UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2026

COMMISSION FILE NUMBER 001-6351

ELI LILLY AND COMPANY

(Exact name of Registrant as specified in its charter)

Indiana	35-0470950
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Lilly Corporate Center, Indianapolis, Indiana 46285
(Address and zip code of principal executive offices)

Registrant's telephone number, including area code (317) 276-2000

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Trading Symbols	Name of Each Exchange On Which Registered
Common Stock (no par value)	LLY	New York Stock Exchange
2.125% Notes due 2030	LLY30	New York Stock Exchange
0.625% Notes due 2031	LLY31	New York Stock Exchange
0.500% Notes due 2033	LLY33	New York Stock Exchange
6.77% Notes due 2036	LLY36	New York Stock Exchange
1.625% Notes due 2043	LLY43	New York Stock Exchange
1.700% Notes due 2049	LLY49A	New York Stock Exchange
1.125% Notes due 2051	LLY51	New York Stock Exchange
1.375% Notes due 2061	LLY61	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

The number of shares of common stock outstanding as of August 3, 2026:

Class	Number of Shares Outstanding
Common	941,357,065

Eli Lilly and Company

Form 10-Q
For the Quarter Ended June 30, 2026

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Forward-Looking Statements

This Quarterly Report on Form 10-Q and our other publicly available documents include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (Exchange Act), and are subject to the safe harbor created thereby under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts, and generally can be identified by the use of words such as "may," "could," "aim," "seek," "believe," "will," "expect," "project," "estimate," "intend," "target," "anticipate," "plan," "continue," or similar expressions or future or conditional verbs.

Forward-looking statements inherently involve many risks and uncertainties that could cause actual results to differ from those expressed in forward-looking statements. Forward-looking statements are based on management's current plans and expectations, expressed in good faith and believed to have a reasonable basis. However, we can give no assurance that any expectation or belief will result or will be achieved or accomplished. Investors therefore should not place undue reliance on forward-looking statements. The following include some but not all of the factors that could cause actual results or events to differ from those anticipated:

- the significant costs and uncertainties in the pharmaceutical research and development process, including with respect to the timing and process of obtaining regulatory approvals and the ability of the company's clinical trials to meet expectations;
- the impact and uncertain outcome of acquisitions and business development transactions and related costs;
- intense competition affecting our products, pipeline, or industry;
- market uptake of launched products and indications;
- continued pricing pressures and the impact of actions of governmental and private actors affecting pricing of, reimbursement for, and patient access to pharmaceuticals, or reporting obligations related thereto;
- implementation of our voluntary agreement with the U.S. government related to drug pricing and access;
- developments or uncertainties related to our or competitive products, including as may relate to safety or efficacy concerns;
- dependence on relatively few products or product classes for a significant percentage of our total revenue and a consolidated supply chain;
- the expiration of intellectual property protection for certain of our products and competition from generic and biosimilar products;
- our ability to protect and enforce patents and other intellectual property and changes in patent law or regulations related to data package exclusivity;
- information technology system inadequacies, inadequate controls or procedures, security breaches, or operating failures;
- unauthorized access, disclosure, misappropriation, or compromise of confidential information or other data stored in our information technology systems, networks, and facilities, or those of third parties with whom we share our data and violations of data protection laws or regulations;
- issues with product supply, regulatory approvals, or other negative outcomes stemming from manufacturing difficulties, disruptions, or shortages, including as a result of unpredictability and variability in demand, labor shortages, third-party performance, quality, cyber-attacks, or regulatory actions related to our and third-party facilities;
- reliance on third-party relationships and outsourcing arrangements;
- the use of artificial intelligence or other emerging technologies in various facets of our operations, including partnerships related to the use of, or the sharing of, such technologies with third parties, which may exacerbate competitive, regulatory, litigation, cybersecurity, and other risks;
- the impact of global macroeconomic conditions, including uneven economic growth or downturns or uncertainty, trade and other global disputes and interruptions, including related to tariffs, trade protection measures, and similar restrictions, international tension, conflicts, regional dependencies, or other costs, uncertainties, and risks related to engaging in business globally;
- fluctuations in foreign currency exchange rates, changes in interest rates, and inflation or deflation;
- significant and sudden declines or volatility in the trading price of our common stock and market capitalization;
- litigation, investigations, or other similar proceedings involving past, current, or future products, activities, or intellectual property;

- changes in tax law and regulation, tax rates, or events that differ from our assumptions related to tax positions;
- regulatory changes, developments, and uncertainty;
- regulatory oversight and actions regarding our operations and products;
- regulatory compliance problems or government investigations;
- risks from the proliferation of counterfeit, misbranded, adulterated, or illegally compounded products;
- actual or perceived deviation from environmental-, social-, or governance-related requirements or expectations;
- asset impairments and restructuring charges; and
- changes in accounting and reporting standards.

More information on factors that could cause our actual results to differ from those expressed in forward-looking statements is included from time to time in our reports filed with the Securities and Exchange Commission, including in our Annual Report on Form 10-K for the year ended December 31, 2025, particularly under Part I, Item 1A, "Risk Factors." Investors should understand that it is not possible to predict or identify all such factors and should not consider the risks described above and under Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K to be a complete statement of all potential risks and uncertainties.

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in or incorporated by reference into this Quarterly Report on Form 10-Q. Except as is required by law, we expressly disclaim any obligation to publicly release any revisions to forward-looking statements to reflect events after the date of this Quarterly Report on Form 10-Q.

Trademarks and Trade Names

All trademarks or trade names referred to in this Quarterly Report on Form 10-Q are the property of the company, or, to the extent trademarks or trade names belonging to other companies are referenced in this Quarterly Report on Form 10-Q, the property of their respective owners. Solely for convenience, the trademarks and trade names in this Quarterly Report on Form 10-Q are referred to without the ® and ™ symbols, but such references should not be construed as any indicator that the company or, to the extent applicable, their respective owners will not assert, to the fullest extent under applicable law, the company’s or their rights thereto. We do not intend the use or display of other companies’ trademarks and trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

PART I. Financial Information

Item 1. Financial Statements

Consolidated Condensed Statements of Operations
(Unaudited)
ELI LILLY AND COMPANY
(Dollars and shares in millions, except per-share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Revenue	**$ 22,974**	$ 15,558	**$ 42,773**	$ 28,286
Costs, expenses, and other:				
Cost of sales	**3,268**	2,448	**6,845**	4,672
Research and development	**3,819**	3,336	**7,329**	6,070
Marketing, selling, and administrative	**3,430**	2,753	**6,364**	5,221
Acquired in-process research and development	**2,776**	154	**3,360**	1,726
Asset impairment, restructuring, and other special charges	**703**	—	**982**	35
Other–net, (income) expense	**(269)**	90	**(204)**	329
	13,727	8,781	**24,676**	18,053
Income before income taxes	**9,247**	6,777	**18,097**	10,233
Income taxes	**2,152**	1,116	**3,606**	1,813
Net income	**$ 7,095**	$ 5,661	**$ 14,491**	$ 8,420
Earnings per share:				
Basic	**$ 7.95**	$ 6.30	**$ 16.22**	$ 9.37
Diluted	**$ 7.94**	$ 6.29	**$ 16.19**	$ 9.35
Shares used in calculation of earnings per share:				
Basic	**892.4**	897.9	**893.5**	898.3
Diluted	**893.7**	899.8	**894.8**	900.2

See notes to consolidated condensed financial statements.

Consolidated Condensed Statements of Comprehensive Income
(Unaudited)
ELI LILLY AND COMPANY
(Dollars in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Net income	**$ 7,095**	$ 5,661	**$ 14,491**	$ 8,420
Other comprehensive income, net of tax	**72**	59	**119**	606
Comprehensive income	**$ 7,167**	$ 5,720	**$ 14,610**	$ 9,026

See notes to consolidated condensed financial statements.

Consolidated Condensed Balance Sheets
ELI LILLY AND COMPANY
(Dollars in millions)

	June 30, 2026	December 31, 2025
Assets	**(Unaudited)**	
Current Assets		
Cash and cash equivalents	**$ 8,950**	$ 7,268
Accounts receivable	**20,083**	17,760
Other receivables	**3,392**	2,395
Inventories	**16,793**	13,744
Prepaid expenses	**15,368**	14,315
Other current assets	**86**	147
Total current assets	**64,672**	55,629
Noncurrent Assets		
Investments	**3,856**	2,802
Goodwill	**8,849**	5,898
Other intangibles, net	**18,110**	6,521
Deferred tax assets	**10,028**	9,959
Property and equipment, net of accumulated depreciation of **$13,103 (2026)** and $12,560 (2025)	**29,286**	24,675
Other noncurrent assets	**7,482**	6,992
Total assets	**$ 142,283**	$ 112,476
Liabilities and Equity		
Current Liabilities		
Short-term borrowings and current maturities of long-term debt	**$ 7,050**	$ 1,635
Accounts payable	**6,112**	5,379
Employee compensation	**1,798**	2,375
Sales rebates and discounts	**21,122**	17,382
Other current liabilities	**11,659**	8,457
Total current liabilities	**47,741**	35,228
Noncurrent Liabilities		
Long-term debt	**47,858**	40,868
Long-term income taxes payable	**5,461**	5,875
Other noncurrent liabilities	**7,344**	3,970
Total noncurrent liabilities	**60,663**	50,713
Commitments and Contingencies		
Equity		
Common stock	**588**	590
Additional paid-in capital	**7,117**	7,346
Retained earnings	**31,893**	24,470
Employee benefit trust	**(3,013)**	(3,013)
Accumulated other comprehensive loss	**(2,761)**	(2,880)
Other equity	**55**	22
Total equity	**33,879**	26,535
Total liabilities and equity	**$ 142,283**	$ 112,476

See notes to consolidated condensed financial statements.

Consolidated Condensed Statements of Cash Flows
(Unaudited)
ELI LILLY AND COMPANY
(Dollars in millions)

	Six Months Ended June 30,	
	2026	**2025**
Cash Flows from Operating Activities		
Net income	**$ 14,491**	$ 8,420
Adjustments to Reconcile Net Income to Cash Flows from Operating Activities:		
Depreciation and amortization	**1,043**	941
Change in deferred income taxes	**(433)**	(1,460)
Stock-based compensation expense	**362**	339
Acquired in-process research and development	**3,360**	1,726
Other changes in operating assets and liabilities, net of acquisitions and divestitures	**(2,334)**	(5,627)
Other operating activities, net	**(466)**	414
Net Cash Provided by Operating Activities	**16,023**	4,753
Cash Flows from Investing Activities		
Purchases of property and equipment	**(5,259)**	(3,207)
Purchases of noncurrent investments	**(604)**	(368)
Purchases of in-process research and development	**(3,486)**	(1,864)
Cash paid for acquisitions, net of cash acquired	**(9,805)**	—
Other investing activities, net	**(158)**	252
Net Cash Used for Investing Activities	**(19,312)**	(5,187)
Cash Flows from Financing Activities		
Dividends paid	**(3,094)**	(2,693)
Net change in short-term borrowings	**5,284**	(246)
Proceeds from issuance of long-term debt	**8,941**	6,461
Repayments of long-term debt	**(1,623)**	(778)
Purchases of common stock	**(3,957)**	(1,892)
Other financing activities, net	**(595)**	(717)
Net Cash Provided by Financing Activities	**4,956**	135
Effect of exchange rate changes on cash and cash equivalents	**15**	407
Net increase in cash and cash equivalents	**1,682**	108
Cash and cash equivalents at January 1	**7,268**	3,268
Cash and Cash Equivalents at June 30	**$ 8,950**	$ 3,376

See notes to consolidated condensed financial statements.

Notes to Consolidated Condensed Financial Statements

(Tables present dollars and shares in millions, except per-share data, and numbers may not add due to rounding)

Note 1: Basis of Presentation and Implementation of New Financial Accounting Standards

We have prepared the accompanying unaudited consolidated condensed financial statements in accordance with the requirements of Form 10-Q and, therefore, they do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States (GAAP). In our opinion, the consolidated condensed financial statements reflect all adjustments (including those that are normal and recurring) that are necessary for a fair presentation of the results of operations for the periods shown. In preparing financial statements in conformity with GAAP, we must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

The information included in this Quarterly Report on Form 10-Q should be read in conjunction with our consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2025. We issued our financial statements by filing them with the Securities and Exchange Commission and have evaluated subsequent events up to the time of the filing of this Quarterly Report on Form 10-Q.

All per-share amounts, unless otherwise noted in the footnotes, are presented on a diluted basis; that is, based on the weighted-average number of common shares outstanding plus the effect of incremental shares from our stock-based compensation programs, if dilutive.

We operate as a single operating segment engaged in the discovery, development, manufacturing, marketing, and sales of pharmaceutical products worldwide. A global research and development organization and a supply chain organization are responsible for the discovery, development, manufacturing, and supply of our products. Our commercial organizations market, distribute, and sell the products. The business is also supported by global corporate staff functions. See Note 11 for additional information.

Implementation of New Financial Accounting Standards

Accounting Standards Update 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, requires disaggregation of specific expense categories in the notes to the financial statements and a qualitative description of the remaining expense amounts not separately disaggregated. This standard is effective for annual reporting periods beginning after December 15, 2026, and requires prospective application with the option to apply it retrospectively. We intend to adopt this standard in our Annual Report on Form 10-K for the year ending December 31, 2027. We are currently evaluating the potential impact of adopting this standard on our disclosures.

Note 2: Revenue

The following table summarizes our revenue recognized in our consolidated condensed statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Net product revenue	**$ 21,403**	$ 14,726	**$ 39,856**	$ 26,327
Collaboration and other revenue	**1,571**	832	**2,917**	1,959
Revenue	**$ 22,974**	$ 15,558	**$ 42,773**	$ 28,286

We recognize revenue primarily from two different types of contracts, product sales to customers (net product revenue) and collaborations and other arrangements. Revenue recognized from collaborations and other arrangements includes our share of profits from the collaborations, as well as royalties, upfront, and milestone payments we receive under these types of contracts. See Note 3 for additional information related to our collaborations and other arrangements. Collaboration and other revenue disclosed above includes the revenue resulting from our collaboration with Boehringer Ingelheim, as well as the sale of product rights. Substantially all of the remainder of collaboration and other revenue is related to contracts accounted for as contracts with customers.

Adjustments to Revenue

Adjustments to revenue recognized as a result of changes in estimates for our most significant United States (U.S.) sales returns, rebates, and discounts liability balances for products shipped in previous periods were 3 percent and 2 percent of U.S. revenue during the three and six months ended June 30, 2026, respectively, and 1 percent and less than 1 percent of U.S. revenue during the three and six months ended June 30, 2025, respectively.

Disaggregation of Revenue

The following table summarizes revenue, including net product revenue and collaboration and other revenue, by product for the three months ended June 30, 2026 and 2025:

	Three Months Ended June 30,					
	2026			2025		
	U.S.	Outside U.S.	Total	U.S.	Outside U.S.	Total
Cardiometabolic Health:						
Mounjaro	**$ 4,791**	**$ 5,152**	**$ 9,943**	$ 3,302	$ 1,897	$ 5,199
Zepbound[1]	**4,873**	**55**	**4,928**	3,380	2	3,381
Jardiance[2]	**616**	**615**	**1,232**	382	308	690
Trulicity	**908**	**312**	**1,219**	744	348	1,092
Other cardiometabolic health	**554**	**477**	**1,031**	556	425	980
Total cardiometabolic health	**11,742**	**6,611**	**18,353**	8,363	2,980	11,343
Oncology:						
Verzenio	**845**	**629**	**1,474**	929	560	1,489
Other oncology	**628**	**468**	**1,096**	490	434	924
Total oncology	**1,473**	**1,097**	**2,570**	1,419	994	2,414
Immunology:						
Taltz	**539**	**317**	**856**	549	299	848
Other immunology	**251**	**310**	**561**	152	256	408
Total immunology	**790**	**627**	**1,417**	701	555	1,256
Neuroscience	**325**	**104**	**429**	248	96	344
Other	**84**	**122**	**205**	83	119	202
Revenue	**$ 14,413**	**$ 8,561**	**$ 22,974**	$ 10,814	$ 4,743	$ 15,558

[1] Tirzepatide is marketed for obesity under the brand name Zepbound in Canada, Japan, and the U.S.
[2] Jardiance revenue includes Glyxambi, Synjardy, and Trijardy XR.

