 1L EGFR NSCLC cancer (US/EU/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

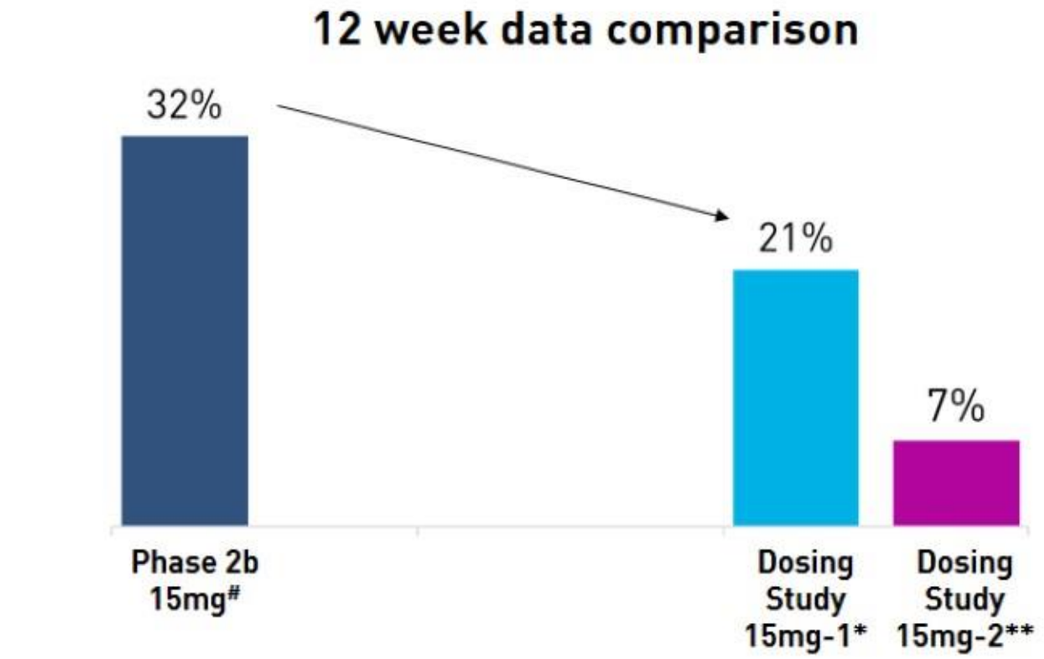
- **Alimta®** patent litigation rulings (US IPR appeal/US alt. salt forms appeal)
- Full separation of **Elanco Animal Health**
- Closing of **Loxo Oncology** acquisition

[1] in collaboration with Boehringer Ingelheim
[2] in collaboration with Pfizer
[3] Phase 3 data presented as medical meeting presentations

ADA HIGHLIGHTS: TIRZEPATIDE DOSING STUDY

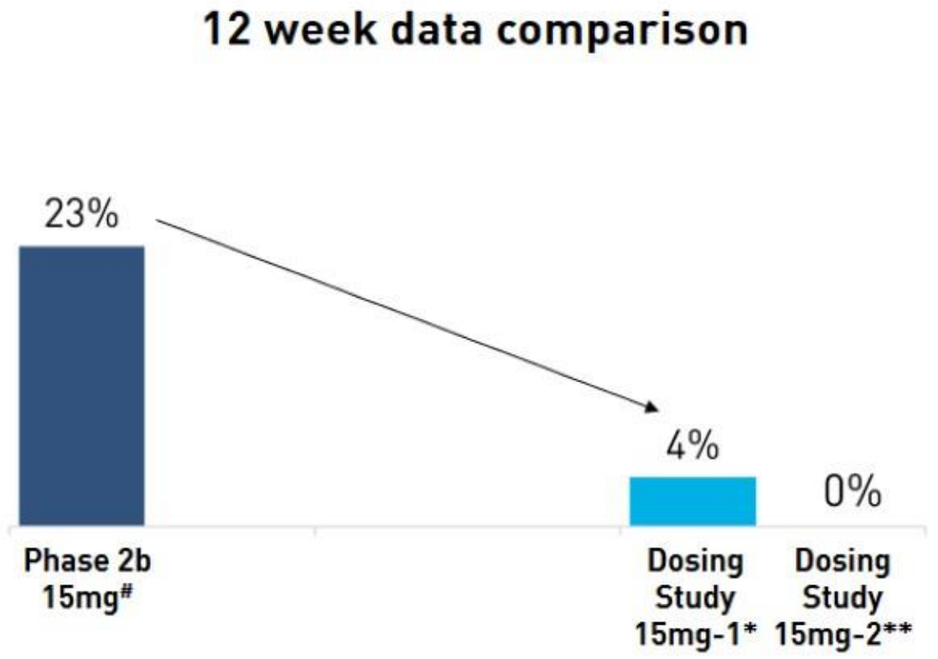
CONSISTENT EFFICACY AND IMPROVED TOLERABILITY

TREATMENT DISCONTINUATIONS



- Observed GI side effects were mild to moderate, less severe than in prior studies

DISCONTINUATION DUE TO AEs



- Discontinuation due to adverse events was below 4% in all three escalation schemes assessed
- No difference from placebo

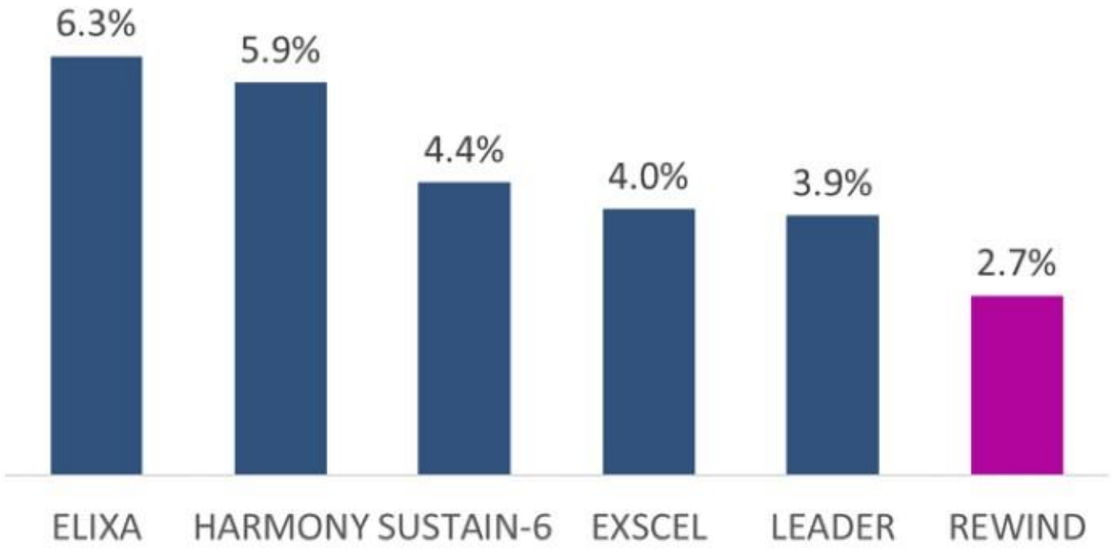
*15mg arm in the Phase 2b assessed escalating doses of 5mg (2 weeks), 10mg (2 weeks) and then 15mg (for rest of study duration)
*15mg-1 arm assessed escalating doses of 2.5mg (2 weeks), 5mg (2 weeks), 10mg (4 weeks) and 15mg (4 weeks)
**15mg-2 arm assessed escalating doses of 2.5mg (4 weeks), 7.5mg (4 weeks) and 15mg (4 weeks)
Source: Abstract 993-P. Presented at the American Diabetes Association's 79th Scientific Sessions; June 7-11, San Francisco, CA.

