Eli Lilly and Company
Third Quarter Financial Review

October 24th, 2012

Answers That Matter.

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

Regulatory:

- Received U.S. FDA approval for:
  - Alimta® as a maintenance therapy following first-line Alimta plus cisplatin therapy for locally advanced or metastatic nonsquamous non-small cell lung cancer.
  - Tradjenta® (linagliptin) tablets for use as add-on therapy to insulin in adults with type 2 diabetes.

- Received regulatory approval in Japan for a new indication for Strattera® for adult attention-deficit hyperactivity disorder (ADHD).

- Received CHMP positive opinion in Europe recommending approval of:
  - Cialis® (tadalafil) for once daily use for the treatment of the signs and symptoms of benign prostatic hyperplasia (BPH).
  - Trajenta for use as add-on therapy to insulin in adults with type 2 diabetes.
  - Amyvid™ for imaging of beta-amyloid neuritic plaque density in the brains of adult patients with cognitive impairment who are being evaluated for Alzheimer's disease and other causes of cognitive impairment.

Beyond the Quarterly Financial Results

Key events since the last earnings call (cont.)

Clinical:

- Stopped Phase 3 development of pomaglumetad methionil for the treatment of patients suffering from schizophrenia after interim analysis indicated second pivotal study was unlikely to succeed.
- Disclosed the primary endpoint was not met in Phase 3 TRILOGY ACS study comparing prasugrel (Effient®) to clopidogrel in acute coronary syndrome UA/NSTEMI patients to be managed medically without an artery-opening procedure.
- Disclosed the primary endpoint of improved overall survival was not met in Phase 3 POINTBREAK trial evaluating Alimta in combination with bevacizumab in patients with nonsquamous non-small cell lung cancer.
- Disclosed that primary endpoints were not met in solanezumab Phase 3 EXPEDITION studies in patients with mild-to-moderate Alzheimer's disease. However, a pre-specified, secondary, pooled analysis showed a 34% reduction in cognitive decline in patients with mild Alzheimer's disease treated with solanezumab.
- Announced that primary endpoint of improved overall survival was met in Phase 3 REGARD trial evaluating ramucirumab as second-line monotherapy in patients with metastatic gastric cancer.
- Announced that the primary endpoints related to reduction in HbA1c were met in the Phase 3 AWARD-1, AWARD-3 and AWARD-5 studies evaluating dulaglutide in patients with type 2 diabetes.

Other:

- Amylin paid Lilly $1.259 billion in satisfaction of its obligations with respect to exenatide and also repaid a $165 million loan, plus accrued interest.
- U.S. Court of Appeals upheld the validity of the Alimta compound patent, which provides protection for Alimta in the U.S. through January 2017.

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

	Q3 2012	Growth	Sept YTD	Growth
Total Revenue	$5,443	(11)%	$16,646	(9)%
Gross Margin Percent	77.9%	(0.3)pp	78.7%	(0.8)pp
Total Operating Expense*	3,100	(3)%	9,351	(1)%
Operating Income	1,139	(29)%	3,747	(26)%
Other Income / (Deductions)	1	n.m.	(62)	(59)%
Effective Tax Rate	*22.1%*	*4.2pp*	*23.0%*	*3.0pp*
Net Income	$888	(29)%	$2,839	(28)%
Diluted EPS	$0.79	(30)%	$2.54	(28)%

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

2012 Income Statement (Reported)

Millions; except per share data

	Q3 2012	Growth	Sept YTD	Growth
Total Revenue	$5,443	(11)%	$16,646	(9)%
Gross Margin Percent	77.9%	(0.3)pp	78.7%	(0.8)pp
Total Operating Expense*	3,154	(2)%	9,428	(6)%
Operating Income	1,086	(32)%	3,670	(18)%
Other Income / (Deductions)	789	n.m.	726	n.m.
Effective Tax Rate	*29.2%*	*11.5pp*	*25.8%*	*6.8pp*
Net Income	$1,327	7%	$3,261	(7)%
Diluted EPS	$1.18	6%	$2.92	(7)%

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

Note: See slide 19 for a complete list of charges.

EPS Reconciliation

	Q3 2012	Q3 2011	Growth	YTD 12	YTD 11	Growth
EPS (reported)	**$1.18**	**$1.11**	**6%**	**$2.92**	**$3.13**	**(7)%**
In-process research and development charges associated with Boehringer Ingelheim collaboration	-	-		-	0.23	
Asset impairment, restructuring and other special charges	0.04	0.02		0.05	0.18	
Income from early payment of Amylin financial obligations	(0.43)	-		(0.43)	-	
EPS (non-GAAP)	**$0.79**	**$1.13**	**(30)%**	**$2.54**	**$3.54**	**(28)%**

Note: Numbers may not add due to rounding.

Effect of Price/Rate/Volume on Revenue

Pharmaceuticals	Q3 2012 Amount	Price	FX Rate	Volume	Total
U.S.	$2,603.6	7%	-	(17)%	(10)%
Europe	909.0	(7)%	(10)%	(12)%	(29)%
Japan	554.6	(9)%	(0)%	15%	6%
ROW	754.6	(3)%	(6)%	(0)%	(8)%
Total Pharma	4,821.8	1%	(3)%	(10)%	(13)%
Animal Health	479.3	(1)%	(3)%	10%	6%
Net Product Sales	5,301.1	1%	(3)%	(9)%	(11)%
Collab/Other Revenue	142.2	0%	-	(19)%	(19)%
Total Revenue	$5,443.3	1%	(3)%	(9)%	(11)%

Pharmaceuticals	September YTD 2012 Amount	Price	FX Rate	Volume	Total
U.S.	$7,847.3	8%	-	(18)%	(9)%
Europe	2,910.7	(7)%	(7)%	(12)%	(26)%
Japan	1,591.2	(6)%	2%	13%	9%
ROW	2,339.1	(3)%	(4)%	0%	(6)%
Total Pharma	14,688.3	2%	(2)%	(11)%	(11)%
Animal Health	1,482.2	3%	(2)%	22%	22%
Net Product Sales	16,170.5	2%	(2)%	(9)%	(9)%
Collab/Other Revenue	475.6	0%	-	(3)%	(3)%
Total Revenue	$16,646.1	2%	(2)%	(8)%	(9)%

Note: Numbers may not add due to rounding.

Effect of Foreign Exchange on 2012 Results (Non-GAAP)

Year-on-Year Growth

	Q3 2012		Sept YTD 2012	
	With FX	w/o FX	With FX	w/o FX
Total Revenue	(11)%	(8)%	(9)%	(7)%
Cost of Sales	(10)%	8%	(5)%	9%
Gross Margin	(12)%	(13)%	(10)%	(11)%
Operating Expense *(R&D plus SG&A)*	(3)%	(1)%	(1)%	1%
Operating Income	(29)%	(37)%	(26)%	(33)%
EPS	(30)%	(37)%	(28)%	(35)%