The following table summarizes revenue, including net product revenue and collaboration and other revenue, by product for the six months ended June 30, 2026 and 2025:

	Six Months Ended June 30,					
	2026			2025		
	U.S.	Outside U.S.	Total	U.S.	Outside U.S.	Total
Cardiometabolic Health:						
Mounjaro	**$ 9,024**	**$ 9,582**	**$ 18,605**	$ 5,958	$ 3,083	$ 9,041
Zepbound[1]	**9,006**	**81**	**9,088**	5,685	8	5,693
Jardiance[2]	**1,128**	**1,218**	**2,346**	692	1,012	1,704
Trulicity	**1,508**	**630**	**2,138**	1,514	673	2,187
Other cardiometabolic health	**1,000**	**936**	**1,936**	1,091	835	1,925
Total cardiometabolic health	**21,666**	**12,447**	**34,113**	14,940	5,611	20,551
Oncology:						
Verzenio	**1,551**	**1,224**	**2,776**	1,587	1,062	2,648
Other oncology	**1,149**	**914**	**2,062**	879	835	1,713
Total oncology	**2,700**	**2,138**	**4,838**	2,465	1,896	4,361
Immunology:						
Taltz	**956**	**632**	**1,588**	1,025	584	1,610
Other immunology	**453**	**579**	**1,032**	254	480	734
Total immunology	**1,409**	**1,211**	**2,620**	1,279	1,065	2,344
Neuroscience	**617**	**194**	**811**	437	179	616
Other	**140**	**252**	**392**	182	232	414
Revenue	**$ 26,532**	**$ 16,241**	**$ 42,773**	$ 19,304	$ 8,983	$ 28,286

[1] Tirzepatide is marketed for obesity under the brand name Zepbound in Canada, Japan, and the U.S.
[2] Jardiance revenue includes Glyxambi, Synjardy, and Trijardy XR.

The following table summarizes revenue by geographical area:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue[1]:				
U.S.	**$ 14,413**	$ 10,814	**$ 26,532**	$ 19,304
Europe	**4,115**	2,574	**7,760**	4,963
China	**941**	466	**1,635**	917
Japan	**628**	521	**1,199**	923
Rest of world	**2,877**	1,182	**5,648**	2,180
Revenue	**$ 22,974**	$ 15,558	**$ 42,773**	$ 28,286

[1] Revenue is attributed to the countries based on the location of the customer or other party.

Note 3: Collaborations and Other Arrangements

We often enter into collaborative and other arrangements to develop and commercialize drug candidates or to sell the rights of a product. See Note 2 for a discussion of our recognition of revenue from our collaborations and other arrangements.

Collaborative activities may include research and development, marketing and selling, manufacturing, and distribution for which we may receive from or pay to the collaboration partner expense reimbursements. Operating expenses for costs incurred pursuant to these arrangements are reported in their respective expense line item, net of any payments due to or reimbursements due from our collaboration partners, with such reimbursements being recognized at the time the party becomes obligated to pay. Each arrangement is unique in nature, and our more significant arrangements are discussed below.

Boehringer Ingelheim Collaboration

We and Boehringer Ingelheim have a global agreement to jointly develop and commercialize a portfolio of compounds. Boehringer Ingelheim's Jardiance product family, which includes Glyxambi, Synjardy, and Trijardy XR, is the significant product family included in the collaboration.

For the Jardiance product family in the most significant markets, which remains in the collaboration through December 31, 2028, we receive a share of net sales depending on performance of the product, which we recognize as collaboration and other revenue. The following table summarizes our revenue recognized:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Jardiance	**$ 1,232**	$ 690	**$ 2,346**	$ 1,704

During the three and six months ended June 30, 2026, we recognized $250 million and $500 million of sales-based milestones for Jardiance, respectively. During the six months ended June 30, 2025, we recognized a one-time benefit of $370 million for Jardiance. As of June 30, 2026, we have the right to receive up to $410 million in potential sales-based milestones related to the Jardiance product family in certain markets in 2026.

Ebglyss

We have a license agreement with F. Hoffmann-La Roche Ltd and Genentech, Inc. (collectively, Roche), which provides us the worldwide development and commercialization rights to lebrikizumab, which is branded and trademarked as Ebglyss. Roche receives tiered royalty payments on worldwide net sales ranging in percentages from high single digits to high teens, which we recognize as cost of sales. As of June 30, 2026, Roche is eligible to receive additional payments from us, including up to $975 million in potential sales-based milestones.

We have a license agreement with Almirall, S.A. (Almirall), under which Almirall licensed the rights to develop and commercialize Ebglyss, for the treatment or prevention of dermatology indications, including, but not limited to, atopic dermatitis, in Europe. We receive tiered royalty payments on net sales in Europe ranging in percentages from low double digits to low twenties, which we recognize as collaboration and other revenue. As of June 30, 2026, we are eligible to receive additional payments up to $1.2 billion in a series of sales-based milestones.

Foundayo

We have a license agreement with Chugai Pharmaceutical Co., Ltd (Chugai), which provides us the worldwide development and commercialization rights to orforglipron, which is branded and trademarked as Foundayo. In addition to milestone payment rights which are not material, Chugai receives tiered royalty payments on worldwide net sales ranging in percentages from mid single digits to low teens, which we recognize as cost of sales.

Note 4: Acquisitions

We engage in various forms of business development activities to enhance or refine our product pipeline, including acquisitions, collaborations, investments, and licensing arrangements. In connection with these arrangements, our partners may be entitled to future royalties and/or commercial milestones based on sales if the products are approved for commercialization and/or milestones based on the successful progress of compounds through the development process. We account for each arrangement as either a business combination or an asset acquisition in accordance with GAAP.

Business Combinations

When an acquisition met the definition of a business under GAAP, the assets acquired and liabilities assumed were recorded at their respective fair values as of the acquisition date in our consolidated condensed financial statements. The determination of estimated fair value required management to make significant estimates and assumptions. The excess of the purchase price over the fair value of the acquired net assets was recorded as goodwill. The results of operations of the acquisition are included in our consolidated condensed financial statements from the date of acquisition.

For the six months ended June 30, 2026 and 2025, our significant acquisitions that were accounted for as business combinations were Kelonia Therapeutics, Inc. (Kelonia), Centessa Pharmaceuticals plc (Centessa), and Ventyx Biosciences, Inc. (Ventyx) and are summarized in the following table:

	Kelonia	Centessa	Ventyx
Acquisition date	June 25, 2026	June 24, 2026	March 4, 2026
Business description	In vivo chimeric antigen receptor T-cell (CAR-T) therapies	Orexin receptor 2 agonists for sleep-wake disorders	Oral therapies for inflammatory-mediated diseases
Estimated fair value as of acquisition date:			
Cash	$ 46	$ 233	$ 120
Acquired in-process research and development (IPR&D)	4,695	6,058	977
Goodwill[1]	1,052	1,655	232
Deferred tax liabilities, net	(822)	(1,279)	(150)
Other assets and liabilities, net	(74)	(74)	(1)
Acquisition date fair value of consideration	4,897	6,593	1,178
Less:			
Cash acquired	(46)	(233)	(120)
Fair value of contingent consideration	(1,765)	(402)	N/A
Cash consideration paid or to be paid, net of cash acquired[2]	$ 3,086	$ 5,958	$ 1,058
Contingent consideration[3]	$ 3,750	$ 1,542	N/A
Primary acquired IPR&D intangible	KLN-1010	ORX750	VTX3232

[1] The goodwill recognized from these acquisitions is primarily attributable to future unidentified projects and products, the assembled workforce for the companies, and the recognition of deferred tax liabilities, which is not deductible for tax purposes.
[2] As of June 30, 2026, cash consideration unpaid for Kelonia and Centessa was $208 million and $88 million, respectively.
[3] These amounts represent the maximum amount of potential payments and are subject to the achievement of certain specified milestones. See Note 8 for additional information related to contingent consideration amounts.
N/A - Not applicable

We are in the process of determining fair values and tax bases of the assets acquired and liabilities assumed, including the identification and valuation of intangible assets and tax exposures, as our access to information was limited prior to each acquisition. The final determination of these amounts will be completed as soon as practicable but no later than one year from each acquisition date. The final determination may result in asset and liability fair values and tax bases that differ from the preliminary estimates and require changes to the preliminary amounts recognized.

Asset Acquisitions

Upon each asset acquisition, the cost allocated to acquired IPR&D was immediately expensed as acquired IPR&D if the compound had no alternative future use. Milestone payment obligations incurred prior to regulatory approval of the compound were expensed as acquired IPR&D when the event triggering an obligation to pay the milestone occurred. We recognized acquired IPR&D charges of $2.8 billion and $3.4 billion for the three and six months ended June 30, 2026, respectively, and $154 million and $1.7 billion for the three and six months ended June 30, 2025, respectively.

The following table summarizes our significant acquired IPR&D charges during 2026 and 2025:

Counterparty	Compound, Therapy, or Asset	Acquisition Month	Phase of Development[1]	Acquired IPR&D Charge
Ajax Therapeutics, Inc. (Ajax)	AJ1-11095, oral, Type II JAK2 inhibitor for the treatment of myelofibrosis and polycythemia vera	June 2026	Phase 1	**$ 909**
Orna Therapeutics, Inc. (Orna)	ORN-252, CD19 targeting in vivo CAR-T therapy designed to treat B cell-driven autoimmune diseases	May 2026	Phase 1	**1,233**
Scorpion Therapeutics, Inc. (Scorpion)	STX-478, PI3Kα inhibitor for the treatment of breast cancer and other advanced solid tumors	March 2025	Phase 1	1,412

[1] The phase of development presented is as of the date of the arrangement and represents the phase of development of the most advanced asset acquired, where applicable.

Subsequent Events

In July 2026, we acquired three companies to build an infectious disease portfolio for up to $3.9 billion in aggregate, inclusive of upfront payments and additional potential payments based upon the achievement of certain clinical, regulatory, and commercial milestones. Our access to information was limited prior to the acquisitions. As a consequence, we are in the process of determining the fair values of the assets acquired and liabilities assumed and the associated accounting treatments.

Note 5: Asset Impairment, Restructuring, and Other Special Charges

Asset impairment, restructuring, and other special charges recognized during the three and six months ended June 30, 2026 were $703 million and $982 million, respectively, primarily related to the accelerated vesting of employee equity awards and other acquisition and integration costs associated with the closing of our acquisitions of business combinations. See Note 4 for additional information. In addition, asset impairment, restructuring, and other special charges recognized during the six months ended June 30, 2026 included charges related to litigation matters. See Note 9 for additional information related to litigation matters.

Note 6: Income Taxes

The effective tax rates were 23.3 percent and 16.5 percent for the three months ended June 30, 2026 and 2025, respectively. The higher tax rate for the three months ended June 30, 2026 was primarily driven by the unfavorable tax impact of nondeductible acquired IPR&D charges and, to a lesser extent, a mix of earnings in higher tax jurisdictions and the unfavorable tax impact of asset impairment, restructuring, and other special charges.

The effective tax rates were 19.9 percent and 17.7 percent for the six months ended June 30, 2026 and 2025, respectively. The higher tax rate for the six months ended June 30, 2026 was primarily driven by a mix of earnings in higher tax jurisdictions and the unfavorable tax impact of asset impairment, restructuring, and other special charges. The effective tax rates in both periods were unfavorably impacted by nondeductible acquired IPR&D charges.

At June 30, 2026 and December 31, 2025, prepaid expenses included prepaid taxes of $13.6 billion and $12.9 billion, respectively.

The U.S. examination of tax years 2019-2021 remains ongoing. For tax years 2016-2018, we are pursuing competent authority assistance through the Mutual Agreement Procedure (MAP) process for the pricing of certain intercompany transactions. The resolution of both audit periods will likely extend beyond the next 12 months.

Note 7: Inventories

The following table summarizes components of inventories:

	June 30, 2026	December 31, 2025
Finished products	**$ 2,630**	$ 1,931
Work in process	**9,997**	8,183
Raw materials and supplies	**4,128**	3,587
Total (approximates replacement cost)	**16,755**	13,701
Increase to last-in, first-out cost	**38**	43
Inventories	**$ 16,793**	$ 13,744

Note 8: Financial Instruments

Investments in Equity and Debt Securities

The following table summarizes certain fair value information at June 30, 2026 and December 31, 2025 for investment assets measured at fair value on a recurring basis, as well as the carrying amount and amortized cost of certain other investments:

			Fair Value Measurements Using			
	Carrying Amount	Cost	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
June 30, 2026						
Cash equivalents[1]	**$ 4,410**	**$ 4,410**	**$ 4,410**	**$ —**	**$ —**	**$ 4,410**
Short-term investments:						
Available-for-sale debt securities[2]	**$ 14**	**$ 14**	**$ 5**	**$ 9**	**$ —**	**$ 14**
Other securities	**46**	**46**	**—**	**12**	**34**	**46**
Short-term investments	**$ 60**					
Noncurrent investments:						
Available-for-sale debt securities[2]	**$ 367**	**$ 379**	**$ 67**	**$ 300**	**$ —**	**$ 367**
Other securities	**83**	**52**	**—**	**2**	**81**	**83**
Marketable equity securities	**796**	**527**	**796**	**—**	**—**	**796**
Equity investments without readily determinable fair values[3]	**1,073**					
Equity method investments[3]	**1,537**					
Noncurrent investments	**$ 3,856**					
December 31, 2025						
Cash equivalents[1]	$ 4,392	$ 4,392	$ 4,392	$ —	$ —	$ 4,392
Short-term investments:						
Available-for-sale debt securities[2]	$ 16	$ 16	$ 9	$ 7	$ —	$ 16
Other securities	89	89	—	12	78	89
Short-term investments	$ 105					
Noncurrent investments:						
Available-for-sale debt securities[2]	$ 360	$ 368	$ 69	$ 291	$ —	$ 360
Other securities	85	54	—	2	83	85
Marketable equity securities	223	292	223	—	—	223
Equity investments without readily determinable fair values[3]	846					
Equity method investments[3]	1,288					
Noncurrent investments	$ 2,802					

[1] We consider all highly liquid investments with a maturity of three months or less from the date of purchase to be cash equivalents. The cost of these investments approximates fair value.
[2] For available-for-sale debt securities, amounts disclosed represent the securities' amortized cost.
[3] Fair value disclosures are not applicable for equity method investments and investments accounted for under the measurement alternative for equity investments.

Debt

Below are the details of our issuance of long-term debt in 2026. The cash proceeds were used for general corporate purposes, including the repayment of outstanding commercial paper and the funding of a portion of the upfront cash consideration and related fees and expenses payable in connection with our acquisitions of Centessa and Kelonia.

Date of Issuance	Amount	Maturity	Stated Interest Rate
May 2026	$ 9,000	2028-2066	4.150%-5.700%[1]

[1] Included in the 2028 and 2029 tranches are an aggregate $1.3 billion of floating-rate notes, with interest reset and paid quarterly using Secured Overnight Financing Rate (SOFR) plus 0.350 and 0.460 percent, respectively.

The following table summarizes the carrying amount and fair value using Level 2 inputs for our short-term and long-term debt:

	June 30, 2026		December 31, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term commercial paper borrowings	**$ 5,284**	**$ 5,280**	$ —	$ —
Long-term debt, including current portion	**49,624**	**46,555**	42,503	39,799

Contingent Consideration

Contingent consideration is additional consideration payable as a result of an acquisition accounted for as a business combination that is contingent on the achievement of certain development, success-based regulatory, or sales-based milestones. Contingent consideration liabilities are carried at fair value, estimated using a discounted cash flow analysis and Level 3 inputs. These inputs include projections of expected cash payments associated with the agreed upon milestones based primarily on probabilities of technical success, timing of the potential milestone events for the compounds, and estimated discount rates. The following table summarizes the fair value for our contingent consideration liabilities:

	June 30, 2026	December 31, 2025
Other current liabilities	**$ 814**	$ 34
Other noncurrent liabilities	**1,704**	217

During 2026, the increase in contingent consideration liabilities primarily related to our acquisition of Kelonia. See Note 4 for additional information.

