

Investor Intelligence Report Eli Lilly and Company

"Voice of the Shareholder"

4Q 2023 at November 20th

Brendan Wood International
First Intelligence

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Brendan Wood & Partners

The Brendan Wood Shareholder Confidence Panel

BWI Panel
Institutional
&
Private Wealth Investors

Secondary Markets
Professionals
Research, Sales & Trading

GLOBAL PANEL
 2000+ Debriefs with Decision
 Makers
 >\$56 Trillion in Assets
 70% Sector Specialists
 30% Generalists
 Average 9 Yrs Professional
 Experience, 25% more than 15
 Years

+/- 600 Professionals, including...
 +/- 400 TopGuns

GLOBAL RESOURCES PANEL
 350+ Debriefs with Decision
 Makers
 >\$15 Trillion in Assets
 80% Sector Specialists
 20% Generalists
 Average 11 Yrs Professional
 Experience, 35% more than 15
 Years

+/- 100 Professionals, including...
 +/- 100 TopGuns

Geographic Breakdown of the BWI Panel 2023:

US	42%
Canada	21%
Europe/Middle East/Africa	32%
Pacific Rim	4%
Latin America	1%+

Global Resources Panel:

35%
34%
27%
3%
1%+

WHAT DO BRENDAN WOOD COMPANY SCORES MEAN?

METHODOLOGY

The core mission of BWI performance and quality metrics is to illustrate and explain the emerging investor “commitment to own” particular stocks.

Eleven critical performance metrics are used to determine the relative strength of investor commitment to a company as an investment target. To help investors rate companies in a sector on a relative basis “one metric at a time”, a visual technique is used. For example, the visual tool shows investors a consensus vertical hierarchy representing how each investment target company in a sector is rated by investors against a criterion such as “Quality of Strategy” ... AS AN INFLUENCE ON THE INVESTOR COMMITMENT TO OWN THE NAME. The investor is then asked to adjust the consensus rating hierarchy to match their own particular view of how each company scores against the “Quality of Strategy” criterion. They may agree or disagree with the consensus. The investor then makes their personal adjustments which are added to our cumulative data instantly. To make this task fast and accurate the visual scoring hierarchy is broken down into top decile, four quartiles and a bottom decile, therefore six potential levels of performance against each investment selection criterion. The quartile display is instantly recognizable by investors as indicating both absolute and relative bases of the influence of a company’s level of competitive performance against a critical investment selection criterion.

The above methodology forces the (dependent variable) absolute benchmark of “commitment to own” on each quality of a corporate investment target.

WHY A COMPANY SCORE MAY BE FIRST IN ITS SECTOR BUT RATE IN THE SECOND QUARTILE?

This means that the sector itself (all companies included) ranks in the second quartile or below of investor selection attractiveness against a particular criterion of investability.

ADVANTAGE OF BRENDAN WOOD INTERNATIONAL METHODOLOGY?

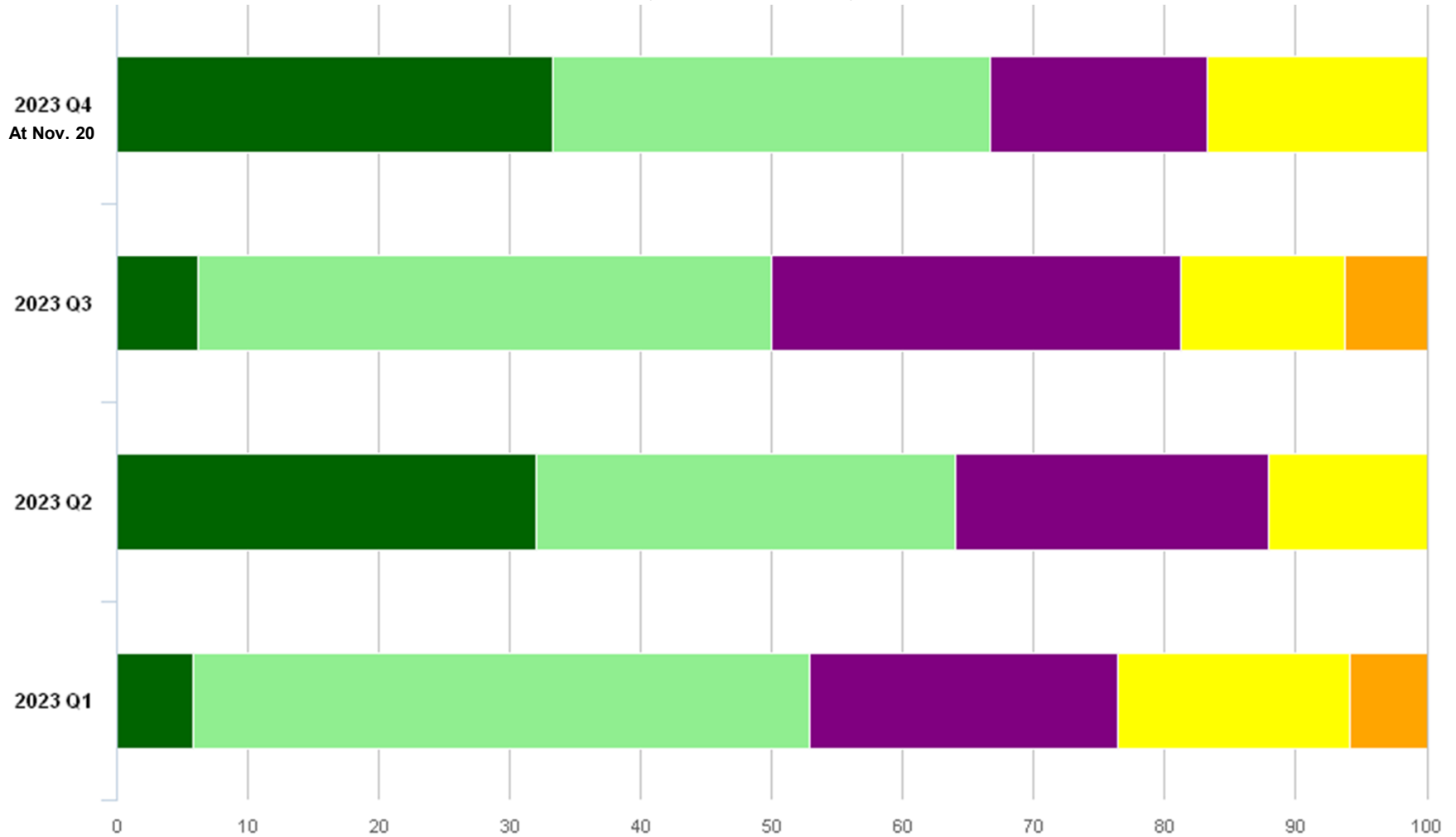
This process identifies the emerging competitiveness of individual sectors, sub-sectors and most importantly of companies as investment targets on both an absolute and relative ‘best in sector’ basis against investors’ selection criteria for the year ahead. Such calibrated data allows BW partners to help corporate management to accurately analyze their company’s attractiveness as a target for the year ahead as an individual story and relative to its comparables and sector. The isolation of performance against individual metrics enables management to identify and address the key metrics which drive the “commitment to own” their particular stock.

APPARENT CONDICTION BETWEEN QUARTERLY RESULTS AND ROLLING YEAR RESULTS?

Quarterly results = the results in the quarter. Rolling years results = the results for a full year of data.

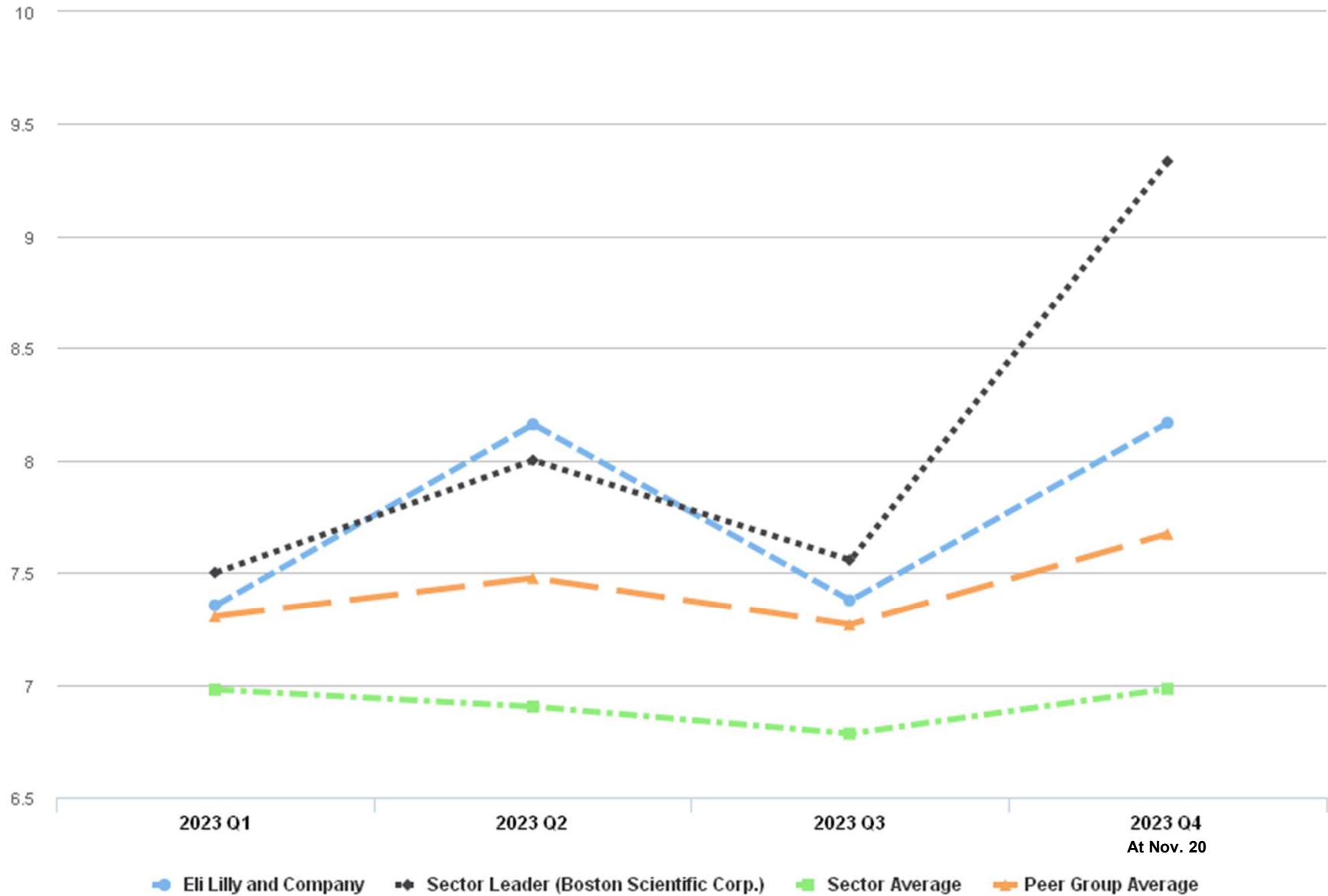
What is Your Commitment to Own This Stock in The Year Ahead?

Eli Lilly and Company



- 1. Do not Own, Serious Lack Confidence in the Company
- 2. Do not Own, Lack Confidence in the Company
- 3. Own it, Selling it due to Decreasing Confidence
- 4. Neutral, Benchmark it but DO NOT see company as a Target
- 5. Own it with Confidence BUT DOWNSIZING to re-weight portfolio
- 6. Own it or Intend to Own it
- 7. Own it with Increasing Confidence

What is Your Commitment to Own This Stock in The Year Ahead?



Shareholder Confidence Metrics

Eli Lilly and Company's Performance Vs Eli Lilly and Company Peer Group

Eli Lilly and Company Peer Group

AstraZeneca PLC

Bristol-Myers Squibb Company

Eli Lilly and Company

GSK plc

Merck & Co.

Novartis AG

Novo Nordisk A/S

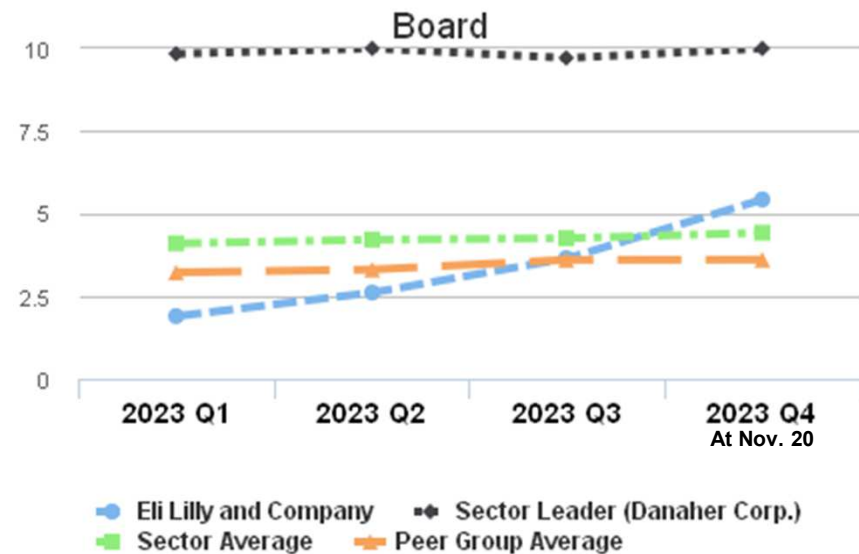
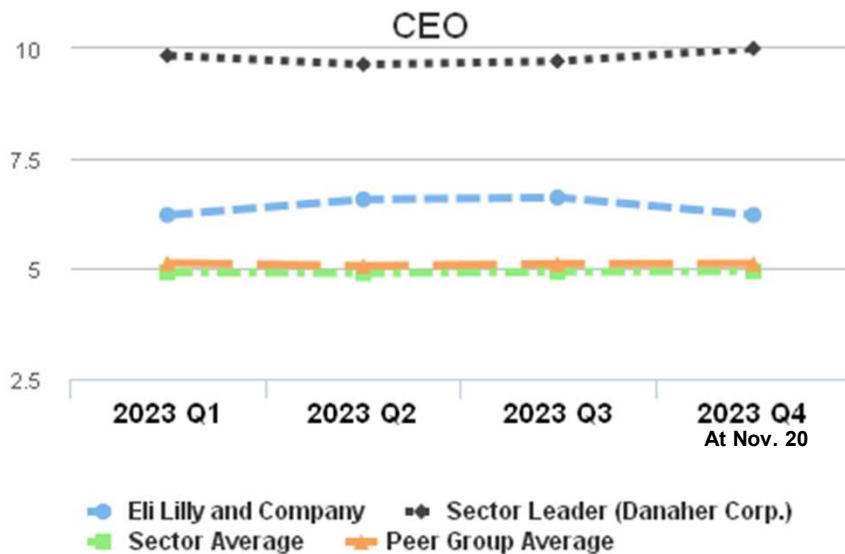
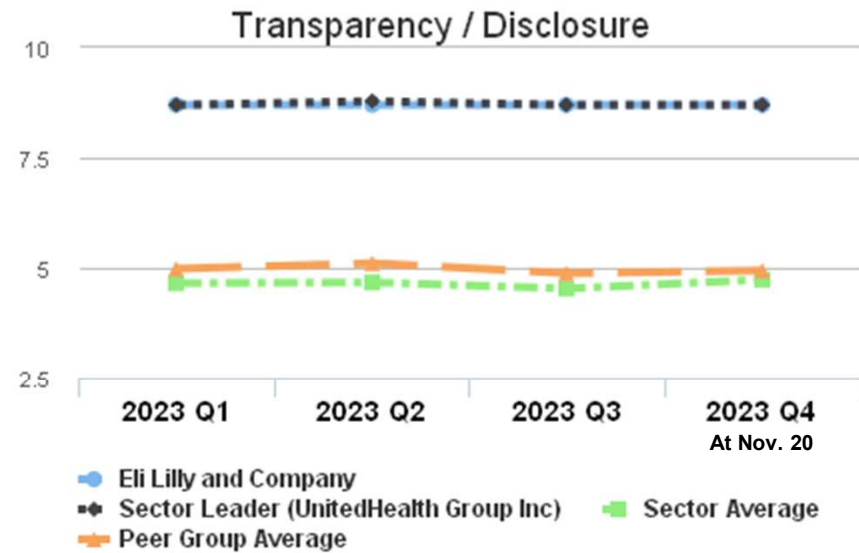
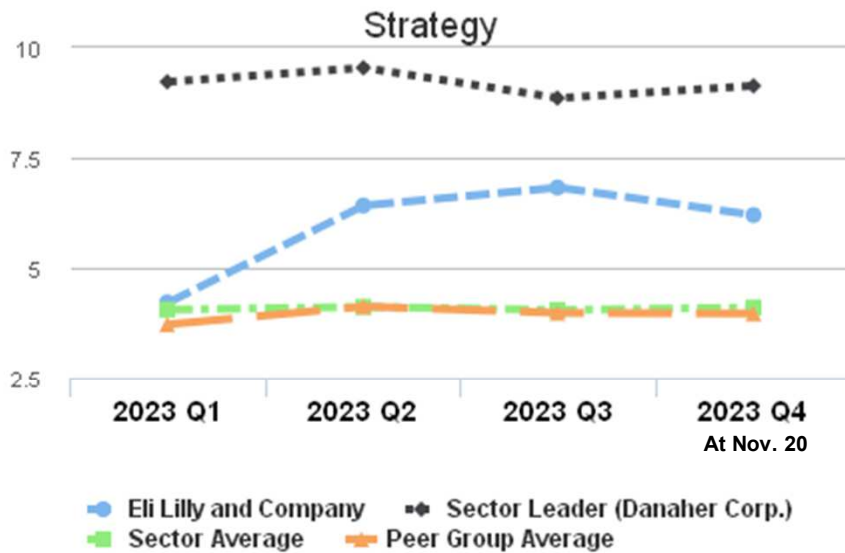
Pfizer Inc