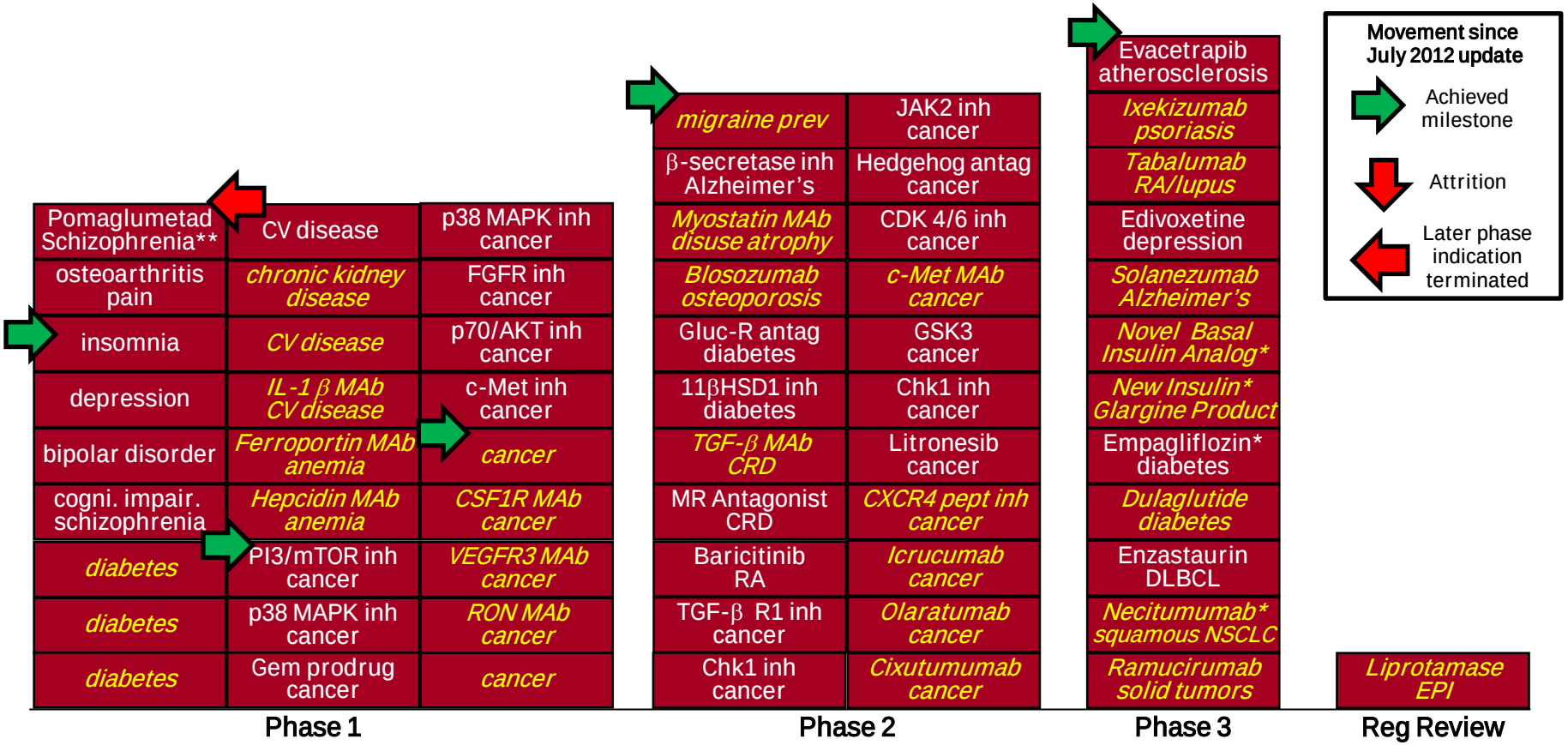
Effect of Foreign Exchange on 2012 Results (Reported)

Year-on-Year Growth

	Q3 2012		Sept YTD 2012	
	With FX	w/o FX	With FX	w/o FX
Total Revenue	(11)%	(8)%	(9)%	(7)%
Cost of Sales	(10)%	8%	(5)%	9%
Gross Margin	(12)%	(13)%	(10)%	(11)%
Operating Expense *(R&D, SG&A and sign. items)*	(2)%	0%	(6)%	(5)%
Operating Income	(32)%	(39)%	(18)%	(25)%
EPS	6%	(1)%	(7)%	(14)%

Lilly NME Pipeline
October 17, 2012

New Chemical Entity (NCE)
New Biotech Entity (NBE)



* commercial collaborations
** Phase 3 development has stopped; alternative development indications under consideration

Key Events in 2012

Red text – potential 2012 data disclosure

Potential U.S. regulatory actions:

- Linagliptin plus metformin fixed-dose combination for type 2 diabetes [1]
- Alimta continuation maintenance (PARAMOUNT) 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
- Cymbalta® U.S. pediatric exclusivity

Potential Phase 3 trial initiation:

- Evacetrapib (CETP inhibitor)
- Baricitinib (JAK1/JAK2 inhibitor)

Data disclosures, trials completing in '12:

- Solanezumab Phase 3 trials in Alzheimer's (ANA in Oct)
- Effient Phase 3 trial in ACS-medical management (ESC in August)
- Alimta Phase 3 PARAMOUNT trial (ASCO in June)
- Alimta Phase 3 POINTBREAK trial
- Initial empagliflozin Phase 3 trials in type 2 diabetes [1, 2]
- Initial dulaglutide Phase 3 trials in type 2 diabetes [2]
- Dulaglutide Phase 2 hemodynamic trial (ASH in May)
- Baricitinib Phase 2b trial in RA (12-week data at EULAR in June, 24-week data at ACR in November)
- Pomaglumetad methionil pivotal trials for monotherapy in acute schizophrenia
- Ramucirumab Phase 3 gastric monotherapy trial

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 [1] (ADA in June)

✓ denotes that an event has occurred

1 in collaboration with Boehringer Ingelheim
2 external data disclosure expected in 2013

2012 Guidance

	Prior	Current
Total Revenue	$21.8 to $22.8 billion	$21.8 to $22.8 billion
Gross Margin % of Revenue	Approx. 78%	Approx. 78%
Mktg, Selling & Admin.	$7.3 to $7.7 billion	$7.3 to $7.7 billion
Research & Development	$5.0 to $5.3 billion	$5.0 to $5.3 billion
Other Income/(Expense) (non-GAAP)	$(75) - $50 million	$(150) - $(75) million
Other Income/(Expense) (reported)	$715 - $840 million	$640 - $715 million
Tax Rate (non-GAAP)	Approx. 21%	Approx. 21%
Tax Rate (reported)	Approx. 23.5%	Approx. 23.5%
Earnings per Share (non-GAAP)	$3.30 - $3.40	$3.30 - $3.40
Earnings per Share (reported)	$3.72 - $3.82	$3.68 - $3.78
Capital Expenditures	Approx. $800 million	Approx. $800 million

For a complete reconciliation to reported guidance, see slide 16 of this presentation and our earnings press release dated October 24, 2012.

