
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2024

Commission file number 001-38661



Elanco Animal Health Incorporated

(Exact name of Registrant as specified in its charter)

INDIANA
(State or other jurisdiction of
incorporation or organization)

82-5497352
(I.R.S. Employer
Identification No.)

2500 INNOVATION WAY, GREENFIELD, INDIANA 46140
(Address and zip code of principal executive offices)

Registrant's telephone number, including area code (877) 352-6261

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, no par value

Trading Symbol(s)
ELAN

Name of each exchange on which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of a "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒
Non-accelerated filer ☐

Accelerated filer ☐
Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

Yes ☐ No ☒

Aggregate market value of the common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of June 30, 2024, the last business day of the Registrant's most recently completed second fiscal quarter, was approximately \$7.1 billion. The registrant has no non-voting common stock.

The number of shares of common stock outstanding as of February 20, 2025 was 494,613,940.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy materials for its 2025 Annual Meeting of Shareholders are incorporated by reference into Part III hereof.

ELANCO ANIMAL HEALTH INCORPORATED
FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2024
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FORWARD-LOOKING STATEMENTS AND RISK FACTOR SUMMARY

This Annual Report on Form 10-K (Form 10-K) includes forward-looking statements within the meaning of the federal securities laws. These forward-looking statements include, without limitation, statements concerning the impact on Elanco Animal Health Incorporated and its subsidiaries (collectively, Elanco, the Company, we, us or our) caused by the integration of business acquisitions, expected synergies and cost savings, product launches, global macroeconomic conditions, expectations relating to liquidity and sources of capital, our expected compliance with debt covenants, cost savings, expenses and reserves relating to restructuring actions, our industry and our operations, performance and financial condition, and including, in particular, statements relating to our business, growth strategies, distribution strategies, product development efforts and future expenses.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important risk factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions, including but not limited to the following:

- operating in a highly competitive industry;
- the success of our research and development (R&D), regulatory approval and licensing efforts;
- the impact of disruptive innovations and advances in veterinary medical practices, animal health technologies and alternatives to animal-derived protein;
- competition from generic products that may be viewed as more cost-effective;
- changes in regulatory restrictions on the use of antibiotics in farm animals;
- an outbreak of infectious disease carried by farm animals;
- risks related to the evaluation of animals;
- consolidation of our customers and distributors;
- the impact of increased or decreased sales into our distribution channels resulting in fluctuations in our revenues;
- our dependence on the success of our top products;
- our ability to complete acquisitions and divestitures and to successfully integrate the businesses we acquire;
- our ability to implement our business strategies or achieve targeted cost efficiencies and gross margin improvements;
- manufacturing problems and capacity imbalances, including at our contract manufacturers;
- fluctuations in inventory levels in our distribution channels;
- risks related to the use of artificial intelligence (AI) in our business;
- our dependence on sophisticated information technology systems and infrastructure, including the use of third-party, cloud-based technologies, and the impact of outages or breaches of the information technology systems and infrastructure we rely on;
- the impact of weather conditions, including those related to climate change, and the availability of natural resources;
- demand, supply and operational challenges associated with the effects of a human disease outbreak, epidemic, pandemic or other widespread public health concern;
- the loss of key personnel or highly skilled employees;
- adverse effects of labor disputes, strikes and/or work stoppages;
- the effect of our substantial indebtedness on our business, including restrictions in our debt agreements that limit our operating flexibility and changes in our credit ratings that lead to higher borrowing expenses and restrict access to credit;
- changes in interest rates that adversely affect our earnings and cash flows;
- risks related to the write-down of goodwill or identifiable intangible assets;
- the lack of availability or significant increases in the cost of raw materials;
- risks related to foreign and domestic economic, political, legal and business environments;
- risks related to foreign currency exchange rate fluctuations;
- risks related to underfunded pension plan liabilities;

- our current plan not to pay dividends and restrictions on our ability to pay dividends;
- the potential impact that actions by activist shareholders could have on the pursuit of our business strategies;
- risks related to tax expense or exposures;
- actions by regulatory bodies, including as a result of their interpretation of studies on product safety;
- the possible slowing or cessation of acceptance and/or adoption of our farm animal sustainability initiatives;
- the impact of increased regulation or decreased governmental financial support related to the raising, processing or consumption of farm animals;
- risks related to tariffs, trade protection measures or other modifications of foreign trade policy;
- the impact of litigation, regulatory investigations and other legal matters, including the risk to our reputation and the risk that our insurance policies may be insufficient to protect us from the impact of such matters;
- challenges to our intellectual property rights or our alleged violation of rights of others;
- misuse, off-label or counterfeiting use of our products;
- unanticipated safety, quality or efficacy concerns and the impact of identified concerns associated with our products;
- insufficient insurance coverage against hazards and claims;
- compliance with privacy laws and security of information;
- risks related to environmental, health and safety laws and regulations; and
- inability to achieve goals or meet expectations of stakeholders with respect to environmental, social and governance matters.

See "Item 1A. Risk Factors" in Part I of this Form 10-K for a further description of these and other factors. Although we have attempted to identify important risk factors, there may be other risk factors not presently known to us or that we presently believe are not material that could cause actual results and developments to differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-K. If any of these risks materialize, or if any of the above assumptions underlying forward-looking statements prove incorrect, actual results and developments may differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-K. We caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this Form 10-K. Any forward-looking statement made by us in this Form 10-K speaks only as of the date hereof. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

PART I

ITEM 1. BUSINESS

Overview

Elanco Animal Health Incorporated and its subsidiaries (collectively, Elanco, the Company, we, us, or our) is a global leader in animal health, dedicated to innovating and delivering products and services to prevent and treat disease in farm animals and pets. We partner with farmers, pet owners, veterinarians and society to create value and help our customers improve the health of animals in their care, while also making a meaningful impact on the communities we serve. Our diverse, durable product portfolio is sold in more than 90 countries and serves animals across many species, primarily: dogs and cats (collectively, pet health) and cattle, poultry, swine, sheep and, prior to the divestiture of our aqua business in July 2024, aqua (collectively, farm animal). With this ability to reach the world's animals, we are committed to fulfilling our customer promise: *To be your advocate and continually earn your trust, improving the health of animals and creating value through innovative products, expertise and service*. Through our customer promise and our commitment to excellence, we strive to advance the well-being of animals, people and the planet, enabling us to realize our vision of Food and Companionship Enriching Life.

With a heritage dating back to 1954, we were formerly a business unit of Eli Lilly and Company (Lilly), becoming an independently incorporated company on September 18, 2018. We finalized our separation from Lilly in March 2019. In August 2020 we acquired Bayer Animal Health, marking the largest acquisition in industry history. This acquisition enabled us to become a more diverse, durable and global company with greater reach and scale. This acquisition also helped us expand our portfolio, creating a better balance between our pet health and farm animal products and between the United States (U.S.) and international markets, while also expanding our omnichannel presence in both the veterinary clinic and in retail markets, including e-commerce.

We have continuously strengthened and expanded our three-pronged strategy: *Innovation*, *Portfolio* and *Productivity*, which remains our foundation for sustained growth and profitability. Over time, we expect to achieve revenue growth and improved profitability by delivering consistent, high-impact *Innovation* and prioritizing large market opportunities in major geographies. We consistently innovate to improve the health of animals and to benefit our customers. Our focused strategy prioritizes certain assets, including late-stage potential blockbusters, while maximizing life cycle management and refilling the early-stage pipeline to achieve a consistent flow of innovation. We also continue to optimize our diverse *Portfolio* to grow, leveraging our deep, established customer relationships and expanding product offerings. We will also continue to drive geographic and channel expansion, to reach more of the world's animals. Further, we continue to focus on our strategic *Productivity* initiatives to improve earnings and cash flows.

In addition, we continue to enhance our approach to sustainability and environmental, social and governance (ESG) principles, focusing on the four interconnected pillars below, which we refer to as Elanco's *Healthy Purpose*[™], designed to create a meaningful impact today and for years to come:

Healthier Animals: We are helping pets and farm animals live healthy, high-quality lives by continuously expanding our portfolio and identifying new and innovative animal care products, practices and services to support animal health and well-being.

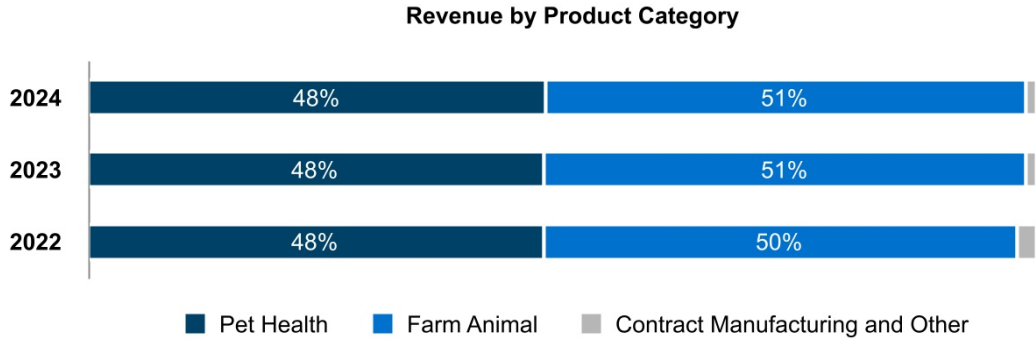
Healthier People: We help improve people's lives and livelihoods by promoting animal companionship and enabling healthier and more plentiful and environmentally friendly production of meat, milk, fish and eggs.

Healthier Planet: We are committed to minimizing our environmental footprint while leveraging product and service innovations to help our customers advance their own sustainability efforts.

Healthier Enterprise: We are committed to growing our business with integrity and excellence with respect to all stakeholders, fostering an inclusive, cause-driven culture where employees can make a difference – encouraging ownership, growth and well-being.

Commercial Operations

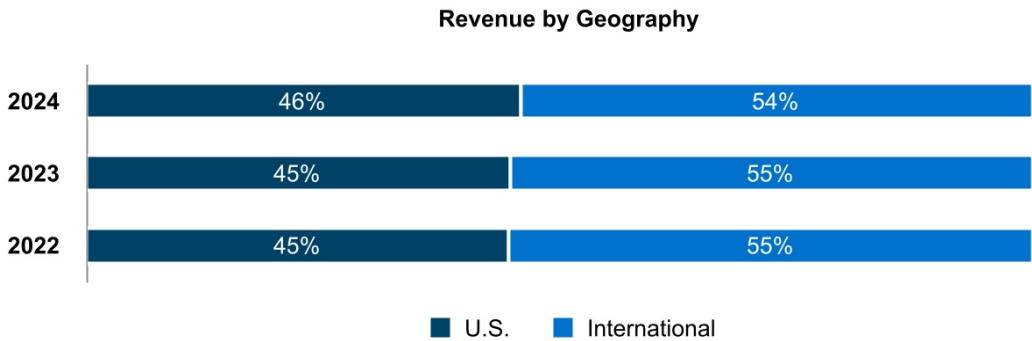
We operate our business as a single segment within the animal health industry, dedicated to fulfilling our vision of Food and Companionship Enriching Life. We advance this vision by offering a comprehensive portfolio of products in the pet health and farm animal product categories. Our reported revenue by product category was as follows:



Contract manufacturing and other represents revenue from arrangements in which we manufacture products on behalf of a third party and royalty revenue.

International Operations

Our operations are conducted globally. The U.S. is our largest market, accounting for 46% of our total revenue in 2024. By total revenue, China, Brazil and the United Kingdom (U.K.) are our largest markets outside the U.S. Our reported revenue by geographic region was as follows:



Products

We have a diverse portfolio of products marketed under approximately 200 brands, including products for both pets and farm animals.



Pet Health: Our pet health products help pets live longer, healthier and more active lives. Our global pet health portfolio is focused on parasiticides, vaccines and therapeutics. We have one of the broadest parasiticide portfolios in the pet health market based on indications, species and formulations, with products that protect pets from fleas, ticks and internal parasites. Our *Advantage Family* of brands (*Advantage*[™], *K-9 Advantix*[™], *Advocate*[™], *AdTab*[™], among others) and *Seresto*[™] products are over-the-counter treatments for the prevention and elimination of fleas and ticks and complement our prescription parasiticide products, which include our *Credelio Family* of brands (*Credelio*[™], *Credelio Cat*[™], *Credelio Plus*[™]), *Interceptor Plus*[™], *Drontal Family* of brands (*Doncit*[™], *Drontal*[™], *Drontal Plus*[™]) and *Trifexis*[™]. Our vaccines portfolio provides differentiated prevention coverage for a number of important pet health risks and is available in the U.S. only. In therapeutics, we have a broad pain portfolio for dogs and cats across modes of action, indications and disease stages. Pet owners are increasingly treating osteoarthritis in their pets, and our *Galliprant*[™] product offers a convenient at home solution for pet owners. Additionally, we have products that offer treatment for otitis (ear infections) and treatments for certain cardiovascular and dermatology indications.



Farm Animal: Our farm animal products help farmers improve animal health and wellbeing and raise livestock more sustainably, delivering more food while using fewer resources and enhancing the integrity of the food supply. Our farm animal portfolio of products for cattle (beef and dairy), swine and poultry is primarily focused on: 1) efficiency and performance; 2) disease prevention and treatment; 3) food safety; and 4) sustainability. Our products include medicated feed additives, injectable antibiotics, vaccines, insecticides and enzymes, among others. Key farm animal products *Rumensin*[™], *Baytril*[™] and *Exporior*[®] are used extensively in cattle, while our *Maxiban*[™] and *Monteban*[™] products are valuable offerings for the control and prevention of intestinal disease in poultry.

In 2024, our top five selling products and/or product families were our *Advantage Family* (cats and dogs), *Seresto* (cats and dogs), *Rumensin* (cattle), *Maxiban* / *Monteban* (poultry) and our *Credelio Family* (cats and dogs). These products and product families combined to represent approximately 36% of our total revenue in 2024, with our largest product family, *Advantage Family*, representing approximately 10% of total revenue. Information regarding our principal products and product families, those that represented approximately 1% or more of our revenue in 2024, is as follows:

Pet Health Products

Product	Description	Primary Species
<i>Advantage Family</i>	Family of topical applications that provide broad-spectrum protection against and treatment of fleas, ticks, mosquitoes, lice and biting flies. Certain products within the <i>Advantage Family</i> also provide protection against heartworm, lungworm and other gastrointestinal worm infections, including roundworms, whipworms and hookworms.	Cats, Dogs
<i>Atopica</i> [™]	Controls atopic dermatitis.	Dogs
<i>Credelio Family</i>	Family of oral products that kills adult fleas, treats flea infestations and treats and controls tick infestations. The introduction of <i>Credelio Quattro</i> [™] in January 2025 adds a monthly chewable tablet for dogs that protects against fleas, ticks, heartworms, roundworms, hookworms and three different species of tapeworms.	Cats, Dogs
<i>Drontal Family</i>	Family of injectable and oral tablet dewormers indicated for the removal of tapeworms, hookworms, roundworms and whipworms.	Cats, Dogs
<i>Galliprant</i>	Controls pain and inflammation associated with osteoarthritis.	Dogs
<i>Interceptor Plus</i>	Prevents heartworm disease and helps treat and control roundworm, hookworm, whipworm and tapeworm infections.	Dogs
<i>Milbemax</i> [™]	Treats and controls parasitic infections due to common intestinal worms.	Cats, Dogs
<i>Onsior</i> [™]	Controls postoperative pain and inflammation associated with certain surgeries.	Cats, Dogs
<i>Seresto</i>	Flea and tick collar with a patented low dose, slow-release technology that kills and repels fleas and ticks which may transmit vector-borne diseases and kills lice for up to 8 months.	Cats, Dogs
<i>Trifexis</i>	Prevents heartworm disease, kills fleas, helps prevent flea infestations and also helps treat and control hookworms, roundworms and whipworms.	Dogs
<i>TruCan</i> [™] (vaccines)	Includes multiple products that collectively protect against distemper, adenovirus, parvovirus, corona, parainfluenza, leptospira canicola and other diseases.	Dogs

Farm Animal Products

Product	Description	Primary Species
<i>AviPro</i> [™] (vaccines)	Includes multiple products that collectively protect against Newcastle disease, infectious bronchitis, fowl cholera, paramyxovirus Type 3, Bursal Disease, other diseases and foodborne pathogens like Salmonella.	Poultry
<i>Baytril</i>	Injectable antibiotic active against bacterial respiratory disease pathogens. <i>Baytril</i> is a shared-class antibiotic.	Cattle, Swine
<i>Catosal</i> [™]	Injectable for prevention or treatment of deficiencies of vitamin B12 and phosphorus.	Cattle
<i>Denagard</i> [™]	Treats swine dysentery. <i>Denagard</i> is a shared-class antibiotic.	Swine
<i>Exporior</i>	Reduces ammonia gas emissions from an animal or its waste.	Cattle

Product	Description	Primary Species
<i>Hemicell</i>	Enzyme supplement for poultry and swine feeds.	Poultry, Swine
<i>Maxiban / Monteban</i>	Prevents coccidiosis in broiler chickens. <i>Maxiban</i> and <i>Monteban</i> are animal-only antibiotics and ionophores.	Poultry
<i>Pulmotil</i> ™	Controls swine respiratory disease and bovine respiratory disease (BRD). <i>Pulmotil</i> is a shared-class antibiotic.	Cattle, Swine
<i>Rumensin</i>	Improves feed and milk production efficiency and increases rate of weight gain in cows. Also prevents and controls coccidiosis for cows, calves (excluding veal calves) and goats. <i>Rumensin</i> is an animal-only antibiotic and an ionophore.	Cattle
<i>Surmax</i> ™	Prevents necrotic enteritis in broiler chickens. <i>Surmax</i> is an animal-only antibiotic.	Poultry

A key element of our targeted value creation strategy is to drive revenue growth through portfolio development and product innovation. We continue to pursue the development of new chemical and biological molecules, as well as additional registrations and indications for current products. Our future growth depends on both our pipeline of new products, including new products we develop internally, develop with partners or that we are able to obtain through licenses or acquisitions, and the life cycle management of our existing products. We believe we are an industry leader in animal health R&D, with a track record of successful product innovation, business development and commercialization. New product development and regulatory highlights during 2024 included the following:

Bovaer: In May 2024, the U.S. Food and Drug Administration (FDA) completed its comprehensive, multi-year review of *Bovaer*® (3-NOP), a first-in-class methane-reducing feed ingredient for use in lactating dairy cattle. Producers began feeding the product to cattle in the U.S. during the third quarter of 2024.

Zenrelia: We received final FDA approval for *Zenrelia*®, a JAK inhibitor targeting control of pruritus and atopic dermatitis in dogs, in September 2024. We launched *Zenrelia* shortly after final approval, with the first sales occurring in late September. We have also received approval for *Zenrelia* in Brazil, Canada and Japan. Additional reviews are ongoing in other key markets, including Europe, U.K. and Australia.

Credelio Quattro: In October 2024, we received final approval from the FDA for *Credelio Quattro*, a monthly chewable tablet for dogs that protects against fleas, ticks, heartworms, roundworms, hookworms and three different species of tapeworms. *Credelio Quattro* was launched, with the first commercial sale occurring in January 2025.

Experior: In October 2024, we received multiple combination clearance approvals from the FDA for *Experior* to be used in combination with other farm animal products, allowing for broader use in heifers, which represent nearly 40% of the fed cattle population in the U.S.

Seasonality

While many of our products are sold consistently throughout the year, we do experience seasonality in our pet health business due to increased demand for certain parasiticide product offerings in the first half of the year. For example, in 2024 approximately 70% and 55% of total annual revenue generated by our higher-margin parasiticide products *Seresto* and *Advantage Family*, respectively, occurred during the first half of the year, which is reflective of the flea and tick season in the Northern Hemisphere.

Sales and Marketing

Through our global sales force of over 2,200 sales representatives, our veterinary consultants and our key distributors, we seek to build strong customer relationships and fulfill demand for our products. Our sales representatives visit our customers, including consultants, veterinarians, farm animal producers and resellers, to inform, promote and sell our products and to support customers. Our veterinary consultants are available to provide scientific consulting focused on disease management and herd management, training and education on diverse topics, including responsible product use, and generally have advanced degrees in veterinary medicine, veterinary nutrition or other agriculture-related fields. These direct relationships with customers allow us to better understand their needs and provide us access to customer decision makers. Additionally, our sales representatives and veterinary consultants focus on collaborating with our customers to educate and support them on topics such as local disease awareness and to help them adopt new and more sophisticated animal health solutions, which may include the use of our products. In addition, our sales and marketing organization provides enhanced value by supporting farm animal producers to maximize their yields and reduce their costs. Furthermore, our expertise and data analytics help our customers analyze large amounts of health and production data in order to improve production efficiency and business performance.

Customers

We primarily sell our pet health products to third-party distributors and retailers, as well as directly to veterinarians who typically then sell our products to pet owners. We primarily sell our farm animal products to third-party distributors and directly to a diverse set of farm animal producers, including beef, dairy, pork and poultry operations. Our omnichannel presence allows us to sell into both the veterinary clinic and retail markets, including e-commerce. Certain top selling pet health products, including the *Advantage Family* and *Seresto*, are offered through these channels. Our largest customer, an affiliate of Cencora, Inc., is a third-party veterinary distributor and represented approximately 11% of our total revenue in 2024. Our second largest customer, which is also a third-party distributor, represented approximately 6% of revenue in 2024, while no other customer represented greater than 5% of revenue during 2024.

Research and Development

Our R&D efforts focus on delivering consistent, high-impact innovation. Our R&D team is a project driven organization, with our R&D projects executed and led by highly experienced individuals with deep technical knowledge and substantial experience in discovery research, clinical sciences, technological development and regulatory expertise across our pet health and farm animal product categories. We believe this approach allows us to consistently progress our multi-year innovation projects toward regulatory approvals, while ensuring clear visibility to the innovation portfolio composition, value and progress. As of December 31, 2024, we employed over 1,000 employees in our global R&D and Regulatory Affairs organizations.

Our R&D organization utilizes a fully integrated global network of labs, service centers and development sites supported by a network of third-party partners. We also have a significant international regulatory operation that manages new product submissions and ensures ongoing compliance for our existing commercial portfolio. Our global R&D sites are comprised of the following:

R&D Centers of Excellence with a Global Scope		Major Regional Centers for Key Markets
Kemps Creek, Australia	Speke, U.K.	Sao Paulo, Brazil
Monheim, Germany	Fort Dodge, Iowa	Shanghai, China
Bangalore, India	Greenfield, Indiana (R&D headquarters)	
Basel, Switzerland		

Our R&D efforts focus on products that prevent and treat disease, improve and extend quality of life, improve the type of care received by animals and reduce the environmental impact of raising livestock. We seek to concentrate our resources on projects that match our strategy and where we can leverage our broad technical and commercial capabilities. In addition to supporting our existing product portfolio, new product innovation is a core part of our business strategy. Our approach is a build, buy or partner strategy to develop compelling innovations that originate from our scientists and innovators, academia, agribusiness or external partners including human pharmaceutical, agriculture and biotechnology organizations. We focus our R&D investments on projects that target novel product introductions with new active ingredients, as well as products leveraging known active ingredients in new indications, presentations, combinations and species expansion.

Our R&D efforts are balanced across species, development phases and technology platforms. We apply large and small molecule approaches for both farm animals and pets. Additionally, we employ various delivery strategies for products, including in-feed, injectable, oral and topical formulations developed in conjunction with our manufacturing team to assure reliable and consistent production that leverages the capabilities within our internal and external manufacturing network.

Portfolio investment decisions and prioritization are influenced by the probability of technical success, economic value, time to market, portfolio fit and balance. R&D expenses totaled \$344 million in 2024, \$327 million in 2023 and \$321 million in 2022.

Manufacturing and Supply Chain

We have a global manufacturing network of 17 sites comprised of the following:

International		U.S.
Barueri, Brazil	Santa Clara, Mexico	Clinton, Indiana
Chengdu, China	Manukau, New Zealand ⁽¹⁾	Terre Haute, Indiana
Wusi, China	Banwol, South Korea	Fort Dodge, Iowa
Huningue, France	Chungli, Taiwan	Elwood, Kansas
Cuxhaven, Germany	Speke, United Kingdom ⁽²⁾	Kansas City, Kansas
Kiel, Germany		Winslow, Maine

- (1) In October 2024, we entered into an agreement to sell our manufacturing facility in Manukau, New Zealand. This transaction is expected to close in the first half of 2025 pending regulatory approvals and subject to other closing conditions.
- (2) In November 2024, we acquired the manufacturing facility and related assets in Speke, U.K. from a previous contract manufacturing partner. See Note 4. Acquisitions, Divestitures and Other Arrangements to the consolidated financial statements for further information.

Our products are manufactured both at the sites listed above that are operated by us and across a network of approximately 130 contract manufacturing organizations (CMOs). Our external manufacturing team centrally governs and provides oversight to our global CMO relationships. We select CMOs based on several factors, including: (1) their ability to reliably supply products or materials that meet our quality standards at an optimized cost; (2) their access to specialty products and technologies; (3) capacity; (4) financial analyses; and (5) local presence. Our external manufacturing team seeks to ensure that all CMOs we use adhere to our standards of manufacturing quality.

Pharmaceutical production processes are complex, highly regulated and can vary widely from product to product. Shifting or adding manufacturing capacity can be a lengthy process requiring significant capital expenditures, process modifications and regulatory approvals. We have in the past invested in, and will continue to invest in, improvements to our existing manufacturing facilities. For example, in 2024 we announced a planned \$130 million expansion of our biologics manufacturing facility in Elwood, Kansas to enable further growth of our monoclonal antibody portfolio. We also intend to continue our efficiency improvement programs in our manufacturing and supply chain organization. Our strong quality control and quality assurance programs are managed and coordinated globally and are in place at all internal manufacturing sites and external manufacturing hubs. We also regularly inspect and audit our internal sites and CMO locations.

To maintain supply of our products, we use a variety of techniques, including comprehensive quality and planning and inventory management systems. We generally seek to develop an appropriate inventory strategy to fill market demand until an alternative source of supply can be implemented, in the event a supplier becomes unable to provide the required materials or product. However, various developments have led, and in the future may lead, to interruption or shortages in supply until we establish new sources, implement alternative processes, bring new manufacturing facilities online or pause or discontinue product sales in one or more markets. For example, in September 2024 one of our contract manufacturing supply partners, TriRx Speke Ltd (TriRx Speke), entered into trading administration in the U.K. Although we minimized supply disruption through our acquisition of this site in November 2024, additional manufacturing or supply chain challenges could occur in the future.

Raw Materials

We purchase certain raw materials and active pharmaceutical ingredients (API) necessary for the commercial production of our products from a variety of third-party suppliers. Principal materials used in our manufacturing operations for key brands are typically available from more than one source; however, we may in some instances obtain certain raw or intermediate materials from only a single source. Our active ingredients for biologics are manufactured primarily in internal facilities, while chemically derived active ingredients are sourced from external partners.

Competition

We face intense competition globally. Competition may vary depending on the particular region, species, product category or individual product. We compete principally on the basis of product quality, price, cost-effectiveness, promotional effectiveness, new product development and product differentiation. Certain Elanco products, both existing and new, may compete with other branded or generic products already on the market or that are later developed by competitors. When competitors introduce new products with ease-of-use, therapeutic or cost advantages, our products may become subject to decreased sales and/or price reductions.

Our primary competitors include animal health medicines and vaccines companies such as Zoetis Inc., Boehringer Ingelheim Vetmedica, Inc., the animal health division of Boehringer Ingelheim GmbH, and Merck Animal Health, the animal health division of Merck & Co., Inc. We also compete with numerous other producers of animal health products throughout the world, including start-up companies working in the animal health area. In addition, we also face competition globally from manufacturers of generic drugs and producers of nutritional health products.

Intellectual Property

Our technology, brands and other intellectual property are important elements of our business. We rely on patent, trademark, copyright and trade secret laws, as well as regulatory exclusivity periods and non-disclosure agreements to protect our intellectual property rights. Our policy is to vigorously protect, enforce and defend our rights to our intellectual property.

Our product portfolio and certain product candidates enjoy the protection of approximately 6,700 patents and applications, filed in over 90 countries, with a concentration in our major markets as well as other markets with strong patent laws and protections. While many of the patents and patent applications in our portfolio are the result of our own work, others have been developed in collaboration with partners, acquired through business transactions

or licensed to us by third parties. A subset of our current products or product candidates are covered by patents and patent applications.

Patents for individual products expire at different times based on the date of the patent filing (or occasionally, the date of patent grant) and the legal term of patents in the countries where such patents are obtained. Some of our principal products, including certain products within our *Advantage Family*, *Rumensin* and *Maxiban / Monteban* do not have patent protection. Other products are protected by patents that expire over the next several years. Below is a summary of our recent and upcoming key patent expirations:

- *Galliprant* is protected by patents in the U.S., Europe, Canada, Japan and other key markets. While patents covering the active ingredient, grapiprant, expired in 2021 in all markets except Japan, patents covering the physical form of the active ingredient remain in force and will expire between 2026 and 2031, depending on jurisdiction. Patent coverage relating to methods of use and formulation will expire in 2035 in most jurisdictions.
- The *Seresto* formulation patent will expire in the U.S. in September 2027. In Europe, the formulation patents will expire in June 2025, but in some countries, including Spain, Italy and the U.K., supplementary protection certificates (SPCs) have been granted that expire in August 2026.
- Patent coverage for *Milbemax/Interceptor* chewable products expired in July 2024 in Europe and other key markets. Patent coverage for *Interceptor Plus* extends through October 2028 in the U.S.
- The U.S. patent for *Exuperior's* active ingredient, lubabegron, will expire in April 2025. Coverage for *Exuperior* methods of use will expire in 2037 in the U.S. and 2035 in other key markets.

Additionally, many of our vaccine products, including the *TruCan* family of vaccines, are based on proprietary or patented master seeds and formulations. We actively seek to protect our proprietary information, including our trade secrets and proprietary know-how, through a variety of means, including by seeking to require our employees, consultants, advisors and partners to enter into confidentiality agreements and other arrangements upon the commencement of their employment or engagement.

We seek to file and maintain trademarks around the world based on commercial activities in most regions where we have, or desire to have, a business presence for a particular product. We currently maintain more than 12,800 trademark applications and registrations in major regions, primarily identifying products dedicated to the care of livestock and pets.

Regulatory Matters

The sale of animal health products is governed by the laws and regulations specific to each country in which we sell our products. To maintain compliance with these regulatory requirements, we have established processes, systems and dedicated resources with end-to-end involvement from product concept to launch and maintenance in the market. Our regulatory function is Elanco's key interface with the relevant authorities and is responsible for applying for and obtaining the necessary registrations and post-approvals, extending them if appropriate (e.g., developing claims in additional species), updating (e.g., changes to shelf-life or manufacturing site) and ongoing monitoring of safety and efficacy through our global pharmacovigilance system. In this way, the regulatory function ensures registrations remain valid and our products can continue to be sold. To effectively do this, our regulatory function actively engages in dialogue with the relevant authorities regarding policies that relate to animal health products. In most of our markets, the relevant authority is separate from those governing human medicinal products.

United States

FDA. The regulatory body that is responsible for the regulation of animal health pharmaceuticals in the U.S. is the Center for Veterinary Medicine (CVM), a division of the FDA. All manufacturers of animal health pharmaceuticals must demonstrate their products to be safe, effective and produced by a consistent method of manufacture as defined under the Federal Food, Drug and Cosmetic Act (FFDCA). The FDA's basis for approving a new animal drug application is documented in a Freedom of Information Summary. Post-approval monitoring of products is required by law, with reports being provided to the CVM's Office of Surveillance and Compliance. Reports of product quality defects, adverse events or unexpected results are maintained and submitted in accordance with the law. Additionally, as part of the drug experience report, we are required to submit all new information pertaining to the safety or effectiveness of a product, regardless of the source.

U.S. Department of Agriculture (USDA). The regulatory body in the U.S. for veterinary biologicals is the USDA. The Center for Veterinary Biologics within the Animal and Plant Health Inspection Service in the USDA is responsible for the regulation of animal health biologicals, which includes but is not limited to vaccines, bacterins, allergens, certain antibodies, antitoxins, toxoids, immunostimulants, certain cytokines, antigenic or immunizing components of live microorganisms and diagnostic components of natural or synthetic origin, or that are derived from synthesizing or altering various substances or components of substances such as microorganisms, genes or genetic sequences, carbohydrates, proteins, antigens, allergens or antibodies. All manufacturers of animal health biologicals must show their products to be pure, safe, effective and produced by a consistent method of manufacture as defined under the

Virus Serum Toxin Act. Post-approval monitoring of products is also required. Reports of product quality defects, adverse events or unexpected results are maintained and submitted in accordance with the agency requirements.

Environmental Protection Agency (EPA). The main regulatory body in the U.S. for veterinary pesticides is the EPA. The EPA's Office of Pesticide Programs is responsible for the regulation of most pesticide products applied to animals in accordance with a memorandum of understanding between the FDA and the EPA for products that are subject to regulation under both the FFDCA and the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). All manufacturers of animal health pesticides must show their products will not cause unreasonable adverse effects to humans or the environment as stated in the act. Within the U.S., individual state pesticide authorities must also approve pesticide products that have been approved by the EPA before distribution in that state. Post-approval monitoring of products is required, with reports provided to the EPA and some state regulatory agencies.

European Union (EU).

The European Medicines Agency (EMA) is a centralized agency of the EU responsible for the scientific evaluation of many of the Veterinary Medicinal Products (VMP) developed by pharmaceutical companies for use in the EU. The agency has a veterinary review section distinct from the medical review section for human products. The Committee for Veterinary Medicinal Products (CVMP) is responsible for scientific review of the submissions for VMP, including immunological products. If the CVMP concludes that all requirements for quality, safety and efficacy are met and the product benefits outweigh the risks, it issues a positive opinion that is forwarded to the European Commission, which takes the final decision following the European comitology procedure. The centralized marketing authorization is valid in all of the EU and in Northern Ireland. All countries that are not part of the EU but belong to the European Economic Area (EEA), such as Norway, Iceland and Liechtenstein, have been part of the scientific assessment done by the CVMP. These countries issue a national marketing approval in accordance with the European Commission's decision.

If approval is sought for products that either cannot or do not need to follow the centralized procedure, approval can also be achieved by national approval in an EEA country agency. This national authorization can be mutually recognized by other EEA countries/EU member states (Mutual Recognition Procedure). In addition, national and mutual recognition can be done in a combined procedure (Decentralized Procedure).

A series of regulations, directives, guidelines, EU Pharmacopeia Monographs and other legislation provide the requirements for approval in the EU. In general, these requirements are similar to those in the U.S., requiring demonstrated evidence of purity, safety, efficacy and consistency of manufacturing processes.

The European Food Safety Authority (EFSA) is the agency of the EU that provides scientific advice and communicates with respect to existing and emerging risks associated with the food chain. Based on EFSA's mandate, it evaluates applications for feed additives, including coccidiostats, enzymes and several nutritional for animals.

The European Chemicals Agency (ECHA) is the agency of the EU for the safe use of chemicals. Based on the ECHA's mandate, it conducts the evaluation of biocides for the EU.

We are also governed by each of the national regulatory bodies in the EU.

United Kingdom

The Veterinary Medicines Directorate (VMD) is the main regulatory body in the U.K. responsible for regulating and controlling veterinary pharmaceuticals. A trade agreement between the U.K. and the EU includes regulatory and customs cooperation mechanisms, as well as provisions supporting open and fair competition. The Northern Ireland protocol, which is part of the trade deal, requires that VMD follow EU rules in Northern Ireland. Laws applying to the rest of the U.K. remain largely aligned.

Brazil

The Ministry of Agriculture, Livestock Production and Supply (MAPA) is the regulatory body in Brazil that is responsible for the regulation and control of pharmaceuticals, biologicals and medicinal feed additives for animal use. MAPA's regulatory activities are conducted through the Secretary of Agricultural Defense and its Livestock Products Inspection Department. In addition, regulatory activities are conducted at a local level through the Federal Agriculture Superintendence. These activities include the inspection and licensing of both manufacturing and commercial establishments for veterinary products, as well as the submission, review and approval of pharmaceuticals, biologicals and medicinal feed additives. MAPA is one of the most active regulatory agencies in Latin America, having permanent seats at several international animal health forums, such as Codex Alimentarius, World Organization for Animal Health and Committee of Veterinary Medicines for the Americas.

China

The Ministry of Agriculture and Rural Affairs (MARA) is the regulatory body that is responsible for the regulation and control of pharmaceuticals, biologicals, disinfectants, medicinal feed additives, pesticides and feed/feed additives for animal use. There are three organizations under the MARA that regulate animal health:

- The Institute of Veterinary Drug Control (IVDC) is responsible for the evaluation of new applications, renewals, variations, manufacturers, quality methods and tissue residue methods for pharmaceuticals, biologicals, disinfectants and medicinal feed additives.
- The feed/feed additive office is responsible for the registration and renewal of feed and feed additives.
- The pesticide bureau is responsible for the registration and renewal of pesticide products.

