2017 Q4 AND FULL-YEAR EARNINGS
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
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

- 7% revenue growth
  - Driven by:
    - volume, not price
    - new products

EXPAND MARGINS

- Excluding FX on int’l. inventories sold, gross margin as a % of revenue increased roughly 130bp
- OPEX % of revenue 52.8%, a decline of over 340bp

DEPLOY CAPITAL TO CREATE VALUE

- Announced 8% dividend increase
- Repurchased $100m of stock

SUSTAIN FLOW OF INNOVATION

- Approval and launch of Taltz® for active psoriatic arthritis
- Initiation of clinical trial for automated insulin delivery system
KEY EVENTS SINCE THE LAST EARNINGS CALL

COMMERCIAL
- Launched Taltz (ixekizumab) in the U.S. for active psoriatic arthritis;

REGULATORY
- The U.S. FDA approved Taltz (ixekizumab) for the treatment of adults with active psoriatic arthritis;
- The European Commission approved Taltz (ixekizumab) for the treatment of adults with active psoriatic arthritis;
- The U.S. FDA accepted the resubmission of the NDA for baricitinib for the treatment of moderate-to-severe rheumatoid arthritis;
- The European Commission approved Galliprant® for osteoarthritis in dogs; and
- The U.S. FDA approved Credelio® (lotilaner), a monthly chewable tablet, to treat and control ticks and fleas in dogs.

CLINICAL (continued)
- At AHA, presented data from EMPA-REG OUTCOME showing that empagliflozin reduces mortality and hospitalization for heart failure in patients with type 2 diabetes and peripheral artery disease.
- At Psoriasis Gene to Clinic, presented detailed data from:
  - The UNCOVER study showing that ixekizumab provided sustained efficacy through 3 years of treatment, reflected by the maintenance of low absolute PASI values; and
  - The Phase 2 study showing that mirikizumab, in moderate-to-severe plaque psoriasis, met its primary endpoint of improved PASI 90 response at week 16 versus placebo.
- At ACR, presented:
  - A post-hoc analysis from RA-BEAM showing baricitinib patients with moderate-to-severe rheumatoid arthritis reported greater improvements in their pain symptoms compared to patients treated with adalimumab; and
  - Ixekizumab data from the 28 week extension period of the SPIRIT-P2 trial in psoriatic arthritis showing that patients treated with ixekizumab showed improvements in disease activity at 52 weeks.

BUSINESS DEVELOPMENT & OTHER
- Announced a collaboration with Rimidi to develop provider-focused tools that will integrate personalized solutions for people who use insulin to manage their diabetes;
- Announced a collaboration with Livongo to study real-world evidence and develop new insights to reduce the burden on people living with diabetes;
- Announced an 8% increase to the dividend;
- Repurchased $100 million of stock; and
- Distributed over $500 million to shareholders via the dividend.
U.S. TAX REFORM LEGISLATION

Financial Impact

- Q4 charge of $1.9 billion
  - $3.6 billion one-time repatriation transition tax (toll tax)
  - Offset by changes in deferred taxes including the re-measurement of deferred taxes from 35% to 21%

- Estimated 2018 effective tax rate of 18%
  - Reduced GAAP from 20.5% and non-GAAP from 21.5%
  - Lower corporate tax rate offset by other provisions of the new tax law

Uses of Cash

- $9 billion of global cash
- Deploy over 2018 and 2019
  - Fund existing marketed and pipeline products
  - Bolster growth prospects via business development
  - Return to shareholders
- Reduce gross debt by about $2 billion
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:

- Asset impairment, restructuring and other special charges
- Acquired in-process R&D charges and other income and expenses from business development activities
- Amortization of intangible assets
## Q4 & FY 2017 INCOME STATEMENT - REPORTED

Millions; except per share data

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Change</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$6,161</td>
<td>7%</td>
<td>$22,871</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>73.6%</td>
<td>(1.0pp)</td>
<td>73.5%</td>
<td>0.1pp</td>
</tr>
<tr>
<td><strong>Total Operating Expense</strong>*</td>
<td>4,307</td>
<td>26%</td>
<td>14,656</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>229</td>
<td>(74)%</td>
<td>2,145</td>
<td>(38)%</td>
</tr>
<tr>
<td><strong>Other Income (Expense)</strong></td>
<td>55</td>
<td>NM</td>
<td>52</td>
<td>NM</td>
</tr>
<tr>
<td><strong>Effective Tax Rate</strong></td>
<td>683.2%</td>
<td>NM</td>
<td>109.3%</td>
<td>NM</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>($1,657)</td>
<td>NM</td>
<td>($204)</td>
<td>NM</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>($1.58)</td>
<td>NM</td>
<td>($0.19)</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

