Eli Lilly and Company
Fourth Quarter 2013 Financial Review

January 30th, 2014

Answers That Matter.

Agenda

Key Recent Events, Financial Results and Pipeline Update

- Phil Johnson, Vice President, Investor Relations
- Ilissa Rassner, 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 factors including, but not limited to, the risks and uncertainties in pharmaceutical research and development; competitive developments; regulatory actions; litigation and investigations; business development transactions; economic conditions; and changes in laws and regulations, including health care reform. For additional information about the factors that affect the company's business, please see the company's latest Forms 10-K and 10-Q filed with the Securities and Exchange Commission.

The company undertakes no duty to update forward-looking statements.

Key Events Since the Last Earnings Call

Clinical:

- Presented detailed data for RAINBOW, a Phase 3 study investigating ramucirumab in combination with paclitaxel in patients with advanced gastric cancer
- Announced that the Phase 3 studies for edivoxetine as add-on therapy for major depressive disorder did not achieve their primary endpoints

Regulatory:

- Submitted an NDA for new insulin glargine product for type 1 and type 2 diabetes in the United States
- Submitted new insulin glargine product for type 1 and type 2 diabetes in Japan
- Submitted a marketing authorization application for insulin lispro U-200 to the European Medicines Agency
- Announced U.S. FDA approved an addition to Cialis® label to include the use of Cialis 5 mg with finasteride to improve urinary symptoms in patients with benign prostatic hyperplasia

Business Development/Other:

- Entered into a collaboration agreement with Pfizer to jointly develop and commercialize tanezumab, an anti-NGF antibody, for the potential treatment of osteoarthritis pain, chronic low back pain, and cancer pain
- Announced acquisition of CGRP antibody in Phase 2 for migraine prevention from Arteaus Therapeutics
- U.S. patent protection for Cymbalta® expired in December
- Repurchased $500 million of stock in Q4 2013 under recently-authorized $5 billion program; for the full year, returned $3.8 billion in cash to shareholders through dividends and share repurchases

Comparison Measures
Results shown two ways to aid analysis

"Reported" results

- Include all financial results as reported in accordance with GAAP

"Non-GAAP" measures

- Start with "Reported" results
- Include adjustments for items such as:
  - Asset impairment, restructuring and other special charges
  - Acquired in-process R&D charges and other income and expenses from business development activities

2013 Income Statement (Reported)

Millions; except per share data

	Q4 2013	Growth	2013	Growth
Total Revenue	$5,809	(2)%	$23,113	2%
Gross Margin Percent	76.1%	(2.9)pp	78.8%	0.0pp
Total Operating Expense*	3,521	(3)%	12,835	(2)%
Operating Income	901	(15)%	5,370	13%
Other Income / (Expense)	9	NM	519	(23)%
Effective Tax Rate	*20.0%*	*1.7pp*	*20.5%*	*(3.9)pp*
Net Income	$728	(12)%	$4,685	15%
Diluted EPS	$0.67	(9)%	$4.32	18%

* Includes research and development expense, selling, marketing and administrative expense, acquired in-process research and development charges, and asset impairment, restructuring and other special charges.

Note: See slide 20 for a complete list of charges.

Reconciliation of GAAP Reported to Non-GAAP Adjusted Information; certain line items (unaudited)

Millions; except per share data

	Q4 2013			
	GAAP Reported	Adjust-ments	Non-GAAP Adjusted	Non-GAAP Adjusted Growth
Total Revenue	**$5,809**	-	$5,809	(2)%
Gross Margin	**76.1%**	-	76.1%	(2.9)pp
Total Operating Expense	**3,521**	(92)	3,429	0%
Operating Income	**901**	92	993	(22)%
Other Income / (Expense)	**9**	-	9	NM
Effective Tax Rate	***20.0%***	*0.5%*	*20.5%*	*(1.8)pp*
Net Income	**$728**	$69	$797	(16)%
Diluted EPS	**$0.67**	$0.07	$0.74	(13)%

Note: Numbers may not add due to rounding.

Reconciliation of GAAP Reported to Non-GAAP Adjusted Information; certain line items (unaudited)

Millions; except per share data

	2013			
	GAAP Reported	Adjust-ments	Non-GAAP Adjusted	Non-GAAP Adjusted Growth
Total Revenue	**$23,113**	-	$23,113	2%
Gross Margin	**78.8%**	-	78.8%	0.0pp
Total Operating Expense	**12,835**	(178)	12,657	(1)%
Operating Income	**5,370**	178	5,548	11%
Other Income / (Expense)	**519**	(495)	23	NM
Effective Tax Rate	***20.5%***	*(1.3)%*	*19.2%*	*(3.6)pp*
Net Income	**$4,685**	$(182)	$4,503	19%
Diluted EPS	**$4.32**	$(0.17)	$4.15	22%

Note: Numbers may not add due to rounding.

EPS Reconciliation

	Q4 2013	Q4 2012	Growth	2013	2012	Growth
EPS (reported)	**$0.67**	**$0.74**	**(9)%**	**$4.32**	**$3.66**	**18%**
Acquired in-process research and development charge associated with CGRP antibody acquisition	0.03	-		-	-	
Asset impairment, restructuring and other special charges	0.03	0.11		0.11	0.16	
Income related to termination of the exenatide collaboration with Amylin	-	-		(0.29)	(0.43)	
EPS (non-GAAP)	**$0.74**	**$0.85**	**(13)%**	**$4.15**	**$3.39**	**22%**

Note: Numbers may not add due to rounding.

Effect of Price/Rate/Volume on Revenue

Q4 2013

Pharmaceuticals	Amount	Price	FX Rate	Volume	Total	CER
U.S.	$2,738.2	10%	-	(17)%	(6)%	(6)%
ACE*	1,206.2	(5)%	3%	2%	(0)%	(3)%
Japan	569.3	(0)%	(23)%	17%	(6)%	16%
Emerging Markets	716.7	(1)%	(4)%	13%	7%	12%
Total Pharma	5,230.4	4%	(2)%	(5)%	(3)%	(1)%
Animal Health	578.4	5%	(1)%	1%	4%	6%
Total Revenue	$5,808.8	4%	(2)%	(5)%	(2)%	(0)%

2013

Pharmaceuticals	Amount	Price	FX Rate	Volume	Total	CER
U.S.	$11,663.1	11%	-	(7)%	5%	5%
ACE*	4,660.7	(2)%	1%	0%	(1)%	(2)%
Japan	2,024.2	(2)%	(19)%	13%	(8)%	11%
Emerging Markets	2,613.6	(1)%	(3)%	8%	3%	7%
Total Pharma	20,961.6	5%	(2)%	(1)%	2%	4%
Animal Health	2,151.5	2%	(1)%	4%	6%	7%
Total Revenue	$23,113.1	5%	(2)%	(1)%	2%	4%

Note: Numbers may not add due to rounding.