ADA HIGHLIGHTS: TRULICITY REWIND CVOT

MACE-3 SUPERIORITY IN BROAD POPULATION WITH A LOWER MACE RATE

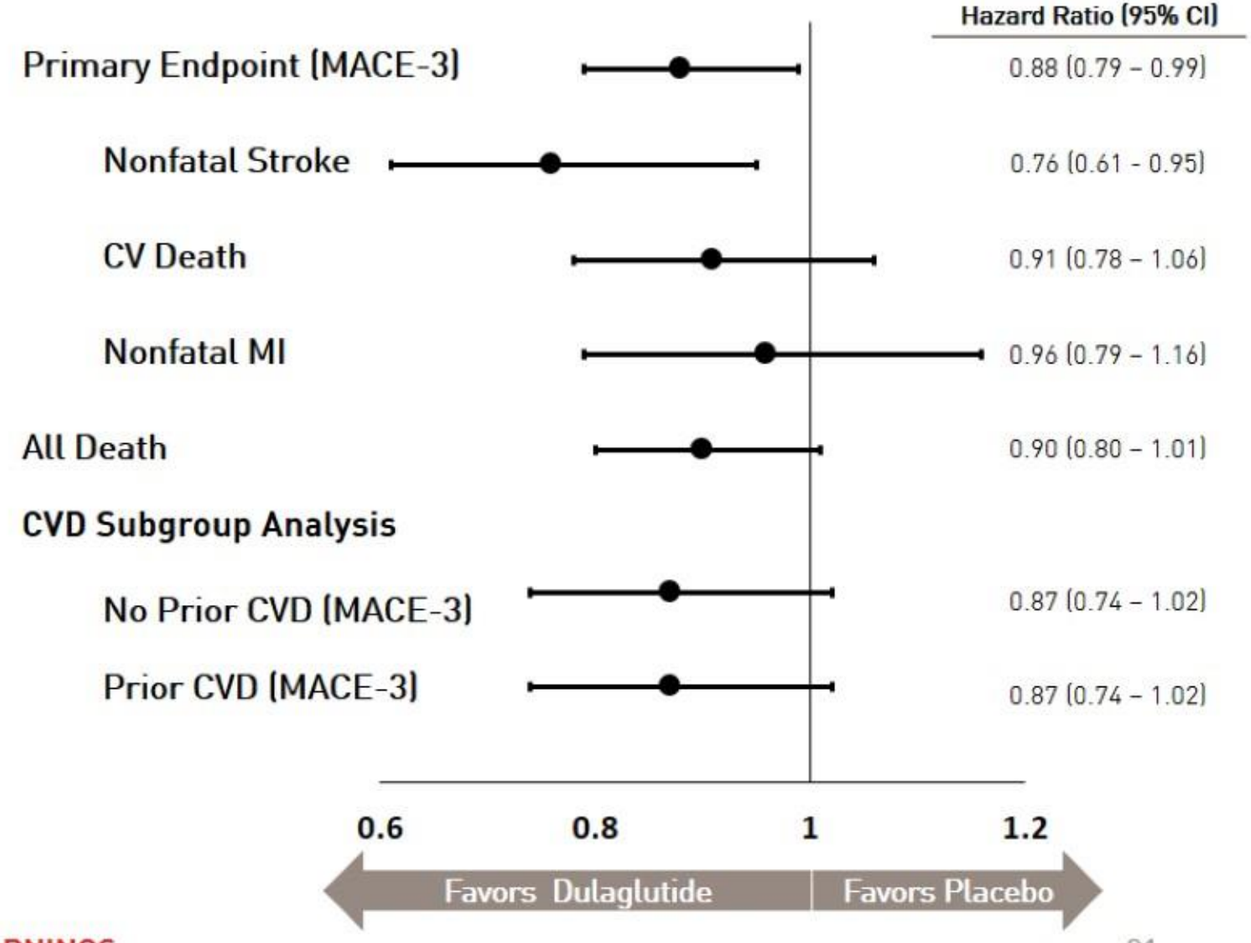
REWIND ENROLLED LOWER CV RISK POPULATION

ANNUAL MACE RATES IN PLACEBO ARM, BY TRIAL



- REWIND had the lowest placebo MACE-3 rate (2.7%) suggesting a lower CV risk population

REWIND ACHIEVED CONSISTENT RESULTS



Note: Across GLP-1RA CVOT trials there are differences in study design and key inclusion/exclusion criteria.
Sources: "Once-Weekly Dulaglutide and Major Cardiovascular Events – Results of the REWIND Trial." Presented at the American Diabetes Association's 79th Scientific Sessions; June 7-11, San Francisco, CA. Gerstein et al. Lancet 2019.

R&D UPDATE

ONCOLOGY

Verzenio

- ✓ Significant improvement in OS in HR+/HER2- mBC Phase 3
- ✓ Positive trial for HER2+ mBC (PFS, 225 patient Phase 2)
- ✓ China HR+/HER2- mBC stopped early due to positive efficacy (PFS, 450 patient Phase 3)

Pegilodecakin

- CYPRESS-1 & 2 studies in NSCLC will complete by year end, with data disclosure in 2020

NEURO-DEGENERATION

Zagotenemab

- Anti-tau antibody for early symptomatic Alzheimer's disease
- 285 patients, randomized and placebo-controlled study
- Phase 2 Data expected 2021

D1PAM

- Dopamine D1 positive allosteric modulator for symptoms of Lewy Body Dementia
- 340 patients, randomized placebo-controlled study
- Phase 2 Data expected 1H 2020

IMMUNOLOGY

IL-33

- Anti-IL-33 monoclonal antibody for moderate-to-severe atopic dermatitis
- 200 patient, randomized and placebo-controlled study
- Primary endpoint is improvement in IGA of 0 or 1 at week 16
- Phase 2 Data expected 2020

DIABETES

Basal Insulin-FC

- Convenience and simplicity of once-weekly basal insulin
- Phase 2 Data expected 2020

Automated Insulin Delivery System

- First step in process to closed-loop connected pump
- Currently testing in multiple Phase 2 studies, expect to initiate Phase 3 in 2020

SUMMARY

- Q2 2019 **volume-driven revenue growth** of 1%, 3% in constant currency
- Operating income as a % of revenue **improved 170 bps** vs. Q1 2019
- Progress on our **innovation-based strategy**, including three regulatory approvals
- Deployed nearly $0.6 billion to shareholders via the dividend and completed a $3.5 billion accelerated share repurchase program

Grow Revenue

Minimum average annual revenue growth of 7% in constant currency from 2015 through 2020

Improve Productivity

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

Speed Life-Changing Medicines

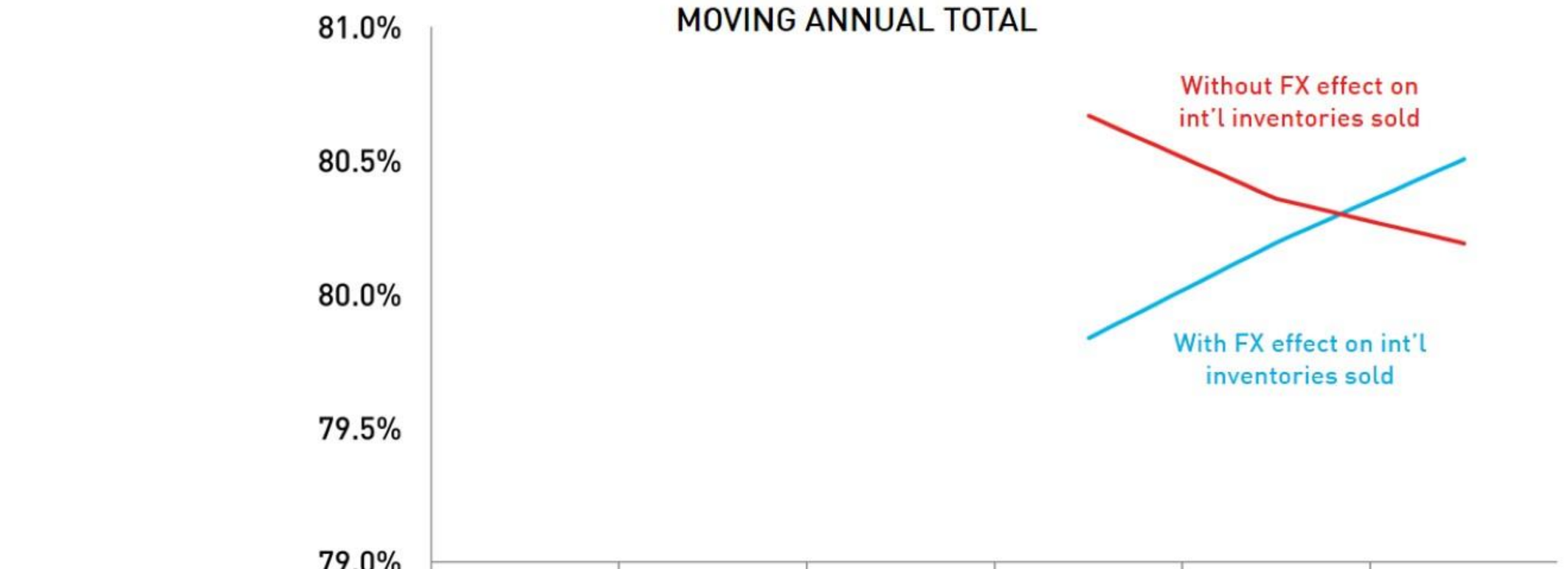
- Potential to launch 20+ new molecules in 10 years (2014-2023)
- On average, could launch 2+ new indications or line extensions per year

