

LILLY ELI & CO
Form 10-Q
July 27, 2012

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

Quarterly Report Under Section 13 or 15(d) of the
Securities Exchange Act of 1934

FOR THE QUARTER ENDED JUNE 30, 2012

COMMISSION FILE NUMBER 001-6351

ELI LILLY AND COMPANY

(Exact name of Registrant as specified in its charter)

INDIANA

(State or other jurisdiction of
incorporation or organization)

35-0470950

(I.R.S. Employer
Identification No.)

LILLY CORPORATE CENTER, INDIANAPOLIS, INDIANA 46285

(Address of principal executive offices)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of a "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting Company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

The number of shares of common stock outstanding as of July 20, 2012:

Class	Number of Shares Outstanding
Common	1,160,425,459

PART I. Financial Information

Item 1. Financial Statements

Consolidated Condensed Statements of Operations

(Unaudited)

ELI LILLY AND COMPANY AND SUBSIDIARIES

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(Dollars in millions, except per-share data)			
Revenue	\$5,600.7	\$6,252.8	\$11,202.7	\$12,092.0
Cost of sales	1,146.7	1,228.0	2,344.6	2,408.1
Research and development	1,320.7	1,260.6	2,472.2	2,384.6
Marketing, selling, and administrative	1,931.1	2,043.0	3,778.6	3,828.7
Acquired in-process research and development (Note 4)	—	—	—	388.0
Asset impairments, restructuring, and other special charges (Note 5)	—	132.3	23.8	208.6
Other – net, expense (Note 13)	16.5	57.6	62.5	68.8
	4,415.0	4,721.5	8,681.7	9,286.8
Income before income taxes	1,185.7	1,531.3	2,521.0	2,805.2
Income taxes (Note 10)	262.1	334.0	586.3	552.0
Net income	\$923.6	\$1,197.3	\$1,934.7	\$2,253.2
Earnings per share – basic and diluted (Note 9)	\$0.83	\$1.07	\$1.73	\$2.02
Dividends paid per share	\$0.49	\$0.49	\$0.98	\$0.98

See Notes to Consolidated Condensed Financial Statements.

Consolidated Condensed Statements of Comprehensive Income
(Unaudited)
ELI LILLY AND COMPANY AND SUBSIDIARIES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(Dollars in millions)			
Net income	\$923.6	\$1,197.3	\$1,934.7	\$2,253.2
Other comprehensive income (loss), net of tax	(385.0) 178.9	(75.6) 660.2
Comprehensive income	\$538.6	\$1,376.2	\$1,859.1	\$2,913.4

See Notes to Consolidated Condensed Financial Statements.

Consolidated Condensed Balance Sheets
 ELI LILLY AND COMPANY AND SUBSIDIARIES

	June 30, 2012	December 31, 2011
	(Dollars in millions)	
	(Unaudited)	
Assets		
Current Assets		
Cash and cash equivalents (Note 6)	\$4,345.8	\$5,922.5
Short-term investments (Note 6)	915.7	974.6
Accounts receivable, net of allowances of \$108.3 (2012) and \$110.1 (2011)	3,181.7	3,597.7
Other receivables	590.0	640.2
Inventories	2,320.8	2,299.8
Prepaid expenses and other	953.3	813.4
Total current assets	12,307.3	14,248.2
Other Assets		
Investments (Note 6)	4,547.6	4,029.8
Goodwill and other intangibles – net (Note 3)	5,142.8	5,128.1
Sundry	2,195.0	2,493.4
Total other assets	11,885.4	11,651.3
Property and Equipment		
Land, buildings, equipment, and construction-in-progress	14,705.6	14,594.0
Less accumulated depreciation	(7,085.7) (6,833.7
Property and equipment, net	7,619.9	7,760.3
Total assets	\$31,812.6	\$33,659.8
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term borrowings and current maturities of long-term debt	\$9.1	\$1,522.3
Accounts payable	1,201.6	1,125.2
Employee compensation	602.9	804.7
Sales rebates and discounts	1,628.6	1,771.3
Dividends payable	543.6	542.3
Income taxes payable	33.5	261.6
Other current liabilities	2,590.4	2,903.5
Total current liabilities	6,609.7	8,930.9