Rest of World

Country-specific regulatory laws typically have provisions that include requirements for certain labeling, safety, efficacy and manufacturers' quality control procedures (to assure the consistency of the products), manufacturing site standards, as well as company records and reports. Many other countries' regulatory agencies either refer to some or all of the requirements of the U.S. or EU and may have additional specific local requirements. Most authorities also consider the standards set by international animal health entities, including the World Organization for Animal Health (WOAH), Codex Alimentarius and the International Cooperation on Harmonization of Technical Requirements for Registration of Veterinary Medicinal Products (VICH).

Joint FAO/WHO Expert Committee on Food Additives. The Joint FAO/WHO Expert Committee on Food Additives is an international expert scientific committee that is administered jointly by the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO). It provides a risk assessment/safety evaluation of residues of veterinary drugs in animal products, exposure and residue definition and maximum residue limit proposals for veterinary drugs. Similarly, the Joint FAO/WHO Meeting on Pesticide Residues (JMPR) is an international expert scientific group administered jointly by the FAO and WHO. JMPR reviews residues and analytical aspects of the pesticides, estimates the maximum residue levels, reviews toxicological data and estimates acceptable daily intakes for humans of the pesticides under consideration. Elanco works with this committee to establish acceptably safe levels of residual substances in food-producing animals after treatment with veterinary drugs or pesticides. This in turn enables the calculation of appropriate withdrawal times for our products prior to an animal entering the food chain.

Advertising and Promotion Review. Promotion of animal health products is controlled by regulations in many countries. These rules generally restrict advertising and promotion to those claims and uses that have been reviewed and endorsed by the applicable agency. We conduct a review of promotion material for compliance with the local and regional requirements in the markets where we sell animal health products.

Import and Export of Products. The importation and exportation of animal health products is controlled by regulations in many countries. In some jurisdictions this may include obtaining separate permits or licenses by product or by company or filing notices with applicable regulatory agencies prior to import or export of product. We ensure compliance with local, regional and global regulations in the markets where we import/export our animal health products.

International Cooperation on Harmonization of Technical Requirements for Registration of Veterinary Medicinal Products. VICH is a trilateral (EU-Japan-U.S.) program launched in 1996 aimed at harmonizing technical requirements for veterinary product registration. Several other countries have obtained observer status, for example, Canada, New Zealand, Australia, South Africa and the U.K., or are linked to VICH on the basis of the VICH Outreach Forum, a VICH initiative with the main objective of providing a basis for wider international harmonization of technical requirements. In addition, the World Organization for Animal Health is an associate member of VICH.

Environmental, Health and Safety

In addition to the laws and regulations discussed above, we are also subject to various federal, state, local and foreign laws and regulations, both within and outside the U.S., relating to environmental, health and safety (EHS) and sustainability matters. These laws and regulations govern matters such as the emission and discharge of hazardous materials into the ground, air or water; the generation, use, storage, handling, treatment, packaging, transportation, exposure to and disposal of hazardous and biological materials, including recordkeeping, reporting and registration requirements; and the health and safety of our employees. Due to our operations, these laws and regulations also require us to obtain and comply with permits, registrations and other authorizations issued by governmental authorities. These authorities can modify or revoke our permits, registrations or other authorizations and can enforce compliance through fines and injunctions.

Certain environmental laws impose joint and several liability, without regard to fault, for clean-up costs related to the disposal or release of hazardous substances into the environment, including at third-party sites or offsite disposal locations, or at sites that are currently owned or operated (or were formerly owned or operated) where such a disposal or release occurred. Although our current reserves for environmental remediation obligations are not material, we could be subject to liability for the investigation and remediation of legacy environmental contamination caused by historical industrial activity at sites we own or on which we operate. We are also monitoring and investigating environmental contamination from past industrial activity at certain sites. In connection with past divestitures, we have undertaken certain indemnification obligations that may require us, in the future, to conduct or

finance environmental clean-ups at sites that we no longer own or operate. We have also entered into indemnification agreements in connection with certain of our past acquisitions, pursuant to which we are, or may be, indemnified for various environmental clean-ups. However, such indemnities are limited in both time and scope and may be further limited in the presence of new information or may not be available at all.

In addition to clean-up actions brought by federal, state, local and foreign governmental entities, private parties could raise personal injury or other claims against us due to the presence of, or exposure to, hazardous materials on, from or otherwise relating to such a property. We have made, and intend to continue to make, necessary expenditures for compliance with applicable EHS laws and regulations.

Human Capital

Employees. As of December 31, 2024, we employed approximately 9,000 full time employees and approximately 450 fixed-duration employees, which are individuals hired for a pre-defined length of time (typically one to four years). Approximately 30% of our global workforce is U.S.-based, while slightly more than 10% of our global employees are members of unions, works councils, trade associations or are otherwise subject to collective bargaining agreements, primarily in Germany and the U.S.

Our Culture. At Elanco, we are committed to fostering an inclusive culture where employees can make a difference, encouraging ownership, growth and well-being. We are committed to creating a culture built on the foundation of the three following values that guide our decisions and the four following behavioral pillars that guide our actions:

Values:

Integrity – Do the right thing in the right way.

Respect – Respect people, our customers and the animals in their care.

Excellence – Be accountable. Continuously improve. Deliver with discipline.

Behavioral Pillars:

Involve – We seek participation and input to gain commitment and passionate performance and create an engaged community. We act with humility as One Elanco, collaborating for the best outcomes for the entire company.

Deliver – We focus on the essential, build mastery and diligently deliver on our commitments to our colleagues, customers and shareholders.

Own – We are accountable and empowered. We ask questions and raise concerns. We are fully invested in Elanco's success.

Innovate – We bring an innovative mindset that drives continuous improvement of our processes, products and services.

At Elanco, this culture drives employee performance, and our employees are driven by these values and behavioral pillars. Leadership and employees are encouraged to evaluate performance with these values and behavioral pillars in mind.

Inclusion, Diversity, Equity and Accessibility (IDEA). Our comprehensive IDEA strategy includes talent acquisition efforts focused on attracting high-quality candidates from a variety of sources and learning, mentoring and development opportunities for all employees. We also support the continued needs of our workforce through the evolution of our benefits, including paid time off and parental leave.

Our Global IDEA Council is an employee-led and leadership-supported group that influences the strategic direction of IDEA efforts at Elanco and represents our sites and affiliates from around the world. Additionally, nine Elanco Employee Resources Groups (ERGs) are essential to delivering our promise to employees to foster an inclusive culture and are key to the success of our IDEA strategy. ERGs are unique communities of employees from historically under-recognized groups, and their allies, offering support and professional development opportunities. Any employee is eligible to join any ERG.

Total Rewards. We invest in our workforce by offering competitive salaries, incentives and benefits. Our pay-for-performance philosophy is designed to create ownership and to help ensure we attract and retain talent, as well as reward and recognize top-performing employees through merit increases and other rewards. We benchmark our total rewards annually to ensure our compensation and benefit programs remain competitive with our peers. Our benefits are one way we support our employees' well-being and deliver on our employee promise.

Development. We offer employees opportunities to advance their careers at Elanco and are committed to equipping employees with relevant skills and development opportunities to help them thrive and meet the ever-changing needs of customers and stakeholders across our dynamic and growing industry.

Beyond professional growth and development, Elanco employees actively engage in initiatives aligned to Elanco's *Healthy Purpose* to advance the well-being of animals, people, the planet and our enterprise, enabling us to realize our vision of Food and Companionship Enriching Life.

Available Information

Our website address is www.elanco.com. On our website, specifically within the "Investor Relations" section, we make available, free of charge, our annual, quarterly and current reports, including amendments to such reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the U.S. Securities and Exchange Commission (the SEC). In addition, the SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers, including Elanco, that file electronically with the SEC at www.sec.gov.

Information relating to corporate governance at Elanco, including our Corporate Governance Guidelines, Code of Conduct, Financial Code of Ethics, Articles of Incorporation, Bylaws, Committee Charters; information concerning our executive officers and members of our Board of Directors; and ways to communicate are also available on our website, www.elanco.com. We will provide any of the foregoing information without charge upon written request to Elanco's Corporate Secretary, Elanco, 2500 Innovation Way, Greenfield, Indiana 46140. Information relating to shareholder services is also available on our website.

Information contained on our website is not part of, or incorporated by reference, in this Form 10-K.

ITEM 1A. RISK FACTORS

Our business, financial condition and results of operations are subject to various risks, including but not limited to the risks described below. If any of such risks actually materializes, our business, financial condition and results of operations could be materially adversely affected.

Risks Related to the Animal Health Industry

The animal health industry is highly competitive.

The animal health industry is highly competitive. Our competitors include standalone animal health businesses, the animal health businesses of large pharmaceutical companies, specialty animal health businesses and companies that mainly produce generic products. Several start-up companies also compete in the animal health industry. We believe many of our competitors are conducting R&D activities in areas served by our products and in areas in which we are developing products. We also face competition from producers of nutritional health products. These competitors may have access to greater financial, marketing, technical and other resources. As a result, they may be able to devote more resources to developing, manufacturing, marketing and selling their products, initiating or withstanding substantial price competition or more readily taking advantage of acquisitions or other opportunities. Further, consolidation in the animal health industry could result in existing competitors realizing additional efficiencies or improving portfolio bundling opportunities, thereby potentially increasing their market share and pricing power, which could lead to a decrease in our revenue and profitability. For example, many of our competitors have relationships with key distributors and, because of their size, an ability to offer attractive pricing incentives, which may negatively impact or hinder our relationships with these distributors. In addition to competition from established market participants, new entrants to the animal health industry could substantially reduce our market share, render our products obsolete or disrupt our business model.

Competitive pressures could arise from, among other things, differences in safety and efficacy product profiles, limited demand growth or a significant number of additional competitive products being introduced into a particular market, price reductions by competitors, the ability of competitors to capitalize on their economies of scale, the ability of competitors to produce or otherwise procure animal health products at lower costs than we can and the ability of competitors to access more or newer technology than we can. To the extent any of our competitors are more successful with respect to any key competitive factor, or we are forced to reduce, or are unable to raise, the price of any of our products in order to remain competitive, our business, financial condition and results of operations could be materially adversely affected.

Our R&D, acquisition and licensing efforts may fail to generate commercially successful new products or to expand the use of our existing products.

Our future success depends on both our existing product portfolio and our pipeline of new products, including new products that we develop internally or through joint ventures and products we obtain through licenses or acquisitions. We commit substantial effort, funds and other resources to R&D, primarily through our own dedicated resources but also through collaborations with third parties. We also have acquired or partnered with a number of smaller animal health businesses, and we intend to continue to do so in the future. There are significant risks and uncertainties involved with the execution of these partnerships, many of which are outside our control, including the inability to develop, license or otherwise acquire product candidates or products and insufficient access to capital to fund such investments. We also cannot predict whether any products, once launched, will be commercially successful or will achieve revenue that is consistent with our expectations.

The animal health industry is subject to regional and local trends and regulations and, as a result, products that are successful in some markets may not achieve similar success when introduced into other markets. Furthermore, the timing and cost of our R&D may increase, and our R&D may become less predictable as, among other things, regulations applicable to our industry make it more time-consuming and/or costly to research, develop and register products. If we are unable to generate commercially successful new products or expand the use of our existing products, our business, financial condition and results of operations could be materially adversely affected.

Additionally, as part of our development strategy, we often hire clinical research organizations to perform preclinical testing and clinical trials for drug candidates. Clinical trials and procedures are inherently uncertain and there can be no assurance that these trials or procedures will be enrolled or completed in a timely or cost-effective manner or result in a commercially viable product or indication. Failure to achieve positive clinical trial and/or testing results could have a material adverse effect on our prospects. Furthermore, unfavorable or inconsistent clinical data from current or future clinical trials or procedures conducted by us, our competitors or third parties, or perceptions regarding this clinical data, could adversely affect our ability to obtain necessary approvals and the market's view of our future prospects.

Lastly, new products may appear promising in development but fail to reach the market within the expected or optimal timeframe, or at all. We may be unable to predict with precision when, if or subject to what conditions any of

our products now under development will be approved and/or launched, or if approved, whether limitations to a product or the specific circumstances for which a product is approved, will match our expectations. For example, in the second quarter of 2024, the FDA determined that our *Zenrelia* product label would be required to include a boxed warning on safety. We believe the inclusion of this warning has slowed the product adoption curve, although the extent of any such effect cannot be definitely determined. In addition, product extensions or additional indications may not be approved. Developing and commercializing new products subjects us to inherent risks and uncertainties, including (i) delayed or denied regulatory approvals, (ii) delays or challenges with producing products in accordance with regulatory requirements, on a commercial scale and at a reasonable cost; (iii) failure to accurately predict the market for new products; and (iv) efficacy and safety concerns, any of which could lead to a slower or more limited commercial adoption of one of our products than initially estimated. In addition, a failure to continue to identify and develop products, both internally and through external sources, could impact our future success. Once necessary regulatory approvals are obtained, the commercial success of any new product depends upon, among other things, its acceptance by veterinarians and end customers, and on our ability to successfully manufacture, market and distribute products in sufficient quantities to meet demand. If we are unable to successfully bring a product to market, our business, financial condition and results of operations could be materially adversely affected.

Disruptive innovation and advances in veterinary medical practices, animal health technologies and alternatives to animal-derived protein could negatively affect the markets for our products.

The markets for our products are regularly impacted by the introduction and/or broad market acceptance of newly developed or alternative products that address the diseases and conditions for which we sell products. For example, the market for our pet health therapeutics has been particularly affected by innovation in new molecules and delivery formulations in recent years. Separately, there has been an increased focus in certain markets to seek replacements for animal-derived protein with alternative, plant-based or other natural or synthetic protein sources. Technological breakthroughs by others may render our products obsolete and reduce or eliminate the market for our products. Introduction or acceptance of competing animal health products and innovation or disruptive protein alternatives could materially adversely affect our business, financial condition and results of operations.

Generic products may be viewed as more cost-effective than our products.

In certain markets, we face competition from generic alternatives to our products. We depend on patents and related rights to enable our exclusive sale of certain products. Patents for individual products expire at different times based on a variety of factors, including the date of the patent filing (or sometimes the date of patent grant) and the legal term of patents in the jurisdictions where such patents are obtained. The extent of protection afforded by our patents varies from jurisdiction to jurisdiction and is limited by the scope of the claimed subject matter of our patents, the term of the patent and the availability and enforcement of legal remedies in the applicable jurisdiction. Some of our principal products, including certain products within our *Advantage Family*, *Rumensin* and *Maxiban / Monteban* do not have patent protection. Other products are protected by patents that expire over the next several years. As the patents for a brand name product expire, competitors may begin to introduce generic or other alternatives, and as a result, we may face competition from lower-priced alternatives to many of our products. For further information, see "Item 1. Business – Intellectual Property."

Generic competitors are becoming more aggressive in terms of launching products before patent rights expire, and, because of attractive pricing, sales of generic products are an increasing percentage of overall animal health sales in certain regions. If animal health customers increase their use of new or existing generic products, we may be forced to lower our prices and/or provide discounts or rebates in order to compete with generic products. In such event, our business, financial condition and results of operations could be materially adversely affected.

Regulatory restrictions and bans on the use of antibiotics and productivity products in farm animals, as well as changing market demand, may continue to negatively affect demand for certain of our farm animal products.

Our operational results have been, and may continue to be, affected by regulations and changing market demand. In certain markets, including the U.S., sales of certain of our farm animal products have been negatively affected by changes in consumer sentiment for proteins and dairy products produced without the use of antibiotics or other products intended to increase animal production. There are two classes of antibiotics used in animal health: shared-class, or medically important, antibiotics, which are used to treat, control and/or prevent infectious diseases caused by pathogens that occur in both humans and animals; and animal-only antibiotics, which are used to treat, control and/or prevent infectious diseases in animals, and in some instances, promote animal growth performance. Concerns that the use of antibiotics in farm animal production may lead to increased antibiotic resistance of human pathogens have resulted in regulation and changing market demand. For example, in 2022 the EU began restricting the use of preventative antibiotics to farm animals through feed. Similar bans and restrictions in other countries could result in a material adverse effect on our sales of antibiotic products.

In recent years, the percentage of our total revenue from sales of shared-class antibiotics has declined, driven primarily by changing regulations in many markets, as well as market demand and our tiered approach to antibiotic stewardship, which has included removing growth promotion from labels and requiring veterinary oversight in the U.S. and other markets. Globally, during 2024, our revenue from shared-class antibiotics decreased 8% in comparison to 2023 and represented 9% of total revenue, while our revenue from animal-only antibiotics increased 4% in comparison to 2023 and represented 15% of total revenue. In 2024, 89% of our revenue from animal-only antibiotics resulted from the sale of ionophores. Ionophores are a special class of animal-only antimicrobials, and because of their animal-only designation, mode of action and spectrum of activity, to date their use has not been materially impacted by regulations or changing market demand in many international markets.

The impact of changes in regulations and market preferences regarding the use of antibiotics and productivity products in farm animals could have a material adverse effect on our business, financial condition and results of operations. If there is an increased public perception that consumption of food derived from animals that utilize our products poses a risk to human health, there may be a further decline in the production of those food products and, in turn, demand for our products. In addition, antibiotic resistance concerns will likely result in additional restrictions or bans, expanded regulations or public pressure to further reduce the use of antibiotics in farm animals, increased demand for antibiotic-free protein or changes in the market acceptance or regulatory treatment of ionophores, any of which could materially adversely affect our business, financial condition and results of operations.

An outbreak of infectious disease carried by farm animals could negatively affect the demand for, and sale and production of, our farm animal products.

Sales of our farm animal products could be materially adversely affected by a general outbreak of infectious disease, or an outbreak of disease carried by farm animals, which could lead to the widespread death or precautionary destruction of farm animals as well as the reduced consumption and demand for animal-derived protein. In addition, outbreaks of disease carried by farm animals may reduce regional or global sales of particular animal-derived food products or result in reduced exports of such products, either due to heightened export restrictions or import prohibitions, which may reduce demand for our farm animal products due to reduced herd or flock sizes.

In recent years, outbreaks of various diseases, including African Swine Fever, avian influenza, foot-and-mouth disease, bovine spongiform encephalopathy (otherwise known as BSE or “mad cow” disease) and porcine epidemic diarrhea virus (otherwise known as PEDV) have negatively impacted sales of our animal health products. The discovery of additional cases of any of these, or other diseases, may result in additional restrictions on animal-derived protein, reduced herd or flock sizes or reduced demand for animal-derived protein, any of which may have a material adverse effect on our business, financial condition and results of operations. In addition, the outbreak of any highly contagious disease near our main production sites could require us to immediately halt production of our products at such sites or force us to incur substantial expenses in procuring raw materials or products elsewhere.

Our R&D relies on evaluations of animals, which may become subject to bans, additional restrictive regulations or increased attention from activism movements.

As an animal health company dedicated to innovating and delivering products and services to prevent and treat diseases in animals, we are required to evaluate the effect of our existing and new products in animals in order to register such products. Animal testing in certain industries has been the subject of controversy and adverse publicity. Some organizations and individuals have attempted to ban animal testing or encourage the adoption of new regulations applicable to animal testing. To the extent the activities of such organizations and individuals are successful, our R&D, and by extension our business, financial condition and results of operations, could be materially adversely affected. In addition, negative publicity about us or our industry could impact our R&D efforts, and/or cause reputational harm to those in our industry, including us. Any reputational harm to the farm animal industry may also extend to companies in related industries, including us, potentially resulting in a decrease in the use of our products.

Consolidation of our customers and distributors could negatively affect the pricing of our products.

We primarily sell our pet health products to third-party distributors and retailers, as well as directly to veterinarians. We primarily sell our farm animal products to third-party distributors and directly to a diverse set of farm animal producers, including beef, dairy, pork and poultry operations. In recent years, there has been a trend toward the concentration of veterinarians in large clinics and hospitals. We have also seen recent consolidation among farm animal producers, particularly swine and poultry producers, and among our distributors. Furthermore, we have seen the expansion of larger cross-border corporate customers and an increase in the consolidation of buying groups (cooperatives of veterinary practices that leverage volume to pursue discounts from manufacturers). If these trends toward consolidation continue, our customers could attempt to improve their profitability by leveraging their buying power to obtain favorable pricing. The resulting decrease in our prices could have a material adverse effect on our business, financial condition and results of operations.

For our pet health products, increased use of alternative distribution channels, or changes within existing distribution channels, could negatively impact our market share, margins and distribution of our products.

In most markets, pet owners have historically purchased their animal health products directly from veterinarians. However, pet owners increasingly have the option to purchase animal health products from sources other than veterinarians, such as online retailers, “big-box” retail stores, specialty pet shops via telemedicine distributors, or other distribution channels. This trend has been demonstrated by the significant shift away from the veterinarian distribution channel in the sale of flea and tick products and has been accelerated by the increased consumer preferences toward e-commerce in recent years. Pet owners also could decrease their reliance on, and visits to, veterinarians as they rely more on internet-based animal health information and telemedicine. Because we market our pet health prescription products primarily through the veterinarian distribution channel, in the event of a significant decrease in visits to veterinarians by pet owners, our market share for such products could be reduced, materially adversely affecting our business, financial condition and results of operations.

Legislation has been proposed in the U.S. Congress and may be proposed in the U.S. states or abroad in the future, that could impact the distribution channels for our pet health products. For example, such legislation may require veterinarians to provide pet owners with written prescriptions and disclosure that the pet owner may fill prescriptions through a third party, which may further reduce the number of pet owners who purchase their animal health products, or fill their prescriptions, directly from veterinarians. Legislation may also be advanced that would allow for greater access to pet health products via telemedicine channels, potentially impacting our mix of distribution. These changes could lead to increased use of generic alternatives to our products or the increased substitution of our pet health products with other animal health or human health products if such other products are deemed to be lower-cost alternatives. Many countries and states already have regulations requiring veterinarians to provide prescriptions to pet owners upon request.

Over time, these and other competitive conditions may further increase our use of online retailers, “big-box” retail stores, specialty pet shops, telemedicine or other distribution channels outside of the veterinary clinic to sell our pet health products. If we or our major retail customers are not successful in navigating the shifting consumer preferences to distribution channels such as e-commerce, our expected future revenues may be negatively impacted. We may also realize lower margins on sales through retail distribution channels than we do on sales through veterinarians. Any of these events could materially adversely affect our business, financial condition and results of operations. In addition, if one or more of our pet health distributors discontinues or modifies their relationship with us, our business, financial condition and results of operations may be materially adversely affected.

Strategic and Operational Risks

Our results of operations are dependent upon the success of our top products.

If any of our top products experience issues, such as disruptive innovations or the introduction of more effective competitive products, negative publicity, changes in veterinarian or customer preferences, loss of patent protection, material product liability litigation, new or unexpected side effects, manufacturing disruptions and/or regulatory proceedings, our revenue could be negatively impacted, perhaps significantly. Our top five products and/or product families, *Advantage Family*, *Seresto*, *Rumensin*, *Maxiban / Monteban* and *Credelio Family* represented approximately 36% of our total revenue in 2024, with our largest product family, *Advantage Family*, representing approximately 10% of total revenue. Any issues with these top products could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully complete favorable transactions or successfully integrate acquired businesses when we pursue acquisitions, divestitures, joint ventures or other significant transactions.

From time to time, we evaluate potential acquisitions, divestitures or joint ventures to further our strategic objectives. The completion of such transactions is often subject to conditions that may be outside our control, including obtaining the requisite approval of the shareholders of the target company and/or government antitrust/competition approvals. Accordingly, we may not be able to complete announced and signed transactions, and therefore, may not realize the anticipated benefits therefrom.

In the event of a material acquisition or divestiture, we may be required to devote significant management attention and resources to integrating the portfolio and operations of an acquired company or carving out a divested business. Potential difficulties we may encounter in the integration or carve out process include:

- the inability to realize the anticipated value from various assets of the acquired company;
- the potential for stranded costs, loss of scale and/or inefficiencies in a post-divestiture cost structure;
- the inability to combine the business of an acquired company with ours in a manner that permits us to achieve the cost savings or other synergies anticipated as a result of the transaction or to achieve such cost savings or other anticipated synergies in a timely manner, which could result in us not realizing some anticipated benefits of the transaction in the time frame anticipated, or at all;

- the loss of key employees;
- potential unknown liabilities and unforeseen increased expenses, delays or unfavorable conditions in connection with the closing of the transaction and the subsequent integration or carve out; and
- performance shortfalls at our or the acquired company as a result of the diversion of management's attention from ongoing business activities.

For example, as a result of our acquisition of Bayer Animal Health, we integrated each business' distinct enterprise resource planning (ERP) systems into one primary platform, a process that was substantially completed in 2023. ERP integrations have inherent risks, which can complicate our business operations and potentially lead to breakdowns in data integrity and may preclude our ability to supply products for a period of time, as was the case with this aforementioned ERP integration in April 2023. To the extent future ERP or other integration or carve-out activities are required for future acquisitions, divestitures or joint ventures, we could be required to deploy significant resources and attention to these efforts. If we are unable to successfully integrate or carve-out our systems to support critical business operations of acquired or divested businesses or to produce information for business decision-making activities, we could experience a material adverse impact on our business, including increased costs, data integrity and/or cybersecurity risks and an inability to timely and accurately report our financial results.

Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities, increased amortization expenses related to acquired intangible assets and increased operating expenses, any of which could adversely affect our financial condition and results of operations. Furthermore, if we issue equity or debt securities to raise additional funds, our existing shareholders may experience significant dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing shareholders. Furthermore, if we sell a substantial number of shares of common stock in the public markets, the availability of those shares for sale could adversely affect the market price of our common stock. Such sales, or the perception in the market that holders of a large number of shares intend to sell shares, could depress the market price of our common stock and impair our ability to raise capital through the sale of additional equity securities.

We may not be able to successfully implement future restructuring activities or other significant organizational changes.

We have, from time to time, restructured or made other adjustments to our workforce and manufacturing footprint. For example, in 2024 we implemented a restructuring plan to improve operational efficiencies and better align our organizational structure with current business needs, top strategic priorities and key growth opportunities (see Note 5. Asset Impairment, Restructuring and Other Special Charges to the consolidated financial statements for further information).

There are significant costs involved with the execution of restructuring programs or other significant organizational changes, including expenses related to severance, asset impairments and other potential charges. There are also significant risks involved with such changes, including the potential for significant business disruption, diversion of management's time and attention from ongoing operations, loss of human capital talent, temporarily reduced productivity and the risk of failing to achieve some or all of the anticipated benefits of the restructuring or organizational changes. We may need to implement additional restructuring plans or other strategic initiatives in the future in response to market or product changes, performance issues, changes in strategy, acquisitions and/or other internal or external considerations. If we are unable to successfully manage and implement any future restructuring plan, we may not achieve or sustain the expected growth or cost savings benefits of these activities, or do so within the expected timeframe, and in such instance, our financial condition and results of operations could be materially adversely impacted.

Manufacturing problems and capacity imbalances, including at our contract manufacturers, have caused, and may in the future cause, product launch delays, inventory shortages, recalls and/or unanticipated costs.

In order to sell our products, we must be able to produce and ship sufficient quantities to our customers. We own and operate 17 internal manufacturing sites across 10 countries and also employ a network of approximately 130 third-party CMOs. Many of our products involve complex manufacturing processes, are highly regulated and can be, or rely on, inputs that are sole sourced from certain manufacturing sites. Shifting or adding manufacturing capacity can be a lengthy process requiring significant capital expenditures, process modifications and regulatory approvals. Accordingly, unplanned plant shutdowns, manufacturing or quality assurance difficulties, failure or refusal of a supplier or CMO to supply contracted quantities or difficulties in predicting or variability in demand for our products have caused, and may in the future cause, interruption or higher costs in the supply of certain products, product shortages or pauses or discontinuations of product sales in one or more markets. Further, minor deviations in our manufacturing or logistical processes, such as temperature excursions or improper package sealing, could result, and have in the past resulted in, delays, inventory shortages, unanticipated costs, product recalls, product liability and/or regulatory action. In addition, a number of factors could cause production interruptions, including:

- the failure of us or any of our CMOs, vendors or suppliers, including logistical service providers, to comply with applicable regulations and quality assurance guidelines;
- mislabeling;
- construction delays;
- equipment malfunctions;
- shortages of materials;
- labor problems;
- delays in receiving required governmental authorizations or regulatory approvals;
- natural disasters and/or adverse weather conditions;
- power outages;
- criminal and terrorist activities;
- changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements, changes in types of products produced, shipping distributions or physical limitations; and
- the outbreak of any highly contagious diseases.

These interruptions could result in launch delays, inventory shortages, recalls, unanticipated costs or issues with our agreements under which we supply third parties, which may materially adversely affect our business, financial condition and results of operations. Further, global transportation and logistics challenges, cost inflation and tight labor markets have caused, and in the future may cause, delays in and/or increased costs related to the distribution of our products, the construction or acquisition of manufacturing capacity, procurement activity and supplier or contract manufacturer arrangements.

For example, in September 2024 one of our contract manufacturing supply partners, TriRx Speke, entered into trading administration, a formal insolvency process in the U.K. In November 2024, in an effort to minimize supply disruption, we acquired this manufacturing site from TriRx Speke for approximately \$36 million (see Note 4. Acquisitions, Divestitures and Other Arrangements to the consolidated financial statements for further information). In addition to this unanticipated capital outlay, we also expect increased integration and operational costs in 2025 related to operating this site.

In addition, volatility in the overall demand for animal health products in different markets and distribution channels has had, and may continue to have, a number of impacts on our business, including increased costs and disruptions in the supply of our products. Our manufacturing network may be unable to meet the demand for our products, or we may have excess capacity if demand for our products changes. For example, in 2023 we experienced increasing levels of inventory on-hand, in part due to volatility in demand across different markets and distribution channels. In addition to the negative impact on our cash flows, if we are not able to effectively manage the purchase and production of our inventories to match the timing of customer demand, we may face increased costs and the potential for our inventories to become unusable or obsolete.

We have also in the past invested in, and will continue to invest in, improvements to our existing manufacturing facilities and may also invest in new manufacturing plants in the future. For example, we have recently announced a planned \$130 million expansion of our biologics manufacturing facility in Elwood, Kansas to enable further growth of our monoclonal antibody portfolio. These types of projects are subject to risks of delay or cost overruns inherent in any large construction project and require licensing by or approvals from various regulatory authorities. The unpredictability of a product's regulatory or commercial success or failure, the lead time necessary to construct highly technical and complex manufacturing sites and shifting customer demand (including as a result of market conditions or entry of branded or generic competition) increase the potential for capacity imbalances. In addition, construction of sites is expensive, and our ability to recover costs will depend on the market acceptance and success of the products produced at the new sites, which is uncertain. Significant cost overruns or delays in completing these projects could have a material adverse effect on our financial condition and results of operations.

Increased or decreased inventory levels in our distribution channels can lead to fluctuations in our revenues and levels of inventory on-hand.

We sell many of our products to distributors and retailers who, in turn, sell these products to third parties. Inventory levels at our distributors and retailers increase or decrease as a result of various factors, including end customer demand, new customer contracts, heightened competition, required minimum inventory levels, our ability to renew distribution contracts with expected terms, our ability to implement commercial strategies, regulatory restrictions, unexpected customer behavior, proactive measures taken by us in response to shifting market dynamics and procedures and environmental factors beyond our control. These increases and decreases can lead, and have led, to variations in our quarterly and annual revenues. Failure to appropriately anticipate inventory levels in our distribution channels could materially adversely affect our financial condition and results of operations.

We use machine learning and artificial intelligence (AI) in our business, and challenges with properly managing its use could result in operational, competitive or reputational harm and legal liability.

We use AI in multiple ways in our business and continue to expand the use of AI in our operations. Machine learning and AI are new and rapidly evolving technologies, and their use presents a number of operational, compliance and reputational risks. AI algorithms are currently known to sometimes produce unexpected results or behave in unpredictable ways that can generate irrelevant, nonsensical, deficient, factually inaccurate or biased content and results. Accordingly, AI presents emerging operational, legal and ethical issues. If our use of AI becomes controversial, we may experience reputational harm to our brand, competitive harm or legal liability. At the same time, our competitors may incorporate AI into their operations more quickly than we do or with more successful outcomes, which would also harm our business. We also expect there will be new laws or regulations concerning the use of AI technology, which might be burdensome to comply with and may limit our ability to use this technology. We might not be able to attract and retain the talent necessary to support our AI technology initiatives and maintain our systems. Any disruption or failure in our AI systems or those of third parties on whom we rely could result in delays and operational challenges, and the various operational, compliance and reputational issues could materially adversely affect our business, financial condition and results of operations.

We depend on sophisticated information technology (IT) and infrastructure.

We are continuing to enhance a number of our business processes, including our financial reporting and supply chain processes and from whom we obtain IT systems. We have made, and will continue to make, significant configuration, process and data changes within many of the IT systems we use. If our IT systems and processes are not sufficient to support our business and financial reporting functions, or if we fail to properly implement our new business processes, our financial reporting may be delayed or inaccurate and, as a result, our business, financial condition and results of operations may be materially adversely affected. Even if we are able to successfully configure and change our systems, all technology systems, even with implementation of security measures, are vulnerable to disability, failures and cybersecurity risks, including unauthorized access. If our IT systems or our service providers' IT systems were to fail or be breached, this could materially adversely affect our reputation and our ability to perform critical business functions, and sensitive and confidential data could be compromised.

Our business may be negatively affected by weather conditions and the availability of natural resources.

The animal health industry and demand for many of our products in a particular region are affected by weather conditions, including those related to climate change, varying weather patterns and weather-related pressures from pests, such as ticks. As a result, we may experience regional and seasonal fluctuations in our results of operations. For example, in 2024 approximately 70% and 55% of the total revenue for our higher-margin parasiticide products *Seresto* and *Advantage Family*, respectively, was generated in the first half of the year, reflective of the flea and tick season in the Northern Hemisphere. As such, fluctuations in our revenue due to seasonality and/or weather or climate-related factors, many of which are beyond our control, may mean period-to-period comparisons of our results of operations will not necessarily be meaningful.

Farm animal producers depend on the availability of natural resources, including large supplies of fresh water. Their animals' health and their ability to operate could be adversely affected if they experience a shortage of fresh water due to human population growth or floods, droughts or other weather conditions. In the event of adverse weather conditions or a shortage of fresh water, veterinarians or farm animal producers may purchase less of our products. Further, heat waves may cause stress in animals and lead to increased vulnerability to disease, reduced fertility rates and reduced milk production. Droughts may threaten pasture and feed supplies by reducing the quality and amount of forage available to grazing livestock, while climate change may increase the prevalence of parasites and diseases that affect farm animals.

In addition, veterinary hospitals and practitioners depend on visits from, and access to, the animals under their care. Veterinarians' patient volume and ability to operate could be adversely affected if they experience prolonged snow, ice or other severe weather conditions, particularly in regions not accustomed to sustained inclement weather.

We could experience demand, supply and operational challenges associated with the effects of a human disease outbreak, epidemic, pandemic or other widespread public health concern.

Our business has been, and could in the future be, negatively impacted by human disease outbreaks, epidemics, pandemics or other widespread public health concerns. These impacts may include:

- Reductions in demand or significant volatility in demand for one or more of our products, caused by, among other things: the temporary inability of our customers to purchase our products due to illness, quarantine, travel restrictions and/or financial hardship; decreased veterinary visits; farm animal processing plant shutdowns; shifts in demand by trading down to lower priced products; or stockpiling activity;
- Inability to meet customer needs and achieve cost targets due to disruptions in our manufacturing and supply chains caused by labor constraints or an inability to obtain key raw materials, increased transportation costs or other manufacturing and distribution disruptions;

- Failure of third parties on which we rely, including our suppliers, CMOs, distributors, contractors and other external business partners, to meet their obligations, which may be caused by their own financial or operational challenges;
- Limited ability to access the global financial market, which could negatively impact our short-term and long-term liquidity; or
- Significant changes in the political environments in the markets in which we manufacture, sell or distribute our products, including lockdowns, import/export restrictions or other governmental mandates that limit or close operating and manufacturing facilities, restrict travel to perform necessary business functions or otherwise prevent us or our third-party partners, suppliers or customers from sufficiently staffing operations, including operations necessary for the production, distribution and sale of our products.

Despite our efforts to manage and limit these impacts, they will likely ultimately be dependent on factors beyond our control, including the duration and severity of any such outbreak, as well as third-party actions taken to contain its spread and mitigate its effects.

A loss of key personnel or highly skilled employees could disrupt our operations.