* includes Australia/New Zealand, Canada and Europe
CER = growth using constant exchange rates

Effect of Foreign Exchange on 2013 Results

Year-on-Year Growth

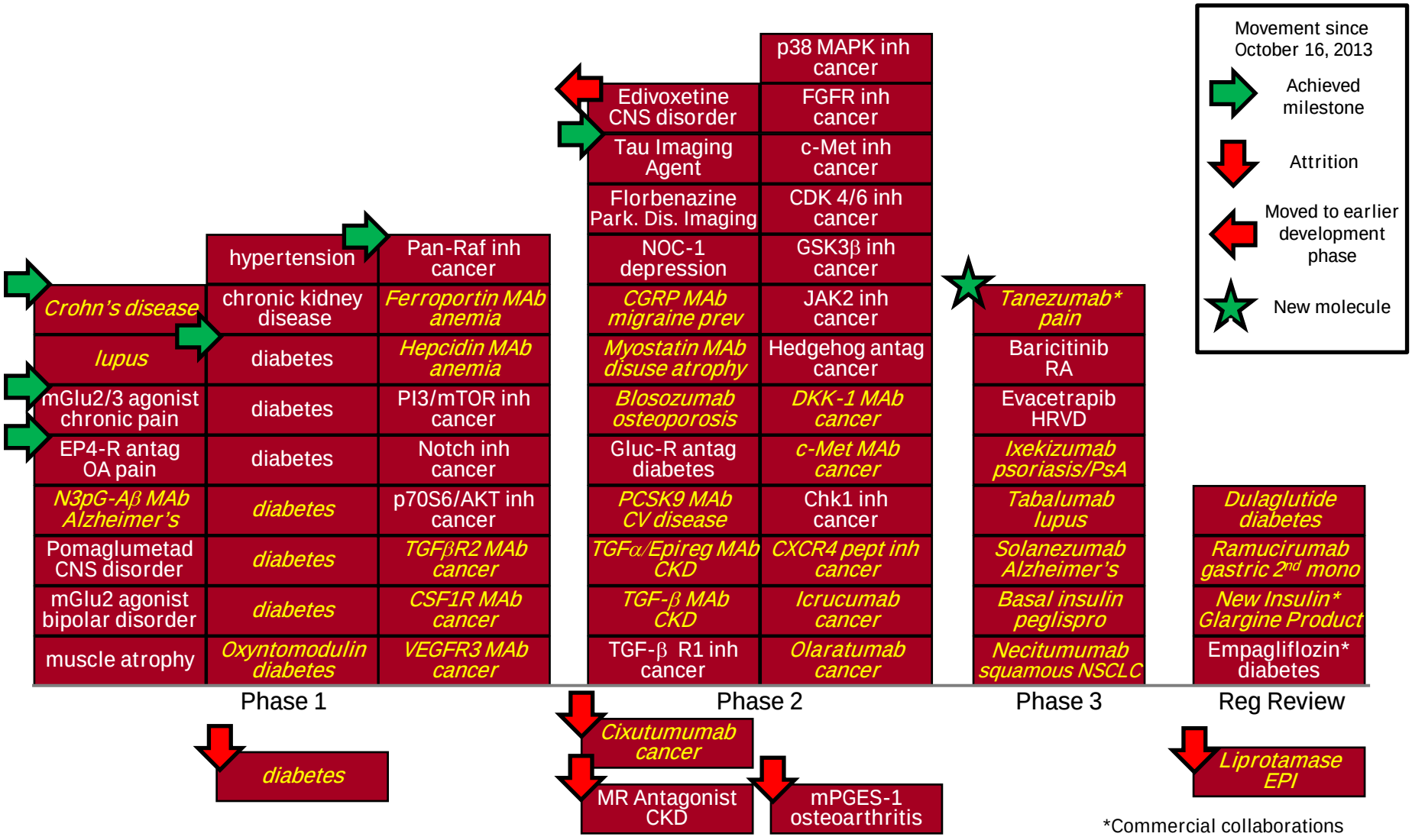
	Q4 2013		2013	
	With FX	w/o FX	With FX	w/o FX
Total Revenue	(2)%	(0)%	2%	4%
Cost of Sales	11%	6%	2%	(1)%
Gross Margin	(6)%	(2)%	2%	6%
Reported Operating Expense	(3)%	(2)%	(2)%	(1)%
Reported Operating Income	(15)%	(1)%	13%	23%
Reported EPS	(9)%	8%	18%	27%
Non-GAAP Operating Expense	(0)%	1%	(1)%	0%
Non-GAAP Operating Income	(22)%	(9)%	11%	20%
Non-GAAP EPS	(13)%	1%	22%	32%

Lilly NME Pipeline

January 23, 2014

New Chemical Entity (NCE)

New Biotech Entity (NBE)



*Commercial collaborations

Key Events in 2013

Potential Phase 3 data external disclosure / internal readouts:

- ✓+ Initial trials of dulaglutide for type 2 diabetes
- ✓+ Initial trials of empagliflozin for type 2 diabetes [1]
- ✓ Initial trials of basal insulin peglispro for type 1 and type 2 diabetes
- ✓+ Trials of new insulin glargine product for type 1 and type 2 diabetes [1]
- ✓+ Ramucirumab as monotherapy for second-line gastric cancer (ASCO-GI in January)
- ✓- Ramucirumab for breast cancer
- ✓+ Ramucirumab as combination therapy for second-line gastric cancer
- ✓- Enzastaurin for DLBCL
- ✓+ Necitumumab for first-line squamous NSCLC
- ✓- Initial trials of edivoxetine as adjunctive therapy for major depressive disorder
- ✓- Additional analyses of Phase 3 trials of tabalumab for rheumatoid arthritis

Potential regulatory submissions:

- ✓+ Dulaglutide for type 2 diabetes
- ✓+ Empagliflozin for type 2 diabetes [1]
- ✓+ New insulin glargine product for type 1 and type 2 diabetes [1]
- ✓+ Ramucirumab as monotherapy for second-line gastric cancer [2]
- ✓- Enzastaurin for DLBCL

Other:

- ✓+ Initiation of new pivotal trial for solanezumab in patients with mild AD
- ✓ Alimta® District Court trial for method-of-use patent (August)
- ✓ Cymbalta U.S. patent expiration (December)

1 in collaboration with Boehringer Ingelheim

Key Events in 2014

Potential Phase 3 initiations:

- CDK4/6 for cancer
- Blosozumab for osteoporosis

Potential Phase 3 data internal readouts:

- Basal insulin peglispro for type 1 and type 2 diabetes
- Ramucirumab for second-line metastatic colorectal cancer
- Ixekizumab for psoriasis
- Tabalumab for lupus
- First trial of baricitinib in rheumatoid arthritis

Potential Phase 3 data external disclosures:

- AWARD-2 and AWARD-4 of dulaglutide for type 2 diabetes
- AWARD-6 of dulaglutide for type 2 diabetes
- New insulin glargine product for type 1 and type 2 diabetes [1] (ELEMENT1 and ELEMENT2)
- Necitumumab for first-line squamous NSCLC (SQUIRE)
- ✓+ Ramucirumab as combination therapy for second-line gastric cancer (RAINBOW)
- Ramucirumab for second-line NSCLC (REVEL)
- Ramucirumab for second-line hepatocellular cancer (REACH)

Potential regulatory submissions:

- Basal insulin peglispro for type 1 and type 2 diabetes
- Empagliflozin + linagliptin FDC for type 2 diabetes [1]
- Empagliflozin + metformin IR FDC for type 2 diabetes [1]
- Necitumumab for first-line squamous NSCLC
- Ramucirumab as combination therapy for second-line gastric cancer
- Ramucirumab for second-line NSCLC
- Ramucirumab for second-line hepatocellular cancer