Hedging

As a global company, we face foreign currency risk exposure from fluctuating currency exchange rates, primarily the U.S. dollar against the euro, Japanese yen, and Chinese yuan. We manage foreign currency risk primarily through the use of foreign currency debt and foreign currency forward contracts. Our foreign currency-denominated notes designated as accounting hedges had carrying amounts of $3.6 billion and $6.0 billion as of June 30, 2026 and December 31, 2025, respectively. The following table summarizes the aggregate outstanding notional amounts of our foreign currency forward contracts in U.S. dollar equivalent:

	June 30, 2026		December 31, 2025	
	Purchase	Sell	Purchase	Sell
Designated as accounting hedges	**$ 246**	**$ —**	$ 67	$ —
Not designated as accounting hedges	**17,869**	**10,123**	14,281	9,264

The following table summarizes the effects of significant hedging activity on our consolidated condensed financial statements:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Recognized in other–net, (income) expense:				
Foreign currency forward contracts not designated as accounting hedges	**$ (53)**	$ (651)	**$ (150)**	$ (639)
Recognized in other comprehensive income (loss):				
Foreign currency-denominated notes:				
Designated as accounting hedges	**17**	(485)	**132**	(688)
Foreign currency forward contracts:				
Designated as accounting hedges	**—**	(965)	**(30)**	(1,293)

Note 9: Contingencies

We are and may become involved in various lawsuits, claims, government investigations and other legal proceedings that arise from time to time in the course of our business, including patent, environmental, commercial, contractual, licensing, employment, health and safety, consumer protection, pricing, access, consumer, sales and marketing, product liability, insurance, antitrust, securities, and regulatory compliance matters, among others. Such matters may involve inquiries from or disputes with various types of parties, including governments, regulatory agencies, competitors, customers, suppliers, service providers, licensees, employees, or shareholders, among others. We cannot predict the final outcome of these proceedings, and while we intend to vigorously prosecute or defend our position as appropriate, there can be no assurance that we will be successful or obtain any requested relief. Matters often develop over a long period of time and expectations can change as a result of new findings, rulings, appeals, settlements, legal or regulatory changes, or other factors. From time to time we may discontinue or settle and compromise matters as appropriate in our best interest.

Legal proceedings that we believe are significant or could become significant or material are described below. For proceedings in which we are named as defendants, unless otherwise noted, we cannot reasonably estimate the maximum potential exposure or the range of possible loss in excess of amounts accrued; however, we believe that the resolution of all such matters will not have a material adverse effect on our consolidated financial position or liquidity, but could possibly be material to our consolidated results of operations in any one accounting period.

Litigation accruals and environmental liabilities and any related estimated insurance recoverables are reflected on a gross basis as liabilities and assets, respectively, on our consolidated balance sheets. We accrue for estimated exposures to the extent they are both probable and reasonably estimable based on the then available information. We accrue for certain unfiled product liability claims to the extent we can formulate a reasonable estimate of their exposure. We estimate these exposures based primarily on historical claims experience and data regarding product usage. Legal defense costs expected to be incurred in connection with significant liability loss contingencies are accrued when both probable and reasonably estimable.

Because of the nature of pharmaceutical products, it is possible that we could become subject to large numbers of additional product liability and related claims in the future. Due to a very restrictive market for litigation liability insurance, we are predominantly self-insured for litigation liability losses for all our currently and previously marketed products.

Patent Matters

In the course of our business, we are party to actions and proceedings involving third parties that seek to challenge, invalidate, or circumvent our patents and patent applications relating to our products, product candidates, and technologies, including the matter described below.

Emgality Patent Litigation

In September 2018, Teva Pharmaceuticals International GmbH and Teva Pharmaceuticals USA, Inc. (collectively, Teva) filed a complaint in the U.S. District Court for the District of Massachusetts alleging that Lilly's launch and continued sales of Emgality infringed various claims in three Teva patents. In November 2022, following a trial, a jury returned a verdict in favor of Teva. In September 2023, the trial court overruled the jury verdict, found all asserted claims invalid, and entered judgment in Lilly's favor. In April 2026, the U.S. Court of Appeals for the Federal Circuit issued an opinion reversing the trial court's finding that the patents are invalid and remanding to the district court, and we recognized a charge related to the matter during the three months ended March 31, 2026. In June 2026, we filed a petition for rehearing en banc.

Verzenio Hatch-Waxman Litigation

In April 2026, Lilly received notice that Cipla Ltd. had filed an Abbreviated New Drug Application (ANDA) seeking approval for a generic version of Verzenio (abemaciclib) tablets before expiration of the compound patent listed in the U.S. Food and Drug Administration's (FDA) Orange Book. In June 2026, Lilly filed a patent infringement action against Cipla Ltd. and its subsidiary Cipla USA Inc. in the U.S. District Court for the District of Delaware.

Tirzepatide Hatch-Waxman Litigation

In July 2026, Lilly received notice that multiple generic companies had filed ANDAs seeking approval to market generic versions of Mounjaro and/or Zepbound before the expiration of some or all of the patents listed for those products in the FDA’s Orange Book. We intend to file suit for patent infringement.

Environmental Matters

Superfund Matters

Under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as "Superfund," we have been designated as one of several potentially responsible parties with respect to the cleanup of fewer than 10 sites. Under Superfund, each responsible party may be jointly and severally liable for the entire amount of the cleanup.

Brazil Litigation – Cosmopolis Facility

Labor Attorney Litigation

In March 2008, the state Labor Public Attorney (LPA) filed a public civil action against Eli Lilly do Brasil Limitada (Lilly Brasil) in the Labor Court of Paulinia, State of Sao Paulo, alleging harm to employees and former employees from alleged exposure to soil and groundwater contaminants at a former manufacturing facility in Cosmopolis, operated by the company between 1977 and 2003. In May 2014, the trial court ruled against Lilly Brasil, ordering several remedial and compensatory actions, including health coverage for a class of individuals and certain of their children, and imposing a liquidated award. In December 2025, the superior labor court (TST) significantly reduced the liquidated award. Further appeals are ongoing.

In July 2019, at the LPA's request, the trial court ordered a freeze of certain of Lilly Brasil's immovable property, which amount was reduced on Lilly's appeal. Both parties have appealed this order to the TST.

The trial court is continuing to assess the status of Lilly Brasil's compliance with the obligations as to the land.

Pricing Matters

340B Litigation and Investigations

In January 2021, we filed a lawsuit in the U.S. District Court for the Southern District of Indiana against the U.S. Department of Health and Human Services (HHS), the Secretary of HHS, the Health Resources and Services Administration (HRSA), and the Administrator of HRSA. The lawsuit challenges HHS's December 2020 advisory opinion that the 340B program requires drug manufacturers to deliver discounts to all contract pharmacies, as well as HHS's December 2020 administrative dispute resolution (ADR) regulations. It seeks declaratory, injunctive, and other related relief. In March 2021, the court preliminarily enjoined the government's use of the ADR process as to us. In May 2021, we amended the complaint to add claims related to a May 2021 letter from HRSA asserting that Lilly's contract pharmacy policy violated the 340B statute. In October 2021, the court granted in part and denied in part the parties' cross-motions for summary judgment. Both parties appealed to the U.S. Court of Appeals for the Seventh Circuit. The appeal remains pending.

We have been named in various ADR petitions, filed between 2021 and 2024, seeking declaratory, injunctive, and/or monetary relief related to the 340B program. In light of the preliminary injunction order described above, these petitions are being held in abeyance as to us.

In July 2021, Mosaic Health, Inc. filed a putative class action lawsuit in the U.S. District Court for the Western District of New York against us, Sanofi-Aventis U.S., LLC, Novo Nordisk Inc., and AstraZeneca Pharmaceuticals LP, alleging antitrust and unjust enrichment claims related to the defendants' 340B programs. In October 2021, an amended complaint added Central Virginia Health Services, Inc. as a plaintiff. After the district court dismissed the case for failure to state a claim, the U.S. Court of Appeals for the Second Circuit reversed. We filed a petition seeking U.S. Supreme Court review in March 2026. The matter is ongoing.

Various state and 340B provider plaintiffs have filed lawsuits against us, and in some cases other manufacturers and third parties, relating to the 340B program, including our policies regarding contract pharmacies, submission of claims data, and our compliance with state laws purporting to regulate the 340B program. The complaints in these lawsuits assert a variety of claims, including consumer protection, unfair or deceptive trade practices, unfair competition, breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, and violations of state statutes governing 340B pricing. The lawsuits generally seek damages, civil penalties, and/or injunctive relief, and are at various stages in the litigation process. We are also involved in other ongoing litigation and inquiries related to the 340B program, including lawsuits Lilly has filed challenging aspects of the 340B program.

Insulin Pricing Litigation

Since 2017, various plaintiffs, including consumers, states and state attorneys general, counties, municipalities, Native American tribes, school districts, wholesalers, third-party payers, and others, have filed lawsuits, including putative class actions, against us, other manufacturers, pharmacy benefit managers, and others, relating to the pricing of insulin medications, and in some cases other diabetes medications, and rebates paid by manufacturers to pharmacy benefit managers. The complaints in the various lawsuits assert a variety of claims, including among others consumer protection, unfair or deceptive trade practices, fraud, false advertising, unjust enrichment, civil conspiracy, racketeering, antitrust, and unfair competition claims. Most cases have been coordinated or consolidated for pretrial proceedings in a multidistrict litigation (MDL) pending in the U.S. District Court for the District of New Jersey. The lawsuits are at various stages in the litigation process.

The MDL court has issued various case management and other orders, including but not limited to orders establishing separate tracks for state attorney general claims, putative class actions, and non-class suits by self-funded payers; orders dismissing certain claims; and an order setting a constructive notice date of January 14, 2021 for statute of limitations purposes.

In January 2022, the Michigan attorney general filed a petition in Michigan state court seeking authorization to investigate Lilly for potential violations of the Michigan Consumer Protection Act (MCPA), along with a complaint seeking a declaratory judgment that the state has authority to investigate Lilly's sale of insulin under the MCPA. The court authorized the proposed investigation and the issuance of civil investigative subpoenas. In April 2022, however, the parties entered into a stipulation providing that the state will not issue any civil investigative subpoena to us under the MCPA until the declaratory judgment action is resolved, and in July 2022, the court dismissed the case in its entirety. In June 2023, the Michigan Court of Appeals affirmed the judgment in our favor. In July 2026, the Michigan Supreme Court reversed the Michigan Court of Appeals decision.

Lilly entered into settlement agreements with New York and Minnesota to resolve allegations relating to insulin pricing in 2023 and 2024, respectively. These agreements involved no monetary payments and no admission of wrongdoing or liability.

Pricing Investigations

We have been subject to various investigations and received subpoenas, civil investigative demands, information requests, interrogatories, and other inquiries from various governmental entities related to the pricing and sale of our medications, and/or calculations of average manufacturer price and best price. These include subpoenas, civil investigative demands, or information requests from the U.S. Department of Justice, the U.S. Federal Trade Commission, and attorneys general from various states and the District of Columbia.

To the extent the foregoing governmental entities have not filed lawsuits, we are cooperating with the various investigations, subpoenas, and inquiries.

Average Manufacturer Price Litigation

In November 2014, a relator filed a *qui tam* action in the U.S. District Court for the Northern District of Illinois against us and Takeda Pharmaceuticals America, Inc. The relator's complaint alleged that the defendants should have treated certain credits from distributors as retroactive price increases and included such increases in calculating average manufacturer prices. In August 2022, following a trial, the jury returned a verdict in favor of the relator. In September 2025, the U.S. Court of Appeals for the Seventh Circuit affirmed, and we recognized a charge related to the matter. In May 2026, the U.S. Supreme Court denied further review.

Other Matters

Actos Litigation

We, along with Takeda Chemical Industries, Ltd. and Takeda affiliates (collectively, Takeda), are named as defendants in a third-party payer class action in the U.S. District Court for the Central District of California. The plaintiffs allege that bladder cancer risk was concealed from them and claim that as a result they and a proposed class of third-party payers are entitled to recover money paid for Actos prescriptions. Our agreement with Takeda calls for Takeda to defend and indemnify us against losses and expenses with respect to U.S. litigation arising out of the manufacture, use, or sale of Actos and other related expenses in accordance with the terms of the agreement. In May 2023, the district court certified the class. The U.S. Court of Appeals for the Ninth Circuit subsequently affirmed, and the U.S. Supreme Court denied our petition for certiorari. The matter is ongoing.

Mounjaro, Trulicity, and Zepbound Product Liability Litigation

Since August 2023, various plaintiffs have filed lawsuits against us, Novo Nordisk A/S, and other related entities, alleging various injuries following purported use of incretin medicines, including Mounjaro, Trulicity, and Zepbound. The complaints assert a variety of claims and generally seek damages and/or other relief. Most of these lawsuits in the United States have been coordinated or consolidated for pretrial proceedings in two federal MDLs: one focused on alleged gastrointestinal injuries, and the other relating to claims of non-arteritic anterior ischemic optic neuropathy (NAION). Both MDLs are pending in the U.S. District Court for the Eastern District of Pennsylvania. There are also similar proceedings pending in Delaware, Indiana, and New Jersey state courts. In addition to the cases in the United States, there are two class action petitions in Israel and two class action petitions in Canada alleging various injuries and claims.

Health Choice Alliance

In October 2019, a relator filed a *qui tam* lawsuit against us in Texas state court asserting claims under the Texas Medicaid Fraud Prevention Act (TMFPA) based on allegations about certain patient support programs related to three of our products. The relator sought to recover the value of payments by the Texas Medicaid Program for these products, as well as civil penalties and other relief. In August 2025, the relator purported to dismiss the first lawsuit and filed a second lawsuit in a different Texas state court adding the State of Texas as a party and expanding claims under the TMFPA to fifteen of our products. We are opposing the relator's purported dismissal of the first lawsuit.

Note 10: Equity

The following table summarizes components of equity with significant changes during the three months ended June 30, 2026 and 2025:

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss
	Shares	Amount			
Balance at March 31, 2026	**943.5**	**$ 590**	**$ 6,921**	**$ 29,514**	**$ (2,833)**
Net income				**7,095**	
Other comprehensive income, net of tax					**72**
Cash dividends declared per share: $3.46				**(3,088)**	
Purchases of common stock	**(2.0)**	**(2)**		**(1,628)**	
Issuance of stock under employee stock plans, net	**—**	**—**	**(5)**		
Stock-based compensation			**201**		
Balance at June 30, 2026	**941.5**	**$ 588**	**$ 7,117**	**$ 31,893**	**$ (2,761)**
Balance at March 31, 2025	948.1	$ 593	$ 6,910	$ 15,100	$ (3,775)
Net income				5,661	
Other comprehensive income, net of tax					59
Cash dividends declared per share: $3.00				(2,692)	
Purchases of common stock	(0.9)	(1)		(692)	
Issuance of stock under employee stock plans, net	—	—	(6)		
Stock-based compensation			185		
Balance at June 30, 2025	947.2	$ 592	$ 7,089	$ 17,376	$ (3,716)

The following table summarizes components of equity with significant changes during the six months ended June 30, 2026 and 2025:

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss
	Shares	Amount			
Balance at December 31, 2025	**944.8**	**$ 590**	**$ 7,346**	**$ 24,470**	**$ (2,880)**
Net income				**14,491**	
Other comprehensive income, net of tax					**119**
Cash dividends declared per share: $3.46				**(3,088)**	
Purchases of common stock	**(4.4)**	**(3)**		**(3,984)**	
Issuance of stock under employee stock plans, net	**1.1**	**1**	**(591)**		
Stock-based compensation			**362**		
Other				**4**	
Balance at June 30, 2026	**941.5**	**$ 588**	**$ 7,117**	**$ 31,893**	**$ (2,761)**
Balance at December 31, 2024	947.9	$ 592	$ 7,439	$ 13,545	$ (4,322)
Net income				8,420	
Other comprehensive income, net of tax					606
Cash dividends declared per share: $3.00				(2,692)	
Purchases of common stock	(2.3)	(1)		(1,891)	
Issuance of stock under employee stock plans, net	1.6	1	(689)		
Stock-based compensation			339		
Other				(6)	
Balance at June 30, 2025	947.2	$ 592	$ 7,089	$ 17,376	$ (3,716)

As of June 30, 2026, we had $7.0 billion remaining under our $15.0 billion share repurchase program authorized in December 2024. We retire shares once we repurchase them.

