

LILLY ELI & CO
Form 8-K
July 21, 2011

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 21, 2011

ELI LILLY AND COMPANY

(Exact name of registrant as specified in its charter)

Indiana
(State or Other Jurisdiction

001-06351
(Commission

35-0470950
(I.R.S. Employer

of Incorporation)

File Number)

Identification No.)

Lilly Corporate Center

Indianapolis, Indiana
(Address of Principal

46285
(Zip Code)

Executive Offices)

Registrant's telephone number, including area code: (317) 276-2000

No Change

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On July 21, 2011, we issued a press release announcing our results of operations for the quarter ended June 30, 2011, including, among other things, an income statement for those periods. In addition, on the same day we held a teleconference for analysts and media to discuss those results. The teleconference was web cast on our web site. The press release and related financial statements are attached to this Form 8-K as Exhibit 99.1.

For the second quarter and first six months of 2011, the press release attached as Exhibit 99.1 includes a non-GAAP presentation of our results. We use non-GAAP financial measures, such as non-GAAP net income and non-GAAP earnings per share, that differ from financial statements reported in conformity to U.S. generally accepted accounting principles (GAAP). In today s press release, we used non-GAAP financial measures in comparing the financial results for the second quarter and first six months of 2011 with the same periods of 2010. Those measures include operating income, income before taxes, income taxes, effective tax rate, net income, and earnings per share adjusted to exclude the effect of the following items (described in more detail in the press release attached as Exhibit 99.1):

Restructuring charges related to severance costs from previously-announced strategic actions that the company is taking to reduce its cost structure and global workforce in the first and second quarters of both 2011 and of 2010.

In-process research and development charges associated with our diabetes collaboration with Boehringer Ingelheim in the first quarter of 2011.

In-process research and development charges associated with an in-licensing transaction with Acrux in the first quarter of 2010. In addition, we quantified the impact of changes in foreign exchange rates from the second quarter of 2011 to the corresponding period of 2010, as well as the impact of U.S. health care reform on our results for the second quarter and first six months of 2011 and 2010.

In today s press release, we provided financial expectations for 2011, including the estimated impact of U.S. health care reform. In addition to providing earnings per share expectations on a GAAP basis, we provided earnings per share expectations on a non-GAAP basis. In order to provide additional insight into the earnings-per-share growth comparison between 2010 results and expected 2011 results, we adjusted earnings per share for the first and second quarter 2011 and 2010 items described above and for restructuring charges in the last two quarters of 2010, also primarily related to severance costs from previously-announced strategic actions that the company is taking to reduce its cost structure and global workforce.

The items that we exclude when we provide non-GAAP results or non-GAAP expectations are typically highly variable, difficult to predict, and of a size that could have a substantial impact on our reported operations for a period. We believe that these non-GAAP measures provide useful information to investors. Among other things, they may help investors evaluate our ongoing operations. They can assist in making meaningful period-over-period comparisons and in identifying operating trends that would otherwise be masked or distorted by the items subject to the adjustments. Management uses these non-GAAP measures internally to evaluate the performance of the business, including to allocate resources and to evaluate results relative to incentive compensation targets.

Investors should consider these non-GAAP measures in addition to, not as a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. For the reasons described above for use of non-GAAP measures, our prospective earnings guidance is subject to adjustment for certain future matters, similar to those identified above, as to which prospective quantification generally is not feasible.

The information in this Item 2.02 and the press release attached as Exhibit 99.1 are considered furnished to the Commission and are not deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Item 9.01. Financial Statements and Exhibits

| Exhibit Number | Description |
|----------------|--|
| 99.1 | Press release dated July 21, 2011, together with related attachments |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ELI LILLY AND COMPANY
(Registrant)

By: /s/ Arnold C. Hanish
Name: Arnold C. Hanish
Title: Vice President and
Chief Accounting Officer

Dated: July 21, 2011

EXHIBIT INDEX

| Exhibit Number | Exhibit |
|----------------|---|
| 99.1 | Press release dated July 21, 2011, together with related attachments. |