Potential regulatory actions:

- Empagliflozin for type 2 diabetes [1]
- Dulaglutide for type 2 diabetes
- Ramucirumab as monotherapy for second-line gastric cancer
- New insulin glargine product [1]

Other:

- Ruling in Alimta District Court trial for method-of-use patent
- Evista® U.S. patent expiration (March)
- Cymbalta EU data package exclusivity expiration
- Partial clinical hold resolution for tanezumab [2]

1 in collaboration with Boehringer Ingelheim
2 in collaboration with Pfizer

2014 Guidance

Total Revenue	$19.2 to $19.8 billion
Gross Margin % of Revenue	Approximately 74%
Mktg, Selling & Admin.	$6.2 to $6.5 billion
Research & Development	$4.4 to $4.7 billion
Other Income / (Expense)	$100 - $200 million
Tax Rate	Approximately 20%
Minimum Net Income	$3 billion
Earnings per Share	$2.77 - $2.85
Minimum Operating Cash Flow	$4 billion
Capital Expenditures	Approximately $1.3 billion

Earnings Per Share Expectations

	2014	2013	Growth
EPS (reported)	**$2.77-$2.85**	**$4.32**	**(34)%-(36)%**
Acquired in-process research and development charge associated with CGRP antibody acquisition	-	0.03	
Asset impairment, restructuring and other special charges	-	0.08	
Income related to termination of the exenatide collaboration with Amylin	-	(0.29)	
EPS (non-GAAP)	**$2.77-$2.85**	**$4.15**	**(31)%-(33)%**

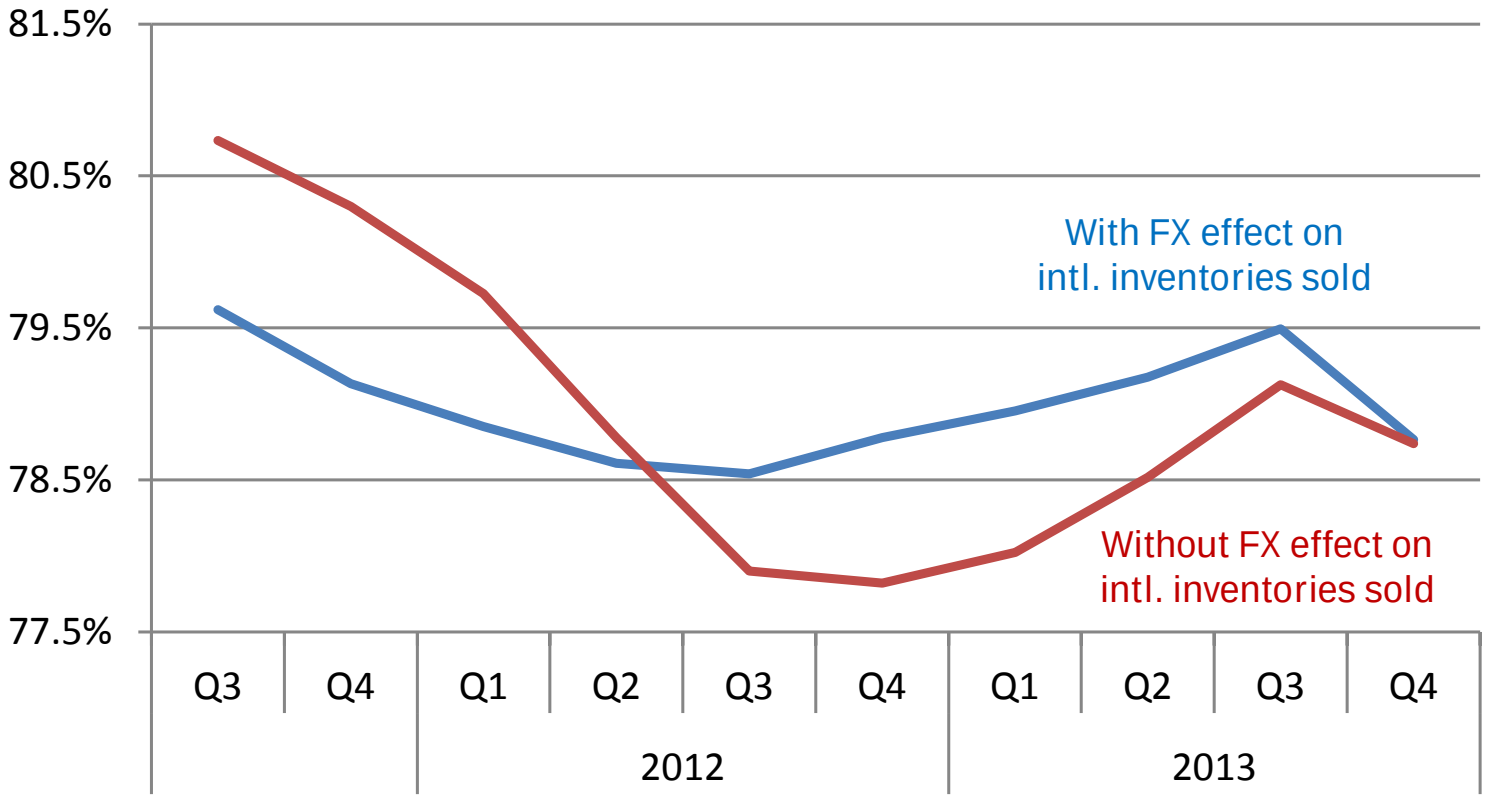
Note: Numbers may not add due to rounding.

2013 Summary

- Significant progress implementing our strategy:
  - Advancing our pipeline
  - Driving strong performance of our marketed brands and key growth areas
  - Increasing productivity and reducing our cost structure
- Solid financial performance
  - Excluding U.S. Cymbalta, worldwide revenue grew 9%
  - Non-GAAP EPS grew 22%
- Returned significant cash to shareholders:
  - $2.1 billion in dividend payments
  - $1.7 billion in share repurchases, including $500 million under the recently-authorized $5 billion program
- Poised to drive revenue growth and expand margins post-2014:
  - Will continue to generate and disseminate important data throughout 2014
  - Expect to launch our next wave of innovation starting in 2014

Supplementary Slides

Gross Margin % - Moving Annual Total



Individual quarter GM% of Revenue:

with FX effect on intl inv sold	78.2%	78.1%	78.6%	79.5%	77.9%	79.0%	79.3%	80.3%	79.2%	76.1%
w/o FX effect on intl inv sold	80.0%	78.8%	78.3%	77.9%	76.4%	78.5%	79.1%	79.9%	79.0%	77.0%

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 2012/2013

	1Q12	2Q12	3Q12	4Q12	2012	1Q13	2Q13	3Q13	4Q13	2013
Non-GAAP	0.92	0.83	0.79	0.85	3.39	1.14	1.16	1.11	0.74	4.15
Reported	0.91	0.83	1.18	0.74	3.66	1.42	1.11	1.11	0.67	4.32

Note: Numbers may not add due to rounding.

For a complete reconciliation to reported earnings, see slide 20 of this presentation and our earnings press release dated January 30, 2014.