"Not for promotional use"
### RECONCILIATION OF GAAP REPORTED TO NON-GAAP ADJUSTED INFORMATION; CERTAIN LINE ITEMS (UNAUDITED)

<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>$6,161</td>
<td>-</td>
<td>$6,161</td>
<td>7%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>73.6%</td>
<td>2.9%</td>
<td>76.5%</td>
<td>(0.9pp)</td>
</tr>
<tr>
<td>Total Operating Expense</td>
<td>4,307</td>
<td>(1,055)</td>
<td>3,252</td>
<td>0%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>229</td>
<td>1,229</td>
<td>1,458</td>
<td>20%</td>
</tr>
<tr>
<td>Other Income (Expense)</td>
<td>55</td>
<td>-</td>
<td>55</td>
<td>NM</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>683.2%</td>
<td>NM</td>
<td>20.2%</td>
<td>2.3pp</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>($1,657)</td>
<td>NM</td>
<td>$1,207</td>
<td>19%</td>
</tr>
<tr>
<td>EPS</td>
<td>($1.58)</td>
<td>NM</td>
<td>$1.14</td>
<td>20%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding; see slide 25 for a complete list of significant adjustments.
<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>$22,871</td>
<td>-</td>
<td>$22,871</td>
<td>8%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>73.5%</td>
<td>3.1%</td>
<td>76.6%</td>
<td>0.1pp</td>
</tr>
<tr>
<td>Total Operating Expense</td>
<td>14,656</td>
<td>(2,792)</td>
<td>11,864</td>
<td>1%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>2,145</td>
<td>3,504</td>
<td>5,649</td>
<td>24%</td>
</tr>
<tr>
<td>Other Income (Expense)</td>
<td>52</td>
<td>-</td>
<td>52</td>
<td>(56%)</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>109.3%</td>
<td>NM</td>
<td>20.5%</td>
<td>0.4pp</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>($204)</td>
<td>NM</td>
<td>$4,530</td>
<td>21%</td>
</tr>
<tr>
<td>EPS</td>
<td>($0.19)</td>
<td>NM</td>
<td>$4.28</td>
<td>22%</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 2017</th>
<th>Q4 2016</th>
<th>Change</th>
<th>2017</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS (reported)</td>
<td>($1.58)</td>
<td>$0.73</td>
<td>NM</td>
<td>($0.19)</td>
<td>$2.58</td>
<td>NM</td>
</tr>
<tr>
<td>US Tax Reform</td>
<td>1.81</td>
<td>-</td>
<td></td>
<td>1.81</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Asset impairment, restructuring, and other special charges</td>
<td>0.75</td>
<td>0.10</td>
<td>1.23</td>
<td>0.29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>0.11</td>
<td>0.11</td>
<td>0.44</td>
<td>0.44</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquired in-process R&amp;D</td>
<td>0.03</td>
<td>0.02</td>
<td>0.97</td>
<td>0.02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory Step-Up</td>
<td>0.01</td>
<td>-</td>
<td>0.03</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Venezuela charge</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS (non-GAAP)</td>
<td>$1.14</td>
<td>$0.95</td>
<td>20%</td>
<td>$4.28</td>
<td>$3.52</td>
<td>22%</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

**Millions**

<table>
<thead>
<tr>
<th>Pharmaceuticals</th>
<th>Amount</th>
<th>Price</th>
<th>FX Rate</th>
<th>Volume</th>
<th>Total</th>
<th>CER</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>$3,085.5</td>
<td>5%</td>
<td>-</td>
<td>4%</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Europe</td>
<td>914.8</td>
<td>(1%)</td>
<td>8%</td>
<td>9%</td>
<td>17%</td>
<td>9%</td>
</tr>
<tr>
<td>Japan</td>
<td>631.8</td>
<td>(0%)</td>
<td>(5%)</td>
<td>10%</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>737.8</td>
<td>(1%)</td>
<td>1%</td>
<td>6%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Total Pharma</td>
<td>5,369.9</td>
<td>3%</td>
<td>1%</td>
<td>6%</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>Animal Health</td>
<td>790.9</td>
<td>1%</td>
<td>1%</td>
<td>(8%)</td>
<td>(6%)</td>
<td>(7%)</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$6,160.7</td>
<td>2%</td>
<td>1%</td>
<td>4%</td>
<td>7%</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