Create Long-Term Value

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

Supplementary Slides

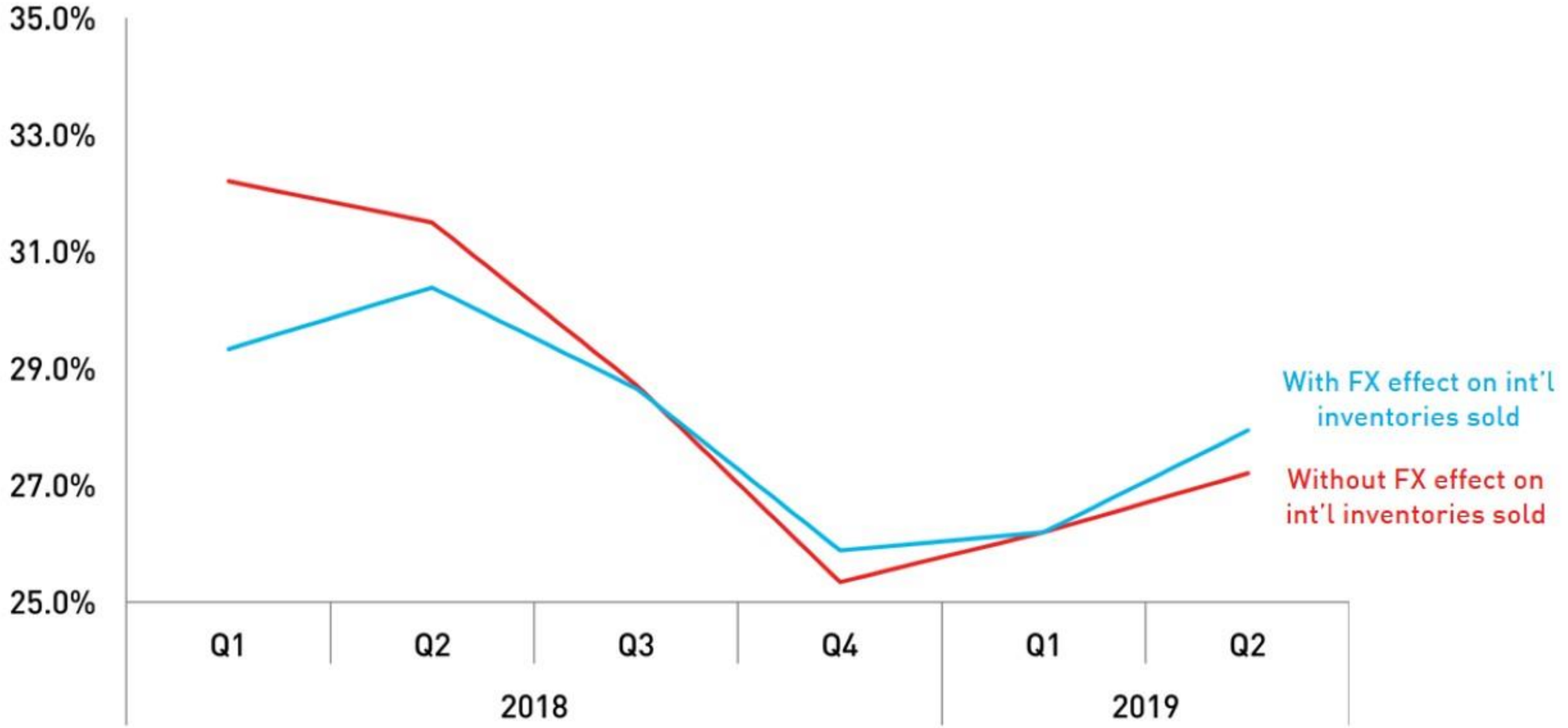
NON-GAAP GROSS MARGIN % OF REVENUE



Individual quarter GM % of Revenue:	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
with FX effect on int'l inv sold	78.6%	79.8%	80.2%	80.6%	80.2%	81.0%
w/o FX effect on int'l inv sold	81.5%	80.9%	80.3%	80.1%	80.2%	80.2%

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.
* 2018 has been reclassified to reflect divestiture of Elanco Animal Health in 2019.

NON-GAAP OPERATING MARGIN % OF REVENUE



Individual quarter Op. Margin % of Revenue:						
with FX effect on int'l inv sold	29.3%	30.4%	28.7%	25.9%	26.2%	27.9%
w/o FX effect on int'l inv sold	32.2%	31.5%	28.7%	25.4%	26.2%	27.2%

* 2018 has been reclassified to reflect divestiture of Elanco Animal Health in 2019.

Q2 2019 INCOME STATEMENT NOTES

Q2 2019 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties, totaling $51.6 million (pretax), or $0.04 per share (after-tax); and
- costs associated with upfront payments for acquired in-process research and development projects, related to business development activity with Avidity Biosciences, Inc. totaling $25.0 million (pretax), or $0.02 per share (after-tax).

Q2 2018 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties, totaling $103.5 million (pretax), or $0.08 per share (after-tax);
- costs associated with upfront payments for acquired in-process research and development projects, primarily driven by the acquisitions of ARMO BioSciences totaling ($1.476 billion pretax) and AurKa Pharma ($81.8 million pretax), as well as a collaboration with Sigilon Therapeutics ($66.9 million pretax), or $1.61 per share (after-tax);
- charges primarily due to other investment income, as well as a reduction in estimated severance liabilities, reduction totaling $25.5 million (pretax), or $0.03 per share (after-tax);
- the assumption that the disposition of Elanco occurred at the beginning of all periods presented and therefore includes the benefit from the reduction in shares of common stock outstanding, totaling $0.04 per share (after-tax); and
- discontinued operations of Elanco Animal Health business, totaling $28.3 million, or $0.03 per share (after-tax).

YTD 2019 INCOME STATEMENT NOTES

YTD 2019 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- amortization of intangibles primarily associated with costs of marketed products acquired or licensed from third parties, totaling $95.2 million (pretax), or $0.08 per share (after-tax);
- costs associated with upfront payments for acquired in-process research and development projects, primarily related to business development activity with AC Immune SA, ImmuNext, Inc. and Avidity Biosciences, Inc., totaling $161.9 million (pretax), or $0.14 per share (after-tax);
- charges primarily associated with the accelerated vesting of Loxo Oncology employee equity awards as part of the closing of the acquisition of Loxo Oncology, totaling $411.8 million (pretax), or $0.44 per share (after-tax);
- the assumption that the disposition of Elanco occurred at the beginning of all periods presented and therefore includes the benefit from the reduction in shares of common stock outstanding, totaling $0.05 per share;
- charges related to the suspension of promotion of Lartruvo, totaling $96.7 million (pretax), or $0.14 per share (after-tax); and
- discontinued operations of the Elanco Animal Health business, reduction totaling $3.681 billion, or $3.86 per share.