Roche Holding AG

Sanofi

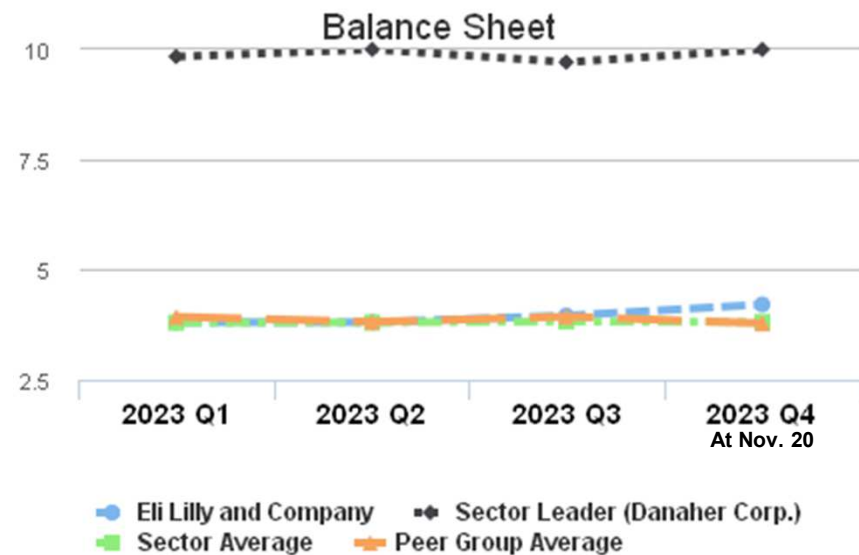
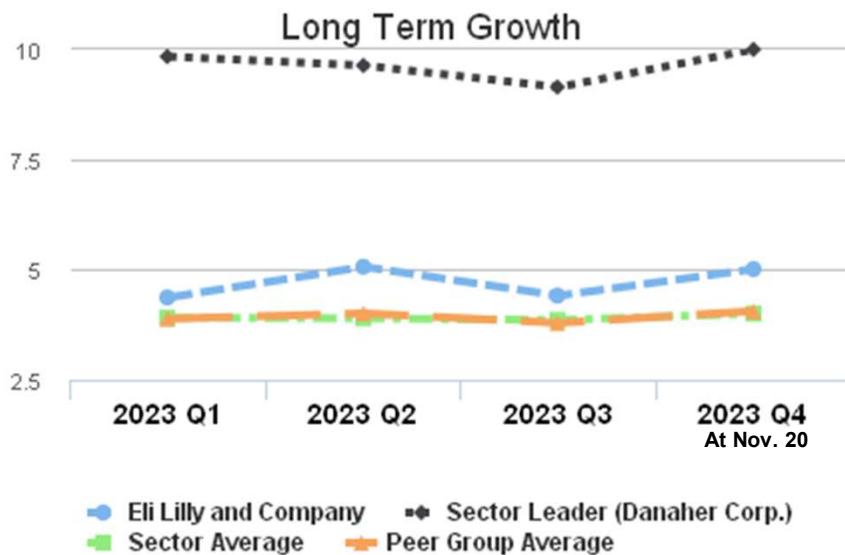
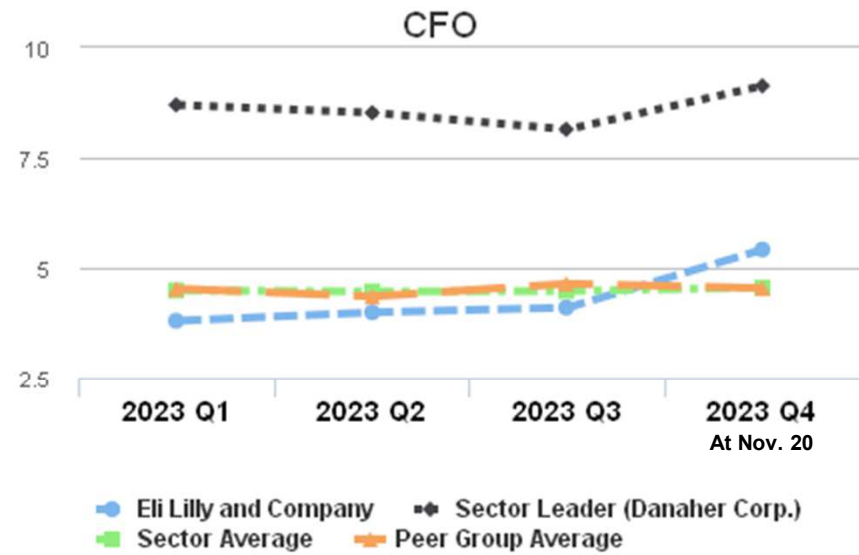
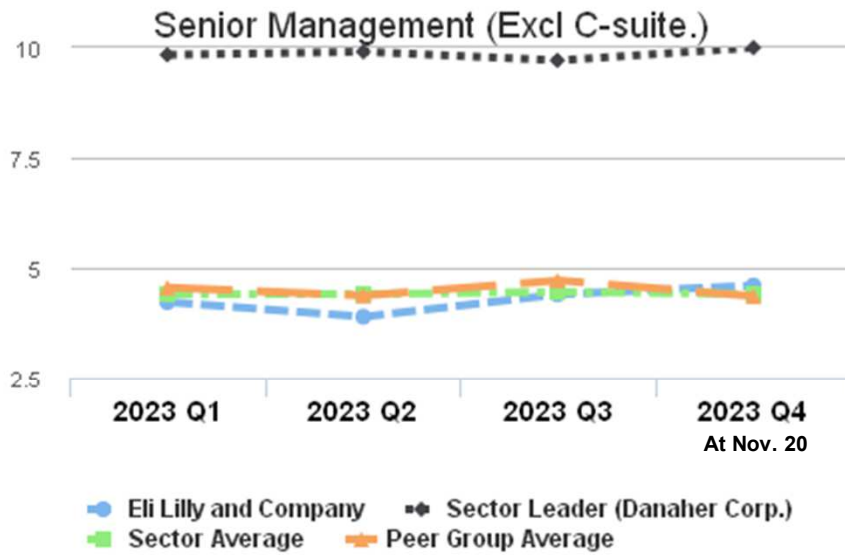
Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



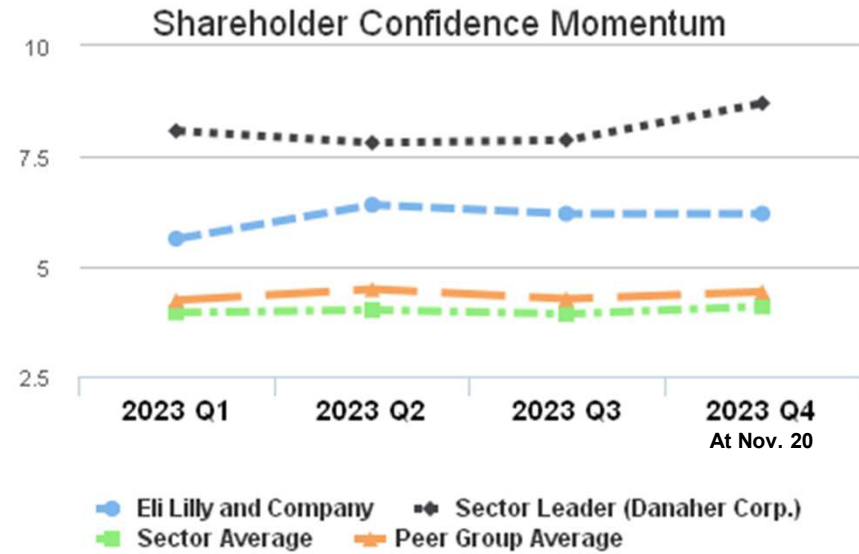
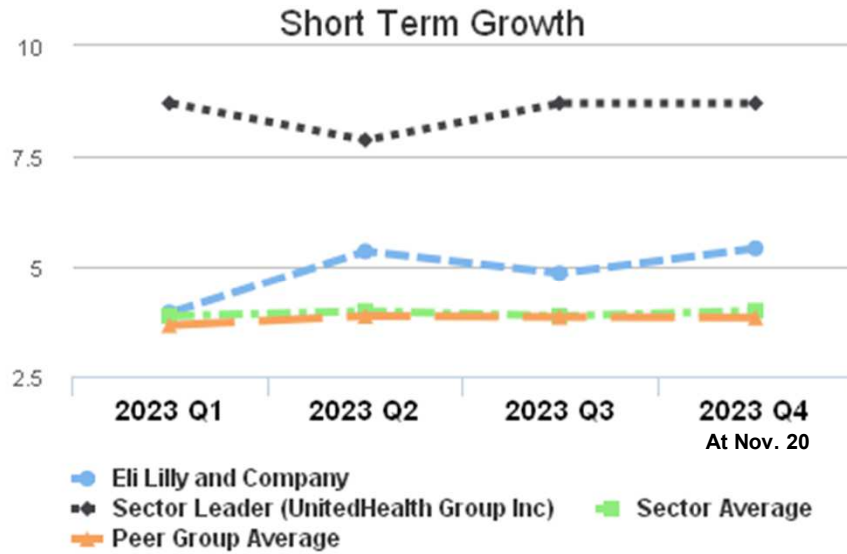
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Quarter over Quarter Results



Shareholder Confidence Metrics Forecast for the Year Ahead

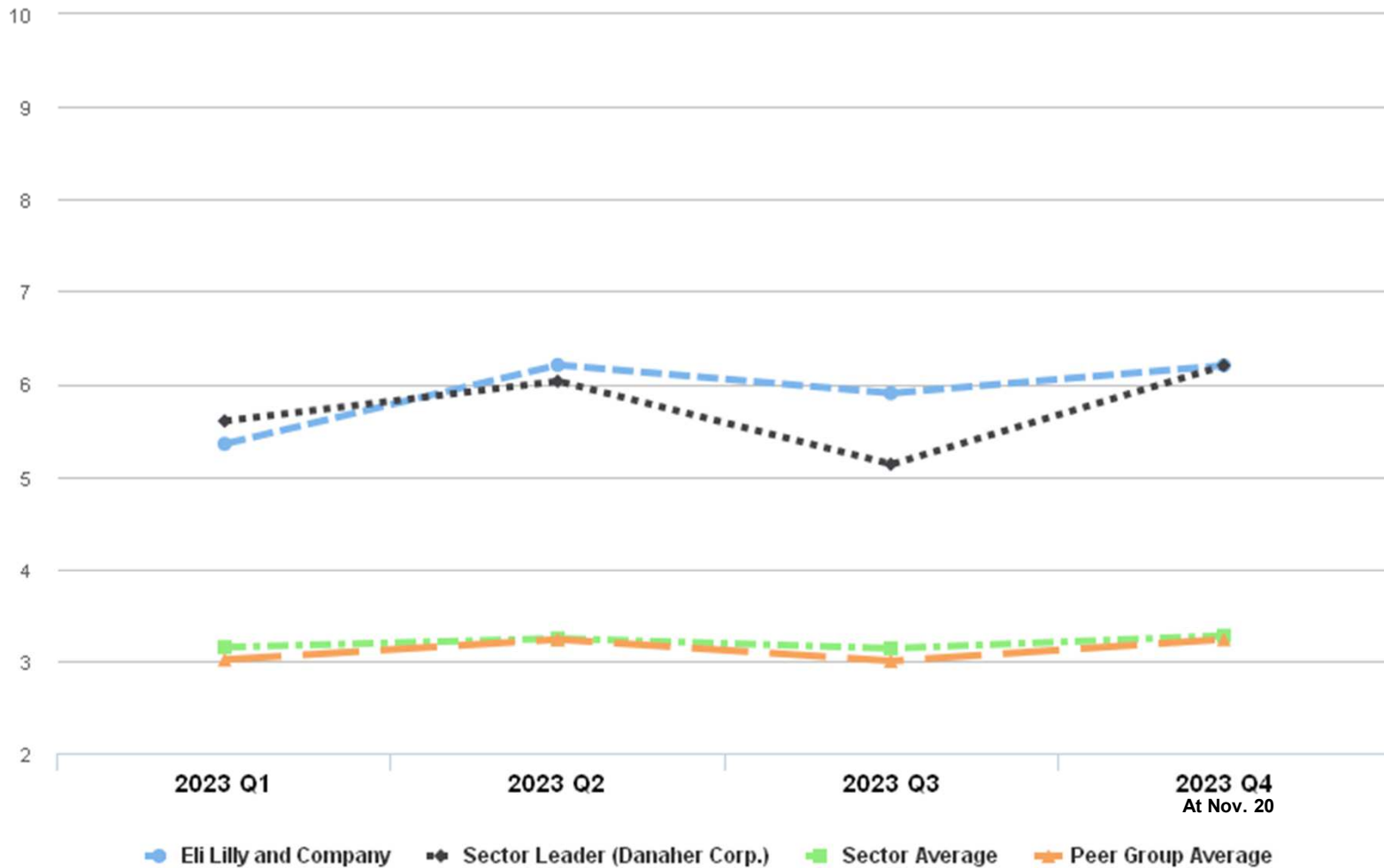
Quarter over Quarter Results



Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results

Price Appreciation Potential



Typical Investor Verbatim

Positive Momentum Verbatim

“Eli Lilly has exceptional growth and a very interesting pipeline.”

“Eli Lilly should have EPS growth of about 30% in the next 12 months.”

“Eli Lilly is more diversified than Novo Nordisk, but for these two names, I don't think diversification matters. The key is whether they can sustain the franchise and innovate on top of what they have. I have conviction in both of them.”

“Eli Lilly's CFO, Anat Ashkenazi, is very dynamic. She is very thoughtful and strategic.”

“Eli Lilly's obesity product can grow for a long time, and they have shown R&D growth.”

“I like Eli Lilly's CEO, David Ricks, a lot.”

“Eli Lilly is the highest market cap company in healthcare now.”

“Eli Lilly has a lot of opportunity for long-term growth.”

“Eli Lilly has recently had the Alzheimer's success, and Mounjaro, and all the weight loss drugs. They have more horses in the race than Novo Nordisk.”

“Eli Lilly's CEO, David Ricks, has executed brilliantly over the last two years. You should have the utmost confidence in the senior management team over there.”

“Eli Lilly's CFO, Anat Ashkenazi, is very smart. I like her.”

Typical Investor Verbatim

Positive Momentum Verbatim

“Eli Lilly has quality people on the bench.”

“Eli Lilly is expensive, but the fundamentals are great. They have the best obesity drug, and they have Alzheimer's. They have some other interesting assets as well. The growth profile is fantastic.”

“Eli Lilly and Novo Nordisk are delivering on obesity. You want to own these stocks for three or four years, at least until a third entrant. Amgen coming in is two years out.”

“Eli Lilly's IR team do a very good job on top of having a good deck of cards.”

“We have limited visibility on the growth of Eli Lilly, but we have very high confidence that it's going to be a lot in the short term. It is one of the fastest growing companies in the entire space in the short term.”

“Everybody has fallen in love with Eli Lilly.”

“The consensus thinking on Eli Lilly is that they have bulletproof growth for the next five years.”

“Eli Lilly doesn't have the delivery problems that Novo Nordisk has with obesity. Eli Lilly is also more diversified.”

“Eli Lilly's stock is still pushing high levels. I'm wondering when that tide will turn. Even though it is expensive, everyone tells me that they have to own it anyway.”

Typical Investor Verbatim

Neutral Momentum Verbatim

“Eli Lilly is a good company and the growth potential is very high, but it's just too expensive right now.”

“Who knew at the beginning of 2023 that Eli Lilly would double? If you had a medium sized position in Lilly and it doubled, you need to reweight.”

“I don't have a strong view of Eli Lilly's board.”

“The spread between Novo Nordisk and Eli Lilly is 14x on P/E and EV/EBITDA, which is interesting. There is no easy way to look at it. Eli Lilly has been frustrating because the gap in valuation is hard to justify. I agree that there is more justification and maybe more shots on goal at Lilly just given Alzheimer's and some of the other drugs that they have in the pipeline, but then the recent data was so much more positive for Novo. They actually did better. There is no way to win not owning Lilly. Clearly, all the generalists are thinking the same thing and have been maintaining those positions, if not building on them, which hurts. It is what it is.”

“The momentum is positive for Eli Lilly, but that means the leverage is greater. Also, diversification is not always positive. People like diversification to reduce risk but do not like it for the purity of the model, the simplicity, and the focus.”

“You would be an idiot to buy more of Eli Lilly at this level.”

“When you have growth in pharma, people tend to overpay, like for Eli Lilly and Novo Nordisk. Everyone is tripping over themselves to snap these things up. It seems a little nuts.”

Typical Investor Verbatim

Negative Momentum Verbatim

“Eli Lilly's IR is always changing.”

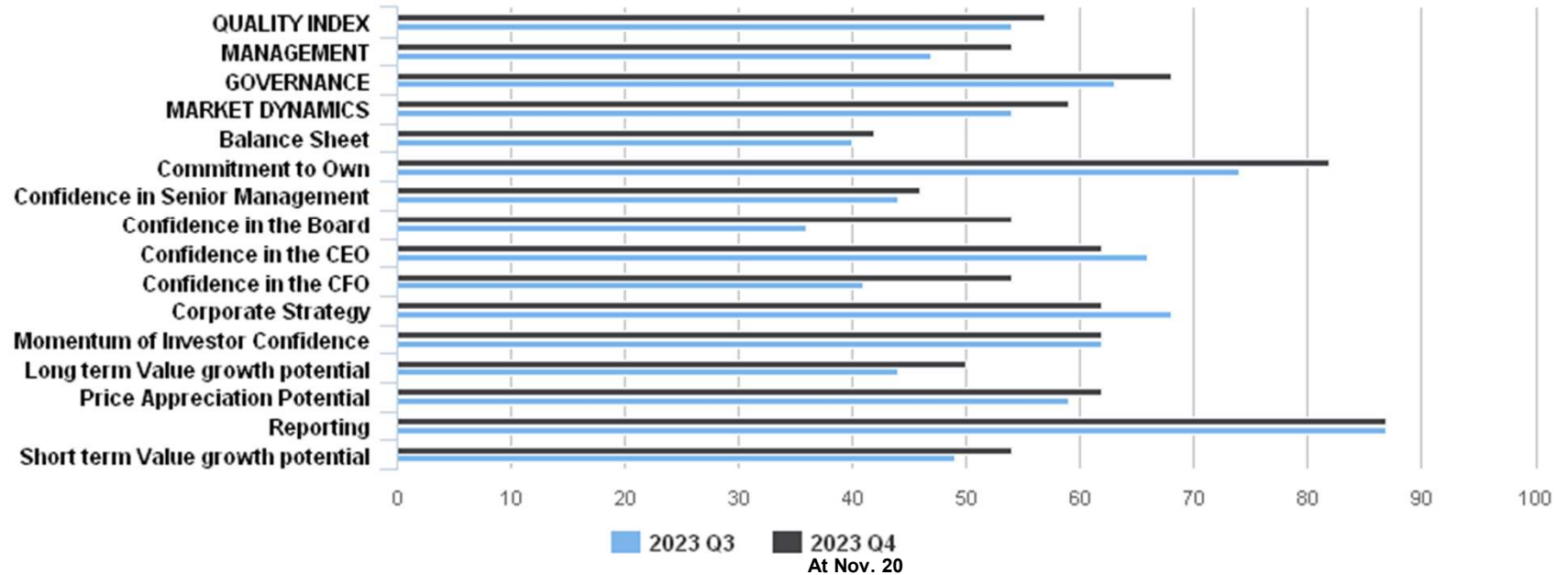
“I have always thought these weight loss drugs were going to blow up in big pharma's face in two to three years. Now it's already starting to happen. There are concerns about suicide risk and whatever. I would have thought that would really rattle investors because it's the kind of product that big pharma has been shunning for many years. The spin five to ten years ago was that they were focusing on very serious illnesses, which were very patient specific. Now they are basically just pumping everybody full of their weight loss drugs. It's a very risky strategy. However, generalists feel comfortable with something that they understand and it's easier to understand than a cancer drug.”

“After a 50% move, it's rough for Eli Lilly in terms of price appreciation potential.”