<table>
<thead>
<tr>
<th>Pharmaceuticals</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>U.S.</td>
<td>$11,273.9</td>
</tr>
<tr>
<td>Europe</td>
<td>3,390.6</td>
</tr>
<tr>
<td>Japan</td>
<td>2,339.5</td>
</tr>
<tr>
<td>Rest of World</td>
<td>2,781.6</td>
</tr>
<tr>
<td>Total Pharma</td>
<td>19,785.7</td>
</tr>
<tr>
<td>Animal Health</td>
<td>3,085.6</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$22,871.3</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding.

CER = price change + volume change
NEW PRODUCTS DRIVING WW REVENUE GROWTH

Contribution to 4% Q4 WW Volume Growth

- New Products *: 12.1%
  - Forteo®: 0.7%
  - All Other: -0.7%
  - Animal Health: -1.2%
  - Cialis®: -1.7%
  - Recent Expirations **: -5.4%

Numbers do not add due to rounding.

Basaglar®, Jardiance®, and Trajenta® are part of the Boehringer Ingelheim and Lilly Diabetes Alliance.

* includes Basaglar, Cyramza, Jardiance, Lartruvo™, Olumiant®, Portrazza®, Taltz, Trulicity®, and Verzenio™

** includes Axiron®, Cymbalta®, Effient®, Evista®, Strattera®, and Zyprexa®
UPDATE ON NEW PRODUCT LAUNCH PROGRESS

VERZENIO
- Launched in U.S. in Q4 2017
- U.S. NBRx at 11%

OLUMIANT
- Strong early uptake in Germany; Launched in Japan in Q3 2017

LARTRUVO
- Strong uptake in U.S.; European launches ongoing

TALTZ
- IL-17 NBRx class growth over 26% in dermatology
- Launched in active psoriatic arthritis January 2018 in U.S.

BASAGLAR
- U.S. TRx above Tresiba and Toujeo

JARDIANCE
- Market leader in U.S. NBRx with over 50% SOM
- SGLT2 TRx class growth in U.S. in the low-teens

TRULICITY
- U.S. Endo NBRx SOM approximately 40%
- GLP-1 class TRx growing nearly 23% in U.S. due to PCP adoption

CYRAMZA
- Nearly 66% SOM in 2nd-line metastatic gastric cancer in Japan
- U.S. market leader in 2nd-line 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.
# Effect of Foreign Exchange on 2017 Results

## Year-on-Year Growth

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th></th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With FX</td>
<td>w/o FX</td>
<td>With FX</td>
<td>w/o FX</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>7%</td>
<td>6%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>11%</td>
<td>1%</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>6%</td>
<td>8%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>26%</td>
<td>25%</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>(74)%</td>
<td>(68)%</td>
<td>(38)%</td>
<td>(32)%</td>
</tr>
<tr>
<td>EPS</td>
<td>NM</td>
<td>NM</td>
<td>NM</td>
<td>NM</td>
</tr>
</tbody>
</table>

## Non-GAAP

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th></th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With FX</td>
<td>w/o FX</td>
<td>With FX</td>
<td>w/o FX</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>7%</td>
<td>6%</td>
<td>8%</td>
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<td>11%</td>
<td>0%</td>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>6%</td>
<td>8%</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>0%</td>
<td>(0)%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>20%</td>
<td>33%</td>
<td>24%</td>
<td>32%</td>
</tr>
<tr>
<td>EPS</td>
<td>20%</td>
<td>32%</td>
<td>22%</td>
<td>29%</td>
</tr>
</tbody>
</table>
## 2018 GUIDANCE