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

- amortization of intangibles primarily associated with costs of marketed products acquired or licensed from third parties, totaling $206.7 million (pretax), or $0.17 per share (after-tax);
- costs associated with upfront payments for acquired in-process research and development projects, primarily driven by the acquisitions of ARMO BioSciences totaling ($1.476 billion pretax) and AurKa Pharma ($81.8 million pretax), as well as a collaboration with Sigilon Therapeutics ($66.9 million pretax), or $1.65 per share (after-tax);
- charges primarily associated with asset impairment and restructuring charges related to the decision to end Posilac® (rbST) production at the Augusta, Georgia manufacturing site, other investment income, and income from a reduction in estimated severance liabilities, totaling $31.3 million (pretax), or $0.01 per share (after-tax);
- the assumption that the disposition of Elanco occurred at the beginning of all periods presented and therefore includes the benefit from the reduction in shares of common stock outstanding, totaling $0.06 per share (after-tax); and
- discontinued operations of the Elanco Animal Health business, reduction totaling $21.9 million, or $0.02 per share (after-tax).

COMPARATIVE EPS SUMMARY 2018/2019

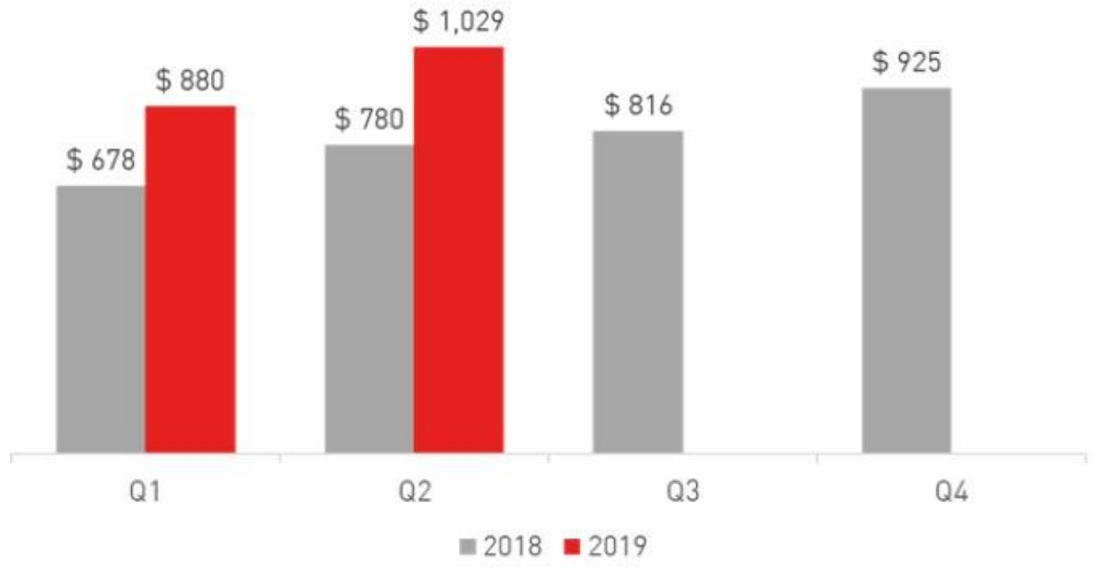
	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Reported	1.16	(0.25)	1.12	1.10	3.13	4.31	1.44			
Non-GAAP	1.31	1.48	1.34	1.32	5.44	1.33	1.50			

Note: Numbers may not add due to rounding.
For a complete reconciliation to reported earnings, see slide 27 and our earnings press release dated July 30, 2019.

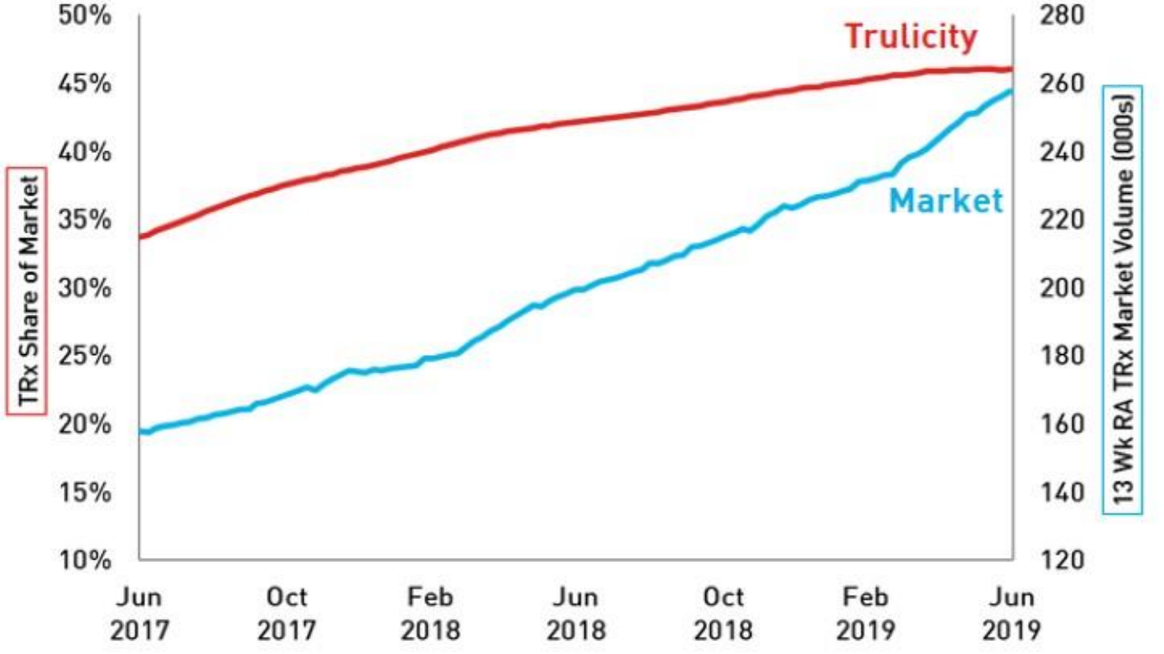
Q2 2019 TRULICITY SALES INCREASED 32%

Millions

U.S. sales increased 29%
International sales increased 41%



U.S. TRx SOM and Market Volume



Note: Numbers may not add due to rounding.

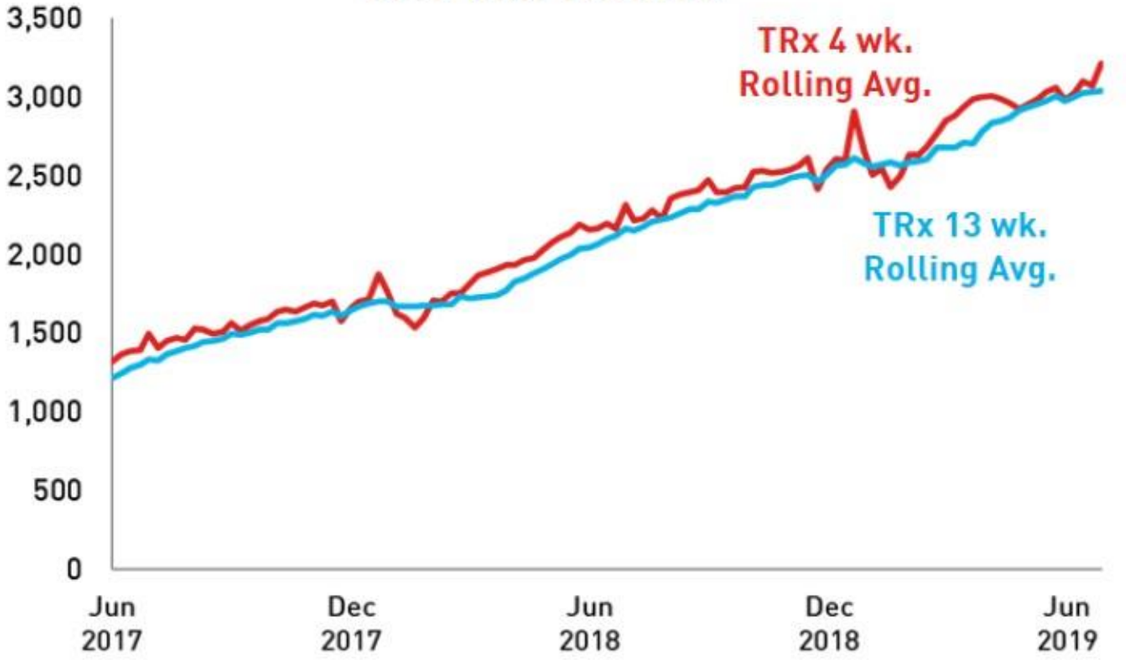
Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019

Q2 2019 TALTZ SALES INCREASED 61%

Millions

U.S. sales increased 54%
International sales were $86 million

U.S. TRx Volume



Note: Numbers may not add due to rounding.