Our future success depends partly on the continued service of our highly qualified and well-trained key research, engineering, sales, marketing, manufacturing, executive and administrative personnel. We face intense competition for these qualified personnel from our competitors and others, particularly for certain highly technical specialties in geographic areas where we recruit. Due to this intense competition, we may be unable to continue to attract and retain qualified personnel necessary for the development of our business, or to recruit or identify suitable replacement personnel. If we are unsuccessful in our recruitment and retention efforts, our business may be harmed. In addition, if we fail to effectively manage organizational and/or strategic changes, our financial condition, results of operations and reputation, as well as our ability to successfully attract, motivate and retain key employees, could be harmed.

Our business could be materially adversely affected by labor disputes, strikes or work stoppages.

Some of our employees are members of unions, works councils, trade associations or are otherwise subject to collective bargaining agreements. As a result, we are subject to the risk of labor disputes, strikes, work stoppages and other labor-relations matters in certain jurisdictions. We may be unable to negotiate new collective bargaining agreements on similar or more favorable terms, and we may experience work stoppages, higher ongoing labor costs or other labor problems in the future at our sites. We may also experience difficulty or delays in implementing changes to our workforce in certain markets. Further, labor-related issues, including at our suppliers or CMOs, could cause a disruption of our operations, potentially resulting in cancelled orders by customers or unanticipated inventory accumulation or shortages, which could have a material adverse effect on our business, financial condition and results of operations.

Economic, Market and Financial Risks

We have substantial indebtedness.

We had approximately \$4.3 billion of outstanding indebtedness at December 31, 2024. A significant amount of our cash flows from operations is dedicated to servicing this indebtedness and will not be available for other purposes, including our operating, investing or financing needs. Our ability to make scheduled payments or to refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions, and to certain financial, business, legislative, regulatory or other factors beyond our control. If our cash flows and capital resources are insufficient to fund our debt service obligations, or we are unable to access capital markets for additional financing on terms acceptable to us, we may be forced to reduce or delay investments and capital expenditures, sell assets, seek additional debt or equity financing or seek to restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In such event, we may not be able to execute any such measures on commercially reasonable terms or at all and, even if successful, could still face substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service and other obligations. Further, our debt instruments may restrict our ability to dispose of assets, the use of proceeds from those dispositions and/or our ability to raise debt or equity financing to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations when due.

In addition, repayment of our indebtedness will depend on the generation of cash flow by our subsidiaries, including certain international subsidiaries, and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries may not be able to, or may not be permitted to, make adequate distributions to enable us to make required debt repayments. Each subsidiary is a distinct legal entity and, under certain circumstances, legal, tax and contractual restrictions may limit our ability to obtain cash from them. In the event we are not able to

receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness.

Our high level of indebtedness could have other important consequences, including:

- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, business development or other general corporate requirements;
- increasing our vulnerability to general adverse economic and industry conditions;
- making us more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;
- restricting us from making strategic acquisitions, engaging in development activities or exploiting business opportunities; and
- limiting our flexibility in planning for and reacting to changes in the animal health industry.

Our debt agreements contain restrictions that will limit our flexibility in operating our business.

Our credit facilities contain, and any other existing or future indebtedness of ours would likely contain, a number of covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- incur additional debt, guarantee indebtedness or issue certain preferred shares;
- prepay, redeem or repurchase certain debt;
- pay dividends on or make distributions in respect of, or repurchase or redeem, our capital stock or make other restricted payments;
- make loans or certain investments;
- sell certain assets;
- create liens on certain assets;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into certain transactions with our affiliates; and
- substantially alter the businesses we conduct.

In addition, certain of our credit facilities require us to comply with a net total leverage ratio and a minimum fixed charge coverage ratio under certain circumstances (see Note 8. Debt to the consolidated financial statements for further discussion and descriptions of debt covenants). As a result of these covenants, we are limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. A failure to comply with the covenants under the indenture that governs the senior unsecured notes and credit facilities, or any of our other existing or future indebtedness could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. In an event of default under our credit facilities, it is expected that the lenders:

- will not be required to lend any additional amounts to us;
- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable and terminate all commitments to extend further credit;
- could require us to apply all of our available cash to repay these borrowings; or
- could effectively prevent us from making debt service payments on our senior unsecured notes (due to a cash sweep feature).

Such actions by the lenders could cause cross defaults under our other indebtedness, including our senior unsecured notes. If we were unable to cure any covenant noncompliance, the lenders under our credit facilities and any of our other existing or future secured indebtedness could proceed against the collateral granted to them to secure our credit facilities or such other indebtedness. We have pledged a significant portion of our assets as collateral under our credit facilities.

Changes in our credit ratings could increase our interest expense and restrict our access to, and negatively impact the terms of, current or future financings or trade credit.

Credit rating agencies continually revise their ratings for the companies they follow, including us. Credit rating agencies also evaluate our industry as a whole and may change their credit ratings for us based on their overall view of our industry. We cannot be sure that credit rating agencies will maintain their ratings for us or for certain of our debt. The substantial indebtedness we incurred related to our acquisition of Bayer Animal Health had a negative impact on our credit ratings, leading to higher borrowing expenses. Additionally, S&P, Moody's and Fitch downgraded our credit ratings in 2023. Because the ratings of certain of our senior unsecured notes have been downgraded, we have been required to pay additional interest under these senior unsecured notes. Any further

downgrades could result in requirements to pay additional interest under the 4.900% Senior Notes due 2028. Moreover, any decision to downgrade our ratings could restrict our access to, and negatively impact the terms of, current or future financings and trade credit extended by our suppliers of raw materials or other vendors.

Changes in interest rates may adversely affect our earnings and/or cash flows.

Certain of our credit facilities bear variable interest at the Term SOFR reference rate. Term SOFR measures the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S. Treasury-backed repurchase transactions. Our variable-rate indebtedness is exposed to the risk of rising interest rates. Additionally, the increased interest rate environment, particularly for long-term treasury rates, played a critical role in the goodwill impairment charge we recorded in 2023. Increases in Term SOFR or other benchmark rates, including long-term treasury rates, would expose us to additional interest rate risk, additional expense and the potential for additional future impairments. We are also exposed to the risk of rising interest rates to the extent we fund our operations with short-term or variable-rate borrowings. See Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk for further discussion around our exposure to changes in interest rates.

We may be required to write down goodwill or identifiable intangible assets.

At December 31, 2024, the net carrying value of goodwill and other indefinite-lived intangible assets on our consolidated balance sheet was \$4,414 million and \$291 million, respectively. Other indefinite-lived intangible assets primarily consist of in-process R&D (IPR&D) projects acquired as a part of past business combinations. Under accounting principles generally accepted in the United States (GAAP), we are required to annually assess our goodwill and other indefinite-lived assets for impairment, and more frequently whenever events or changes in circumstances indicate an impairment may have occurred. Determining whether an impairment exists or may have occurred, and the amount of the potential impairment, involves qualitative criteria and quantitative data based on management's estimates and assumptions, which require significant judgment and could change given a change in circumstances, future events or as new information becomes available.

Due principally to the sharp increase in long-term treasury rates in 2023, which led to an increased discount rate assumption relative to prior assessments, we recorded a \$1,042 million pre-tax impairment charge. Future changes in our discount rate assumption, whether driven by increases in long-term treasury rates or other factors, or future changes in other significant assumptions or the use of alternative estimates and assumptions, could expose us to further goodwill impairment losses. Any impairment of goodwill or other indefinite-lived intangible assets could have a material adverse effect on our results of operations in the period(s) when recognized.

We rely on third parties to provide us with products and materials and are subject to increased material costs and potential disruptions in supply.

Feed, fuel, transportation and other key costs for farm animal producers may continue to increase, or animal-derived protein prices or sales may decrease. Either of these trends could cause deterioration in the financial condition of our farm animal product customers, potentially inhibiting their ability to purchase our products or pay us for products delivered. Our farm animal product customers may offset rising costs by reducing spending on our products, including by switching to lower-cost alternatives. In addition, concerns about the financial resources of pet owners could cause veterinarians to alter their treatment recommendations in favor of lower-cost alternatives to our products, which could result in a decrease in sales of our pet health products, especially in countries with higher rates of pet ownership. Rising costs or reduced income for our customers could have a material adverse effect on our business, financial condition and results of operations.

We also rely on third parties to source many of our raw materials and to manufacture products that we distribute. Principal materials used in our manufacturing operations for key brands are typically available from more than one source; however, in certain instances we obtain raw or intermediate materials from a single source. We generally seek to develop an appropriate inventory strategy to fill market demand until an alternative source of supply can be implemented, in the event a supplier becomes unable to provide the required materials or product. However, various developments have led, and may in the future lead, to interruption or shortages in supply (for example, the financial difficulties experienced in 2024 by our contract manufacturing supply partner, TriRx Speke. See "Item 1. Business – Manufacturing and Supply Chain" for further information) until we establish new sources, implement alternative processes, bring new manufacturing facilities online or pause or discontinue product sales in one or more markets. Additionally, we have and may continue to experience cost increases for certain raw materials or other components required to manufacture our products due to increased shipping costs and other inflationary pressures. This may have a material adverse impact on our financial results if we cannot pass on such increases to our customers. Further, the unavailability or delivery delays of raw materials has affected and could continue to affect our ability to ship the related products timely, more severely impacting high-volume or high-margin products.

Our operations are subject to the economic, political, legal and business environments of the countries in which we do business.

Our operations could be limited or disrupted by any of the following:

- volatility in financial markets;
- compliance with governmental controls and sanctions;
- difficulties enforcing contractual and intellectual property rights given variability in the laws of individual countries and their respective practices with respect to enforcement of contractual and intellectual property rights;
- parallel trade in our products (importation of our products from EU countries where our products are sold at lower prices into EU countries where the products are sold at higher prices);
- compliance with a wide variety of laws and regulations, such as the U.S. Foreign Corrupt Practices Act (the FCPA) and similar non-U.S. laws and regulations;
- compliance with labor laws;
- compliance with local, regional and global restrictions on banking and commercial activities in emerging markets;
- burdens to comply with multiple and potentially conflicting foreign laws and regulations, including those relating to EHS requirements and those in emerging markets;
- changes in laws, regulations, government controls or enforcement practices with respect to our business and the businesses of our customers, including the imposition of limits on our profitability;
- political and social instability, including crime, civil disturbance, terrorist activities and armed conflicts and the related government and other entity responses;
- trade restrictions and restrictions on direct investments by foreign entities, including restrictions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury and the EU, in relation to our products or the products of farmers and other customers;
- government limitations on foreign ownership;
- government takeover or nationalization of business;
- changes in tax laws and tariffs;
- imposition of anti-dumping and countervailing duties or other trade-related sanctions;
- costs and difficulties and compliance risks in staffing, managing and monitoring international operations, including in the use of overseas third-party goods and service providers;
- corruption risk inherent in business arrangements and regulatory contacts with foreign government entities;
- longer payment cycles in certain foreign countries and increased exposure to counterparty risk; and
- additional limitations on transferring personal information between countries or other restrictions on the processing of personal information.

In addition, international transactions may involve increased financial and legal risks due to differing legal systems and customs, as well as restrictions and sanctions that may be imposed on one or more jurisdiction. Compliance with these requirements may prohibit the import or export of certain products and technologies or may require us to obtain a license before importing or exporting certain products or technologies. A failure to comply with any of these laws, regulations or requirements could result in civil or criminal legal proceedings, monetary or non-monetary penalties, or both, disruptions to our business, limitations on our ability to import and export products and damage to our reputation. In addition, variations in the pricing of our products between jurisdictions may result in the unauthorized importation or unauthorized re-importation of our products between jurisdictions and may also result in the imposition of anti-dumping and countervailing duties or other trade-related sanctions. While the impact of these factors is difficult to predict, any of them could materially adversely affect our business, financial condition and results of operations. Further, changes in any of these laws, regulations or requirements, or the political environment in a particular country, may affect our ability to engage in business transactions in certain markets, including investment, procurement and repatriation of earnings.

Our results of operations may be adversely affected by foreign currency exchange rate fluctuations.

We operate on a global basis and are exposed to the risk that our earnings, cash flows and equity could be adversely impacted by fluctuations in foreign exchange rates. Because our results are reported in U.S. dollars, we are exposed to foreign currency exchange risk, as the functional currency financial statements of non-U.S. subsidiaries are translated to U.S. dollars for reporting purposes. We are primarily exposed to foreign exchange risk with respect to net assets denominated in the Euro, British pound, Swiss franc, Brazilian real, Australian dollar, Japanese yen, Canadian dollar and Chinese yuan. To the extent revenue and expense transactions are not

denominated in the functional currency, we are also subject to the risk of transaction losses. Given the volatility of exchange rates and despite the mitigating impact of foreign currency forward or option derivative contracts we enter into to reduce the effect of fluctuating currency exchange rates, there is no guarantee we will be able to effectively manage currency transaction and/or translation risks, which could adversely affect our results of operations. See Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk for further discussion around our exposure to potential changes in foreign currency exchange rates.

We have underfunded pension plan liabilities. We will require current and future operating cash flows to fund these shortfalls, reducing the cash available for other uses.

We have certain defined benefit pension plans, predominantly in Germany and Switzerland (see Note 17. Retirement Benefits to the consolidated financial statements for additional discussion around our defined benefit plans). The funded status and net periodic pension cost for these plans can be materially affected by the discount rate used to measure pension obligations, the longevity and actuarial profile of our workforce, the level of plan assets available to fund those obligations and the actual and expected long-term rate of return on plan assets. Significant changes in investment performance or a change in the portfolio mix of invested assets can result in corresponding increases and decreases in the valuation of plan assets or in a change in the expected rate of return on plan assets. As of December 31, 2024, for pension plans with projected benefit obligations in excess of plan assets, the projected benefit obligation was \$334 million with plan assets of \$165 million. Any changes in the discount rate could result in a significant increase or decrease in the valuation of pension obligations, affecting the reported funded status of our pension plans as well as the net periodic pension cost in the following years. Similarly, changes in the expected or actual return on plan assets can result in significant changes in the net periodic pension cost in the following years. In the event we need to make additional cash contributions to these plans, this will divert resources from our operations and may have a material adverse effect on our business, financial condition and results of operations.

We do not anticipate paying dividends on our common stock in the foreseeable future.

We do not anticipate paying any dividends in the foreseeable future on our common stock. We intend to retain all future earnings for the operation and expansion of our business and the repayment of outstanding debt. Certain of our credit facilities contain restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to pay dividends or to make other restricted payments. As a result, capital appreciation, if any, of our common stock may be our shareholders' major source of gain for the foreseeable future. While we may change this policy at some point in the future, we cannot assure you we will make such a change.

We could be negatively impacted by being a target of shareholder activism, causing us to incur significant expense and hinder or disrupt the execution of our business strategy.

While we value constructive input from our investors and regularly engage in dialogue with our shareholders regarding our business strategy and performance, shareholder activism, which takes many forms and arises in a variety of situations, has been increasingly prevalent among publicly traded companies. For example, in 2024 we entered into a cooperation agreement with an investor, pursuant to which we expanded our board of directors by two seats, added two directors originally nominated by the investor and agreed to certain other governance matters. If we become the subject of new or additional forms of shareholder activism, such as proxy contests or hostile bids, the attention of our management and our Board of Directors may be diverted from executing our strategy. Such shareholder activism could give rise to perceived uncertainties as to our future strategy, adversely affect our relationships with business partners and make it more difficult to attract and retain qualified personnel. Responding to unwanted stockholder activism has resulted in and could in the future result in substantial costs, including significant legal fees and other expenses. Our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any shareholder activism.

We may incur additional tax expense or become subject to additional tax exposure.

We are subject to income taxes in the U.S. and numerous other jurisdictions. Future results of operations could be adversely affected by changes in our effective tax rate as a result of a change in the mix of earnings between U.S. and non-U.S. jurisdictions or among jurisdictions with differing statutory tax rates, changes in our overall profitability, changes in tax laws or treaties or in their application or interpretation, changes in tax rates, changes in GAAP, changes in the valuation of deferred tax assets and liabilities, the results of audits and examinations of previously filed tax returns and continuing assessments of our tax exposures. In connection with the Base Erosion and Profit Shifting (BEPS) Integrated Framework provided by the Organization for Economic Cooperation and Development (OECD), the OECD introduced a framework to implement a global minimum corporate tax of 15%, referred to as Pillar Two or the minimum tax directive. Many aspects of the minimum tax directive went into effect in 2024, with certain remaining impacts to become effective in 2025. While it is uncertain whether the U.S. will enact legislation to adopt the minimum tax directive, certain countries in which we operate have adopted legislation, and other countries are in the process of introducing legislation to implement the minimum tax directive. Our analysis is ongoing as the OECD continues to release additional guidance and countries implement legislation. While the adoption of Pillar

Two did not have a material impact to income taxes in 2024, to the extent additional changes take place in the countries in which we operate, it is possible these legislative changes may have an adverse impact on our effective tax rates and the amount of income tax we are required to pay.

We are also subject to the examination of our tax returns and other tax matters by the Internal Revenue Service and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, particularly in the U.S. or other material foreign jurisdictions, or if the ultimate determination of taxes owed is greater than amounts previously accrued, our operating results, cash flows and financial condition could be adversely affected.

Legal and Regulatory Compliance Risks

Our business is subject to substantial regulation.

As a global company, we are subject to various state, federal and international laws and regulations, including regulations relating to the development, quality assurance, manufacturing, importation, distribution, marketing and sale of our products. In addition, our manufacturing facilities, including the manufacturing facilities operated by our CMOs, are subject to periodic inspections by regulatory agencies. An inspection may report conditions or practices that indicate possible violations of regulatory requirements. Our failure, or the failure of third parties we rely on, including CMOs, to comply with applicable regulatory requirements, allegations of such non-compliance or the discovery of previously unknown problems with a product or manufacturer could result in, among other things, inspection observation notices, warning letters or similar regulatory correspondence, fines, a partial or total shutdown of production in one or more of our facilities while an alleged violation is remediated, withdrawals or suspensions of current products from the market and civil or criminal prosecution, as well as decreased sales as a result of negative publicity and product liability claims. Any one of these consequences could materially adversely affect our business, financial condition and results of operations.

In addition, we will not be able to market new products unless and until we have obtained all required regulatory approvals or equivalent notices in each jurisdiction where we plan to market those products. Even after a product reaches market, we may be subject to re-review and may lose our approvals. For example, pending claims have been asserted in a lawsuit against the FDA's approval of *Exterior*, a product launched in 2021. Our failure to obtain approvals, delays in the approval process or our failure to maintain approvals in any jurisdiction, may prevent us from selling products in that jurisdiction until approval or re-approval is obtained, if ever.

In the EU, the Veterinary Medicinal Products Regulation updated the rules related to the authorization and use of veterinary medicines effective January 28, 2022. The updated rules limit the use of antibiotics, tighten importation rules and impose stricter pharmacovigilance standards. This regulation must still be implemented at the member state level and as such, additional requirements may be adopted by individual member states, which would have the effect of increasing the compliance requirements for our business in the EU, with resulting costs.

If the acceptance and/or adoption of our farm animal sustainability initiatives do not continue, our future results may be materially impacted.

We have made significant progress in recent years in gaining acceptance of farm animal sustainability products. However, the degree of acceptance for these products is uncertain, and one or more markets may resist the adoption of new products for the sole purpose of sustainability or in the absence of government subsidies incentivizing such adoption. As a result, there can be no assurance we will be able to expand the use of our sustainability products in these or other markets.

Increased regulation or decreased governmental financial support relating to the raising, processing or consumption of farm animals could reduce demand for our farm animal products.

Companies in the farm animal sector are subject to extensive and increasingly stringent regulations. If farm animal producers are adversely affected by new regulations or changes to existing regulations, they may reduce herd or flock sizes or become less profitable and, as a result, they may reduce their use of our products, which may materially adversely affect our business, financial condition and results of operations. Also, many farm animal producers benefit from governmental subsidies, and if such subsidies were to be reduced or eliminated, these companies may become less profitable and, as a result, may reduce their use of our farm animal products. More stringent regulation of the farm animal sector, including regarding the use of farm animal products, could have a material adverse effect on our business, financial condition and results of operations.

Tariffs, trade protection measures or other modifications of foreign trade policy may harm us or our customers.

Meaningful changes in laws, tariffs, agreements and policies governing international trade in the territories and countries where we and our customers do business could negatively impact us and our customers' businesses and adversely affect our results of operations. Significant trade disruptions, or the establishment or increase of tariffs, trade protection measures or restrictions and/or any retaliatory actions from foreign governments, could result in lost

sales and increased costs. Given the international nature of our supply chain, in certain instances we, our customers or other key business partners depend on suppliers and service providers based in China, Canada, Mexico and other foreign jurisdictions. Tariffs, trade protection measures, import or export regulations or other restrictions imposed or maintained on our current or future products, customers or other key business partners by the United States, China, Canada, Mexico or other countries could have a material adverse effect on our business, financial condition and results of operations.

Additionally, a number of our customers, including customers of our farm animal products, rely on zero or minimal duty benefits provided by trade agreements, such as the U.S.-Mexico-Canada Agreement or most favored nation (MFN) level duties for trans-Atlantic and trans-Pacific trade. However, there is increasing concern that existing trade partnerships, unilateral duties, retaliation and treaties may be modified, which could result in new or increased tariffs or non-tariff barriers to commerce. Additionally, countries are becoming increasingly protectionist in an effort to protect local industries, to advance other policy objectives or to ensure domestic supply chain continuity for key products, such as medicines and nutritional feed additives. Finally, as global security challenges increase, more countries may use sanctions and export controls as a method to deal with such insecurity, which could result in decreased markets for our products or make it more costly to supply our customers.

We may incur substantial costs and receive adverse outcomes in litigation, regulatory investigations and other legal matters.

Litigation matters and regulatory investigations, regardless of their merits or ultimate outcomes, are costly, divert management's attention and may materially adversely affect our reputation and the sale of and demand for our products. We cannot predict with certainty the eventual outcome of pending or future legal matters. An adverse outcome of litigation or legal matters could result in us being responsible for significant damages. Our business, financial condition and results of operations could be materially adversely affected by unfavorable results in pending or future litigation, regulatory investigations and other legal matters including the cost of their defense. These matters may include, among other things, allegations of violation of U.S. and/or foreign competition laws, labor laws, securities laws and regulations, consumer protection laws and environmental laws and regulations, as well as claims or litigation relating to product liability, intellectual property, securities, breach of contract, tort and tax liabilities. For example, shareholder class action lawsuits filed against us in 2020 allege, in part, that we and certain of our executives made materially false and/or misleading statements and/or failed to disclose certain facts about our supply chain, inventory, revenue, projections and our relationships with third party distributors and revenue attributable to those distributors. A new putative securities class action was also filed against us in 2024, along with a related shareholder derivative securities claim, alleging material misstatements or omissions concerning the safety and labeling of *Zenrelia* and the approval and launch timelines for *Zenrelia* and *Credelio Quattro* along with the breach of fiduciary duties regarding those allegations, respectively. We are vigorously defending against the claims made in these and other lawsuits; however, the ultimate resolution cannot be predicted, and the claims raised in these lawsuits may result in further legal matters or actions against us, including, but not limited to, government enforcement actions or additional private litigation.

In addition, changes in the interpretations of laws and regulations to which we are subject, or in legal standards in one or more of the jurisdictions in which we operate, could increase our exposure to liability. For example, in the U.S., attempts have been made to allow damages for emotional distress and pain and suffering in connection with the loss of, or injury to, a pet. If such attempts were successful, our exposure with respect to product liability claims could increase materially.

The actual or purported intellectual property rights of third parties may negatively affect our business.

A third party may sue us, or our distributors or licensors, or otherwise make a claim alleging infringement or other violation of such third-party's patents, trademarks, trade dress, copyrights, trade secrets, domain names or other intellectual property rights. If our distributors, licensors or we do not prevail in this type of litigation, we may be required to:

- pay monetary damages;
- obtain a license in order to continue manufacturing or marketing the affected products, which may not be available on commercially reasonable terms, or at all; and/or
- stop activities, including any commercial activities, relating to the affected products, which could include a recall of the affected products and/or a cessation of sales in the future.

The costs of defending an intellectual property claim could be substantial and could materially adversely affect our business, financial condition and results of operations, even if we successfully defend against such claim. Moreover, even if we believe that we do not infringe a validly existing third-party patent, we may choose to license such patent, which would result in associated costs and obligations. We may also incur costs in connection with an obligation to indemnify a distributor, licensor or other third party.

The intellectual property positions of animal health businesses frequently involve complex legal and factual questions, and an issued patent does not guarantee us the right to practice the patented technology or develop, manufacture or commercialize the patented product. For example, while we generally enter into proprietary information agreements with our employees and third parties, which assign intellectual property rights to us, these agreements may not be honored or may not effectively assign intellectual property rights to us under the local laws of some countries or jurisdictions. We cannot be certain that a competitor or other third party does not have, or will not obtain rights to, intellectual property that may prevent us from manufacturing, developing or marketing certain products, regardless of whether we believe such intellectual property rights are valid and enforceable or we believe we would otherwise be able to develop a more commercially successful product, which may materially adversely affect our business, financial condition and results of operations.

If our intellectual property rights are challenged or circumvented, competitors may be able to take advantage of our R&D efforts or harm the value of our brands.

Our long-term success depends on our ability to market innovative and competitive products. We rely and expect to continue to rely on a combination of intellectual property, including patent, trademark, trade dress, copyright, trade secret and domain name protection, as well as confidentiality and license agreements with our employees and others, to protect our intellectual property and proprietary rights. If we fail to obtain and maintain adequate intellectual property protection, we may not be able to prevent third parties from using our proprietary technologies or from marketing products that are very similar or identical to ours.

Our currently pending or future patent applications may not result in issued patents, or may not be approved on a timely basis, if at all. Similarly, any term extensions we seek may not be approved on a timely basis, if at all. In addition, our issued patents, or any patents that may be issued in the future, may not contain claims sufficiently broad to protect us against third parties with similar technologies or products or provide us with any competitive advantage, including exclusivity in a particular product area.

The validity and scope of our patent claims also may vary between countries, as individual countries have their own patent laws. For example, some countries only permit the issuance of patents covering a novel chemical compound itself, and its first use, and thus further methods of use for the same compound may not be patentable. The validity, enforceability, scope and effective term of patents can be highly uncertain and often involve complex legal and factual questions and proceedings that vary based on the local law of the relevant jurisdiction. Our ability to enforce our patents also depends on the laws of individual countries and each country's practice with respect to enforcement of intellectual property rights. Patent protection must be obtained on a jurisdiction-by-jurisdiction basis, and we only pursue patent protection in countries where we think it makes commercial sense for the given product. In addition, if we are unable to maintain our existing license agreements or other agreements pursuant to which third parties grant us rights to intellectual property, including because such agreements terminate, our business, financial condition and results of operations could be materially adversely affected.

Patent law reform in the U.S. and other countries may also weaken our ability to enforce our patent rights or make such enforcement financially unattractive. Such reforms could result in increased costs to protect our intellectual property or limit our ability to obtain and maintain patent protection for our products in these jurisdictions. Additionally, patent reforms may include compulsory licensing that may be granted by governments in the case of national emergencies, which could diminish or eliminate sales and profits from those regions and materially adversely affect our financial condition and results of operations.

Our trademarks and brands may provide us with a competitive advantage in the market as they may be known or trusted by consumers. In order to maintain the value of such brands, we must be able to enforce and defend our trademarks. We have pursued, and will continue to pursue, the registration of trademarks and service marks in the U.S. and internationally; however, enforcing rights against those who knowingly or unknowingly dilute or infringe our brands can be difficult. Effective trademark, service mark, trade dress or related protections may not be available in every country in which our products and services are available. Enforcement is especially difficult in first-to-file countries where "trademark squatters" can prevent us from obtaining adequate protections for our brands. There can be no assurance that the steps we have taken and will take to protect our proprietary rights in our brands and trademarks will be adequate or that third parties will not infringe, dilute or misappropriate our brands, trademarks, trade dress or other similar proprietary rights.

Many of our products are based on or incorporate proprietary information. We actively seek to protect our proprietary information, including our trade secrets and proprietary know-how, by generally requiring our employees, consultants, other advisors and other third parties to execute proprietary information and confidentiality agreements upon the commencement of their employment, engagement or other relationship. Despite these efforts and precautions, we may be unable to prevent a third party from copying or otherwise obtaining and using our trade secrets or other intellectual property without authorization, and legal remedies may not adequately compensate us for the damages caused by such unauthorized use. Further, others may independently and lawfully develop substantially similar or identical products that circumvent our intellectual property by means of alternative designs or processes or otherwise.

The illegal distribution and sale by third parties of counterfeit or illegally compounded versions of our products or of stolen, diverted or relabeled products could have a negative impact on our reputation and business.

Third parties may illegally distribute and sell counterfeit or illegally compounded versions of our products that do not meet the exacting standards of our development, manufacturing and distribution processes. Counterfeit or illegally compounded medicines pose a significant risk to animal health and safety because of the conditions under which they are manufactured and the lack of regulation of their contents. Counterfeit or illegally compounded products are frequently unsafe or ineffective and can be potentially life-threatening to animals. Our reputation and business could suffer harm as a result of counterfeit or illegally compounded products which are alleged to be equivalent and/or which are sold under our brand name(s). In addition, products stolen or unlawfully diverted from inventory, warehouses, plants or while in transit; products which are not properly stored or which have an expired shelf life; and/or products which have been repackaged or relabeled and sold through unauthorized channels, could adversely impact animal health and safety, our reputation and our business. In recent years we have expanded our business more into direct to retailer and e-commerce channels, which may increase the risk of counterfeiting of our products. Public loss of confidence in the integrity of vaccines and/or pharmaceutical products as a result of counterfeiting, illegal compounding or theft could have a material adverse effect on our business, financial condition and results of operations.

The misuse or off-label use of our products may harm our reputation or result in financial or other damages.

Our products have been approved for use under specific circumstances for the treatment of certain diseases and conditions in specific species. There may be increased risk of product liability claims if veterinarians, farm animal producers, pet owners or others attempt to use our products off-label, including the use of our products in species (including humans) for which they have not been approved. Furthermore, the use of our products for indications other than those for which our products have been approved may not be effective, which could harm our reputation and lead to an increased risk of litigation. If we are deemed by a governmental or regulatory agency to have engaged in the promotion of any of our products for off-label use, such agency could request that we modify our training or promotional materials and practices, and we could be subject to significant fines and penalties. The imposition of these sanctions could also affect our reputation and position within the industry. Any of these events could materially adversely affect our business, financial condition and results of operations.

Unanticipated safety, quality or efficacy concerns or identified concerns associated with our products may harm our reputation and have an adverse impact on our performance.

Unanticipated safety, quality or efficacy concerns arise from time to time with respect to animal health products, whether or not scientifically or clinically supported, potentially leading to product recalls, withdrawals or suspended or declining sales, as well as product liability and other claims. Regulatory actions based on these types of safety, quality or efficacy concerns could impact all, or a significant portion, of a product's sales. For example, in May 2024 the EMA's CVMP recommended suspending the marketing authorization for our Kexxtone™ product for cattle, with the VMD (U.K.) similarly following this recommendation in July. Since this time we have been working on corrective measures to regain market authorization in these jurisdictions; however, we have not yet done so, and will be unable to sell Kexxtone again in these markets until we do.

Additionally, lawsuits seeking actual damages, injunctive relief and/or restitution for allegedly deceptive marketing were filed against us arising out of the use of Seresto, a non-prescription flea and tick collar for cats and dogs, based on media reports alleging that the collar caused injury and death to pets. In 2023, the EPA announced the completion of its comprehensive, multi-year review of the Seresto flea and tick collar and confirmed the continued registration of the collar. However, if any similar claims with respect to our products are resolved adversely to us, or if a regulatory agency determines that a recall or cancellation of registrations of any of our products is necessary, such action could cause harm to our reputation, reduce our product sales, result in monetary penalties and other costly remedies against us, and could therefore have a material adverse effect on our business, financial condition and results of operations.

We also depend on positive perceptions of the safety, quality and efficacy of our products, and animal health products in general, by food producers, veterinarians and pet owners. Any concern as to the safety, quality or efficacy of our products, whether actual or perceived, may harm our reputation. These concerns and the related harm to our reputation could materially adversely affect our business, financial condition and results of operations, regardless of whether such reports are accurate.

Our insurance policies may be insufficient to protect against all potential hazards or litigation claims.

We rely on a combination of insurance and self-insurance, and changes in predictions, assumptions and interpretations could affect our operations. Insurance policies include limits and may be insufficient to protect against all potential hazards and risks or litigation claims. Our product liability insurance policy may not fully cover

our potential liabilities. In addition, we may determine that we should increase our coverage, and this insurance may be prohibitively expensive to us, our collaborators or our licensees and may not fully cover our potential liabilities.

Breaches of our IT systems or improper disclosure of confidential company or personal data, or a failure to comply with privacy laws, regulations and our contractual obligations concerning data privacy or the security of certain information, could have a material adverse effect on our reputation and operations.

We rely on IT systems to process, transmit and store electronic information in our day-to-day operations, including customer, employee and company data. The secure processing, maintenance and transmission of this information is critical to our operations. In addition, the legal environment surrounding information security, storage, use, processing, transmission, maintenance, disclosure and privacy is demanding with the frequent imposition of new and changing regulatory requirements.

We store, process and transmit certain information with third parties, including the use of cloud technologies. Our information systems and those of our third-party vendors are subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other cyber-attacks and are also vulnerable to improper or inadvertent staff behavior and an increasing threat of continually evolving cybersecurity risks, including through the use of rapidly evolving AI technology to identify and exploit vulnerabilities. Any potential cyber breach could result in the unauthorized access, public disclosure, loss or theft of confidential data, or unauthorized access to, disruption of or interference with our operations that rely on information systems. Such breach could also have negative consequences, such as increased costs for security measures or remediation costs, and diversion of management attention (see Item 1C. Cybersecurity for further discussion of our risk management, strategy and governance policies and procedures related to cybersecurity).

We are increasingly dependent on our IT systems as many of our office workers who work partially or primarily remotely, rely on third-party applications to perform their job duties and are processing information through our network via their home networks, which may be less secure. As such, our ability to effectively manage our business depends on the security, reliability and adequacy of our technology systems and data and the ability of our employees to follow our cybersecurity policies and protocols.

Any actual or perceived access, disclosure or other loss of information or any significant breakdown, intrusion, interruption, cyber-attack or corruption of customer, employee or company data, or our failure to comply with federal, state, local and foreign privacy laws or contractual obligations with customers, vendors, payment processors and other third parties, could result in legal claims or proceedings, liability under laws or contracts that protect the privacy of personal information, regulatory penalties, disruption of our operations and damage to our reputation, all of which could materially adversely affect our business, financial condition and results of operations. While we will continue to implement additional protective measures to reduce the risk of and detect cyber-incidents, cyber-attacks are becoming more sophisticated and frequent, and the techniques used in such attacks change rapidly. Our protective measures may not protect us against attacks, and such attacks could have a significant impact on our business and reputation. The costs imposed on us as a result of a cyber-attack or network disruption could be significant. Among others, such costs could include increased expenditures on cybersecurity measures, litigation, regulatory investigations, fines and sanctions, lost revenues from business interruption, damage to our reputation and public perception and significant remediation costs. As a result, a cyber-attack or network disruption could have a material adverse effect on our business, financial condition and results of operations.

We are subject to complex EHS laws and regulations.

We are subject to various federal, state, local and foreign EHS laws and regulations. These laws and regulations govern matters such as the emission and discharge of hazardous materials into the ground, air or water; the generation, use, storage, handling, treatment, packaging, transportation, exposure to and disposal of hazardous and biological materials, including recordkeeping, reporting and registration requirements; and the health and safety of our employees. Due to our operations, these laws and regulations also require us to obtain and comply with, permits, registrations or other authorizations issued by governmental authorities. These authorities can modify or revoke our permits, registrations or other authorizations and can enforce compliance through fines and injunctions.

Given the nature of our business, we have incurred, are currently incurring and may in the future incur liabilities for the investigation and remediation of contaminated land under the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or under other federal, state, local and foreign environmental cleanup laws, with respect to our current or former sites, adjacent or nearby third-party sites or offsite disposal locations. We could be subject to liability for the investigation and remediation of legacy environmental contamination caused by historical industrial activity at sites we own or on which we operate. The costs associated with future cleanup activities that we may be required to conduct or finance could be material. Additionally, we may become liable to third parties for damages, including for personal injury, property damage and natural resource damages, resulting from the disposal or release of hazardous materials into the environment. Such liability could materially adversely affect our business, financial condition and results of operations.