2013 Income Statement Notes

Notes:

- The fourth quarter 2013 non-GAAP financial statements have been adjusted to eliminate a charge of $57.1 million (pretax), or EPS of $0.03 (after-tax), related to the acquisition of the CGRP antibody and a charge of $35.4 million, or EPS of $0.03 (after-tax), associated with restructuring to reduce the company's cost structure and global workforce.

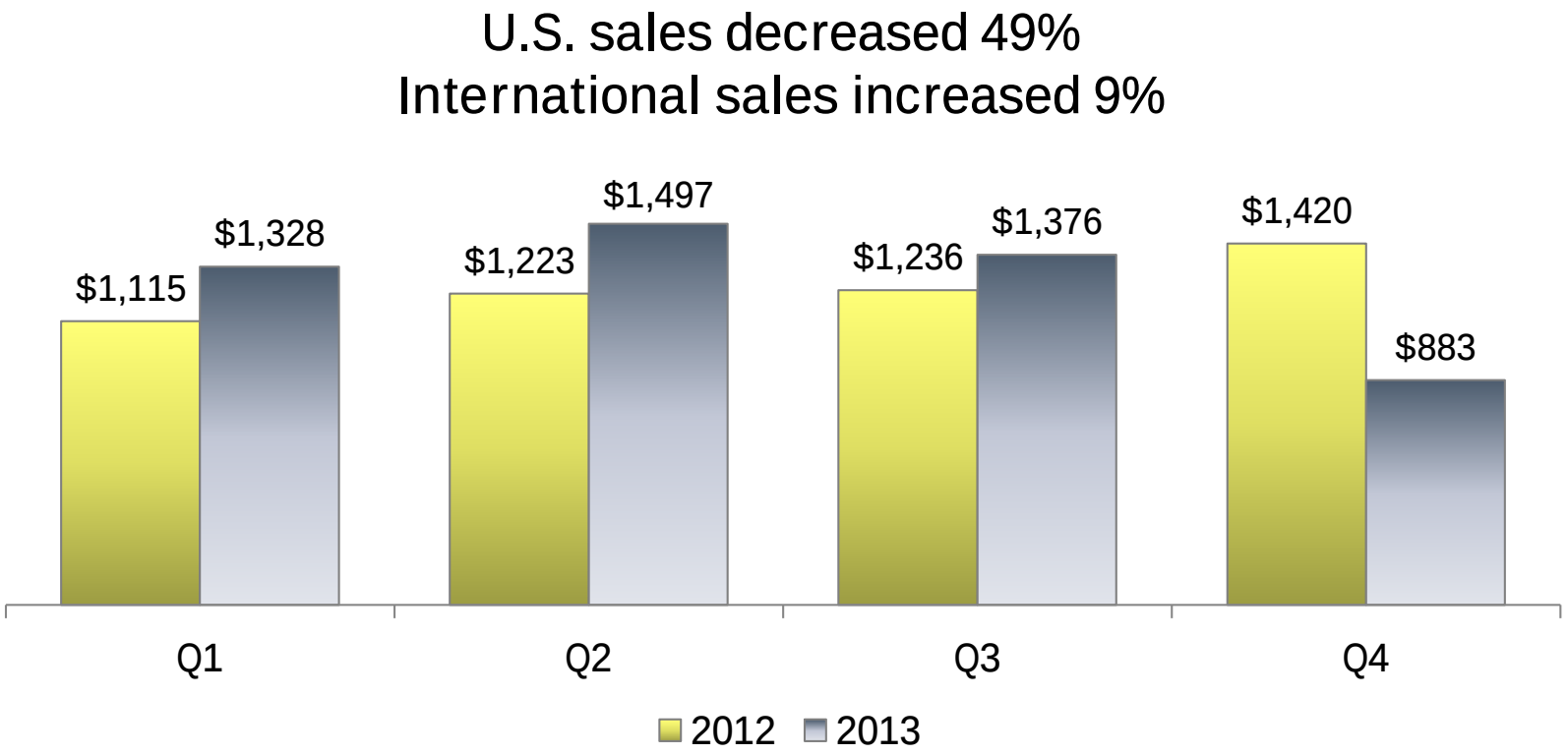
- The fourth-quarter 2012 financial statements have been adjusted to eliminate asset impairments, restructuring and other special charges totaling $204.0 million (pretax), or $0.11 per share (after-tax), primarily related to an intangible asset impairment for liprotamase and restructuring to reduce the company's cost structure and global workforce.

- In addition, the year-to-date 2013 non-GAAP financial statements have been adjusted to eliminate income of $495.4 million (pretax), or EPS of $0.29 (after-tax), related to the transfer of exenatide commercial rights in markets outside the U.S. to Amylin, a charge of $63.5 million (pretax), or EPS of $0.04 (after-tax), primarily related to the anticipated closure of a packaging and distribution facility in Germany, and a charge of $21.7 million (pretax), or EPS of $0.01 (after-tax), associated with severance costs from actions the company is taking, primarily outside the U.S., to reduce its cost structure and global workforce.

- In addition, the year-to-date 2012 non-GAAP financial statements have been adjusted to eliminate income of $787.8 million (pretax), or $0.43 per share (after-tax) related to the early payment by Amylin of the exenatide revenue sharing obligation, a charge of $53.3 million (pretax), or EPS of $0.04 (after-tax), related to an asset impairment of a delivery device platform, and a charge of $23.8 million (pretax), or EPS of $0.01 (after-tax) primarily related to the withdrawal of Xigris®.

Q4 Cymbalta Sales Decreased 38%

Millions

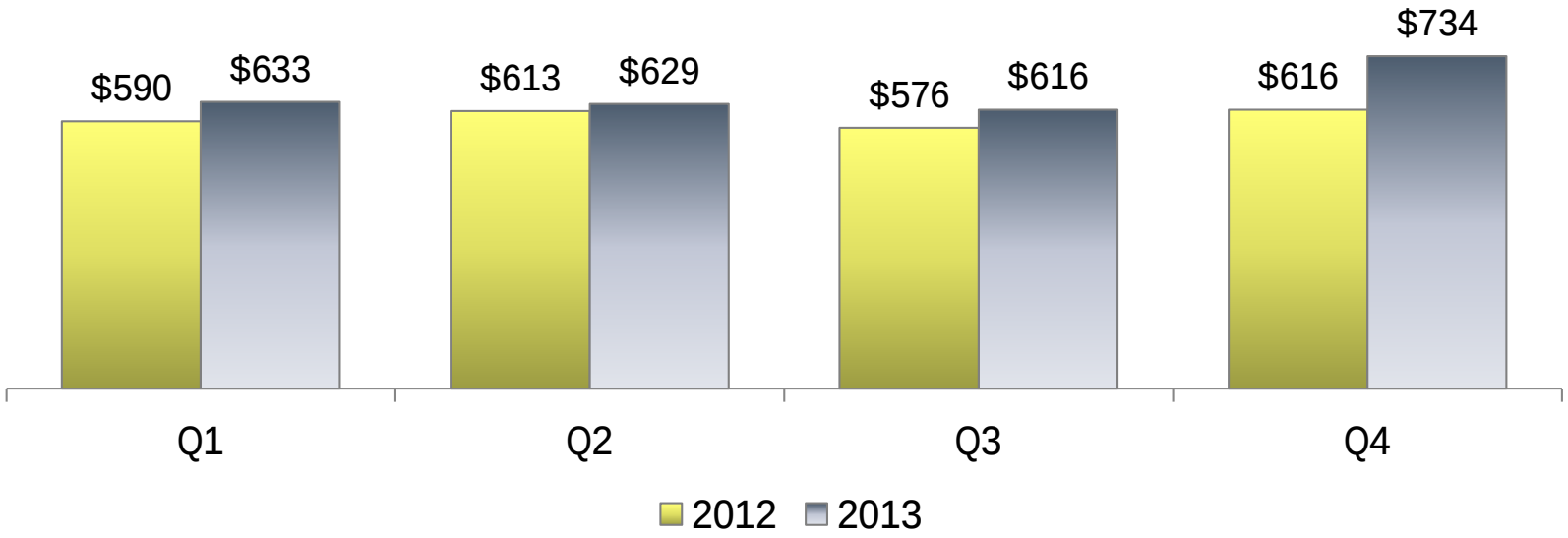


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q4 Humalog® Sales Increased 19%