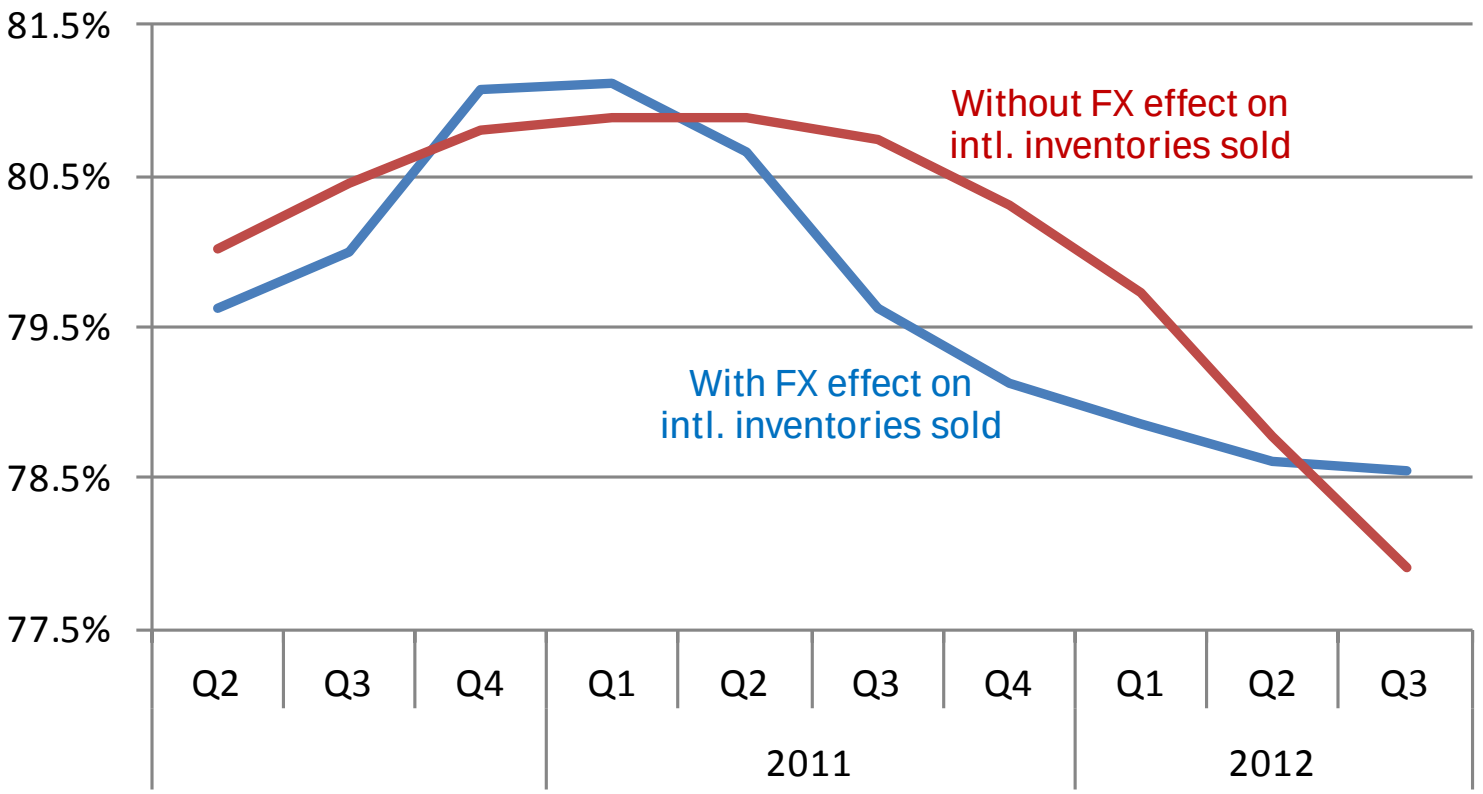
Earnings per Share Expectations

	2012	2011	Growth
EPS (reported)	**$3.68-$3.78**	**$3.90**	**(3)%-(6)%**
In-process research and development charge associated with the Boehringer Ingelhem collaboration	-	0.23	
Asset impairment, restructuring and other special charges	0.05	0.29	
Income from early payment of Amylin revenue-sharing obligation	(0.43)	-	
EPS (non-GAAP)	**$3.30-$3.40**	**$4.41**	**(23)%-(25)%**

Note: Numbers may not add due to rounding.

Supplementary Slides

Gross Margin % - Moving Annual Total



Individual quarter GM% of Revenue:

with FX effect on intl inv sold	82.2%	82.5%	80.1%	79.8%	80.4%	78.2%	78.1%	78.6%	79.5%	77.9%
w/o FX effect on intl inv sold	81.7%	80.6%	80.6%	80.7%	81.7%	80.0%	78.8%	78.3%	77.9%	76.4%

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.

2012 Income Statement Notes

Notes:

- Q3 2012 includes 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 as well as a charge of $53.3 million (pretax), or $0.04 per share (after-tax) related to an asset impairment of a delivery device platform.

- In addition to the Q3 2012 items listed above, 2012 YTD includes a charge of $23.8 million (pretax), or $0.01 per share (after-tax), primarily related to the withdrawal of Xigris®.

- Q3 2011 includes a restructuring charge of $25.2 million (pretax), or $0.02 per share (after-tax), primarily related to severance costs from previously announced strategic actions to reduce the company's cost structure and global workforce.

- In addition to the Q3 2011 item listed above, 2011 YTD includes restructuring charges totaling $233.8 million (pretax), or $0.18 per share (after-tax) primarily related to severance costs from previously announced strategic actions to reduce the company's cost structure and global workforce. In addition, 2011 YTD 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.

Comparative EPS Summary 2011/2012

	1Q11	2Q11	3Q11	4Q11	2011	1Q12	2Q12	3Q12	4Q12	2012
Non-GAAP	1.24	1.18	1.13	0.87	4.41	0.92	0.83	0.79		
Reported	0.95	1.07	1.11	0.77	3.90	0.91	0.83	1.18		

Note: Numbers may not add due to rounding.

For a complete reconciliation to reported earnings, see slide 9 of this presentation and our earnings press release dated October 24, 2012.

Q3 Other Income/(Deductions)
(Non-GAAP)

Millions

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
- Interest Expense	$(47.0)	$(45.0)	$(135.3)	$(135.9)
- Interest Income	25.7	22.2	79.0	55.5
Interest, net	(21.3)	(22.8)	(56.3)	(80.4)
- FX Gains / (Losses)	(7.2)	9.8	(26.1)	(1.5)
- Gains / (Losses) on Equity Investments	35.3	12.1	43.3	87.9
- Miscellaneous Income / (Loss)	(6.1)	(82.5)	(22.7)	(158.2)
Other Income, net	22.0	(60.6)	(5.5)	(71.8)
Net Other Income (Loss)	$0.7	$(83.4)	$(61.8)	$(152.2)

Note: Numbers may not add due to rounding.

Q3 Other Income/(Deductions)
(Reported)