The following table summarizes the activity related to each component of accumulated other comprehensive income (loss) during the three months ended June 30, 2026 and 2025:

	Foreign Currency Translation[1]	Retirement Benefit Plans	Other	Accumulated Other Comprehensive Loss
Balance at March 31, 2026	**$ (1,099)**	**$ (1,989)**	**$ 254**	**$ (2,833)**
Other comprehensive income (loss)	**44**	**32**	**(4)**	**72**
Balance at June 30, 2026	**$ (1,055)**	**$ (1,957)**	**$ 250**	**$ (2,761)**
Balance at March 31, 2025	$ (1,824)	$ (2,182)	$ 230	$ (3,775)
Other comprehensive income (loss)	66	(12)	5	59
Balance at June 30, 2025	$ (1,758)	$ (2,193)	$ 235	$ (3,716)

[1] Includes the impact of foreign currency transactions designated as net investment hedges. See Note 8 for additional information.

The following table summarizes the activity related to each component of accumulated other comprehensive income (loss) during the six months ended June 30, 2026 and 2025:

	Foreign Currency Translation[1]	Retirement Benefit Plans	Other	Accumulated Other Comprehensive Loss
Balance at December 31, 2025	**$ (1,149)**	**$ (1,987)**	**$ 255**	**$ (2,880)**
Other comprehensive income (loss)	**94**	**30**	**(5)**	**119**
Balance at June 30, 2026	**$ (1,055)**	**$ (1,957)**	**$ 250**	**$ (2,761)**
Balance at December 31, 2024	$ (2,390)	$ (2,179)	$ 246	$ (4,322)
Other comprehensive income (loss)	632	(15)	(12)	606
Balance at June 30, 2025	$ (1,758)	$ (2,193)	$ 235	$ (3,716)

[1] Includes the impact of foreign currency transactions designated as net investment hedges. See Note 8 for additional information.

Note 11: Segment Information

We operate as a single reportable segment engaged in the discovery, development, manufacturing, marketing, and sales of pharmaceutical products worldwide. A global research and development organization and a supply chain organization are responsible for the discovery, development, manufacturing, and supply of our products. Our commercial organizations market, distribute, and sell the products. The business is also supported by global corporate staff functions. Our determination that we operate as a single segment is consistent with the nature of our operations and the financial information regularly reviewed by the chief executive officer, in his capacity as the chief operating decision maker (CODM), for the purposes of evaluating performance, allocating resources, setting incentive compensation targets, and planning and forecasting for future periods.

Our purpose is to unite caring with discovery to create medicines that make life better for people around the world. Our long-term success is significantly dependent on our ability to research and develop innovative medicines. The CODM uses consolidated net income to assess performance of our company, ensuring that we are investing in future research and development while efficiently delivering products to patients. The CODM allocates research and development resources based upon several factors, including the likelihood of technical success, unmet medical needs, and the viability of commercial success. A significant component of the CODM's decision-making process is to ensure a balanced investment in our research and development portfolio to drive near-term success and sustain for the long-term.

The following table summarizes information for our single reportable segment, including significant segment expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	**$ 22,974**	$ 15,558	**$ 42,773**	$ 28,286
Less:				
Cost of sales	**3,268**	2,448	**6,845**	4,672
Early-stage research and development[1]	**1,450**	1,156	**2,715**	2,146
Late-stage research and development[1]	**2,368**	2,180	**4,613**	3,924
Marketing, selling, and administrative	**3,430**	2,753	**6,364**	5,221
Acquired in-process research and development	**2,776**	154	**3,360**	1,726
Other segment items[2]	**2,587**	1,207	**4,384**	2,177
Net income	**$ 7,095**	$ 5,661	**$ 14,491**	$ 8,420
Interest expense	**$ 345**	$ 249	**$ 677**	$ 493
Expenditures for long-lived assets[3]	**2,906**	1,985	**5,344**	3,502

[1] Early-stage research and development primarily includes costs incurred from discovery through Phase 2 clinical trials. Late-stage research and development primarily includes costs incurred from Phase 3 clinical trials.
[2] Other segment items primarily include income taxes.
[3] Includes expenditures for property and equipment and computer software costs.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

(Tables present dollars in millions, except per-share data, and numbers may not add due to rounding)

General

Management's discussion and analysis of results of operations and financial condition is intended to assist the reader in understanding and assessing significant changes and trends related to our results of operations and financial position. This discussion and analysis should be read in conjunction with the consolidated condensed financial statements and accompanying footnotes in Part I, Item 1 of this Quarterly Report on Form 10-Q. Certain statements in this Part I, Item 2 of this Quarterly Report on Form 10-Q constitute forward-looking statements. Various risks and uncertainties, including those discussed in "Forward-Looking Statements" in this Quarterly Report on Form 10-Q and "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025, may cause our actual results, financial position, and cash generated from operations to differ from these forward-looking statements.

EXECUTIVE OVERVIEW

This section provides an overview of our financial results, updates to our clinical development pipeline, and other matters affecting our company and industry.

Financial Results

The following table summarizes certain financial information:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2026	2025	Percent Change	2026	2025	Percent Change
Revenue	**$ 22,974**	$ 15,558	48	**$ 42,773**	$ 28,286	51
Net income	**7,095**	5,661	25	**14,491**	8,420	72
Earnings per share - diluted	**7.94**	6.29	26	**16.19**	9.35	73

Revenue increased for the three and six months ended June 30, 2026, driven primarily by increased volume, partially offset by lower realized prices. The increased volume and the lower realized prices during the three and six months ended June 30, 2026 were primarily driven by Mounjaro and Zepbound.

Net income and earnings per share for the three months ended June 30, 2026 increased primarily due to higher gross margin, partially offset by higher acquired IPR&D charges, asset impairment, restructuring, and other special charges, and marketing, selling, and administrative expenses. Net income and earnings per share for the six months ended June 30, 2026 increased primarily due to higher gross margin, partially offset by higher acquired IPR&D charges, research and development expenses, and marketing, selling, and administrative expenses.

See "Results of Operations" for additional information.

Clinical Development Pipeline Updates

Our long-term success depends on our ability to continually discover or acquire, develop, and commercialize innovative medicines. See "Management's Discussion and Analysis of Results of Operations and Financial Condition—Executive Overview—Clinical Development Pipeline" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2025 for select new molecular entities (NMEs) and new indication line extension (NILEX) products in clinical trials or that were submitted for regulatory review or received regulatory approval in the U.S., European Union (EU), or Japan. The following reflects certain developments since our Annual Report on Form 10-K for the year ended December 31, 2025:

Compound	Development
Orforglipron (Foundayo)	The FDA approved orforglipron for treatment of obesity.
	Submitted orforglipron for type 2 diabetes in the U.S., the EU, and Japan.
Insulin efsitora alfa	The Committee for Medicinal Products for Human Use (CHMP) issued a positive opinion recommending insulin efsitora alfa for the treatment of type 2 diabetes in the EU.
Baricitinib	A Phase 3 trial was initiated for baricitinib for type 1 diabetes.
Eloralintide	A Phase 3 trial was initiated for eloralintide incretin add-on for obesity.
	A Phase 3 trial was initiated for eloralintide for obstructive sleep apnea (OSA).
	A Phase 3 trial was initiated for eloralintide for osteoarthritis (OA) pain.
Retatrutide	Announced that Phase 3 trials for retatrutide for obesity met their primary endpoints.
	Announced that a Phase 3 trial for retatrutide for type 2 diabetes met the primary endpoint.
Brenipatide	A Phase 3 trial was initiated for brenipatide for major depressive disorder.
Sofetabart mipitecan[(1)]	A Phase 3 trial was initiated for sofetabart mipitecan for platinum-sensitive ovarian cancer.

[(1)] The FDA granted Breakthrough Therapy designation for sofetabart mipitecan for the treatment of certain patients with platinum-resistant ovarian cancer. Breakthrough Therapy designation is designed to expedite the development and review of potential medicines that are intended to treat a serious condition when preliminary clinical evidence indicates that the treatment may demonstrate substantial improvement on a clinically significant endpoint(s) over already available therapies.

Other Matters

Trends Affecting Pharmaceutical Pricing, Reimbursement, and Access and Certain Other Regulatory Developments

Global concern over access to, and affordability of, pharmaceutical products continues to drive debate and action, as well as cost containment efforts by governmental authorities and scrutiny of pricing and access disparities. Cost containment measures include the use of mandated discounts, price reporting requirements, mandated reference prices, restrictive formularies, changes to available intellectual property protections, as well as other efforts.

Reforms, initiatives, and other actions, including those that may stem from political initiatives, periods of uneven economic growth or downturns, or as a result of inflation or deflation, trade and other global disputes and interruptions including related to tariffs, trade protection measures, and similar restrictions, the emergence or escalation of, and responses to, international tension and conflicts, or government budgeting priorities, are expected to continue to result in added pressure on cost, pricing, reimbursement, and access for our products.

We have entered into voluntary agreements with the U.S. government in which, among other arrangements, we agreed to lower Medicaid and certain other drug prices for U.S. patients and to launch new medicines with a more balanced pricing approach across developed nations. Under the Medicare GLP-1 Bridge program (Bridge Program), Medicare beneficiaries obtained access to discounted Lilly obesity medicines effective July 1, 2026 through December 31, 2027, and individual state Medicaid programs separately have the option to expand access to these medicines. We continue to engage with the Centers for Medicare & Medicaid Services on long-term Medicare access to obesity medicines. The uptake from this expanded access is unknown. Moreover, the outcome of these arrangements and broader U.S. policy efforts to align domestic pharmaceutical pricing with international benchmarks from countries with competing healthcare cost containment priorities is uncertain and could negatively impact our pricing strategies, product demand or access, or competitive positioning across global markets, and may result in reduced revenue in certain markets.

Other policies, regulations, legislation, or enforcement, including those proposed or pursued by lawmakers, regulators, and other authorities in the U.S. and worldwide, have and may continue to adversely impact our business and consolidated results of operations.

The Inflation Reduction Act of 2022 (IRA) requires HHS to effectively set prices for certain single-source drugs and biologics reimbursed under Medicare Part B and Part D. Currently, these government prices generally apply beginning at nine years (for medicines approved under a New Drug Application) or thirteen years (for medicines approved under a Biologics License Application) following FDA approval or licensure for the molecule. HHS selected Jardiance, which is part of our collaboration with Boehringer Ingelheim, in August 2023 (effective 2026), and selected Trulicity and Verzenio in January 2026 (to be effective 2028), as medicines subject to government-set prices. Given our product portfolio, we expect other significant products will be selected in future years. The IRA has, and will continue to, meaningfully influence our business strategies and those of our competitors and could significantly impact our business and consolidated results of operations.

The U.S. and other countries have imposed or reached alignment on tariffs. In some cases, imposed tariffs have been paused but may come into effect quickly and unpredictably. While Lilly and pharmaceuticals are exempt from certain of these tariffs, such exemptions may expire, be terminated or may not apply to any future tariffs. The precise impact of tariffs, trade protection measures, and other restrictions depends on their ultimate scope, timing, and other factors. If enacted, additional restrictions could result in supply disruptions or delays, further increase costs, or otherwise have a negative impact on our business.

Private payers and pharmacy benefit managers in the U.S. continue to significantly impact the market for pharmaceuticals through negotiation of access, manufacturer price or rebate concessions and pharmacy reimbursement rates. Restrictive or unfavorable pricing, coverage, or reimbursement determinations for our medicines or product candidates by governments, regulatory agencies, courts, or private actors have and may continue to adversely impact our business and consolidated results of operations. In addition, we are engaged in litigation, investigations, and discussions with government entities related to government programs (including the 340B program), access to medicine, pricing, product safety, and other matters that could negatively impact our business and consolidated results of operations. It is not currently possible to predict the overall potential adverse impact to us or the general pharmaceutical industry of continued cost containment efforts worldwide.

In addition, regulatory issues concerning compliance with current Good Manufacturing Practices, quality assurance, safety signals, evolving standards, and increased scrutiny around excipients and potential impurities such as nitrosamines, and similar regulations and standards (and comparable foreign regulations and standards) for our products in some cases lead to regulatory and legal actions, product recalls and seizures, fines and penalties, interruption of production leading to product shortages, import bans or denials of import certifications, inability to realize the benefit of capital expenditures, or delays or denials in new product approvals, line extensions or supplemental approvals of current products pending resolution of the issues, or other negative impacts, any of which result in reputational harm or adversely affect our business.

Incretin Medicines

Mounjaro and Zepbound accounted for 65 percent of our total revenue for the six months ended June 30, 2026, and we expect cardiometabolic health products will continue to represent a significant and growing portion of our business, revenue, and prospects. In the first quarter of 2026, we finalized drug pricing agreements with the U.S. government, including Medicare access to discounted Lilly obesity medicines under the Bridge Program.

In the second quarter of 2026, we launched Foundayo (orforglipron) in the U.S. for the treatment of obesity and submitted orforglipron to the FDA for type 2 diabetes. Internationally, we have launched Mounjaro and submitted orforglipron for the treatment of obesity and/or type 2 diabetes in all major markets. To support anticipated demand for our current and prospective products, we have undertaken significant manufacturing expansion initiatives. Additional capacity is expected to become operational over the next several years.

We expect our near-term financial performance will be impacted by, among other factors, the timing of additional potential regulatory approvals for orforglipron, as well as the demand and pace of uptake in new incretin channels and markets, including in U.S. Medicare for Zepbound and Foundayo. More generally, incretin volume fluctuations due to channel dynamics or demand can have a disproportionate impact on our results of operations in any given period. Longer term, the durability of our cardiometabolic health product offerings and sustainability of our growth and prospects will depend on our ability to maintain or strengthen our competitive position as the therapeutic landscape evolves and to deliver further innovations that provide sufficient value to sustain our growth momentum.

We continue to see the production, marketing, and sale of counterfeit, misbranded, adulterated, and mass-compounded incretins. These practices may impact patient safety and undermine regulatory drug approval processes. While the FDA confirmed in late 2024 that the previous shortage of tirzepatide had ended and that compounding pharmacies are required to cease mass production, we cannot guarantee adequate regulation or compliance. Lilly will continue to consider all options, including filing lawsuits where appropriate, to address unlawful practices and the patient safety risks of unapproved, untested, and manipulated drugs.

Tax Matters

We are subject to income taxes and various other taxes in the U.S. and in many foreign jurisdictions; therefore, changes in both domestic and international tax laws or regulations have affected and may affect our effective tax rate, results of operations, and cash flows. The U.S. and countries around the world are actively proposing and enacting tax law changes. Further, actions taken with respect to tax-related matters by associations such as the Organisation for Economic Co-operation and Development and the European Commission could influence tax laws in countries in which we operate. Tax authorities in the U.S. and other jurisdictions in which we do business routinely examine our tax returns and are expected to increase their scrutiny of cross-border tax issues. Additionally, we are subject to increasing tax disclosure obligations globally that could heighten our audit risk. Changes to existing U.S. and foreign tax laws and increased scrutiny by tax authorities in the U.S. and other jurisdictions could have a material adverse impact on our future consolidated results of operations and cash flows.

Acquisitions

We invest in external research and technologies and manufacturing capabilities that we believe complement and strengthen our own efforts. These investments can take many forms, including acquisitions, collaborations, investments, and licensing arrangements. We view business development activity as an important component of our research and development strategy.

Continued regulatory focus on business combinations in our industry, including by the Federal Trade Commission and competition authorities in Europe and other jurisdictions, could continue to delay, jeopardize, or increase the costs of our business development activities and may negatively impact our consolidated financial position or results of operations.

Foreign Currency Exchange Rates

As a global company, we face foreign currency risk exposure from fluctuating currency exchange rates, primarily the U.S. dollar against the euro, Japanese yen, and Chinese yuan. While we seek to manage a portion of these exposures through hedging and other risk management techniques, significant fluctuations in currency rates can have a material impact, either positive or negative, on our consolidated results of operations in any given period. There is uncertainty in the future movements in foreign currency exchange rates, and fluctuations in these rates have and could adversely impact our consolidated results of operations and cash flows.

Other Factors

Other factors have had, and may continue to have, an impact on our consolidated results of operations. See "Business" in Part I, Item 1 and "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025 and Notes 4 and 9 to the consolidated condensed financial statements for additional information and risks and uncertainties that could impact our business and operations, including the matters described within this Executive Overview.