<table>
<thead>
<tr>
<th></th>
<th>Prior</th>
<th>Updated</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$23.0 - $23.5 billion</td>
<td>unchanged</td>
<td></td>
</tr>
<tr>
<td>Gross Margin % (GAAP)</td>
<td>Approx. 73.0%</td>
<td>unchanged</td>
<td></td>
</tr>
<tr>
<td>Gross Margin % (non-GAAP)</td>
<td>Approx. 75.0%</td>
<td>unchanged</td>
<td></td>
</tr>
<tr>
<td>Mktg, Selling &amp; Admin.</td>
<td>$6.1 - $6.4 billion</td>
<td>unchanged</td>
<td></td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>$5.0 - $5.2 billion</td>
<td>unchanged</td>
<td></td>
</tr>
<tr>
<td>Other Income/(Expense)</td>
<td>$75 - $175 million</td>
<td>unchanged</td>
<td></td>
</tr>
<tr>
<td>Tax Rate (GAAP)</td>
<td>Approx. 20.5%</td>
<td>Approx. 18.0%</td>
<td>Reflects estimated effects of U.S. tax reform</td>
</tr>
<tr>
<td>Tax Rate (non-GAAP)</td>
<td>Approx. 21.5%</td>
<td>Approx. 18.0%</td>
<td>Reflects estimated effects of U.S. tax reform</td>
</tr>
<tr>
<td>Earnings per Share (GAAP)</td>
<td>$4.24 - $4.34</td>
<td>$4.39 - $4.49</td>
<td>Reflects estimated effects of U.S. tax reform</td>
</tr>
<tr>
<td>Earnings per Share (non-GAAP)</td>
<td>$4.60 - $4.70</td>
<td>$4.81 - $4.91</td>
<td>Reflects estimated effects of U.S. tax reform</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>Approx. $1.2 billion</td>
<td>unchanged</td>
<td></td>
</tr>
</tbody>
</table>

FX rates for current guidance:
- Euro at 1.18
- Yen at 113
- Pound at 1.34
Phase 1
- Sel BACE 1 inh Alzheimer’s
- GPR142 agonist diabetes
- Aβ 42 MAb Alzheimer’s
- Tau deposit MAb Alzheimer’s
- Oxymontodulin diabetes
- hypoglycemia
- DACRA-089 diabetes

Phase 2
- PDE4 inhibitor immunology
- IDO1 inh cancer
- IL-21 MAb immunology
- IL-33 MAb immunology
- IL-2 PEG immunology
- TIM-3 MAb cancer
- PD-L1 +LY combo cancer
- CXCR1/2L MAb immunology
- CSF1R MAb cancer
- N3pG-Aβ MAb Alzheimer’s

Phase 3
- TGFβ RI Ki cancer
- ERK 1/2 inh cancer
- BACE inhibitor Alzheimer’s
- BTK inhibitor RA
- TIM-3 MAb cancer
- PD-L1 +LY combo cancer
- CSF1R MAb cancer
- Mirikizumab ulcerative colitis
- DACRA-042 diabetes

Reg Review
- D1 potentiator dementia
- Merestinib cancer
- PI3/mTOR inh** cancer
- Prexasertib cancer
- DACRA-042 diabetes
- GIP/GLP-1 diabetes
- Lasmiditan migraine
- Solanezumab preclinical AD
- Ultra-Rapid Lispro diabetes
- Nasal Glucagon hypoglycemia
- Tanezumab OA pain
- Lanabecestat Alzheimer’s
- Flortaucipir tau imaging
- Lasmiditan migraine
- Galcanezumab migraine

New Chemical Entity (NCE)
New Biotech Entity (NBE)

MOVEMENT SINCE OCTOBER 17, 2017:
- Achieved milestone
- Attrition
- New molecule

*Commercial collaborations
**For development in combinations
Select NILEX in Phase 2 development or later for NMEs that have progressed to Phase 2 or later or have launched for a lead indication.

MOVEMENT SINCE OCTOBER 17, 2017:
- ◇ Achieved milestone
- ●attrition
- ★ New molecule

*Commercial collaborations

Abemaciclib
HR+/HER2+ MBC

Abemaciclib
pancreatic cancer

Baricitinib
SLE

Empagliflozin*
heart failure

Baricitinib
atopic derm

Abemaciclib
adjuvant breast

IxEkizumab
AxSpA

Mirikizumab
Psoriasis

Empagliflozin*
T1 diabetes

Mirikizumab
Crohn's Disease

Tanezumab*
CL back pain

Dulaglutide
investigat doses

Ramucirumab
2L gastric

Tanezumab*
cancer pain

Abemaciclib
squam NSCLC

Ramucirumab
2L bladder

Tanezumab*
cancer pain

Phase 2

Ramucirumab
1L NSCLC

Tanezumab*
cancer pain

Phase 3

Empagliflozin*
heart failure

Reg Review

Abemaciclib
MBC combo with AI

New Chemical Entity (NCE)

New Biotech Entity (NBE)