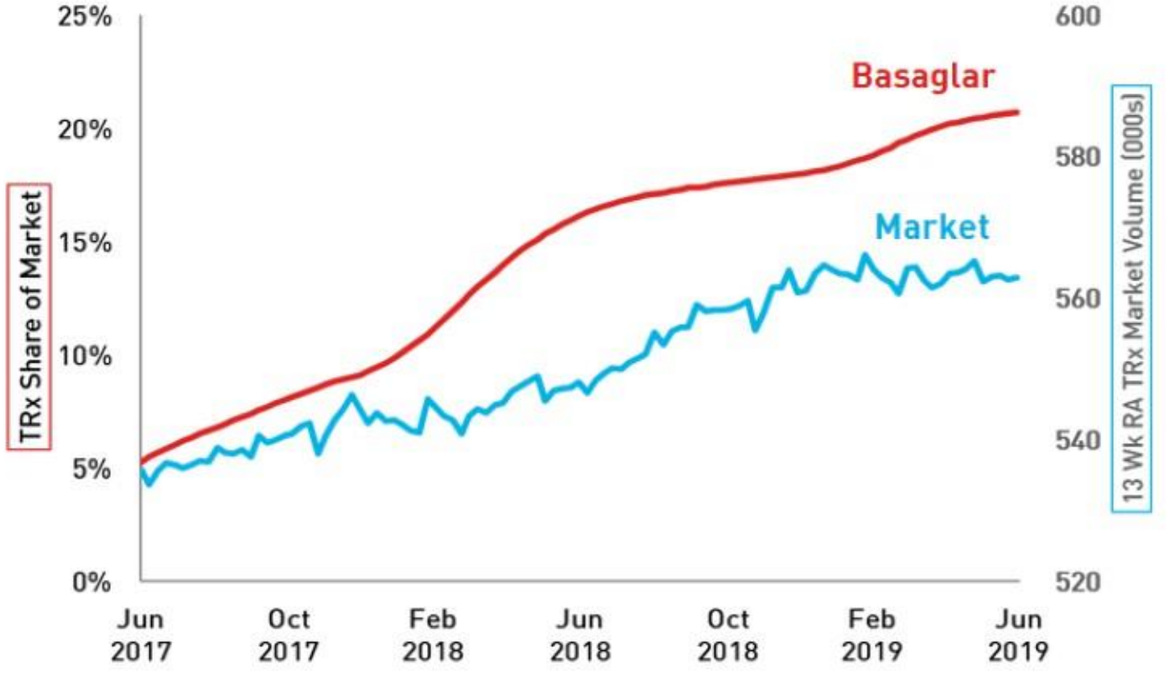
Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019

Q2 2019 BASAGLAR SALES INCREASED 44%

Millions

U.S. sales increased 48%
International sales increased 29%

U.S. TRx SOM and Market Volume



Note: Numbers may not add due to rounding.

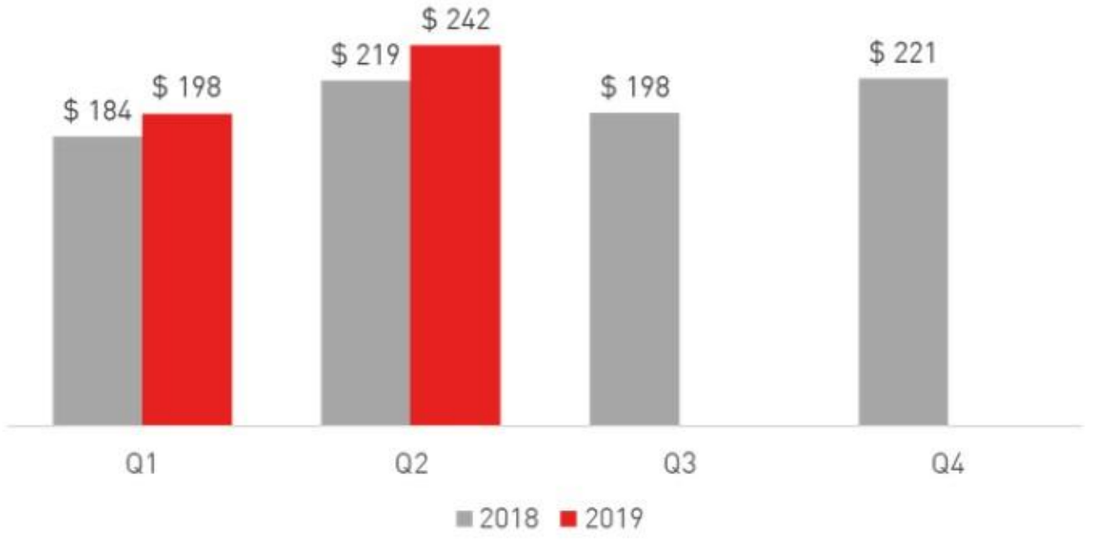
Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019

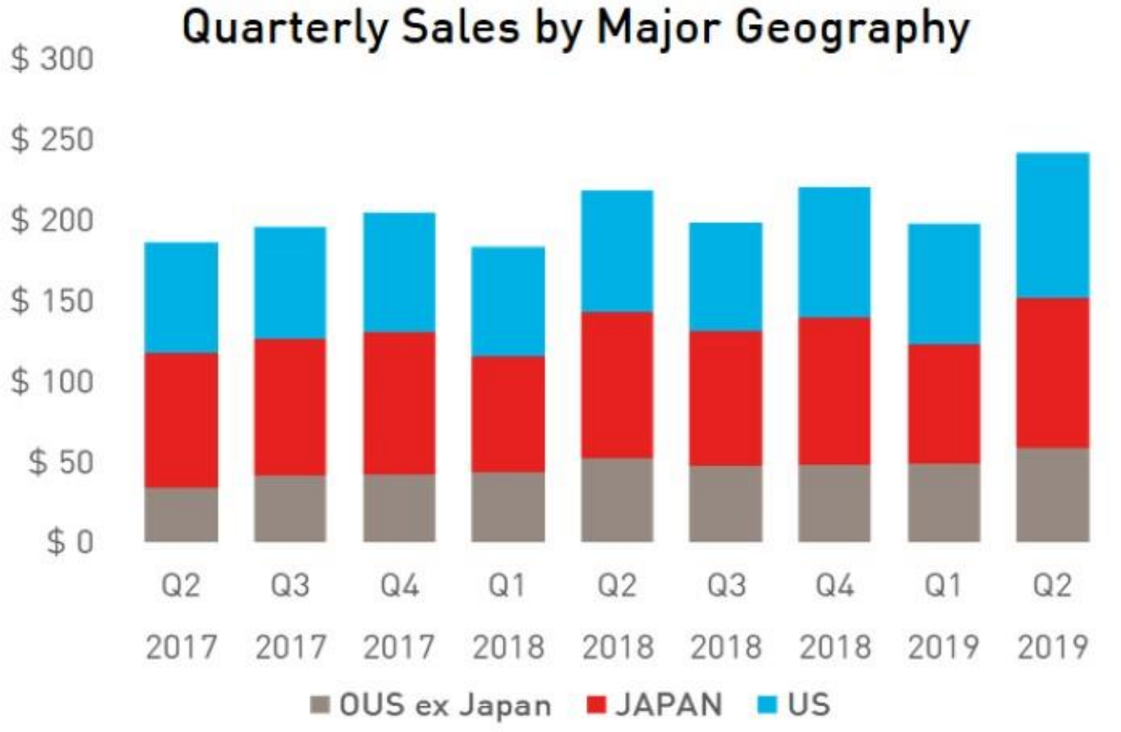
Note: Basaglar is part of the Boehringer Ingelheim and Lilly Diabetes Alliance

Q2 2019 CYRAMZA SALES INCREASED 11%

Millions

U.S. sales increased 19%
International sales increased 6%





Note: Numbers may not add due to rounding.