RESULTS OF OPERATIONS

Revenue

The following table summarizes our revenue activity by region:

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2026	2025		2026	2025	
U.S.	**$ 14,413**	$ 10,814	33	**$ 26,532**	$ 19,304	37
Outside U.S.	**8,561**	4,743	80	**16,241**	8,983	81
Revenue	**$ 22,974**	$ 15,558	48	**$ 42,773**	$ 28,286	51

The following are components of the change in revenue compared with the prior year:

	Three Months Ended June 30, 2026 vs. 2025			Six Months Ended June 30, 2026 vs. 2025		
	U.S.	Outside U.S.	Consolidated	U.S.	Outside U.S.	Consolidated
Volume	37 %	113 %	60 %	42 %	104 %	62 %
Price	(3)	(36)	(13)	(5)	(31)	(13)
Foreign exchange rates	—	4	1	—	7	2
Percent change	33 %	80 %	48 %	37 %	81 %	51 %

In the U.S. for the three and six months ended June 30, 2026, the volume increase was primarily driven by Zepbound and Mounjaro. In the U.S. for the three and six months ended June 30, 2026, the lower realized prices were primarily driven by Zepbound and Mounjaro, partially offset by adjustments to estimates for rebates and discounts primarily driven by Trulicity, Mounjaro, and Zepbound.

Outside the U.S. for the three and six months ended June 30, 2026, the volume increase was driven by Mounjaro, and the lower realized prices were primarily driven by the addition of Mounjaro to the National Reimbursement Drug List (NRDL) in China.

The following table summarizes our revenue, including net product revenue and collaboration and other revenue, by product for the three months ended June 30, 2026 and 2025:

	Three Months Ended June 30,				
	2026			2025	
	U.S.	Outside U.S.	Total	Total	Percent Change
Mounjaro	**$ 4,791**	**$ 5,152**	**$ 9,943**	$ 5,199	91
Zepbound[1]	**4,873**	**55**	**4,928**	3,381	46
Verzenio	**845**	**629**	**1,474**	1,489	(1)
Jardiance[2]	**616**	**615**	**1,232**	690	79
Trulicity	**908**	**312**	**1,219**	1,092	12
Taltz	**539**	**317**	**856**	848	1
Other	**1,842**	**1,481**	**3,322**	2,859	16
Revenue	**$ 14,413**	**$ 8,561**	**$ 22,974**	$ 15,558	48

[1] Tirzepatide is marketed for obesity under the brand name Zepbound in Canada, Japan, and the U.S.
[2] Jardiance revenue includes Glyxambi, Synjardy, and Trijardy XR.

The following table summarizes our revenue, including net product revenue and collaboration and other revenue, by product for the six months ended June 30, 2026 and 2025:

	Six Months Ended June 30,				
	2026			2025	
	U.S.	Outside U.S.	Total	Total	Percent Change
Mounjaro	**$ 9,024**	**$ 9,582**	**$ 18,605**	$ 9,041	106
Zepbound[1]	**9,006**	**81**	**9,088**	5,693	60
Verzenio	**1,551**	**1,224**	**2,776**	2,648	5
Jardiance[2]	**1,128**	**1,218**	**2,346**	1,704	38
Trulicity	**1,508**	**630**	**2,138**	2,187	(2)
Taltz	**956**	**632**	**1,588**	1,610	(1)
Other	**3,359**	**2,873**	**6,233**	5,403	15
Revenue	**$ 26,532**	**$ 16,241**	**$ 42,773**	$ 28,286	51

[1] Tirzepatide is marketed for obesity under the brand name Zepbound in Canada, Japan, and the U.S.
[2] Jardiance revenue includes Glyxambi, Synjardy, and Trijardy XR.

Revenue of Mounjaro increased 45 percent and 51 percent in the U.S. during the three and six months ended June 30, 2026, respectively, reflecting strong demand, partially offset by lower realized prices. Lower realized prices in the U.S. were partially offset by adjustments to estimates for rebates and discounts during the three and six months ended June 30, 2026. Revenue outside the U.S. during the three and six months ended June 30, 2026 was $5.2 billion and $9.6 billion, respectively, compared to $1.9 billion and $3.1 billion during the three and six months ended June 30, 2025, respectively, primarily driven by volume growth, partially offset by lower realized prices driven by the addition of Mounjaro to the NRDL in China.

Revenue of Zepbound increased 44 percent and 58 percent in the U.S. during the three and six months ended June 30, 2026, respectively, primarily driven by strong demand, partially offset by lower realized prices, including previously announced reductions in cash-pay prices. Lower realized prices were partially offset by adjustments to estimates for rebates and discounts during the three and six months ended June 30, 2026.

Gross Margin, Costs, and Expenses

The following table summarizes our gross margin, costs, and expenses:

	Three Months Ended June 30,		Percent Change	Six Months Ended June 30,		Percent Change
	2026	2025		2026	2025	
Gross margin	**$ 19,706**	$ 13,110	50	**$ 35,928**	$ 23,614	52
Gross margin as a percent of revenue	**85.8 %**	84.3 %		**84.0 %**	83.5 %	
Research and development	**$ 3,819**	$ 3,336	14	**$ 7,329**	$ 6,070	21
Marketing, selling, and administrative	**3,430**	2,753	25	**6,364**	5,221	22
Acquired IPR&D	**2,776**	154	NM	**3,360**	1,726	95
Asset impairment, restructuring, and other special charges	**703**	—	NM	**982**	35	NM
Income taxes	**2,152**	1,116	93	**3,606**	1,813	99
Effective tax rate	**23.3 %**	16.5 %		**19.9 %**	17.7 %	

NM - not meaningful

Gross margin as a percent of revenue for the three months ended June 30, 2026 increased 1.5 percentage points, primarily driven by improved cost of production and favorable product mix, partially offset by lower realized prices. Gross margin as a percent of revenue for the six months ended June 30, 2026 increased 0.5 percentage points, primarily driven by improved cost of production, partially offset by lower realized prices.

Research and development expenses increased 14 percent and 21 percent for the three and six months ended June 30, 2026, respectively, driven by continued investments in our early and late-stage portfolio.

Marketing, selling, and administrative expenses increased 25 percent and 22 percent for the three and six months ended June 30, 2026, respectively, primarily driven by promotional efforts supporting ongoing and planned launches.

Acquired IPR&D charges for the three and six months ended June 30, 2026 were primarily related to the acquisitions of Orna and Ajax. Acquired IPR&D charges for the six months ended June 30, 2025 were primarily related to the acquisition of Scorpion's PI3Kα inhibitor program, STX-478. See Note 4 to the consolidated condensed financial statements for additional information.

Asset impairment, restructuring, and other special charges for the three and six months ended June 30, 2026 were primarily related to the accelerated vesting of employee equity awards and other acquisition and integration costs associated with the closing of our acquisitions of business combinations. In addition, asset impairment, restructuring, and other special charges recognized during the six months ended June 30, 2026 included charges related to litigation matters. See Note 4 and Note 9 to the consolidated condensed financial statements for additional information.

The effective tax rates were 23.3 percent and 16.5 percent for the three months ended June 30, 2026 and 2025, respectively. The higher tax rate for the three months ended June 30, 2026 was primarily driven by the unfavorable tax impact of nondeductible acquired IPR&D charges and, to a lesser extent, a mix of earnings in higher tax jurisdictions and the unfavorable tax impact of asset impairment, restructuring, and other special charges.

The effective tax rates were 19.9 percent and 17.7 percent for the six months ended June 30, 2026 and 2025, respectively. The higher tax rate for the six months ended June 30, 2026 was primarily driven by a mix of earnings in higher tax jurisdictions and the unfavorable tax impact of asset impairment, restructuring, and other special charges. The effective tax rates in both periods were unfavorably impacted by nondeductible acquired IPR&D charges.

FINANCIAL CONDITION AND LIQUIDITY

We believe our available cash and cash equivalents, together with our ability to generate operating cash flow and our access to short-term and long-term borrowings, are sufficient to fund our existing and planned capital requirements. For a discussion of our capital requirements, see "Management's Discussion and Analysis of Results of Operations and Financial Condition" in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2025.

We are making investments in global facilities to manufacture existing and future products. These investments, and other capital investments that support our operations, have increased our capital expenditures and will result in meaningfully higher capital expenditures in the near term.

Cash and cash equivalents increased to $9.0 billion as of June 30, 2026, compared with $7.3 billion as of December 31, 2025. Refer to the consolidated condensed statements of cash flows for additional information on the significant sources and uses of cash for the six months ended June 30, 2026 and 2025.

In addition to our cash and cash equivalents, we held total investments of $3.9 billion and $2.9 billion as of June 30, 2026 and December 31, 2025, respectively. As of June 30, 2026, we had approximately $806 million of unfunded commitments to invest in venture capital funds, which we anticipate will be paid over a period of up to 10 years. See Note 8 to the consolidated condensed financial statements for additional information.

In May 2026, we issued long-term debt totaling $9.0 billion and used the net cash proceeds from this offering for general corporate purposes, including the repayment of outstanding commercial paper and the funding of a portion of the upfront cash consideration and related fees and expenses payable in connection with our acquisitions of Centessa and Kelonia. See Note 8 to the consolidated condensed financial statements for additional information.

We paid $13.3 billion in 2026 related to business development activity, primarily driven by the acquisitions of Centessa, Kelonia, Orna, Ventyx, and Ajax. See Note 4 to the consolidated condensed financial statements for additional information.

In July 2026, we paid approximately $2.0 billion to acquire companies to build an infectious disease portfolio. See Note 4 to the consolidated condensed financial statements for additional information. In addition, we have entered into an agreement to acquire AtaiBeckley Inc., subject to closing conditions. The potential amount payable at closing for this pending acquisition is approximately $2.8 billion.

As of June 30, 2026, total debt was $54.9 billion, an increase of $12.4 billion compared with $42.5 billion as of December 31, 2025.

As of June 30, 2026, we had a total of $10.1 billion of unused committed bank credit facilities, $10.0 billion of which is available to support our commercial paper program. We believe that amounts accessible through existing commercial paper markets or other sources should be adequate to fund short-term borrowing needs.

During the six months ended June 30, 2026, we repurchased $4.0 billion of shares under our $15.0 billion share repurchase program authorized in December 2024. As of June 30, 2026, we had $7.0 billion remaining under this program.

During the six months ended June 30, 2026, we paid dividends of $3.1 billion, or $3.46 per share, to our shareholders.

Both domestically and abroad, we monitor the potential impacts of the economic environment and international tension and conflicts; the creditworthiness of our wholesalers and other customers, including foreign government-backed agencies and suppliers; the uncertain impact of healthcare legislation; various international government funding levels; and fluctuations in interest rates, foreign currency exchange rates (see "Executive Overview—Other Matters—Foreign Currency Exchange Rates"), and fair values of equity securities.

CRITICAL ACCOUNTING ESTIMATES

For a discussion of our critical accounting estimates, refer to "Management's Discussion and Analysis of Results of Operations and Financial Condition" in Part II, Item 7 and the notes to our consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2025. See also Note 1 to the consolidated condensed financial statements. There have been no material changes to our critical accounting estimates since our Annual Report on Form 10-K for the year ended December 31, 2025.

AVAILABLE INFORMATION ON OUR WEBSITE

We make available through our company website, free of charge, our company filings with the Securities and Exchange Commission (SEC) as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. The reports we make available include annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, registration statements, and any amendments to those documents.

The website link to our SEC filings is **investor.lilly.com/financial-information/sec-filings**.

We routinely post important information for investors in the “Investors” section of our website, www.lilly.com. We may use our website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the “Investors” section of our website, in addition to following our press releases, filings with the SEC, public conference calls, presentations, and webcasts. We and our executive officers may also use social media channels to communicate with investors and the public about our business, products and other matters, and those communications could be deemed to be material information. The information contained on, or that may be accessed through, our website or our or our executive officers' social media channels, is not incorporated by reference into, and is not a part of, this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For a discussion of our market risk, see “Quantitative and Qualitative Disclosures About Market Risk” in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures*. Under applicable SEC regulations, management of a reporting company, with the participation of the principal executive officer and principal financial officer, must periodically evaluate the company's "disclosure controls and procedures," which are defined generally as controls and other procedures of a reporting company designed to ensure that information required to be disclosed by the reporting company in its periodic reports filed with the SEC (such as this Quarterly Report on Form 10-Q) is recorded, processed, summarized, and reported on a timely basis.

Our management, with the participation of David Ricks, president and chief executive officer, and Lucas Montarce, executive vice president and chief financial officer, evaluated our disclosure controls and procedures (as such terms are defined in our Annual Report on Form 10-K for the year ended December 31, 2025) as of June 30, 2026, and concluded that they were effective.

(b) *Changes in Internal Controls.* During the second quarter of 2026, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

We are a party to various currently pending legal actions, government investigations, and environmental proceedings. See Note 9 to the consolidated condensed financial statements for information on various legal proceedings.

This Item should be read in conjunction with "Legal Proceedings" in Part I, Item 3 of our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 1A. Risk Factors

Our material risk factors are disclosed in "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025. There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes the activity related to repurchases of our equity securities during the three months ended June 30, 2026:

	Total Number of Shares Purchased (in thousands)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (in thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
April 2026	1,435	$ 970.21	1,435	$ 7,180
May 2026	34	1,005.33	34	7,146
June 2026	154	1,019.77	154	6,989
Total	1,623	975.65	1,623	

During the three months ended June 30, 2026, we repurchased $1.6 billion of shares under our $15.0 billion share repurchase program that our board authorized in December 2024.

Item 5. Other Information

On May 11, 2026, Donald Zakrowski, senior vice president, finance, and chief accounting officer, adopted a sales plan (Plan). The Plan was entered into during an open trading window and is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act of 1934 and our policies regarding trading in our securities. The Plan calls for the sale of up to 2,000 shares of company common stock between August 10, 2026 and May 10, 2027 subject to the terms and conditions of the Plan.

Item 6. Exhibits

The following documents are filed as a part of this Quarterly Report:

Exhibit	Description
3.1	Amended Articles of Incorporation, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 4, 2022
3.2	Bylaws, as amended, incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 4, 2022
10.1	The Lilly Directors' Deferral Plan, as amended[(1)]*
31.1	Rule 13a-14(a) Certification of David Ricks, Chair, President, and Chief Executive Officer*
31.2	Rule 13a-14(a) Certification of Lucas Montarce, Executive Vice President and Chief Financial Officer*
32	Section 1350 Certification*
101	Interactive Data Files (embedded within the Inline XBRL document)*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)*

(1) Indicates management contract or compensatory plan.
* Filed herewith.

Long-term debt instruments under which the total amount of securities authorized does not exceed 10 percent of our consolidated assets are not filed as exhibits to this Quarterly Report. We will furnish a copy of these agreements to the Securities and Exchange Commission upon request.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

ELI LILLY AND COMPANY
(Registrant)

Date: August 5, 2026 /s/ Lucas Montarce
Lucas Montarce
Executive Vice President and Chief Financial Officer

Date: August 5, 2026 /s/ Donald Zakrowski
Donald Zakrowski
Senior Vice President, Finance, and Chief Accounting Officer

Exhibit 10.1 The Lilly Director's Deferral Plan, as amended

ELI LILLY AND COMPANY

THE LILLY DIRECTORS' DEFERRAL PLAN
(as Amended and Restated Effective May 27, 2026)

Preamble

The Lilly Directors' Deferral Plan has been established by the Company for the purpose of providing an opportunity for Directors of the Company who are not salaried employees of the Company to voluntarily defer receipt of some or all of their meeting fees and retainer and to share in the long-term growth of the Company by acquiring, on a deferred basis, an ownership interest in the Company. Subject to adjustment as provided in Section 5(f), and contingent upon receiving approval of the Company's shareholders, effective January 1, 2017, the aggregate number of shares of Eli Lilly and Company common stock that may be issued or transferred under this Plan is 1,500,000. For the period beginning April 29, 2003, and ending December 31, 2016, the aggregate number of authorized shares was 750,000. Shares issued under the Plan may be authorized and unissued shares or treasury shares.

The Plan constitutes a plan of unfunded deferred compensation and is intended to comply with the requirements of Section 409A. Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

For the rules that apply to the distribution of amounts that are grandfathered for purposes of application of Section 409A (i.e., amounts deferred and applicable earnings under the Plan prior to 2005), see Appendix A.

This amendment and restatement of the Plan is effective January 1, 2025.

