

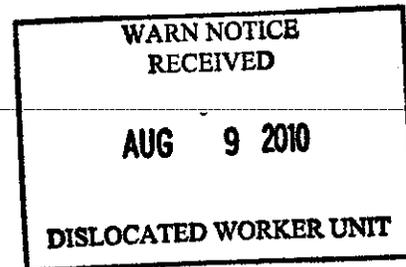
Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285
U.S.A.

Phone 317 276 2000

August 9, 2010

via Hand Delivery

Mr. Mark W. Everson
Commissioner
Indiana Department of Workforce Development
10 North Senate Avenue
Indianapolis, IN 46204-2277



Re: WARN Notice

Dear Commissioner Everson:

On behalf of Eli Lilly and Company ("Lilly" or the "Company"), this letter is intended to advise you of ongoing changes in the Company's workforce. It is also intended to serve as any possible required Notice to you under the federal Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101, *et seq.* ("WARN"), arising out of the upcoming reductions in force at the Company's Indianapolis sites of employment.

As you may know, on September 14, 2009, Lilly announced that it would establish a Development Center of Excellence to streamline and accelerate late-stage development of new medicines and, further, that it would reorganize its pharmaceutical business into four Business Units that will operate alongside the Elanco Animal Health Business Unit. Lilly also announced on that date that it would streamline the organization, lower headcount, and align corporate and general and administrative functions to support the business with a focus on improved quality, strong customer service and reduced costs.

Since that announcement, several organizations within Lilly have reviewed or are now in the process of reviewing their respective workforce from the standpoint of creating greater efficiencies with fewer employees. As a result, there have been ongoing reductions in force at four of Lilly's Indianapolis sites of employment. The affected sites of employment are:

- Lilly Corporate Center
893 S. Delaware Street
Indianapolis, IN 46285
- Lilly Technology Center - South
1555 Kentucky Avenue
Indianapolis, IN 46285
- Lilly Technology Center - North
1200 Kentucky Avenue
Indianapolis, IN 46285
- Intech Park
6620 Network Way
Indianapolis, IN 46278

The number of affected employees at each individual Indianapolis site of employment has not to date been, and is not expected for the remainder of 2010 to be: (i) at least 33½ percent of the employees at the site and at least 50 employees or (ii) at least 500 employees at the site. Under these circumstances, a notice under WARN has not to date been, and is not expected in 2010 to be, required.

We understand that WARN requires each site of employment to be treated separately. This is particularly so, as here, where the sites are not used for the same purpose and do not share staff and equipment. Nonetheless, we wish to advise you that when the upcoming reductions in force at the four sites of employment are aggregated, there may be at least 500 employees affected in a single 90-day period.

Therefore, in the spirit of WARN Section 7, 29 U.S.C. § 2106, which encourages notice even where not technically required, this letter is intended to serve as any possible Notice required under WARN. Please also be advised that Notice under WARN has been provided to the affected employees.

The reductions in force at the Indianapolis sites of employment are expected to be permanent. As mentioned, the separations have been ongoing. They may, when aggregated at the four sites, reach 500 in October/November 2010. There is not a schedule for the separations. The employees at the Indianapolis sites are not represented by any union.

The affected employees will not have the right to bump or displace other employees from other jobs. However, except for those who are fixed duration employees, the affected employees are each provided with a 12-week reallocation period in which they may post for any open, available job. The 60-day WARN notice period runs concurrently with the 12-week reallocation period. Please also note that about 25% of the affected employees in the upcoming reductions in force are "handraisers" in the sense that a few of the organizations that have reviewed their workforces have allowed employees to request to be reallocated (separated) as part of the involuntary restructuring.

During the reallocation period (and the concurrent 60-day WARN notification period), the existing wages, benefits, and pension entitlement of the affected employees will continue in accordance with the existing wage, benefits, and pension policies. The affected employees will not have any entitlement to post-termination wages; however, provided that an affected employee signs and does not revoke Lilly's Severance Agreement and Release of Claims, severance benefits will be provided in accordance with The Lilly Severance Pay Plan. Other post-termination benefits and pension entitlement will be in accordance with the existing Lilly benefit plans and are described in a Departing Employee Benefits Information Booklet that is provided to affected employees.

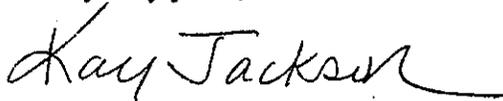
Lilly does provide career transition (outplacement) services for those on reallocation. It is a website developed to share information with reallocated Lilly employees who may be making the decision to seek employment elsewhere. The services help reallocated employees connect to hiring companies as well as services related to career counseling, resume preparation, and interviewing.

Pursuant to 20 C.F.R. § 639.7(f), a list of the job titles of the positions to be affected and the number of affected employees in each job classification is maintained at each site and is available upon request made to the undersigned.

Finally, Lilly will provide the Response Team of the Indiana Department of Workforce Development with the amount of on-site work-time access to the affected employees of the three Indianapolis sites of employment that the Response Team determines is necessary for it to carry out its responsibilities.

If you have any questions or if you need any further information, please contact the undersigned at (317) 276-6090.

Very truly yours,

A handwritten signature in cursive script that reads "Kay Jackson". The signature is written in black ink and is positioned to the left of the typed name.

Kay Jackson
Sr. Director
HR - Employee Relations