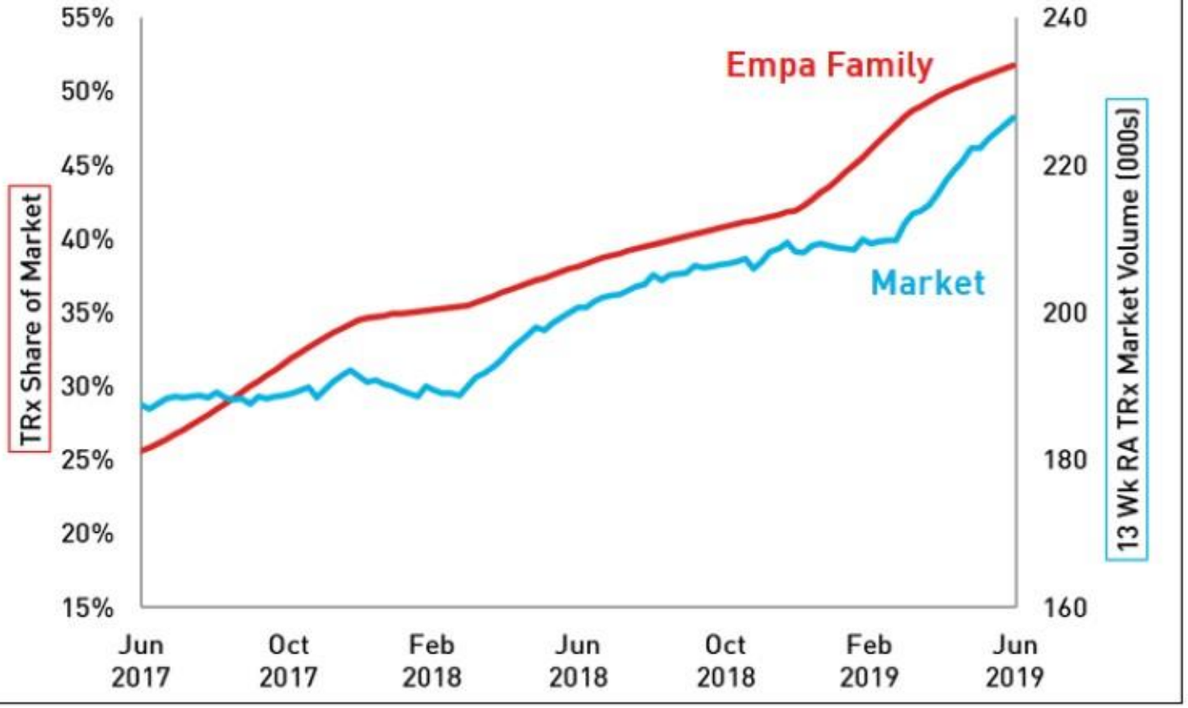
Q2 2019 JARDIANCE REVENUE INCREASED 58%

Millions

U.S. revenue increased 67%
International revenue increased 45%

Note: Numbers may not add due to rounding.

U.S. TRx SOM and Market Volume



Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019

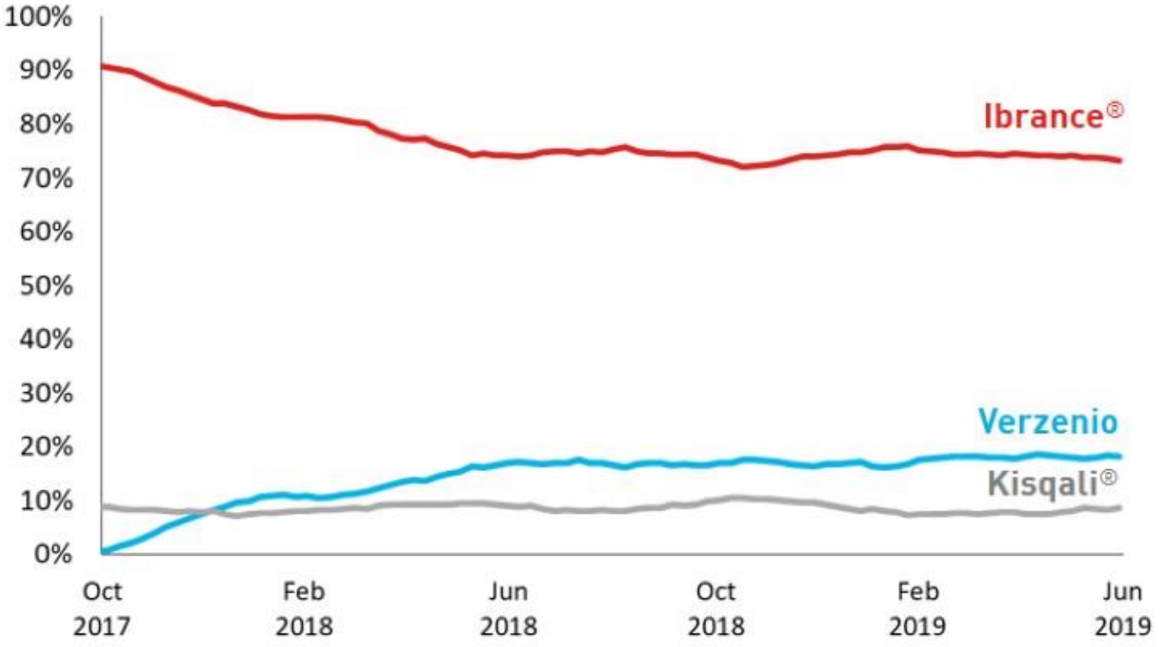
Note: Jardiance is part of the Boehringer Ingelheim and Lilly Diabetes Alliance

Q2 2019 VERZENIO SALES WERE $134 MILLION

Millions

U.S. sales were $105 million
International sales were $29 million

U.S. NBRx Share of Market



Note: Numbers may not add due to rounding.

Source: IQVIA NBRx, weekly data June 28, 2019

Q2 2019 OLUMIANT SALES WERE $102 MILLION

Millions

U.S. sales were $11 million
International sales were $92 million

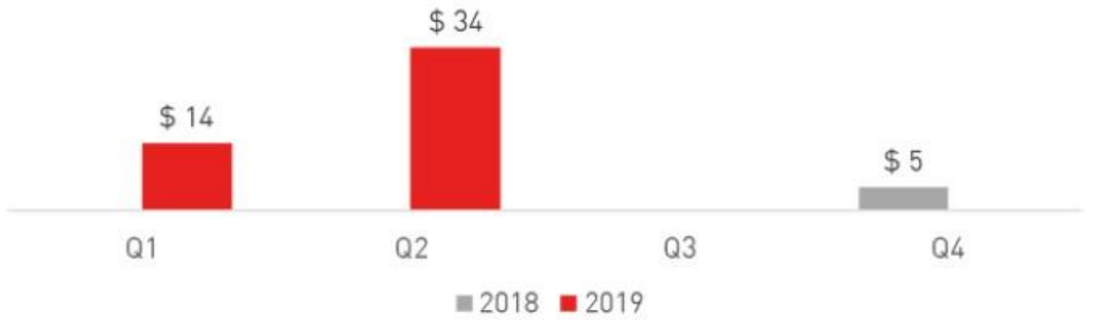
- Launched in the U.S. in July 2018
- Q2 sales driven by Europe, led by Germany
- Key driver of volume growth in Europe

Note: Numbers may not add due to rounding.