Section 1. Definition of Terms

The following terms used in the Plan shall have the meanings set forth below:

(a) "Account" means one or more deferred compensation accounts maintained for each Participant under the Plan. A Participant's Account shall consist of a Deferred Compensation Account and the Deferred Stock Account as described in Section 5 hereof.

(b) "Annual Allocation Date" means the date as of which the annual allocation of Shares described in Section 5(c) is credited to the Deferred Stock Account, which shall be as soon as administratively feasible after the Annual Valuation Date, but in no event later than the last Business Day in November of the applicable Plan Year.

(c) "Annual Valuation Date" means the Valuation Date in November of each Plan Year, on which the annual allocation of Shares referenced in Section 5(c) is valued.

(d) "Beneficiary" means the person or persons who are designated by the Participant or are otherwise entitled to receive benefits under the Plan in the event of the Participant's death, as provided in Section 6(d) hereof.

(e) "Board" means the Board of Directors of the Company.

(f) "Business Day" means a day on which the Company's corporate headquarters are open for regular business.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Company" means Eli Lilly and Company, an Indiana corporation.

(i) "Deferral Amount" means the amount of a Participant's Monthly Compensation that is elected by a Participant for deferral under the Plan.

(j) "Deferred Compensation Account" means the bookkeeping account described in Section 5(a)(i). A sub-account shall be established within the Deferred Compensation Account for each Plan Year in which a Deferred Stock Participant elects to defer compensation into the Deferred Compensation Account in accordance with Section 4(a).

(k) "Deferred Stock Account" means the bookkeeping account described in Section 5(a)(ii). A sub-account shall be established within the Deferred Stock Account for each Plan Year in which a Deferred Stock Participant elects to defer compensation into the Deferred Stock Account in accordance with Section 4(a) or receives allocations of Shares under Section 5, to hold the Shares allocated during such Plan Year.

(l) "Deferred Stock Participant" means a Director who is not a salaried employee of the Company.

(m) "Director" means a member of the Board of Directors of the Company.

(n) "Dividend Payment Date" means the date as of which the Company pays a cash dividend on Shares.

(o) "Dividend Record Date" means the date established by the Board of Directors as the record date for determining shareholders entitled to the dividend with respect to any Dividend Payment Date.

(p) "Election Form" means the written or electronic form or forms provided by the Plan Administrator and completed by the Participant specifying the Participant's election to defer Monthly Compensation pursuant to Section 4 and setting forth the Participant's Beneficiary designation and the terms of distribution of the Participant's Deferred Compensation Account and/or Deferred Stock Account pursuant to Section 6.

(q) "Investment Election Form" means the form provided to the Participant by the Plan on which the Participant specifies the Investment Funds in which the Participant's Account(s) are to be deemed to be invested.

(r) "Investment Fund(s)" means one or more of the funds selected by the Plan Administrator pursuant to Section 5(e).

(s) "Monthly Compensation" means the monthly retainer and the aggregate of all other fees and retainers, including, but not limited to, meeting fees, committee fees and committee chairperson fees to which a Director is entitled for services rendered to the Company as a Director during the month, as established from time to time by resolution of the Board of Directors. For avoidance of doubt, Monthly Compensation does not include stock options granted to Directors or the Shares allocated pursuant to Section 5 of this Plan.

(t) "Monthly Deferral Participant" means a Director who is not a salaried employee of the Company and who elects to defer all or part of his or her Monthly Compensation pursuant to the Plan in accordance with Section 4 hereof.

(u) "Participant" means any current or former Director with an outstanding Account balance in the Plan.

(v) "Plan" means The Lilly Directors' Deferral Plan, as amended and restated herein.

(w) "Plan Administrator" means the Directors and Corporate Governance Committee of the Board of Directors, or any successor committee of the Board of Directors that is charged with matters relating to the compensation of non-employee directors. Except with respect to Section 5(f) of this Plan, the Plan Administrator may at its discretion delegate any of its responsibilities to one or more individuals provided that such delegation is in accordance with applicable laws.

(x) "Plan Year" means the calendar year from January 1 through December 31 with respect to which compensation eligible for deferral under the Plan is earned.

(y) "Rate of Return" means, for each Investment Fund, an amount equal to the net gain or net loss (expressed as a percentage) on the assets of that Investment Fund.

(z) "Section 409A" means section 409A of the Code and the Treasury regulations and other official guidance promulgated thereunder.

(aa) "Separation from Service" means a "separation from service" within the meaning of Section 409A.

(bb) "Share" means a share of common stock of the Company.

(cc) "Unforeseeable Emergency" means a severe financial hardship of a Participant resulting from an illness or accident of such Participant or Beneficiary, such Participant's spouse or a dependent (as defined in section 152(a) of the Code) of such Participant, loss of such Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of such Participant, each as determined in the manner consistent with Section 409A, and any other event or circumstance within the meaning of the term "unforeseeable emergency" under Section 409A.

(dd) "Valuation Date" means for any month, the third Monday of the month, or if Shares are not traded on the New York Stock Exchange on such third Monday, the next day on which Shares are traded on the New York Stock Exchange.

Section 2. Plan Administrator

(a) Authority. The Plan Administrator shall have full authority to administer the Plan in accordance with its terms and to exercise all responsibilities and authorities as provided herein, including the discretionary authorities to determine the terms and conditions of deferrals of compensation under the Plan, to determine the terms and conditions of crediting to and distributing from Accounts under the terms of the Plan, and to adopt such rules and regulations for administering the Plan as it may deem necessary or appropriate. The Plan Administrator has the discretionary authority to interpret and construe all provisions of the Plan, to remedy possible ambiguities, inconsistencies, or omissions under the Plan, and to resolve all questions of fact arising under the Plan. The decisions of the Plan Administrator shall be final, binding and conclusive on all parties. No member of the Board, the Plan Administrator nor any officers of the Company shall have any liability for any action or determination taken under the Plan.

(b) Delegation. The appropriate officer(s) of the Company as designated by the Plan Administrator are authorized to act on behalf of the Plan Administrator for the day-to-day administration of the Plan, subject to the authority of the Plan Administrator.

Section 3. Participation

The Plan Administrator may require a Participant to comply with such terms and conditions as the Plan Administrator may specify in order for the Participant to participate in the Plan.

Section 4. Elections to Participate

(a) Deferral Elections. A Monthly Deferral Participant in the Plan may file an Election Form with the Plan Administrator on or before the date specified in accordance with Section 4(c) hereof. The Election Form shall permit the Monthly Deferral Participant to specify the Deferral Amount, subject to a minimum annual Deferral Amount of five thousand dollars ($5,000), for the deferral of Monthly Compensation, or such amounts as may be specified by the Plan Administrator in its sole discretion, and whether such Deferral Amount shall be credited in cash to his or her Deferred Compensation Account or in Shares to his or her Deferred Stock Account, pursuant to Section 5(a) hereof. The Election Form shall also set forth the terms of distribution of the Participant's Account in accordance with Section 6 hereof and the Participant's Beneficiary designation. All elections to defer compensation under the Plan are irrevocable, and no changes to any Election Form delivered to the Plan Administrator shall be permitted, except as specifically provided under the terms of the Plan.

(b) Maximum Deferrals. A Monthly Deferral Participant may elect a Deferral Amount of up to 100% of the Participant's Monthly Compensation for a Plan Year. One hundred percent (100%) of any annual allocation of Shares earned pursuant to Section 5(c) will be automatically credited to a Deferred Stock Participant's Deferred Stock Account.

(c) Timing and Effect of Elections. Unless otherwise specified by the Plan Administrator in accordance with the requirements of Section 409A, deferral elections on an Election Form shall be made:

(i) In the case of Monthly Compensation or an annual Share allocation not qualifying as "performance-based compensation" within the meaning of Section 409A, prior to the beginning of the Plan Year with respect to which the compensation is earned; and

(ii) In the case of Monthly Compensation or an annual Share allocation which the Plan Administrator has determined qualifies as "performance-based compensation" within the meaning of Section 409A, no later than June 30th of the applicable Plan Year with respect to which the compensation is earned.

Deferral elections shall apply to Monthly Compensation and annual Share allocations with respect to the Plan Year for which the elections are made. Participants will be required to make deferral elections for future Plan Years at such times to be specified by the Plan Administrator in accordance with the foregoing. If a Participant does not file an Election Form with the Plan Administrator on or before the deadline established by the Plan Administrator for deferral elections for a Plan Year, a Participant will be deemed not to have elected to defer Monthly Compensation for such Plan Year, as applicable. Notwithstanding the foregoing, in the first year in which an individual who is newly elected or appointed to serve as a Director becomes eligible to participate in the Plan, such individual may, not later than thirty (30) days after the date he or she becomes eligible to participate in the Plan, elect in accordance with the preceding provisions of this Section 4, to defer the receipt of Monthly Compensation and set forth the terms of

distribution of the individual's Account with respect to services to be performed after the filing of the election with the Company.

Section 5. Accounts and Interest Credits

(a) Participant Accounts. Accounts shall be maintained for each Participant under the Plan:

(i) Deferred Compensation Account – The Company shall maintain a Deferred Compensation Account in the name of each Monthly Deferral Participant who elects to have a Deferral Amount credited in cash pursuant to Section 4 hereof for a given Plan Year. The Deferred Compensation Account shall be denominated in U.S. dollars, rounded to the nearest whole cent. For each month, Deferral Amounts allocated to a Deferred Compensation Account shall be credited to the Deferred Compensation Account as of the last Business Day of the month.

(ii) Deferred Stock Account – The Company shall maintain a Deferred Stock Account for each Deferred Stock Participant and for each Monthly Deferral Participant who elects to have a Deferral Amount credited in Shares. The Deferred Stock Account shall be denominated in Shares and maintained in fractions rounded to such level as determined by the Company, but in no event fewer than three (3) decimal places. Deferral Amounts intended to be allocated to a Deferred Stock Account shall be credited on a monthly basis, as soon as administratively feasible following the Valuation Date for the applicable month, but in no event later than the last Business Day of such month. The annual allocations of Shares for Deferred Stock Participants described in section (c) below shall be credited to the applicable Deferred Stock Account on the Annual Allocation Date. Shares and, if necessary, fractional Shares, shall be credited based upon the closing price of Shares on the New York Stock Exchange on the Valuation Date for that month. Notwithstanding any other provision of the Plan, Shares allocated to a Deferred Stock Account shall be hypothetical and not issued or transferred by the Company until payment is made pursuant to Section 6 hereof.

A Participant's Account shall consist of book entries only and shall not constitute a separate cash or Share fund or other asset held in trust or as security for the Company's obligation to pay the amount of the Account to the Participant. The balance of a Participant's Account shall be adjusted pursuant to this Section 5 and reduced by the amount of applicable tax withholding, distributions and expenses. A Participant's Account may include sub-accounts as the Company considers necessary or advisable for purposes of maintaining a proper accounting of amounts credited or debited for a Participant under the Plan. A Participant shall receive or have on-line access to a statement of such Participant's Account no less frequently than once a year following the end of each Plan Year.

(b) Crediting of Deferral Amount. A Participant who has filed an Election Form with the Plan Administrator for the deferral of Monthly Compensation with respect to a Plan Year shall have the Deferral Amount deducted from the applicable compensation and credited to the Participant's appropriate Account under the Plan. The Deferral Amount so credited shall be reduced by applicable tax withholding, distributions and expenses.

(c) Annual Share Allocation. On the Annual Allocation Date of each Plan Year, there shall be allocated to the Deferred Stock Account of each person who (i) is a Deferred Stock Participant on the Annual Valuation Date of that Plan Year or (ii) was a Deferred Stock Participant at any time subsequent to the last Annual Valuation Date, as part of his or her compensation for service on the Board of Directors, the number of Shares specified from time to time by resolution of the Board of Directors. This allocation shall in no event be more than the lesser of (i) 7,500 Shares or (ii) the number of Shares equal in value to $800,000 minus the director's total cash compensation for the Plan Year (including for this purpose, but not limited to, any cash compensation deferred into this Plan pursuant to an election under Section 4(a) above), as of the Annual Valuation Date.

(d) Pre-2025 Interest Credit. Participant Deferred Compensation Accounts shall be credited with interest computed each Plan Year or portion thereof at a rate equal to 120% of the long-term applicable federal rate, with monthly compounding (as prescribed under section 1274(d) of the Code), as in effect for the month of December for the immediately preceding Plan Year through December 31, 2024 (the "Pre-2025 Interest Credit"). The Pre-2025 Interest Credit accrues on Deferral Amounts deferred by a Participant in their Deferred Compensation Accounts through December 31, 2024, and prior earnings thereon of, credited daily to such accounts (the "Pre-2025 Account"). Unless a Participant submits an election contemplated in section 5(f) upon an earlier date, his or her Pre-2025 Account shall continue to accrue the Pre-2025 Interest Credit until December 31, 2027.

(e) Post-2024 Investment Fund(s). The Plan Administrator shall make available investment options (the "Investment Fund(s)") that serve as benchmark funds under the Plan after January 1, 2025 (the "Post-2024 Investment Fund(s)"). A Participant's Account shall not actually be invested in the Investment Funds and the

Participant shall not be considered a shareholder of any of the Investment Funds he or she selects by virtue of participation in the Plan. Instead, the Participant shall be considered invested in, and his or her Deferral Amounts deferred after January 1, 2025 shall reflect such Investment Fund's Rate of Return (the "Post-2025 Account"). A Participant's election of investments shall be subject to the following rules:

(i) Participants shall make their investment elections on an Investment Election Form provided by the Plan Administrator (an "Investment Election").

(ii) The Investment Election Form completed by the Participant shall apply only to the Deferral Amount being deferred in a single Plan Year and shall specify the Investment Funds in which the deferrals for each such Plan Year are to be deemed to be invested, and the portion (expressed in whole percentage increments) of the deferrals for such Plan Year that are to be deemed to be invested in each such Investment Fund, and shall continue in effect until revoked or changed as permitted by the Plan Administrator.

(f) Pre-2025 Account Transition. On or before December 31, 2027, a Participant must complete an Investment Election Form to select an Investment Fund(s) to apply to his or her Pre-2025 Account as of first day of the following Plan Year. After making such election, a Participant is not permitted to revert to the Pre-2025 Interest Credit earnings method on his or her Pre-2025 Account. Notwithstanding the foregoing, if a Participant does not complete an Investment Election Form for his or her Pre-2025 Account by December 31, 2027, his Pre-2025 Account will be transferred to the Plan's stable value Investment Fund on January 1, 2028.

(g) Cash Dividends. Cash dividends paid on Shares shall be deemed to have been paid on the Shares allocated to each Participant's Deferred Stock Account as if the allocated Shares were actual Shares issued and outstanding on the Dividend Record Date. An amount equal to the amount of such dividends shall be credited in Shares to each Deferred Stock Account as of the last Business Day of each month in which a Dividend Payment Date occurs, based upon the closing price for Shares on the New York Stock Exchange on the Valuation Date for that month.

(h) Capital Adjustments. The number of Shares referred to in the Preamble and Section 5 hereof and the number of Shares allocated to each Deferred Stock Account shall be adjusted by the Plan Administrator, in the event of any subdivision or combination of Shares or any stock dividend, stock split, reorganization, recapitalization, or consolidation or merger with the Company as the surviving corporation, or if additional shares or new or different shares or other securities of the Company or any other issuer are distributed with respect to Shares through a spin-off or other extraordinary distribution.

(i) Vesting of Accounts. A Participant is fully vested in his or her Account.

Section 6. Distribution of Accounts

(a) Distribution upon Separation from Service. A Participant shall specify on an Election Form the manner in which the amounts deferred in the Deferred Compensation Account and the Deferred Stock Account, as applicable, for a Plan Year (and earnings thereon) shall be distributed from the Participant's Account upon the Participant's Separation from Service. All elections are irrevocable, and no changes shall be permitted to any Election Form delivered to the Plan Administrator, except as specifically provided under the terms of the Plan. A Participant may elect, to the extent permitted by the Plan Administrator and set forth on the Election Form, that such portion of the Account be distributed upon a Participant's Separation from Service either in:

(i) Lump Sum payment in January of the second Plan Year following the Plan Year in which the Participant's Separation from Service occurs; or

(ii) Annual Installment payments over a period of two (2) to ten (10) years commencing in January of the second Plan Year following the Plan Year in which the Participant's Separation from Service occurs, with subsequent installment payments to be made in each January within the applicable period.