Millions

U.S. sales increased 31%
International sales increased 6%

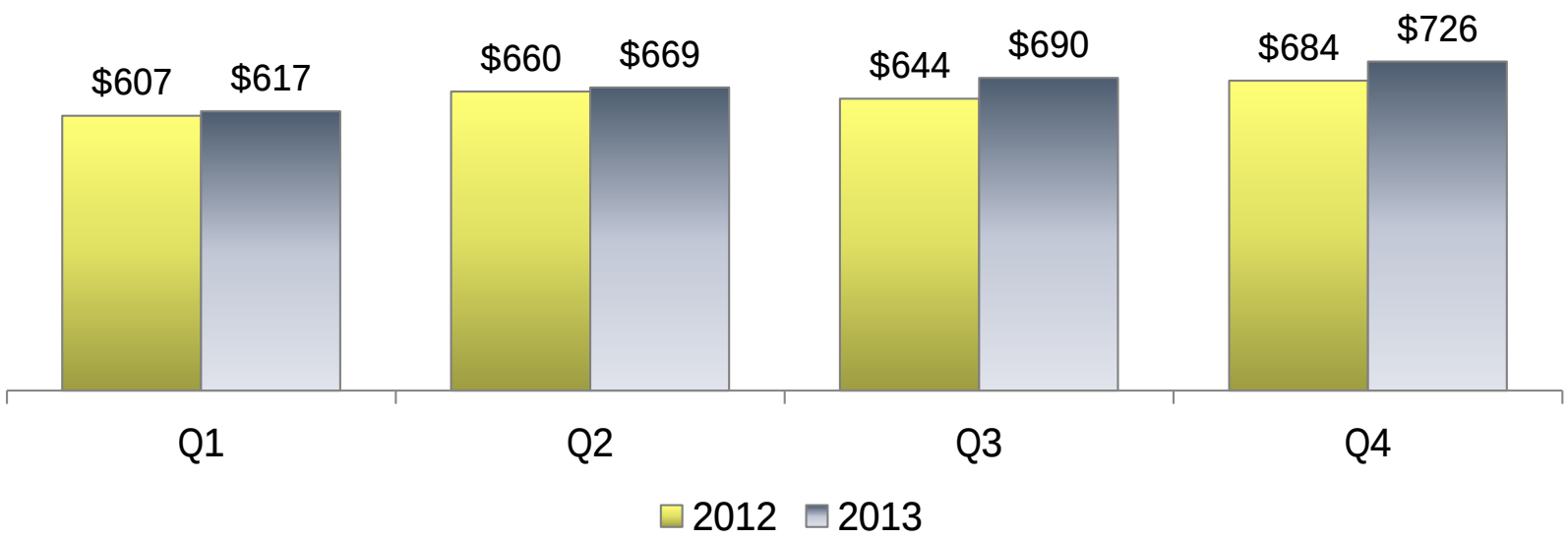


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q4 Alimta Sales Increased 6%

Millions

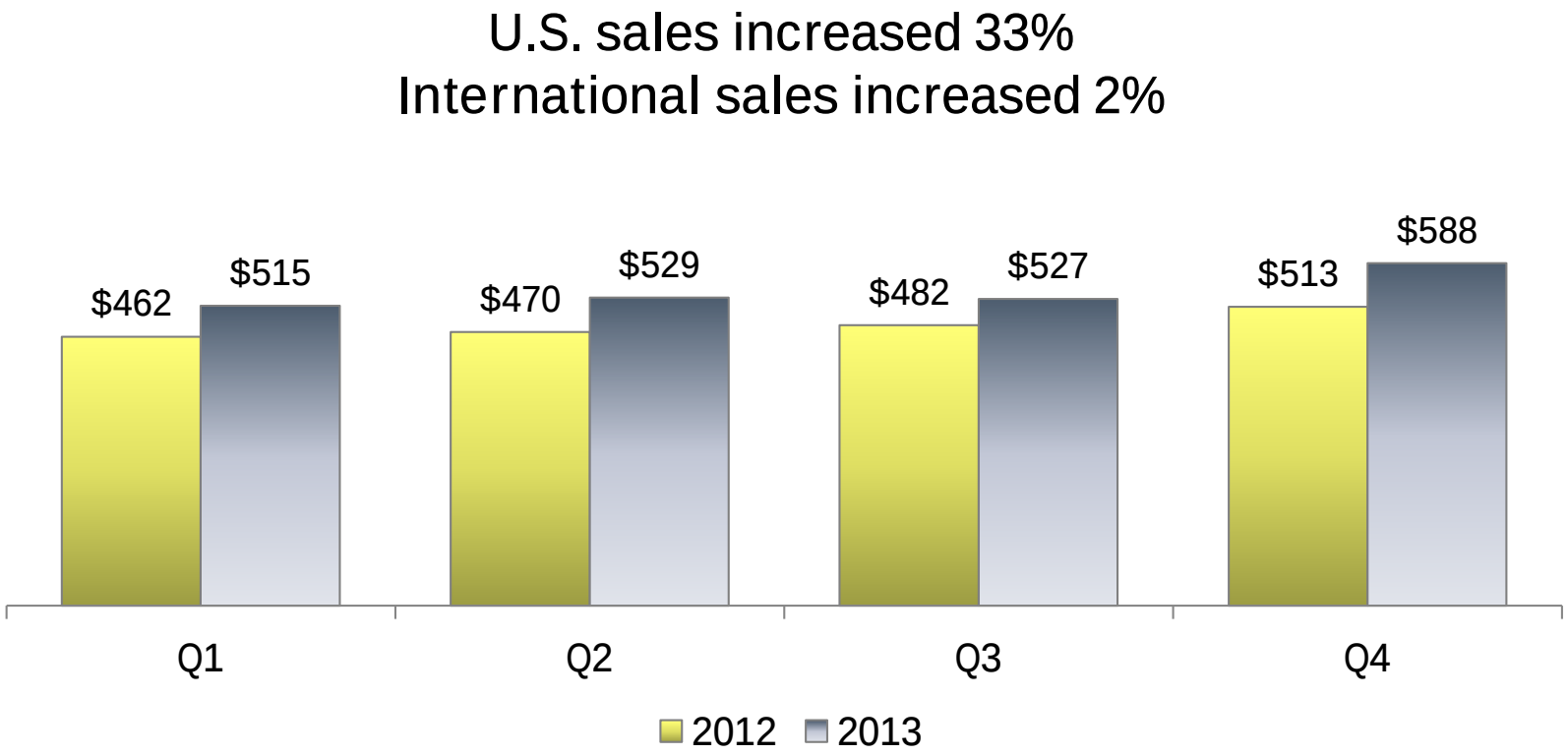
U.S. sales increased 12%
International sales increased 2%



