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The Lilly logo is written in a red, cursive script font.

Answers That Matter.

SEC Disclosure

During this presentation, we anticipate making projections and forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. For example, our results may be affected by competitive developments, the timing and success of new product launches, regulatory and legal matters, including government investigations, governmental actions regarding pricing, importation and reimbursement, change in tax law and the impact of exchange rates. For additional information about the factors that affect our business please see the Risk Factors section of our Form 10-K.

In addition, the information we provide about our products and pipeline is for the benefit of the investment community. It is not intended to be promotional and is not sufficient for prescribing decisions.

Lilly Strengths

- **Strategy of independence, innovation and partnering**
- **Nearly tripled portfolio of innovative products**
- **Excellent R&D throughput**
- **Strong reputation as a partner**
- **Aggressively pursuing productivity**
- **No major patent expirations until 2011**
- **Pursuing tailored therapeutics**

Lilly Priorities

- **Capitalize on sales potential of expanded portfolio**
- **Deliver our late stage pipeline**
- **Elevate productivity**
- **Increase EPS faster than sales**

Lilly Productivity

Key Initiatives

- **Prolific use of biomarkers in early development**
- **Six sigma projects focused on reducing cost & cycle times**
- **Sourcing global talent to increase flexibility & productivity**
- **Leveraging expertise in biotech products**
- **Leveraging synergies across therapeutic areas**
- **Employing NILEX strategies across portfolio**

Lilly's Rapidly Expanding Portfolio

CNS	Osteoporosis/ Primary Care	Diabetes Care	Acute Care/ Specialty	Oncology
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Launched Products

Zyprexa
1996

Strattera
2003

Symbyax
2004

Cymbalta
2004

Evista
1998

Forteo
2002

Cialis*
2003

Yentreve*
2004

Humulin
1982

Humalog
1996

Actos
1999

Byetta
2005

Humatrope
1987

ReoPro
1995

Xigris
2001

Prasugrel

Gemzar
1995

Alimta
2004

Enzastaurin

Alimta
First line NSCLC

NMEs & NILEX

Cymbalta
GAD & fibromyalgia

Zyprexa
Depot formulation & borderline personality

Arzoxifene

Evista
Breast cancer risk red'n

Cialis
PAH

Arxxant

Inhaled insulin

Byetta
TZDs and monotherapy

*Yentreve outside US only.

Byetta

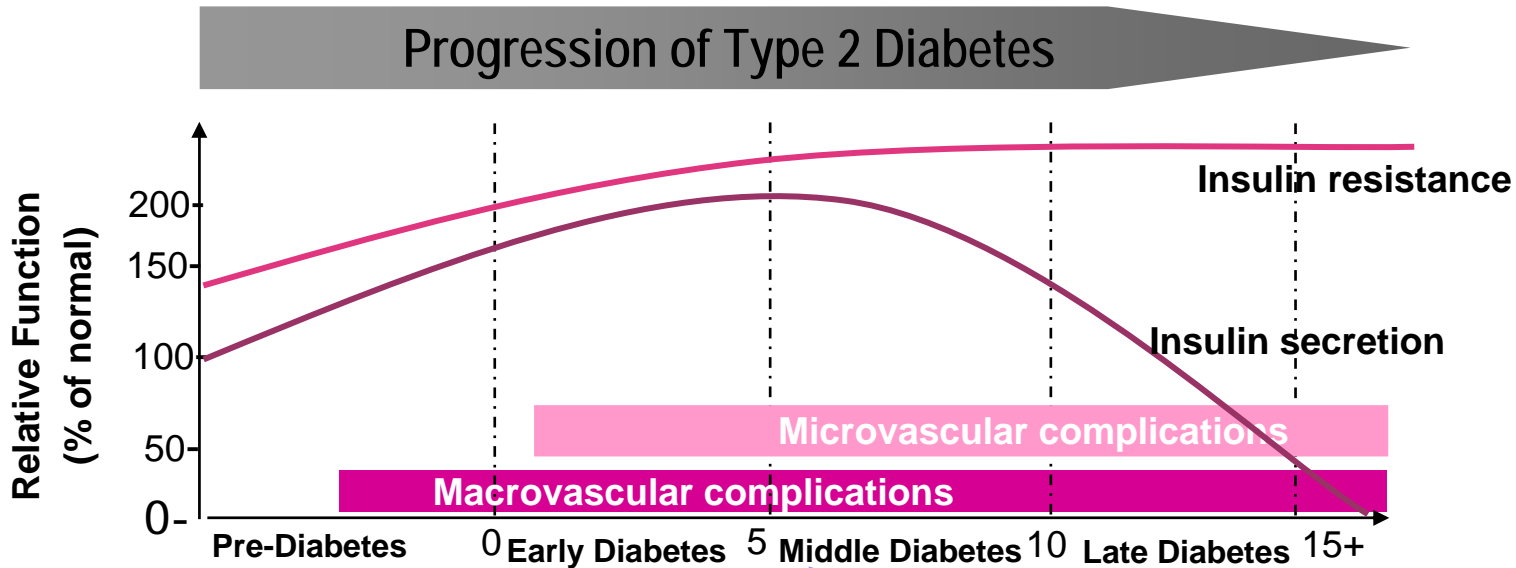
First-in-class Incretin Mimetic

- **Approved in US for type 2 diabetes as adjunct to metformin and/or sulfonylurea**
- **Have submitted an sNDA for combination use with TZDs**
- **LAR formulation in development - once-weekly injection for type 2 diabetes**
- **Preliminary results of phase 2 LAR study**
 - **A1C levels improved about 2 percentage points vs. placebo**
 - **12 of 14 high-dose patients achieved A1C target of $\leq 7\%$**
 - **High-dose patients lost an average of 9 lbs vs. placebo**