Our failure to comply with the EHS laws and regulations to which we are subject, including any permits issued thereunder, may result in environmental remediation costs, loss of permits, fines, penalties or other adverse governmental or private actions, including regulatory or judicial orders enjoining or curtailing operations or requiring corrective measures, installation of pollution control equipment or remedial measures. We could also be held liable for any and all consequences arising out of human exposure to hazardous materials, environmental damage or significant EHS issues that might arise at a manufacturing or R&D facility. Environmental laws and regulations are complex, change frequently, have tended to become more stringent and stringently enforced over time and may be subject to new interpretation. It is possible that our costs of complying with current and future EHS laws, and our liabilities arising from past or future releases of, or exposure to, hazardous materials could materially adversely affect our business, financial condition and results of operations.

We may be unable to achieve our goals and aspirations set forth in our ESG report(s), particularly with respect to the reduction of greenhouse gas (GHG) emissions, or otherwise meet the expectations of our stakeholders with respect to ESG matters.

Regulatory agencies have shown concern over the impact of animal health products and farm animal operations on the environment. This regulatory scrutiny has in the past and may in the future necessitate that additional time and resources be spent to address these concerns in both new and existing products. Additionally, there has been a focus from our shareholders, as well as regulatory authorities both within the U.S. and internationally, on ESG practices and disclosures, including expanding mandatory and voluntary reporting of GHG emissions and other sustainability metrics, such as waste reduction, use of natural resources including energy, human capital and risk oversight.

We have announced certain aspirations and goals related to ESG matters, such as our intention to reduce certain GHG emissions over time. Achievement of these aspirations, plans and goals is subject to numerous risks and uncertainties, many of which are outside of our control. It is possible we may be unsuccessful in the achievement of our ESG goals, on a timely basis or at all, or that the costs to achieve our goals become prohibitively expensive. Further, some jurisdictions have adopted laws and other regulations that may subject companies operating in those jurisdictions to legal liability for failing to meet published goals. At the same time, our stakeholders have evolving, varied and sometimes conflicting expectations regarding many aspects of our business, including our operations and ESG-related matters. If we fail or are perceived to fail, in any number of ESG matters, such as environmental stewardship, IDEA, good corporate governance, workplace conduct and support for local communities, or to effectively respond to changes in, or new, legal, regulatory or reporting requirements concerning climate change or other sustainability concerns, we may be subject to regulatory fines and penalties, and our reputation may suffer.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Our business relies on IT systems to process, transmit and store electronic information, including customer, employee and company data. The secure processing, maintenance and transmission of this information, including information housed both within an internal IT system or with a third-party and cloud-based environments, is critical to our operations. Each of the systems utilized in our business operations is subject to continually evolving cybersecurity risks and threats that present a risk to the continuity of our business operations, potential financial losses and damage to our reputation, including a loss of public trust.

Risk Management, Strategy and Governance

Given the importance of the integrity and security of the information and data utilized in our day-to-day operations, our processes for assessing, identifying and managing material risks from cybersecurity threats is incorporated into our overall enterprise risk management framework. We evaluate cybersecurity risks on an ongoing basis, and both our executive management and Board of Directors have an overall responsibility for assessing and managing risks from cybersecurity threats. We have established an information security team which is structured into three areas, that all report directly to our Chief Information Security Officer (CISO): 1) Governance, Risk and Compliance; 2) Architecture; and 3) Operations (Detect and Respond). Our information security team is responsible for the design and execution of our cybersecurity risk management and helps executive management and our Board of Directors stay informed about and monitor the prevention, detection, mitigation and remediation of cybersecurity risks and incidents through various means, including but not limited to, briefings with internal security team members, threat intelligence obtained from public and private sources and alerts and reports produced by security tools deployed within our IT environment. Our current CISO, who reports directly to our Chief Information Officer (CIO), has over 17

years of experience in various roles involving information technology governance and compliance, including cybersecurity, engineering and enterprise architecture, while our CIO has over 25 years of IT and cybersecurity experience. Our information security team includes professionals with relevant industry, educational and cybersecurity experience.

Governance, Risk and Compliance: Our approach to cybersecurity governance, risk and compliance is based on overarching guidelines, standards and best practices developed by the U.S. National Institute of Standards and Technology (NIST), a department of the U.S. Department of Commerce. Our information security governance oversees the process of coordinating the cybersecurity team(s) responsible for the mitigating of business risks posed by IT-related resources. Our governance framework of authority and accountability ensures prioritized initiatives have the required structure, sponsorship and funding to appropriately address the foreseen risks. Risk management includes an assessment of the risks posed to us by an IT solution, including cloud hosted and/or other third-party environments and systems. Our processes also address cybersecurity risks associated with our use of third-party service providers, including those in our supply chain or who have access to our client or employee data on our systems. In addition, cybersecurity considerations affect the selection and oversight of third-party service providers. We perform diligence on third parties, particularly those that have access to our systems, data or facilities that house such systems or data, and continually monitor cybersecurity threat risks identified through such diligence.

Our risk management process assesses both the probable frequency and probable magnitude of future loss based on a variety of potential risks and cyber events. The information security team also periodically engages third-party vendors to assist with our cyber threat detection and response actions, as well as to ensure our processes related to information security and defense against cybersecurity threats are appropriately designed and implemented to best prevent, detect and/or respond to a cyber threat or event.

Architecture: Our information security architecture is focused on designing IT-related solutions that are foundationally secure. Our information security architecture assumes that internal and external threats always exist, and that all networks are inherently hostile. Accordingly, all connections accessing business assets must first be authenticated and authorized. Where viable, IT services are individually secured and monitored at the source, following the principle of least privilege.

Operations (Detect and Respond): In the event of a cybersecurity incident, the Elanco Information Security Incident Response Plan (ISIRP) defines the roles, responsibilities, procedures and reporting processes required to respond effectively to cybersecurity incidents. Responses to information security incidents are led by two teams: 1) the Security Operations Center (SOC) team, which conducts the initial technical triage and analysis, and 2) a cross-functional team of leaders from the IT, Legal, Human Resources and Finance functions (the Cyber Lead team), which is engaged by the CISO on an as needed basis, based on incident severity. The Cyber Lead team is tasked with confirming the severity of a cybersecurity incident and bringing together the proper resources to lead the corporate-wide response to such incidents, including engaging the Company's Disclosure Committee, in the event an incident may rise to a level deemed material to us. In the event an incident is escalated by the Cyber Lead team, the Disclosure Committee, led by our Chief Financial Officer and General Counsel, would evaluate all estimable quantitative and qualitative factors, to determine if a Current Report on Form 8-K would be required under Item 1.05, "Material Cybersecurity Incidents."

For the year ended December 31, 2024, we have not identified any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. For more information on potential risks related to cybersecurity threats and incidents, please see "Item 1A. Risk Factors – Breaches of our IT systems or improper disclosure of confidential company or personal data, or a failure to comply with privacy laws, regulations and our contractual obligations concerning data privacy or the security of certain information, could have a material adverse effect on our reputation and operations."

Management's Responsibilities

Management is responsible for executing the Cybersecurity Risk Management, Strategy and Governance policies outlined above. This is done, in part, by both establishing systems, processes and controls to minimize the risk of a high severity cybersecurity incident as much as possible, as well as ensuring there is a formal process designed to identify, investigate and appropriately respond to potential cybersecurity incidents. As noted, we have established our ISIRP as a response tool in the event of a cybersecurity incident. The ISIRP documents the actionable steps the SOC team, information security leadership and cross-functional stakeholders and partners take when a cybersecurity incident is identified. The ISIRP covers the preparation, detection and analysis, containment, eradication, recovery and post-incident activities required to effectively respond to an incident.

Once a cybersecurity incident has been identified, the SOC team performs an initial investigation to determine if the incident is deemed high or low severity, based upon the business and operational impacts. Any incident deemed high severity would result in notification by the CISO to the Cyber Lead team to determine the appropriate actions to be taken. This determination would be made by the Cyber Lead team based on both qualitative and quantitative

factors regarding the extent and magnitude of the incident. If the incident is then escalated to the Disclosure Committee and determined to be material, a disclosure via a Current Report on Form 8-K would be made within four business days of the incident being identified as such. Our Board of Directors would also be notified of any high severity incidents that are determined to be material, concurrently with the notification to the Disclosure Committee, and would be kept apprised of actions taken in response to such incidents.

Our information security team is also responsible for cybersecurity awareness and education across the company, including our Board of Directors. Awareness empowers users, including our employees and contractors, to be mindful of cybersecurity in day-to-day situations. Our cybersecurity education practices help ensure specific users have the appropriate security skills and competencies to help prevent and/or detect and respond to a cyber threat. Formal training is delivered and measured throughout our organization on a routine, ongoing basis, and dedicated training is delivered to all new employees and contractors through our onboarding process. Targeted and company-wide communications, as well as simulated phishing campaigns and tabletop exercises are also routinely executed to promote ongoing awareness, preparation and education about cyber threats.

Board of Directors' Responsibilities

Our Board of Directors actively oversees our cybersecurity management processes, including appropriate risk mitigation strategies, systems, processes and controls. Our CISO meets with the Audit Committee of the Board of Directors and separately with the full Board of Directors at least twice annually to discuss the status of policies and procedures related to information security. Discussions with the Audit Committee and the full Board of Directors focus on any notable incidents and incident responses, updates on known or perceived cyber threats and the information security team's recent actions taken in response to such incidents and threats. In addition, our Board of Directors and the Audit Committee also receive updates from the CISO and/or our CIO on an ad-hoc or as-requested basis. Any incidents or changes to our process of identifying and responding to potential cybersecurity incidents would be included within these materials. According to our ISIRP, our Board of Directors would also be notified of any high severity incidents deemed material, simultaneously with the notification to the Disclosure Committee, and would be kept apprised of actions taken in response to such incidents.

ITEM 2. PROPERTIES

The address of our global headquarters is currently 2500 Innovation Way, Greenfield, IN 46140. We plan to relocate our global headquarters to a new office building in Indianapolis, Indiana, with occupancy expected in 2025.

Our global manufacturing network is comprised of 17 manufacturing sites. Our largest manufacturing site is located in Clinton, Indiana. Our global manufacturing network is also supplemented by approximately 130 CMOs.

We have R&D operations co-located with certain of our manufacturing sites to facilitate the efficient transfer of production processes from our laboratories to manufacturing. In addition, we maintain R&D operations at non-manufacturing locations in the U.S., Germany, Australia, Brazil, China, India and Switzerland. Our R&D headquarters is currently located in Greenfield, Indiana and will relocate to Indianapolis, Indiana when we relocate our global headquarters, expected in 2025.

We own or lease various additional properties for other business purposes, including office space, warehouses and logistics centers. We believe our existing properties, as supplemented by CMOs, are adequate for our current requirements and our operations in the near future.

ITEM 3. LEGAL PROCEEDINGS

Information pertaining to certain legal proceedings is provided in "Item 8. Financial Statements and Supplementary Data — Note 16: Commitments and Contingencies" and is incorporated by reference herein.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

On September 20, 2018, our common stock began trading on the New York Stock Exchange under the symbol "ELAN."

Holders

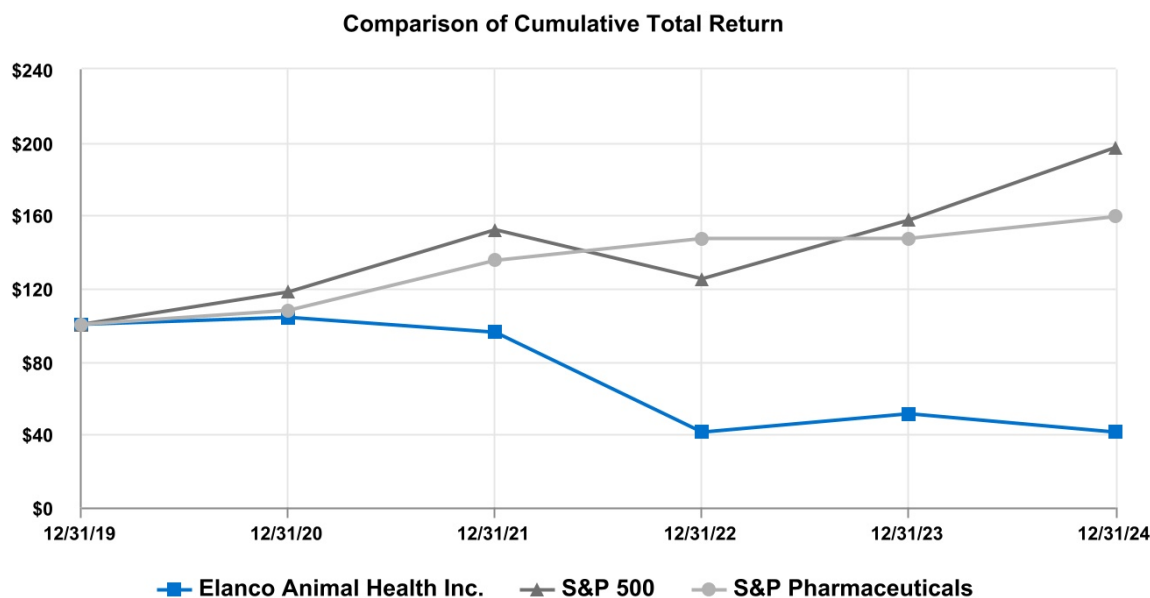
There were 184 holders of record of our common stock as of February 20, 2025. This does not include the number of shareholders who hold shares of our common stock through banks, brokers or other financial institutions.

Dividend Policy

We do not anticipate paying dividends on our common stock in the foreseeable future; however, we may change our dividend policy at any time.

Performance Graph

The following graph compares the return on Elanco's common stock with that of the S&P 500 Stock Index and the S&P 500 Pharmaceuticals Index over the five-year period ended on December 31, 2024. The graph assumes that \$100 was invested on December 31, 2019, in Elanco common stock, the S&P 500 Index and the S&P 500 Pharmaceuticals Index. The graph measures total shareholder return, which takes into account both stock price and dividends. It assumes that dividends paid by a company are reinvested in that company's stock.



	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024
Elanco Animal Health Inc.	\$ 100.00	\$ 104.14	\$ 96.37	\$ 41.49	\$ 50.59	\$ 41.12
S&P 500 Index	100.00	118.39	152.34	124.73	157.48	196.88
S&P 500 Pharmaceuticals Index	100.00	107.53	135.21	146.65	147.13	159.21

ITEM 6. (RESERVED)

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

Management's discussion and analysis of financial condition and results of operations (MD&A) is intended to assist the reader in understanding and assessing significant changes and trends related to our results of operation and financial position. This discussion and analysis should be read in conjunction with the consolidated financial statements and accompanying footnotes in Item 8 of Part II of this Form 10-K. Certain statements in this Item 7 of Part II of this Form 10-K constitute forward-looking statements. Various risks and uncertainties, including those discussed in "Forward-Looking Statements and Risk Factor Summary" and Item 1A. "Risk Factors," may cause our actual results, financial position and cash flows to differ materially from these forward-looking statements.

Business Overview

Elanco is a global leader in animal health, dedicated to innovating and delivering products and services to prevent and treat disease in farm animals and pets. Our diverse, durable product portfolio is sold in more than 90 countries and serves animals across many species, primarily: dogs and cats (collectively, pet health) and cattle, poultry, swine, sheep and, prior to the divestiture of our aqua business in July 2024 (see below), aqua (collectively, farm animal). With a heritage dating back to 1954, we consistently innovate to improve the health of animals and to benefit our customers while fostering an inclusive, cause-driven culture for our employees. We operate our business in a single segment, directed at advancing the well-being of animals, people and the planet, enabling us to realize our vision of Food and Companionship Enriching Life.

Our diverse product portfolio of approximately 200 brands helps make us a trusted partner to pet owners, veterinarians and farm animal producers. Our products are generally sold worldwide to third-party distributors and independent retailers and directly to farm animal producers and veterinarians. In recent years, we have expanded our omnichannel presence in both the veterinary clinic and in retail markets, including e-commerce.

Product Development and Regulatory Update

A key element of our targeted value creation strategy is to drive revenue growth through portfolio development and product innovation. We continue to pursue the development of new chemical and biological molecules, as well as additional registrations and indications for current products. Our future growth and success depend on both our pipeline of new products, including new products we develop internally, develop with partners or that we obtain through licenses or acquisitions, and the life cycle management of our existing products. We believe we are an industry leader in animal health R&D, with a track record of successful product innovation, business development and commercialization. New product development and regulatory highlights during 2024 included the following:

Bovaer: In May 2024, the FDA completed its comprehensive, multi-year review of *Bovaer* (3-NOP), a first-in-class methane-reducing feed ingredient for use in lactating dairy cattle. Producers began feeding the product to cattle in the U.S. during the third quarter of 2024.

Zenrelia: We received final FDA approval for *Zenrelia*, a JAK inhibitor targeting control of pruritus and atopic dermatitis in dogs, in September 2024. We launched *Zenrelia* shortly after final approval, with the first sales occurring in late September. We have also received approval for *Zenrelia* in Brazil, Canada and Japan. Additional reviews are ongoing in other key markets, including Europe, U.K. and Australia.

Credelio Quattro: In October 2024, we received final approval from the FDA for *Credelio Quattro*, a monthly chewable tablet for dogs that protects against fleas, ticks, heartworms, roundworms, hookworms and three different species of tapeworms. *Credelio Quattro* was launched, with the first commercial sale occurring in January 2025.

Exporior: In October 2024, we received multiple combination clearance approvals from the FDA for *Exporior* to be used in combination with other farm animal products, allowing for broader use in heifers, which represent nearly 40% of the fed cattle population in the U.S.

Other Key Trends and Factors Affecting Our Results of Operations

Aqua Business Divestiture: On July 9, 2024, we closed the sale of our aqua business to a subsidiary of Merck Animal Health, for \$1,294 million in cash. We utilized a vast majority of these proceeds to repay previously outstanding term loan debt, thereby reducing our leverage and expected future interest expense. Our aqua business included products across both warm-water and cold-water species and generated revenue of \$81 million in 2024, through the divestiture date, and \$175 million in 2023. Strategically, this divestiture has allowed us to prioritize our investments in larger markets with greater long-term earnings potential.

Assets sold included inventories, real property and equipment, including our manufacturing sites in Canada and Vietnam, and certain intellectual property, technology and other intangible assets, including marketed products.

Along with these assets, approximately 280 commercial and manufacturing employees were transferred to Merck Animal Health as part of this divestiture. We recorded a pre-tax gain on divestiture of \$640 million, while income tax expense associated with this gain was approximately \$170 million, a majority of which is payable in 2025. See Note 4. Acquisitions, Divestitures and Other Arrangements to the consolidated financial statements for further information.

Acquisition and Integration Activity: In November 2024, we acquired a manufacturing facility in Speke, U.K., including its workforce and related assets such as inventory and property and equipment, from a former contract manufacturing supply partner, TriRx Speke Ltd (TriRx Speke), for \$36 million.

In 2023, we acquired certain U.S. marketed products, pipeline products, inventory and an assembled workforce from NutriQuest, LLC (NutriQuest) and certain assets including inventory and distribution rights for certain marketed products from NutriQuest Nutricao Animal Ltda (NutriQuest Brazil). Additionally, we successfully completed the integration of the Bayer Animal Health business into our ERP system, including the build out of processes and systems to support our global organization. See Note 4. Acquisitions, Divestitures and Other Arrangements and Note 5. Asset Impairment, Restructuring and Other Special Charges to the consolidated financial statements for further information on these acquisition and integration activities.

Restructuring Activities: In February 2024, our Board of Directors authorized a restructuring plan (the restructuring plan) to improve operational efficiencies and better align our organizational structure with current business needs, top strategic priorities and key growth opportunities. Specifically, the restructuring plan was intended to reallocate resources by shifting international resources from farm animal to pet health as we plan for the global launches of certain potential blockbuster products. Further, the restructuring plan impacted how we operate in and sell into the Argentina market, among others, reducing our foreign currency exposure in those markets.

We incurred \$44 million of charges associated with the restructuring plan in 2024, the majority relating to cash-based severance costs. The restructuring plan is expected to result in annualized net savings of \$30 to \$35 million. See Note 5. Asset Impairment, Restructuring and Other Special Charges to the consolidated financial statements for further information.

Results of Operations

The following discussion and analysis of the consolidated statements of operations should be read along with the consolidated financial statements and the notes thereto included in *Item 8. Financial Statements and Supplementary Data*. For results of operations discussions related to the years ended December 31, 2023 and 2022, refer to Item 7 of Part II in our [Annual Report on Form 10-K for the year ended December 31, 2023](#), filed with the SEC on February 26, 2024. Our results of operations for the periods presented below may not be comparable with prior periods or with our results of operations in the future due to many factors, including but not limited to the factors identified in the "Product Development and Regulatory Update" and "Other Key Trends and Factors Affecting Our Results of Operations" discussions above.

(Dollars in millions)	Year Ended December 31,		
	2024	2023	% Change
Revenue	\$ 4,439	\$ 4,417	—%
Costs, expenses and other:			
Cost of sales	2,003	1,931	4%
% of revenue	45 %	44 %	
Research and development	344	327	5%
% of revenue	8 %	7%	
Marketing, selling and administrative	1,314	1,285	2%
% of revenue	30 %	29%	
Amortization of intangible assets	527	548	(4)%
Asset impairment, restructuring and other special charges	150	127	18%
Goodwill impairment	—	1,042	NM
Gain on divestiture	(640)	—	NM
Interest expense, net of capitalized interest	235	277	(15)%
Other expense, net	18	75	(76)%
Income (loss) before income taxes	488	(1,195)	NM
Income tax expense	150	36	NM
Net income (loss)	\$ 338	\$ (1,231)	NM

Certain amounts and percentages may reflect rounding adjustments.

NM - Not meaningful

Revenue

Our products are sold in more than 90 countries, and as a result, a significant portion of our revenue is recorded in currencies other than the U.S. dollar. Because of this, our revenue is influenced by changes in foreign currency exchange rates. For the years ended December 31, 2024 and 2023, approximately 53% and 51%, respectively, of our revenue was denominated in foreign currencies.

Further, increases or decreases in inventory levels in our distribution channels can positively or negatively impact our periodic revenue results, leading to variations in revenue. This can be a result of various factors, such as end customer demand, new customer contracts, heightened and generic competition, the need for certain inventory levels, our ability to renew distribution contracts with expected terms, our ability to implement commercial strategies, regulatory restrictions, unexpected customer behavior, proactive measures taken by us in response to shifting market dynamics, payment terms we extend, which are subject to internal policies, blackout shipping periods due to system downtime, implementations and integrations and procedures and environmental factors beyond our control.

Our revenue by product category for the years ended December 31, 2024 and 2023, was as follows:

(Dollars in millions)	Revenue		% of Total Revenue		\$ Change	% Change
	2024	2023	2024	2023		
Pet Health	\$ 2,143	\$ 2,104	48 %	48 %	\$ 39	2 %
Farm Animal	2,250	2,271	51 %	51 %	(21)	(1)%
Contract Manufacturing and Other ⁽¹⁾	46	42	1 %	1 %	4	10 %
Total	<u>\$ 4,439</u>	<u>\$ 4,417</u>	<u>100 %</u>	<u>100 %</u>	<u>\$ 22</u>	<u>— %</u>

Note: Numbers may not add due to rounding

(1) Represents revenue from arrangements in which we manufacture products on behalf of a third party and royalty revenue.

The effects of price, foreign currency exchange rates, volume changes and the impact of the divestiture of our aqua business on changes in revenue for the year ended December 31, 2024, as compared to the prior year, were as follows:

(Dollars in millions)	Revenue	Price	FX Rate	Volume	Divestiture	Total
Pet Health	\$ 2,143	3%	—%	(1)%	—%	2%
Farm Animal	2,250	2%	(1)%	2%	(4)%	(1)%
Contract Manufacturing and Other	46					10%
Total	<u>\$ 4,439</u>	<u>3%</u>	<u>(1)%</u>	<u>—%</u>	<u>(2)%</u>	<u>—%</u>

Pet health revenue increased \$39 million, or 2%, driven by a 3% increase in pricing, partially offset by slightly lower volumes. Volume decreases were primarily due to competitive pressure on certain products in the U.S. veterinary channel and purchasing patterns of certain over-the-counter (OTC) products by U.S. retailers. These decreases were partially offset by revenue from new products and improved demand for retail parasiticide products in certain European markets, including Spain.

Farm animal revenue decreased \$21 million, or 1%, driven by the divestiture of our aqua business in July 2024, which we estimate resulted in a decrease of \$84 million in revenues year-over-year, and to a lesser degree the impact of foreign currency exchange rates. Partially offsetting these decreases were a 2% increase in pricing and higher volumes for our non-aqua products. Volume increases of non-aqua products were driven by strength in U.S. cattle, led by *Exterior* and *Rumensin*, and strength in poultry sales globally, partially offset by weakness in global swine markets, volume declines associated with our previous strategic decisions to change how we operate in and sell into certain international markets, including Argentina, and the impact from the European recall of *Kexxtone*, which occurred during the second quarter of 2024.

Cost of Sales

(Dollars in millions)	Year Ended December 31,		
	2024	2023	% Change
Cost of sales	\$ 2,003	\$ 1,931	4 %
% of revenue	45 %	44 %	

Cost of sales increased \$72 million in 2024 as compared to 2023, and cost of sales as a percentage of revenue increased from 44% to 45% year-over-year. These increases were due to a combination of inflation, planned reduced throughput at certain manufacturing sites and product mix associated with the divestiture of our aqua business, partially offset by increased pricing.

Research and Development

(Dollars in millions)	Year Ended December 31,		
	2024	2023	% Change
Research and development	\$ 344	\$ 327	5 %
% of revenue	8 %	7 %	

R&D expenses increased \$17 million, or 5%, in 2024 compared to 2023, primarily driven by higher employee-related expenses and timing of project costs.

Marketing, Selling and Administrative

(Dollars in millions)	Year Ended December 31,		
	2024	2023	% Change
Marketing, selling and administrative	\$ 1,314	\$ 1,285	2 %
% of revenue	30 %	29 %	

Marketing, selling and administrative expenses increased \$29 million, or 2%, in 2024 compared to 2023, primarily driven by higher advertising and employee-related expenses and investments supporting our global pet health business, partially offset by cost savings associated with the completion of our ERP system integration in the second quarter of 2023 and the restructuring plan that was authorized and initiated in the first quarter of 2024.

Amortization of Intangible Assets

(Dollars in millions)	Year Ended December 31,		
	2024	2023	% Change
Amortization of intangible assets	\$ 527	\$ 548	(4) %

Amortization of intangible assets decreased \$21 million in 2024 compared to 2023. This decrease was primarily driven by changes in foreign currency exchange rates and the elimination of amortization related to our aqua business intangible assets, which met the criteria to be classified as held for sale on February 1, 2024, at which date amortization of these intangible assets ceased. See Note 4. Acquisitions, Divestitures and Other Arrangements to the consolidated financial statements for further information.

Asset Impairment, Restructuring and Other Special Charges

(Dollars in millions)	Year Ended December 31,		
	2024	2023	% Change
Asset impairment, restructuring and other special charges	\$ 150	\$ 127	18 %

Amounts recorded to asset impairment, restructuring and other special charges during the year ended December 31, 2024, included a \$53 million impairment charge related to the write-off of a pet health IPR&D asset, \$44 million of costs associated with the restructuring plan discussed above, \$18 million of acquisition and divestiture-related charges, primarily associated with our aqua business divestiture, and \$15 million of asset impairments tied to the financial difficulties of our former contract manufacturing supply partner, TriRx, the largest of which was a \$12 million impairment of a contract asset related to a favorable supply agreement.

Amounts recorded to asset impairment, restructuring and other special charges during the year ended December 31, 2023, primarily represented \$93 million of costs associated with the implementation of new systems, programs and processes due to the integration of Bayer Animal Health and \$32 million of asset impairment charges. For additional information regarding our asset impairment, restructuring and other special charges, see Note 5. Asset Impairment, Restructuring and Other Special Charges to the consolidated financial statements.

Goodwill Impairment

(Dollars in millions)	Year Ended December 31,		
	2024	2023	% Change
Goodwill impairment	\$ —	\$ 1,042	NM

As previously disclosed, there was a sharp increase in long-term treasury rates during the third quarter of 2023, and as a result, we assessed our long-lived assets, including goodwill, for impairment. Due principally to an increased discount rate assumption, which was driven by the sharp increase in long-term treasury rates, our quantitative goodwill impairment test resulted in a \$1,042 million pre-tax impairment charge. For additional information, see Note 11. Goodwill and Intangibles to the consolidated financial statements.

Gain on divestiture

(Dollars in millions)	Year Ended December 31,		
	2024	2023	% Change
Gain on divestiture	\$ (640)	\$ —	NM

As discussed above, we recorded a pre-tax gain of \$640 million on the divestiture of our aqua business during the third quarter of 2024. For additional information, see Note 4. Acquisitions, Divestitures and Other Arrangements to the consolidated financial statements.

Interest Expense, Net of Capitalized Interest

(Dollars in millions)	Year Ended December 31,		
	2024	2023	% Change
Interest expense, net of capitalized interest	\$ 235	\$ 277	(15)%

Interest expense, net of capitalized interest decreased \$42 million in 2024 compared to 2023, primarily due to lower average outstanding debt balances given our debt repayment activity in the current year (see Note 8. Debt to the consolidated financial statements for further information), as well as increased interest income from our net investment hedges, which we record as contra-interest expense, net of capitalized interest (see Note 9. Financial Instruments to the consolidated financial statements for further information). These decreases were partially offset by a \$12 million non-cash charge in 2024 related to the write-off of previously deferred financing costs, given our early debt repayments.

Other Expense, Net

(Dollars in millions)	Year Ended December 31,		
	2024	2023	% Change
Other expense, net	\$ 18	\$ 75	(76)%

Other expense, net for the year ended December 31, 2024, primarily consisted of foreign currency exchange losses and an \$8 million write-down of the retained equity interest in our previously divested BiomEdit R&D platform (see Note 4. Acquisitions, Divestitures and Other Arrangements to the consolidated financial statements for further information). Other expense, net for the year ended December 31, 2023, primarily consisted of foreign currency exchange losses of \$50 million and settlement provisions of \$15 million related to the Seresto class action lawsuit and \$12.5 million for a possible resolution or settlement with the SEC related to potential disclosure claims, which was ultimately settled in 2024 for \$15 million, with the increase in the provision recorded within other expense, net in 2024 (see Note 16. Commitments and Contingencies to the consolidated financial statements for further information).

Foreign currency exchange losses were lower in 2024 in large part due to the restructuring plan actions in the current year, which impacted how we operate in and sell into the Argentina market, among others, reducing our foreign currency exposure in these markets.

Income Tax Expense

(Dollars in millions)	Year Ended December 31,		
	2024	2023	% Change
Income tax expense	150	36	NM
Effective tax rate	31 %	(3)%	

Income tax expense was \$150 million in 2024 compared to \$36 million in 2023. Income tax expense in 2024 included approximately \$170 million related to income tax associated with the taxable gain on the divestiture of our aqua business. Our effective tax rate of 31% in 2024 differed from the statutory income tax rate primarily due to the income tax associated with the gain on the divestiture of our aqua business, jurisdictional earnings mix of income in higher tax jurisdictions and losses for which no tax benefit was recognized. These factors were partially offset by our ability to realize certain net operating loss carryforwards and other tax attributes, which had historically been offset by a valuation allowance, due to the gain on the sale of our aqua business, and the recognition of certain state tax credits.

The negative effective tax rate in 2023 differed from the statutory income tax rate primarily due to the recognition of the goodwill impairment charge recognized in 2023 that was non-deductible for income tax purposes in most of the impacted jurisdictions, as well as an increase in our valuation allowance, primarily attributable to the likelihood of not realizing the benefit of U.S. federal and state deferred tax assets due to pre-tax losses.

Liquidity and Capital Resources

Our primary sources of liquidity are cash on hand, cash flows from operations and funds available under our credit facilities. As a significant portion of our business is conducted internationally, we hold a significant portion of cash outside the U.S. We monitor and adjust the amount of foreign cash based on projected cash flow requirements. Our ability to use foreign cash to fund cash flow requirements in the U.S. may be impacted by local regulations and, to a lesser extent, the income taxes associated with transferring cash to the U.S. We intend to indefinitely reinvest substantially all foreign earnings for continued use in our foreign operations. As our business evolves, we may change that strategy, particularly to the extent we identify tax efficient reinvestment alternatives for our foreign earnings or change our cash management strategy.

We believe our primary sources of liquidity are sufficient to fund our short-term and long-term existing and planned capital requirements, which include working capital obligations, funding existing marketed and pipeline products, capital expenditures, business development in our targeted areas, short-term and long-term debt obligations, including both principal and interest payments, as well as interest rate swaps, operating lease payments, purchase obligations and costs associated with mergers, acquisitions, divestitures, business integrations and/or restructuring activities. As of December 31, 2024, we had cash and cash equivalents of \$468 million and unused borrowing capacity on our Revolving Credit Facility of approximately \$750 million. In addition, our Securitization Facility provides for additional borrowing capacity based on our U.S. Net Eligible Receivables Balances. As of December 31, 2024, we had \$125 million in undrawn borrowing capacity on this facility. We also have the ability to access capital markets to obtain debt financing for longer-term funding, if required. Further, we believe we have sufficient cash flow and liquidity to remain in compliance with our debt covenants.

We made \$1,600 million of term loan debt repayments during the year ended December 31, 2024, utilizing the vast majority of the proceeds from the sale of our aqua business, a portion of the proceeds from our new \$350 million Incremental Term Facility due 2031 and available cash on hand. We also repaid \$200 million, net on our Revolving Credit Facility and \$25 million, net on our Securitization Facility. Combined, these net repayments of \$1,475 million during 2024 have significantly reduced our leverage and anticipated future interest expense.

Our ability to meet future funding requirements may be impacted by macroeconomic, business and financial volatility. As market conditions change, we will continue to monitor our liquidity position. However, a challenging economic environment or an economic downturn may impact our liquidity or ability to obtain future financing. See "Item 1A. Risk Factors - We have substantial indebtedness."

Cash Flows

The following table provides a summary of cash flows from operating, investing and financing activities for the years ended December 31, 2024 and 2023:

(in millions)	2024	2023	\$ Change
Net cash provided by (used for):			
Operating activities	\$ 541	\$ 271	\$ 270
Investing activities	1,158	(169)	1,327
Financing activities	(1,492)	(83)	(1,409)
Effect of exchange rate changes on cash and cash equivalents	(91)	(12)	(79)
Net increase in cash and cash equivalents	\$ 116	\$ 7	\$ 109

Operating Activities

Cash provided by operating activities increased \$270 million to \$541 million for the year ended December 31, 2024, compared to \$271 million for the year ended December 31, 2023. The increase in cash provided by operating activities was driven by year-over-year improvements in changes in operating assets and liabilities, partially offset by a decrease of \$52 million of cash proceeds from interest rate swap settlements year-over-year.

Investing Activities

Cash provided by investing activities was \$1,158 million for the year ended December 31, 2024, and was driven by cash proceeds of \$1,294 million from the sale of our aqua business in July 2024, and to a lesser extent, the collection of a \$66 million receivable related to the previous divestiture of our Shawnee and Speke facilities. These proceeds from investing activities were partially offset by \$147 million of net purchases of property and equipment and software and \$36 million of cash paid for the acquisition of the Speke facility (see Note 4. Acquisitions, Divestitures and Other Arrangements to the consolidated financial statements for additional information on current and prior year acquisition and divestiture activities). Cash used for investing activities of \$169 million during the year ended December 31, 2023, primarily related to \$140 million of cash paid for property and equipment and software and \$19 million paid for our acquisitions of NutriQuest and NutriQuest Brazil.

Financing Activities

Cash used for financing activities was \$1,492 million for the year ended December 31, 2024, compared to \$83 million for the year ended December 31, 2023. In 2024, we repaid \$1,600 million of term loan debt, \$200 million, net on our Revolving Credit Facility and \$25 million, net on our Securitization Facility. These debt repayments were partially offset by proceeds of \$350 million from the issuance of our Incremental Term Facility due 2031 in August 2024. Cash used for financing activities during 2023 primarily reflected the repayment of our previously outstanding 4.272% Senior Notes due 2023, partially offset by \$200 million of net borrowings on our Revolving Credit Facility and \$125 million of net borrowings on our Securitization Facility. See Note 8. Debt to the consolidated financial statements for further information related to our debt related borrowing and repayment activity.

Capital Expenditures

Capital expenditures, which we define as cash paid for property and equipment and software, were \$147 million during 2024, an increase of \$7 million compared to 2023. We anticipate capital expenditures in 2025 to be approximately \$225 million to \$255 million. This anticipated increase in capital expenditures in 2025 compared to recent years is due, in part, to expected capital spend associated with the expansion of our monoclonal antibody manufacturing facility in Elwood, Kansas.

Description of Indebtedness

For a complete description of our debt and available credit facilities as of December 31, 2024, see Note 8. Debt to the consolidated financial statements.