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

Q4 Cialis Sales Increased 15%

Millions

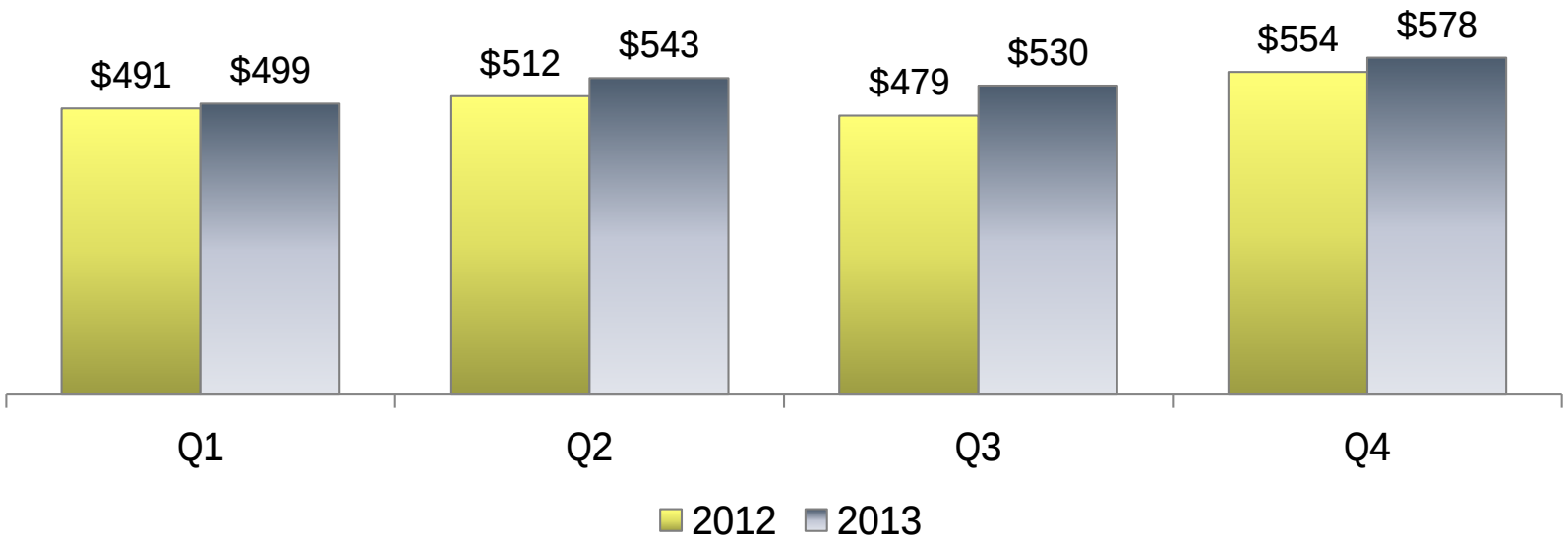


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q4 Animal Health Sales Increased 4%

Millions

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

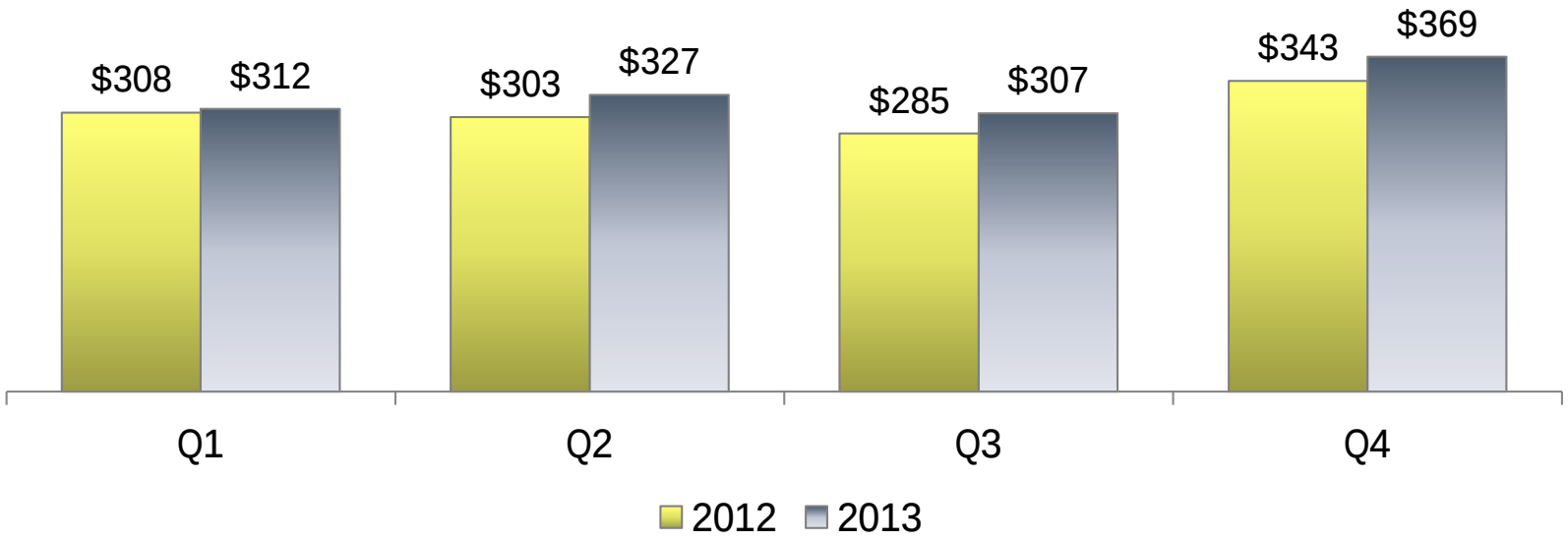


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q4 Humulin® Sales Increased 8%