Lilly Diabetes Care Research

Interventions for Each Defect of Diabetes



Insulin resistance
Obesity platform, naveglitazar

Beta cell dysfunction
Byetta LAR, DPP-IV inhibitor

Insulin deficiency
Inhaled insulin

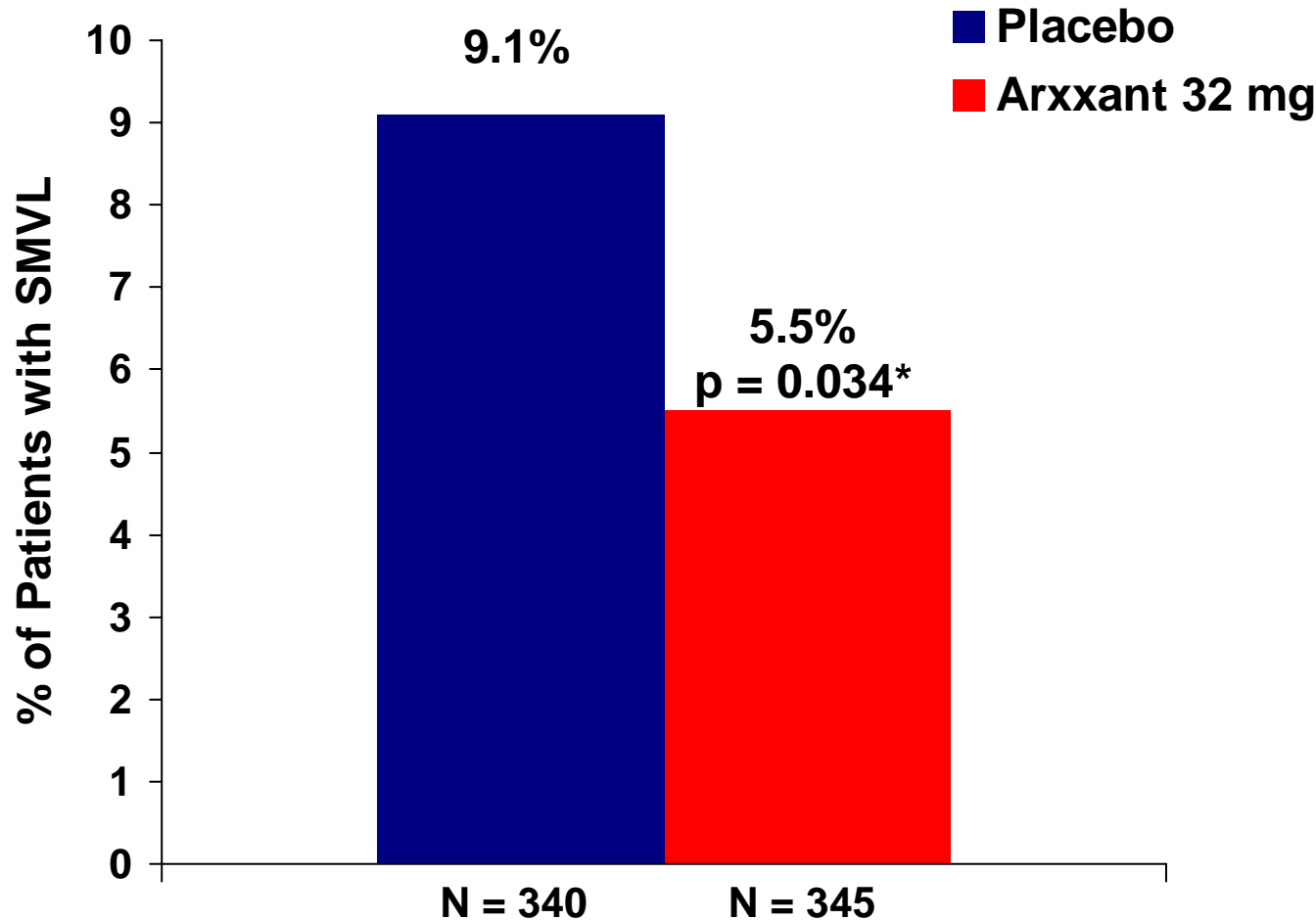
Arxxant

Announcing FDA Submission

- **Submitted in U.S. for diabetic retinopathy (DR)**
 - DR is a well-defined disease with no approved therapies
 - Phase 3 data were very encouraging
 - Safety profile contributes to solid benefit/risk equation
- **DR can lead to vision loss or blindness**
 - 90% of patients with diabetes for > 20 years exhibit retinopathy
 - Research shows vision loss is the most feared complication

Arxxant DR Study Primary Outcome

40% RRR in Sustained Moderate Visual Loss



Aiello LP et al. The Effect of the PKC- Inhibitor Ruboxistaurin on Moderate Visual Loss: The PKC-DRS2 Trial Baseline Characteristics and Preliminary Results. Presented at the American Academy of Ophthalmology Annual Meeting, Chicago, IL, October 14, 2005.

