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Elanco Animal Health Enters Agreement to Acquire Boehringer Ingelheim Vetmedica's U.S. Feline, Canine and Rabies Vaccines Portfolio

Eight new product lines and a fully integrated manufacturing and R&D site to transfer to Elanco, adding to its growing companion animal business; subject to FTC approval and closing of BI/ Sanofi asset swap

GREENFIELD, IN; October 5, 2016 /PRNewswire/— Today Elanco U.S., Inc., a subsidiary of Eli Lilly and Company (NYSE: LLY), announced an agreement to acquire Boehringer Ingelheim Vetmedica, Inc's (BIVI) U.S. feline, canine and rabies vaccines portfolio – as well as a fully integrated manufacturing and R&D site – for \$885 million, including the estimated cost of acquired inventory. The deal will diversify Elanco's U.S. companion animal portfolio by complementing its offerings for dogs and cats.

Joining Elanco's U.S. portfolio – which currently includes parasiticides, pain and dermatology medicines – will be routinely administered vaccines for bordetella, Lyme disease, rabies and parvovirus, among others. Also included in the agreement are several pipeline assets.

The Fort Dodge, Iowa-based facility brings capacity to manufacture the acquired products as well as R&D and testing capabilities, including an on-site veterinary research center and lab space.

“We understand the unique bond that owners share with pets and are committed to helping those pets live longer, healthier lives,” said Jeff Simmons, president, Elanco Animal Health. “With a growing portfolio addressing both prevention and treatment of disease, Elanco can partner with veterinarians and pet caregivers to do just that.”

The acquisition is anticipated to close by early 2017, subject to approval by the Federal Trade Commission and also subject to antitrust approval and closing of Boehringer Ingelheim's asset swap transaction with Sanofi.

The sale of BIVI's U.S. pet vaccines business and Fort Dodge manufacturing site is a required step toward the acquisition of Merial by Boehringer Ingelheim.

The current vaccine portfolio to be acquired has experienced revenue growth over the past three years, and Lilly expects the acquisition to be accretive to GAAP earnings in 2019 and to non-GAAP earnings in 2018.

John C. Lechleiter, Ph.D., Lilly's chairman, president and chief executive officer, said that the planned acquisition of BIVI's U.S. feline, canine and rabies vaccines portfolio reaffirms Lilly's confidence in Elanco's growth potential.

"As a result of the acquisition, Elanco will bring greater value to customers by providing a suite of options for preventing common diseases in companion animals," said Lechleiter. "Coupled with our robust food animal portfolio, this addition further strengthens Elanco's position in the global animal health business."

Jefferies LLC is acting as the exclusive financial advisor and Paul Hastings LLP and Paul, Weiss, Rifkind, Wharton & Garrison LLP are acting as legal advisors to Elanco and Lilly in this transaction.

Products included within the acquisition:

Canine:

Duramune®

- Duramune® Max 5/4L
- Duramune® Max 5
- Duramune® Max 5-Cvk/4L
- Duramune® Max 5-Cvk
- Duramune® Max Pv
- Duramune® CV-K
- Duramune® Max PC
- Duramune® Adult 3
- LeptoVax® 4
- LeptoVax® 4/C

Bronchi-Shield®

- Bronchi-Shield® Oral
- Bronchi-Shield® III

Duramune Lyme®

- Duramune Lyme®
- Duramune Lyme® + LeptoVax® 4
- Duramune Lyme® + Max 5/4L
- Duramune Lyme® + Max5-CvK/4L
- Duramune Lyme® + Max5-CvK
- Duramune Lyme® + Leptovax® 4/C

ULTRA™ Duramune®

- ULTRA™ Duramune® DAP+4L
- ULTRA™ Duramune® DAP
- ULTRA™ Duramune® 4L
- ULTRA™ Duramune® DAP+C4L
- ULTRA™ Duramune® DAP+C
- ULTRA™ Duramune Lyme®

Feline:

Fel-O-Vax®

- Fel-O-Vax® Lv-K® IV + CaliciVax®
- Fel-O-Vax Lv-K® III + CaliciVax®
- Fel-O-Vax® Lv-K®
- Fel-O-Vax® IV + CaliciVax®
- Fel-O-Vax® PCT + CaliciVax®
- Fel-O-Vax® Lv-K + FIV®
- Fel-O-Vax® FIV®
- CaliciVax®

ULTRA™ Fel-O-Vax®

- ULTRA™ Fel-O-Vax® FVRCP+FeLV
- ULTRA™ Fel-O-Vax® FVRCP
- ULTRA™ Fel-O-Vax® FeLV
- ULTRA™ Fel-O-Vax® Dual FCV
- ULTRA™ Hybrid FVRCP

Fel-O-Guard®

- Fel-O-Guard® Plus 3
- Fel-O-Guard® Plus 3 + Lv-K
- Fel-O-Guard® Plus 4
- Fel-O-Guard® Plus 4 + Lv-K

Rabies

Rabvac®

- Rabvac® 3
- Rabvac® 1

About Elanco

Elanco provides comprehensive products and knowledge services to improve animal health and food-animal production in more than 70 countries around the world. We value innovation, both in scientific research and daily operations, and strive to cultivate a collaborative work environment for more than 6,500 employees worldwide. Together with our customers, we are committed to raising awareness about global food security, and celebrating and supporting the human-animal bond. Founded in 1954, Elanco is a division of Eli Lilly and Company. Elanco U.S., Inc., a wholly-owned subsidiary of Lilly, is the U.S. entity acquired as part of the Novartis acquisition. Our worldwide headquarters and research facilities are located in Greenfield, Indiana. Visit us at Elanco.com.

About Eli Lilly and Company

Lilly is a global healthcare leader that unites caring with discovery to make life better for people around the world. We were founded more than a century ago by a man committed to creating high-quality medicines that meet real needs, and today we remain true to that mission in all our work. Across the globe, Lilly employees work to discover and bring life-changing medicines to those who need them, improve the understanding and management of disease, and give back to communities through philanthropy and volunteerism. To learn more about Lilly, please visit us at www.lilly.com and newsroom.lilly.com/social-channels.

This press release contains forward-looking statements (as that term is defined in the Private Securities Litigation Reform Act of 1995) about the benefits of the acquisition of Boehringer Ingelheim's United States Companion Animal Vaccine portfolio. It reflects Elanco's and Lilly's current beliefs, assuming the transaction is successfully closed. However, as with any such undertaking, there are substantial risks and uncertainties in the process of implementing the transaction and in animal health drug development. Among other things, there can be no guarantee that that the acquisition will close, that Lilly and Elanco will realize the expected benefits of the transaction, that the pipeline products will be approved on the anticipated timeline or at all, or that the current portfolio and product pipeline will be commercially successful. For further discussion of these and other risks and uncertainties, see Lilly's most recent Form 10-K and Form 10-Q filings with the United States Securities and Exchange Commission. Except as required by law, Lilly and Elanco undertake no duty to update forward-looking statements to reflect events after the date of this release.

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