Contractual Obligations

Our contractual obligations and commitments as of December 31, 2024, are primarily comprised of long-term debt obligations, operating leases, including a 25-year lease commitment that will commence in 2025 for our new corporate headquarters in Indianapolis, Indiana, and purchase obligations. Our long-term debt obligations are comprised of our expected principal and interest obligations. Purchase obligations consist of open purchase orders as of December 31, 2024, and contractual payment obligations with significant vendors which are noncancelable and not contingent. These obligations are primarily short-term in nature. See Note 13. Leases to the consolidated financial statements for further discussion regarding our contractual obligations related to leases, including for our new corporate headquarters in Indianapolis, Indiana.

Critical Accounting Estimates

The preparation of financial statements in accordance with GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures at the date of the financial statements and during the reporting period. Certain of our accounting estimates are considered critical because they are the most important to the fair presentation of our financial statements, including the disclosures thereto, and often require significant, difficult or complex judgments, probabilities and assumptions. While we believe our critical accounting estimates to be reasonable based on all relevant information available, given their inherent uncertainty, if our estimates and assumptions are not representative of actual outcomes, our results could be materially impacted. We regularly evaluate our estimates and assumptions and adjust them when facts and circumstances indicate the need for change, and such changes generally would be reflected in our consolidated financial statements in the period they are determined. We apply estimation methodologies consistently from year to year. The following is a summary of accounting estimates that we consider critical to our consolidated financial statements.

Revenue Recognition

Our gross product revenue is subject to reductions that are generally estimated and recorded in the same period the revenue is recognized and primarily represent revenue incentives (rebates and discounts). For estimates related to revenue incentives, we use our historical experience with similar incentives programs, current sales data and estimates of inventory levels at our channel distributors to estimate the impact of such programs on revenue and continually monitor the impact of this experience and adjust as necessary.

Although the amounts recorded for revenue reductions are dependent on estimates and assumptions, historically our adjustments to actual results have not been material. The sensitivity of our estimates can vary by program, type of customer and geographic location. Amounts recorded for revenue reductions can result from a complex series of judgments about future events and uncertainties and can rely on estimates and assumptions. If any of our ratios, factors, assessments, experiences or judgments are not indicative or accurate predictors of our future experience, our results could be materially affected.

See Note 2. Summary of Significant Accounting Policies and Note 3. Revenue to the consolidated financial statements for further discussion regarding our revenue recognition policy and quantitative information regarding our rebate programs, respectively.

Acquisitions and Divestitures

Acquisitions

We account for assets acquired and liabilities assumed in a business combination based on their respective fair values as of the acquisition date. The excess of the purchase price over the fair value of the acquired net assets, where applicable, is recorded as goodwill. The judgments made in determining estimated fair values assigned to assets acquired and liabilities assumed, as well as estimated asset lives, can materially affect our consolidated results of operations. The fair values of intangible assets are determined using information available at the acquisition date based on expectations and assumptions that are deemed reasonable by management. These fair value estimates require significant judgment with respect to future revenues and earnings before interest and taxes (EBIT) margins, use of working capital, the selection of appropriate discount rates, product mix, income tax rates and other assumptions and estimates. Such estimates and assumptions are determined based upon our business plans and, when applicable, market participants' views of us and similar companies. We often utilize an income approach, which is a valuation technique that provides an estimate of fair value based on market participant expectations of the cash flows an asset would generate over its remaining useful life. For significant acquisitions, we normally engage an independent valuation specialist to assist in valuing significant assets and liabilities.

Divestitures

Determining the gain or loss on the divestiture of a business under GAAP requires us to allocate a portion of our single reporting unit's goodwill to the divested business' carrying value (the disposal group). The determination of how much goodwill to allocate to a disposal group is based on the relative fair value of the business being sold and the fair value of the remaining reporting unit being retained, which in the case of Elanco, is our remaining consolidated business.

In determining the amount of goodwill to be included in our aqua business disposal group, we compared the fair value of the disposal group, which we determined corresponded with the agreed upon sales price, to the estimated fair value of our single reporting unit as a whole. We estimated the fair value of our single reporting unit using the income approach. Significant management judgment was required in estimating the fair value of our single reporting unit, including, but not limited to, estimates and assumptions regarding future cash flows of our single reporting unit, revenue growth and other profitability measures, such as gross margin and earnings before interest, taxes, depreciation and amortization (EBITDA) margin and the determination of an appropriate discount rate. While we believe the estimates and assumptions underlying our fair value estimates were reasonable in view of all available information, significant changes to any of these significant judgments could have resulted in a different amount of goodwill allocated to our aqua business disposal group, and if so, would have impacted the amount of the pre-tax gain recognized.

Impairment of Goodwill and Indefinite-Lived Assets

Goodwill is not amortized but is reviewed at least annually for impairment during the fourth quarter, or more frequently if there is a significant change in events or circumstances that indicates the fair value of our single reporting unit is more likely than not less than its carrying amount (a "triggering event"). When required, a comparison of fair value to the carrying amount of our reporting unit is performed to determine the amount of impairment, if any. We begin by assessing qualitative factors to determine whether it is more likely than not that the fair value of our single reporting unit is less than its carrying value. Based on that qualitative assessment, if we conclude it is more likely than not that the fair value is less than its carrying value, we conduct a quantitative impairment test, which involves comparing the estimated fair value of our single reporting unit to its carrying value. For quantitative goodwill impairment tests, when required, we estimate the fair value of our single reporting unit using an income approach. If the carrying value of the reporting unit exceeds its estimated fair value, we recognize an impairment loss for the difference. Significant management judgment is required in estimating our reporting unit's fair value and in the creation of forecasts of future operating results to be used in the discounted cash flow method of the income approach valuation. These include, but are not limited to, estimates and assumptions regarding our future cash flows, revenue growth rates and other profitability measures such as gross margin and EBITDA margin; and the determination of an appropriate discount rate.

Given the sharp increase in long-term treasury rates in the third quarter of 2023, we assessed our long-lived assets for impairment, concluding that a triggering event existed for certain indefinite-lived assets, including goodwill. Accordingly, we performed interim quantitative impairment tests of our goodwill and other indefinite-lived assets, which resulted in a \$1,042 million pre-tax goodwill impairment charge. We have closely monitored for additional triggering events since this impairment charge, and the results of our most recent annual review indicated that the estimated fair value of our single reporting unit more likely than not exceeded its carrying amount.

While we believe the estimates and assumptions underlying our annual goodwill impairment review in the fourth quarter of 2024 were reasonable in view of all available information, these assumptions are subject to change in future periods because of, among other things, reductions in our estimates of future cash flows, revenue growth or other profitability measures, and/or an increase in the discount rate, which is highly correlated with long-term

treasury rates. We have observed long-term treasury rates increase since our annual goodwill impairment review. While we believe, as of December 31, 2024, the current rate environment does not represent a triggering event, based on our best estimates we believe a further 50 basis-point increase in long-term treasury rates could result in a triggering event, and therefore, a quantitative goodwill impairment test. While we cannot say with certainty whether or not such a quantitative test would result in a goodwill impairment, we do believe a 100 basis-point increase, absent any other changes, would likely result in a goodwill impairment charge.

Similar to goodwill, indefinite-lived intangible assets are also reviewed for impairment at least annually during the fourth quarter, or more frequently if there is a triggering event. We also typically use an income approach when estimating the fair value of our indefinite-lived intangible assets, which primarily represent IPR&D acquired from prior business combinations. During the years ended December 31, 2024, 2023 and 2022, we recorded asset impairments related to our indefinite-lived intangibles of \$56 million, \$6 million and \$59 million, respectively. For more information related to our indefinite-lived asset impairment charges, see Note 5. Asset Impairment, Restructuring and Other Special Charges and Note 11. Goodwill and Intangibles to the consolidated financial statements.

Deferred Tax Asset Valuation Allowances

We maintain valuation allowances unless it is more likely than not that all of the deferred tax asset will be realized. Changes in valuation allowances are typically included in our tax provision in the period of change. In determining whether a valuation allowance is warranted, we evaluate factors such as prior earnings history, expected future earnings, carryback and carryforward periods of tax attributes, availability of taxable temporary differences and tax strategies that could potentially enhance the likelihood of realization of a deferred tax asset. The realizability assessments made at a given balance sheet date are subject to change in the future, particularly if earnings of a subsidiary are significantly higher or lower than expected, or if we take operational or tax planning actions that could impact the future taxable earnings of a subsidiary. A change in these assumptions may result in an increase or decrease in the realizability of our existing deferred tax assets, and therefore a change in the valuation allowance, in future periods. In making such judgments, significant weight is given to evidence that can be objectively verified.

As of December 31, 2024 and 2023, we had valuation allowances of \$269 million and \$363 million, respectively. In recent years we have incurred pre-tax losses in the U.S. primarily as a result of impairments and transaction, restructuring, integration and other costs. As a result, we have concluded that it is "more likely than not" that a portion of the U.S. deferred assets will not be utilized, and have recorded valuation allowances of \$218 million and \$289 million, respectively, against these deferred tax assets. Under current tax laws, the valuation allowance will not limit our ability to utilize U.S. deferred tax assets provided we can generate sufficient future taxable income in the U.S. We anticipate we will continue to record a valuation allowance against the losses until such time as we are able to determine it is "more likely than not" that the deferred tax asset will be realized.

Recently Issued Accounting Pronouncements

For discussion of our new accounting standards, see "Item 8. Financial Statements and Supplementary Data — Note 2. Summary of Significant Accounting Policies."

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

We operate on a global basis and are exposed to the risk that our earnings, cash flows and equity could be adversely impacted by fluctuations in foreign currency exchange rates. We are exposed to foreign currency exchange risk as the functional currency financial statements of non-U.S. subsidiaries are translated to U.S. dollars. We are also subject to foreign currency transaction gains and losses to the extent revenue and expense transactions are not denominated in the functional currency of a subsidiary. We are primarily exposed to foreign currency exchange risk with respect to net assets denominated in the Euro, British pound, Swiss franc, Brazilian real, Australian dollar, Japanese yen, Canadian dollar and Chinese yuan.

Additionally, we generally identify hyperinflationary markets as those markets whose cumulative inflation rate over a three-year period exceeds 100%. We have applied hyperinflationary accounting for our Argentina and Turkey subsidiaries since 2018 and 2022, respectively, and as a result, have changed their functional currencies to the U.S. dollar. During the years ended December 31, 2024 and 2023, revenue in Argentina and Turkey each represented less than 1% of our consolidated revenue, and assets held in Argentina and Turkey at December 31, 2024 and 2023, each represented less than 1% of our consolidated assets.

In February 2024 our Board of Directors authorized a restructuring plan that, among other strategic decisions, resulted in a change in how we operate in and sell into the Argentina market, reducing our foreign currency exposure with respect to the Argentine peso. In spite of this, and while the application of hyperinflationary accounting for our subsidiaries in Argentina and Turkey did not have a material impact on our business during the year ended December 31, 2024, we may in the future incur significant currency devaluations, which could have a material adverse impact on our results of operations.

We frequently enter into foreign exchange forward or option contracts to reduce the effect of fluctuating currency exchange rates. Gains and losses on these instruments are recorded within other expense, net, and offset, in part, the impact of currency fluctuations on the underlying foreign currency denominated assets and liabilities. A hypothetical 10 percent adverse change in exchange rates applied to the fair values of our outstanding foreign exchange forward and option contracts as of December 31, 2024, would result in an additional unrealized loss of approximately \$55 million.

We also have a series of cross-currency fixed interest rate swaps to help mitigate the impact of currency fluctuations on our operations in Switzerland. Gains or losses related to these instruments due to spot rate fluctuations are recorded as cumulative translation adjustments (CTA) as a component of other comprehensive income (loss). Gains and losses will remain in accumulated other comprehensive income (loss) until either the sale or substantial liquidation of the hedged subsidiary. If the U.S. dollar were to weaken against the Swiss franc by 10%, the amount of unrealized loss recorded in CTA related to these cross-currency fixed interest rate swaps as of December 31, 2024, would increase by approximately \$125 million. This hypothetical unrealized loss would be expected to be offset by a corresponding foreign currency translation gain from our investment in our Swiss subsidiary.

Interest Risk

At December 31, 2024, we held interest rate swap agreements with a notional value of \$2,800 million that had the economic effect of modifying this amount of our variable-rate debt to fixed-rate. We also held forward-starting interest rate swap agreements with a combined notional amount of \$850 million, which will become effective in 2026. When including the variable-rate converted to fixed-rate through the use of interest rate swaps, as of December 31, 2024, approximately 82% of our long-term indebtedness bore interest at a fixed rate. We estimate that a hypothetical 1.0% increase in the applicable Term SOFR benchmark rates throughout 2024 would have resulted in an increase in our interest expense, net of capitalized interest, of approximately \$12 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Elanco Animal Health Incorporated Consolidated Statements of Operations (in millions, except per-share data)

	Year Ended December 31,		
	2024	2023	2022
Revenue	\$ 4,439	\$ 4,417	\$ 4,411
Costs, expenses and other:			
Cost of sales	2,003	1,931	1,913
Research and development	344	327	321
Marketing, selling and administrative	1,314	1,285	1,265
Amortization of intangible assets	527	548	528
Asset impairment, restructuring and other special charges	150	127	183
Goodwill impairment	—	1,042	—
Gain on divestiture	(640)	—	—
Interest expense, net of capitalized interest	235	277	241
Other expense, net	18	75	32
	<u>3,951</u>	<u>5,612</u>	<u>4,483</u>
Income (loss) before income taxes	488	(1,195)	(72)
Income tax expense	150	36	6
Net income (loss)	<u>\$ 338</u>	<u>\$ (1,231)</u>	<u>\$ (78)</u>
Earnings (loss) per share:			
Basic	\$ 0.68	\$ (2.50)	\$ (0.16)
Diluted	\$ 0.68	\$ (2.50)	\$ (0.16)
Weighted-average shares outstanding:			
Basic	494.0	492.3	488.3
Diluted	497.3	492.3	488.3

See notes to consolidated financial statements.

Elanco Animal Health Incorporated
Consolidated Statements of Comprehensive Loss
(in millions)

	Year Ended December 31,		
	2024	2023	2022
Net income (loss)	\$ 338	\$ (1,231)	\$ (78)
Other comprehensive (loss) income:			
Cash flow hedges, net of taxes	(20)	(125)	157
Foreign currency translation, net of taxes	(487)	293	(419)
Defined benefit plans, net of taxes	2	(42)	79
Other comprehensive (loss) income, net of taxes	(505)	126	(183)
Comprehensive loss	<u>\$ (167)</u>	<u>\$ (1,105)</u>	<u>\$ (261)</u>

See notes to consolidated financial statements.

Elanco Animal Health Incorporated
Consolidated Balance Sheets
(in millions, except share data)

	December 31, 2024	December 31, 2023
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 468	\$ 352
Accounts receivable, net	805	842
Other receivables	81	168
Inventories	1,574	1,735
Prepaid expenses and other	287	310
Total current assets	3,215	3,407
<i>Noncurrent Assets</i>		
Goodwill	4,414	5,094
Other intangibles, net	3,681	4,494
Other noncurrent assets	311	341
Property and equipment, net	993	1,026
Total assets	\$ 12,614	\$ 14,362
Liabilities and Equity		
<i>Current Liabilities</i>		
Accounts payable	\$ 296	\$ 270
Employee compensation	177	157
Sales rebates and discounts	332	367
Current portion of long-term debt	44	38
Other current liabilities	466	409
Total current liabilities	1,315	1,241
<i>Noncurrent Liabilities</i>		
Long-term debt	4,277	5,736
Accrued retirement benefits	175	184
Deferred taxes	449	567
Other noncurrent liabilities	302	411
Total liabilities	6,518	8,139
<i>Commitments and Contingencies</i>		
<i>Equity</i>		
Common stock, 5,000,000,000 shares authorized, no par value; 494,445,839 and 492,845,216 shares issued and outstanding as of December 31, 2024 and 2023, respectively	—	—
Additional paid-in capital	8,817	8,777
Accumulated deficit	(1,950)	(2,288)
Accumulated other comprehensive loss	(771)	(266)
Total equity	6,096	6,223
Total liabilities and equity	\$ 12,614	\$ 14,362

See notes to consolidated financial statements.

Elanco Animal Health Incorporated
Consolidated Statements of Equity
(in millions)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss				Total Equity
	Shares	Amount			Cash Flow Hedges	Foreign Currency Translation	Defined Benefit Plans	Total	
December 31, 2021	473.1	\$ —	\$ 8,696	\$ (979)	\$ 25	\$ (253)	\$ 19	\$ (209)	\$ 7,508
Net loss	—	—	—	(78)	—	—	—	—	(78)
Other comprehensive income (loss), net of taxes	—	—	—	—	157	(419)	79	(183)	(183)
Stock-based compensation activity, net	1.1	—	42	—	—	—	—	—	42
December 31, 2022	474.2	—	8,738	(1,057)	182	(672)	98	(392)	7,289
Net loss	—	—	—	(1,231)	—	—	—	—	(1,231)
Other comprehensive income (loss), net of taxes	—	—	—	—	(125)	293	(42)	126	126
Stock-based compensation activity, net	1.4	—	39	—	—	—	—	—	39
Conversion of tangible equity units (TEUs) into common stock	17.2	—	—	—	—	—	—	—	—
December 31, 2023	492.8	—	8,777	(2,288)	57	(379)	56	(266)	6,223
Net income	—	—	—	338	—	—	—	—	338
Other comprehensive (loss) income, net of taxes	—	—	—	—	(20)	(487)	2	(505)	(505)
Stock-based compensation activity, net	1.6	—	40	—	—	—	—	—	40
December 31, 2024	494.4	\$ —	\$ 8,817	\$ (1,950)	\$ 37	\$ (866)	\$ 58	\$ (771)	\$ 6,096

See notes to consolidated financial statements.

Elanco Animal Health Incorporated
Consolidated Statements of Cash Flows
(in millions)

	Year Ended December 31,		
	2024	2023	2022
Cash Flows from Operating Activities			
Net income (loss)	\$ 338	\$ (1,231)	\$ (78)
Adjustments to reconcile net income (loss) to cash flows from operating activities:			
Depreciation and amortization	662	694	682
Goodwill impairment	—	1,042	—
Deferred income taxes	(112)	(80)	(57)
Stock-based compensation expense	55	46	59
Asset impairment and write-down charges	81	32	81
Gain on divestiture	(640)	—	—
Loss on extinguishment of debt	—	—	20
Proceeds from interest rate swap settlements	5	57	207
Other non-cash operating activities, net	3	11	—
Other changes in operating assets and liabilities, net of acquisitions and divestitures:			
Receivables	12	(40)	14
Inventories	44	(160)	(269)
Other assets	11	(6)	(109)
Accounts payable and other liabilities	82	(94)	(98)
Net Cash Provided by Operating Activities	541	271	452
Cash Flows from Investing Activities			
Net purchases of property and equipment and software	(147)	(140)	(171)
Purchases of intangible assets	(14)	(14)	(13)
Cash paid for acquisitions	(41)	(19)	—
Proceeds from aqua business divestiture	1,294	—	—
Proceeds from sale of Shawnee and Speke facilities	66	—	13
Other investing activities, net	—	4	(8)
Net Cash Provided by (Used for) Investing Activities	1,158	(169)	(179)
Cash Flows from Financing Activities			
Proceeds from Revolving Credit Facility	50	350	563
Repayments of Revolving Credit Facility	(250)	(150)	(813)
Proceeds from Securitization Facility	170	250	—
Repayments of Securitization Facility	(195)	(125)	—
Proceeds from issuance of long-term debt	350	—	425
Repayments of long-term borrowings	(1,600)	(402)	(677)
Funding related to construction of corporate headquarters	—	—	(15)
Other financing activities, net	(17)	(6)	(32)
Net Cash Used for Financing Activities	(1,492)	(83)	(549)
Effect of exchange rate changes on cash and cash equivalents	(91)	(12)	(17)
Net increase (decrease) in cash and cash equivalents	116	7	(293)
Cash and cash equivalents at January 1	352	345	638
Cash and cash equivalents at December 31	\$ 468	\$ 352	\$ 345

See notes to consolidated financial statements.

Elanco Animal Health Incorporated
Notes to Consolidated Financial Statements
(Tables present dollars and shares in millions, except per-share and per-unit data)

Note 1. Background and Basis of Presentation

Elanco Animal Health Incorporated (collectively, Elanco, the Company, we, us, or our) is a global animal health company that innovates, develops, manufactures and markets products for pets and farm animals. Elanco was incorporated in Indiana on September 18, 2018, and prior to that was a business unit of Eli Lilly and Company (Lilly). Our diverse, durable product portfolio of approximately 200 brands is sold in more than 90 countries and serves animals across many species, primarily: dogs and cats (collectively, pet health) and cattle, poultry, swine, sheep and prior to the divestiture of our aqua business in July 2024 (see Note 4. Acquisitions, Divestitures and Other Arrangements), aqua (collectively, farm animal). Our products are generally sold worldwide to third-party distributors and independent retailers and directly to farm animal producers and veterinarians. In recent years, we have expanded our omnichannel presence in both the veterinary clinic and in retail markets, including e-commerce.

We have prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States (GAAP). In our opinion, the financial statements reflect all adjustments (including those that are normal and recurring) that are necessary for fair presentation of the results of operations for the periods shown. All intercompany balances and transactions have been eliminated. We issued our financial statements by filing with the Securities and Exchange Commission (SEC) and have evaluated subsequent events up to the time of filing.

Note 2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of the accompanying consolidated financial statements.

Estimates and Assumptions

The preparation of financial statements in accordance with GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures at the date of the financial statements and during the reporting period. These estimates and underlying assumptions can impact all elements of our consolidated financial statements. Our estimates are often based on several factors, including the facts and circumstances available at the time the estimates are made, historical experience, risk of loss, general economic conditions and trends and the assessment of the probable future outcome. Some of our estimates require significant, difficult or complex judgments, probabilities and assumptions that we believe to be reasonable but that can be inherently uncertain and unpredictable. If our estimates and assumptions are not representative of actual outcomes, our results could be materially impacted. We regularly evaluate our estimates and assumptions and adjust them when facts and circumstances indicate the need for change. Such changes generally would be reflected in our consolidated financial statements in the period they are determined. We apply estimation methodologies consistently from year to year.

Revenue

We recognize revenue primarily from product sales to customers. Revenue from sales of products is recognized at the point where the customer obtains control of the goods and we satisfy our performance obligation, which is generally once the goods have shipped and the customer has assumed title. For contract manufacturing organization (CMO) arrangements, we recognize revenue over time or at a point in time depending on our evaluation of when the customer obtains control of the promised goods or service.

Revenue reflects the total consideration to which we expect to be entitled (i.e., the transaction price), in exchange for products sold, after considering various types of variable consideration, such as rebates, sales allowances, product returns and discounts. Provisions for rebates and discounts, as well as returns, are established in the same period the related sales are recognized. Significant judgments must be made in determining the transaction price for sales of products related to anticipated rebates, discounts and returns. The following describe the most significant of these judgments:

Sales Rebates and Discounts

- Many of our products are sold and initially invoiced at contractual list prices. Contracts with customers often provide for various rebates and discounts that may differ in each contract. As a consequence, to determine the appropriate transaction price for our product sales, we must estimate any rebates or discounts that will ultimately be due to the customer under the terms of our contracts. The rebate and discount amounts are recorded as a reduction to revenue in the period in which the related revenue is recognized to arrive at net product sales. Significant judgment is involved in determining the rebate and discount amounts expected to be payable to a customer. In determining the appropriate accrual amount, we consider our historical experience with similar incentives programs and current sales data and estimates of inventory levels at our

channel distributors to evaluate the impact of such programs on revenue. We continually monitor the impact of this experience and adjust our accrual amounts as necessary.

Sales Returns

- We estimate a reserve for future product returns based on several factors, including local returns policies and practices, historical returns as a percentage of revenue, an understanding of the reasons for past returns, estimated shelf life by product and estimates of the amount of time between shipment and return. Reserves for sales returns are estimated and recorded as a reduction to revenue and as a liability in the same period as the underlying revenue is recognized to arrive at net product sales.

Payment terms differ by jurisdiction and customer, but typically range from 30 to 120 days from date of shipment in most of our major jurisdictions. Revenue for our product sales has not been adjusted for the effects of a financing component, as we expect the period between when we transfer control of the product and when we receive payment will be one year or less. Any exceptions are either not material or we collect interest for payments made after the due date. Shipping and handling activities are considered fulfillment activities and are not considered to be a separate performance obligation. We exclude from the measurement of the transaction price all taxes assessed by a governmental authority that are imposed on our sales of product and collected from a customer.

Allowance for Doubtful Accounts

We provide for an allowance for doubtful accounts, which represents our best estimate of expected lifetime credit losses inherent in our accounts and other receivables portfolios. Our estimates include a continuing credit evaluation of customers' financial condition, trade accounts and other receivables aging and historical loss experience, as well as reasonable and supportable forecasts of future economic conditions. As of December 31, 2024 and 2023, we had an allowance for doubtful accounts of \$13 million and \$18 million, respectively.

Inventories

We state all inventories at the lower of cost and net realizable value. We value a majority of our inventories using the first-in-first-out (FIFO) method, although at December 31, 2024 and 2023, \$301 million and \$295 million, respectively, of our total inventories were valued using the last-in, first-out (LIFO) method.

Research and Development Expenses

Research and development (R&D) costs are expensed as incurred and relate to the effort associated with the discovery of new knowledge that will be useful in developing a new product or in significantly improving an existing product and the implementation of research findings. R&D costs include, but are not limited to, compensation and benefits, facilities and overhead expenses, clinical trial expenses and fees paid to contract research organizations.

We may also enter into licensing arrangements with third parties to acquire the rights to in-process R&D (IPR&D). These arrangements typically do not meet the definition of a business combination. In such arrangements, prior to regulatory approval of a product, we record upfront and milestone payments to third parties as expense when the event requiring the upfront or milestone payment occurs.

Goodwill and Indefinite-lived Intangible Assets

Goodwill represents the excess of the consideration transferred in a business combination over the assigned fair value of the net assets of the acquired business. Goodwill is not amortized, but is reviewed at least annually for impairment during the fourth quarter, or more frequently if there is a significant change in events or circumstances that indicate the fair value of our single reporting unit is more likely than not less than its carrying amount (a "triggering event"). When required, a comparison of fair value to the carrying amount of our single reporting unit is performed to determine the amount of impairment, if any. We begin by assessing qualitative factors to determine whether it is more likely than not that the fair value of our single reporting unit is less than its carrying value. Based on that qualitative assessment, if we conclude it is more likely than not that the fair value of our single reporting unit is less than its carrying value, we conduct a quantitative goodwill impairment test, which involves comparing the estimated fair value of our single reporting unit to its carrying value, including goodwill. We estimate the fair value of our single reporting unit using an income approach, which is a valuation technique that provides an estimate of the fair value of an asset based on market participant expectations of the cash flows an asset would generate over its remaining useful life. If the carrying value of the reporting unit exceeds its estimated fair value, we recognize an impairment loss for the difference.

The income approach represents a Level 3 fair value measurement in the fair value hierarchy (see Note 10. Fair Value for further information). When a quantitative goodwill impairment test is required, significant management judgment is involved in estimating our single reporting unit's fair value, including in the creation of forecasts of future operating results to be used in the income approach valuation. These significant judgments include, but are not limited to, estimates and assumptions regarding our future cash flows, revenue growth rates, profitability measures such as gross margin and earnings before interest, taxes, depreciation and amortization (EBITDA) margin and the determination of an appropriate discount rate.

Similar to goodwill, indefinite-lived intangible assets, which primarily represent IPR&D acquired from prior business combinations, are not amortized, but rather are reviewed annually for impairment during the fourth quarter, or more frequently in the event of a triggering event. We utilize an income approach for determining the estimated fair value of indefinite-lived intangible assets upon acquisition and as needed for our evaluations of potential impairment. For valuation of IPR&D assets, we apply a probability weighting that considers the risk of development and commercialization to the estimated future net cash flows from the asset. These projections are based on factors such as relevant market size, patent protection, historical pricing of similar products and expected industry trends. The estimated future net cash flows are then discounted to present value using an appropriate discount rate. Acquired IPR&D assets are treated as indefinite-lived intangible assets until completion or abandonment of the projects, at which time the assets are tested for impairment and, if not impaired, are transferred to marketed products (see Other Long-Lived Assets discussion below) and amortized over their estimated economic life.

Other Long-lived Assets

We have a substantial amount of long-lived assets on our consolidated balance sheets related to both property and equipment and finite-lived intangible assets.

Property and equipment:

- Property and equipment assets are stated at cost less accumulated depreciation. Assets placed in service are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset (12 to 50 years for buildings and 3 to 25 years for equipment), except for leasehold improvements, which are depreciated over the shorter of their economic useful life or their remaining lease term. Repair and maintenance costs that do not extend the useful life of the asset are expensed as incurred. Major replacements and significant improvements that either increase asset values or extend useful lives are capitalized. We assess the recoverability of the carrying value of the property and equipment asset or asset group whenever events or changes in circumstances indicate the carrying amount may not be fully recoverable. When such indications of a potential impairment exist, we compare the projected undiscounted cash flows to be generated by the asset (or asset group) to its carrying value. If the carrying amount is found to be greater, an impairment charge is recorded equal to the excess of the asset's carrying value over its fair value. In such an event, we also re-evaluate the remaining useful lives of the assets (or asset groups) and modify them, as appropriate.

Finite-lived intangible assets:

- Finite-lived intangible assets primarily relate to marketed products acquired or licensed from third parties and software. Marketed products consist of the amortized cost of the rights to assets acquired in business combinations and approved for marketing in a significant global jurisdiction. The cost basis of marketed products includes both the initial assigned IPR&D value, as well as any associated milestone payments subsequent to the marketed products receiving regulatory approval in a significant global jurisdiction. Software consists of certain costs incurred in connection with obtaining or developing internal-use software, including payroll and payroll-related costs for employees directly associated with the internal-use software projects and direct costs of external resources. Other finite-lived intangible assets consist primarily of the amortized cost of licensed platform technologies, manufacturing technologies and customer relationships. Intangible assets with finite lives are capitalized and amortized over their estimated economic lives, typically ranging from 3 to 20 years. We assess the recoverability of the carrying value of finite-lived intangible assets in the same manner as property and equipment, as described above.

Financial Instruments

We have various financial instruments to help manage our exposures to market risks, such as changes in foreign currency exchange rates and variable interest rates. We formally assess, designate and document, as a hedge of an underlying exposure, each qualifying derivative instrument that will be accounted for as an accounting hedge at inception. We also assess at least quarterly thereafter whether the financial instruments used in the hedging transaction are effective at offsetting changes in either the fair values or cash flows of the underlying exposures. Derivative cash flows are principally classified in the operating activities section of the consolidated statements of cash flows, consistent with the underlying hedged item. Our financial instruments are recorded at their fair values on our consolidated balance sheets, and we do not offset derivative assets and liabilities. Fair values are estimated based on quoted market values for similar instruments and are classified as Level 2 in the fair value hierarchy. As of December 31, 2024 and 2023, we held the following types of financial instruments:

Derivatives Not Designated as Hedges

- Foreign currency derivatives used for hedging our exposure to fluctuating currency exchange rates are put in place using the same or like currencies and duration as the underlying exposures and are recorded at fair value, with the gain or loss recognized in other expense, net in the consolidated statements of operations. These instruments generally have maturities not exceeding 12 months.

Derivatives Designated as Hedges – Net investment hedges

- Cross-currency fixed interest rates swaps determined to be effective economic hedges of net investments in foreign denominated net assets are designated as net investment hedges. Gains or losses on our net investment hedges due to spot rate fluctuations are recorded as cumulative translation adjustments as a component of other comprehensive income (loss). Gains and losses will remain in accumulated other comprehensive income (loss) until either the sale or substantial liquidation of the hedged subsidiary.

Derivatives Designated as Hedges – Interest rate swaps

- Interest rate swap contracts are used to effectively convert a portion of our variable-rate debt into fixed-rate debt. Differences between the variable interest rate payments and the fixed interest rate settlements with the swap counterparties are recorded as an adjustment to interest expense, net of capitalized interest over the life of the swaps. Changes in the fair value of interest rate swaps are recognized in other comprehensive income (loss) and reclassified into earnings through interest expense, net of capitalized interest at the time earnings are affected by the hedged transaction.

Advertising Expenses

Costs associated with advertising, including costs for TV, radio and other electronic media and publications, are generally expensed when the related advertising occurs, and are included in marketing, selling and administrative expenses in the consolidated statements of operations. Advertising expenses for the years ended December 31, 2024, 2023 and 2022, approximated \$236 million, \$207 million and \$201 million, respectively.

Foreign Currency Translation

Operations in our subsidiaries outside the U.S. are recorded in the functional currency of each subsidiary, which is determined by a review of the environment where each subsidiary primarily generates and expends cash. The results of operations for our subsidiaries outside the U.S., where the U.S. dollar is not the functional currency, are translated from functional currencies into U.S. dollars using the exchange rates in effect as of the date of the transactions, or a reasonable approximation thereof, such as the weighted-average currency rate for the period. Assets and liabilities are translated using the period-end exchange rates. The U.S. dollar effects that arise from translating the net assets of these subsidiaries are recorded in other comprehensive income (loss).

Foreign currency transaction gains and losses are due to the effect of exchange rate changes on transactions denominated in currencies other than a subsidiary's functional currency and are recognized in other expense, net, in the consolidated statements of operations in the period incurred. Transaction losses of \$12 million, \$40 million and \$28 million were recorded during the years ended December 31, 2024, 2023 and 2022, respectively.

We generally identify hyperinflationary markets as those markets whose cumulative inflation rate over a three-year period exceeds 100%. Translation adjustments resulting from the application of hyperinflationary accounting are also recognized in other expense, net, in the consolidated statements of operations in the period incurred.

Recently Adopted Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which is intended to improve disclosures related to reportable segments, primarily through enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker for purposes of assessing a segment's profit or loss and deciding how to allocate resources. This new standard applies to all public entities, including entities like us with a single reportable segment. We adopted this standard for the year ended December 31, 2024, on a retrospective basis. See Note 19. Business Segment Information for further details.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which is intended to enhance the transparency and usefulness of income tax disclosures by providing incremental and disaggregated income tax disclosures pertaining to the effective tax rate reconciliation and income taxes paid by jurisdiction. This standard is effective for fiscal years beginning after December 31, 2024, with early adoption permitted. The standard allows for prospective or retrospective application upon adoption. We are currently assessing the impact ASU 2023-09 will have on our consolidated financial statements, including our Income Taxes footnote disclosure.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which is intended to provide more detailed and disaggregated information about significant expense categories, such as purchases of inventory, employee compensation, depreciation and amortization and selling expenses. This new standard, including related updates, is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted, and the amendments may be applied either prospectively or retrospectively. We are currently assessing the impact ASU 2024-03 will have on our consolidated financial statements, including our footnote disclosures.

Other Significant Accounting Policies

Our other significant accounting policies are described in the remaining appropriate notes to the consolidated financial statements.

Note 3. Revenue

The following table summarizes the activity in our global sales rebates and discounts liability for the years ended December 31:

	2024	2023
Beginning balance	\$ 367	\$ 324
Reduction of revenue	799	722
Payments	(824)	(683)
Foreign currency translation adjustments	(10)	4
Ending balance	\$ 332	\$ 367

Adjustments to revenue recognized as a result of changes in estimates during the years ended December 31, 2024, 2023 and 2022, for product shipped in previous periods were not material. Actual global product returns approximated 1% of net revenue in each of the years ended December 31, 2024, 2023 and 2022.

Disaggregation of Revenue

The following table summarizes our revenue disaggregated by product category for the years ended December 31:

	2024	2023	2022
Pet Health	\$ 2,143	\$ 2,104	\$ 2,138
Farm Animal:			
Cattle	1,007	949	944
Poultry	796	765	716
Swine	366	382	384
Aqua	81	175	175
Total Farm Animal	2,250	2,271	2,219
Contract Manufacturing and Other ⁽¹⁾	46	42	54
Revenue	\$ 4,439	\$ 4,417	\$ 4,411

⁽¹⁾ Represents revenue from arrangements in which we manufacture products on behalf of a third party and royalty revenue.

The following table summarizes our revenue disaggregated by geographic area for the years ended December 31:

	2024	2023	2022
United States	\$ 2,036	\$ 1,983	\$ 1,965
International	2,403	2,434	2,446
Revenue	\$ 4,439	\$ 4,417	\$ 4,411

We have a single customer that accounted for approximately 11%, 10% and 11% of revenue for the years ended December 31, 2024, 2023 and 2022, respectively. Product sales with this customer resulted in accounts receivable of \$90 million and \$78 million as of December 31, 2024 and 2023, respectively.