Millions

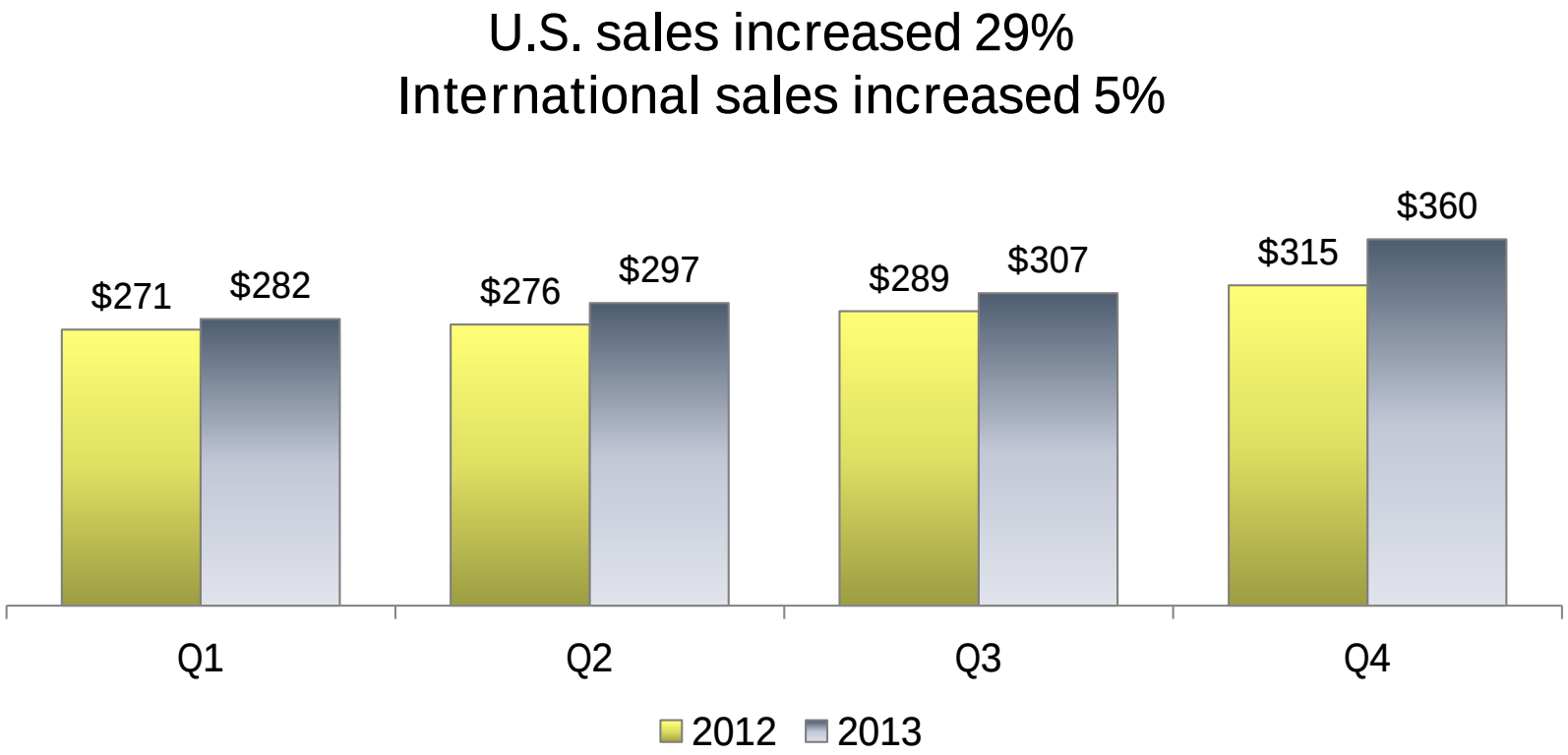
U.S. sales increased 19%
International sales decreased 3%



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

Q4 Forteo® Sales Increased 14%

Millions

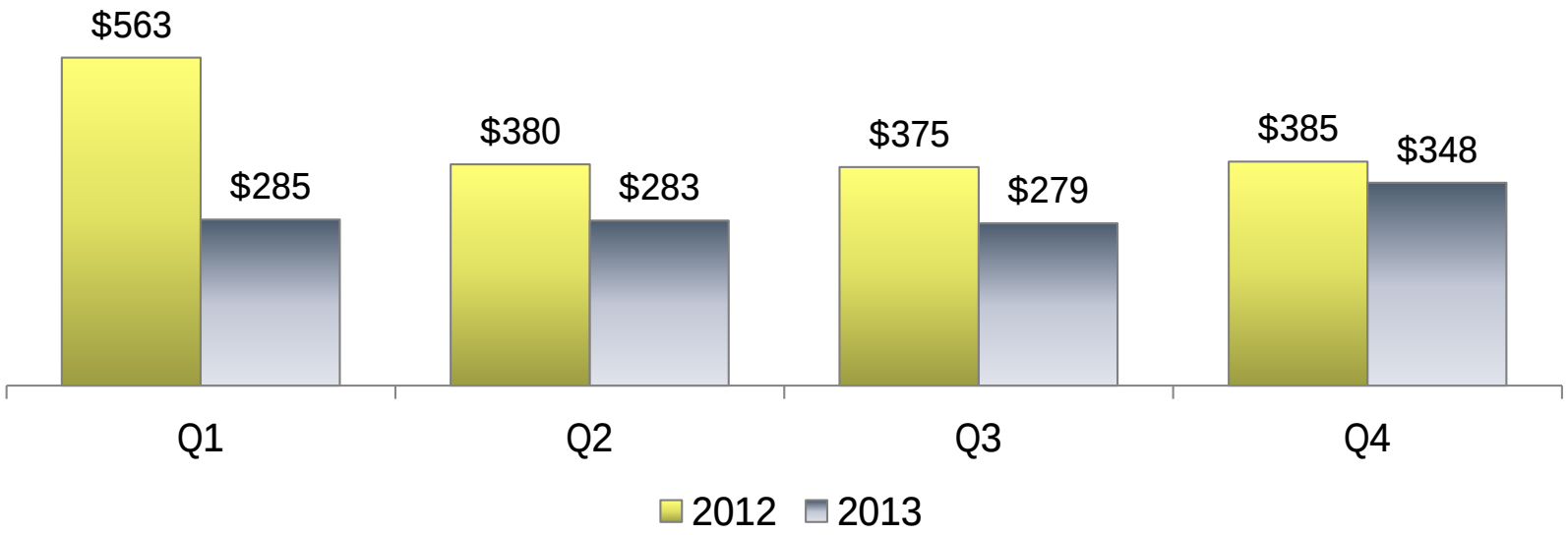


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q4 Zyprexa® Sales Decreased 10%