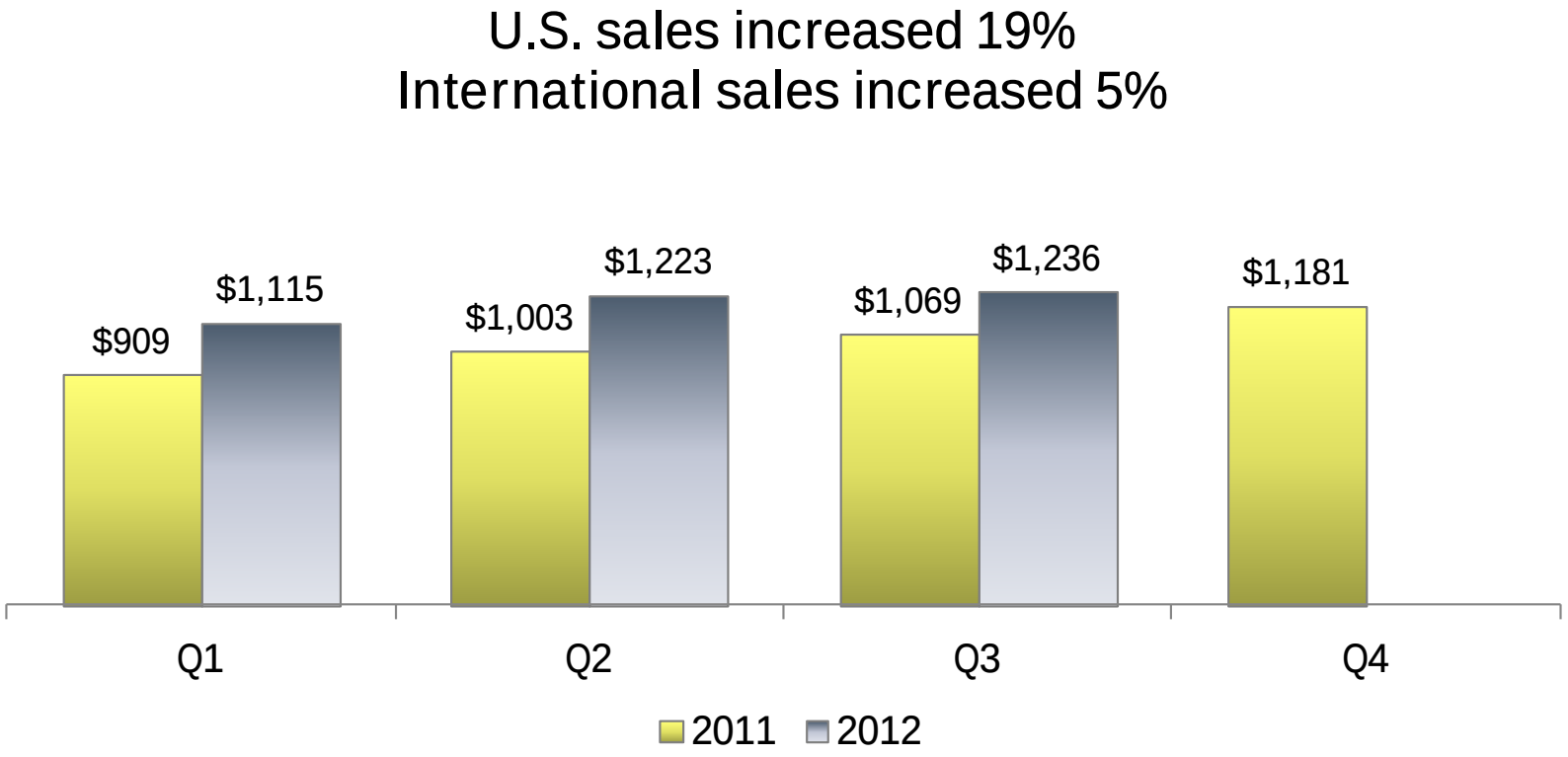
Millions

	Q3 2012	Q3 2011	YTD 2012	YTD 2011
- Interest Expense	$(47.0)	$(45.0)	$(135.3)	$(135.9)
- Interest Income	25.7	22.2	79.0	55.5
Interest, net	(21.3)	(22.8)	(56.3)	(80.4)
- FX Gains / (Losses)	(7.2)	9.8	(26.1)	(1.5)
- Gains / (Losses) on Equity Investments	35.3	12.1	43.3	87.9
- Miscellaneous Income / (Loss)	781.7	(82.5)	765.1	(158.2)
Other Income, net	809.8	(60.6)	782.3	(71.8)
Net Other Income (Loss)	$788.5	$(83.4)	$726.0	$(152.2)

Note: Numbers may not add due to rounding.

Q3 Cymbalta Sales Increased 16%

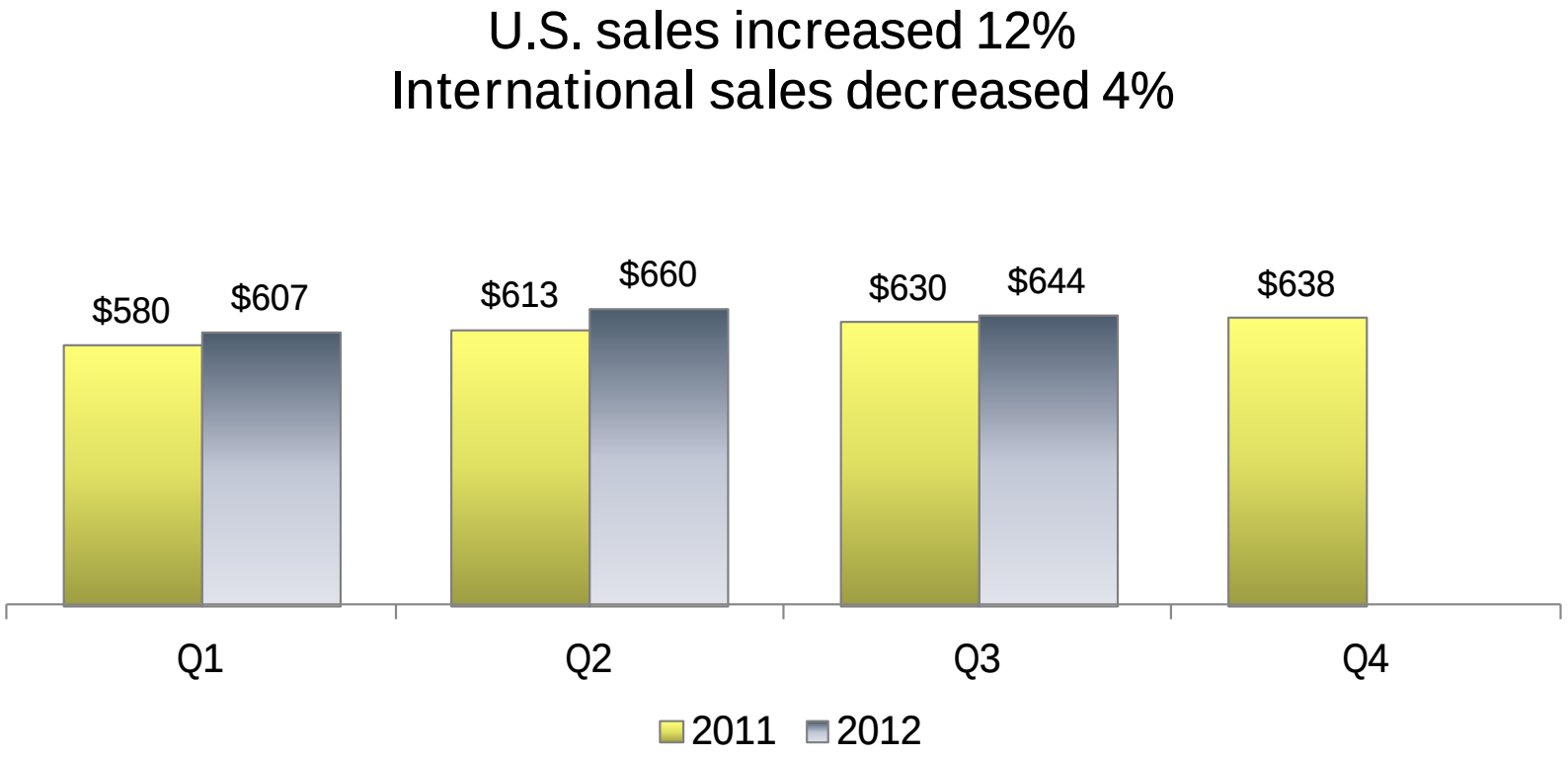
Millions



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

Q3 Alimta Sales Increased 2%

Millions

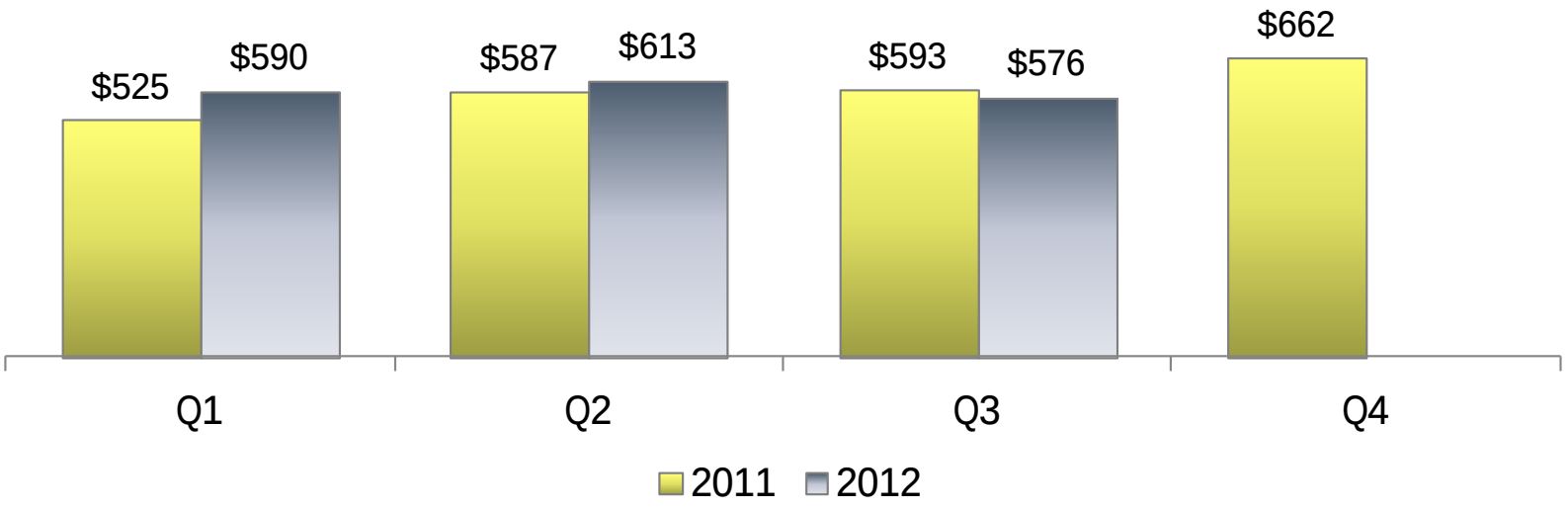


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q3 Humalog® Sales Decreased 3%