“I put Eli Lilly and Novo Nordisk in the same bucket because people mostly care about obesity at the moment. Our view is that the consensus obesity expectations are going to come down because American insurance companies don't want to pay for it. We have people saying to us that it's going to be a \$100 billion market, but that is ridiculous.”

Quarter over Quarter Results

Forecast for the Year Ahead Eli Lilly and Company



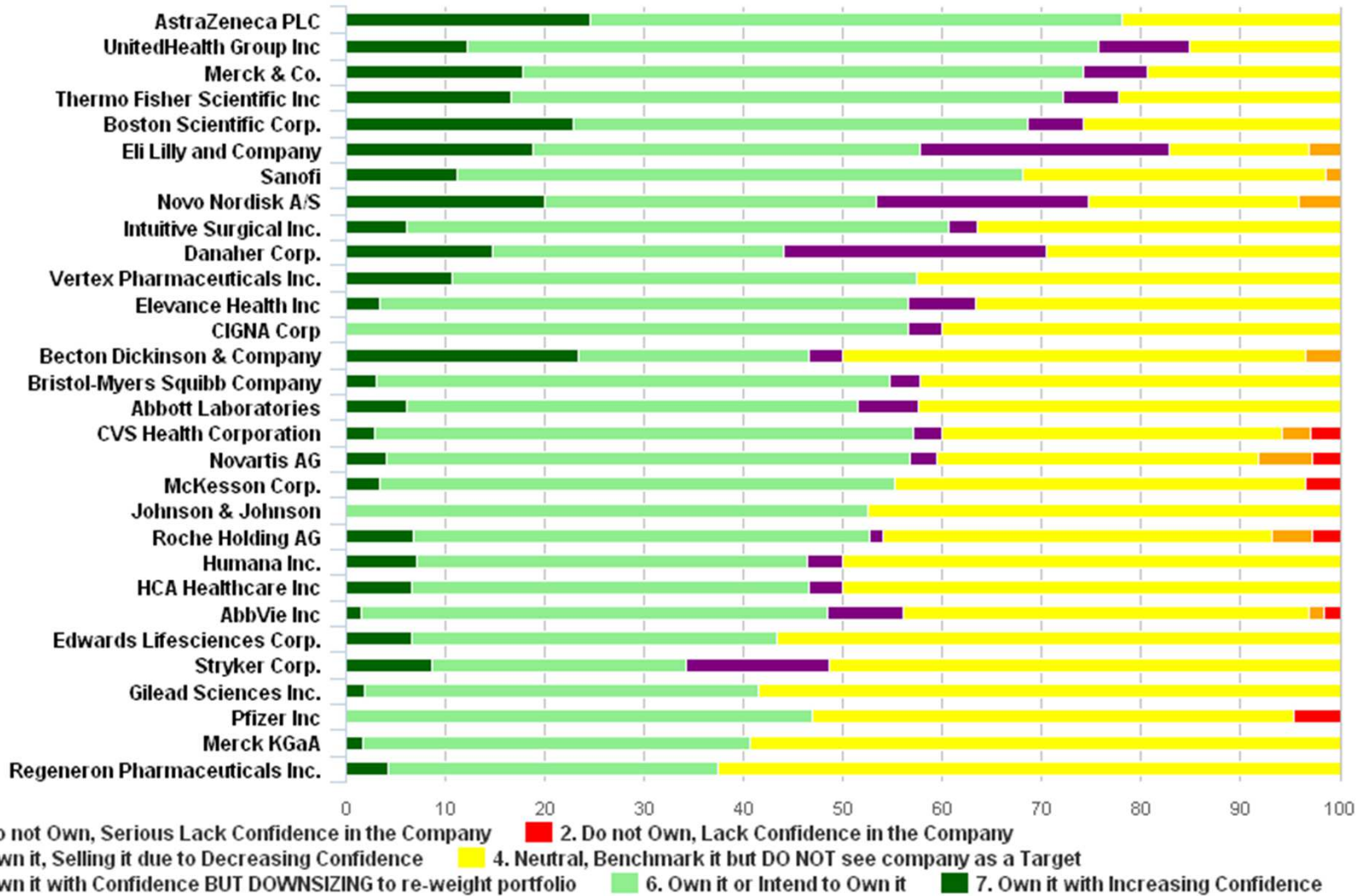
Rolling Year Data*

*Rolling Year Data = Accumulation of the rolling 12 month intelligence from the
BWI Shareholder Confidence Panel

What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

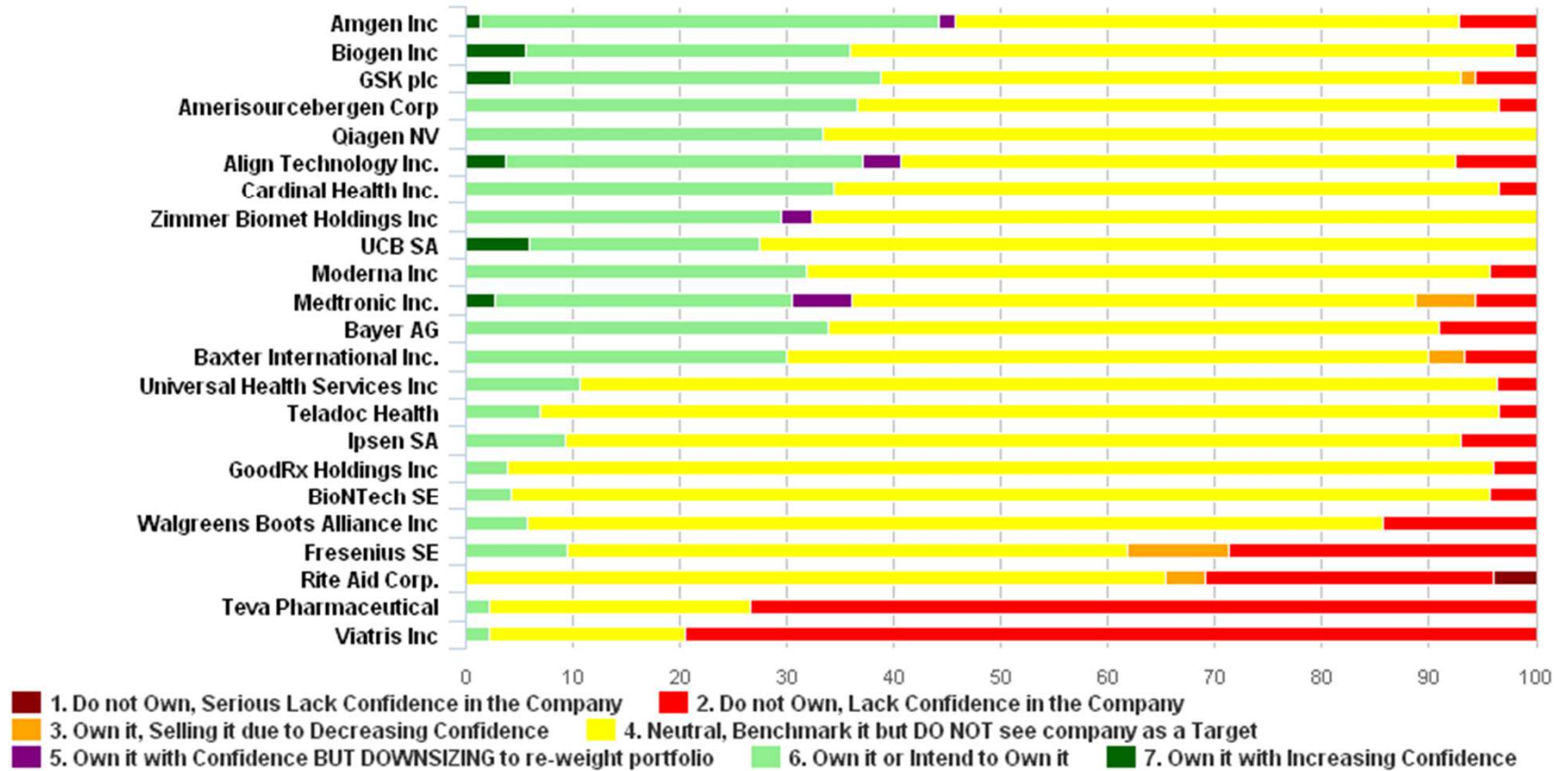
Buyers/Sellers by Sector



What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

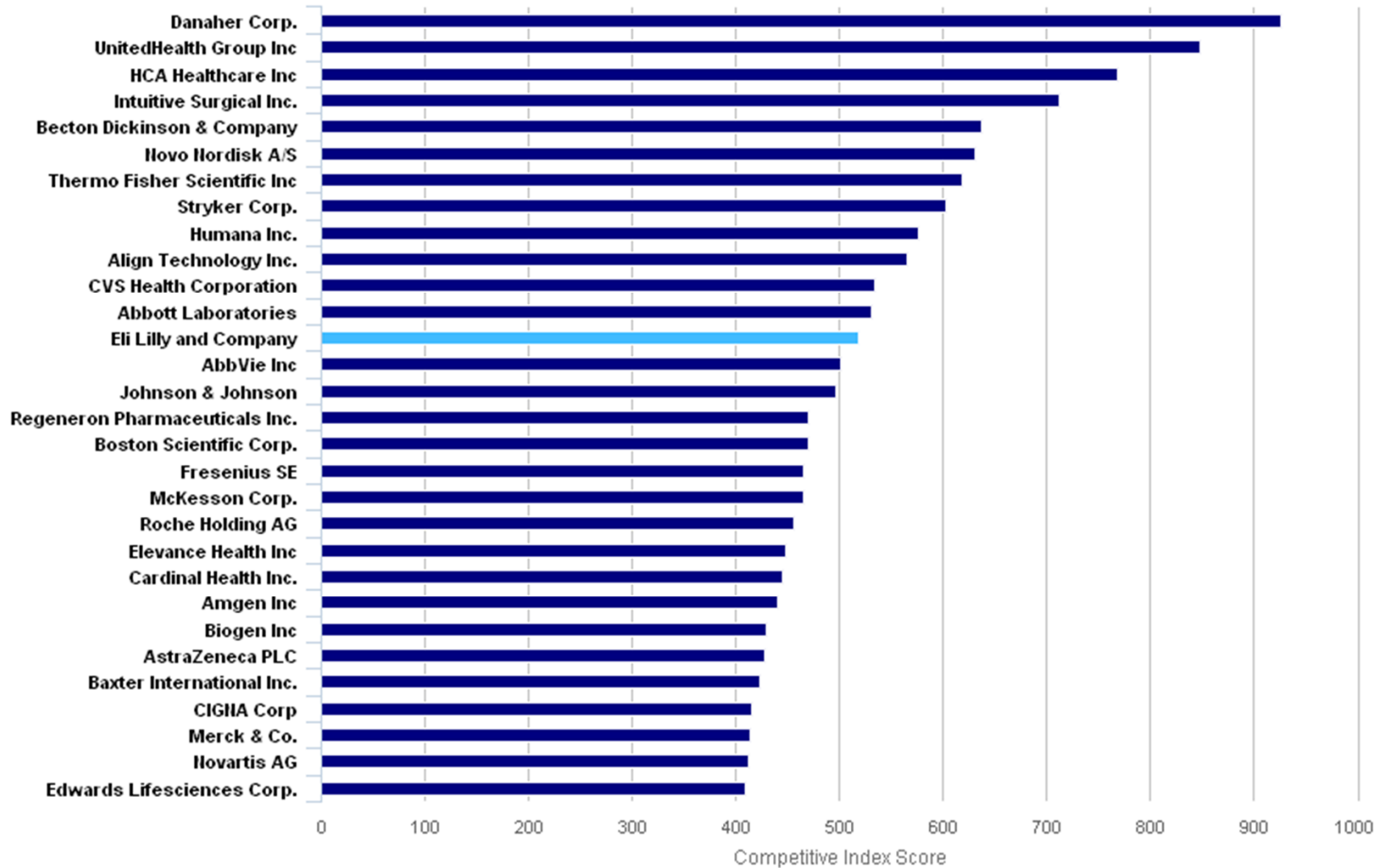
Buyers/Sellers by Sector



Shareholder Confidence Competitive Index

Rolling Year Data

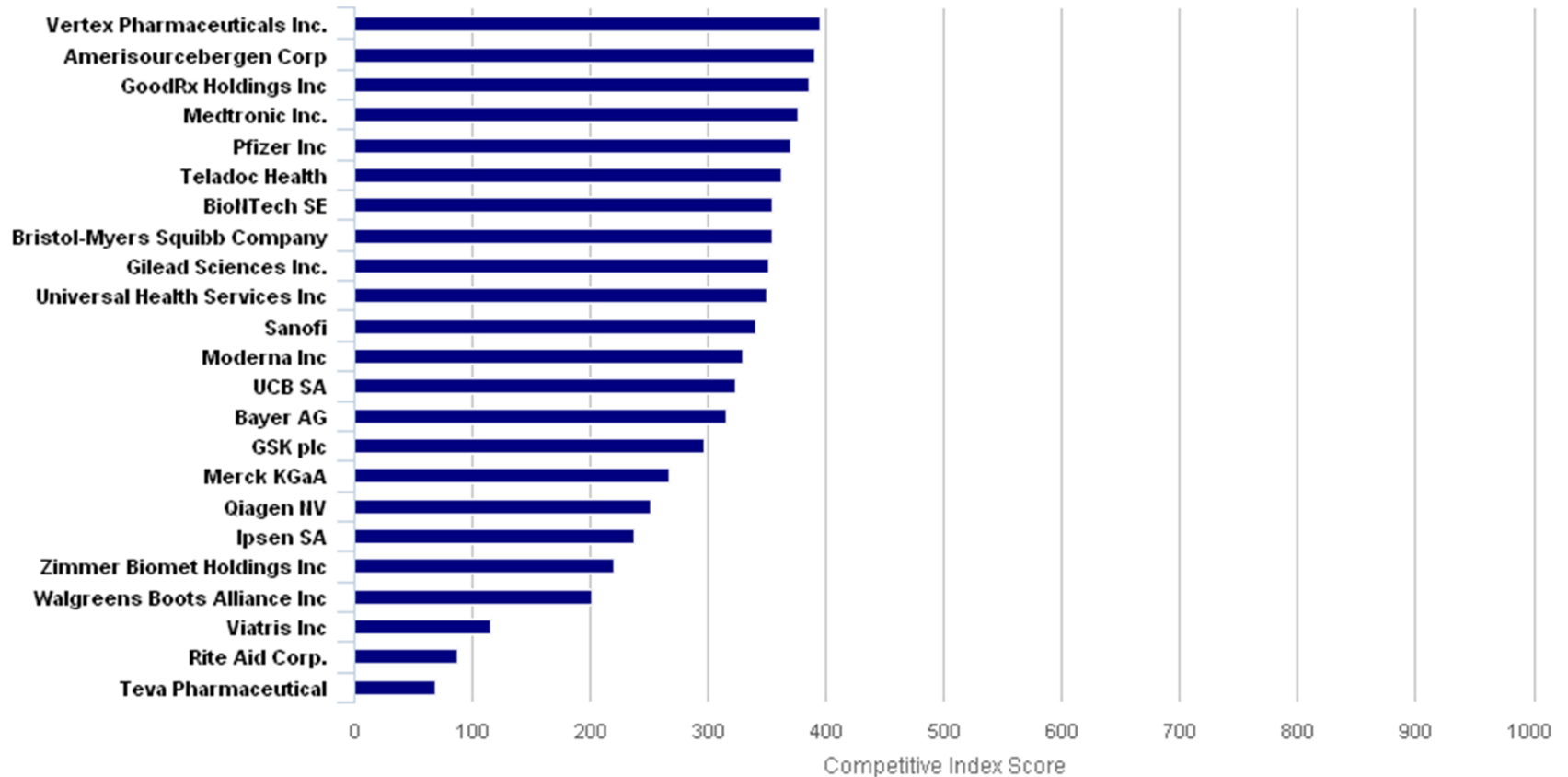
Global Investors - Investment Quality Index



Shareholder Confidence Competitive Index

Rolling Year Data

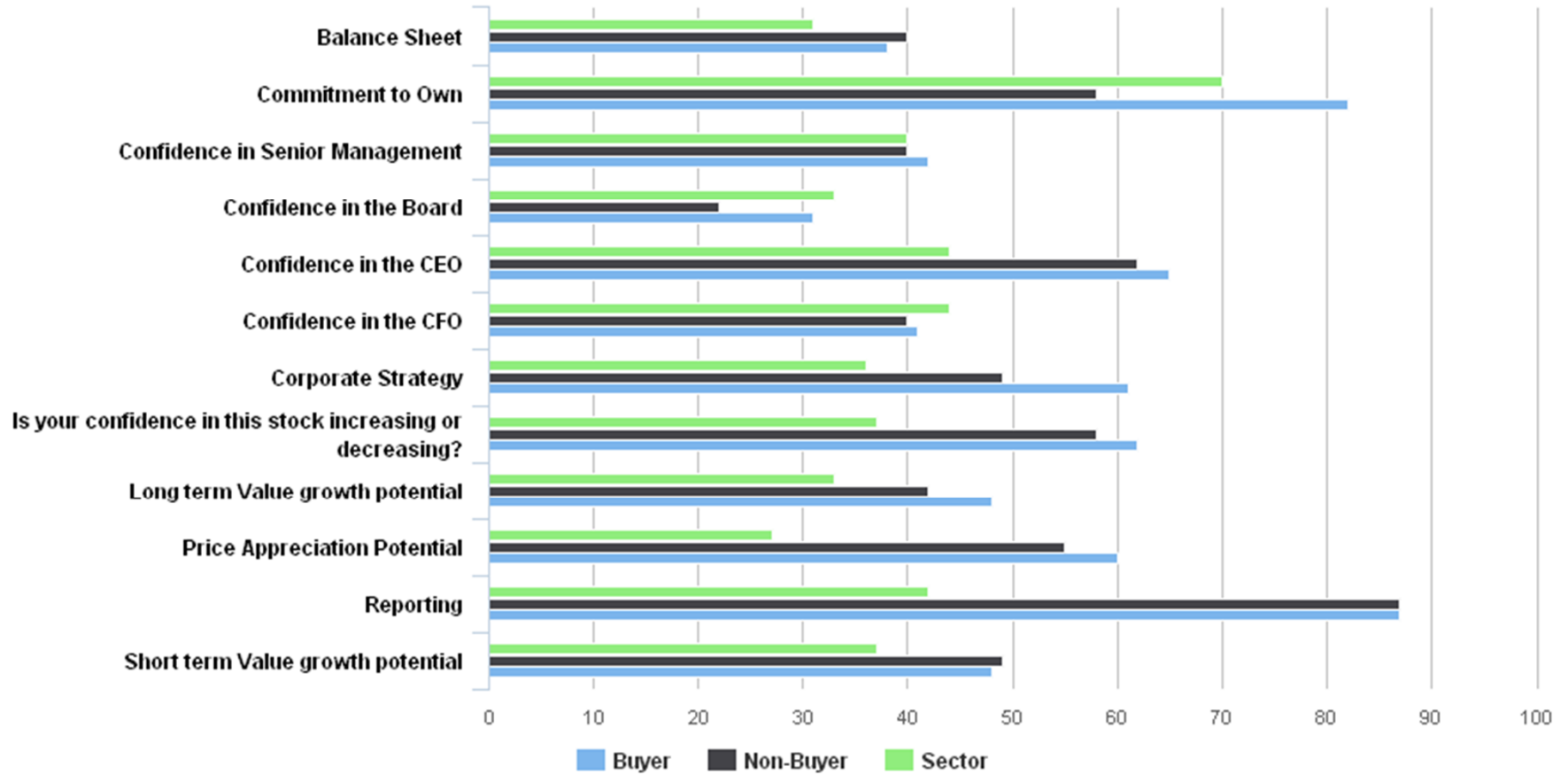
Global Investors - Investment Quality Index