Not for promotional use
POTENTIAL KEY EVENTS 2017

PHASE 3 INITIATIONS
- Ultra-rapid insulin for diabetes
- Baricitinib for psoriatic arthritis (now expected 2018)
- Empagliflozin for heart failure (HFpEF)\(^1\)
- Empagliflozin for heart failure (HFrEF)\(^1\)
- Abemaciclib for adjuvant breast cancer (monarchE)
- Baricitinib for atopic dermatitis

PHASE 3 DATA INTERNAL READOUTS
- Flortaucipir (18F AV-1451) tau imaging agent (now expected 2018)
- Abemaciclib J UNIPER study
- Ramucirumab RAINFALL 1L gastric (initial PFS readout)
- Ramucirumab RAINFALL 1L gastric (final analysis)
- Alimta®+platinum+Keytruda® in 1L nonsquamous NSCLC (KN-189)\(^2\)

PHASE 3 DATA EXTERNAL DISCLOSURES
- Galcanezumab for migraine prevention
- Lasmiditan SPARTAN study
- Lasmiditan SAMURAL study
- Abemaciclib MONARCH 2 study
- Abemaciclib MONARCH 3 study
- Ramucirumab RANGE 2L bladder cancer (PFS readout)

REGULATORY SUBMISSIONS
- Galcanezumab for migraine prevention (US)
- Abemaciclib for advanced breast cancer (MONARCH 1) (US)
- Abemaciclib +fulvestrant for 2L breast cancer (MONARCH 2) (US/EU/J)
- Abemaciclib +AIs for 1L breast cancer (MONARCH 3) (US/EU/J)
- Fruquintinib for 3L metastatic colorectal cancer (China)\(^3\)
- Ixekizumab for psoriatic arthritis (US/EU)
- Alimta sNDA to include KEYNOTE-021G data (US)
- Baricitinib resubmission for rheumatoid arthritis (US)

REGULATORY ACTIONS
- Baricitinib for rheumatoid arthritis (US/EU/J)
- Ixekizumab for psoriatic arthritis (US)
- Abemaciclib for advanced breast cancer (MONARCH 1 & 2) (US)
- Alimta+carbo+Keytruda in 1L nonsquamous NSCLC (KN-021G) (US)\(^2\), \(^4\)

OTHER
- Closing of BI US animal health vaccines acquisition
- Closing of CoLucid Pharmaceuticals acquisition
- Pediatric exclusivity for Cialis

Rulings in ongoing Alimta patent litigation:
- US CAFC
- US IPRs
- UK
- J Japan
- Germany (now expected in 2018)

\(^1\) in collaboration with Boehringer Ingelheim
\(^2\) in collaboration with Merck
\(^3\) in collaboration with Hutchison China MediTech
\(^4\) KN-021G is a Merck sBLA filing for Keytruda
PHASE 3 INITIATIONS
- Baricitinib for psoriatic arthritis
- Mirikizumab for psoriasis
- Mirikizumab for ulcerative colitis
- Dulaglutide alternate doses for type 2 diabetes
- Empagliflozin for chronic kidney disease

PHASE 3 DATA INTERNAL READOUTS
- Flortaucipir (18F AV-1451) tau imaging agent
- Tanezumab for osteoarthritis pain (dosing study)
- Tradjenta CAROLINA CV outcomes study
- Trulicity REWIND CV outcomes study
- Ultra rapid insulin for type 1 and type 2 diabetes
- Ramucirumab RANGE for 2L bladder cancer (final analysis)
- Ramucirumab RELAY for 1L EGFR NSCLC cancer (PFS readout)

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

REGULATORY SUBMISSIONS
- Lasmiditan for acute migraine
- Empagliflozin +linagliptin +metformin XR (US)
- Nasal glucagon for hypoglycemia

REGULATORY ACTIONS
- Baricitinib for rheumatoid arthritis (US)
- Galcanezumab for migraine prevention
- 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)
- Fruquintinib for 3L metastatic colorectal cancer (China)

OTHER
- Rulings in ongoing Alimta patent litigation:
  - US IPR Appeal to CAFC
  - US alternative salt forms
  - 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
2017 SUMMARY

- 2017 revenue growth of 8%, driven by volume and new products
- Excluding FX, EPS growth of 29% and operating margin expansion of 450 basis points
- Pipeline milestones included: approval and launch of Olumiant in the EU and Japan, Verzenio in the U.S., and Taltz for PsA in the U.S.
- Progress on our innovation-based strategy included: positive Phase 3 data for galcanezumab, lasmiditan, and a strengthened early-phase portfolio via business development

GROW REVENUE
- Minimum average annual revenue growth of 5% in constant currency from 2015 through 2020

