Report of Organizational Actions Affecting Basis of Securities

Part I  Reporting Issuer

1 Issuer's name

Eli Lilly and Company

2 Issuer's employer identification number (EIN)

35-0470950

3 Name of contact for additional information

Kevin Hem

4 Telephone No. of contact

(317) 277-1838

5 Email address of contact

hern_kevin_r@lilly.com

6 Number and street (or P.O. box if mail is not delivered to street address) of contact

Lilly Corporate Center

7 City, town, or post office, state, and ZIP code of contact

Indianapolis, Indiana 46285 USA

8 Date of action

March 11, 2019

9 Classification and description

Exchange of Lilly common stock for Elanco common stock

10 CUSIP number

532457108

11 Serial number(s)

N/A

12 Ticker symbol

LLY

13 Account number(s)

N/A

Part II  Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ➤

On March 11, 2019, Eli Lilly and Company ("Lilly") exchanged shares of Lilly common stock for shares of Elanco Animal Health Incorporated ("Elanco") common stock by way of an exchange offer that expired on March 8, 2019 (the "Exchange"). Each tendering holder of Lilly common stock received 4.5121 shares of Elanco common stock in exchange for each share of Lilly common stock accepted by Lilly in the exchange offer. All fractional shares of Elanco common stock resulting from the Exchange were aggregated and sold by the exchange agent on behalf of the tendering Lilly shareholders, and the proceeds (less any commissions or other fees) were distributed to the applicable tendering Lilly shareholder in accordance with their fractional interest in the aggregate number of shares sold.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ➤

The tax basis of the Elanco common shares received by a shareholder in the Exchange, including any fractional shares of Elanco common stock deemed received by the shareholder, will be the same as the tax basis of the Lilly common shares exchanged therefor.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ➤

N/A
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based. The Exchange is intended to be a tax-free exchange under IRC sections 368(a)(1)(O) and 355. Under IRC section 358(a)(1) the aggregate basis of the Elanco common shares received by a shareholder in the Exchange is the same as the aggregate basis of the Lilly common shares exchanged therefor. Under IRC section 1223, the holding period for Elanco common shares received by a shareholder in the Exchange will include the holding period of the Lilly common shares exchanged therefor. Shareholders receiving cash in lieu of fractional shares could recognize gain or loss under IRC section 1001 with respect to the fractional share.

18 Can any resulting loss be recognized? Participating Lilly shareholders will not recognize gain or loss for U.S. federal income tax purposes upon the receipt of shares of Elanco common stock in the Exchange.

A participating Lilly shareholder who receives cash in lieu of a fractional share of Elanco common stock in the Exchange will recognize capital gain or loss measured by the difference between the tax basis of the fractional share deemed to be received, and the amount of cash received in respect thereof.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year. The Exchange was completed on March 11, 2019. For calendar year taxpayers, the reportable year is 2019.