Investment Target: Buyer Ratings Vs Non-Buyer Ratings Forecast for the Year Ahead

Rolling Year Data

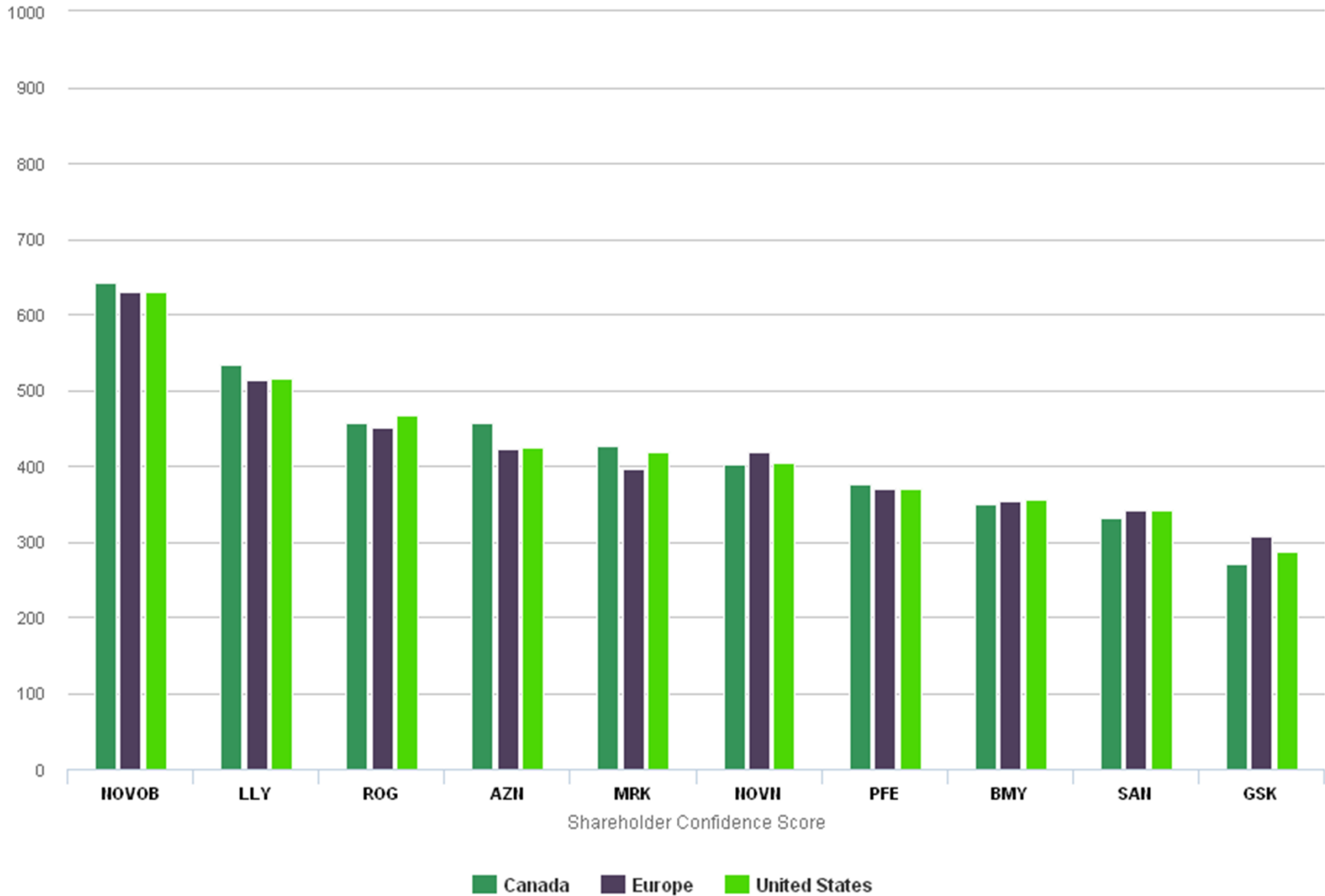
Eli Lilly and Company



How Does Overall Investor Confidence in Eli Lilly and Company Peer Group Vary Per Region?

Rolling Year Data

Forecast for the Year Ahead



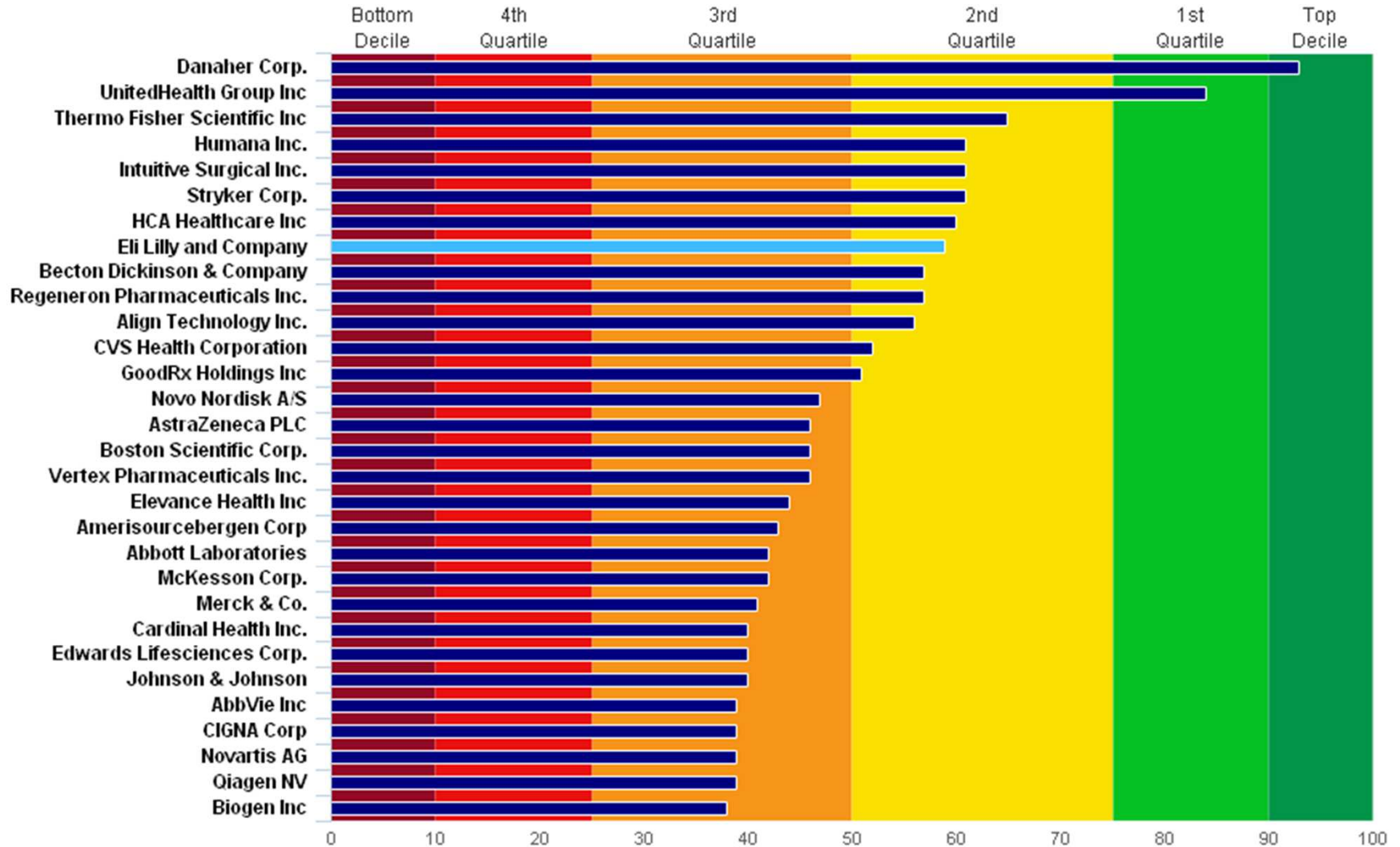
Advance Proxy Poll - Strategy Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Strategy?

(*Applies to cases where compliance/administration executes the proxy.)

(TD: Very Strong Vote to Retain, Q1: Strong Vote to Retain, Q2: Vote to Retain, Q3: Vote to Replace, Q4: Strong Vote to Replace, BD: Very Strong Vote to Replace)



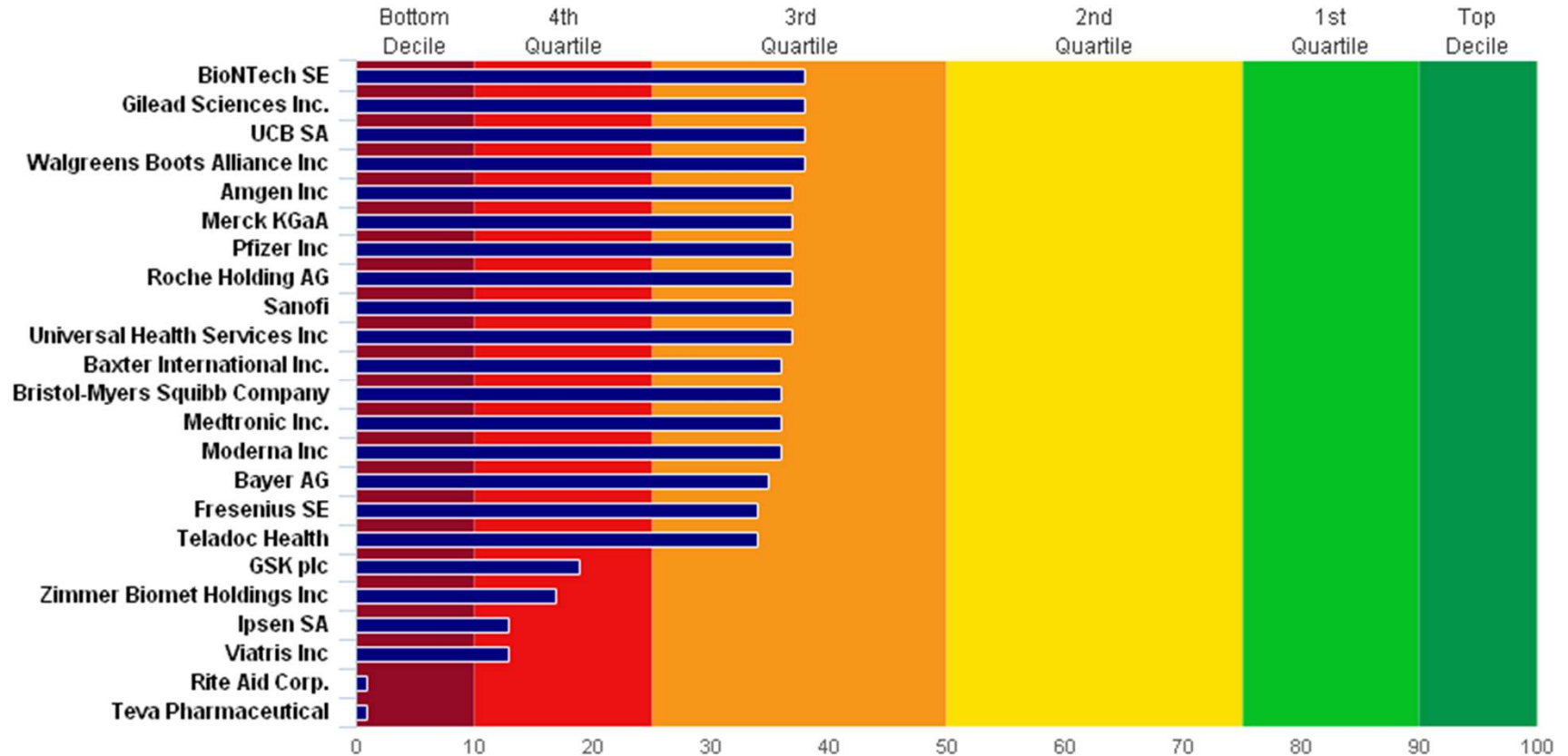
Advance Proxy Poll - Strategy Forecast for the Year Ahead

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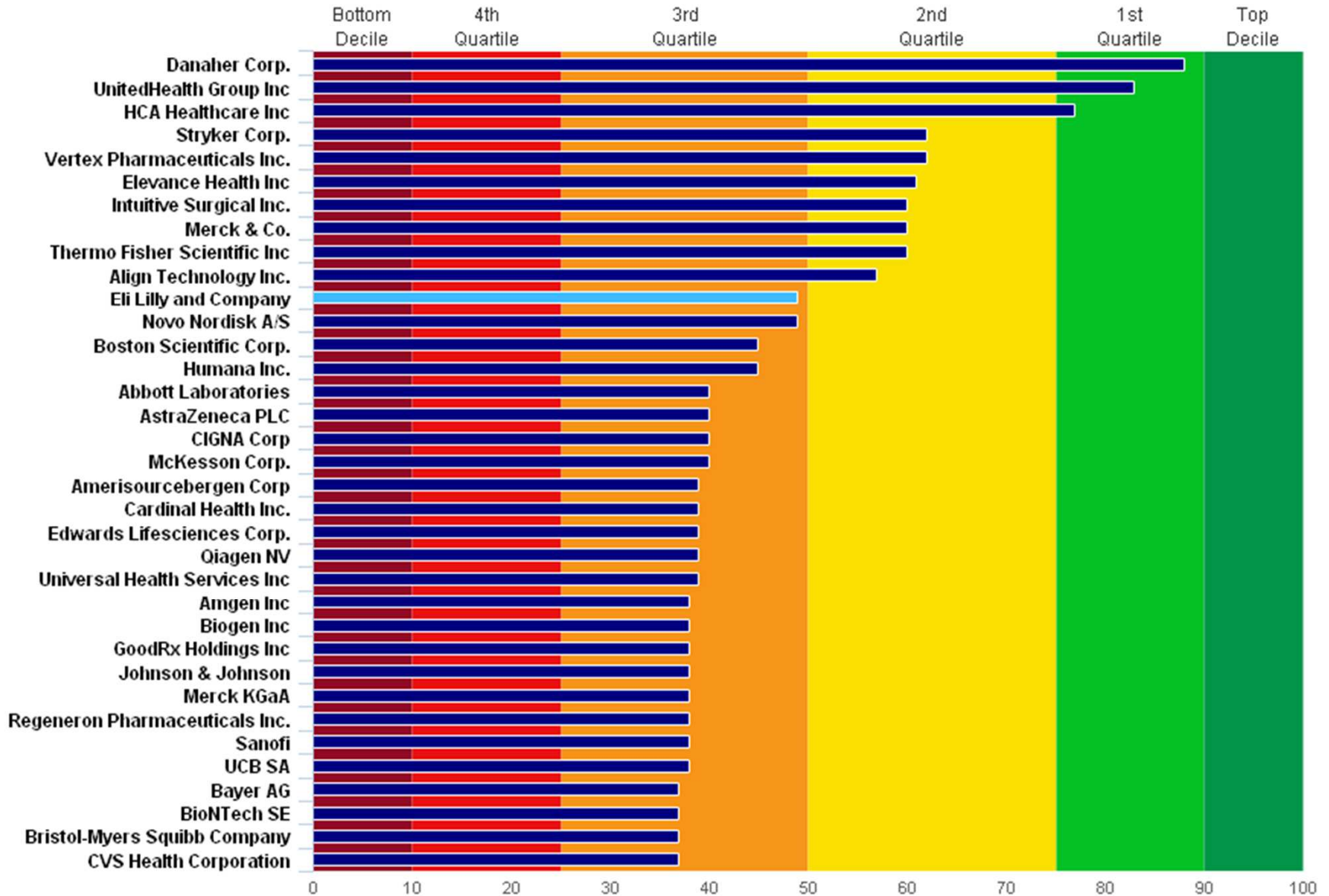
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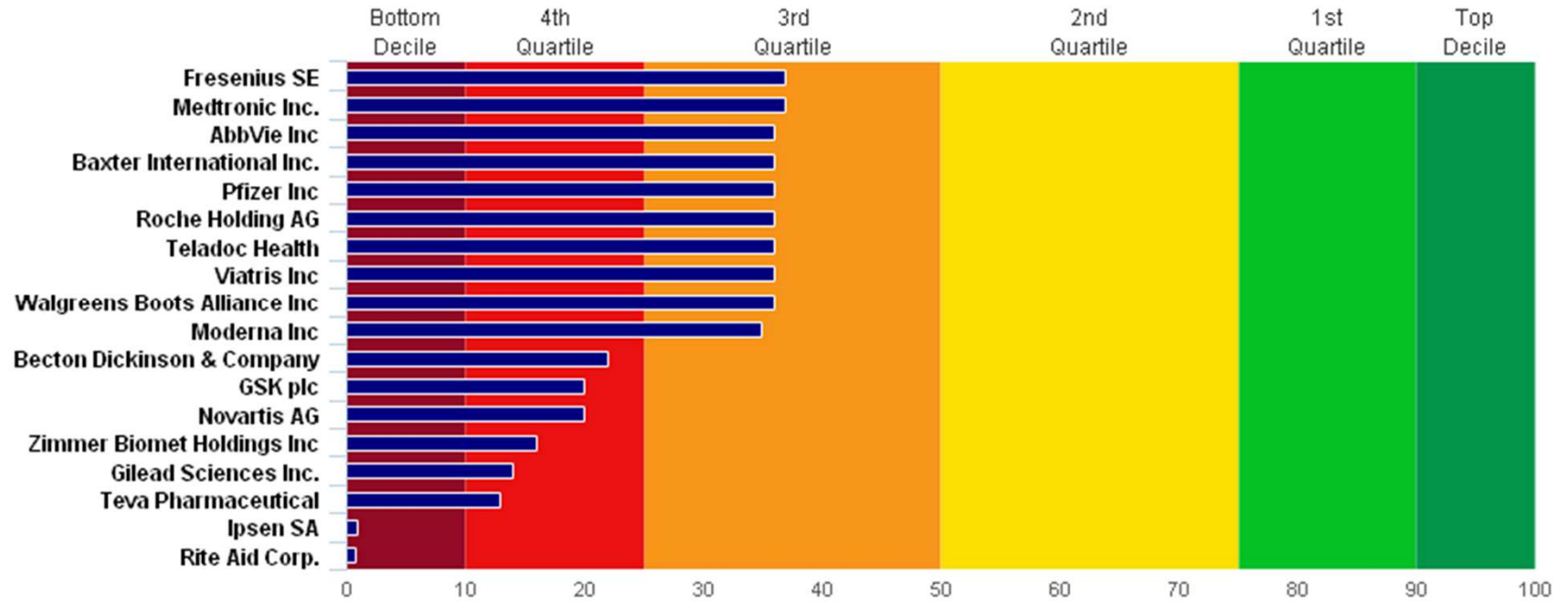
Confidence in Short Term Growth Forecast for the Year Ahead

