Agenda

Key Recent Events, Financial Results and Pipeline Update
  • Phil Johnson, Vice President, Investor Relations
  • Travis Coy, Director, Investor Relations

Key Future Events, Financial Guidance and Summary
  • Derica Rice, Executive Vice President, Global Services and Chief Financial Officer

Question and Answer Session
Safe Harbor Provision

This presentation contains forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. The company's results may be affected by such factors as the risks and uncertainties in pharmaceutical research and development; competitive developments; regulatory actions; litigation and investigations; business development transactions; economic conditions; and changes in laws and regulations, including health care reform. For additional information about the factors that affect the company's business, please see the company's latest Forms 10-K and 10-Q filed with the Securities and Exchange Commission.

The company undertakes no duty to update forward-looking statements.
Beyond the Quarterly Financial Results

Key events since the last earnings call

Commercial:

• In the U.S., launched Jentadueto™, the linagliptin plus metformin fixed-dose combination for treatment of adults with type 2 diabetes

Regulatory:

• Japan’s Ministry of Health, Labor and Welfare approved Zyprexa® for treatment of depression in bipolar disorder and Cymbalta® for treatment of diabetic peripheral neuropathic pain
• Received European Commission approval for Amylin’s Byetta® as an adjunctive therapy to basal insulin, with or without metformin and/or pioglitazone, for the treatment of type 2 diabetes in adults
• Received a Complete Response Letter from the FDA for Erbitux® in first-line non-small cell lung cancer. Lilly and Bristol-Myers Squibb do not plan to further pursue this FLEX submission. Marketing for FDA-approved indications is unaffected by this decision.
• FDA approved Amyvid™ (Florbetapir F 18 Injection) for use in patients being evaluated for Alzheimer's Disease and other causes of cognitive decline

Clinical:

• Announced Phase 3 study data that showed both Cialis® and tamsulosin significantly improved scores on the International Prostate Symptom Score in men with signs and symptoms suggestive of benign prostatic hyperplasia
• Announced new Phase 2 data, published in NEJM, that showed ixekizumab, an anti-IL-17 monoclonal antibody, met its primary endpoint in patients with moderate-to-severe plaque psoriasis
Comparison Measures
Results shown two ways to aid analysis

“Reported” results
  • Include all financial results as reported in accordance with GAAP

“Non-GAAP” results
  • Start with “Reported” results
  • Include adjustments for items such as:
    – Restructuring charges, asset impairments and special charges
    – In-process R&D charges from business development activities
## 2012 Income Statement (Non-GAAP)

Millions; except per share data

<table>
<thead>
<tr>
<th></th>
<th>Q1 2012</th>
<th>Q1 2011</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>5,602</td>
<td>5,839</td>
<td>(4)%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>78.6%</td>
<td>79.8%</td>
<td>(1.2)pp</td>
</tr>
<tr>
<td>Total Operating Expense*</td>
<td>2,999</td>
<td>2,910</td>
<td>3%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>1,405</td>
<td>1,749</td>
<td>(20)%</td>
</tr>
<tr>
<td>Other Income / (Deductions)</td>
<td>(46)</td>
<td>(11)</td>
<td>NM</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>24.4%</td>
<td>20.9%</td>
<td>3.5pp</td>
</tr>
<tr>
<td>Net Income</td>
<td>$1,027</td>
<td>$1,375</td>
<td>(25)%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$0.92</td>
<td>$1.24</td>
<td>(26)%</td>
</tr>
</tbody>
</table>

* Includes Research and Development expense and Selling, Marketing and Administrative expense.
### 2012 Income Statement (Reported)

**Millions; except per share data**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2012</th>
<th>Q1 2011</th>
<th>Growth</th>
</tr>
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<tbody>
<tr>
<td>Total Revenue</td>
<td>5,602</td>
<td>5,839</td>
<td>(4)%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>78.6%</td>
<td>79.8%</td>
<td>(1.2)pp</td>
</tr>
<tr>
<td>Total Operating Expense*</td>
<td>3,023</td>
<td>3,374</td>
<td>(10)%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>1,381</td>
<td>1,285</td>
<td>7%</td>
</tr>
<tr>
<td>Other Income / (Deductions)</td>
<td>(46)</td>
<td>(11)</td>
<td>NM</td>
</tr>
<tr>
<td><em>Effective Tax Rate</em></td>
<td>24.3%</td>
<td>17.1%</td>
<td>7.2pp</td>
</tr>
<tr>
<td>Net Income</td>
<td>$1,011</td>
<td>$1,056</td>
<td>(4)%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$0.91</td>
<td>$0.95</td>
<td>(4)%</td>
</tr>
</tbody>
</table>

* Includes Research and Development expense, Selling, Marketing and Administrative expense and other charges.