*Cochran-Mantel-Haenszel (CMH) analysis – stratified for DME level and # of study eyes per patient

SMVL = sustained moderate visual loss (15 or more letters for 6 or more months)

Arxxant

Progress on Other Indications

- **Phase III studies on-going**
 - Diabetic peripheral neuropathy – mid 2007 completion
 - Diabetic macular edema – 2010 completion
- **Favorable results from pilot study in diabetic nephropathy**

Inhaled Insulin

Promising Formulation and Device

- **Earlier insulin treatment may improve glucose control**
- **We believe patients will prefer a simple system**
- **Phase 2 results:**
 - Inhaled system provided HbA1C control similar to injectable insulin
 - 80% of patients preferred inhaled system to meal-time injections
- **Initiated registration program**
 - 400 patient study in non-smoking type 1 diabetics
 - 600 patient study in type 1 or 2 diabetics with asthma or COPD
 - Additional efficacy studies



Lilly Obesity Research

- **~90% of patients with pre-diabetes are obese**
- **Expect to have at least 5 novel anti-obesity compounds in clinical development by end of 2006**
- **Phase 2 compound aimed at craving & addictive behavior**

Prasugrel

Acute Coronary Syndromes

- **Co-developing & co-commercializing with Sankyo**
- **Platelet aggregation inhibitor**
 - **Initial submission for acute coronary syndromes (ACS)**
- **Phase 1 studies suggest prasugrel may have superior profile**
 - **Greater inhibition of platelet aggregation (IPA)**
 - **Faster onset of IPA**
 - **More consistent IPA**
- **Phase 2 safety study indicated acceptable bleeding profile**
- **Phase 3 trial currently enrolling 13,000 patients**
- **Submission anticipated in second half of 2007**

Oncology Portfolio Performance

- **Combined Gemzar and Alimta sales nearly \$2 billion**
- **Gemzar and Alimta - Positioned to be backbone of combination treatments involving targeted agents given high efficacy and low toxicity**
- **FDA approved Tarceva[®] and Gemzar for advanced pancreatic cancer**
- **Upcoming advisory committee review of Gemzar for late-stage ovarian cancer**

Enzastaurin and Beyond

Enzastaurin

- **Glioblastoma**
 - **Glioblastoma pivotal study beginning Q1 2006**
 - **U.S. submission anticipated in 2008**
- **Non-Hodgkin's Lymphoma (diffuse large B-cell lymphoma)**
 - **Pivotal study in earlier stage of NHL expected to begin 2006**

Survivin ASO with ISIS

- **Positive pre-clinical results**
- **Phase I study underway**

Plans to start 5 Phase I studies of new agents in 2006

Evista

- **RUTH study completed; data analysis underway**
- **STAR study results in 2006**
- **On track for breast cancer risk reduction indication submission in late 2006**
- **Submission to encompass 4 studies and over 37,000 patients**

Arzoxifene

Selective Estrogen Receptor Modulator (SERM)

- **Designed for higher potency & bioavailability**
- **Potential benefits for patients:**
 - **Vertebral and non-vertebral fracture efficacy**
 - **Breast cancer risk reduction**
- **Two pivotal registration studies fully enrolled**
 - **Osteoporosis prevention and uterine safety study**
 - **Long-term outcomes study with multiple endpoints...**
 - **vertebral and non-vertebral fracture efficacy**
 - **breast cancer risk reduction**
 - **9,100 patients**
- **Anticipate U.S. submission in 2009**

Cymbalta

- **Submission for Generalized anxiety disorder (GAD) summer of 2006**
- **Phase III studies for fibromyalgia ongoing**
- **Building on current MDD and DPNP indications**

Lilly Neuroscience

- **Research focus:**
 - **Neurology: Alzheimer's, Parkinson's, migraine, pain**
 - **Psychiatric: anxiety, schizophrenia, insomnia, cognition**
- **Pruvanserin (5HT_{2A} receptor antagonist) for insomnia**
 - **Study of sleep quality & architecture**
 - **Phase 2 safety and efficacy work on going**
- **Gamma secretase inhibitor & A beta antibody**
 - **Phase 1b studies ongoing in Alzheimer's for both molecules**

Cialis

New Indications

- **Initiating BPH Phase III studies**
- **Pulmonary Arterial Hypertension in Phase III**
- **Primary hypertension in Phase II**



Eli Lilly and Company

Conclusion

Priorities:

- **Implement our innovation strategy**
- **Elevate sales performance**
- **Deliver late stage pipeline to market**
- **Increase productivity**

Lilly

Answers That Matter.