EXPAND MARGINS
- Excluding FX on int’l inventories sold, minimum operating margin % of revenue of 30% in 2020

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

DEPLOY CAPITAL TO CREATE VALUE
- Fund existing marketed and pipeline products
- Bolster growth prospects via business development in focus areas
- Annual dividend increases
Supplementary Slides
NON-GAAP GROSS MARGIN % OF REVENUE

Individual quarter GM % of Revenue:

with FX effect on int’l inv sold: 77.8% 77.3% 76.3% 76.0% 76.4% 77.4% 78.1% 76.7% 75.1% 76.5%

w/o FX effect on int’l inv sold: 75.2% 75.7% 74.9% 75.7% 75.5% 75.5% 77.1% 76.6% 76.2% 76.8%

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.
Q4 2017 INCOME STATEMENT NOTES

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).

Q4 2016 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

- charges primarily associated with global severance costs and integration costs related to the acquisition of Novartis Animal Health totaling $147.6 million (pretax), or $0.10 per share (after-tax);
- amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties totaling $164.5 million (pretax), or $0.11 per share (after-tax); and
- an acquired in-process research and development charge of $30.0 million (pretax), or $0.02 per share (after-tax), related to an agreement with AstraZeneca to co-develop MEDI1814.
YTD 2017 INCOME STATEMENT NOTES

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).

YTD 2016 NON-GAAP INFORMATION HAS BEEN ADJUSTED TO ELIMINATE:

• charges associated with asset impairments related to the closure of an animal health manufacturing facility in Ireland, integration and severance costs related to the acquisition of Novartis Animal Health, and other global severance costs totaling $382.5 million (pretax), or $0.29 per share (after-tax);
• amortization of intangible assets primarily associated with costs of marketed products acquired or licensed from third parties totaling $683.3 million (pretax), or $0.44 per share (after-tax);
• an acquired in-process research and development charge related to the agreement with AstraZeneca to co-develop MEDI1814 of $30.0 million (pretax), or $0.02 per share (after-tax); and
• a charge related to the impact of the Venezuelan financial crisis, including the significant deterioration of the bolivar, totaling $203.9 million (pretax), or $0.19 per share (after-tax).
### COMPARATIVE EPS SUMMARY 2016/2017

<table>
<thead>
<tr>
<th></th>
<th>1Q16</th>
<th>2Q16</th>
<th>3Q16</th>
<th>4Q16</th>
<th>2016</th>
<th>1Q17</th>
<th>2Q17</th>
<th>3Q17</th>
<th>4Q17</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reported</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.41</td>
<td>0.71</td>
<td>0.73</td>
<td>0.73</td>
<td>2.58</td>
<td>(0.10)</td>
<td>0.95</td>
<td>0.53</td>
<td>(1.58)</td>
<td>(0.19)</td>
</tr>
<tr>
<td><strong>Non-GAAP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.98</td>
<td>1.11</td>
<td>1.05</td>
<td>1.14</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 January 31, 2018.
Q4 2017 TRULICITY SALES INCREASED 93%

U.S. sales were $520 million
International sales were $129 million

Q1: $144, Q2: $201, Q3: $244, Q4: $337

Q4 2017 TRULICITY SALES INCREASED 93%

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 29, 2017
Q4 2017 CYRAMZA SALES INCREASED 16%

Millions

U.S. sales increased 17%
International sales increased 15%

Quarterly Sales by Major Geography

Note: Numbers may not add due to rounding.
Q4 2017 TALTZ SALES WERE $173 MILLION

U.S. sales were $142 million
International sales were $30 million

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 29, 2017
Q4 2017 BASAGLAR SALES WERE $154 MILLION

U.S. sales were $114 million
International sales were $39 million

Note: Numbers may not add due to rounding.
Q4 2017 JARDIANCE SALES WERE $143 MILLION

 Millions

U.S. sales increased $36 million
International sales increased $31 million

U.S. New Therapy Starts (NTS Rx) SOM

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 29, 2017

Note: Jardiance is part of the Boehringer Ingelheim and Lilly Diabetes Alliance
Q4 2017 LARTRUVO SALES WERE $59 MILLION

U.S. sales were $42 million
International sales were $17 million

- Launched in 25 countries during 2017
- 97% of top 100 institutions in the U.S. have posted sales since launch
- Permanent J-code has been issued (Jan 2018), which we anticipate will remove any remaining access barriers to sales in top accounts
- G-BA gave “significant added value” assessment in final pricing approval
- Approved for National access in both Italy and Spain

Note: Numbers may not add due to rounding.
Q4 2017 OLUMIANT SALES WERE $23 MILLION

International sales were $23 million

- Q4 sales driven by Europe, led by Germany
- Launched in Japan in Q3 2017

Note: Numbers may not add due to rounding.
Q4 2017 VERZENIO SALES WERE $21 MILLION

U.S. sales were $21 million

Note: Numbers may not add due to rounding.