**Notes:**
- Q1 2012 includes a charge of $23.8 million (pretax), or $0.01 (after-tax) primarily related to the withdrawal of Xigris.
- Q1 2011 includes a restructuring charge of $76.3 million (pretax), or $0.06 (after-tax). This charge is primarily related to severance costs from previously announced strategic actions to reduce the company’s cost structure and global workforce. In addition, Q1 2011 includes a charge of $388.0 million (pretax), or $0.23 per share (after-tax), for acquired in-process research and development associated with the collaboration with Boehringer Ingelheim.
## EPS Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>Q1 2012</th>
<th>Q1 2011</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS (reported)</td>
<td>$0.91</td>
<td>$0.95</td>
<td>(4%)</td>
</tr>
<tr>
<td>Asset impairment, restructuring and other special charges</td>
<td>0.01</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>In-process research and development charge associated with the Boehringer Ingelheim collaboration</td>
<td>0.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS (non-GAAP)</td>
<td>$0.92</td>
<td>$1.24</td>
<td>(26%)</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding.
## Effect of Price/Rate/Volume on Revenue

<table>
<thead>
<tr>
<th></th>
<th>Q1 2012 Amount</th>
<th>Q1 2012 vs. Q1 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pharmaceuticals</strong></td>
<td></td>
<td><strong>Price</strong></td>
</tr>
<tr>
<td>U.S.</td>
<td>$2,654.2</td>
<td>12%</td>
</tr>
<tr>
<td>Europe</td>
<td>992.0</td>
<td>(8)%</td>
</tr>
<tr>
<td>Japan</td>
<td>486.9</td>
<td>(4)%</td>
</tr>
<tr>
<td>ROW</td>
<td>790.1</td>
<td>(3)%</td>
</tr>
<tr>
<td><strong>Total Pharma</strong></td>
<td>4,923.1</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Animal Health</strong></td>
<td>490.7</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Net Product Sales</strong></td>
<td>5,413.8</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Collab/Other Revenue</strong></td>
<td>188.2</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$5,602.0</td>
<td>4%</td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding.
### Effect of Foreign Exchange on 2012 Results (Non-GAAP)

#### Year-on-Year Growth

<table>
<thead>
<tr>
<th></th>
<th>Q1 2012</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With FX</td>
<td>w/o FX</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>(4)%</td>
<td>(4)%</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>(5)%</td>
<td>(7)%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>(R&amp;D and SG&amp;A)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>(20)%</td>
<td>(24)%</td>
</tr>
<tr>
<td>EPS</td>
<td>(26)%</td>
<td>(30)%</td>
</tr>
</tbody>
</table>
Effect of Foreign Exchange on 2012 Results (Reported)

Year-on-Year Growth

<table>
<thead>
<tr>
<th></th>
<th>Q1 2012</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With FX</td>
<td>w/o FX</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>(4)%</td>
<td>(4)%</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>(5)%</td>
<td>(7)%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(10)%</td>
<td>(10)%</td>
</tr>
<tr>
<td></td>
<td>(R&amp;D, SG&amp;A and sign. items)</td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>7%</td>
<td>1%</td>
</tr>
<tr>
<td>EPS</td>
<td>(4)%</td>
<td>(10)%</td>
</tr>
</tbody>
</table>
Lilly NME Pipeline
April 18, 2012

**New Chemical Entity (NCE)**

- **β-secretase inh**
  - Alzheimer’s
- **CV disease**
  - cholesterol lowering
- **depression**
  - obesity
- **bipolar disorder**
  - CV disease
- **osteoporosis**
  - osteoporosis
- **migraine prev**
  - metabolism
- **diabetes**
  - depression
  - cancer
- **p38 MAP inh**
  - cancer
- **FGFR inh**
  - cancer
- **p70/AKT inh**
  - cancer
- **NOTCH inh**
  - cancer
- **Chk1 inh**
  - cancer
- **CSF1R MAb**
  - cancer
- **VEGFR3 MAb**
  - cancer
- **RON MAb**
  - cancer
- **J AK2 inh**
  - cancer
- **mGlu2 PotCys**
  - migraine prev
- **GSK3 cancer**
- **MR Antagonist CRD**
  - cancer
- **Evacetrapib**
  - cancer
- **JAK1/JAK2 RA**
  - cancer
- **TGF-β R1 inh**
  - cancer
- **Hedgehog antag**
  - cancer
- **CDK 4/6 inh**
  - cancer
- **GSK3 cancer**
- **eIF-4E ASO**
  - cancer
- **Litronesib**
  - cancer
- **Icrucumab**
  - cancer
- **Novel Basal Insulin Analog***
  - diabetes
- **Dulaglutide**
  - diabetes
- **Empagliflozin* diabetes**
- **Enzastaurin DLBCL**
- **Necitumumab* squamous NSCLC**
- **Liprotamase EPI**
- **FDA Approved April 6, 2012**