Millions

U.S. sales decreased 35%
International sales decreased 5%

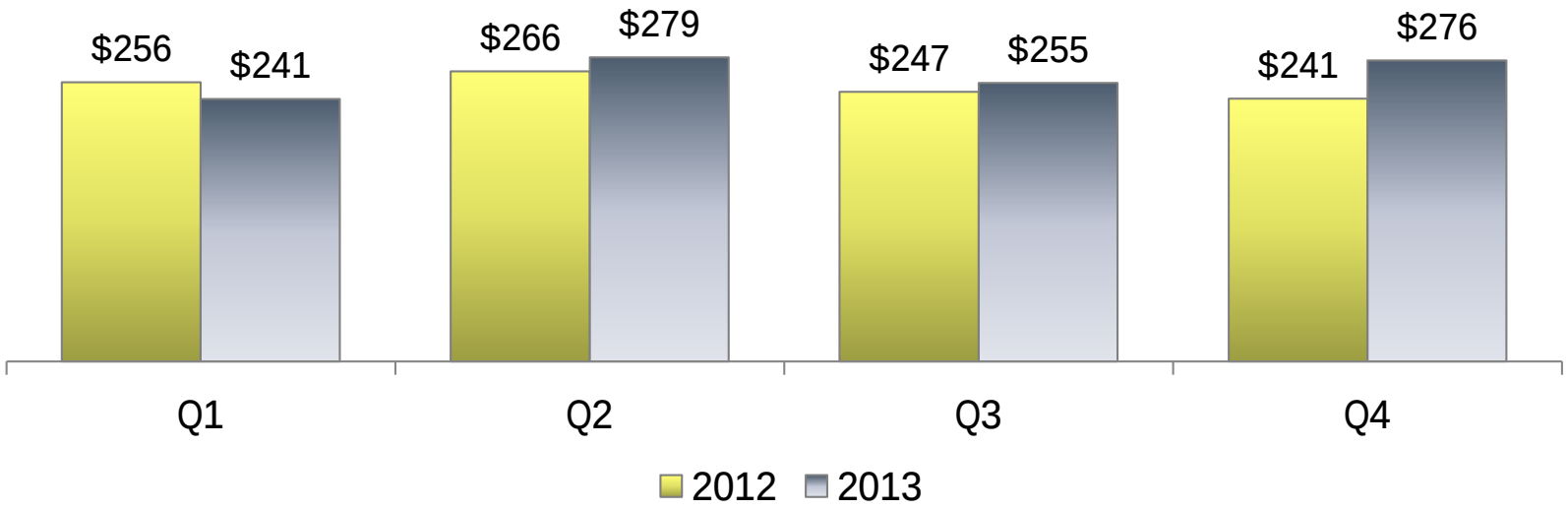


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q4 Evista Sales Increased 14%

Millions

U.S. sales increased 18%
International sales increased 4%

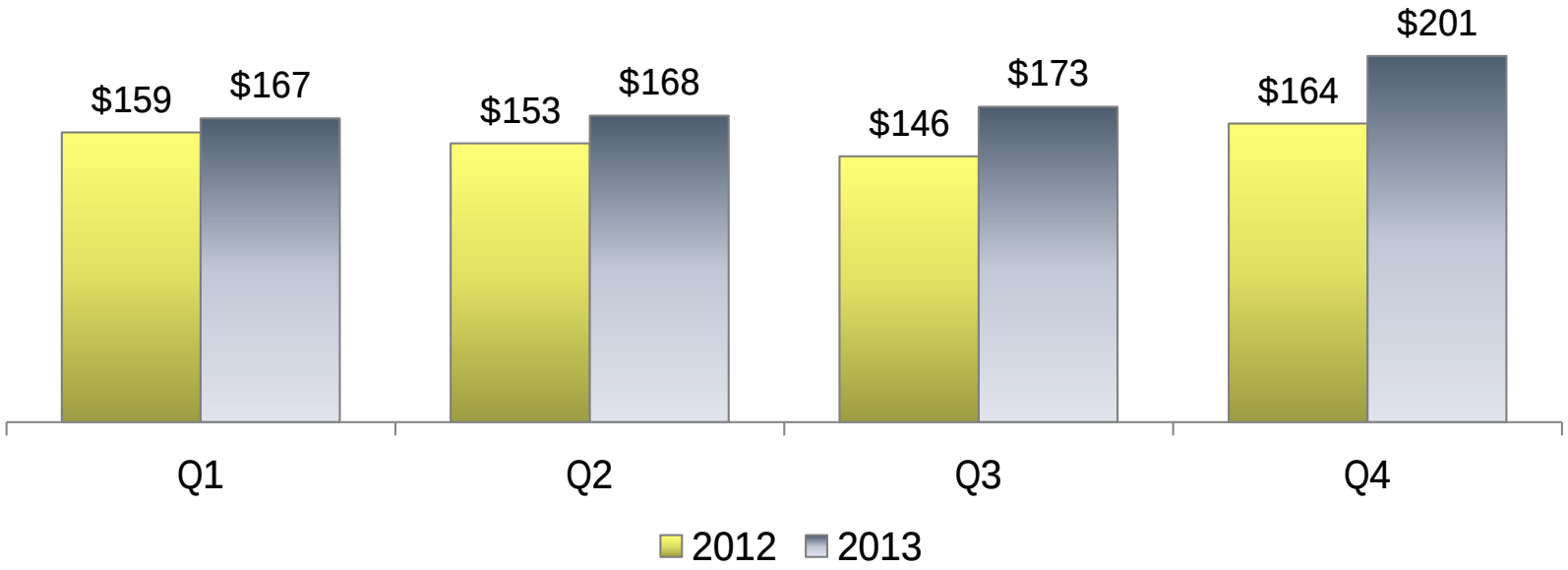


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q4 Strattera® Sales Increased 23%

Millions

U.S. sales increased 33%
International sales increased 9%

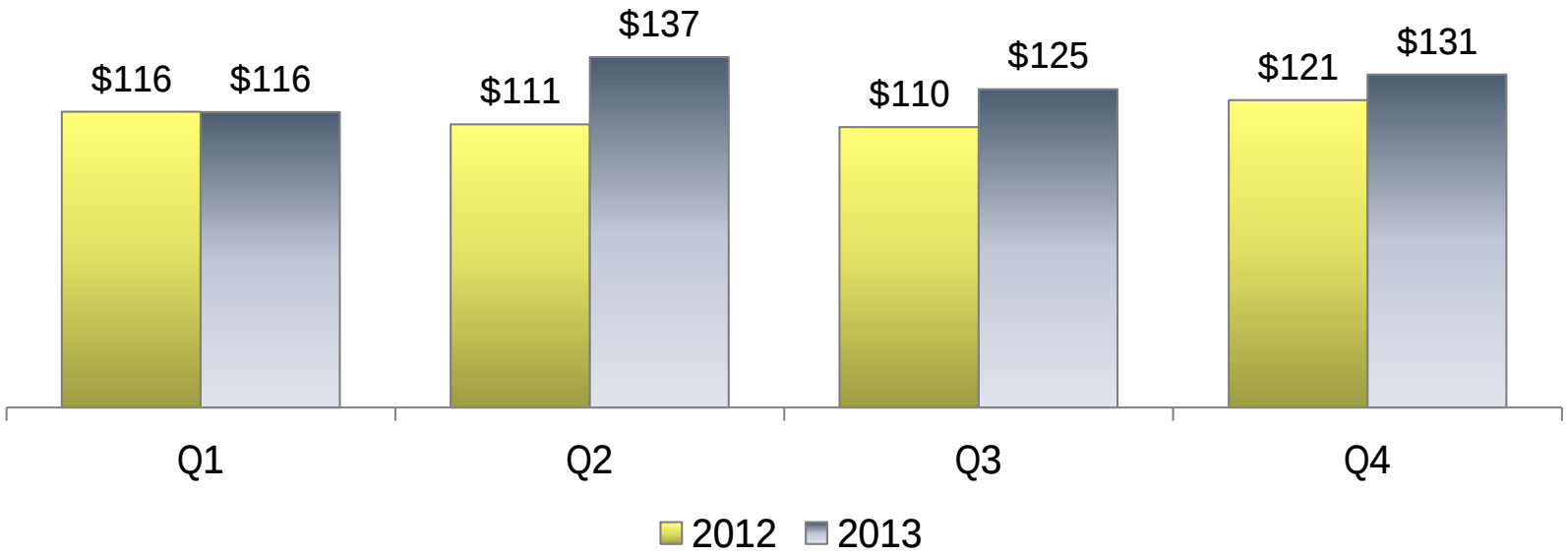


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q4 Effient® Sales Increased 8%

Millions

U.S. sales increased 10%
International sales increased 3%



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