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Elanco Announces Agreement to Acquire Lohmann Animal Health

Deal Provides Elanco with a Leading Poultry Vaccine Portfolio and Manufacturing Capabilities

Greenfield, IN – Elanco, the animal health division of Eli Lilly and Company (NYSE:LLY), today announced an agreement to acquire Lohmann SE (Lohmann Animal Health), a privately-held company headquartered in Cuxhaven, Germany. Lohmann Animal Health is a global leader in the supply of poultry vaccines, and also markets a range of feed additives. The acquisition will establish Elanco as a global poultry leader, solidify Elanco’s vaccine presence, broaden Elanco’s product offerings, and significantly augment Elanco’s vaccine manufacturing capabilities.

“Effectively competing in the animal vaccine segment is a cornerstone of Elanco’s long-term strategy and is one more way we will expand the value we create for customers,” said Jeff Simmons, senior vice president of Eli Lilly and Company and president of Elanco Animal Health. “The addition of Lohmann Animal Health provides a unique opportunity for Elanco to expand our presence in the global poultry market and to enter the global poultry vaccine market with a solid base, established products, and global commercial and manufacturing capabilities.”

This acquisition complements Elanco’s mission to help the global food chain deliver a safe, affordable, sufficient food supply. “We believe innovation in food production is one of the most important ingredients to feeding a growing global population,” Simmons said. “Elanco has continued to invest significantly in animal health in the past few years, growing businesses and expanding our pipeline. This acquisition will support further pipeline growth and build on Elanco’s proven track record for successfully delivering new innovation and integrating acquisitions. We will continue to seek opportunities that support those efforts.”

“As the middle class grows in size and affluence throughout the world, the demand for eggs and poultry is growing rapidly. However, egg layer productivity is now shrinking after decades of increases,” said William (Bill) Weldon, vice president of Elanco R&D. “Delivering innovation to this industry is critical. Without it, we’re on pace to double the number of hens needed, plus the massive resources to support them, in order to meet demand in 2050.”

Under the terms of the agreement, Lilly will acquire all assets of Lohmann SE and its subsidiary, Lohmann Animal Health. These assets include a range of vaccines and feed additives, commercial capabilities, and manufacturing sites in Cuxhaven, Germany and Winslow, Maine. No other terms of the transaction were disclosed.

The transaction is expected to close in the second quarter of 2014, contingent upon clearance from regulatory authorities and other customary closing conditions. As a result of business combination accounting adjustments and transaction costs associated with this acquisition, Lilly has lowered its full-year 2014 earnings per share guidance to be in the range of \$2.72 to \$2.80 on both a reported and non-GAAP basis. Updates, if any, to specific line item guidance will be provided on the company’s first-quarter 2014 earnings call on April 24, 2014.

About Lohmann Animal Health

Lohmann is a leading manufacturer of feed additives and poultry vaccines, selling its products in over 80 countries around the world. Headquartered in Cuxhaven, Germany, Lohmann has a production facility there, a vaccine plant in Winslow, Maine, and is represented by 18 subsidiaries in Europe, Asia and North America. The focus of Lohmann is the development of vaccines and food components that help prevent diseases of animals used in food production.

About Elanco

Elanco is a global, innovation-driven company that develops and markets products and services to improve animal health and protein production in more than 75 countries. Elanco employs more than 3,000 people worldwide, with offices in more than 40 countries, and is a division of Eli Lilly and Company, a leading global pharmaceutical corporation. Additional information about Elanco is available at www.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 <http://newsroom.lilly.com/social-channels>. C-LLY

This press release contains forward-looking statements about the benefits of the acquisition of Lohmann SE by Lilly, and the potential of the combined businesses, including Lohmann's vaccine products. This release reflects Lilly's current beliefs, assuming that 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 the commercialization of these products. There is no guarantee Lilly will realize the expected benefits of the transaction, that the commercial assets acquired will continue to be commercially successful, or that any acquired pipeline assets will yield commercially successful products. For further discussion of these and other risks and uncertainties, please see Lilly's latest Forms 10-K and 10-Q filed with the U.S. Securities and Exchange Commission. The company undertakes no duty to update forward-looking statements.