Note 4. Acquisitions, Divestitures and Other Arrangements

Acquisitions

In November 2024, we acquired a manufacturing facility in Speke, United Kingdom (U.K.), including its workforce and related assets such as inventory and property and equipment (Speke), from a former contract manufacturing supply partner, TriRx Speke Ltd (TriRx Speke). During 2023, we completed the acquisitions of certain U.S. marketed products, pipeline products, inventory and an assembled workforce from NutriQuest, LLC (NutriQuest) and certain assets including inventory and distribution rights for certain marketed products from NutriQuest Nutricao Animal Ltda (NutriQuest Brazil). These transactions were all accounted for as business combinations under the acquisition method of accounting. The acquisition method requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The determination of estimated fair value requires management to make significant estimates and assumptions. The excess of the purchase price over the fair value of the acquired net assets, where applicable, has been recorded as goodwill.

Speke

Speke was previously owned by Elanco, prior to our sale of it to TriRx Speke in February 2022 (see below discussion within the *Divestitures* section of this footnote). Concurrent with this initial sale of the facility to TriRx Speke, we entered into a long-term supply agreement with them for a number of farm animal product lines. In September 2024, TriRx Speke entered into trading administration, a formal insolvency process in the U.K., and on November 15, 2024, we acquired Speke for \$36 million in order to minimize supply disruption for our impacted product lines. The purchase price included \$25 million in cash paid at closing and our forgiveness of \$11 million related to a loan made to support the interim funding of the site during the trading administration period.

The following table summarizes the fair values of assets acquired as of the acquisition date:

Inventories	\$	20
Prepaid expenses and other		2
Property and equipment		14
Total consideration transferred	\$	36

NutriQuest

On January 3, 2023, we acquired NutriQuest for total purchase consideration of \$59 million. NutriQuest is a provider of swine, poultry and cattle nutritional health products to animal producers. This acquisition helped us expand our existing nutritional health offerings and further our efforts to explore innovative antibiotic alternatives. The composition of the purchase price was as follows:

Up-front cash consideration	\$	16
Deferred cash consideration paid January 4, 2024		5
Fair value of contingent consideration		38
Total purchase consideration	\$	59

Contingent consideration for this acquisition included up to \$85 million of cash consideration payable if specific development, sales and geographic expansion milestones are achieved, as outlined in the asset purchase agreement. The initial fair value of this contingent consideration liability of \$38 million was estimated at the acquisition date using a Monte Carlo simulation model, which represented a Level 3 measurement under the fair value measurement hierarchy.

The following table summarizes the fair value of assets acquired as of the acquisition date:

Inventories	\$	3
Intangible assets:		
Marketed products		29
Acquired IPR&D		9
Other intangible assets		15
Total identifiable assets		56
Goodwill		3
Total consideration transferred	\$	59

Other intangible assets consisted of customer relationships and trade names. The acquired finite-lived intangible assets are being amortized over a weighted-average useful life of approximately 12 years on a straight-line basis.

NutriQuest Brazil

On August 1, 2023, we acquired NutriQuest Brazil for total purchase consideration of \$19 million. The composition of the purchase price included cash paid on the closing date of approximately \$3 million, with additional consideration payable through 2026 valued at approximately \$16 million, a portion of which is contingent upon the continuation of certain terms and conditions set forth in the asset purchase agreement. The following table summarizes the fair values of assets acquired as of the acquisition date:

Inventories	\$	3
Finite-lived intangible assets		15
Total identifiable assets		18
Goodwill		1
Total consideration transferred	\$	19

The acquired finite-lived intangible assets are being amortized over a weighted-average useful life of approximately nine years on a straight-line basis.

Divestitures

Aqua business

On July 9, 2024, we closed the sale of our aqua business to Intervet International B.V., a Dutch subsidiary of Merck Animal Health, for \$1,294 million in cash, the vast majority of which was utilized to repay outstanding term loan debt following the close of the transaction (see Note 8. Debt for further information). Our aqua business included products across both warm-water and cold-water species and generated revenues of \$81 million in 2024, through the divestiture date, and \$175 million in both 2023 and 2022. Given that we operate our business as a single reporting unit, we are unable to reasonably determine stand-alone costs and related earnings or loss before income taxes attributable to our aqua business. We also determined that the sale did not qualify for reporting as a discontinued operation, as it did not represent a strategic shift that will have a major effect on our operations and/or financial results. Assets sold included inventories, real property and equipment, including our manufacturing sites in Canada and Vietnam, and certain intellectual property, technology and other intangible assets, including marketed products. Additionally, approximately 280 commercial and manufacturing employees were transferred to Merck Animal Health as part of this divestiture.

As of the disposal date, the carrying amounts of the following major assets were derecognized from our consolidated balance sheet:

Inventories	\$	43
Goodwill		458
Other intangibles, net		51
Property and equipment, net		68
Other assets		14
Total assets	\$	634

Based on the aggregate carrying value of our aqua business and \$20 million of costs to sell, we recorded a pre-tax gain on divestiture of \$640 million. We also recognized income tax expense of approximately \$170 million related to the taxable gain. In determining the amount of goodwill to include in our aqua business disposal group, a portion of our single reporting unit's goodwill was allocated to it on a relative fair value basis by comparing the fair value of the disposal group to the estimated fair value of our single reporting unit as a whole. We estimated the fair value of our single reporting unit using the income approach, which is a valuation technique that provides an estimate of fair value based on market participant expectations of the cash flows an asset would generate over its remaining useful life. Significant management judgment was required in estimating the fair value of our single reporting unit, including, but not limited to, estimates and assumptions regarding future cash flows of our single reporting unit, revenue growth and other profitability measures, such as gross margin and EBITDA margin, and the determination of an appropriate discount rate. We consider this valuation approach to be a Level 3 measurement under the fair value hierarchy.

Microbiome R&D platform carve-out

In April 2022, we signed an agreement to transfer assets associated with our microbiome R&D platform to a newly created, independent biopharmaceutical company, BiomEdit, focused on developing solutions for animal and human health. As part of the agreement, we retained a non-voting, minority stake in the company. Assets transferred included intellectual property and laboratory equipment. During the year ended December 31, 2022, we recorded a gain on disposal of \$3 million. In the fourth quarter of 2024, while performing our qualitative assessment for impairment for our equity investments without readily determinable fair value, we determined our retained investment in BiomEdit was impaired and recorded an \$8 million charge. Both the 2024 charge and the initial gain on disposal in 2022 were recorded within other expense, net in the consolidated statements of operations.

Shawnee and Speke

In August 2021 and February 2022, we completed the sales of our Shawnee, Kansas and Speke, U.K. sites, respectively, to TriRx Pharmaceuticals (TriRx). We received cash proceeds from the sale of these sites of \$13 million from TriRx in 2022 and \$66 million, in addition to accrued interest, in February 2024. As discussed above, upon our initial sale of the Speke site to TriRx, we concurrently entered into a long-term supply agreement with their subsidiary, TriRx Speke. Because we determined this supply agreement was on terms favorable to us, we recorded a contract asset associated with it. In 2023, due to a forecasted decline in cash flows associated with this contract asset, we determined the asset was partially impaired, and we recorded a \$26 million impairment charge. We impaired the remaining \$12 million value of this contract asset when TriRx Speke entered into trading administration in September 2024. These impairment charges were included within asset impairment, restructuring and other special charges within our consolidated statements of operations for the years ended December 31, 2024 and 2023.

BexCaFe Arrangement

In June 2022, we signed a license agreement with BexCaFe, LLC (BexCaFe) for the development and commercialization of products related to *Bexacat*, an oral treatment intended to reduce glucose levels in diabetic cats. We determined that BexCaFe represented a variable interest entity and that we are the primary beneficiary because the terms of the license give us the power to direct the activities that most significantly impact BexCaFe's economic performance. As a result, we consolidated BexCaFe, a development-stage company with no employees that did not meet the definition of a business, as of the date we signed the license agreement. Upon initial consolidation of BexCaFe, we measured an IPR&D asset at its fair value of \$59 million and recorded liabilities totaling \$59 million, which included contingent consideration of \$49 million based on the fair value of estimated future milestone payments and sales royalties owed under the license agreement. There is no minimum payout due on the contingent consideration and the maximum payout related to sales royalties is unlimited. Remaining contingent consideration liabilities of \$32 million were included in other current liabilities and other noncurrent liabilities on our consolidated balance sheet as of December 31, 2024. Since BexCaFe did not meet the definition of a business, no goodwill was recorded, and immediately after initial consolidation, we expensed the IPR&D asset because we concluded it did not have an alternative future use.

Note 5. Asset Impairment, Restructuring and Other Special Charges

In recent years, we have incurred substantial costs associated with restructuring programs and cost-reduction initiatives designed to achieve a flexible and competitive cost structure. Restructuring activities have primarily included charges associated with business and facility rationalizations and workforce reductions. We have also incurred costs associated with executing acquisition, divestiture and other significant transactions and related integration and/or separation activities. Components of asset impairment, restructuring and other special charges for the years ended December 31 were as follows:

	2024	2023	2022
Restructuring charges (credits) ⁽¹⁾	\$ 44	\$ —	\$ (7)
Acquisition and divestiture-related charges ⁽²⁾	18	93	105
Non-cash and other items:			
Asset impairment ⁽³⁾	81	32	81
Other special charges	7	2	4
Total expense	\$ 150	\$ 127	\$ 183

⁽¹⁾ Restructuring charges in 2024 primarily related to cash-based severance costs associated with a restructuring program approved and announced in February 2024 intended to reallocate resources by shifting international resources from farm animal to pet health. This restructuring program also resulted in changes in how we operate in and sell into the Argentina market, among others.

⁽²⁾ Acquisition and divestiture-related charges in 2024 consisted of transaction costs directly related to the divestiture of our aqua business (see Note 4. Acquisitions, Divestitures and Other Arrangements for further information). Acquisition and divestiture-related charges in 2023 and 2022 primarily represented costs associated with the implementation of new systems, programs and processes due to the integration of Bayer Animal Health.

⁽³⁾ Asset impairments in 2024 principally included the write-off of our IL-4R IPR&D asset (\$53 million) and \$15 million of asset impairments tied to the financial difficulties of TriRx Speke, the largest of which was a \$12 million impairment of a contract asset related to a favorable supply agreement (see Note 4. Acquisitions, Divestitures and Other Arrangements for further information). Asset impairments in 2023 principally included a \$26 million partial write-down of the contract asset with TriRx Speke. Asset impairments during 2022 included a charge of \$59 million related to the write-off of an IPR&D asset with no alternative future use licensed from BexCaFe and a \$22 million charge related to the finalization of the write-down upon the sale of our Speke, U.K. site to TriRx.

The following table summarizes the activity in our reserves established in connection with restructuring activities:

Balance at December 31, 2022	\$ 36
Cash paid	(29)
Balance at December 31, 2023	7
Charges	44
Cash paid	(32)
Non-cash items and other	(3)
Balance at December 31, 2024	\$ 16

Timing of when the restructuring reserve obligations are expected to be paid can vary due to certain country-specific negotiations and regulations. Of the total reserve, \$9 million was included within other current liabilities on our consolidated balance sheet at December 31, 2024, with the remainder included within other noncurrent liabilities.

Note 6. Inventories

Inventories at December 31 consisted of the following:

	2024	2023
Finished products	\$ 754	\$ 857
Work in process	783	814
Raw materials and supplies	98	128
Total	1,635	1,799
Decrease to LIFO cost	(61)	(64)
Inventories	<u>\$ 1,574</u>	<u>\$ 1,735</u>

Note 7. Equity

Elanco had 5.0 billion ordinary shares authorized, with approximately 494.4 million issued and outstanding as of December 31, 2024. Elanco also had 1.0 billion preferred shares, no par value, authorized (with none issued or outstanding) as of December 31, 2024.

Tangible Equity Unit (TEU) Offering

In January 2020 we issued 11 million in TEUs at the stated amount of \$50 per unit. The TEU prepaid stock purchase contracts were converted into shares of our common stock on February 1, 2023. Holders of our TEUs received 1.5625 shares of our common stock based on the maximum settlement rate for the applicable market value being below \$32.00. In total, we issued approximately 17 million shares to holders in connection with the settlement.

Note 8. Debt

Long-term debt as of December 31 consisted of the following:

	2024	2023
Incremental Term Facility due 2025	\$ —	\$ 175
Incremental Term Facility due 2028	370	489
Incremental Term Facility due 2029	187	247
Incremental Term Facility due 2031	349	—
Term Loan B due 2027	2,593	3,838
Revolving Credit Facility	—	200
Securitization Facility	100	125
4.900% Senior Notes due 2028 ⁽¹⁾	750	750
Unamortized debt issuance costs	(28)	(50)
	4,321	5,774
Less current portion of long-term debt	44	38
Total long-term debt	<u>\$ 4,277</u>	<u>\$ 5,736</u>

(1) Subsequent to issuance in August 2018, our 4.900% Senior Notes due 2028 have been subject to interest rate increases related to credit rating agency downgrades. As of December 31, 2024, these notes bear interest at a rate of 6.650%.

Term Loan B due 2027 and Revolving Credit Facility

In 2020, we entered into our Term Loan B due 2027 facility, which bears interest at a floating rate of Term SOFR plus 175 basis points and is payable in quarterly installments through its maturity on August 1, 2027. We simultaneously entered into our Revolving Credit Facility, which provides us with a source of liquidity for certain operating activities and for additional flexibility to finance capital investments, business development activities, repayments of debt and other cash requirements. On July 3, 2024, we amended our Revolving Credit Facility, which extended its maturity through July 2029. Our Revolving Credit Facility provides up to \$750 million in borrowing capacity and bears interest at Term SOFR plus a spread, dependent on our Net Total Leverage Ratio, as defined within the amended agreement, which was 1.60% at December 31, 2024. Our Term Loan B due 2027 and Revolving Credit Facility are secured by a significant portion of our assets.

There are two financial maintenance covenants which are solely for the benefit of the lenders under our Revolving Credit Facility. There are no financial maintenance covenants for the benefit of our Term Loan B due 2027, and the lenders under our Term Loan B due 2027 have no enforcement rights with respect to the financial maintenance covenants for our Revolving Credit Facility. The first financial maintenance covenant for our Revolving Credit Facility

requires us to maintain a net total leverage ratio level (which is not subject to step-downs) as of the end of each quarter. The required level of this covenant is based on closing date pro forma net leverage and pro forma adjusted EBITDA not to exceed 7.71 to 1.00 of our pro forma adjusted EBITDA for the preceding four fiscal quarters. The second financial maintenance covenant for the Revolving Credit Facility requires us to maintain a ratio of pro forma adjusted EBITDA to cash interest expense of no less than 2.00 to 1.00, tested as of the end of each fiscal quarter. We were in compliance with all of our debt covenants as of December 31, 2024.

During the year ended December 31, 2024, we repaid \$1,245 million on our Term Loan B due 2027 and \$200 million on our Revolving Credit Facility, primarily utilizing the proceeds from the divestiture of our aqua business in July 2024 (see Note 4. Acquisitions, Divestitures and Other Arrangements for further information), as well as cash generated by operations. In conjunction with these principal repayments, as well as principal payments made on our Incremental Term Facilities (see below for further details), we recognized charges of \$12 million for the write-off of previously deferred financing costs, which were included in interest expense, net of capitalized interest in the consolidated statement of operations for the year ended December 31, 2024.

Incremental Term Facilities

Incremental Term Facility due 2028: Our Incremental Term Facility due 2028 bears interest at Term SOFR plus 175 basis points and is payable in quarterly installments of principal and interest with a final balloon payment due at scheduled maturity on August 12, 2028. During the year ended December 31, 2024, we repaid \$119 million on our Incremental Term Facility due 2028, primarily utilizing the proceeds from the divestiture of our aqua business in July 2024. The terms of the Incremental Term Facility due 2028 are generally consistent with the terms of our Term Loan B due 2027 and Revolving Credit Facility.

Incremental Term Facility due 2029: Our Incremental Term Facility due 2029 bears interest at Term SOFR, including a credit spread adjustment, plus 175 basis points and is payable in quarterly installments of principal and interest with a final balloon payment due at scheduled maturity on April 19, 2029. During the year ended December 31, 2024, we repaid \$60 million on our Incremental Term Facility due 2029, primarily utilizing the proceeds from the divestiture of our aqua business in July 2024. The terms of the Incremental Term Facility due 2029 are generally consistent with the terms of our Term Loan B due 2027 and Revolving Credit Facility.

Incremental Term Facility due 2031: On August 13, 2024, we entered into an incremental assumption agreement, supplementing and amending our existing credit agreement dated August 1, 2020, related to our senior secured credit facility. The incremental assumption agreement provides for an incremental term facility (the Incremental Term Facility due 2031) with an aggregate principal amount of \$350 million and is scheduled to mature on August 13, 2031. The Incremental Term Facility due 2031 bears interest at Term SOFR, including a spread adjustment, plus 175 basis points and will be payable in quarterly installments of principal and interest with a final balloon payment due on August 13, 2031. The proceeds were used to repay the remaining outstanding balance on our Incremental Term Facility due 2025 and for general corporate purposes. Accordingly, upon repayment all obligations and commitments related to the Incremental Term Facility due 2025 were satisfied in full. The terms of the Incremental Term Facility due 2031, including pledged collateral and financing maintenance covenants, are generally consistent with the terms of our Term Loan B due 2027 and Revolving Credit Facility.

Securitization Facility

In August 2023, we entered into a secured term facility (the Securitization Facility), which is secured and collateralized by our U.S. accounts receivable, subject to certain adjustments (defined as the Net Eligible Receivables Balance within the applicable agreement). The terms of the agreement result in an amount of our U.S. accounts receivable, equivalent to the outstanding balance of the Securitization Facility at any point in time, being pledged to the lender as collateral for the borrowings. Our borrowing capacity under our Securitization Facility is subject to monthly fluctuation, based on the level of our borrowing base as reported to the lender, which is correlated to our U.S. Net Eligible Receivables Balances, with a maximum borrowing capacity not to exceed \$300 million. The Securitization Facility requires monthly interest payments over its term at a variable rate based on Term SOFR plus 125 basis points. The full, outstanding balance of the Securitization Facility is due on July 31, 2026. The Securitization Facility includes various covenants specific to the underlying composition of our U.S. accounts receivables portfolio, all of which we were in compliance with as of December 31, 2024. During the year ended December 31, 2024, we repaid \$25 million on our Securitization Facility.

Senior Notes

In August 2018, we issued \$750 million of 4.272% Senior Notes due August 28, 2023 and \$750 million of 4.900% Senior Notes due August 28, 2028. In April 2022, we completed a tender offer and retired \$406 million in aggregate principal amount of our 4.272% Senior Notes due 2023, resulting in a debt extinguishment loss of approximately \$17 million, which was recognized in interest expense, net of capitalized interest in the consolidated statements of operations. On August 7, 2023, we redeemed in full the remaining outstanding 4.272% Senior Notes due 2023.

The interest rate payable on the 4.900% Senior Notes due 2028 is subject to adjustment in the event of credit rating agency downgrades, which last occurred in April 2023. The indenture that governs these senior notes contains

covenants that limit our ability to incur liens or engage in sale-leaseback transactions. The indenture also contains restrictions on our ability to consolidate, merge or sell substantially all of our assets, in addition to other customary terms. We were in compliance with all such covenants under the indenture governing the 4.900% Senior Notes due 2028 as of December 31, 2024.

Scheduled Repayments

Future required principal payments on our outstanding indebtedness for each of the next five years and thereafter, as of December 31, 2024, were as follows:

2025	\$	54
2026		154
2027		2,518
2028		1,111
2029		180
2030 and thereafter		332
Total obligations and commitments		4,349
Unamortized debt issuance costs		(28)
Total debt	\$	4,321

As of December 31, 2024, approximately 82% of our long-term indebtedness bore interest at a fixed rate, including variable-rate debt converted to fixed-rate through the use of interest rate swaps (see Note 9. Financial Instruments for further information).

Cash payments for interest during the years ended December 31 were as follows:

	2024	2023	2022
Interest paid ⁽¹⁾	\$ 296	\$ 379	\$ 266

⁽¹⁾ Reflected within the above totals are \$31 million and \$4 million of cash interest received from our net investment hedges during the years ended December 31, 2024 and 2023, respectively. See Note 9. Financial Instruments for further information on our net investment hedges.

Note 9. Financial Instruments

To manage our exposure to market risks, such as changes in foreign currency exchange rates and variable interest rates, we have entered into various derivative transactions. Our outstanding positions are discussed below.

Derivatives Not Designated as Hedges

We may enter into foreign currency exchange forward or option contracts to reduce the effects of fluctuating currency exchange rates. As of December 31, 2024 and 2023, we had outstanding foreign currency exchange contracts with aggregate notional amounts of \$1,016 million and \$891 million, respectively. The amounts of net gains (losses) on our derivative instruments not designated as hedging instruments, recorded in other expense, net for the years ended December 31, were as follows:

	2024	2023	2022
Foreign exchange forward contracts ⁽¹⁾	\$ (22)	\$ 7	\$ (12)

⁽¹⁾ These amounts were substantially offset in other expense, net by the effect of changing exchange rates on the underlying foreign currency exposures.

Derivatives Designated as Hedges – Net investment hedges

As of December 31, 2024 and 2023, we had a series of cross-currency fixed interest rate swaps to help mitigate the impact of currency fluctuations on our operations in Switzerland with a combined 1,000 million CHF notional amount with tenors in 2026 and 2027. These instruments were determined to be, and were designated as, effective economic hedges of net investments in our CHF denominated net assets. The amount of gains (losses) on net investment hedges, net of tax, recorded in accumulated other comprehensive loss for the years ended December 31, were as follows:

	2024	2023
Cross-currency fixed interest rate swaps	\$ 59	\$ (72)

For the years ended December 31, 2024 and 2023, these instruments also generated \$31 million and \$9 million of interest income, respectively, which was included as a contra interest expense, net of capitalized interest in our consolidated statements of operations. In January 2025, we took advantage of market opportunities to restructure our net investment hedges, paying \$10 million to early settle these instruments while also collecting \$5 million of accrued interest. We simultaneously entered into new cross-currency fixed interest rate swaps with the same

1,000 million CHF notional amounts and covering the same tenors. The new instruments were determined to be, and have been designated as, effective economic hedges of net investments in our CHF denominated net assets.

Derivatives Designated as Hedges – Interest rate swaps

We had outstanding interest rate swaps with aggregate notional amounts of \$2,800 million and \$3,800 million as of December 31, 2024 and 2023, respectively. Following the sale of our aqua business and the associated debt pay down (see Note 4. Acquisitions, Divestitures and Other Arrangements and Note 8. Debt for further information), in July 2024 we settled \$1,000 million of existing interest rate swaps. We received cash proceeds of approximately \$5 million upon these settlements, which was recorded in accumulated other comprehensive loss and will be amortized to interest expense, net of capitalized interest in future periods. As of December 31, 2024, all of our outstanding interest rate swap instruments had scheduled maturities in 2026.

Additionally, in August 2024 we entered into new forward-starting interest rate swap agreements with a combined notional amount of \$850 million, which will become effective on August 1, 2026, and mature in line with the applicable Incremental Term Facility maturities, which range between 2028 and 2031.

The amounts of gains on interest rate swap contracts, net of tax, recorded in accumulated other comprehensive loss for the years ended December 31, were as follows:

	2024	2023	2022
Forward-starting interest rate swaps	\$ 84	\$ —	\$ 209

The amounts of gains reclassified out of accumulated other comprehensive loss and recognized into earnings through interest expense, net of capitalized interest for the years ended December 31, were as follows:

	2024	2023	2022
Forward-starting interest rate swaps	\$ 104	\$ 125	\$ 35

Over the next 12 months, we expect to reclassify a gain of \$29 million out of accumulated other comprehensive loss and into interest expense, net of capitalized interest related to our interest rate swaps.

At various points throughout 2023 and 2022, we restructured our interest rate swap portfolio by unwinding certain existing swaps and simultaneously entering into new agreements with the same notional amounts and tenors. As a result, we received aggregate cash settlement proceeds of \$57 million and \$207 million in 2023 and 2022, respectively, which were included in net cash provided by operating activities in the consolidated statements of cash flows. Additionally, as a result of one of the 2022 interest rate swap settlements, we reclassified \$17 million of a stranded tax benefit from accumulated other comprehensive loss to income tax expense, based on our policy to reclassify income tax effects from accumulated other comprehensive loss using the portfolio approach.

As of December 31, 2024, when factoring in the impact from our interest rate swaps, the weighted-average effective interest rate on our outstanding indebtedness was 6.27% (excluding the expected future reclassifications to interest expense, net of capitalized interest related to past interest rate swap settlements).

Note 10. Fair Value

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair value measurements are based on a framework that utilizes the inputs market participants use to determine the fair value of an asset or liability and establishes a fair value hierarchy to prioritize those inputs. Level 1 fair value measurements are based on quoted prices in active markets for identical assets or liabilities. We determine our Level 2 fair value measurements based on a market approach using quoted market values or significant other observable inputs for identical or comparable assets or liabilities. Our Level 3 fair value measurements are based on unobservable inputs based on little or no market activity. As of December 31, 2024 and 2023, liabilities measured using Level 3 inputs consisted of contingent consideration liabilities stemming from our acquisitions of NutriQuest and NutriQuest Brazil in 2023 (see Note 4. Acquisitions, Divestitures and Other Arrangements for further information). The fair values of these liabilities were estimated using a Monte Carlo simulation model, consisting of inputs not observable in the market, including estimates relating to revenue forecasts, discount rates and volatility.

The following table summarizes the fair value information at December 31, 2024 and 2023, for assets and liabilities measured at fair value on a recurring basis in the respective balance sheet line items, as well as long-term debt, for which fair value is disclosed on a recurring basis:

Financial statement line item	Carrying Amount	Fair Value Measurements Using			Fair Value
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2024					
Recurring fair value measurements					
Prepaid expenses and other - derivative instruments	\$ 32	\$ —	\$ 32	\$ —	\$ 32
Other current liabilities - derivative instruments	(54)	—	(54)	—	(54)
Other current liabilities - contingent consideration	(21)	—	—	(21)	(21)
Other noncurrent liabilities - derivative instruments	(18)	—	(18)	—	(18)
Other noncurrent liabilities - contingent consideration	(16)	—	—	(16)	(16)
Financial instruments not carried at fair value					
Long-term debt, including current portion	(4,349)	—	(4,362)	—	(4,362)
December 31, 2023					
Recurring fair value measurements					
Prepaid expenses and other - derivative instruments	\$ 65	\$ —	\$ 65	\$ —	\$ 65
Other current liabilities - derivative instruments	(63)	—	(63)	—	(63)
Other current liabilities - contingent consideration	(9)	—	—	(9)	(9)
Other noncurrent liabilities - derivative instruments	(132)	—	(132)	—	(132)
Other noncurrent liabilities- contingent consideration	(31)	—	—	(31)	(31)
Financial instruments not carried at fair value					
Long-term debt, including current portion	(5,824)	—	(5,825)	—	(5,825)

Cash and cash equivalents include cash on hand and all highly liquid investments with original maturities at the time of purchase of three months or less. The carrying values of cash and cash equivalents, accounts and other receivables, accounts payable, employee compensation and other current liabilities are a reasonable estimate of their fair values due to the short-term nature of these assets and liabilities. We also had investments without readily determinable fair values and equity method investments, which were classified as other noncurrent assets on the consolidated balance sheets totaling \$17 million and \$26 million as of December 31, 2024 and 2023, respectively. These investments are not recorded at fair value on a recurring basis, and as such, are not included in the fair value table above.

Note 11. Goodwill and Intangibles

Goodwill

The following table summarizes the changes in the carrying amount of goodwill:

December 31, 2022	\$ 5,993
Acquisitions	4
Impairment charge	(1,042)
Foreign currency translation	139
December 31, 2023	5,094
Divestiture ⁽¹⁾	(458)
Foreign currency translation and other adjustments	(222)
December 31, 2024	\$ 4,414

(1) We derecognized \$458 million of goodwill in connection with the divestiture of our aqua business in July 2024. See Note 4. Acquisitions, Divestitures and Other Arrangements for further information.

As previously disclosed, due to the sharp increase in long-term treasury rates during the third quarter of 2023, we assessed our long-lived assets, including goodwill, for impairment, concluding that a triggering event existed. Due

principally to an increased discount rate assumption, which was driven by the increase in long-term treasury rates, our quantitative goodwill impairment test resulted in a \$1,042 million pre-tax impairment charge. No impairments to the carrying value of goodwill were recorded during either of the years ended December 31, 2024 or 2022.

While no goodwill impairment charges were recorded during 2024, future changes in our discount rate, whether driven by increases in long-term treasury rates or other factors, or future changes in other significant assumptions or the use of alternative estimates and assumptions, could have a significant impact on the estimated fair value of our reporting unit, exposing us to future goodwill impairment losses.

Other Intangible Assets

The gross amount of intangible assets and related accumulated amortization, as of December 31, were as follows:

Description	2024			2023		
	Carrying Amount, Gross	Accumulated Amortization	Carrying Amount, Net	Carrying Amount, Gross	Accumulated Amortization	Carrying Amount, Net
Finite-lived intangible assets:						
Marketed products	\$ 6,402	\$ (3,151)	\$ 3,251	\$ 6,947	\$ (2,982)	\$ 3,965
Software	260	(144)	116	257	(111)	146
Other	52	(29)	23	71	(35)	36
Total finite-lived intangible assets	6,714	(3,324)	3,390	7,275	(3,128)	4,147
Indefinite-lived intangible assets:						
Acquired IPR&D	283	—	283	339	—	339
Trade names	8	—	8	8	—	8
Total intangible assets:	<u>\$ 7,005</u>	<u>\$ (3,324)</u>	<u>\$ 3,681</u>	<u>\$ 7,622</u>	<u>\$ (3,128)</u>	<u>\$ 4,494</u>

Intangible assets with finite lives are capitalized and amortized over their estimated economic lives. As of December 31, 2024, the remaining weighted-average amortization periods for finite-lived intangible assets were as follows:

	Weighted-Average Life (Years)
Marketed products	7
Software	5
Other	6

The estimated amortization expense for each of the next five years associated with our finite-lived intangible assets, as of December 31, 2024, is as follows:

	2025	2026	2027	2028	2029
Estimated amortization expense	\$ 512	\$ 512	\$ 477	\$ 473	\$ 452

For the years ended December 31, 2024, 2023 and 2022, amortization expense related to software was \$40 million, \$54 million and \$65 million, respectively.

As discussed in Note 2. Summary of Significant Accounting Policies, acquired IPR&D is not amortized, but rather is reviewed for impairment at least annually, or more frequently in the event of a triggering event. Acquired IPR&D assets are treated as indefinite-lived assets until completion or abandonment of the projects, at which time they are tested for impairment and, if not impaired, are transferred to marketed products and amortized over their estimated economic life. Amortization expense that will be incurred related to assets currently classified as acquired IPR&D upon their future transfer to marketed products, is not included in the future amortization expense table presented above, as we are not able to predict with certainty the period in which such related amortization will begin.

Impairment charges related to acquired IPR&D assets for the years ended December 31, were as follows:

	2024	2023	2022
Acquired IPR&D impairment	\$ 56	\$ 6	\$ 59

These charges were included within asset impairment, restructuring and other special charges within our consolidated statements of operations (see Note 5. Asset Impairment, Restructuring and Other Special Charges, for further discussion).

Note 12. Property and Equipment

At December 31, property and equipment consisted of the following:

	2024	2023
Land	\$ 40	\$ 40
Buildings	600	630
Equipment	990	985
Construction in progress	221	186
	<u>1,851</u>	<u>1,841</u>
Less accumulated depreciation	(858)	(815)
Property and equipment, net	<u>\$ 993</u>	<u>\$ 1,026</u>

Property and equipment, net by geographic area as of December 31, was as follows:

	2024	2023
United States	\$ 610	\$ 555
Germany	230	245
France	56	59
Other foreign countries	97	167
Property and equipment, net	<u>\$ 993</u>	<u>\$ 1,026</u>

The reduction in property and equipment, net in other foreign countries during 2024 was primarily due to the divestiture of our manufacturing facilities in Vietnam and Canada as part of our aqua business divestiture in July 2024 (see Note 4. Acquisitions, Divestitures and Other Arrangements). Additionally, the increase in property and equipment, net in 2024 in the U.S. primarily related to \$42 million recorded within construction in progress related to the expansion of our monoclonal antibody manufacturing facility in Elwood, Kansas.

Depreciation expense related to property and equipment for the years ended December 31, was as follows:

	2024	2023	2022
Depreciation expense	\$ 95	\$ 92	\$ 89

Note 13. Leases

We have operating leases for corporate offices, research and development facilities, vehicles and equipment with lease terms generally ranging from one to 15 years, some of which have options to extend or terminate the leases. We determine if an arrangement is a lease at inception, and if so, whether it represents an operating or finance lease. Right-of-use (ROU) assets relating to our operating leases are included in noncurrent assets, while lease liabilities relating to operating leases are included in other current liabilities and other noncurrent liabilities within the consolidated balance sheets. As of December 31, 2024 and 2023, finance leases were not material.

ROU assets represent our right to use an underlying asset for the lease term, while lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at lease commencement in determining the present value of lease payments. We use the implicit rate if it is readily determinable. Our lease terms may include options to extend or terminate the lease, and when it is reasonably certain we will exercise that option, these extensions are included in the lease term used to calculate the ROU assets and operating lease liabilities. We do not include leases with a lease term of 12 months or less within the determination of our ROU assets or lease liabilities.

Operating lease expense is recognized on a straight-line basis over the lease term. Variable lease payments, which represent lease payments that vary due to changes in facts or circumstances occurring after the commencement date, are expensed in the period in which the obligation for these payments is incurred.

The impact of operating leases on the consolidated financial statements for the years ended December 31, was as follows:

	2024	2023	2022
Operating lease cost	\$ 49	\$ 42	\$ 45
Short-term and variable lease cost	6	5	6
Total lease cost	\$ 55	\$ 47	\$ 51
Other information			
Operating cash outflows from operating leases	\$ 35	\$ 35	\$ 33
ROU assets obtained in exchange for new operating lease liabilities	33	28	32
Weighted-average remaining lease term - operating leases	6 years	7 years	7 years
Weighted-average discount rate - operating leases	5.0 %	4.8 %	4.0 %

Supplemental balance sheet information related to our operating leases is as follows:

Asset/Liability	Balance Sheet Classification	December 31, 2024	December 31, 2023
Right-of-use assets	Other noncurrent assets	\$ 122	\$ 140
Current operating lease liabilities	Other current liabilities	31	32
Non-current operating lease liabilities	Other noncurrent liabilities	92	110

As of December 31, 2024, the minimum lease payments for our operating lease liabilities for each of the next five years and thereafter were as follows:

2025	\$ 37
2026	30
2027	22
2028	13
2029	9
2030 and thereafter	31
Total lease payments	142
Less imputed interest	(19)
Total operating lease liabilities	\$ 123

Lease contracts that have been executed but have not yet commenced are excluded from the tables above. As of December 31, 2024, we have a lease commitment that has not yet commenced for our new corporate headquarters in Indianapolis, Indiana. Total minimum lease payments are estimated to be approximately \$378 million over a term of 25 years, excluding extensions. Final lease payments may vary depending on the actual cost of certain construction activities. Lease commencement is expected in 2025.

Note 14. Stock-Based Compensation

The Amended and Restated 2018 Elanco Stock Plan (Plan) provides long-term incentives to attract, motivate and retain employees and non-employee directors. The types of stock-based awards available include, but are not limited to, restricted stock units (RSUs), performance-based awards (PAs) and stock options. Our practices and policies specify that stock-based compensation awards are approved by the Compensation and Human Capital Committee of the Board of Directors. As of December 31, 2024, the total number of shares authorized for stock-based compensation awards under the plan was 40 million, out of which the aggregate number of remaining shares available for future grant was 22.4 million.

Stock-Based Compensation Expense

We measure compensation expense for stock-based awards based on grant date fair value and the estimated number of awards that are expected to vest. For purposes of measuring stock-based compensation expense, we consider whether an adjustment to the observable market price is necessary to reflect material nonpublic information that is known to us at the time the award is granted. Adjustments during the years ended December 31, 2024, 2023 and 2022, were not material. Forfeitures are estimated based on historical experience at the time of grant and are revised in subsequent periods if actual forfeitures differ from those estimates.

A majority of our stock-based compensation expense relates to RSUs and PAs. The associated tax benefit from stock-based compensation expense was offset by a valuation allowance. Stock-based compensation expense for the years ended December 31, 2024, 2023 and 2022, was \$55 million, \$46 million and \$59 million, respectively.