Source: IQVIA NPA, weekly data December 29, 2017
Q4 2017 HUMALOG® SALES DECREASED 5%

U.S. sales decreased 12% International sales increased 8%

Q1 2016: $606  Q1 2017: $708
Q2 2016: $702  Q2 2017: $678
Q3 2016: $641  Q3 2017: $696
Q4 2016: $820  Q4 2017: $782

Note: Numbers may not add due to rounding.

U.S. TRx SOM and Market Growth

Source: IQVIA NPA TRx 3MMA, weekly data December 29, 2017

Not for promotional use
Q4 2017 CIALIS SALES DECREASED 12%

Millions

U.S. sales decreased 13%
International sales decreased 10%

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$577</td>
<td>$630</td>
<td>$588</td>
<td>$676</td>
</tr>
<tr>
<td>2017</td>
<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 Growth

Source: IQVIA NPA TRx 3MMA, weekly data December 29, 2017

Not for promotional use
Q4 2017 ALIMTA SALES DECREASED 3%

Millions

U.S. sales increased $3 million
International sales decreased $19 million

<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>$272.4</td>
<td>1%</td>
<td>1%</td>
<td>-</td>
</tr>
<tr>
<td>OUS Alimta</td>
<td>$252.8</td>
<td>(7%)</td>
<td>(9%)</td>
<td>2%</td>
</tr>
<tr>
<td>WW Alimta</td>
<td>$525.2</td>
<td>(3%)</td>
<td>(4%)</td>
<td>1%</td>
</tr>
</tbody>
</table>

• U.S. sales increase driven by volume, partially offset by lower realized prices
• OUS sales decrease driven by increased competition and loss of exclusivity in select markets

Note: Numbers may not add due to rounding.
Q4 2017 FORTEO SALES INCREASED 21%

U.S. sales increased $74 million
International sales increased $16 million

<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. Forteo</td>
<td>$303.7</td>
<td>32%</td>
<td>32%</td>
<td>-</td>
</tr>
<tr>
<td>OUS Forteo</td>
<td>$209.5</td>
<td>8%</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>WW Forteo</td>
<td>$513.2</td>
<td>21%</td>
<td>21%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding.

- U.S. sales increase driven by higher realized prices and, to a lesser extent, increased volume
- OUS sales increase primarily due to increased volume and, to a lesser extent, higher realized prices

Note: Not for promotional use
Q4 2017 HUMULIN® SALES INCREASED 2%

U.S. sales increased 13%
International sales decreased 15%

Note: Numbers may not add due to rounding.

U.S. TRx SOM and Market Growth

Source: IQVIA NPA TRx 3MMA, weekly data December 29, 2017

Note: Not for promotional use
### Q4 2017 CYMBALTA SALES INCREASED 6%

**U.S. sales decreased $9 million**

**International sales increased $20 million**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Cymbalta</td>
<td>$199</td>
<td>$175</td>
<td>$207</td>
<td>$314</td>
</tr>
<tr>
<td>OUS Cymbalta</td>
<td>$236</td>
<td>$207</td>
<td>$183</td>
<td>$182</td>
</tr>
<tr>
<td>WW Cymbalta</td>
<td>$183</td>
<td>$182</td>
<td>$183</td>
<td>$193</td>
</tr>
</tbody>
</table>

### Q4 Sales Change Performance Rate

<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. Cymbalta</td>
<td>$14.1</td>
<td>(39%)</td>
<td>(39%)</td>
<td>-</td>
</tr>
<tr>
<td>OUS Cymbalta</td>
<td>$178.7</td>
<td>13%</td>
<td>15%</td>
<td>(2%)</td>
</tr>
<tr>
<td>WW Cymbalta</td>
<td>$192.8</td>
<td>6%</td>
<td>8%</td>
<td>(2%)</td>
</tr>
</tbody>
</table>

- OUS sales increase driven by Japan volume

Note: Numbers may not add due to rounding.
Q4 2017 ERBITUX® SALES INCREASED 10%

U.S. sales increased $14 million
International revenue increased $1 million

- U.S. sales increase driven by higher realized prices and, to a lesser extent, higher volumes