**New Biotech Entity (NBE)**

- **GP75 MAb**
  - cancer
- **Survivin ASO**
  - cancer
- **Tasisulam**
  - cancer
- **SARM/Tadalafil erectile dys**
- **Amyvid β-amyloid imaging**

**Movement since January 2012 update**

- Achieved milestone
- Attrition

*commercial collaborations*
Key Events in 2012

Potential U.S. regulatory actions:

+ • Linagliptin plus metformin fixed-dose combination for type 2 diabetes
  [in collaboration with Boehringer Ingelheim]
+ • Alimta® continuation maintenance in nonsquamous non-small cell lung cancer
+ • Erbitux for 1st-line non-small cell lung cancer
+ • Erbitux for 1st-line metastatic colorectal cancer
+ • Amyvid for the detection of beta amyloid plaques

Potential Phase 3 trial initiation:

• Evacetrapib (CETP inhibitor)
• J AK1/J AK2 inhibitor

Data disclosures, trials completing in ‘12:

• Solanezumab Phase 3 trials in Alzheimer’s
• Effient® Phase 3 trial in ACS-medical management
• Alimta Phase 3 PARAMOUNT trial (ASCO in June)
• Alimta Phase 3 POINTBREAK trial
• Initial empagliflozin Phase 3 trials in type 2 diabetes
• Initial dulaglutide Phase 3 trials in type 2 diabetes
• Dulaglutide Phase 2 hemodynamic study (ASH in May)
• J AK1/J AK2 Phase 2b study in RA (3-month data at EULAR in June, 6-month data later in 2012)

Data disclosures, trials completed in ‘11:

• Ixekizumab Phase 2 data in psoriasis (data published in NEJM in March)
• Novel basal insulin analog Phase 2 data in type 1 and type 2 diabetes
  [in collaboration with Boehringer Ingelheim]

✔ denotes that an event has occurred
1 in collaboration with Boehringer Ingelheim
2 external data disclosure expected in 2013
## 2012 Guidance

<table>
<thead>
<tr>
<th>Category</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$21.8 to $22.8 billion</td>
</tr>
<tr>
<td>Gross Margin % of Revenue</td>
<td>Approximately 77%</td>
</tr>
<tr>
<td>Mktg, Selling &amp; Admin.</td>
<td>$7.4 to $7.8 billion</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>$5.0 to $5.3 billion</td>
</tr>
<tr>
<td>Other Income/(Expense)</td>
<td>$(50) - $100 million</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>Approximately 21%</td>
</tr>
<tr>
<td>Earnings per Share (non-GAAP)</td>
<td>$3.15 - $3.30</td>
</tr>
<tr>
<td>Earnings per Share (reported)</td>
<td>$3.14 - $3.29</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>Approximately $800 million</td>
</tr>
</tbody>
</table>

For complete reconciliation to reported guidance, please see slide 15 of this presentation and our earnings press release dated April 25, 2012.
## Earnings per Share Expectations

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>Growth</th>
</tr>
</thead>
</table>
| EPS (reported)         | $3.14- $3.29 | $3.90  | (16)%-(19)%
| In-process research and development charge associated with the Boehringer Ingelheim collaboration | -     | 0.23   |              |
| Asset impairment, restructuring and other special charges     | 0.01   | 0.29   |              |
| EPS (non-GAAP)         | $3.15- $3.30 | $4.41  | (25)%-(29)%

Note: Numbers may not add due to rounding.
Q1 2012 Summary

• Continued implementation of our strategy:
  – Replenishing and advancing our pipeline
  – Driving growth in key patent-protected brands and in countercyclical growth areas
  – Increasing productivity across our business to fund R&D, recapitalize physical assets and maintain the dividend

• Q1 2012 financial results place us on track to meet or exceed our minimum annual financial expectations during YZ:
  – At least $20 billion in revenue
  – At least $3 billion in net income
  – At least $4 billion in operating cash flow