Millions

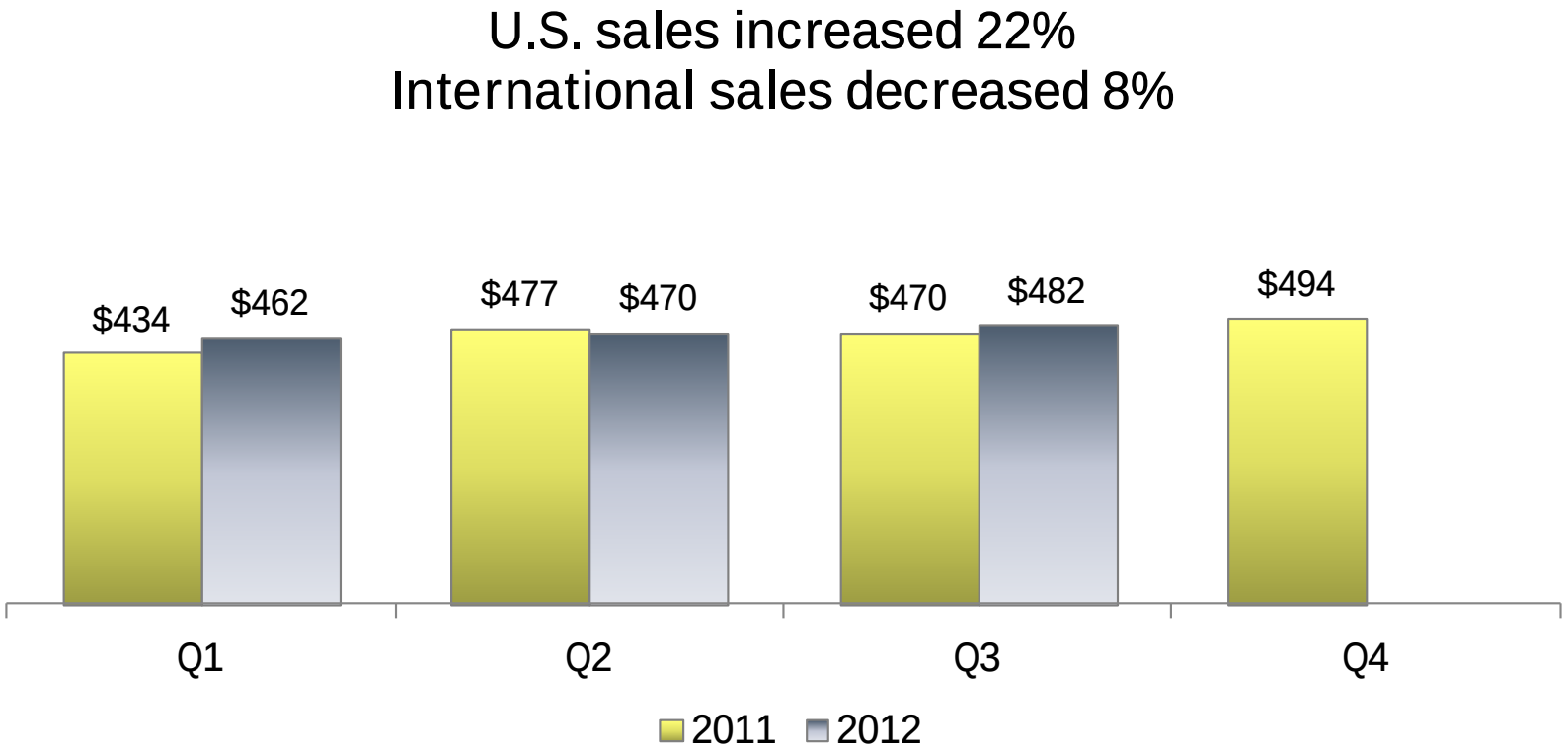
U.S. sales decreased 2%
International sales decreased 4%