Restricted Stock Units

RSUs are granted to certain employees and are settled in shares of our common stock. RSUs are accounted for at fair value based upon the closing stock price on the date of grant. The corresponding expense is amortized over the vesting period, which is typically three years. RSUs granted to employees for the years ended December 31 were as follows:

(Units in millions)	2024	2023	2022
Granted units	2.4	3.2	1.3
Weighted-average grant date fair value	\$ 15.89	\$ 11.15	\$ 28.17

Changes in the nonvested portion of RSUs for 2024 are summarized below:

(Shares in millions)	Shares	Weighted-Average Grant Date Fair Value
Nonvested units at January 1, 2024	3.9	\$ 15.49
Granted	2.4	15.89
Vested	(1.6)	17.94
Forfeited	(0.3)	14.70
Nonvested units at December 31, 2024	4.4	14.85

The fair market value of RSUs vesting in 2024, 2023 and 2022 was \$29 million, \$12 million and \$29 million, respectively. As of December 31, 2024, the total remaining unrecognized stock-based compensation expense related to nonvested RSUs was \$20 million, which is expected to be amortized over a weighted-average remaining requisite service period of 16 months.

Performance-Based Awards

PAs, which are granted to eligible officers and management, represent the right to receive a share of our common stock and are subject to forfeiture until restrictions lapse, including continued employment through the end of the vesting period and achievement of certain pre-established metrics. Payouts can vary depending on achievement. PAs are accounted for at fair value based upon the closing stock price on the date of grant and fully vest at the end of the measurement period. Stock-based compensation expense for PAs is recognized only if it is deemed probable that the performance condition will be achieved.

PA activity during the year ended December 31, 2024, is summarized below:

(Shares in millions)	Shares	Weighted-Average Grant Date Fair Value
Nonvested awards at January 1, 2024	1.3	\$ 11.25
Granted	1.5	15.99
Vested	(0.3)	28.88
Nonvested awards at December 31, 2024	2.5	13.37

The fair market value of PAs vesting in 2024, 2023 and 2022 was \$10 million, \$8 million and \$23 million, respectively. As of December 31, 2024, the total remaining unrecognized stock-based compensation expense related to nonvested PAs was \$9 million, which is expected to be amortized over a weighted-average remaining requisite service period of 12 months.

Stock Options

Stock options represent the right to purchase shares of our common stock within a specified period of time at a specified price. Stock options are granted to our officers and management at exercise prices equal to the fair market value of our stock at the date of the grant. Options fully vest three years from the grant date and have a term of 10 years. We value stock options at grant date using a Black-Scholes-Merton valuation model, and the corresponding expense is generally amortized on a straight-line basis over the vesting period. The weighted-average fair value of stock options granted during the years ended December 31, 2024, 2023 and 2022 was estimated to be \$7.35, \$4.93, and \$10.89 respectively. The Black-Scholes-Merton model incorporates a number of valuation assumptions, which are noted in the following table, shown at their weighted-average values for the years ended December 31:

	2024	2023	2022
Expected dividend yield ⁽¹⁾	— %	— %	— %
Risk-free interest rate ⁽²⁾	4.19 %	4.08 %	1.59 %
Expected stock price volatility ⁽³⁾	40.7 %	38.2 %	36.5 %
Expected term ⁽⁴⁾ (years)	6	6	6

- (1) We have never declared nor paid any dividends on our common stock, nor do we anticipate paying dividends on our common stock for the foreseeable future.
- (2) Determined using the term-matched, zero-coupon risk-free rate from the Treasury Constant Maturity yield curve, continuously compounded.
- (3) Determined using a leverage-adjusted historical volatility of peer companies.
- (4) Determined using SEC safe harbor approach, based on a 3-year cliff vesting schedule and 10-year contractual term.

Stock option activity during the year ended December 31, 2024, is summarized below:

(Shares in millions)	Shares of Common Stock Attributable to Options	Weighted-Average Exercise Price of Options	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Outstanding at January 1, 2024	1.6	\$ 17.92		
Granted	0.9	16.03		
Outstanding at December 31, 2024	2.5	\$ 17.27	8.0	\$ 0.9
Exercisable at December 31, 2024	0.8	21.87	6.8	0.3

As of December 31, 2024, there was approximately \$4 million of unrecognized stock-based compensation expense related to nonvested stock options, which is expected to amortize over an expected remaining weighted-average period of 17 months.

Note 15. Income Taxes

Our income tax provision for the years ended December 31, 2024, 2023 and 2022, included income tax costs and benefits such as valuation allowances, uncertain tax positions, audit settlements and other items. We were included in Lilly's U.S. tax examinations by the Internal Revenue Service (IRS) through the full separation date of March 11, 2019. Pursuant to the tax matters agreement we executed with Lilly in connection with the IPO, the potential liabilities or potential refunds attributable to pre-IPO periods in which Elanco was included in a Lilly consolidated or combined tax return remain with Lilly. The U.S. examination by the IRS of tax years 2016 to 2018 began in 2019 and is ongoing. Final resolution of certain matters is dependent upon several factors, including the potential for formal administrative proceedings.

Deferred taxes are recognized for the future tax effects of temporary differences between financial and income tax reporting based on enacted tax laws and rates. The tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. Deferred taxes are not provided on substantially all of the unremitted earnings of subsidiaries outside of the U.S., except where required, because it is expected that these earnings will be reinvested indefinitely. Deferred taxes, including U.S. or foreign withholding taxes, would be provided when we no longer consider our subsidiary earnings to be permanently reinvested.

We treat taxes due on future Global Intangible Low-Taxed Income (GILTI) inclusions in U.S. taxable income as a current period expense when incurred. Certain countries in which we have operations have adopted legislation influenced by the Organization for Economic Co-operation and Development (OECD) Pillar Two rules, including a minimum tax rate of 15%. As of December 31, 2024, the U.S. has not yet enacted legislation to adopt the Pillar Two framework. We are continuing to evaluate additional guidance released by the OECD and the pending legislative adoption by additional individual countries. The adoption of Pillar Two was not material to income tax expense for the year ended December 31, 2024.

The composition of income (loss) before income tax expense for the years ended December 31, was as follows:

	2024	2023	2022
Federal	\$ (376)	\$ (669)	\$ (350)
Foreign	864	(526)	278
Income (loss) before income taxes	<u>\$ 488</u>	<u>\$ (1,195)</u>	<u>\$ (72)</u>

The composition of income tax expense for the years ended December 31, was as follows:

	2024	2023	2022
Current:			
Federal	\$ 5	\$ (8)	\$ 11
Foreign	274	122	51
State	(17)	2	1
Total current tax expense	262	116	63
Deferred:			
Federal	1	(3)	(20)
Foreign	(114)	(66)	(36)
State	1	(11)	(1)
Total deferred tax benefit	(112)	(80)	(57)
Income tax expense	\$ 150	\$ 36	\$ 6

Significant components of our deferred tax assets and liabilities as of December 31 were as follows:

	2024	2023
Deferred tax assets:		
Compensation and benefits	\$ 42	\$ 37
Accruals and reserves	48	55
Tax credit carryovers	43	57
Tax loss carryovers	180	314
Business interest deduction limitation	198	196
Inventories	40	24
R&D capitalized assets	78	68
Operating lease liabilities	47	52
Other assets	13	12
Total gross deferred tax assets	689	815
Valuation allowances	(269)	(363)
Total deferred tax assets	420	452
Deferred tax liabilities:		
Right-of-use assets	(45)	(50)
Intangibles	(700)	(837)
Property and equipment	(62)	(74)
Other liabilities	(6)	(5)
Total deferred tax liabilities	(813)	(966)
Deferred tax liabilities, net	\$ (393)	\$ (514)

The deferred tax assets and related valuation allowance amounts for net operating losses and tax credits shown above have been adjusted for differences between prior provisional estimates and tax return filings.

At December 31, 2024, we had tax credit carryovers of \$43 million available to reduce future income taxes. This amount was comprised of foreign, U.S. federal and state credits. The foreign credits totaled \$2 million and if unused, will begin to expire in 2034. The U.S. federal credits totaled \$28 million and if unused, will begin to expire in 2029. The state credits totaled \$13 million and if unused, will begin to expire in 2027. The U.S. federal credits were subject to a partial valuation allowance and the state credits were subject to a full valuation allowance.

At December 31, 2024, we had net operating loss carryovers for foreign, U.S. federal and state income tax purposes of \$180 million. Of this total, \$79 million will expire between 2025 and 2036, and \$101 million of the carryovers had an indefinite carryforward period. Net operating losses and other carryovers for foreign, U.S. federal and state income tax purposes were subject to full and partial valuation allowances.

Movements in the valuation allowance for the years ended December 31, are summarized as follows:

	2024	2023
January 1	\$ (363)	\$ (228)
Increase	(2)	(141)
Release	96	6
December 31	<u>\$ (269)</u>	<u>\$ (363)</u>

The decrease in the valuation allowance during 2024 was primarily attributable to the sale of our aqua business, which generated U.S. federal taxable income, allowing us to realize certain net operating loss carryforwards and other tax attributes which were historically offset by a valuation allowance. The total net decrease in the valuation allowance recorded in income tax expense in the consolidated statements of operations was \$77 million in 2024, with the remaining change in the balance primarily recorded through accumulated other comprehensive loss. The total net increase in the valuation allowance recorded in income tax expense in 2023 and 2022 was \$93 million and \$80 million, respectively, with the remaining change in balance primarily recorded through accumulated other comprehensive loss.

Cash payments of income taxes during the years ended December 31, were as follows:

	2024	2023	2022
Cash payments of income taxes	\$ 140	\$ 95	\$ 93

Income taxes receivable of \$121 million and \$149 million, respectively, were included in prepaid expenses and other on our consolidated balance sheets as of December 31 2024 and 2023. Income taxes payable of \$127 million and \$26 million, respectively, were included within other current liabilities on our consolidated balance sheets as of December 31 2024 and 2023.

The following is a reconciliation of the income tax expense applying the U.S. federal statutory rate to income (loss) before income taxes to reported income tax expense:

	2024	2023	2022
Income tax expense (benefit) at the U.S. federal statutory tax rate	\$ 102	\$ (251)	\$ (15)
Add (deduct):			
Taxation of international operations	98	3	(43)
State taxes	(21)	(12)	(11)
Income tax credits	(11)	(10)	(13)
Non-deductible employee compensation	5	15	7
Divestitures and impairments of goodwill and other intangible assets	38	164	—
Other permanent adjustments	7	19	(2)
Change in uncertain tax positions	9	15	3
Change in valuation allowance	(77)	93	80
Income tax expense	<u>\$ 150</u>	<u>\$ 36</u>	<u>\$ 6</u>

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for the years ended December 31, was as follows:

	2024	2023	2022
Beginning balance at January 1	\$ 31	\$ 16	\$ 6
Additions based on tax positions related to the current year	7	2	3
Changes for tax positions of prior years	2	13	—
Additions related to acquisitions	—	—	7
Ending balance at December 31	<u>\$ 40</u>	<u>\$ 31</u>	<u>\$ 16</u>

The total amount of unrecognized tax benefits that, if recognized, would affect tax expense was \$40 million and \$31 million at December 31, 2024 and 2023, respectively. We recognize both accrued interest and penalties related to unrecognized tax benefits in income tax expense. Interest and penalties related to income tax matters were not material for the years ended December 31, 2024, 2023 and 2022.

Note 16. Commitments and Contingencies

Legal Matters

We are party to various legal actions that arise in the normal course of business. The most significant matters are described below. Under GAAP, loss contingency provisions are recorded when we deem it probable that we will incur a loss and we are able to formulate a reasonable estimate of that loss.

Seresto Class Action Lawsuits

Claims seeking actual damages, injunctive relief and/or restitution for allegedly deceptive marketing were made against Elanco Animal Health Inc. and Bayer HealthCare LLC, along with other Elanco and Bayer entities, arising out of the use of *Seresto*[™], a non-prescription flea and tick collar for cats and dogs. During 2021, putative class action lawsuits were filed in federal courts in the U.S. alleging that the *Seresto* collars contain pesticides that can cause serious injury and death to cats and/or dogs wearing the product. In August 2021, the lawsuits were consolidated by the Judicial Panel on Multidistrict Litigation, and the cases were transferred to the Northern District of Illinois. In June 2023, the parties agreed on the monetary terms of a potential settlement of the consolidated class action lawsuits, and at that time, we recorded a charge of \$15 million, which was included within other expense, net in our consolidated statements of operations. During the fourth quarter of 2023, the parties agreed on the non-monetary terms which, in addition to the monetary terms, were approved by the court in January 2025. The previously accrued \$15 million was paid in February 2025.

Additional Legal Matters

For the legal matters discussed below, we either believe loss is not probable or are unable to estimate the possible loss or range of loss, if any. The process of resolving these matters is inherently uncertain and may develop over an extended period of time; therefore, at this time, the ultimate resolutions cannot be predicted. As of December 31, 2024 and 2023, we had no material liabilities established related to the legal matters discussed below.

On October 7, 2024, a putative securities class action lawsuit captioned *Joseph Barpar v. Elanco Animal Health Inc., et al. (Barpar)* was filed in the United States District Court for the District of Maryland against Elanco and two of its executives. *Barpar* alleges claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and specifically alleges that Elanco and the two executives made materially false and/or misleading statements and/or failed to disclose certain facts about the safety of and labeling for our *Zenrelia*[®] product, as well as the approval and launch timelines for *Zenrelia* and our *Credelio Quattro*[™] product. The plaintiff purports to represent purchasers of Elanco securities between November 7, 2023 and June 26, 2024. On November 1, 2024, a shareholder derivative action captioned *Lawrence Hollin v. Lawrence E. Kurzius, et al.* was filed in the United States District Court for the District of Maryland against current members of Elanco's Board of Directors and senior management, alleging claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and state law claims for breach of fiduciary duty, aiding and abetting breach of fiduciary duty, unjust enrichment and waste of corporate assets, based on allegations substantially similar to the allegations in the putative class action complaint in *Barpar*. We are vigorously defending our positions in connection with both actions. The process of resolving these matters is inherently uncertain and may develop over an extended period of time; therefore, at this time, the ultimate resolution cannot be predicted.

On May 20, 2020, a shareholder class action lawsuit captioned *Hunter v. Elanco Animal Health Inc., et al. (Hunter)* was filed in the United States District Court for the Southern District of Indiana against Elanco and certain executives. On September 3, 2020, the court appointed a lead plaintiff, and on November 9, 2020, the lead plaintiff filed an amended complaint adding additional claims against Elanco, certain executives and other individuals. The lawsuit alleged, in part, that Elanco and certain of its executives made materially false and/or misleading statements and/or failed to disclose certain facts about Elanco's supply chain, inventory, revenue and projections. The lawsuit sought unspecified monetary damages and purports to represent purchasers of Elanco securities between September 30, 2018 and May 6, 2020, and purchasers of Elanco common stock issued in connection with Elanco's acquisition of Aratana Therapeutics, Inc. On January 13, 2021, we filed a motion to dismiss, and on August 17, 2022, the Court issued an order granting our motion to dismiss the case without prejudice. On October 14, 2022, the plaintiffs filed a motion for leave to amend the complaint. On December 7, 2022, we filed an opposition to the plaintiffs' motion, and on September 27, 2023, the court denied the plaintiffs' motion for leave, issuing final judgment in favor of Elanco. On October 25, 2023, the plaintiffs filed a notice of appeal to the United States Court of Appeals for the Seventh Circuit. We continue to believe the claims made in the case are meritless, and we intend to continue to vigorously defend our position.

On October 16, 2020, a shareholder class action lawsuit captioned *Safron Capital Corporation v. Elanco Animal Health Inc., et al.* was filed in the Marion Superior Court of Indiana against Elanco, certain executives and other individuals and entities. On December 23, 2020, the plaintiffs filed an amended complaint adding an additional plaintiff. The lawsuit alleges, in part, that Elanco and certain of its executives made materially false and/or misleading statements and/or failed to disclose certain facts about Elanco's relationships with third-party distributors and revenue attributable to those distributors within the registration statement on Form S-3 dated January 21, 2020,

and accompanying prospectus filed in connection with Elanco's public offering which closed on or about January 27, 2020. The lawsuit seeks unspecified monetary damages and purports to represent purchasers of Elanco common stock or TEUs issued in connection with the public offering. From February 2021 to August 2022, this case was stayed in deference to *Hunter*. On October 24, 2022, we filed a motion to dismiss. On December 23, 2022, the plaintiffs filed their opposition to the motion to dismiss. Prior to the ruling on the motion to dismiss, on June 8, 2023, the plaintiffs filed a motion for leave to file a second amended complaint, which is now the operative complaint. We filed a motion to dismiss the second amended complaint on August 7, 2023, to which the plaintiffs filed their opposition on October 13, 2023. On April 17, 2024, our motion to dismiss was granted. The dismissal is without prejudice to plaintiffs' right to re-file a claim, and it is possible the plaintiffs will attempt to file a third amended complaint. We continue to believe the claims made in the case are meritless, and we intend to vigorously defend our position.

In the third quarter of 2019, Tevra Brands, LLC (Tevra) filed a complaint in the U.S. District Court of the Northern District of California, alleging that Bayer Animal Health (acquired by us in August 2020) had been involved in unlawful, exclusive dealing and tying of its flea and tick products *Advantage*, *Advantix* and *Seresto* and maintained a monopoly in the market. The complaint was amended in March 2020 and then dismissed in September 2020 with leave to amend. A second amended complaint was filed in March 2021 and realleged claims of unlawful exclusive dealing related to *Advantage* and *Advantix* and monopoly maintenance. A motion to dismiss the second amended complaint was denied in January 2022. Tevra's demands included both actual and treble damages. On April 16, 2024, the court granted our motion for summary judgment to exclude all damages subsequent to our acquisition of Bayer Animal Health in August 2020. A jury trial was held in July 2024, and on August 1, 2024, the jury returned a verdict in favor of Bayer Animal Health. In January 2025, Tevra's motion for a new trial was denied, and in February 2025, Tevra filed their notice of appeal. Following the initial Tevra trial, three additional matters have been filed against us, both in the Northern District of California and in the Southern District of Indiana, most recently in January 2025: *Tracy Spradlin v. Elanco Animal Health, Inc. (Spradlin)*, *Tevra Brands, LLC v. Elanco Animal Health, Inc.*, and *Susan Kraus-Silfen v. Elanco Animal Health, Inc. et. al. (Kraus-Silfen)*. While there are substantive and statutory differences, the allegations underpinning these matters are similar in some respects to the initial Tevra matter including, but not limited to, the family of pet health products and sales tactics and agreements alleged to drive a monopoly within the market. Two of the new matters, *Spradlin* and *Kraus-Silfen*, are putative class actions, and all three matters seek injunctive relief and an unspecified amount of monetary relief. We are vigorously defending against the claims made in these matters. However, the process of resolving these matters is inherently uncertain and may develop over an extended period of time; therefore, at this time, the ultimate resolutions cannot be predicted.

Regulatory Matters

On July 1, 2021, we received a subpoena from the SEC relating to our channel inventory and sales practices prior to mid-2020. During the fourth quarter of 2023, we accrued a liability of \$12.5 million for the possible settlement of this matter. In November 2024, we reached an agreement with the SEC and, without admitting to or denying the underlying allegations, settled the matter for \$15 million. The initial charge in 2023 and the incremental amount in 2024 were recorded within other expense, net within the consolidated statements of operations. Payment of this amount was reflected within cash from operating activities in our consolidated statement of cash flows for the year ended December 31, 2024.

Other Commitments

As of December 31, 2024, we had a lease commitment that has not yet commenced for our new corporate headquarters in Indianapolis, Indiana. See Note 13. Leases for further information regarding this lease commitment.

The land for our new corporate headquarters is located in a Tax Incremental Finance District, and the project is, in part, funded through Tax Incremental Financing (TIF) through an incentive agreement between the City of Indianapolis and us. The agreement provides for an estimated total incentive of \$64 million to be funded by the City of Indianapolis in connection with the future tax increment revenue generated from the developed property. In December 2021, as part of a funding and development agreement entered into between the developer and us, we made a commitment to use the expected TIF proceeds towards the cost of developing and constructing the headquarters. In exchange, the developer reimbursed us up to the \$64 million commitment in 2021. During 2022, we refunded approximately \$15 million of the TIF proceeds to the developer. As a result, it is our expectation that our future lease payments will be reduced. The remaining accrued incentive was included in other noncurrent liabilities on our consolidated balance sheets and will be amortized over the lease term beginning on the commencement date and offset future rent expense.

Note 17. Retirement Benefits

Pension Plans

We sponsor various defined benefit pension plans, which cover certain employees worldwide. Our plans in Switzerland and Germany represent approximately 92% of our global benefit obligation. We use a measurement date of December 31 to develop the change in benefit obligation, change in plan assets, funded status and amounts recorded on the consolidated balance sheets at December 31 for our defined benefit pension plans, which were as follows:

	2024	2023
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 366	\$ 324
Service cost	9	9
Interest cost	9	11
Actuarial loss	6	17
Benefits paid	(12)	(14)
Settlements	(6)	—
Foreign currency exchange rate changes and other adjustments	(20)	19
Benefit obligation at end of year	352	366
Change in plan assets:		
Fair value of plan assets at beginning of year	192	175
Actual return on plan assets	11	8
Employer contribution	10	11
Benefits paid	(12)	(14)
Settlements	(6)	—
Foreign currency exchange rate changes and other adjustments	(11)	12
Fair value of plan assets at end of year	184	192
Funded status	(168)	(174)
Unrecognized net actuarial gain	(56)	(63)
Unrecognized prior service cost	(21)	(28)
Net amount recognized	\$ (245)	\$ (265)
Amounts recognized in the consolidated balance sheets as of December 31, consisted of:		
Other noncurrent assets	\$ 1	\$ 1
Other current liabilities	(2)	(1)
Accrued retirement benefits	(167)	(174)
Accumulated other comprehensive loss before income taxes	(77)	(91)
Net amount recognized	\$ (245)	\$ (265)

The unrecognized net actuarial gain and unrecognized prior service cost for these pension plans have not yet been recognized in net periodic pension expense and were included in accumulated other comprehensive loss at December 31, 2024. We do not expect any plan assets to be returned to us in 2025.

The following represents our weighted-average assumptions related to these pension plans as of and for the years ended December 31:

(Percentages)	2024	2023	2022
Discount rate for benefit obligation	2.6 %	2.8 %	3.4 %
Discount rate for net benefit costs	2.8	3.4	1.1
Rate of compensation increase for benefit obligation	2.8	2.9	3.0
Rate of compensation increase for net benefit costs	2.9	3.0	2.7
Expected return on plan assets for net benefit costs	4.2	4.4	3.1

The assumptions above were used both to estimate our pension benefit obligations at year-end, as well as in the determination of applicable pension benefit costs for the years presented. These assumptions are reviewed on at least an annual basis and are revised based on a yearly evaluation of long-term trends and market conditions that

may impact the cost of providing retirement benefits. The weighted-average discount rates for our defined benefit plans are set by benchmarking against investment grade corporate bonds where available, including, when there is sufficient data, a yield curve approach. For countries that lack a sufficient corporate bond market, a government bond index is used to establish the discount rate. In evaluating the expected rate of return, we consider many factors, with a primary analysis of current and projected market conditions, asset returns and asset allocations and the views of leading financial advisers and economists. We may also review our historical assumptions compared with actual results, as well as the assumptions and trend rates utilized by similar plans, where applicable.

Future benefit payments as of December 31, 2024, which reflect expected future service, as appropriate, are expected to be as follows:

	2025	2026	2027	2028	2029	2030-2034
Benefit payments	\$ 14	\$ 15	\$ 16	\$ 15	\$ 16	\$ 92

We also expect to contribute \$11 million to our pension plans in 2025.

Amounts relating to pension plans with projected benefit obligations in excess of plan assets at December 31, were as follows:

	2024	2023
Projected benefit obligation	\$ 334	\$ 343
Fair value of plan assets	165	168

Amounts relating to pension plans with accumulated benefit obligations in excess of plan assets at December 31, were as follows:

	2024	2023
Accumulated benefit obligation	\$ 323	\$ 332
Fair value of plan assets	165	168

The total accumulated benefit obligation for our defined benefit pension plans was \$340 million and \$354 million at December 31, 2024 and 2023, respectively.

Net pension benefit expense for the years ended December 31, included the following components:

	2024	2023	2022
Service cost	\$ 9	\$ 9	\$ 14
Interest cost	9	11	4
Expected return on plan assets	(7)	(8)	(6)
Amortization of prior service cost	(5)	(5)	(5)
Amortization of net actuarial (gain) loss	(3)	(3)	1
Net pension benefit expense	\$ 3	\$ 4	\$ 8

The above components, with the exception of service cost, were included within other expense, net in the consolidated statements of operations.

The following represents the pre-tax amounts recognized for defined benefit plans in other comprehensive (loss) income for the years ended December 31:

	2024	2023	2022
Actuarial (loss) gain arising during period	\$ (1)	\$ (17)	\$ 92
Amortization of prior service cost	(5)	(5)	(5)
Amortization of net actuarial (gain) loss	(3)	(3)	1
Foreign currency exchange rate changes and other	(5)	5	2
Total other comprehensive (loss) income during period	\$ (14)	\$ (20)	\$ 90

We recognized \$4 million, \$3 million, and \$11 million of income tax expense in other comprehensive (loss) income, respectively, related to our defined benefit plans during the years ended December 31, 2024 and 2023, and 2022.

Benefit Plan Investments

Our benefit plan investment policies are set with specific consideration of return and risk requirements in relationship to the respective liabilities. Our plan assets related to our pension plans in Switzerland and Germany represent approximately 90% of our total plan assets for all pension plans. Given the long-term nature of our liabilities, our plans have the flexibility to manage an above-average degree of risk in the asset portfolios. At the investment-policy level, there are no specifically prohibited investments; however, individual investment manager

mandates, restrictions and limitations are contractually set to align with our investment objectives, ensure risk control and limit concentrations.

We manage our portfolio to minimize concentration of risk by allocating funds within asset categories. In addition, within a category we use different managers with various management objectives to eliminate any significant concentration of risk. Our investment strategy is to diversify our plan assets with a designated percentage invested in fixed-income securities, equity securities, real estate and other alternative investments.

Each category is diversified and comprised of the following:

- Fixed-income securities – Swiss bonds, global aggregates, global aggregate corporates, global government bonds, emerging market local currencies and emerging markets hard currencies.
- Equity securities – Swiss equities, global equities, low volatility equities (to reduce risk) and emerging market equities.
- Real estate – Swiss real estate and global real estate funds.
- Other alternative investments – cash, cash equivalents and investments in senior secured loans.

We determine the fair value of our plan investments based on a market approach using quoted market values and/or significant other observable inputs for identical or comparable assets or liabilities.

Real estate is mostly comprised of public holdings. Real estate investments in registered investment companies that trade on an exchange are classified as Level 1 in the fair value hierarchy. Other real estate investments are marked to fair value using models that are supported by observable market-based data (Level 2).

The fair values of pension plan assets as of December 31, 2024, by asset category were as follows:

Asset Class	Total	Fair Value Measurements Using				Investments Valued at NAV ⁽¹⁾
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Public equity securities	\$ 60	\$ 56	\$ —	\$ —	\$ 4	
Fixed income:						
Developed markets	65	64	—	—	1	
Emerging markets	6	6	—	—	—	
Real estate	17	10	7	—	—	
Other	36	27	9	—	—	
Total	\$ 184	\$ 163	\$ 16	\$ —	\$ 5	

⁽¹⁾ Certain investments measured at fair value using the Net Asset Value (NAV) per share, or its equivalent, as a practical expedient have not been classified in the fair value hierarchy.

The fair values of pension plan assets as of December 31, 2023, by asset category were as follows:

Asset Class	Total	Fair Value Measurements Using			Investments Valued at NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Public equity securities	\$ 58	\$ 55	\$ —	\$ —	\$ 3
Fixed income:					
Developed markets	72	71	—	—	1
Emerging markets	12	12	—	—	—
Real estate	18	11	7	—	—
Other	32	28	4	—	—
Total	\$ 192	\$ 177	\$ 11	\$ —	\$ 4

No material transfers between Level 1, Level 2 or Level 3 occurred during the years ended December 31, 2024 or 2023.

Defined Contribution Plans

Elanco has defined contribution savings plans that include certain employees worldwide. Our contributions to these plans are based on our employee contributions and the level of our match. Expenses under the plans totaled \$36 million, \$40 million and \$34 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Multiemployer Plans

We also participate in certain multiemployer plan arrangements which provide basic pension benefits to the majority of our employees in Germany. Up to a certain salary level, the benefit obligations are covered by our contributions and the contributions from employees to the plans. The Company-specific plan information for these plans is not publicly available, and the plans are not subject to a collective-bargaining agreement. The plans provide fixed, monthly retirement payments on the basis of the credits earned by the participating employees. To the extent these plans become underfunded, our future required contributions may increase and may be used to fund retirement benefits for employees related to other employers, although as of December 31, 2023 and 2022, the plans' total assets exceeded the total actuarial present value of accumulated plan benefits. Our plan contributions to these plans are expensed as incurred and were not material in any of the years ended December 31, 2024, 2023 and 2022, nor did they exceed 5% of the total contributions to the plans.

Contributing to these types of plans creates risk that differs from providing benefits under our sponsored plans, in that if another participating employer ceases to contribute to a multiemployer plan, additional unfunded obligations may need to be funded over time by remaining participating employers.

Note 18. Earnings Per Share

We compute basic earnings (loss) per share by dividing net income (loss) by the weighted-average number of common shares outstanding for the reporting period. Elanco has variable common stock equivalents relating to certain equity awards in stock-based compensation arrangements. We also had variable common stock equivalents related to the TEU prepaid stock purchase contracts through their settlement date of February 1, 2023 (see Note 7. Equity for further discussion). Diluted earnings per share reflects the potential dilution that could have occurred if holders of the unvested equity awards converted their holdings into common stock and that could have occurred if holders of unsettled TEUs had converted their holdings into common stock prior to the February 1, 2023, settlement date. The weighted-average number of potentially dilutive shares outstanding was calculated using the treasury stock method. Potential common shares that would have had the effect of increasing diluted earnings per share (or reducing loss per share) were considered to be anti-dilutive and as such, these shares were not included in the calculation of diluted earnings (loss) per share.

Basic and diluted weighted-average shares outstanding for the years ended December 31, were as follows:

	2024	2023	2022
Basic weighted-average common shares outstanding ⁽¹⁾	494.0	492.3	488.3
Assumed conversion of dilutive common stock equivalents ⁽²⁾	3.3	—	—
Diluted weighted-average shares outstanding	497.3	492.3	488.3

(1) The TEU prepaid stock purchase contracts were convertible into a minimum of 14.3 million shares or a maximum of 17.2 million shares. The minimum 14.3 million shares were included in the calculation of basic weighted-average shares from January 22, 2020 to February 1, 2023. The 17.2 million shares that were ultimately issued have been included in the calculation of basic weighted-average shares subsequent to the settlement date of February 1, 2023.

(2) For the years ended December 31, 2024, 2023 and 2022, approximately 1.4 million, 2.9 million, and 3.3 million, respectively, of potential common shares were excluded from the calculation of diluted earnings per share because their effect was anti-dilutive.

Note 19. Business Segment Information

We operate our business as a single segment engaged in the development, manufacturing, marketing and sales of animal health products for both pets and farm animals. Consistent with our operational structure, our Chief Executive Officer (CEO), as the chief operating decision maker, makes resource allocation and business process decisions globally across our consolidated business. Strategic and resource allocation decisions are managed globally, with global functional leaders responsible for determining significant costs and investments and with regional leaders responsible for overseeing the execution of our global strategy. Managing and allocating resources at the global corporate level enables our CEO to assess the overall level of resources available and how to best deploy these resources across functions, product types, regional commercial organizations and R&D projects in line with our overarching long-term corporate-wide strategic goals, rather than on a product or geographic basis. Consistent with this decision-making process, our CEO considers consolidated net income (loss), which is our single segment's principal measure of segment profit and loss, when evaluating performance. Our CEO also considers these measures, as well as other factors, such as an assessment of a new product's future market potential, when determining how to allocate company-wide resources.

Significant expenses are amounts that are regularly provided to our CEO and included in consolidated net income (loss), our primary measure of our single segment's profit or loss. Our CEO regularly reviews reported consolidated revenues, significant expenses and consolidated net income (loss), in addition to forecasted revenues, significant expenses and net income (loss) amounts for future periods. A summary of our consolidated net income for the years ended December 31, 2024, 2023 and 2022 is as follows, including the significant expenses provided to and

regularly reviewed by our CEO, as well as other expenses, which are included in consolidated net income (loss), but are not regularly provided to and/or reviewed by our CEO:

	2024	2023	2022
Revenue	\$ 4,439	\$ 4,417	\$ 4,411
Cost of sales	2,003	1,931	1,913
Gross margin	2,436	2,486	2,498
Other significant segment expenses:			
Research and development	344	327	321
Marketing and selling	809	783	770
General and administrative	505	502	495
Interest expense, net of capitalized interest	235	277	241
Other expense, net	18	75	32
Income tax expense	150	36	6
Total other significant segment expenses	2,061	2,000	1,865
Other expenses ⁽¹⁾	37	1,717	711
Net income (loss)	\$ 338	\$ (1,231)	\$ (78)

(1) Other expenses include amortization of intangible assets; asset impairment, restructuring and other special charges; goodwill impairment; and gain on divestiture.

Given our single reporting segment structure, we manage our assets on a total company basis. Cash paid for acquisitions, intangible assets and property and equipment and software, as well as cash proceeds from divestitures, are summarized in the Investing Activities section of our consolidated statements of cash flows.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Elanco Animal Health Incorporated

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Elanco Animal Health Incorporated (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive loss, equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 25, 2025, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

<i>Description of the matter</i>	<p>United States (US) sales rebates and discounts</p> <p>At December 31, 2024, the Company's sales rebates and discounts liability totaled \$332 million. As explained in Note 2 and 3 to the consolidated financial statements, the Company estimates a sales rebates and discounts liability for customers in the distribution chain under the terms of their contracts. The sales rebates and discounts are recorded as a reduction to revenue in the same period that the Company recognizes a sale to a customer. A large portion of the sales rebates and discounts liability is related to rebates and discounts associated with sales in the US.</p>
<i>How we addressed the matter in our audit</i>	<p>Auditing the US sales rebates and discounts liability is complex because of the level of subjectivity involved in management's assumptions used in the measurement process and the volume and variety of rebate programs offered. For example, the estimate of the US sales rebate and discount liability is based on historical experience with similar incentive programs, current sales data and estimates of inventory levels at channel distributors.</p> <p>We tested the Company's internal controls over the US sales rebates and discounts liability process. This included testing controls over management's review of the significant inputs and assumptions in the estimation of US sales rebates and discounts, including rebate rates, sales in to and out of the distribution channel, and channel inventory levels.</p> <p>To test the Company's US sales rebates and discounts liability, our audit procedures included, among others, evaluating the inputs and assumptions discussed above and testing the completeness and accuracy of the underlying data used in management's estimate of the US sales rebates and discounts liability. For example, we inspected the underlying rebate programs for customers and compared the rebate percentages used in the Company's analyses with the program percentages. In addition, we confirmed product remaining in the distribution channel at period end with third parties. We assessed the historical accuracy of management's US sales rebates and discounts estimates by comparing the prior period US sales rebates and discounts liability to the amount of actual payments made in subsequent periods. We also performed independent calculations of the rebate accruals and a sensitivity analysis of certain significant assumptions to evaluate the change in the US sales rebates and discounts liability resulting from changes in the assumptions.</p>

Description of the matter

Valuation of goodwill in divestiture

For the year ended December 31, 2024, the Company allocated goodwill of \$458 million to the aqua business disposal group. As described in Note 4 to the consolidated financial statements, goodwill was allocated to the aqua business disposal group on a relative fair value basis by comparing the fair value of the disposal group to the estimated fair value of the Company's single reporting unit as a whole. The Company estimated the fair value of the single reporting unit as of July 9, 2024, the date of the disposal.

How we addressed the matter in our audit

Auditing management's estimate of the fair value of the single reporting unit was complex and judgmental because the estimate underlying the determination of fair value of the reporting unit involves management's judgments on significant assumptions. In particular, management estimates fair value using the income approach which is sensitive to certain significant assumptions, such as future revenues, gross margins, certain components of earnings before interest, taxes, depreciation and amortization (EBITDA) margin and the discount rate commensurate with the risks involved.

We tested the Company's internal controls over its assessment of the fair value of the reporting unit. This included testing controls over management's review of the significant assumptions used in the valuation model including future revenues, gross margins, certain components of EBITDA margin and the discount rate.

To test the estimated fair value of the Company's reporting unit, our audit procedures included, among others, assessing the valuation methodology and testing the significant assumptions discussed herein. For example, we compared the significant assumptions in the prospective financial information used by management to current industry and economic trends and historical performance. We assessed the reasonableness of the future revenues, gross margins and certain components of EBITDA margin by comparing the forecasts to historical results and analyst expectations. We performed sensitivity analyses of certain significant assumptions to evaluate the change in the fair value resulting from changes in the significant assumptions. We also involved our valuation specialists to assist in the evaluation of the fair value methodology and significant assumptions in the fair value estimate. In addition, we tested management's reconciliation of the fair value of the reporting unit to the market capitalization of the Company.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2017.