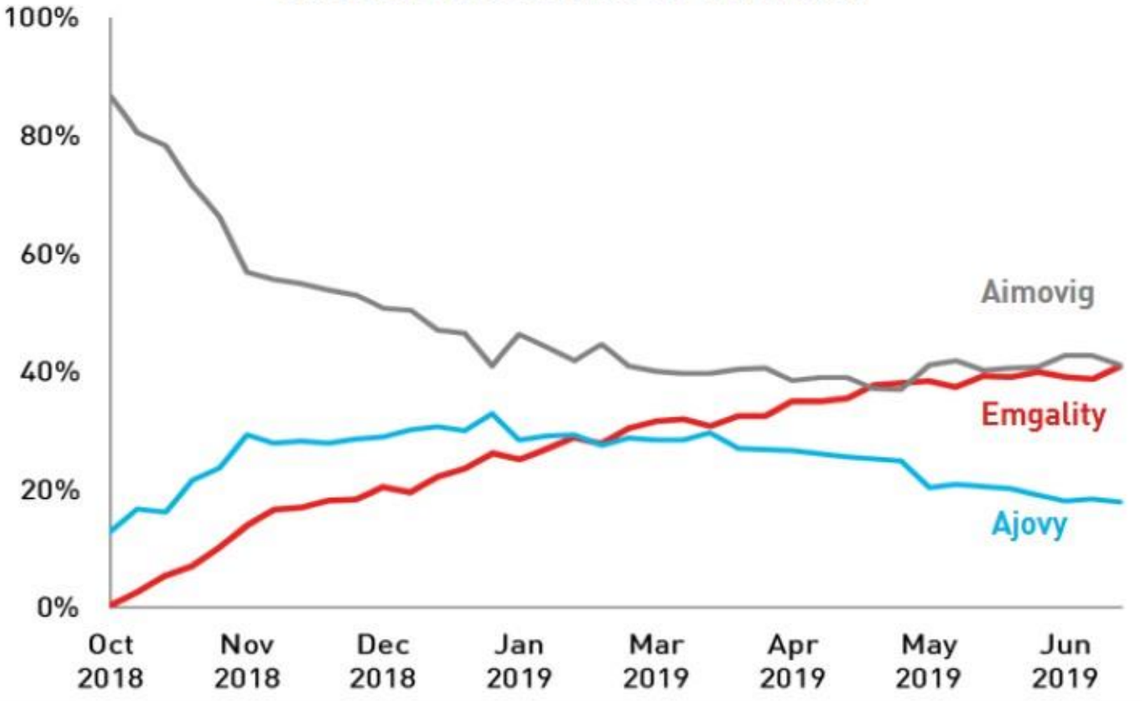
Q2 2019 EMGALITY SALES WERE $34 MILLION

Millions

U.S. sales were $34M
International sales were $1M



U.S. NBRx Share of Market



Note: Numbers may not add due to rounding.

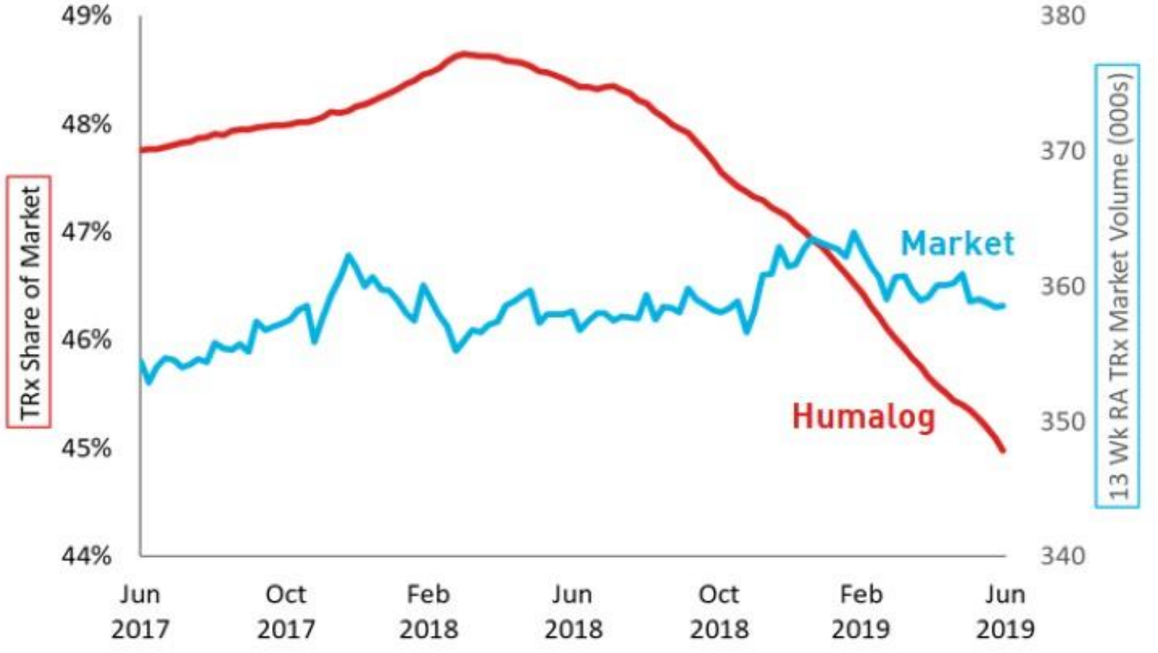
Source: IQVIA NBRx, weekly data June 28, 2019

Q2 2019 HUMALOG SALES DECREASED 12%

Millions

U.S. sales decreased 15%
International sales decreased 8%

U.S. TRx SOM and Market Volume



Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019

Q2 2019 ALIMTA SALES INCREASED 4%

Millions

U.S. sales increased 21%
International sales decreased 14%

	Q2 Sales	Change	Performance	Rate
U.S. Alimta	$341.7	21%	21%	-
OUS Alimta	$236.1	(14%)	(9%)	(5%)
WW Alimta	$577.8	4%	6%	(2%)

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

Note: Numbers may not add due to rounding.

Q2 2019 FORTEO® SALES DECREASED 17%

Millions

U.S. sales decreased 23%
International sales decreased 10%

	Q2 Sales	Change	Performance	Rate
U.S. Forteo	$172.8	(23%)	(23%)	-
OUS Forteo	$188.0	(10%)	(5%)	(5%)
WW Forteo	$360.8	(17%)	(15%)	(2%)

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

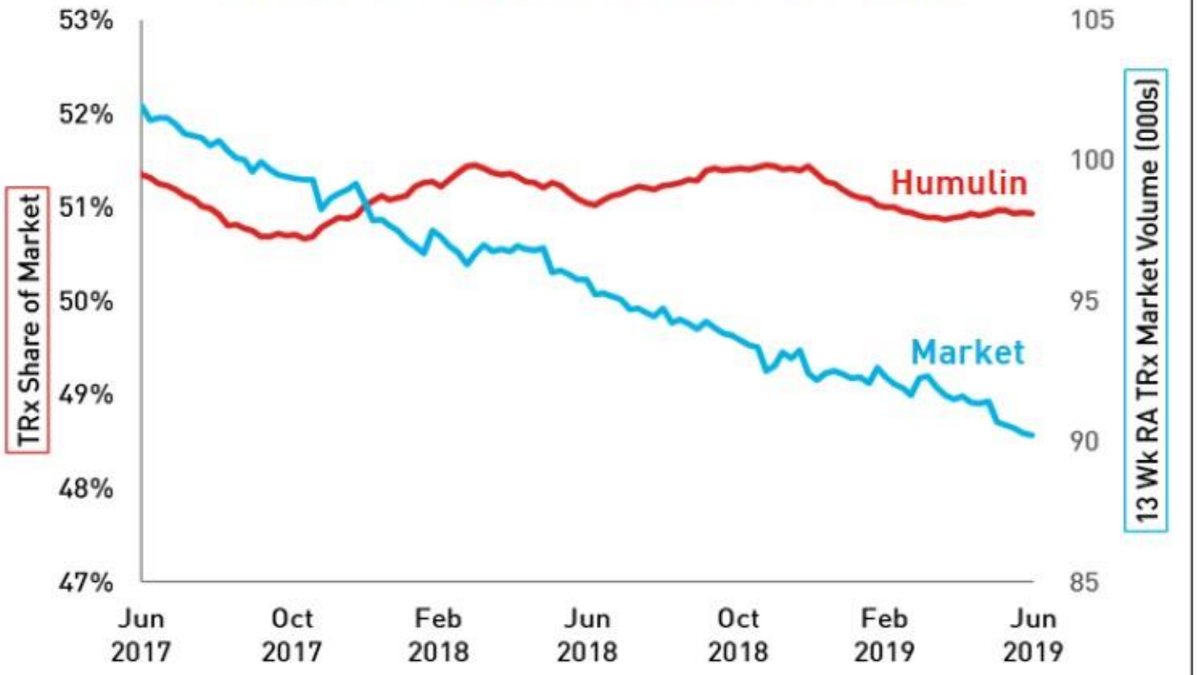
Note: Numbers may not add due to rounding.