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

Q3 Cialis Sales Increased 3%

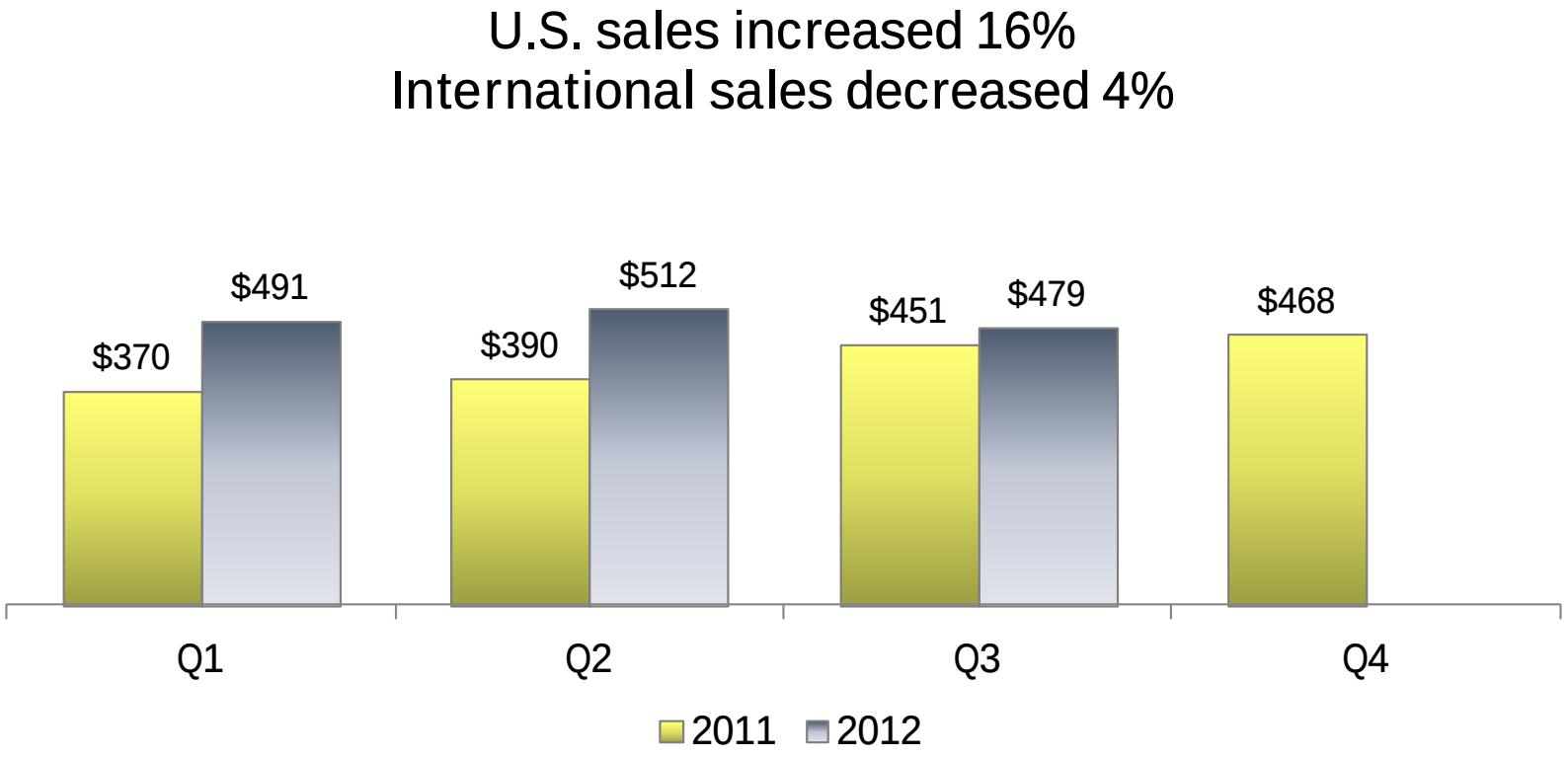
Millions



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

Q3 Animal Health Sales Increased 6%

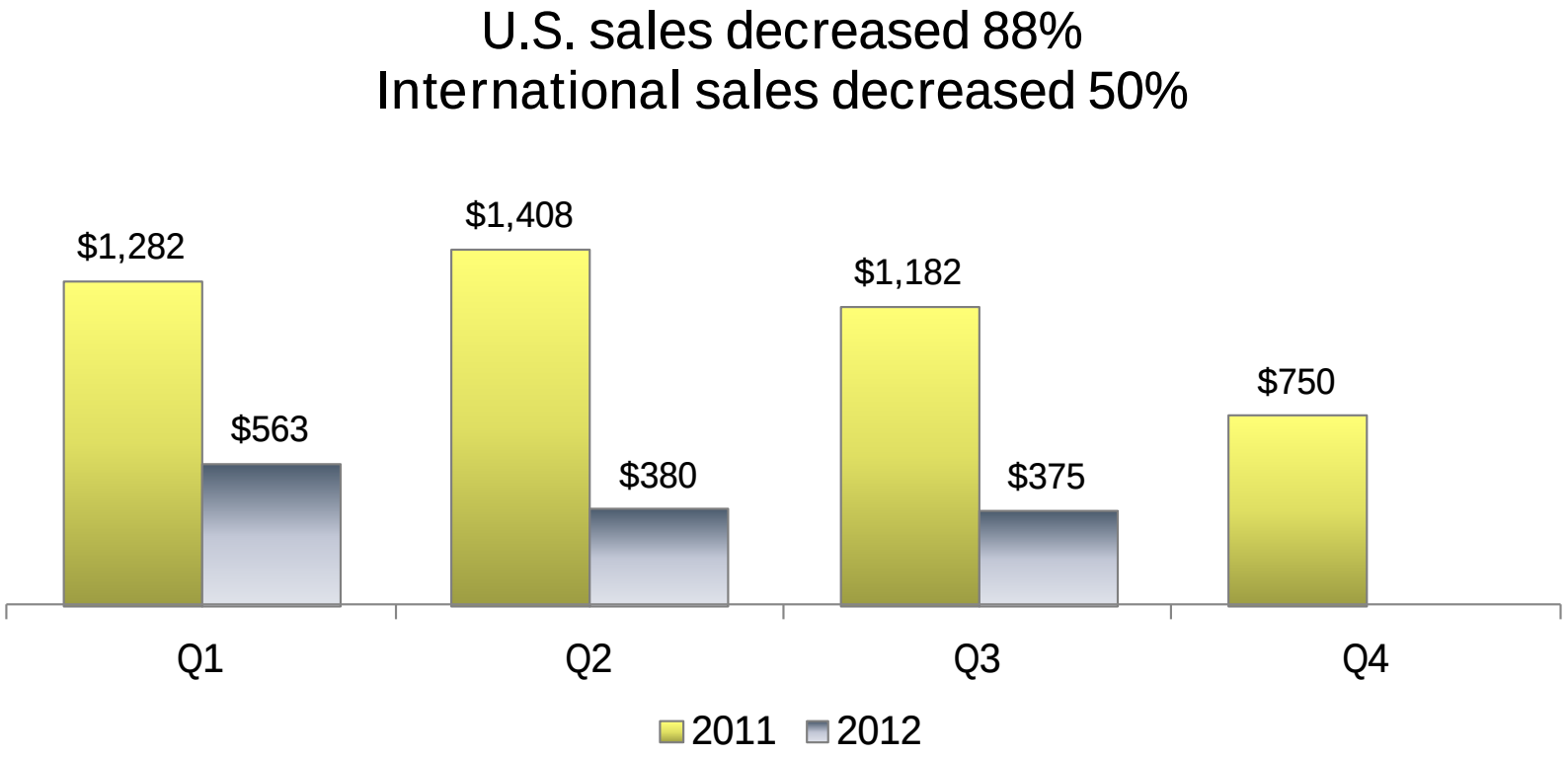
Millions



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

Q3 Zyprexa® Sales Decreased 68%

Millions

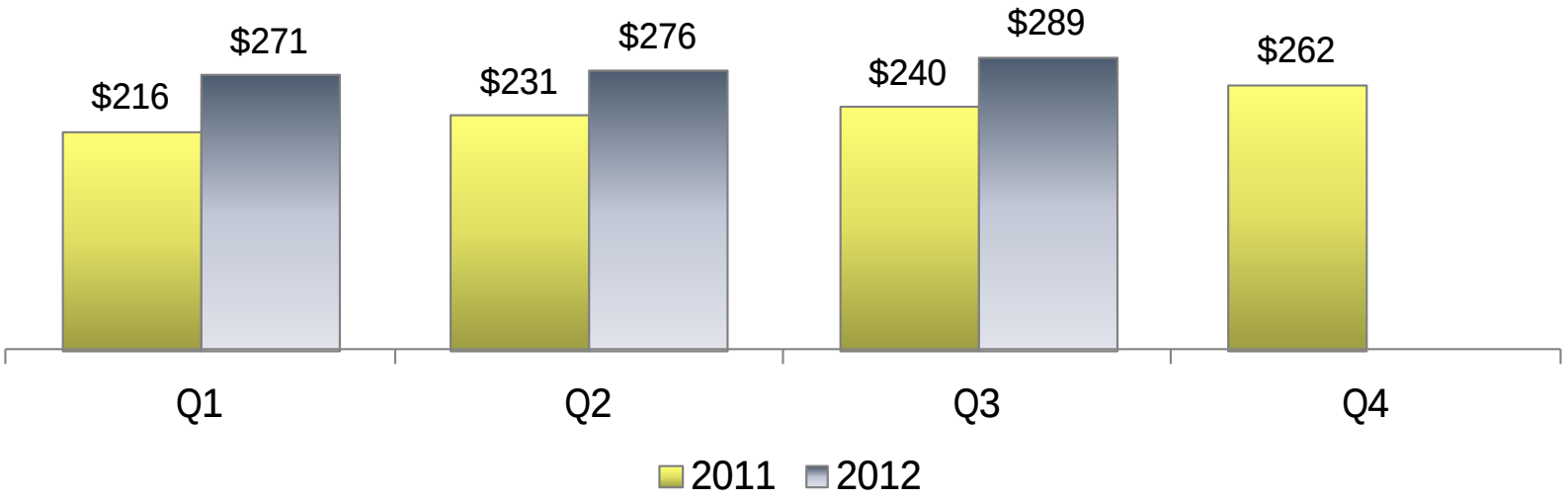


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q3 Forteo® Sales Increased 20%