<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. Erbitux</td>
<td>$143.5</td>
<td>11%</td>
<td>11%</td>
<td>-</td>
</tr>
<tr>
<td>OUS Erbitux</td>
<td>$25.4</td>
<td>6%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>WW Erbitux</td>
<td>$168.9</td>
<td>10%</td>
<td>10%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding.
Q4 2017 ZYPREXA SALES DECREASED 1%

U.S. sales increased $16 million
International sales decreased $17 million

- OUS Zyprexa sales decline primarily due to the introduction of generic olanzapine in Japan in June 2016; Japan Zyprexa sales were $47 million, a decrease of 20%

<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. Zyprexa</td>
<td>$26.2</td>
<td>161%</td>
<td>161%</td>
<td>-</td>
</tr>
<tr>
<td>OUS Zyprexa</td>
<td>$126.0</td>
<td>(12%)</td>
<td>(12%)</td>
<td>0%</td>
</tr>
<tr>
<td>WW Zyprexa</td>
<td>$152.2</td>
<td>(1%)</td>
<td>(1%)</td>
<td>0%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding.
Q4 2017 STRATTERA SALES DECREASED 60%

U.S. sales decreased 95%
International sales increased 3%

U.S. TRx SOM and Market Growth

Note: Numbers may not add due to rounding.

Source: IQVIA NPA TRx 3MMA, weekly data December 29, 2017

Not for promotional use
Q4 2017 ANIMAL HEALTH SALES DECREASED 6%

Millions

U.S. sales decreased 13%
International sales increased 1%

<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. Companion</td>
<td>$150.3</td>
<td>3%</td>
<td>3%</td>
<td>-</td>
</tr>
<tr>
<td>U.S. Food and Other</td>
<td>$187.4</td>
<td>(23%)</td>
<td>(23%)</td>
<td>-</td>
</tr>
<tr>
<td>OUS Companion</td>
<td>$93.1</td>
<td>(2%)</td>
<td>(6%)</td>
<td>4%</td>
</tr>
<tr>
<td>OUS Food and Other</td>
<td>$360.0</td>
<td>2%</td>
<td>(0%)</td>
<td>2%</td>
</tr>
<tr>
<td>WW Animal Health</td>
<td>$790.9</td>
<td>(6%)</td>
<td>(7%)</td>
<td>1%</td>
</tr>
</tbody>
</table>

- U.S. companion animal sales increase driven by the acquisition of Boehringer Ingelheim Vetmedica’s U.S. feline, canine and rabies vaccine portfolio, partially offset by U.S. customer buying patterns and competitive pressures
- U.S. food animal sales decrease due to competitive pressures in cattle and market access pressures in dairy

Note: Numbers may not add due to rounding.
Q4 2017 GALLIPRANT® SALES WERE $8 MILLION

U.S. sales were $8 million
Q4 sales increased 29% sequentially

Source: Vetstreet LLC, Elanco Market Share Report, published January 2018
ELANCO NEW PRODUCT LAUNCHES

MILLIONS

Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4
2015 2016 2017

$20.5 $25.7 $37.8 $40.1

New products drove $144M of sales in 2017

NEW PRODUCTS INCLUDE:

COMPANION ANIMAL
- Interceptor® Plus
- Osurnia®
- Galliprant
- Credelio

FOOD ANIMAL
- Imrestor®
- Imvixa™
- Kavault®
- Inteprity®
- Clynav™
ELANCO PIPELINE PROGRESS

**Launched nearly all of the products highlighted in 2015:**

<table>
<thead>
<tr>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Immune Restoration</td>
<td>IMVIXA®</td>
<td>Aqua Para</td>
</tr>
<tr>
<td>Canine Heartworm</td>
<td>Kavault™</td>
<td>CA Para</td>
</tr>
<tr>
<td>Osurnia®</td>
<td>Intepri®</td>
<td></td>
</tr>
<tr>
<td>FA Feed Additives</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**And, launched 2 additional products:**

- Acquired from Novartis
- Future protein: First DNA vaccine for Pancreas Disease in Salmon
- In licensed from Aratana therapeutics
- CA thera: Pain and inflammation associated with osteoarthritis in dogs

Not for promotional use
U.S. sales increased 12%

International sales decreased 35%

Source: QuintilesIMS Health NPA TRx 3MMA, weekly data June 30, 2017