Rolling Year Data



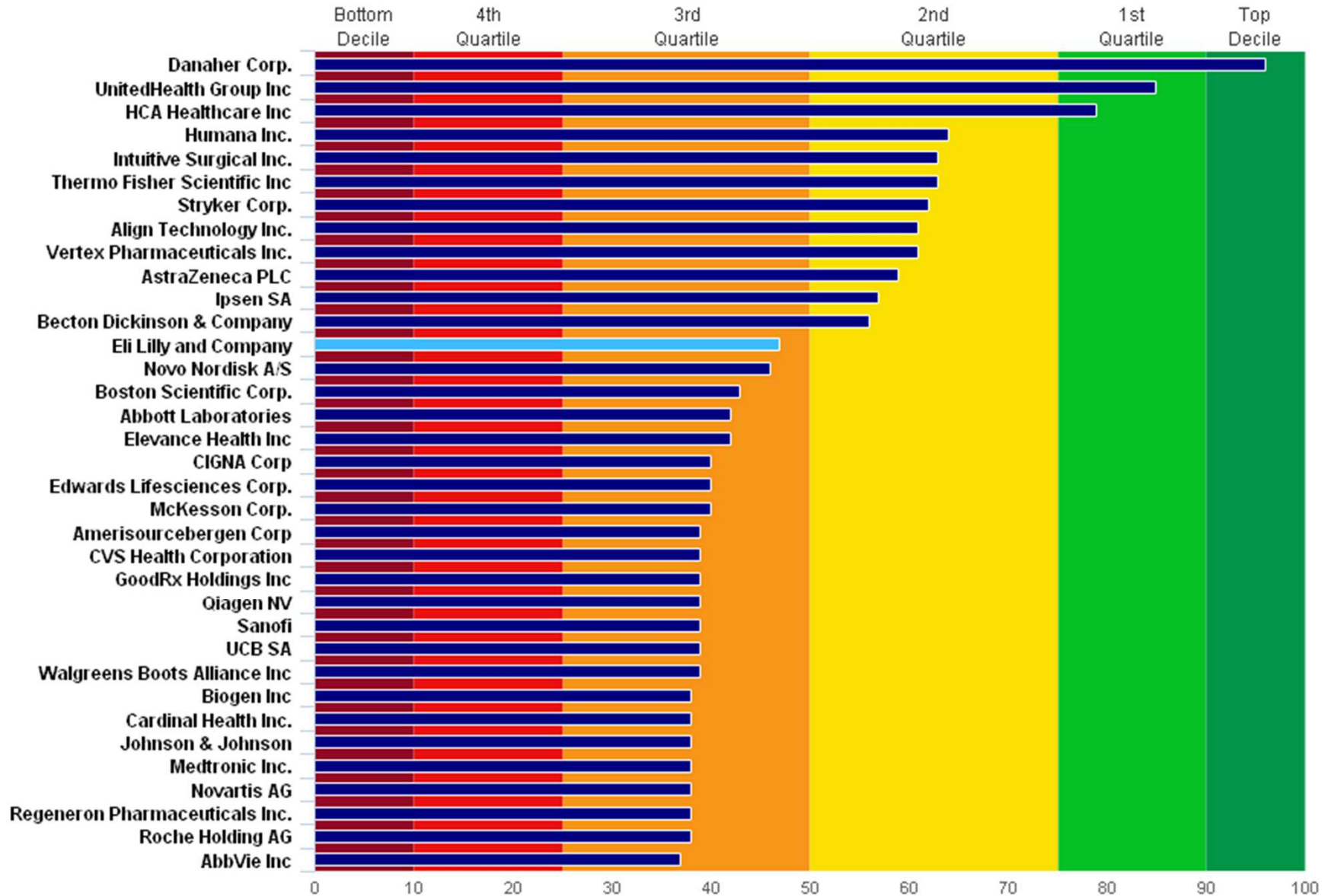
Confidence in Short Term Growth Forecast for the Year Ahead

Rolling Year Data



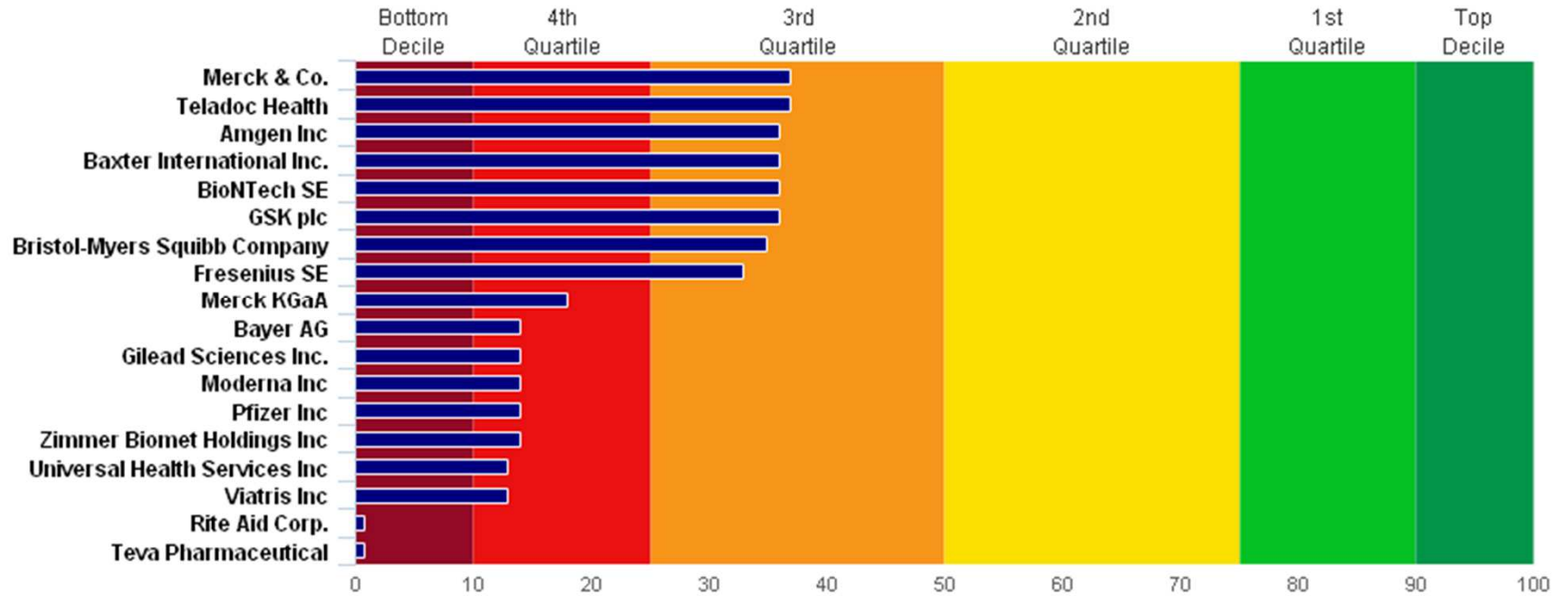
Confidence in Long Term Growth Forecast for the Year Ahead

Rolling Year Data



Confidence in Long Term Growth Forecast for the Year Ahead

Rolling Year Data



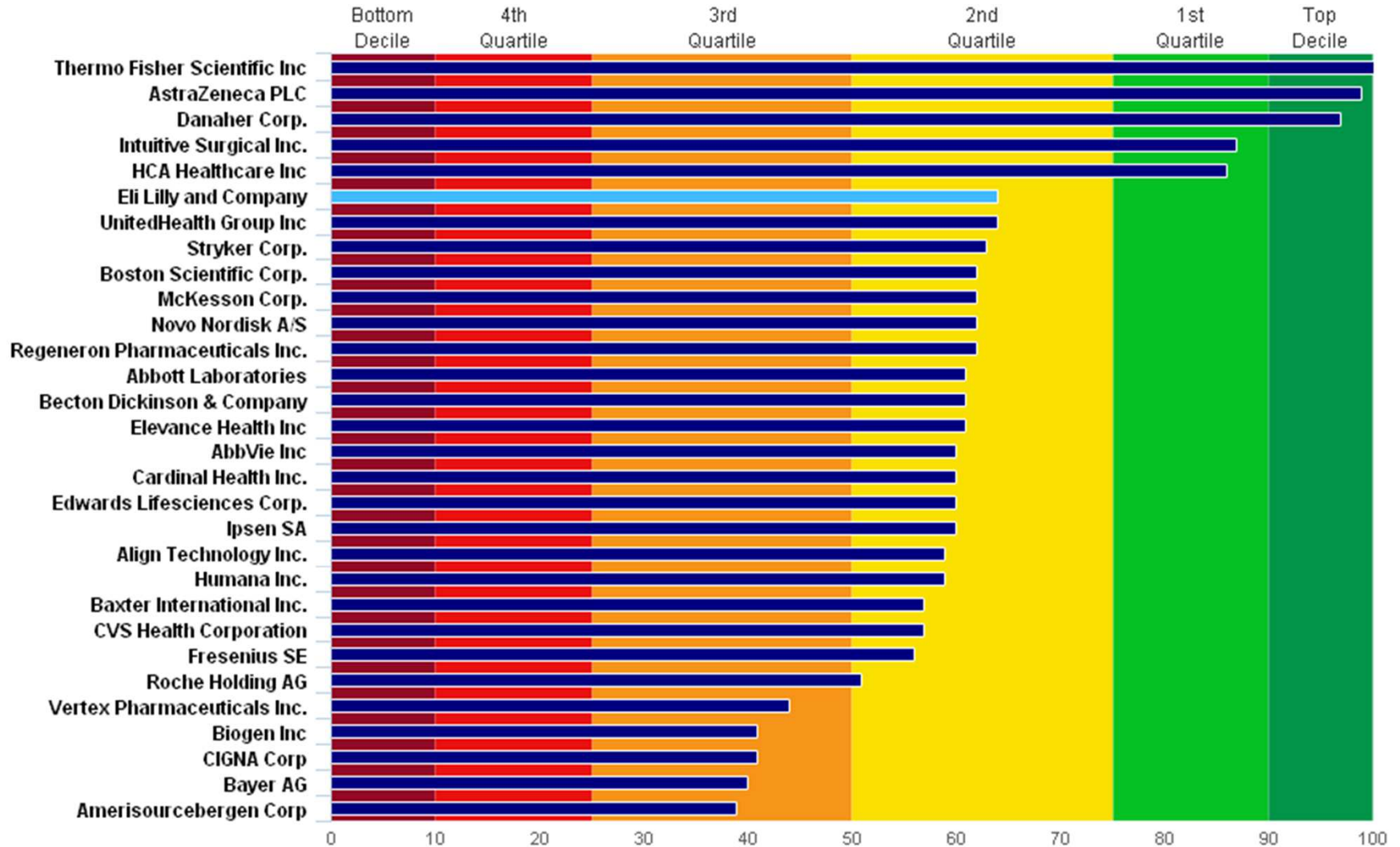
Advance Proxy Poll - CEO Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing CEO?

(*Applies to cases where compliance/administration executes the proxy.)

(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



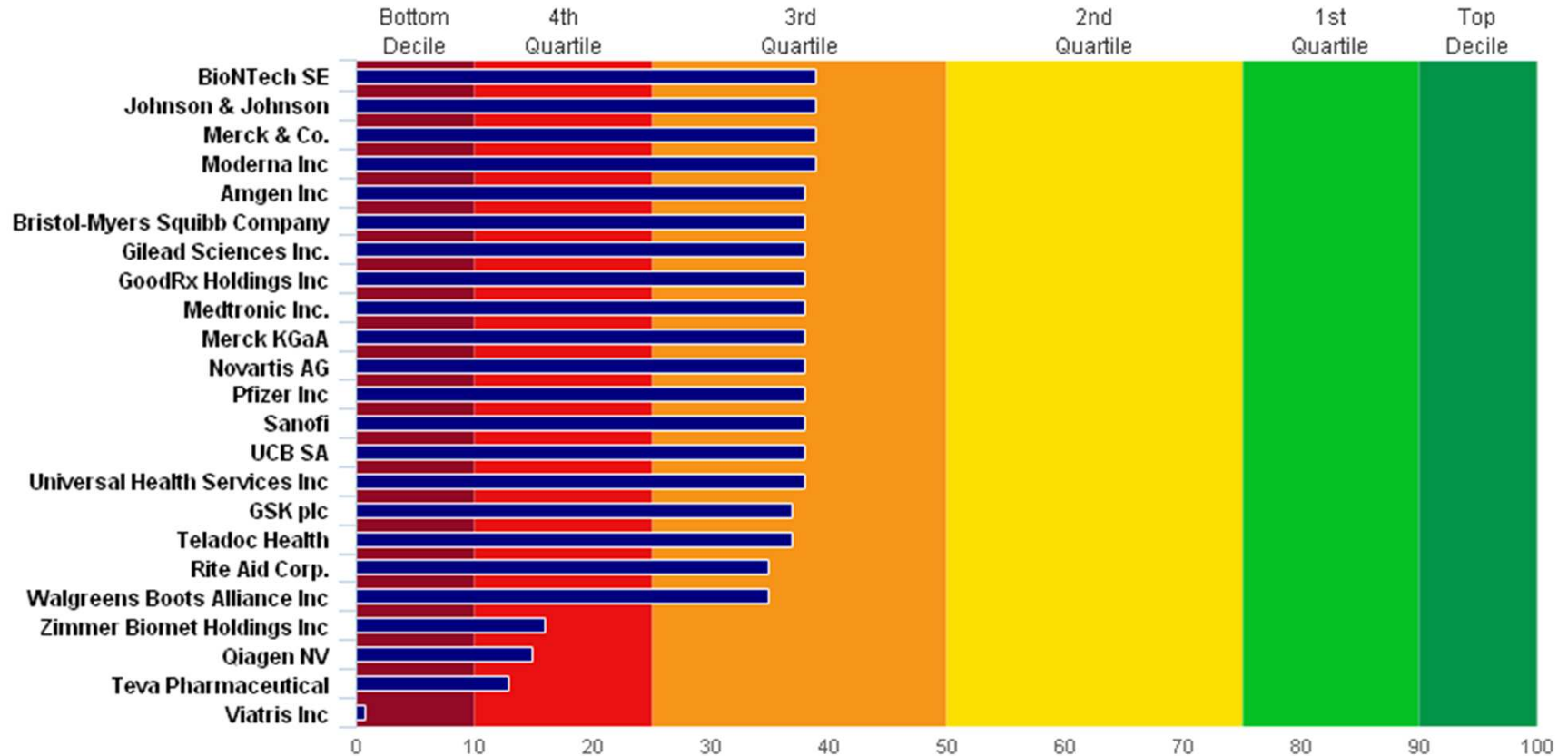
Advance Proxy Poll - CEO Forecast for the Year Ahead

Rolling Year Data

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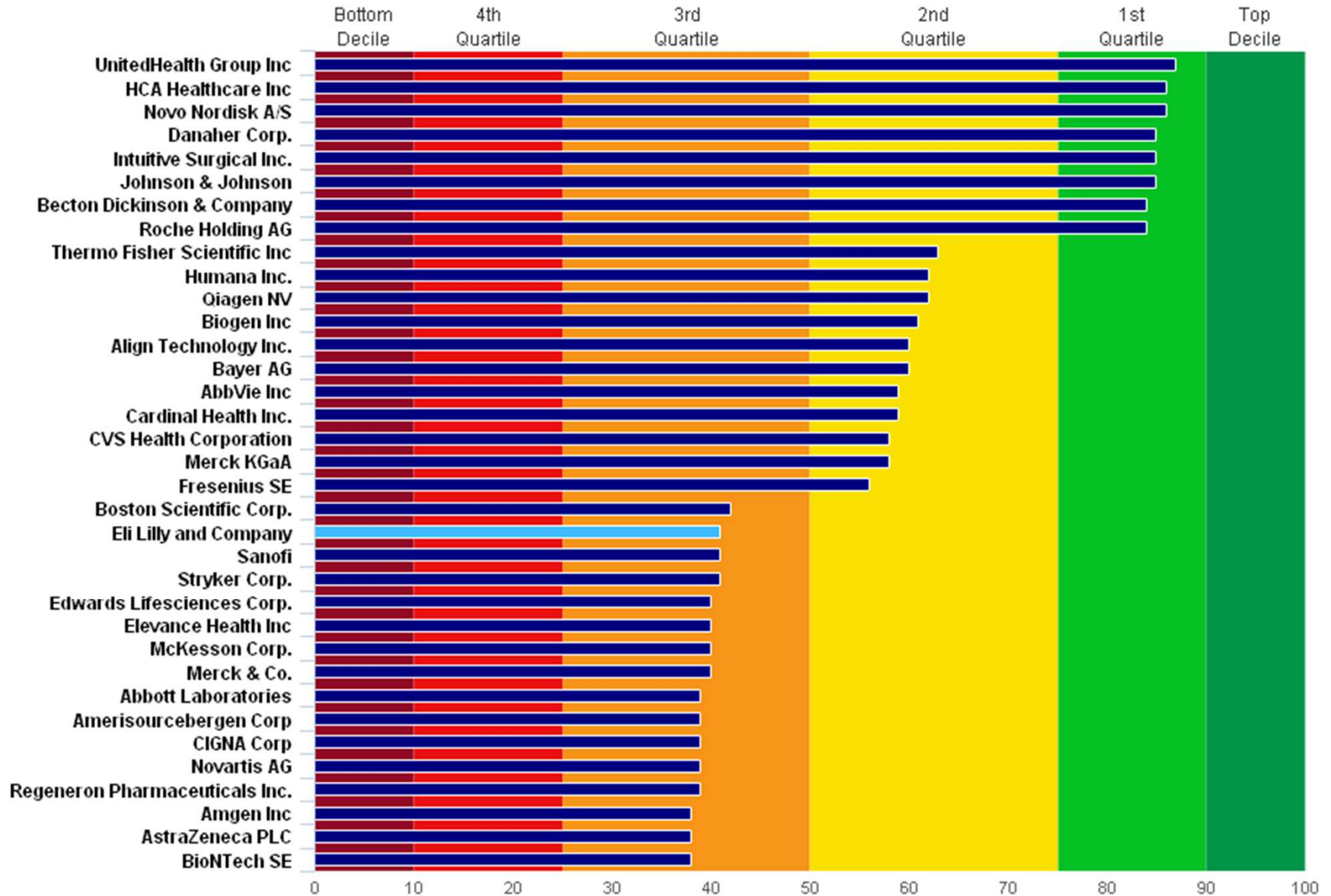
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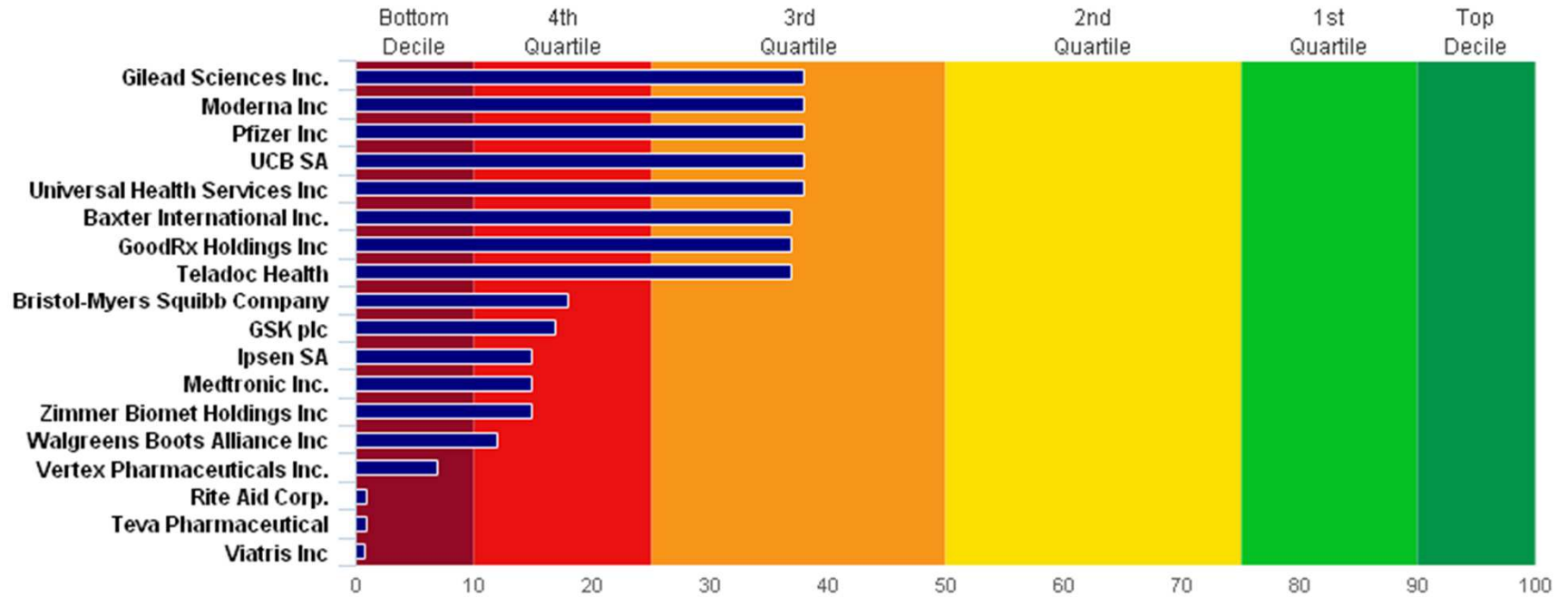
Confidence in CFO Forecast for the Year Ahead