Millions

U.S. sales increased 15%
International sales increased 24%

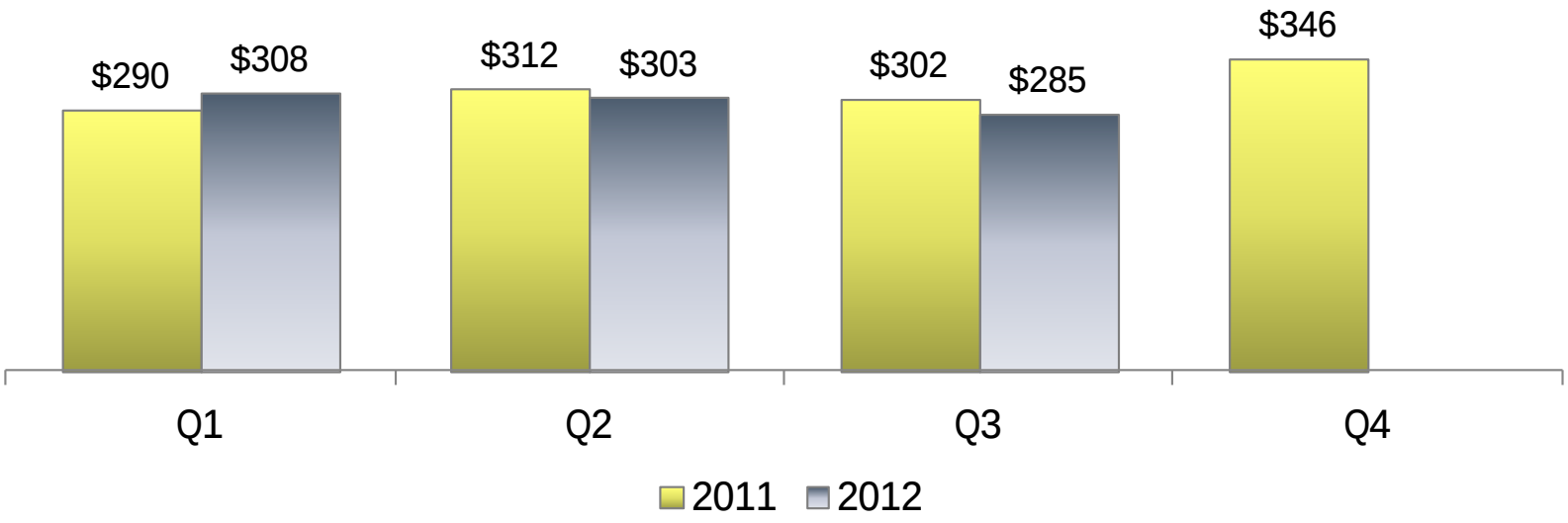


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q3 Humulin® Sales Decreased 5%

Millions

U.S. sales decreased 7%
International sales decreased 3%

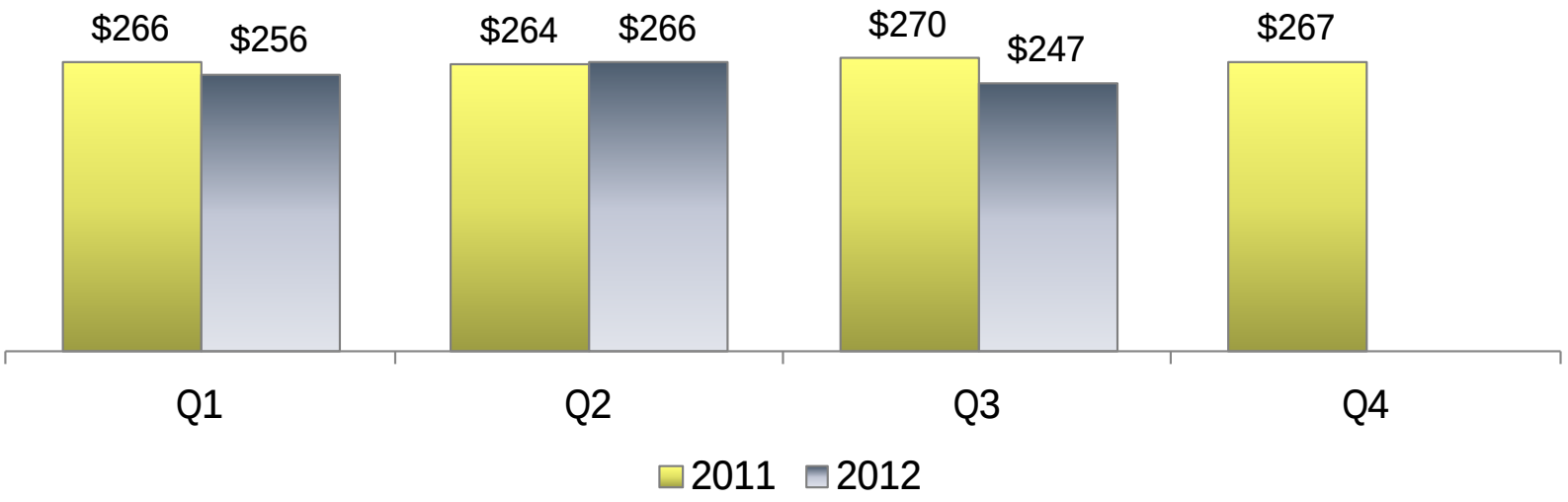


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q3 Evista® Sales Decreased 9%

Millions

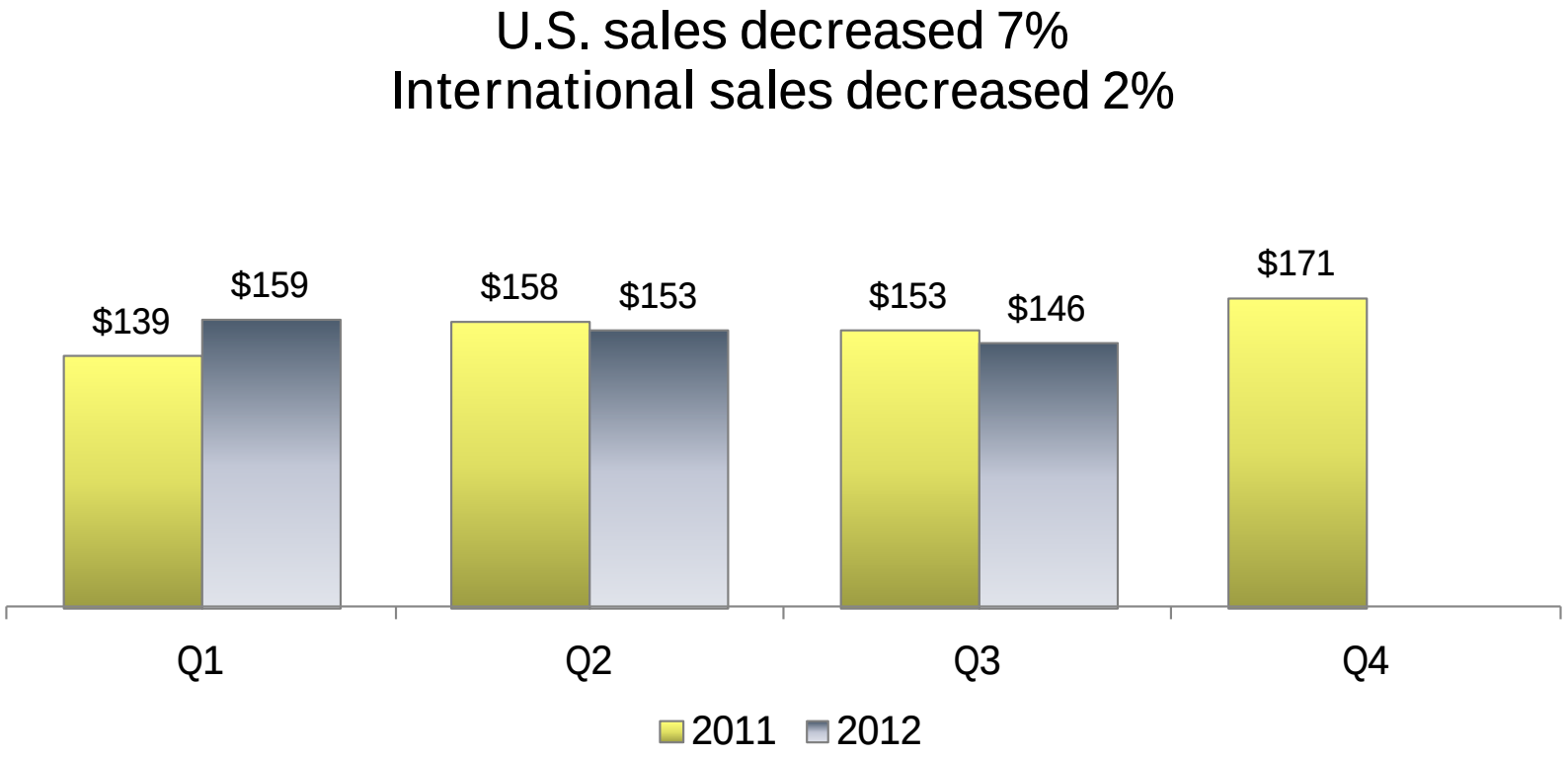
U.S. sales decreased 5%
International sales decreased 16%