Q2 2019 HUMULIN® SALES DECREASED 7%

Millions

U.S. sales decreased 8%
International sales decreased 4%

U.S. TRx SOM and Market Volume

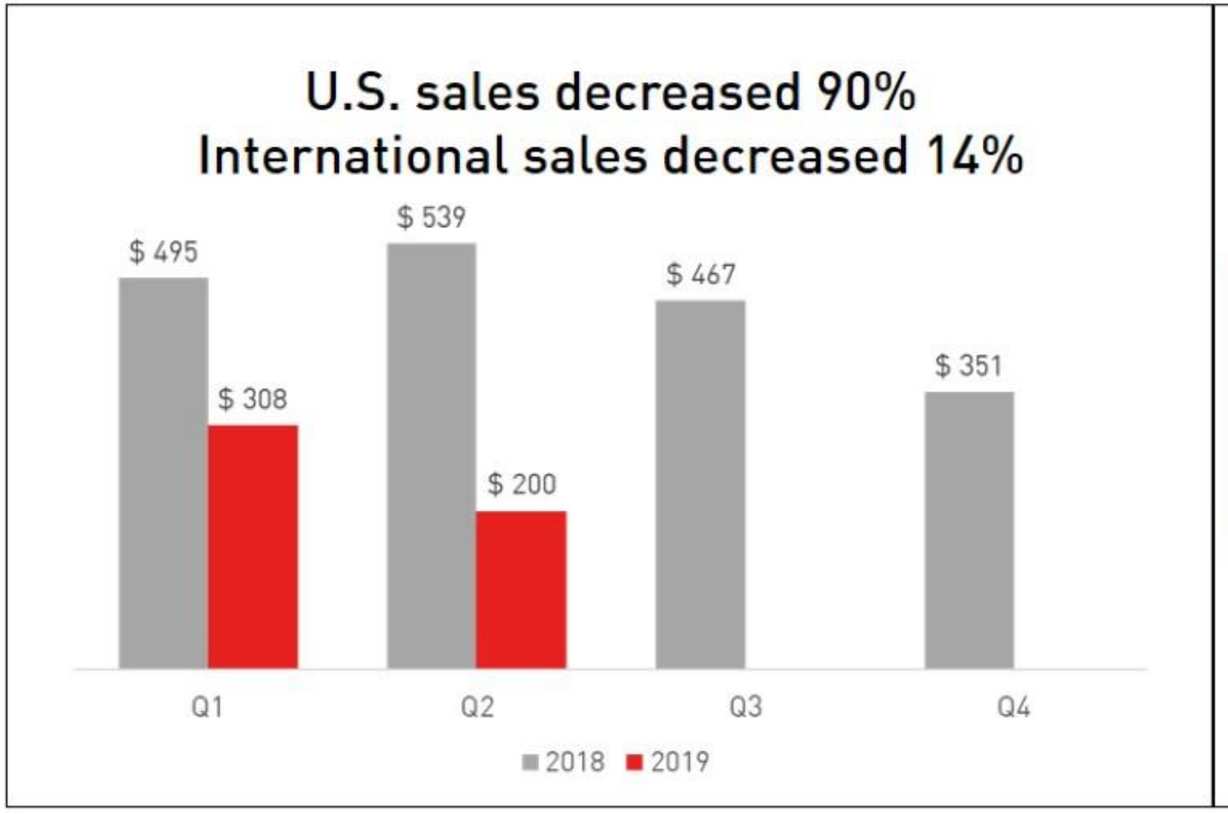


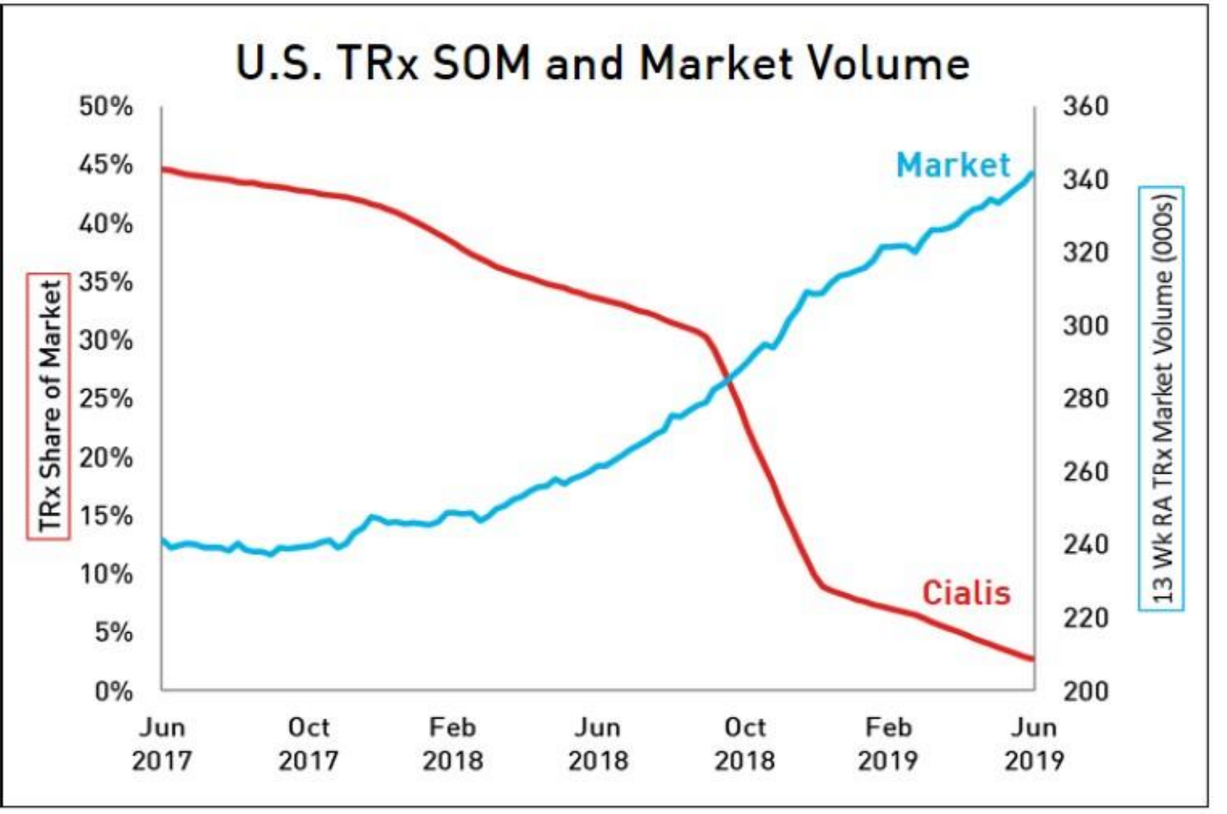
Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019

Q2 2019 CIALIS SALES DECREASED 63%

Millions





Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data June 28, 2019

LILLY UNITES
CARING WITH DISCOVERY
TO CREATE MEDICINES THAT
MAKE LIFE BETTER
FOR PEOPLE
AROUND THE WORLD

Lilly