If a Participant fails to make a timely payment election on the Election Form for a Plan Year, the amounts deferred in the Deferred Compensation Account and the Deferred Stock Account, as applicable, for such Plan Year (and earnings thereon) shall be distributed in a lump sum in accordance with Section 6(a)(i) hereof.

(b) Form of Distributions. All distributions of a Participant's Deferred Compensation Account under the Plan shall be made in cash. Except as provided in Section 6(f), all distributions of a Participant's Deferred Stock Account shall be paid in Shares, at which time the Shares shall be issued or transferred from the books of the Company to the Participant. All Shares to be issued or transferred hereunder may be newly issued or treasury shares. Fractional Shares shall not be issued or transferred to a Participant, provided that in the case of a final payment under the Plan with respect to a Participant, any fraction remaining in the Participant's Deferred Stock

Account shall be rounded up to the next whole Share and that number of whole Shares shall be issued or transferred. The value of the Deferred Stock Account is calculated with reference to the closing price of Shares on the last trading day of the prior Plan Year.

(c) Distribution of Account. The Company shall distribute amounts from the Participant's Deferred Compensation Account and the Deferred Stock Account in the manner and on the date(s) applicable under this Section 6. If the payment option described in Section 6(a)(i) hereof is applicable, the amount of the lump sum shall be calculated using the valuation of the applicable portion of the Participant's Account as of the December 31 preceding the date of the payment. If the payment option described in Section 6(a)(ii) hereof is applicable, the amount of each installment shall be calculated using the valuation of the applicable portion of the Participant's Account as of the December 31 preceding the date of the installment payment divided by the number of installment payments that have not yet been made.

(d) Distribution upon Death. Notwithstanding any election made by a Participant or any other provision of this Section 6 to the contrary, if a Participant dies before full distribution of his or her Account balance, any remaining balance shall be distributed to the Participant's Beneficiary in a lump sum within 90 days following the date of the Participant's death. The amount of such lump sum distribution shall be calculated using the valuation of the Participant's Account as of the date preceding the date of distribution. Any payment required to be made to a Participant under the Plan that cannot be made due to the Participant's death shall be made to the Participant's Beneficiary, subject to applicable law. Each Participant shall have the right to designate one or more Beneficiaries, and to change a Beneficiary designation, from time to time by filing a written notice with the Plan Administrator. In the event that a Beneficiary does not survive the Participant and no successor Beneficiary is selected, or in the event no valid Beneficiary designation has been made, the Participant's Beneficiary shall be the Participant's estate.

(e) Unforeseeable Emergency. Upon the written request of a Participant, the Plan Administrator may permit the Participant to withdraw some or all of the Participant's Account for the purpose of enabling the Participant to meet the immediate needs created by an Unforeseeable Emergency. The circumstances that will constitute an Unforeseeable Emergency will depend upon the facts of each case, but in any case, the amounts distributed with respect to an Unforeseeable Emergency shall not exceed the amounts necessary to satisfy such Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, by liquidation of the Participant's assets, to the extent that the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the Plan.

(f) Payment of Cash in Lieu of Shares. If at any time the Plan Administrator determines that payment of Shares to a Participant (or a Participant's Beneficiary) or the ownership or subsequent disposition of such Shares by such Participant or Beneficiary may violate or conflict with any applicable law or regulation, the Plan Administrator shall pay all or a portion of the Participant's Deferred Stock Account in cash.

(g) Withholding Taxes. All distributions of a Participant's Account under the Plan shall be subject to income tax and other withholdings that the Plan Administrator deems necessary or appropriate, and the Plan Administrator may reduce the amount credited to any Participant's Account to the extent it deems necessary to satisfy tax withholding requirements. Participants or Beneficiaries receiving distributions under the Plan shall bear all taxes on amounts paid under the Plan to the extent that taxes are not withheld thereon, irrespective of whether withholding is required.

Section 7. Administrative Matters

(a) Claims Procedure. Any person making a claim for benefits hereunder shall submit the claim in writing to the Plan Administrator. If the Plan Administrator denies the claim in whole or in part, it shall issue to the claimant a written notice explaining the reason for the denial and identifying any additional information or documentation that might enable the claimant to perfect the claim. The claimant may, within sixty (60) days of receiving a written notice of denial, submit a written request for reconsideration to the Plan Administrator, together with a written explanation of the basis of the request. The Plan Administrator shall consider any such request and shall provide the claimant with a written decision together with a written explanation thereof. No legal action may be commenced or maintained against the Plan more than one year after the Plan Administrator wholly or partially denies, or is deemed to have wholly or patially denied, a claim for Plan benefits. All interpretations, determinations, and decisions of the Plan Administrator in respect of any claim shall be final, binding and conclusive.

(b) Incapacity. If the Plan Administrator determines that any person entitled to benefits under the Plan is unable to care for his or her affairs because of illness, accident or other physical and mental incapacity, any payment due (unless a duly qualified guardian or other legal representative has been appointed) may be paid consistent with the terms described herein for the benefit of such person to such person's spouse, parent, brother,

sister, adult child or other party deemed by the Plan Administrator in its sole discretion to ensure proper care for such person.

(c) Inability to Locate. If the Plan Administrator is unable to locate a person to whom a payment is due under the Plan for a period of twelve (12) months, commencing with the first day of the month as of which the payment becomes payable, the total amount payable to such person shall be forfeited.

(d) Liability. Any decision made or action taken by the Board of Directors, the Plan Administrator, or any employee of the Company or any of its subsidiaries, arising out of or in connection with the construction, administration, interpretation, or effect of the Plan, shall be absolutely discretionary, and shall be conclusive and binding on all parties. Neither the Plan Administrator nor a member of the Board of Directors and no employee of the Company or any of its subsidiaries shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated or, except in circumstances involving bad faith, for anything done or omitted to be done.

(e) Notices. No notice, election or communication in connection with the Plan made or submitted by any Participant, claimant or other person shall be effective unless duly executed and filed with the Plan Administrator (including any of its representatives, agents, or delegates) in the form and manner required by the Plan Administrator.

(f) Waiver. No term, condition, or provision of the Plan shall be deemed waived unless the purported waiver is in writing signed by the Plan Administrator. No waiver signed by the Plan Administrator shall be deemed a continuing waiver unless so specifically stated in the writing, and any such waiver shall operate only for the stated period and only as to the specific term, condition, or provision waived, and shall apply only to the individual or individuals seeking the waiver.

Section 8. Unfunded Status

All Accounts and all rights of Participants to benefits under the Plan are unfunded obligations of the Company. Plan benefits shall be paid from the general assets of the Company, and Participants shall have the status of an unsecured general creditor of the Company with respect to all interests under the Plan. The Plan is a plan of unfunded deferred compensation. Notwithstanding the foregoing, the Company may, but shall not be required to, establish a trust or other funding vehicle under the Plan that does not affect the Plan's status as a Plan of unfunded deferred compensation.

Section 9. Nontransferability; Successors

No interest of any person in, or right to receive a distribution under, the Plan shall be subject in any manner to sale, transfer, assignment, pledge, attachment, garnishment, or other alienation or encumbrance of any kind; nor may such interest or right to receive a distribution be taken, either voluntarily or involuntarily for the satisfaction of the debts of, or other obligations or claims against, such person.

The obligations of the Company under the Plan will be binding upon the Company's successors, transferees and assigns.

Section 10. Limitation of Rights

Nothing in the Plan shall confer upon any Participant the right to continue to serve as a Director of the Company or to serve in the capacity in which the Participant is employed by the Company. Nothing in the Plan shall be interpreted as creating a right of a Participant to receive any compensation or benefit from the Company. A Participant shall have no rights as a shareholder of the Company with respect to any Shares until the Shares are issued or transferred to the Participant on the books of the Company.

Section 11. Enforceability and Governing Law

To the extent not preempted by federal law, the Plan shall be construed, administered and enforced in accordance with the laws of the State of Indiana, regardless of the law that might otherwise govern under applicable principles or provisions of choice or conflict of law doctrines. To the extent that any provision of the Plan or portion thereof shall be found to be invalid or unenforceable, such provision or portion of the Plan shall be considered deleted herefrom and the remainder of such provision and the Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein. In addition, the remainder of the Plan shall be unaffected and shall continue in full force and effect.

Section 12. Forum Selection

To the fullest extent permitted by law, any action brought in whole or in part relating to the Plan the lawfulness of any Plan provision, the administration of the Plan, or the performance or non-performance of the Plan's administrators and fiduciaries, shall be filed in one of the following jurisdictions: (i) the jurisdiction in which the Plan is principally administered, which is currently the United States District Court for the Southern District of Indiana; or (ii) in the case of a putative class action, the jurisdiction in which the largest number of putative class members resides (or if that jurisdiction cannot be determined, the jurisdiction in which the largest number of class members is reasonably believed to reside).

If any action is filed in a jurisdiction other than one of those described above, then the Plan, all parties to such action that are related to the Plan (such as a Plan fiduciary, administrator or party in interest) and all alleged Plan Participants and Beneficiaries shall take all necessary steps to have the action removed to, transferred to or re-filed in a jurisdiction described above. Such steps may include, but are not limited to, (i) a joint motion to transfer the action; or (ii) a joint motion to dismiss the action without prejudice to its re-filing in a jurisdiction described above, with any applicable time limits or statutes of limitations applied as if the suit or class action allegation had originally been filed or asserted in a jurisdiction described above at the same time that it was filed or asserted in a jurisdiction not described therein.

This forum selection provision is waived, with respect to an action, if no party invokes it within 120 days of the filing of an action. This provision does not relieve any claimant from any obligation existing under the Plan or by law to exhaust administrative remedies before initiating litigation.

Section 13. Scrivener's Errors

The Plan shall be applied and interpreted without regard to any scrivener's error in this instrument. The determination whether a scrivener's error has occurred shall be made by the Plan Administrator in the exercise of the Plan Administrator's best judgment and sole discretion, based on the Plan Administrator's understanding of the intent of the Company as settlor of the Plan, and taking into account such evidence, written or oral, as the Plan Administrator deems appropriate or helpful. The Plan Administrator is authorized to correct any scrivener's errors the Plan Administrator discovers in this instrument, retroactively or prospectively.

Section 14. Rules of Construction

For purposes of the Plan, unless the contrary is clearly indicated by the context:

(a) the use of the masculine gender in this Plan shall also include within its meaning the feminine gender and vice versa;

(b) the use of the singular shall also include within its meaning the plural and vice versa;

(c) the word "include" shall mean to include, but not to be limited to;

(d) any reference to a statute or section of a statute shall further be a reference to any successor or amended statute or section, and any regulations or other guidance of general applicability issued thereunder;

(e) the title of an officer, employee, or entity used in this Plan means the respective officer, employee, or entity of Eli Lilly and Company and means any successor title to such position as such title may be changed from time to time;

(f) references to the Plan Administrator, or other named fiduciary, officer or employee of the Company, or other person or entity with responsibility or authority under the Plan shall include delegates (if any) of such entity or person, with respect to such entity's or person's delegated responsibilities; and

(g) the captions and headings of each article, section, paragraph, and other provision of the Plan are for convenience and reference only and are not to be considered in interpreting the terms and conditions of the Plan.

Section 15. Effective Date; Amendment and Termination

The Plan, as amended and restated, shall become effective for deferrals on and after January 1, 2025, and for each Plan Year thereafter until terminated by the Board. The Board may amend or terminate the Plan at any time and in any manner; provided that no amendment or termination shall reduce the amount credited to a Participant's Account at the time of any such amendment or termination, and no amendment shall be effective that shall cause the Plan to fail to meet the requirements of Section 409A. Upon termination of the Plan in accordance with the requirements of Section 409A, (i) all future deferrals of compensation will cease, (ii) all Plan Accounts will

continue to receive interest credits (or be invested) as permitted under the Plan, and (iii) all Plan Accounts will be distributed in accordance with the Participant's elections under the provisions of the Plan, unless the Company determines in its sole discretion that all such amounts shall be distributed upon termination in accordance with the requirements of Section 409A.

APPENDIX A

GRANDFATHERED AMOUNTS

Distribution of amounts that were earned and vested (within the meaning of Section 409A) under the Plan prior to 2005 (and earnings thereon) and are exempt from the requirements of Section 409A shall be made in accordance with the Plan terms as in effect on January 1, 2004, as attached below.

THE LILLY DIRECTORS' DEFERRAL PLAN
(As amended and restated through January 1, 2004)

Section 1. Establishment of the Plan and Shares Available.

1.1. Establishment of Plan. This Plan was established effective January 1, 1996, to permit Directors of the Company who are not salaried employees of the Company to voluntarily defer receipt of some or all of their meeting fees and retainer and to share in the long-term growth of the Company by acquiring, on a deferred basis, an ownership interest in the Company. This amended and restated Plan is effective January 1, 2004.

1.2. Shares Available. Subject to adjustment as provided in Section 7.5, the aggregate number of shares of Eli Lilly and Company common stock that may be issued or transferred under this Plan after April 28, 2003, is 750,000. The shares may be authorized and unissued shares or treasury shares.

Section 2. Definitions.

The following terms shall have the definitions set forth in this Section 2:

2.1. Annual Allocation Date. The last Business Day in November of each calendar year, or such other annual date, not earlier than the third Monday in February, established by the Committee as the date as of which Shares are allocated to each Share Account in accordance with Section 6.

2.2. Beneficiary. The beneficiary or beneficiaries (including any contingent beneficiary or beneficiaries) designated pursuant to subsection 8.3 hereof.

2.3 Business Day. A day on which the Company’s corporate headquarters are open for regular business.

2.4. Board of Directors. The Board of Directors of the Company.

2.5. Committee. The Directors and Corporate Governance Committee of the Board of Directors, or any successor committee of the Board of Directors that is charged with matters relating to the compensation of non-employee directors.

2.6. Company. Eli Lilly and Company.

2.7. Company Credit. For any calendar year or part thereof, an amount computed, and credited annually to a Participant's Deferred Compensation Account at an annual rate that is equal to one hundred twenty percent (120%) of the applicable federal long-term rate, with compounding (as prescribed under Section 1274(d) of the Internal Revenue Code) that was in effect for the month of December immediately preceding the calendar year.

2.8. Deferred Amount. The amount of a Monthly Deferral Participant's Monthly Compensation that the Participant elects to defer in accordance with Section 4 hereof.

2.9. Deferred Stock Participant. A Director who is not, and for the preceding 12 months has not been, a salaried employee of the Company and who becomes a Participant in the Plan in accordance with Section 3 hereof.

2.10. Director. A member of the Board of Directors.

2.11. Dividend Payment Date. The date as of which the Company pays a cash dividend on Shares.

2.12. Dividend Record Date. With respect to any Dividend Payment Date, the date established by the Board of Directors as the record date for determining shareholders entitled to the dividend.

2.13. Individual Accounts or Accounts. The separate accounts (the Deferred Compensation Account and the Share Account) described in Section 7 hereof. When used in the singular, the term shall refer to one of these two accounts, as the context requires.

2.14. Monthly Compensation. For any month, the monthly retainer and the aggregate of all meeting fees, committee fees and committee chairperson fees to which a Director is entitled for services rendered to the Company as a Director during the month, as established from time to time by resolution of the Board of Directors. For avoidance of doubt, Monthly Compensation does not include stock options granted to Directors or the Shares allocated pursuant to Section 6 of this Plan.

2.15. Monthly Deferral Participant. A Director who is not a salaried employee of the Company and who has elected to defer all or part of his or her Compensation pursuant to the Plan in accordance with Section 4 hereof.

2.16. Participant. A Director who is a Deferred Stock Participant, a Monthly Deferral Participant, or both.

2.17. Plan. The Lilly Directors' Deferral Plan, as set forth herein and as it may be amended from time to time.

2.18. Share. A share of common stock of the Company.

2.19. Valuation Date. For any month, the third Monday of the month, or if Shares are not traded on the New York Stock Exchange on such third Monday, the next day on which Shares are traded on the New York Stock Exchange.

Section 3. Deferred Stock Participants.

Each Director who participated in The Lilly Non-Employee Directors' Deferred Stock Plan immediately before the effective date of this Plan shall continue as a Deferred Stock Participant on such effective date, and all elections in effect under The Lilly Non-Employee Directors' Deferred Stock Plan shall remain in effect under this Plan, unless and until amended in accordance with this Plan. Thereafter, each person who becomes a Director, and who is not, and for the preceding 12 months has not been, a salaried employee of the Company, shall become a Deferred Stock Participant.