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

Q3 Strattera Sales Decreased 5%

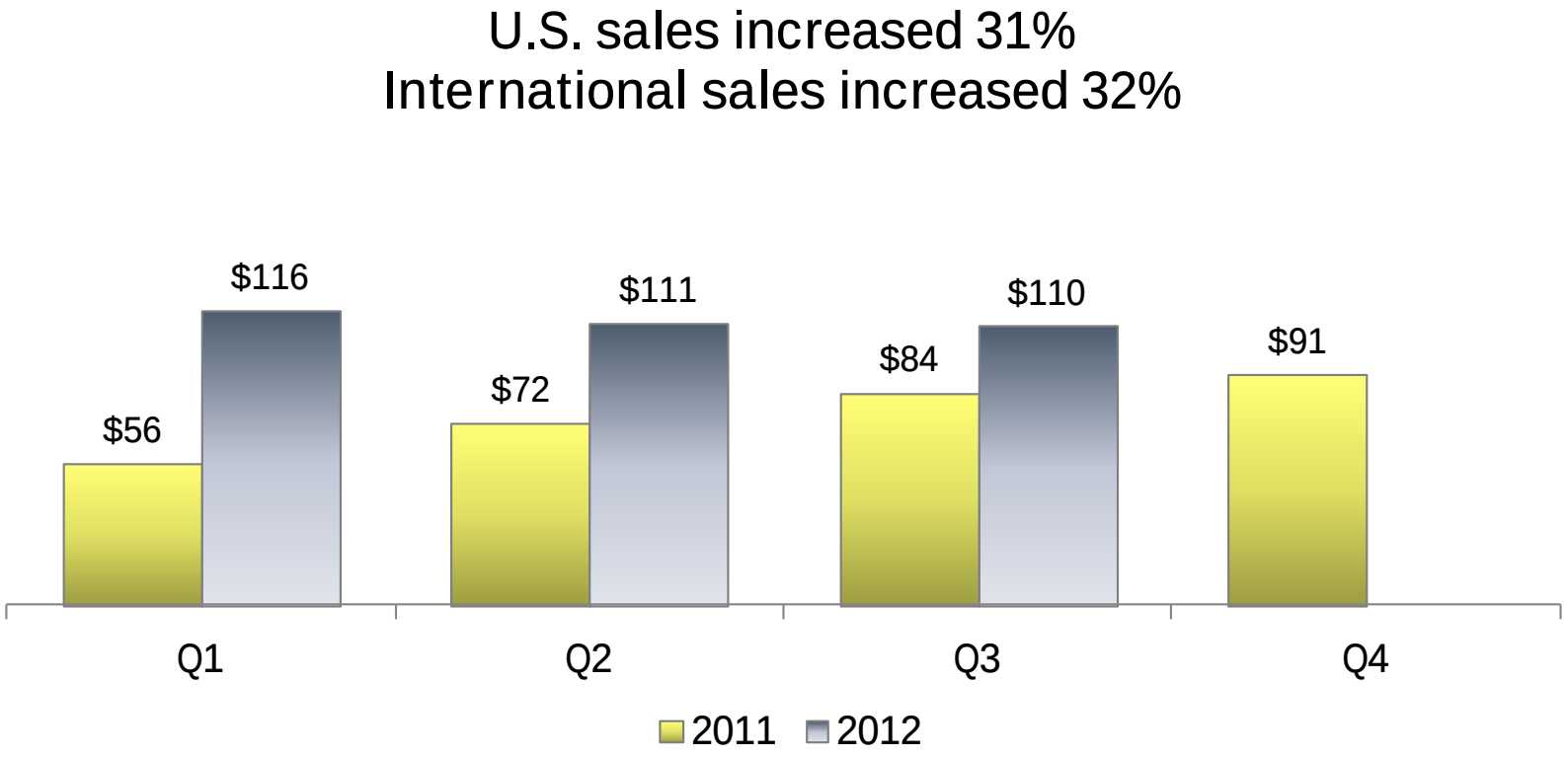
Millions



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

Q3 Effient Sales Increased 31%

Millions

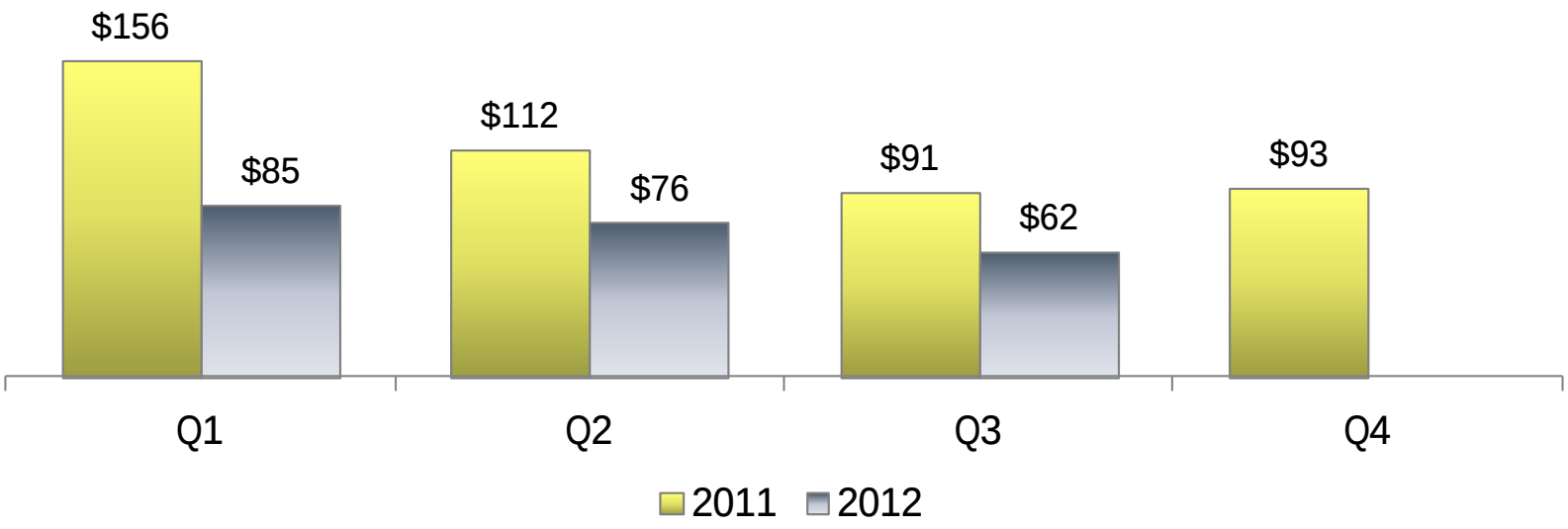


Note: Quarterly numbers may not add to year-to-date totals due to rounding.

Q3 Gemzar® Sales Decreased 32%

Millions

U.S. sales were essentially $0
International sales decreased 35%



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