Rolling Year Data



Confidence in CFO Forecast for the Year Ahead

Rolling Year Data



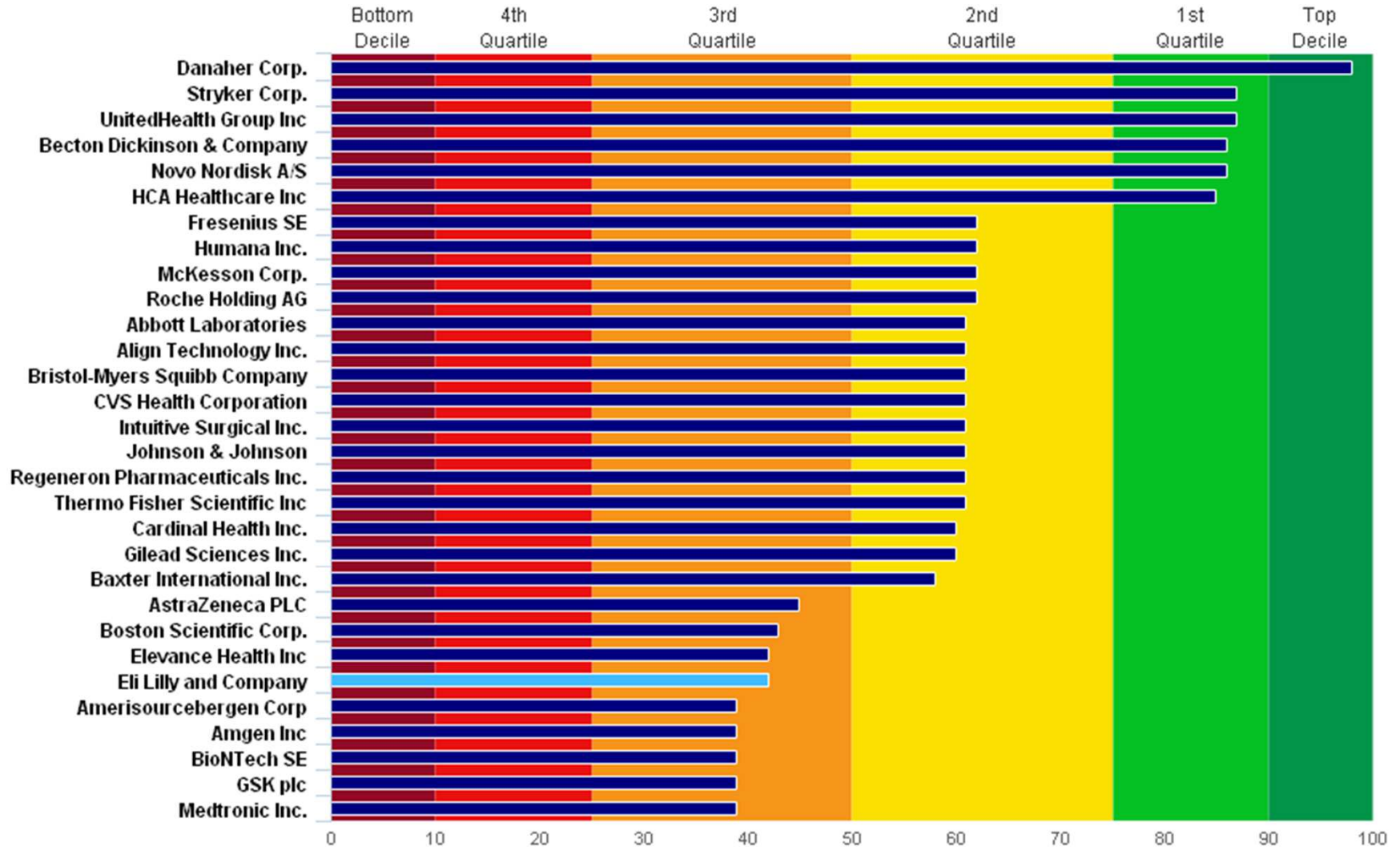
Advance Proxy Poll - Senior Management Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Senior Management?

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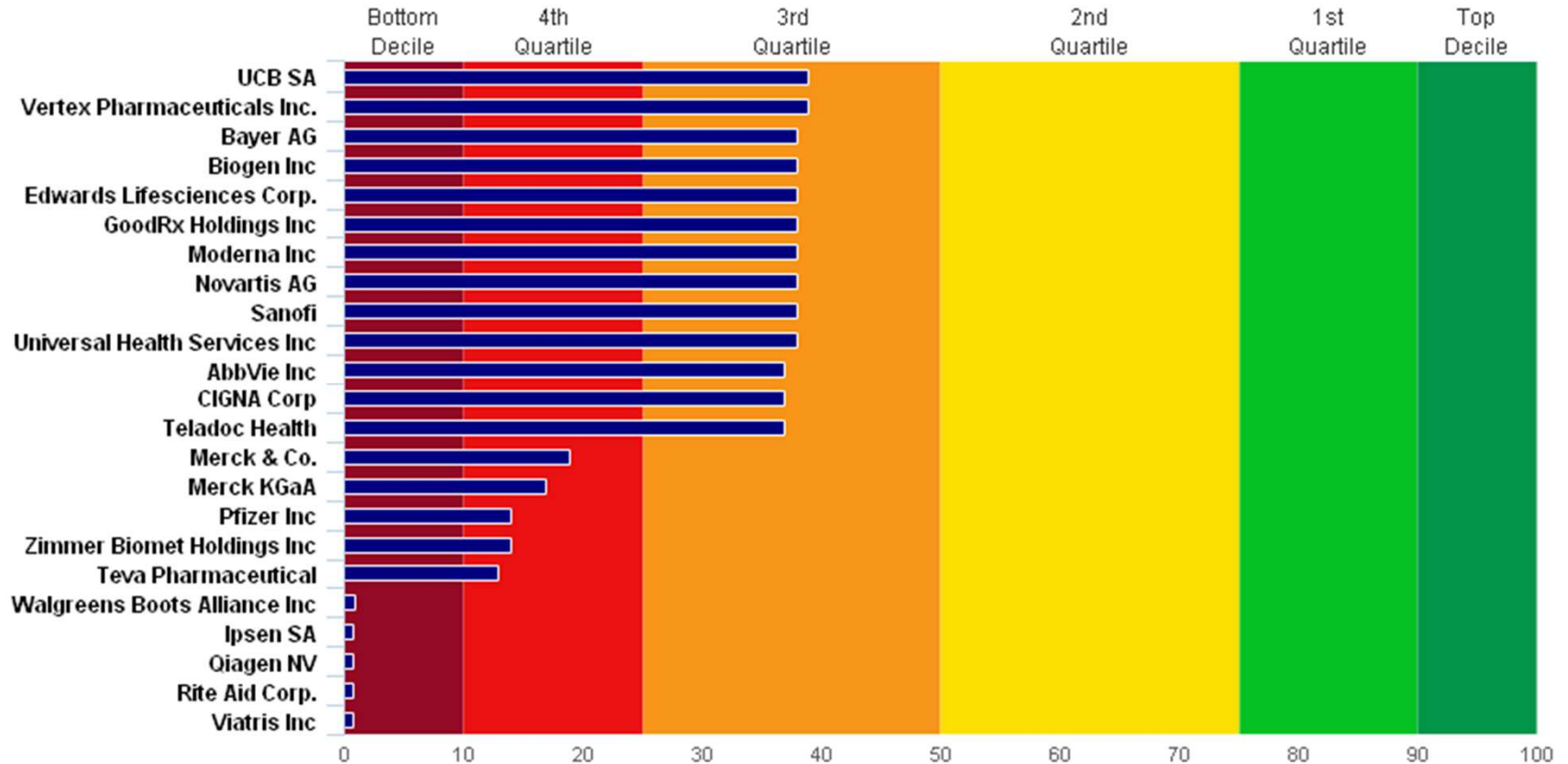
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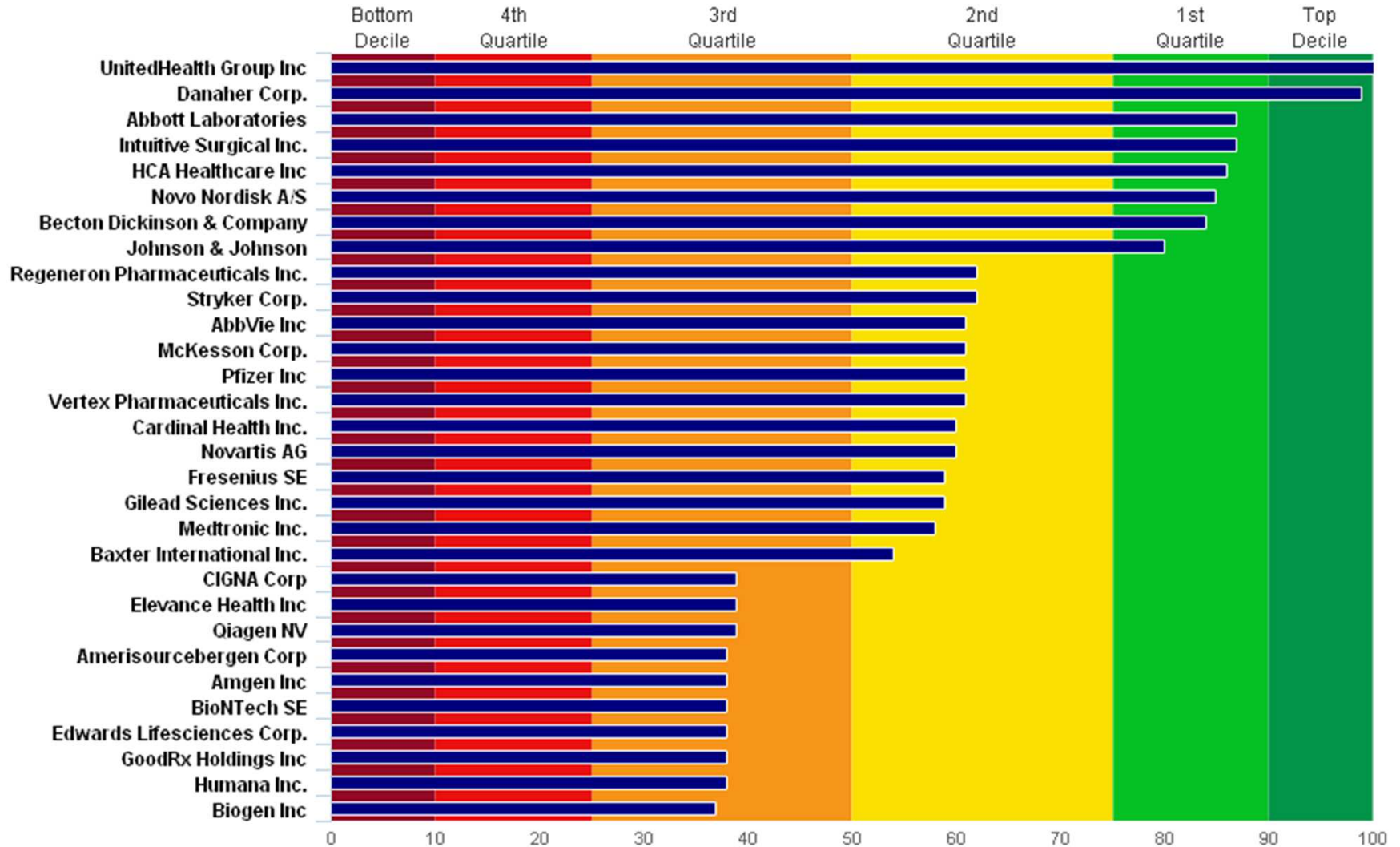
Advance Proxy Poll - Board Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Board?

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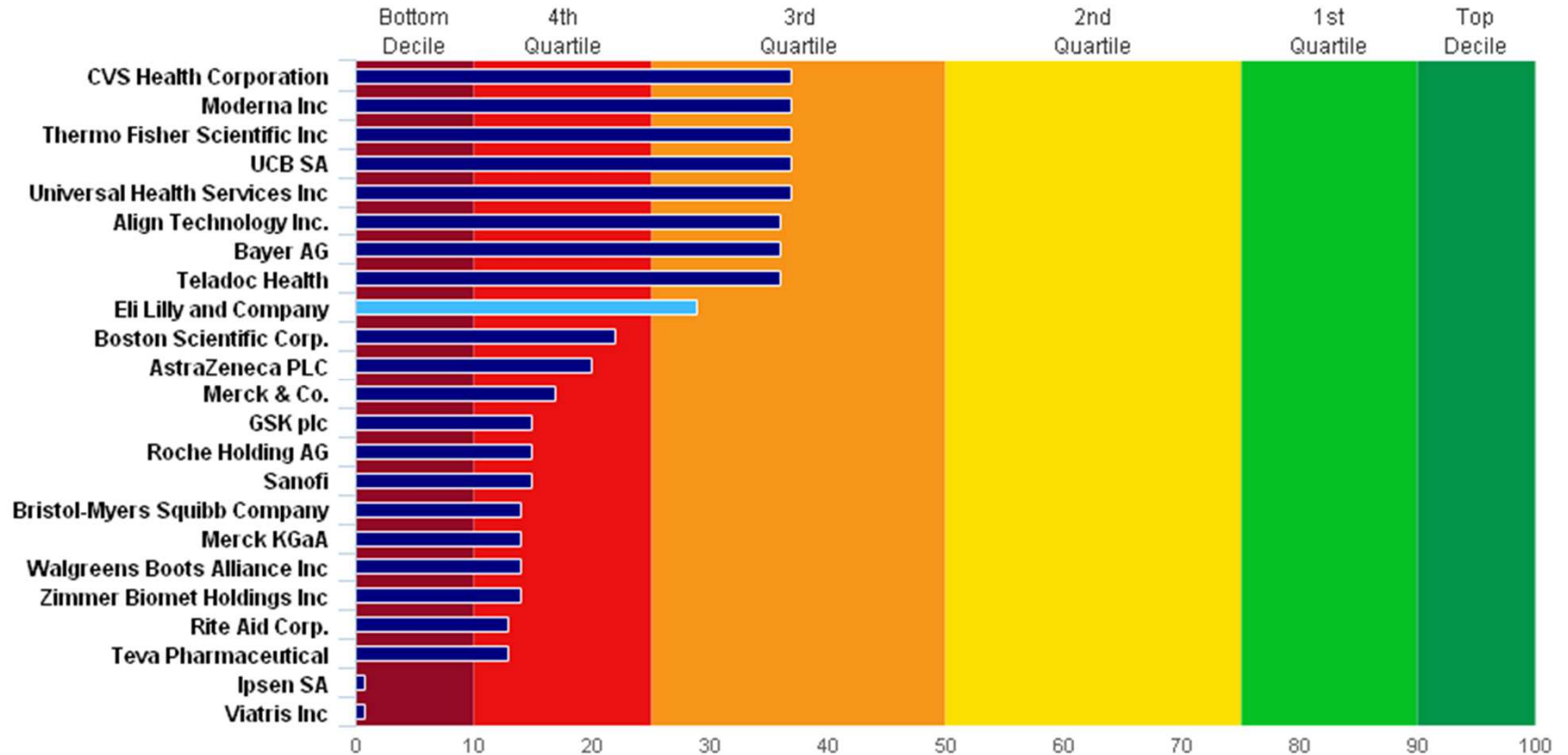
Advance Proxy Poll - Board Forecast for the Year Ahead