Section 4. Monthly Deferral Participants.

Each Director who participated in The Lilly Directors' Deferred Compensation Plan immediately before the effective date of the Plan shall continue as a Monthly Deferral Participant on such effective date, and all elections in effect under The Lilly Directors' Deferred Compensation Plan shall remain in effect under this Plan, unless and until amended in accordance with this Plan. Prior to the beginning of each calendar year, any Director who is not a salaried employee of the Company may defer the receipt of Monthly Compensation to be earned by the Director during such year by filing with the Company a written election that:

(i) defers payment of a designated amount (of one Thousand Dollars ($1,000) or more) or percentage of his or her Monthly Compensation for services attributable to the following calendar year or portion thereof (the "Deferred Amount");

(ii) specifies the payment option selected by the Participant pursuant to subsection 8.2 hereof for such Deferred Amount; and

(iii) specifies the option selected by the Participant pursuant to Section 5 hereof for such Deferred Amount.

The amount deferred may not exceed the Director's aggregate Monthly Compensation for the calendar year. Notwithstanding the foregoing, any individual who is newly elected or appointed to serve as a Director may, not later than thirty (30) days after his election or appointment becomes effective, elect in accordance with the preceding

provisions of this Section 4, to defer the receipt of Monthly Compensation earned during the portion of the current calendar year that follows the filing of the election with the Company. Except as provided in subsections 8.2 and 8.4 hereof, any elections made pursuant to this Section 4 with respect to a calendar year shall be irrevocable when made. If a Participant fails to make an election under section 5 with respect to his or her Deferred Amount for a future calendar year, the Participant's previous election shall remain in effect, provided that the Participant may amend his or her election with regard to a future calendar year at any time.

Section 5. Form of Deferred Compensation Credits.

5.1. Deferred Compensation Account. Except with respect to Deferred Amounts which a Monthly Deferral Participant elects to have credited in Shares in accordance with subsection 5.2 hereof, the Deferred Amount shall be denominated in U.S. dollars and credited to the Participant's Deferred Compensation Account pursuant to subsection 7.1 hereof.

5.2. Shares. Prior to the beginning of each calendar year, a Monthly Deferral Participant may elect to have all or a percentage of the Deferred Amount for the following calendar year credited in Shares and allocated to the Participant's Share Account pursuant to subsection 7.2 hereof.

Section 6. Annual Allocations to Share Accounts.

6.1. Annual Allocation of Shares. As of the Annual Allocation Date of each calendar year, there shall be allocated to the Share Account (as described in Section 7.2 below) of each Deferred Stock Participant who is a Director on that date, as part of his or her compensation for service on the Board of Directors, seven hundred (700) Shares or such other number of Shares, not to exceed 3,000 shares, as may be specified from time to time by resolution of the Board of Directors.

Section 7. Individual Accounts.

The Company shall maintain Individual Accounts for Participants as follows:

7.1. Deferred Compensation Account. The Company shall maintain a Deferred Compensation Account in the name of each Monthly Deferral Participant who elects to defer the receipt of Monthly Compensation pursuant to Section 4 hereof for a calendar year and does not elect to have the Deferred Amount for such calendar year credited in Shares pursuant to subsection 5.2 hereof. The Deferred Compensation Account shall be denominated in U.S. dollars, rounded to the nearest whole cent. For each month, Deferred Amounts allocated to a Deferred Compensation Account pursuant to subsection 5.1 hereof shall be credited to the Deferred Compensation Account as of the last Business Day of the month.

7.2. Share Account. The Company shall maintain a Share Account for each Deferred Stock Participant and for each Monthly Deferral Participant who elects to have a Deferred Amount credited in Shares pursuant to subsection 5.2 hereof. The Share Account shall be denominated in Shares and maintained in fractions rounded to three (3) decimal places. Shares allocated to each Share Account shall be hypothetical and not issued or transferred by the Company until payment is made pursuant to Section 8 hereof.

For each month, Deferred Amounts allocated to a Share Account pursuant to subsection 5.2 hereof shall be credited to the Share Account as of the last Business Day of the month. Shares and, if necessary, fractional Shares, shall be credited based upon the average of the high and low price of Shares on the New York Stock Exchange on the Valuation Date for that month.

7.3. Accrual of Company Credit. The Treasurer of the Company shall determine the annual rate of Company Credit on or before December 31 of each calendar year. This rate shall be effective for the following calendar year. The Company Credit shall accrue monthly, at one-twelfth of the applicable annual rate, on all amounts credited to a Participant's Deferred Compensation Account, including the Company Credits for prior years. The Company Credit shall not accrue on any amount distributed to a Participant (or to the Participant's Beneficiary) during the month for which the accrual is determined, except where an amount is distributed to a Beneficiary in the month of the Participant's death. The Company Credit for each year shall be credited to each Deferred Compensation Account as of December 31 of that year and shall be compounded monthly.

7.4. Cash Dividends. Cash dividends paid on Shares shall be deemed to have been paid on the Shares allocated to each Participant's Share Account as if the allocated Shares were actual Shares issued and outstanding on the Dividend Record Date. An amount equal to the amount of such dividends shall be credited in Shares to each Share Account as of the last Business Day of each month in which a Dividend Payment Date occurs, based upon the average of the high and low prices for Shares on the New York Stock Exchange on the Valuation Date for that month.

7.5. Capital Adjustments. The number of Shares referred to in Sections 1.2 and 6 hereof and the number of Shares allocated to each Share Account shall be adjusted by the Committee, as it deems appropriate in its discretion, in the event of any subdivision or combination of Shares or any stock dividend, stock split, reorganization, recapitalization, or consolidation or merger with Eli Lilly and Company as the surviving corporation, or if additional shares or new or different shares or other securities of the Company or any other issuer are distributed with respect to Shares through a spin-off or other extraordinary distribution.

7.6. Account Statements. Within a reasonable time following the end of each calendar year, the Company shall render an annual statement to each Participant. The annual statement shall report the number of Shares credited to the Participant's Share Account as of December 31 of that year and the dollar amount, if any, credited to the Participant's Deferred Compensation Account as of December 31 of that year.

Section 8. Payment Provisions.

8.1. Method of Payment. All payments to a Participant (or to a Participant's Beneficiary) with respect to the Participant's Deferred Compensation Account shall be paid in cash. Except as provided in Section 8.5, all payments to a Participant (or to a Participant's Beneficiary) with respect to the Participant's Share Account shall be paid in Shares, at which time the Shares shall be issued or transferred on the books of the Company. All Shares to be issued or transferred hereunder may be newly issued or treasury shares. Fractional Shares shall not be issued or transferred to a Participant, provided that in the case of a final payment under the Plan with respect to a Participant, any fraction remaining in the Participant's Share Account shall be rounded up to the next whole Share and that number of whole Shares shall be issued or transferred. If Shares are not traded on the New York Stock Exchange on any day on which a payment of Shares is to be made under the Plan, then that payment shall be made on the next day on which Shares are traded on the New York Stock Exchange.

8.2. Payment Options. Prior to each calendar year, or within 30 days after becoming a Participant, the Participant shall select a payment election with respect to the payment of one or both of the Participant's Individual Accounts from the following payment elections:

(i) a lump sum in January of the calendar year immediately following the calendar year in which the Participant ceases to be a Director;

(ii) a lump sum in January of the second calendar year following the calendar year in which the Participant ceases to be a Director;

(iii) annual (or, in the case of the Deferred Compensation Account only, monthly) installments over a period of two to ten years commencing in January of the calendar year following the calendar year during which the Participant ceases to be a Director; or

(iv) annual (or in the case of the Deferred Compensation Account only, monthly) installments over a period of two to ten years commencing in January of the second calendar year following the calendar year in which the Participant ceases to be a director.

If a payment option described in paragraphs (i) or (ii), above, has been elected, the amount of the lump sum with respect to the Participant's Deferred Compensation Account shall be equal to the amount credited to the Participant's Deferred Compensation Account as of the December 31 immediately preceding the date of the payment, and the amount of the lump sum with respect to the Participant's Share Account shall be equal to the number of Shares credited to the Share Account as of the December 31 immediately preceding the date of payment. If a payment option described in paragraphs (iii) or (iv), above, has been elected, the amount of each installment with respect to the Participant's Deferred Compensation Account shall be equal to the amount credited to the Participant's Deferred Compensation Account as of the last day of the month immediately preceding the date of a monthly installment payment, or the December 31 immediately preceding the date of an annual installment

payment, divided by the number of installment payments that have not yet been made. The amount of each installment with respect to the Participant's Share Account shall be equal to the number of Shares credited to the Participant's Share Account as of the December 31 immediately preceding the date of an annual installment payment, divided by the number of installment payments that have not yet been made.

A Participant may elect that his or her final payment election may control over all prior payment elections. If the Participant fails to elect a payment option, the amount credited to the Participant's Individual Account shall be distributed in a lump sum in accordance with the payment option described in paragraph (i) above. At the time of any scheduled payment, if the amount credited to a Participant's Deferred Compensation Account or the value of Shares credited to a Participant's Share Account is less than $25,000, the Committee, in its sole discretion, may pay out the Account in a lump sum.

8.3. Payment Upon Death. Within a reasonable period of time following the death of a Participant, the amount credited to the Participant's Deferred Compensation Account and the Shares credited to the Participant's Share Account shall be paid by the Company in a lump sum to the Participant's Beneficiary. For purposes of this subsection 8.3, the amount credited to the Participant's Deferred Compensation Account and the number of Shares credited to the Participant's Share Account shall be determined as of the later of the date of death or the last Business Day of the month prior to the month in which the payment occurs.

A Participant may designate the Beneficiary, in writing, in a form acceptable to the Committee before the Participant's death. A Participant may revoke a prior designation of Beneficiary and may also designate a new Beneficiary without the consent of the previously designated Beneficiary, provided that such revocation and new designation (if any) are in writing, in a form acceptable to the Committee, and filed with the Committee before the Participant's death. If the Participant does not designate a Beneficiary, or if no designated Beneficiary survives the Participant, any amount not distributed to the Participant during the Participant's life shall be paid to the Participant's estate in a lump sum in accordance with this subsection 8.3.

8.4. Payment on Unforeseeable Emergency. The Committee may, in its sole discretion, direct payment to a Participant of all or of any portion of the Participant's Individual Account balance, notwithstanding an election under subsection 8.2 above, at any time that it determines that such Participant has an unforeseeable emergency, and then only to the extent reasonably necessary to meet the emergency. For purposes of this section, "unforeseeable emergency" means severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but, in any case, payment may not be made to the extent that such hardship is, or may be, relieved --

(i) through reimbursement or compensation by insurance or otherwise;

(ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or

(iii) by cessation of deferrals under the Plan.

Examples of what are not considered to be unforeseeable emergencies include the need to send a Participant's child to college or the desire to purchase a home.

8.5. Payment of Cash in Lieu of Shares. If at any time the Committee shall determine that payment of Shares to a Participant (or a Participant’s Beneficiary) or the ownership or subsequent disposition of such Shares by such Participant or Beneficiary may violate or conflict with any applicable law or regulation, the Committee may, in its discretion, pay all or a portion of the Participant’s Share Account in cash. In this case, the amount of cash shall be determined with reference to the average of the high and low trading price for Shares on the December 31 next preceding the date of payment, or if Shares are not traded on that day, the next preceding trading day.

Section 9. Ownership of Shares.

A Participant shall have no rights as a shareholder of the Company with respect to any Shares until the Shares are issued or transferred to the Participant on the books of the Company.

Section 10. Prohibition Against Transfer.

The right of a Participant to receive payments of Shares and cash under the Plan may not be transferred except by will or applicable laws of descent and distribution. A Participant may not assign, sell, pledge, or otherwise transfer Shares or cash to which he is entitled hereunder prior to transfer or payment thereof to the Participant, and any such attempted assignment, sale, pledge or transfer shall be void.

Section 11. General Provisions.

11.1. Director's Rights Unsecured. The Plan is unfunded. The right of any Participant to receive payments of cash or Shares under the provisions of the Plan shall be an unsecured claim against the general assets of the Company.

11.2. Administration. Except as otherwise provided in the Plan, the Plan shall be administered by the Committee, which shall have the final authority to adopt rules and regulations for carrying out the Plan, and to interpret, construe, and implement the provisions of the Plan.

11.3. Legal Opinions. The Committee may consult with legal counsel, who may be counsel for the Company or other counsel, with respect to its obligations and duties under the Plan, or with respect to any action, proceeding, or any questions of law, and shall not be liable with respect to any action taken, or omitted, by it in good faith pursuant to the advice of such counsel.

11.4. Liability. Any decision made or action taken by the Board of Directors, the Committee, or any employee of the Company or any of its subsidiaries, arising out of or in connection with the construction, administration, interpretation, or effect of the Plan, shall be absolutely discretionary, and shall be conclusive and binding on all parties. Neither the Committee nor a member of the Board of Directors and no employee of the Company or any of its subsidiaries shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated or, except in circumstances involving bad faith, for anything done or omitted to be done.

11.5. Withholding. The Company shall have the right to deduct from all payments hereunder any taxes required by law to be withheld from such payments. The recipients of such payments shall bear all taxes on amounts paid under the Plan to the extent that no taxes are withheld thereon, irrespective of whether withholding is required.

11.6. Legal Holidays. If any day on which action under the Plan must be taken falls on a Saturday, Sunday, or legal holiday, such action may be taken on the next succeeding day that is not a Saturday, Sunday, or legal holiday; provided, that this subsection 11.8 shall not permit any action that must be taken in one calendar year to be taken in any subsequent calendar year.

11.7. Participant Who Becomes Employee. If a Participant becomes an employee of the Company but remains a Director, he or she will no longer be entitled to new deferrals under the Plan as a Deferred Stock Participant or Monthly Deferral Participant. However, the individual’s Account balances will continue to be administered under the Plan (including eligibility for the Company Credit and Cash Dividends under Sections 7.3 and 7.4) until they are paid out in accordance with Section 8.

Section 12. Term, Amendment, Suspension, and Termination.

The Plan shall remain in effect until terminated by the Board of Directors. The Board of Directors shall have the right at any time, and from time to time, to amend, suspend, or terminate the Plan, subject to the following:

(i) no amendment or termination shall reduce the number of Shares or the cash balance in an Individual Account;

(ii) the number of Shares allocated annually pursuant to Section 6 hereof may not be changed more frequently than every calendar year; and

(iii) to the extent required by New York Stock Exchange listing rules or applicable law, material amendments shall be submitted to the Company's shareholders for approval.

Section 13. Applicable Law.

The Plan shall be governed by, and construed in accordance with, the laws of the State of Indiana, except to the extent that such laws are preempted by Federal law.

Section 14. Effective Date.

The effective date of this Plan is January 1, 1996. Nothing herein shall invalidate or adversely affect any previous election, designation, deferral, or accrual in accordance with the terms of The Lilly Directors' Deferred Compensation Plan or The Lilly Non-Employee Directors' Deferred Stock Plan that were in effect prior to the effective date of this Plan.

EXHIBIT 31.1 Rule 13a-14(a) Certification of David Ricks, Chair, President, and Chief Executive Officer

CERTIFICATIONS

I, David Ricks, Chair, President, and Chief Executive Officer, certify that:

1. I have reviewed this report on Form 10-Q of Eli Lilly and Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2026

By: /s/ David Ricks

David Ricks
Chair, President, and Chief Executive Officer

EXHIBIT 31.2 Rule 13a-14(a) Certification of Lucas Montarce, Executive Vice President and Chief Financial Officer

CERTIFICATIONS

I, Lucas Montarce, Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this report on Form 10-Q of Eli Lilly and Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2026

By: /s/ Lucas Montarce

Lucas Montarce
Executive Vice President and Chief Financial Officer

EXHIBIT 32 Section 1350 Certification

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Eli Lilly and Company, an Indiana corporation (the Company), does hereby certify that, to the best of their knowledge:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 (the Form 10-Q) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2026

/s/ David Ricks

David Ricks
Chair, President, and Chief Executive Officer

Date: August 5, 2026

/s/ Lucas Montarce

Lucas Montarce
Executive Vice President and Chief Financial Officer