• Poised to return to growth post-2014 with 12 molecules in Phase 3
Gross Margin % - Moving Annual Total

Non-GAAP

Individual quarter GM% of Revenue:
with FX effect on intl inv sold 75.9% 79.5% 82.2% 82.5% 80.1% 79.8% 80.4% 78.2% 78.1% 78.6%
w/o FX effect on intl inv sold 79.2% 80.4% 81.7% 80.6% 80.6% 80.7% 81.7% 80.0% 78.8% 78.3%

Note: The lines in the graph are moving annual totals (i.e. trailing 4 quarters) while the two rows of numbers are from specific quarters.
## Comparative EPS Summary 2011/2012

<table>
<thead>
<tr>
<th></th>
<th>1Q11</th>
<th>2Q11</th>
<th>3Q11</th>
<th>4Q11</th>
<th>2011</th>
<th>1Q12</th>
<th>2Q12</th>
<th>3Q12</th>
<th>4Q12</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-GAAP</td>
<td>1.24</td>
<td>1.18</td>
<td>1.13</td>
<td>0.87</td>
<td>4.41</td>
<td>0.92</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>0.95</td>
<td>1.07</td>
<td>1.11</td>
<td>0.77</td>
<td>3.90</td>
<td>0.91</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Numbers may not add due to rounding.
For complete reconciliation to reported earnings, please see slide 8 of this presentation and our earnings press release dated April 25, 2012.
Q1 Other Income/(Deductions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Q1 12</th>
<th>Q1 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Expense</td>
<td>($45.3)</td>
<td>($45.8)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>26.1</td>
<td>15.5</td>
</tr>
<tr>
<td><strong>Interest, net</strong></td>
<td>(19.2)</td>
<td>(30.3)</td>
</tr>
<tr>
<td>FX Gains / (Losses)</td>
<td>(10.7)</td>
<td>(10.4)</td>
</tr>
<tr>
<td>Gains / (Losses) on Equity Investments</td>
<td>5.7</td>
<td>35.4</td>
</tr>
<tr>
<td>Miscellaneous Income / (Loss)</td>
<td>(21.8)</td>
<td>(5.9)</td>
</tr>
<tr>
<td><strong>Other Income, net</strong></td>
<td>(26.8)</td>
<td>19.1</td>
</tr>
</tbody>
</table>

Net Other Income (Loss)                         | $(46.0) | $(11.2) |

Note: Numbers may not add due to rounding.
Q1 Cymbalta Revenue Increased 23%

U.S. sales increased 24%
International revenue increased 18%

Note: Quarterly numbers may not add to year-to-date totals due to rounding.
Q1 Alimta Sales Increased 5%

U.S. sales increased 10%
International sales increased 1%

Note: Quarterly numbers may not add to year-to-date totals due to rounding.
Q1 Humalog® Sales Increased 12%

U.S. sales increased 15%
International sales increased 9%

Note: Quarterly numbers may not add to year-to-date totals due to rounding.
Q1 Zyprexa Sales Decreased 56%

U.S. sales decreased 66%
International sales decreased 47%

Note: Quarterly numbers may not add to year-to-date totals due to rounding.
Q1 Animal Health Sales Increased 33%

Millions

U.S. sales increased 33%
International sales increased 32%

Note: Quarterly numbers may not add to year-to-date totals due to rounding.
Q1 Cialis Sales Increased 6%

U.S. sales increased 13%
International sales increased 2%

Note: Quarterly numbers may not add to year-to-date totals due to rounding.
Q1 Humulin® Sales Increased 6%

U.S. sales increased 20%
International sales decreased 5%

Note: Quarterly numbers may not add to year-to-date totals due to rounding.
Q1 Forteo® Sales Increased 26%

U.S. sales increased 9%
International sales increased 43%

Note: Quarterly numbers may not add to year-to-date totals due to rounding.
Q1 Evista® Sales Decreased 4%

U.S. sales decreased 1%
International sales decreased 8%

Note: Quarterly numbers may not add to year-to-date totals due to rounding.
Q1 Strattera® Sales Increased 15%

U.S. sales increased 21%
International sales increased 4%

Note: Quarterly numbers may not add to year-to-date totals due to rounding.
Q1 Effient Worldwide Sales $116 Million

Note: Quarterly numbers may not add to year-to-date totals due to rounding.
Q1 Gemzar® Sales Decreased 46%

U.S. sales decreased 77%
International sales decreased 26%

Note: Quarterly numbers may not add to year-to-date totals due to rounding.