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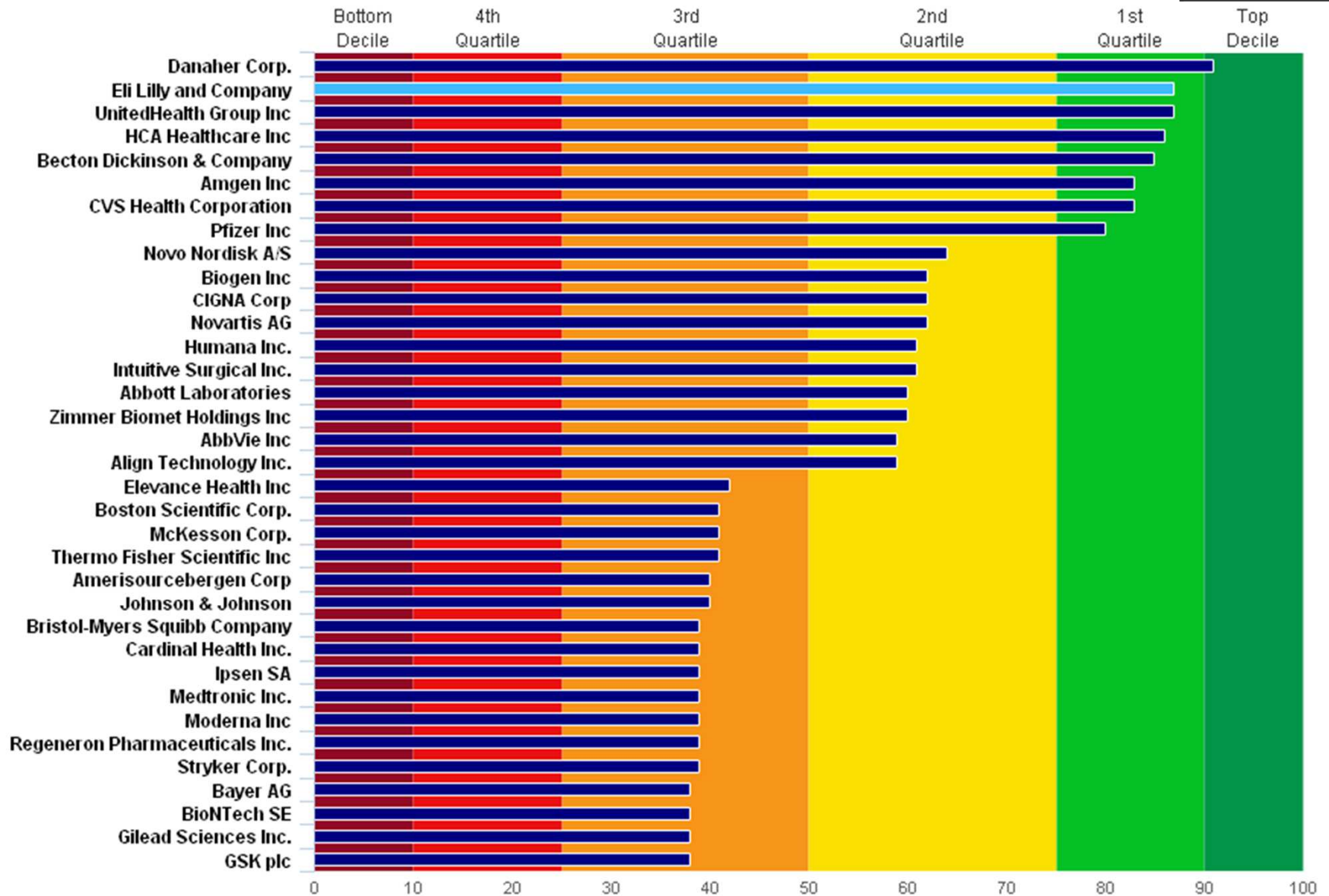
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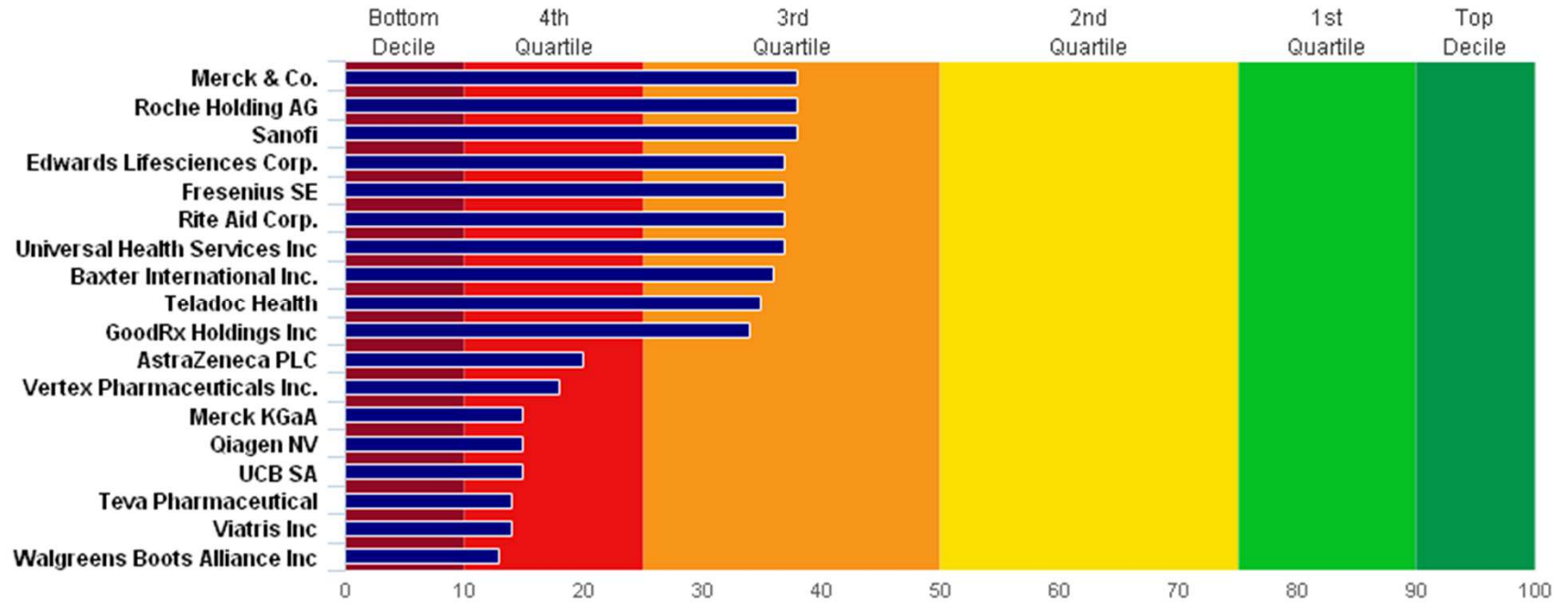
Confidence in Reporting Forecast for the Year Ahead

Rolling Year Data



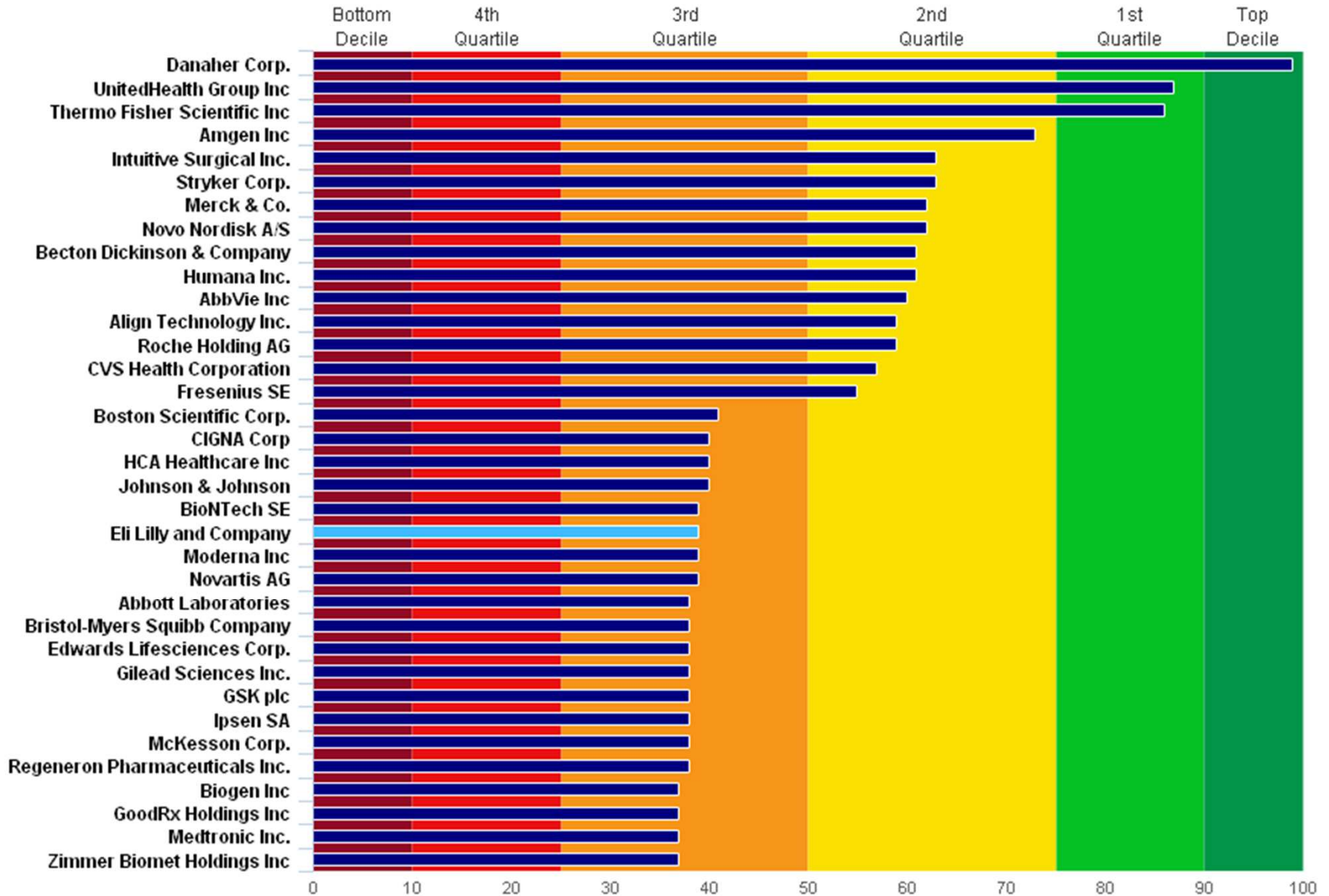
Confidence in Reporting Forecast for the Year Ahead

Rolling Year Data



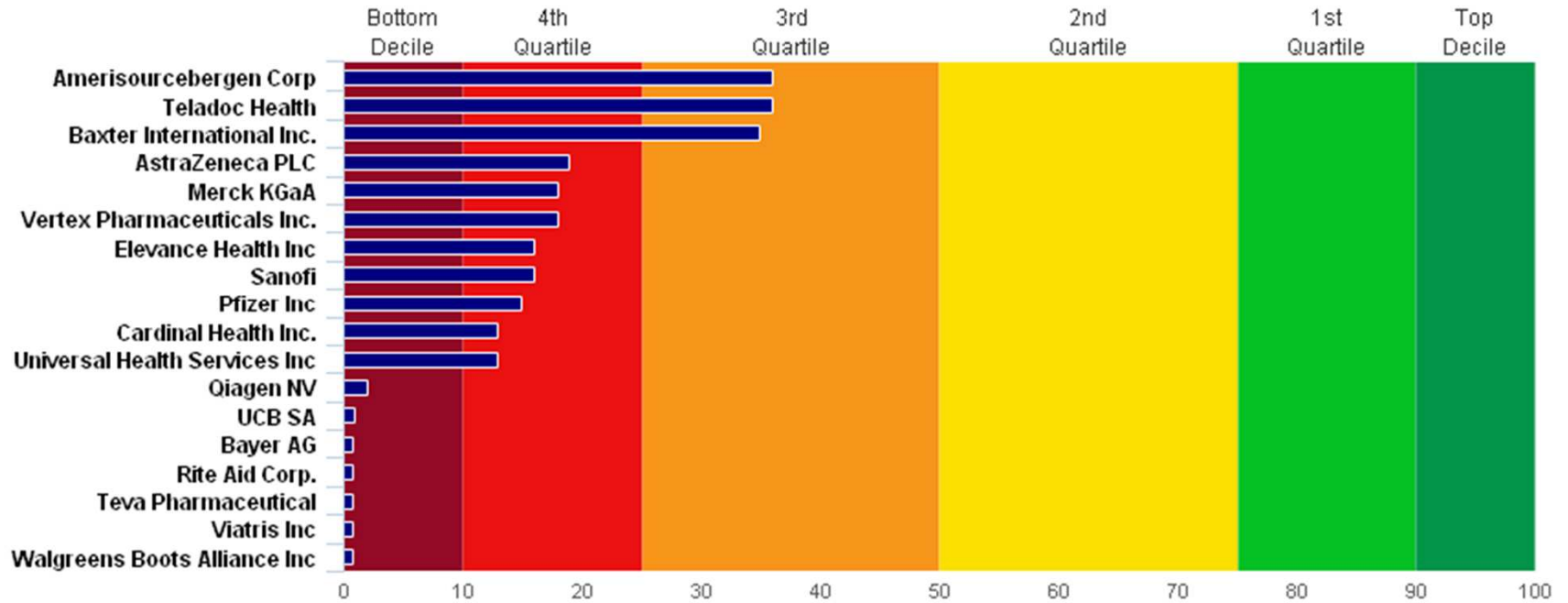
Confidence in Strength of Balance Sheet Forecast for the Year Ahead

Rolling Year Data



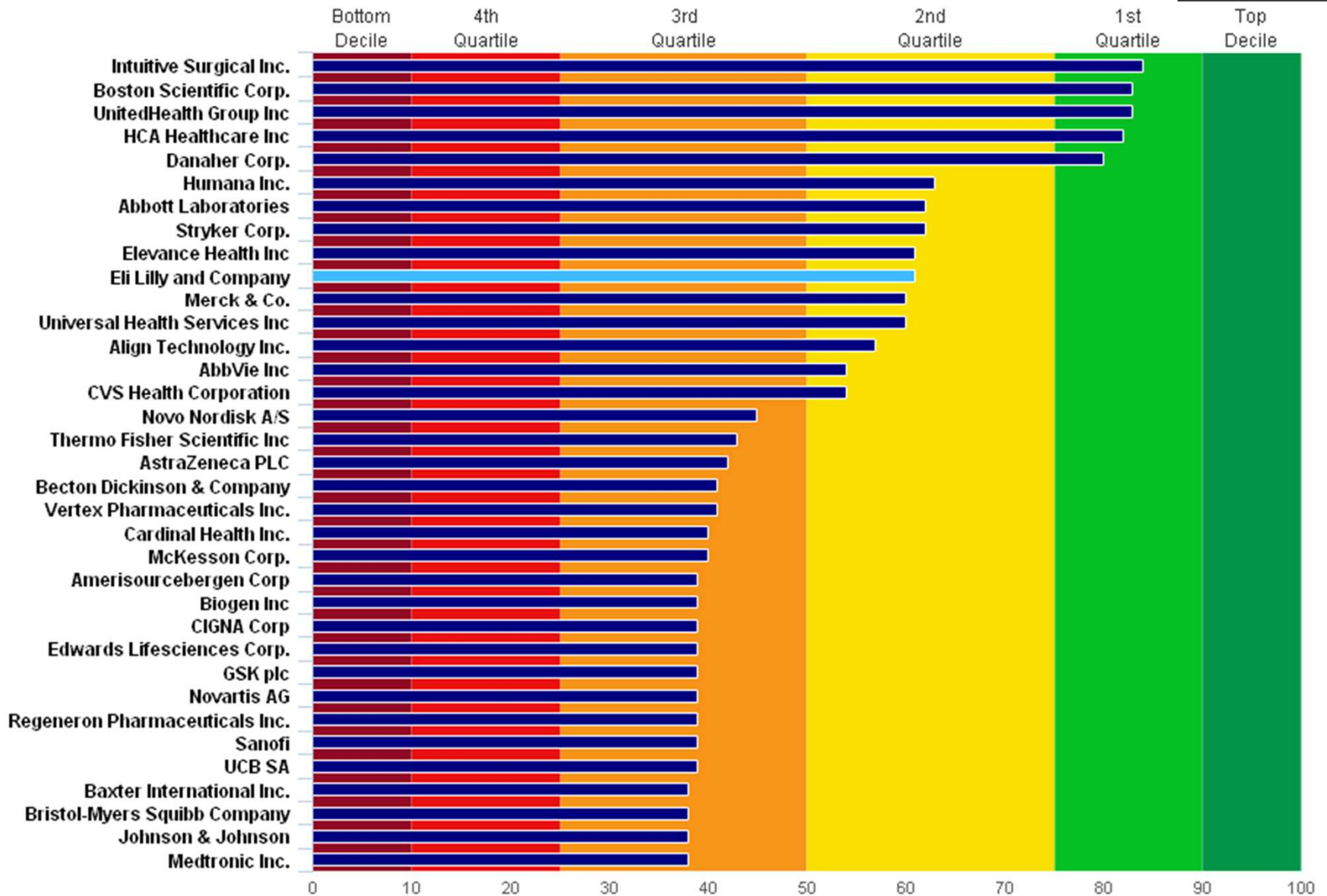
Confidence in Strength of Balance Sheet Forecast for the Year Ahead

Rolling Year Data



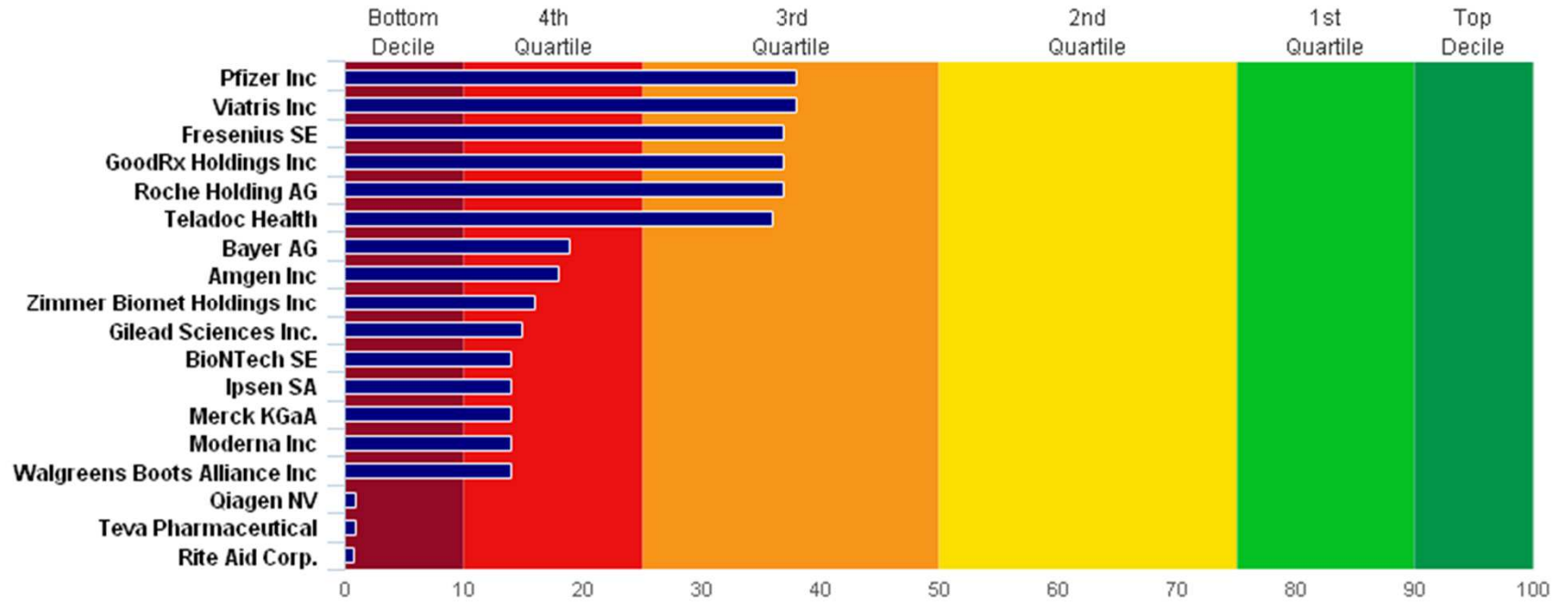
Momentum of Investor Confidence Forecast for the Year Ahead

