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**Elanco Expands Commitment to China Through Investment in Local Industry Leader
China Animal Healthcare**

- *China investment reinforces Elanco's commitment to China's efforts to ensure food safety and enhance food security and rural income.*
- *Elanco is a global leader in providing innovative solutions to enhance safe, affordable, abundant food production.*
- *Minority equity stake in China Animal Healthcare is valued at approximately \$100 million USD.*

Greenfield, IN – Elanco, the animal health division of Eli Lilly and Company (NYSE:LLY), today announced that Lilly will invest approximately \$100 million USD to purchase a minority equity stake in China Animal Healthcare Ltd. (SEHK:0940, SGX-ST:EP4), one of the leading players in the animal health industry in the People's Republic of China. Completion of this purchase is subject to the satisfaction of certain conditions. The investment expands Elanco's commitment to China, with the goal of providing innovative, safety-enhancing food production solutions to help meet the growing food demands and nutritional needs of the Chinese people. The parties have agreed to a framework to allow for future commercial collaboration activities.

“At Elanco, we are committed to providing innovative solutions to enhance food production and companion animal care. In China, we are working with local stakeholders to improve the health and performance of animals and help to ensure a growing supply of safe, affordable and abundant food,” said Jeff Simmons, president, Elanco. “Our sizable financial investment in China Animal Healthcare builds on our long-term commitment to China. By working with local stakeholders, together, we can make a real difference in the lives of the Chinese people.”

With global population expected to exceed 9 billion in the next 40 years, some of the greatest growth – about 750 million – will come from Asia, driving significant demand for meat, milk

and eggs. China is poised to help meet this demand. By the end of this decade the United Nations Food and Agriculture Organization predicts about 25 percent of the production growth for meat will come from China alone.

“In the past few decades China’s government has made significant strides to reduce poverty and improve food security, resulting in unprecedented growth of a middle class that demands a safe, high-protein, affordable diet,” said Eduardo Lopes Alberto, Elanco Country Director in China. “Elanco and China Animal Healthcare are well positioned to help China meet this demand by further working to enhance animal health and productivity.”

This investment expands Elanco’s existing commitments to support China’s effort to modernize agriculture, including

- Elanco’s R&D hub in Shanghai to deliver innovative solutions to local farmers.
- Supporting veterinary training through scholarships at 4 agricultural universities,
- Working with Heifer International in Weichang County in Hebei Province to provide more than 1,000 families a beef heifer, increasing income, diversifying diets and improving nutrition and health.

PricewaterhouseCoopers Corporate Finance (USA & China) acted as lead financial advisor. Goldman, Sachs & Co. also advised on this transaction.

About China Animal Healthcare

Based in the People’s Republic of China (PRC), China Animal Healthcare is engaged in the business of manufacturing, sale and distribution of animal drugs, and is one of the leading players in the PRC animal drugs industry with 14 proprietary product brand names for powdered form drugs, oral form drugs, injection form drugs and biological drugs. It has over 500 types of treatment and non-treatment animal drugs which are distributed directly to an extensive network of approximately 4,900 animal drug retailers and 32 large poultry corporations throughout the various provinces in the PRC, who in turn sell the drugs directly to farmers. Founded in 1996, the Company was listed on the Singapore Exchange (SGX-ST) on 31 December 2007 and the Stock Exchange of Hong Kong (SEHK) on 21 December 2010.

About Elanco

Elanco is a global, innovation-driven company that develops and markets products to improve animal health and protein production in more than 75 countries. Elanco employs more than 2,500 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, a leading innovation-driven corporation, is developing a growing portfolio of pharmaceutical products by applying the latest research from its own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Ind., Lilly provides answers – through medicines and information – for some of the world's most urgent medical needs.

This press release contains forward-looking statements about Lilly's investment in China Animal Healthcare. 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 these types of transactions, and there is no guarantee Lilly will realize the expected benefits of the investment. 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.