Rolling Year Data



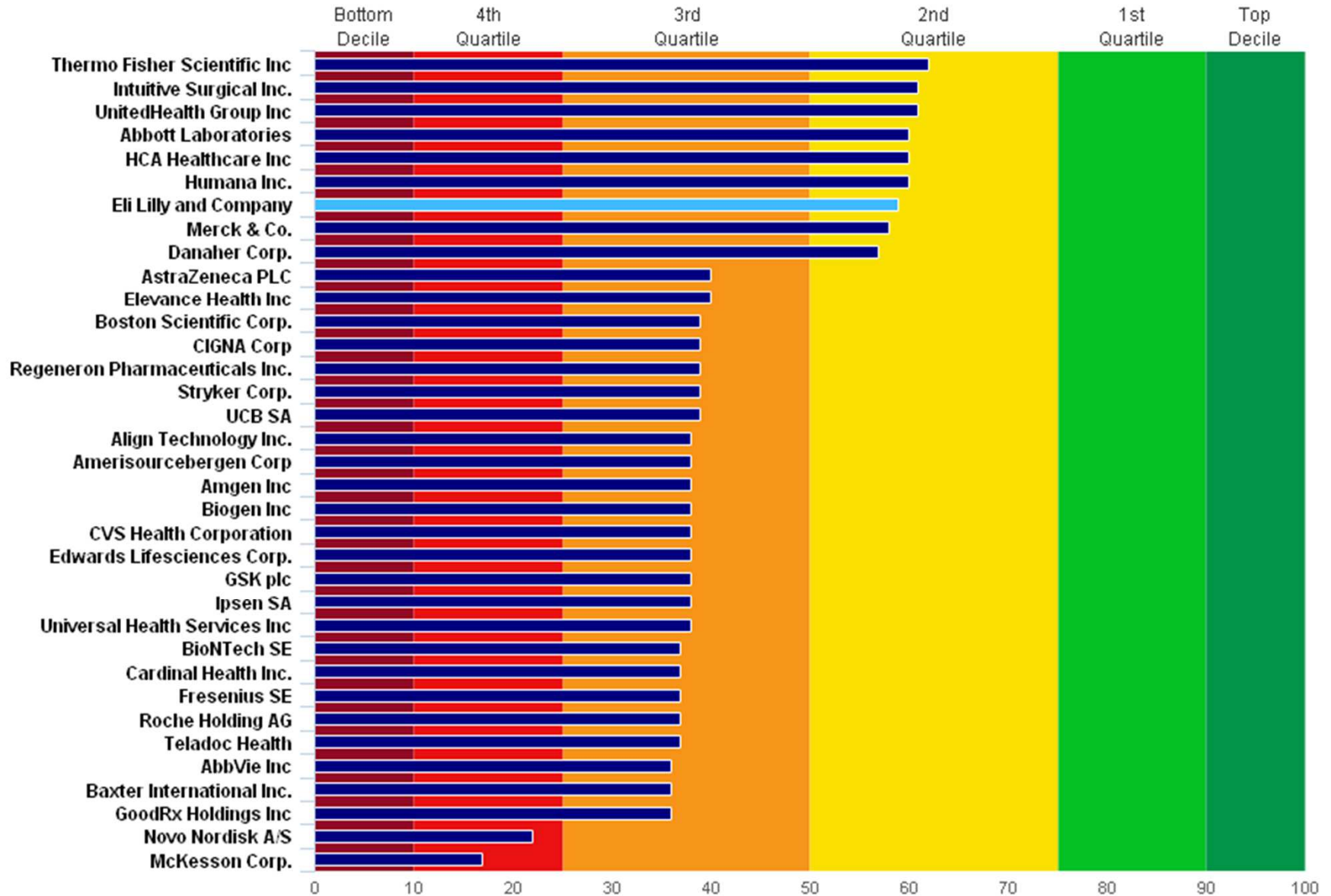
Momentum of Investor Confidence Forecast for the Year Ahead

Rolling Year Data



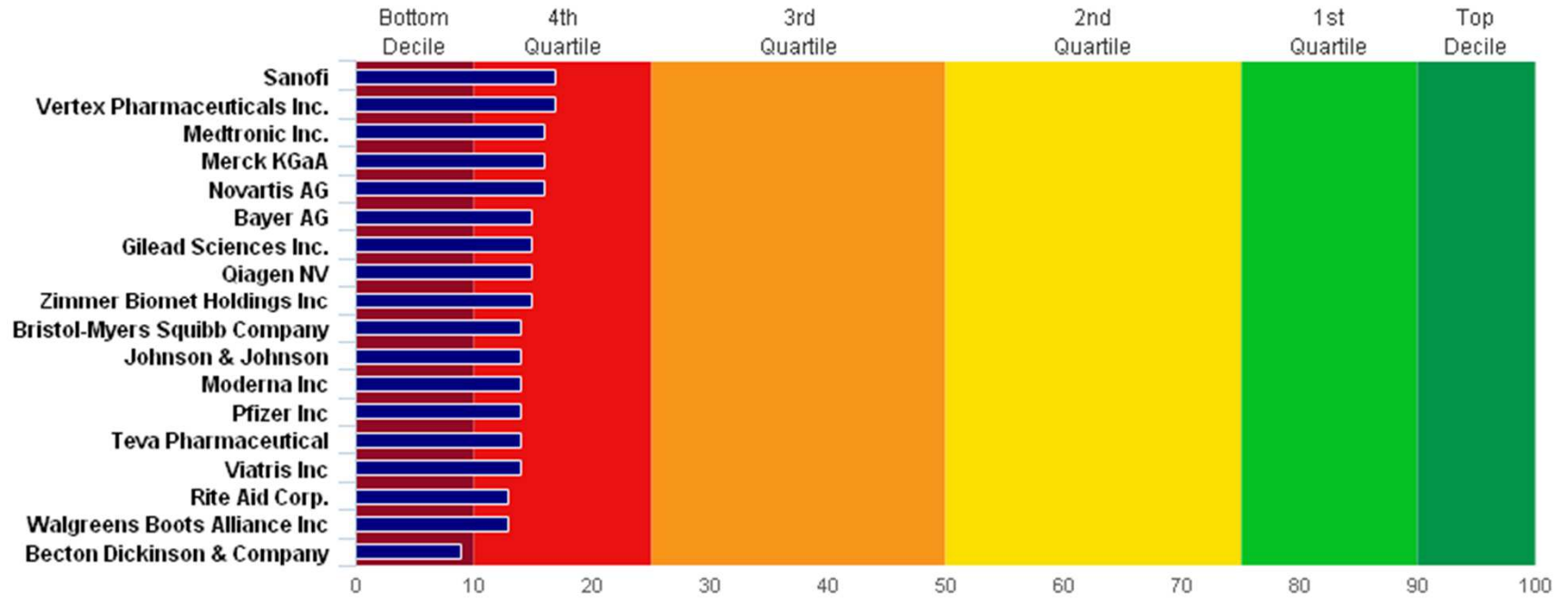
Price Appreciation Potential Forecast for the Year Ahead

Rolling Year Data



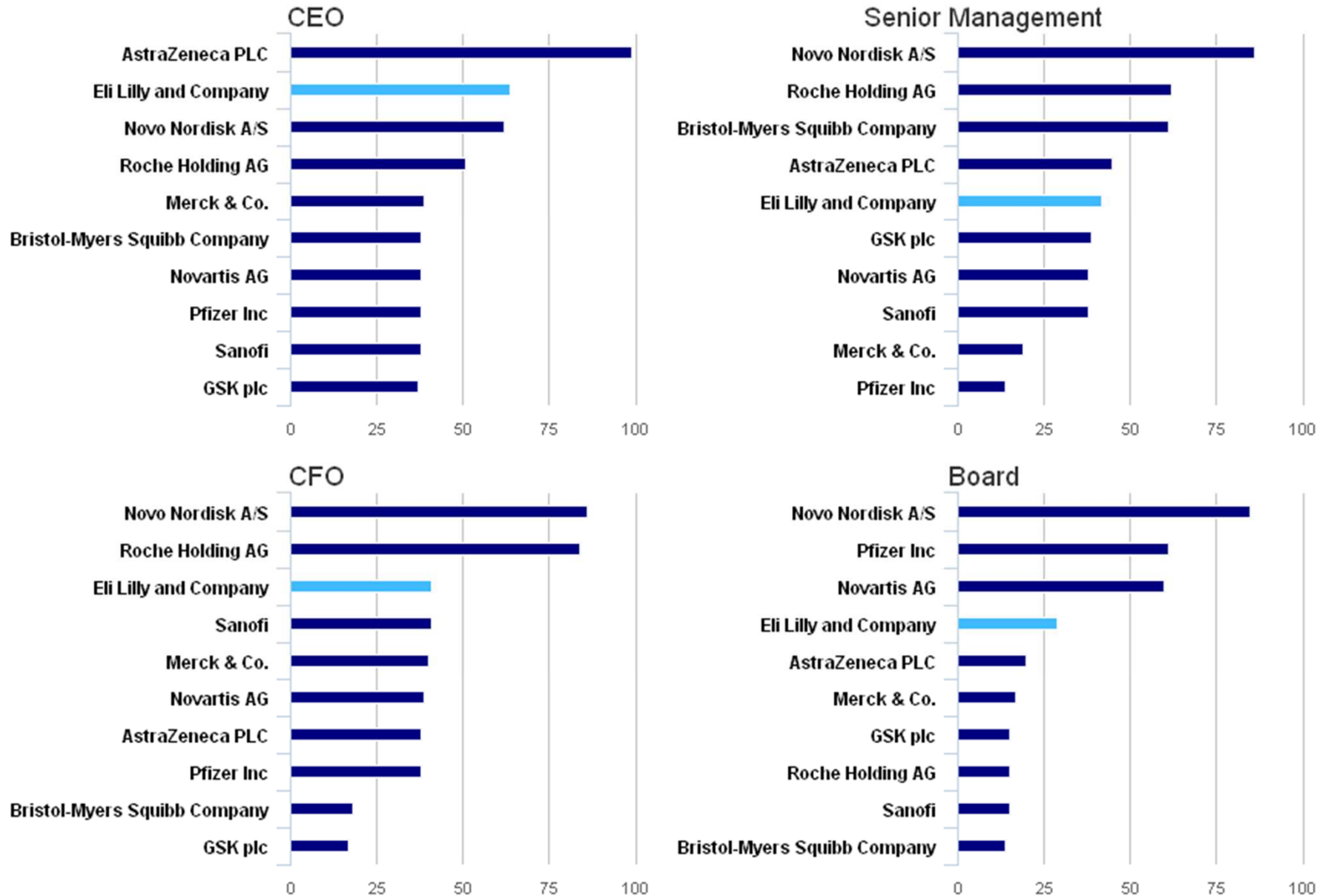
Price Appreciation Potential Forecast for the Year Ahead

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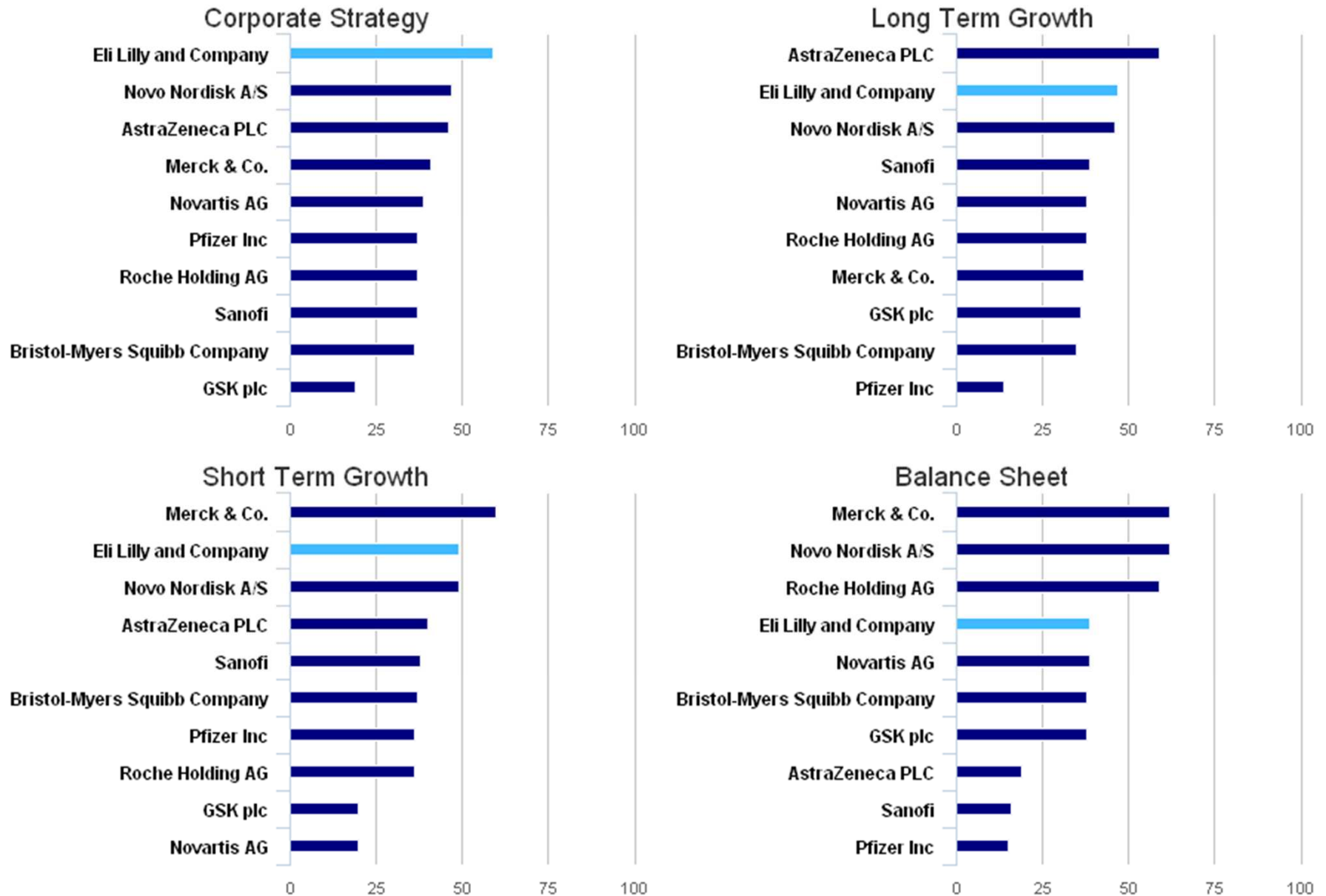
Eli Lilly and Company vs. Comparables Forecast for the Year Ahead

Rolling Year Data



Eli Lilly and Company vs. Comparables Forecast for the Year Ahead

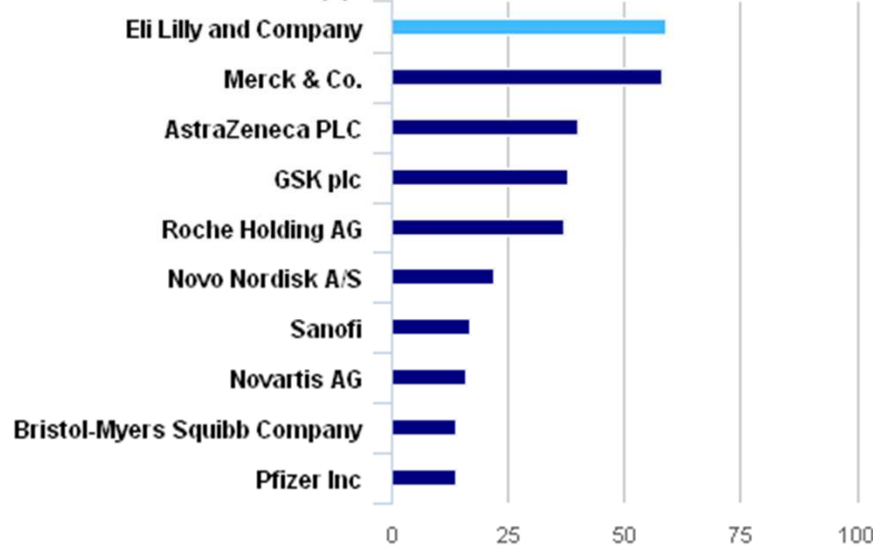
Rolling Year Data



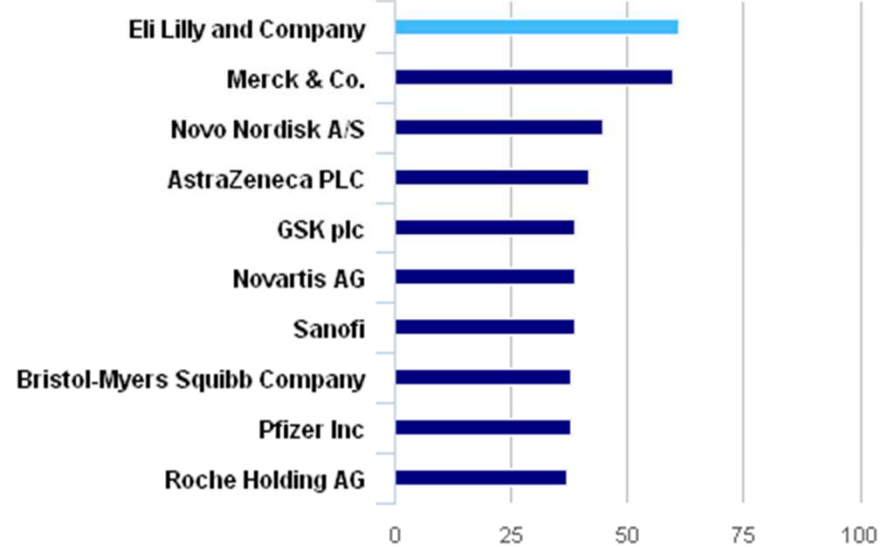
Eli Lilly and Company vs. Comparables Forecast for the Year Ahead

Rolling Year Data

Price Appreciation Potential



Momentum



Commitment to Own



Reporting & Disclosure