Indianapolis, Indiana
February 25, 2025

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Elanco Animal Health Incorporated

Opinion on Internal Control Over Financial Reporting

We have audited Elanco Animal Health Incorporated's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Elanco Animal Health Incorporated (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive loss, equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and our report dated February 25, 2025, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Indianapolis, Indiana

February 25, 2025

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report. Based on the evaluation, our CEO and CFO have concluded that, as of the end of such period, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports we file or submit under the Exchange Act, and that information is accumulated and communicated to the CEO and CFO, as appropriate, to allow timely discussions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)). Our management, with the participation of our CEO and CFO, has evaluated the effectiveness of our internal control over financial reporting based on the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this evaluation, our management has concluded that, as of December 31, 2024, our internal control over financial reporting was effective.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst & Young LLP, an independent registered public accounting firm, has audited the effectiveness of our internal controls over financial reporting as of December 31, 2024, as stated in their report, which is included herein.

Changes in Internal Control

There were no changes in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)), that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the quarter ended December 31, 2024.

ITEM 9B. OTHER INFORMATION

During the three months ended December 31, 2024, no director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information on Directors, Executive Officers and Corporate Governance can be found in the Proxy Statement under "Proposal No. 1: Election of Directors," "Corporate Governance," "Executive Officers," and "Delinquent Section 16(a) Reports." That information is incorporated in this report by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information on director compensation, executive compensation and compensation committee matters can be found in the Proxy Statement under "Non-Employee Director Compensation," "Corporate Governance – Board and Committee Information – Board Committees," "Corporate Governance – Insider Trading Policy," "Compensation Discussion and Analysis," and "Executive Compensation Tables." That information is incorporated in this report by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security Ownership of Certain Beneficial Owners and Management

Information relating to ownership of the company's common stock by management and by persons known by the company to be the beneficial owners of more than five percent of the outstanding shares of common stock is found in the Proxy Statement under "Stock Ownership Information." That information is incorporated in this report by reference.

Securities Authorized for Issuance Under Equity Compensation Plans

Information about our compensation plans under which shares of our common stock have been authorized for issuance as of December 31, 2024, can be found in the Proxy Statement under "Equity Compensation Plan Information" and is incorporated in this report by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Related Person Transactions

Information relating to related person transactions and the board's policies and procedures for approval of related person transactions can be found in the Proxy Statement under "Corporate Governance – Related Party Transactions." That information is incorporated in this report by reference.

Director Independence

Information relating to director independence can be found in the Proxy Statement under "Corporate Governance – Director Independence" and is incorporated in this report by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information related to the fees and services of our principal independent accountants, Ernst & Young LLP, Auditor Firm ID: 42, can be found in the Proxy Statement under "Proposal No. 2: Ratification of Selection of Independent Auditor." That information is incorporated in this report by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial Statements

The following consolidated financial statements of the company and its subsidiaries are found at Item 8:

- Consolidated Statements of Operations—Years Ended December 31, 2024, 2023 and 2022
- Consolidated Statements of Comprehensive Loss—Years Ended December 31, 2024, 2023 and 2022
- Consolidated Balance Sheets—December 31, 2024 and 2023
- Consolidated Statements of Equity—Years Ended December 31, 2024, 2023 and 2022
- Consolidated Statements of Cash Flows—Years Ended December 31, 2024, 2023 and 2022
- Notes to Consolidated Financial Statements

2. Financial Statement Schedules

The consolidated financial statement schedules of the company and its subsidiaries have been omitted because they are not required, are inapplicable or are adequately explained in the financial statements.

Financial statements of interests of 50 percent or less, which are accounted for by the equity method, have been omitted because they do not, considered in the aggregate as a single subsidiary, constitute a significant subsidiary.

3. Exhibits

The following exhibits are either filed or furnished herewith (as applicable) or, if so indicated, incorporated by reference to the documents indicated in parentheses, which have previously been filed or furnished with the Securities and Exchange Commission.

Exhibit Number	Description
2.1	Asset Purchase Agreement by and between Elanco Animal Health Incorporated as Seller and Intervet International B.V. as Buyer dated as of February 5, 2024 (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed with the SEC on February 5, 2024)**
2.2	Amendment No. 1, dated as of July 1, 2024, to the Asset Purchase Agreement by and between Elanco Animal Health Incorporated as Seller and Intervet International B.V. as Buyer dated as of February 5, 2024 (incorporated by reference to Exhibit 2.1 of the Quarterly Report on Form 10-Q filed with the SEC on August 8, 2024)
3.1	Amended and Restated Articles of Incorporation of Elanco Animal Health Incorporated, effective May 30, 2024 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed with the SEC on June 4, 2024)
3.2	Elanco Animal Health Incorporated Amended and Restated Bylaws, effective May 30, 2024 (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed with the SEC on June 4, 2024)
4.1	Form of Certificate of Common Stock (incorporated by reference to Exhibit 4.1 of Amendment No. 1 to Registration Statement on Form S-1 (Registration No. 333-226536) filed with the SEC on August 28, 2018)
4.2	Indenture, dated August 28, 2018, between Elanco Animal Health Incorporated and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4.2 of Amendment No. 1 to Registration Statement on Form S-1 (Registration No. 333-226536) filed with the SEC on August 28, 2018)
4.3	First Supplemental Indenture, dated August 28, 2018, between Elanco Animal Health Incorporated and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4.3 of Amendment No. 1 to Registration Statement on Form S-1 (Registration No. 333-226536) filed with the SEC on August 28, 2018)
4.4	Second Supplemental Indenture, dated as of January 27, 2020, between Elanco Animal Health Incorporated and Deutsche Bank Trust Company Americas, as trustee, including the form of amortizing note (incorporated by reference to Exhibit 4.4 of Current Report on Form 8-K filed with the SEC on January 27, 2020)
4.5	Description of Securities (filed herewith)

10.1	Amendment No. 2, dated as of July 3, 2024, to the Credit Agreement, dated as of August 1, 2020, by and among Elanco Animal Health Incorporated, as borrower, Elanco US Inc., as co-borrower, the subsidiary loan parties party thereto, the lenders and issuing banks party thereto from time to time, Goldman Sachs Bank USA, as term facility agent, collateral agent, and security trustee, and JPMorgan Chase Bank, N.A., as revolving facility agent (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the SEC on July 3, 2024)
10.2	Incremental Assumption Agreement, dated August 12, 2021, by and among Elanco Animal Health Incorporated, Elanco US Inc., the subsidiary loan parties party thereto, Farm Credit Mid-America, PCA, as incremental term lender, and Goldman Sachs Bank USA, as the term facility agent (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the SEC on August 12, 2021)
10.3	Incremental Assumption Agreement, dated April 19, 2022, by and among Elanco Animal Health Incorporated, Elanco US Inc., the subsidiary loan parties party thereto, Farm Credit Mid-America, PCA, as incremental term lender, and Goldman Sachs Bank USA, as the term facility agent (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the SEC on April 20, 2022)
10.4	Incremental Assumption Agreement dated August 13, 2024, by and among Elanco Animal Health Incorporated, Elanco US Inc., the subsidiary loan parties party thereto, Farm Credit Mid-America, PCA, as incremental term lender, and Goldman Sachs Bank USA, as the term facility agent (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the SEC on August 13, 2024)
10.5	Receivables Loan Agreement among Elanco SPEAR LLC, Elanco US Inc., The Various Lenders and Lender Agents from Time to Time Party Thereto and Coöperatieve Rabobank U.A., New York Branch, dated as of August 3, 2023 (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed with the SEC on August 7, 2023)
10.6	Elanco Animal Health Incorporated Directors' Deferral Plan as amended (incorporated by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q filed with the SEC on May 14, 2019)*
10.7	Form of 2018 Change in Control Severance Pay Plan for Select Employees (incorporated by reference to Exhibit 10.20 of Amendment No. 1 to Elanco Animal Health Incorporated's registration statement on Form S-1 (File No. 333-226536) filed with the SEC on August 28, 2018)*
10.8	Form of Elanco Animal Health Incorporated Nonqualified Stock Option Award Agreement (incorporated by reference to Exhibit 10.22 of Amendment No. 1 to Elanco Animal Health Incorporated's registration statement on Form S-1 (File No. 333-226536) filed with the SEC on August 28, 2018)*
10.9	Employment Offer Letter with Mr. Todd S. Young, dated October 15, 2018, by and between Elanco US Inc. and Todd S. Young (incorporated by reference to Exhibit 10.1 to Elanco Animal Health Incorporated's Report on Form 8-K filed with the SEC on October 30, 2018)*
10.10	Form of Elanco Animal Health Incorporated Restricted Stock Unit Award Agreement for non-employee directors with respect to annual awards (incorporated by reference to Exhibit 10.2 of the Quarterly Report on Form 10-Q with the SEC on May 14, 2019)*
10.11	Form of Elanco Animal Health Incorporated Restricted Stock Unit Award Agreement for non-employee directors with respect to one-time founder award (incorporated by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q filed with the SEC on May 14, 2019)*
10.12	Elanco Animal Health Incorporated Executive Deferral and Stock Match Plan (filed herewith)*
10.13	Form of Elanco Animal Health Incorporated Sign-On Restricted Stock Unit Award Agreement for executives with respect to awards commencing 2024 (filed herewith)*
10.14	Elanco Executive Severance Pay Plan and Summary (filed incorporated by reference to Exhibit 10.31 of the Annual Report on Form 10-K filed with the SEC on March 1, 2021)*
10.15	Form of Elanco Animal Health Incorporated Restricted Stock Unit Award Agreement for executives with respect to 2021 annual awards (incorporated by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q filed with the SEC on May 7, 2021)*
10.16	Elanco Animal Health Incorporated Amended and Restated Corporate Bonus Plan (filed herewith)*
10.17	Elanco Animal Health Incorporated Amended and Restated 2018 Elanco Stock Plan (incorporated by reference to Appendix C to the Definitive Proxy Statement for the 2023 Annual Meeting of Shareholders filed with the SEC on April 6, 2023)*
10.18	Form of Elanco Animal Health Incorporated Restricted Stock Unit Award Agreement for executives with respect to annual awards (incorporated by reference to Exhibit 10.25 of the Annual Report on Form 10-K filed with the SEC on March 1, 2023)*

10.19	Form of Elanco Animal Health Incorporated Performance-Based Award Agreement for executives with respect to annual awards (incorporated by reference to Exhibit 10.26 of the Annual Report on Form 10-K filed with the SEC on March 1, 2023)*
10.20	Form of Elanco Animal Health Incorporated Nonqualified Stock Option Award Agreement for executives with respect to annual awards (incorporated by reference to Exhibit 10.27 of the Annual Report on Form 10-K filed with the SEC on March 1, 2023)*
10.21	Elanco Animal Health Incorporated Amended and Restated Employee Stock Purchase Plan (incorporated by reference to Appendix B to the Definitive Proxy Statement for the 2023 Annual Meeting of Shareholders filed with the SEC on April 6, 2023)*
10.22	Form of Elanco Animal Health Incorporated Nonqualified Stock Option Award Agreement with respect to awards commencing 2024 (filed herewith)*
10.23	Form of Restricted Stock Unit Award Agreement with respect to awards commencing 2024 (filed herewith)*
10.24	Form of Elanco Animal Health Incorporated Performance-Based Award Agreement for executives with respect to awards commencing 2024 (filed herewith)*
10.25	Elanco Animal Health Incorporated 2018 Elanco Stock Plan Omnibus Amendment to Stock Option Agreements dated March 29, 2024 (filed herewith)*
19	Elanco Insider Trading and Regulation FD Policy (filed herewith)
21.1	Subsidiaries of Elanco Animal Health Incorporated (filed herewith)
23.1	Consent of Ernst & Young LLP (filed herewith)
31.1	Section 302 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Section 302 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
97	Elanco Animal Health Incorporated Required Compensation Recovery Policy (incorporated by reference to Exhibit 97 of the Annual Report on Form 10-K filed with the SEC on February 26, 2024)*
101	Interactive Data Files (Inline XBRL)
104	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2024, formatted in Inline XBRL and included in Exhibit 101

*Management contracts or compensatory plans or arrangements

**Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The company will furnish copies of any such schedules to the U.S. Securities and Exchange Commission upon request.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

ELANCO ANIMAL HEALTH INCORPORATED
(Registrant)

Date: February 25, 2025 /s/ Jeffrey N. Simmons
Jeffrey N. Simmons
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Jeffrey N. Simmons Date: February 25, 2025
Jeffrey N. Simmons
President and Chief Executive Officer (principal executive officer) and Director

/s/ Todd S. Young Date: February 25, 2025
Todd S. Young
Executive Vice President, Chief Financial Officer (principal financial officer)

/s/ James M. Meer Date: February 25, 2025
James M. Meer
Senior Vice President, Chief Accounting Officer (principal accounting officer)

/s/ Lawrence E. Kurzius Date: February 25, 2025
Lawrence E. Kurzius
Chairman of the Board

/s/ Kapila Kapur Anand Date: February 25, 2025
Kapila Kapur Anand
Director

/s/ John P. Bilbrey Date: February 25, 2025
John P. Bilbrey
Director

/s/ William F. Doyle Date: February 25, 2025
William F. Doyle
Director

/s/ Art A. Garcia Art A. Garcia Director	Date: February 25, 2025
/s/ Michael J. Harrington Michael J. Harrington Director	Date: February 25, 2025
/s/ Paul Herendeen Paul Herendeen Director	Date: February 25, 2025
/s/ R. David Hoover R. David Hoover Director	Date: February 25, 2025
/s/ Deborah T. Kochevar Ph.D., DVM Deborah T. Kochevar Ph.D., DVM Director	Date: February 25, 2025
/s/ Stacey Ma Ph.D. Stacey Ma Ph.D. Director	Date: February 25, 2025
/s/ Kirk McDonald Kirk McDonald Director	Date: February 25, 2025
/s/ Denise Scots-Knight Ph.D. Denise Scots-Knight Ph.D. Director	Date: February 25, 2025
/s/ Kathy Turner Kathy Turner Director	Date: February 25, 2025
/s/ Craig Wallace Craig Wallace Director	Date: February 25, 2025

**Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities
Exchange Act of 1934**

Elanco Animal Health Incorporated ("Elanco") has one class of securities, its common stock, no par value, registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Description of common stock

The following is a summary of Elanco common stock and important provisions of Elanco's amended and restated articles of incorporation and amended and restated bylaws. This summary does not purport to be complete and is subject to and qualified by Elanco's amended and restated articles of incorporation and amended and restated bylaws, each of which is an exhibit to the Annual Report on Form 10-K to which this description is an exhibit, and by the provisions of applicable law.

Elanco's authorized capital stock is comprised of 6,000,000,000 shares, which are made up of (i) 5,000,000,000 shares of common stock, no par value and (ii) 1,000,000,000 shares of preferred stock, no par value, the rights and preferences of which may be established from time to time by Elanco's board of directors. Holders of Elanco common stock are entitled to the rights set forth below.

Voting Rights

The holders of Elanco common stock are entitled to one vote per share on all matters submitted to a vote of Elanco's shareholders (including the election or removal of directors), and do not have cumulative voting rights. Directors are elected by a majority of the votes cast (meaning that the number of votes cast "for" a director's election exceeds the number of votes cast "against" that director's election); provided that if the number of nominees for director exceeds the number of directors to be elected, the nominees receiving a plurality of the votes cast will be elected. Except as otherwise provided in Elanco's amended and restated articles of incorporation or as required by law, all other matters to be voted on by Elanco's shareholders will be approved if votes cast in favor of the matter exceed the votes cast opposing the matter at a meeting at which a majority of the outstanding shares entitled to vote on such matter is represented in person or by proxy.

Dividend Rights

Holders of Elanco common stock will share equally in any dividends that may be declared by Elanco's board of directors out of funds legally available therefor, subject to the rights of the holders of any outstanding preferred stock.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of Elanco's affairs, holders of Elanco common stock would be entitled to share ratably in Elanco's assets that are legally available for distribution to shareholders. If Elanco has any preferred stock outstanding at such time, holders of the preferred stock may be entitled to distribution and/or liquidation preferences. In either such case, Elanco must pay the applicable distribution to the holders of its preferred stock before it may pay distributions to the holders of Elanco common stock.

Other Rights

Holders of Elanco common stock do not have preemptive or other rights to subscribe for additional shares of Elanco's stock. All outstanding shares of Elanco common stock are validly issued, fully paid and nonassessable. The rights, preferences and privileges of holders of Elanco common stock will be subject to those of the holders of any shares of preferred stock that Elanco may issue in the future.

ELANCO ANIMAL HEALTH INCORPORATED EXECUTIVE DEFERRAL AND STOCK MATCH PLAN

Elanco Animal Health Incorporated (the "Company"), hereby amends and restates the Elanco Animal Health Incorporated Executive Deferral Plan, changes the plan name to Elanco Animal Health Incorporated Executive Deferral and Stock Match Plan (the "Plan") and becomes a sub-plan of the Elanco Stock Plan, effective October 1, 2023 (the "Effective Date"). The Plan is for the purpose of attracting and retaining high quality executives and promoting in them increased efficiency and an interest in the successful operation of the Company. The Plan is intended to, and shall be interpreted to, comply in all respects with Code Section 409A and those provisions of ERISA applicable to an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees."

ARTICLE I DEFINITIONS

- 1.1 "Account" or "Accounts" shall mean the bookkeeping account or accounts established under this Plan pursuant to Article 4.
- 1.2 "Base Salary" shall mean a Participant's annual base salary, excluding incentive and discretionary bonuses, commissions, reimbursements and other non-regular remuneration, received from the Company prior to reduction for any salary deferrals under benefit plans sponsored by the Company, including but not limited to, plans established pursuant to Code Section 125 or qualified pursuant to Code Section 401 (k).
- 1.3 "Beneficiary" or "Beneficiaries" shall mean the person, persons or entity designated as such pursuant to Section 7.1.
- 1.4 "Board" shall mean the Board of Directors of the Company.
- 1.5 "Bonus(es)" shall mean amounts paid to the Participant by the Company in the form of discretionary or annual incentive compensation or any other bonus designated by the Committee, before reductions for contributions to or deferrals under any pension, deferred compensation or benefit plans sponsored by the Company. The term shall not include any Restricted Stock Unit or Performance Award.
- 1.6 "Code" shall mean the Internal Revenue Code of 1986, as amended, as interpreted by Treasury regulations and applicable authorities promulgated thereunder.
- 1.7 "Committee" shall mean the person or persons appointed by the Board to administer the Plan in accordance with Article 9.
- 1.8 "Company Contributions" shall mean the contributions made by the Company pursuant to Section 3.3.
- 1.9 "Company Contribution Account" shall mean the Account maintained for the benefit of the Participant that is credited with Company Contributions, if any, pursuant to Section 4.2.
- 1.10 "Company Stock" shall mean common shares of Elanco Animal Health Incorporated as traded on the New York Stock Exchange.
- 1.11 "Company Stock Matching Contributions" shall mean Company matching contributions made in accordance with Section 3.3.
- 1.12 "Company Stock Matching Contributions Account" shall mean the Account maintained for the benefit of a Participant that is credited with Company Stock Matching Contributions in accordance with Section 4.3.
- 1.13 "Compensation" shall mean all amounts eligible for deferral for a particular Plan Year under Section 3.1.

1.14 "Crediting Rate" shall mean the notional gains and losses credited on the Participant's Account balance that are based on how the Participant's Account balances are notionally invested among the investment alternatives made available by the Committee pursuant to Section 3.5 of the Plan.

1.15 "Deferral Account" shall mean an Account maintained for each Participant that is credited with Participant deferrals pursuant to Section 4.1.

1.16 "Director" shall mean a member of the Board.

1.17 "Disability" or "Disabled" shall mean (consistent with the requirements of Code Section 409A) that the Participant (a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Participant's Employer. For purposes of this Plan, a Participant shall be Disabled if determined to be totally disabled by the Social Security Administration. A Participant shall also be Disabled if determined to be disabled in accordance with the applicable disability insurance program of such Participant's Employer, provided that the definition of "disability" applied under such disability insurance program complies with the requirements of this Section.

1.18 "Distributable Amount" shall mean the vested balance in the applicable Account as determined under Articles 4 and 5.

1.19 "Eligible Executive" shall mean a highly compensated or management-level employee of an Employer selected by the Committee to be eligible to participate in the Plan and who has received election instructions for the applicable Plan Year election cycle.

1.20 "Employer(s)" shall be defined as follows:

- (a) Except as otherwise provided in part (b) of this Section, the term "Employer" shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a participating employer.
 - (b) For the purpose of determining whether a Participant has experienced a Separation from Service, the term "Employer" shall mean:
 - (1) The entity for which the Participant performs services and with respect to which the legally binding right to compensation deferred or contributed under this Plan arises; and
 - (2) All other entities with which the entity described above would be aggregated and treated as a single employer under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Committee shall use an ownership threshold of at least 50% as a substitute for the 80% minimum ownership threshold that appears in, and otherwise must be used when applying, the applicable provisions of (A) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (B) Treas. Reg. Section 1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).
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1.21 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, including Department of Labor and Treasury regulations and applicable authorities promulgated thereunder.

1.22 "Financial Hardship" shall mean a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, or a dependent (as defined in Code Section 152, without regard to Code Section 152(b)(1), (b)(2), and (d)(1)(B))) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, but shall in all events correspond to the meaning of the term "unforeseeable emergency" under Code Section 409A.

1.23 "Fund" or "Funds" shall mean one or more of the investments selected by the Committee pursuant to Section 3.5 of the Plan.

1.24 "Hardship Distribution" shall mean an accelerated distribution of benefits or a cancellation of deferral elections pursuant to Section 6.5 to a Participant who has suffered a Financial Hardship.

1.25 "Participant" shall mean any Eligible Executive who becomes a Participant in this Plan in accordance with Article 2.

1.26 "Participant Election(s)" shall mean the forms or procedures by which a Participant makes elections with respect to (a) voluntary deferrals of his/her Compensation, (b) if applicable, the Funds, which shall act as the basis for crediting of interest on Account balances where permitted by the Committee, and (c) the form and timing of distributions from Accounts. Participant Elections may take the form of an electronic communication followed by appropriate confirmation according to specifications established by the Committee.

1.27 "Payment Date" shall mean the date on which a total distribution of the Distributable Amount shall be made or the date on which installment payments of the Distributable Amount shall commence.

- a. For benefits triggered by the Participant's Separation from Service, the Payment Date shall be the first business day of the seventh month directly following the month in which the Separation from Service occurs, and the applicable amount shall be calculated as of the last business day of the sixth month following the month in which the Separation from Service occurs. Subsequent installments, if any, shall be made in January of each Plan Year following the Plan Year in which the initial installment payment was payable and shall be calculated as of the last business day of the preceding December.
 - b. For benefits triggered by (i) the death of a Participant or (ii) the Disability of a Participant prior to Separation from Service, the Payment Date shall be the first business day of the month commencing after the month in which the event triggering the payout occurs, and the applicable amount shall be calculated as of the last business day of the month in which the event triggering the payout occurs. In the case of death, the Committee shall be provided with documentation reasonably necessary to establish the fact of the Participant's death.
 - c. The Payment Date of a Scheduled Distribution shall be the first business day of January of the Plan Year in which the distribution is scheduled to commence pursuant to the Participant Election, and the applicable Distributable Amount shall be calculated as of the last business day of the preceding December. Subsequent installments, if any, shall be calculated as of the last business day of December of each succeeding Plan Year after the initial calculation, and shall be made in January of each Plan Year following the Plan Year in which the initial installment payment was payable.
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Notwithstanding the foregoing, actual payment shall not be before the earliest date or after the latest date on which benefits may be distributed under Code Section 409A without violation of the provisions thereof, as reasonably determined by the Committee in accordance with Code Section 409A, including without limitation Treas. Reg. Section 1.409A-3(d).

1.28 "Performance Awards" or "PAs" shall mean performance-based awards granted by the Company that the Committee designates as being subject to deferral for a particular Plan Year pursuant to Section 3.2.

1.29 "Performance-Based Compensation" shall mean compensation the entitlement to or amount of which is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months, as determined by the Committee in accordance with Treas. Reg. Section 1.409A-1(e).

1.30 "Plan Year" shall mean the calendar year, except that the first Plan Year shall begin on the Effective Date and end on the last day of the calendar year in which the Effective Date occurs.

1.31 "Restricted Stock Units" or "RSUs" shall mean restricted stock unit award grants by the Company that the Committee designates as being subject to deferral for a particular Plan Year pursuant to Section 3.2.

1.32 "Scheduled Distribution" shall mean a scheduled distribution date elected by the Participant for distribution of certain amounts from the Deferral Account, including notional earnings thereon, as provided under Section 6.4.

1.33 "Separation from Service" shall mean a termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, other than by reason of death or Disability, as determined by the Committee in accordance with Treas. Reg. Section 1.409A-1(h). In determining whether a Participant has experienced a Separation from Service, the following provisions shall apply:

- a. For a Participant who provides services to an Employer as an employee, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur when such Participant has experienced a termination of employment with such Employer. A Participant shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Participant and his or her employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) the level of bona fide services the Participant will perform for the Employer after such date (whether as an employee or as an independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed by such Participant (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Participant has been providing services to the Employer for fewer than 36 months). If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona
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fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

- b. For a Participant, if any, who provides services to an Employer as an independent contractor, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed for such Employer, provided that the expiration of such contract(s) is determined by the Committee to constitute a good-faith and complete termination of the contractual relationship between the Participant and such Employer.
- c. For a Participant, if any, who provides services to an Employer as both an employee and an independent contractor, a Separation from Service generally shall not occur until the Participant has ceased providing services for such Employer as both an employee and as an independent contractor, as determined in accordance with the provisions set forth in parts (a) and (b) of this Section, respectively. Notwithstanding the foregoing provisions in this part (c), if a Participant provides services for an Employer as both an employee and as a “Director”, to the extent permitted by Treas. Reg. Section 1.409A-1 the services provided by such Participant as a Director shall not be taken into account in determining whether the Participant has experienced a Separation from Service as an employee, and the services provided by such Participant as an employee shall not be taken into account in determining whether the Participant has experienced a Separation from Service as a Director.

ARTICLE II PARTICIPATION

2.1 Enrollment Requirements: Commencement of Participation

- (a) As a condition to participation, each Eligible Executive shall complete, execute and return to the Committee the appropriate Participant Elections, as well as such other documentation and information as the Committee reasonably requests, by the deadline(s) established by the Committee. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines, in its sole discretion, are necessary.
- (b) Each Eligible Executive shall commence participation in the Plan on the date that the Committee determines that the Eligible Executive has met all enrollment requirements set forth in this Plan and required by the Committee, including returning all required documents to the Committee within the specified time period.
- (c) If an Eligible Executive fails to meet all requirements established by the Committee within the period required, that Eligible Executive shall not be eligible to participate in the Plan during such Plan Year.

ARTICLE III CONTRIBUTIONS & DEFERRAL ELECTIONS

3.1 Elections to Defer Compensation. Elections to defer Base Salary and Bonuses shall take the form of a whole percentage (less applicable payroll withholding requirements for Social Security and income taxes and employee benefit plans, as determined in the sole and absolute discretion of the Committee) of up to a maximum of:

- (a) 70% of Base Salary, and
 - (b) 100% of Bonuses.
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Elections to defer RSUs and/or PAs shall be a choice between deferring all or none of each respective form of Compensation for a Plan Year (less applicable payroll withholding requirements for Social Security and income taxes and employee benefit plans, as determined in the sole and absolute discretion of the Committee).

The Committee may, in its sole discretion, adjust for each Plan Year on a prospective basis the maximum deferral percentages described in this Section for one or more types of Compensation (including, without limitation, for particular types of Bonuses) and for one or more subsequent Plan Years; such revised deferral percentages shall be indicated on a Participant Election form approved by the Committee. Notwithstanding the foregoing, in no event shall the maximum deferral percentages be adjusted after the last date on which deferral elections for the applicable type(s) of Compensation must be submitted and become irrevocable in accordance with Section 3.2 below and the requirements of Code Section 409A.

Notwithstanding the foregoing, the Committee may determine that one or more types of Compensation shall not be made available for deferral for one or more Plan Years and, consistent with such determination, the impacted types of Compensation shall not appear on a Participant Election form.

3.2 Timing of Deferral Elections: Effect of Participant Election(s).

- (a) General Timing Rule for Deferral Elections. Except as otherwise provided in this Section 3.2, in order for a Participant to make a valid election to defer Compensation, the Participant must submit Participant Election(s) on or before the deadline established by the Committee, which shall be no later than the December 31st preceding the Plan Year in which such compensation will be earned or begin to be earned. In the case of an RSU or PA, such elections shall be made no later than December 31st preceding the Plan Year in which such RSU or PA is granted except to the extent the Committee in its discretion applies the timing set forth under subparagraph (c) to a PA for a particular Plan Year. Any deferral election made in accordance with this Section 3.2(a) shall be irrevocable as of December 31st; provided, however, any deferral of Performance Based Compensation permitted to be elected by the Committee in accordance with Section 3.2(c) below shall become irrevocable in accordance with Section 3.2(c).
 - (b) Timing of Deferral Elections for New Plan Participants. An Eligible Executive who first becomes eligible to participate in the Plan on or after the beginning of a Plan Year, as determined in accordance with Treas. Reg. Section 1.409A-2(a)(7)(ii) and the "plan aggregation" rules provided in Treas. Reg. Section 1.409A-1(c)(2), may be permitted to make an election to defer the portion of Compensation attributable to services to be performed after such election, provided that the Participant submits Participant Election(s) on or before the deadline established by the Committee, which in no event shall be later than thirty (30) days after the Participant first becomes eligible to participate in the Plan. If a deferral election made in accordance with this Section 3.2(b) relates to Compensation earned based upon a specified performance period, the amount eligible for deferral shall be equal to (i) the total amount of compensation for the performance period, multiplied by (ii) a fraction, the numerator of which is the number of days remaining in the service period after the Participant's deferral election is made, and the denominator of which is the total number of days in the performance period. Any deferral election made in accordance with this Section 3.2(b) shall become irrevocable no later than the 30th day after the date the Participant first becomes eligible to participate in the Plan.
 - (c) Timing of Deferral Elections for Performance-Based Compensation. Subject to the limitations described below, the Committee may determine that an irrevocable deferral election for an amount that qualifies as Performance-Based Compensation may be made by submitting Participant Election(s) on or before the deadline established by the
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Committee, which in no event shall be later than six (6) months before the end of the performance period. In order for a Participant to be eligible to make a deferral election for Performance-Based Compensation in accordance with the deadline established pursuant to this Section 3.2(c), the Participant must have performed services continuously from the later of (i) the beginning of the performance period for such compensation, or (ii) the date upon which the performance criteria for such compensation are established, through the date upon which the Participant makes the deferral election for such compensation. In no event shall a deferral election submitted under this Section 3.2(c) be permitted to apply to any amount of Performance-Based Compensation that has become readily ascertainable before the deferral election is made.

- (d) Timing Rule for Deferral of Compensation Subject to Risk of Forfeiture. With respect to compensation (i) to which a Participant has a legally binding right to payment in a subsequent year, and (ii) that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least twelve (12) months from the date the Participant obtains the legally binding right, the Committee may determine that an irrevocable deferral election for such compensation may be made by timely delivering Participant Election(s) to the Committee in accordance with its rules and procedures, no later than the 30th day after the Participant obtains the legally binding right to the compensation, provided that the election is made at least twelve (12) months in advance of the earliest date at which the forfeiture condition could lapse, as determined in accordance with Treas. Reg. Section 1.409A-2(a)(5). Any deferral election(s) made in accordance with this Section 3.2(d) shall become irrevocable no later than the 30th day after the Participant obtains a legally binding right to the compensation subject to such deferral election(s).
- (e) Separate Deferral Elections for Each Plan Year. In order to defer Compensation for a Plan Year, a Participant must submit a separate deferral election with respect to Compensation for such Plan Year by affirmatively filing a Participant Election during the enrollment period established by the Committee prior to the beginning of such Plan Year (or at such other time contemplated under this Section 3.2), which election shall be effective on the first day of the next following Plan Year (or at such other time contemplated under this Section 3.2 or specified on the Participant Election).

3.3 Company Contributions. In addition to Company Stock Matching Contributions, the Company shall have the discretion to make Company Contributions to the Plan at any time and in any amount on behalf of any Participant. Company Contributions shall be made in the complete and sole discretion of the Company and no Participant shall have the right to receive any Company Contribution in any particular Plan Year regardless of whether Company Contributions are made on behalf of other Participants.

3.4 Company Stock Matching Contributions. The Company shall have the discretion to make Matching Contributions to the Plan at any time determined based upon Base Salary and Bonus deferrals a Participant elects to be deemed invested in Company Stock. Such contributions shall be calculated and credited as follows: calculation – dollar for dollar on the first 6% of Base Salary and the first 6% of Bonus deferrals credited to the Participant's Account in the form of notional Company Stock during the Plan Year; and credited – generally, prior to the end of the second quarter of the following Plan Year. The Participant's subject deferrals shall remain notionally invested exclusively in Company Stock, and all Company Stock Matching Contributions shall remain notionally invested exclusively in Company Stock.

3.5 Investment Elections.

- (a) Participant Designation. At the time of entering the Plan and/or of making a deferral election under the Plan, the Participant may be permitted by the Committee to designate, on a Participant Election provided by the Committee, the Funds in which the Participant's Accounts shall be deemed to be invested for purposes of determining the amount of earnings and losses to be credited to each Account. In such event, the Participant may specify that all or any percentage of the Participant's Accounts shall be deemed to be invested, in whole percentage increments, in one or more of the Funds selected as deemed investments available under the Plan from time to time by the Committee pursuant to subsection (b) of this Section. If a Participant fails to make an election among the Funds, or if no election is permitted by the Committee at the time of the Participant entering the Plan and/or making a deferral election under the Plan, the Participant's Account balance shall automatically be deemed invested in a default Fund determined by the Committee in its sole discretion. A Participant may be permitted to change any designation made under this Section as permitted by the Committee by filing a revised election, on a Participant Election provided by the Committee. Notwithstanding the foregoing, the Committee, in its sole discretion, may impose limitations on the frequency with which one or more of the Funds elected in accordance with this Section may be added, removed or otherwise changed by such Participant; furthermore, the Committee, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of the Participant's Account balance deemed allocated to each previously or newly elected Fund. Notional investments made in Company Stock shall remain notionally invested in Company Stock.
- (b) Investment Funds. The Committee may select, in its sole and absolute discretion, each of the types of commercially available investments communicated to the Participant pursuant to subsection (a) of this Section to be the Funds. Where made available for selection by the Participants, deemed earnings and losses of each such commercially available investment shall be used to adjust the Participant's Account under Article IV as the Crediting Rate. The Participant's choice among investments, where applicable, shall be solely for purposes of calculating the Crediting Rate on Accounts. Further, the Company may offer a Company Stock notional investment option under the Plan. The Crediting Rate for any commercially available notional investment and the Company Stock notional investment alternative shall be based on the closing price on the applicable transaction date (or, if not a business day, the first business day immediately prior to such transaction date) as determined by the Committee, and notional holdings of Company Stock will be adjusted for any applicable dividends in accordance with Committee rules and procedures. The first business day prior to the Payment Date will generally be used for determining the applicable Crediting Rate of amounts subject to distribution; provided, however, the Committee may direct that a different business date apply to a particular transaction(s). The Company and the Employers shall have no obligation to set aside or invest amounts as directed by the Participant and, if the Company and/or the Employer elects to invest amounts as directed by the Participant, the Participant shall have no more right to such investments than any other unsecured general creditor.
- (c) Fixed Rate of Return. Notwithstanding Sections 3.5(a) and 3.5(b) above, the Committee may determine, in its sole discretion, that for one or more Plan Years the Crediting Rate for Participant Accounts under the Plan shall be based upon a fixed rate of return selected by the Committee, and no Participant designation among Funds shall be permitted during such period.
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3.6 Distribution Elections.

- (a) Initial Election. At the time of making a deferral election under the Plan, the Participant shall designate the time and form of distribution of deferrals made pursuant to such election (together with any earnings credited thereon) from among the alternatives specified under Article VI for the applicable distribution. Such distribution election(s) for a given Plan Year shall relate solely to that Plan Year. A new distribution election may be made at the time of subsequent deferral elections with respect to deferrals in Plan Years beginning after the election is made, in accordance with the Participant Election forms.
- (b) Modification of Elections. A distribution election with respect to previously deferred amounts may only be changed under the terms and conditions specified in Code Section 409A and this Section. Except as permitted under Code Section 409A, no acceleration of a distribution is permitted. A subsequent election that delays or changes the form of payment upon Separation from Service or as a Scheduled Distribution for a Plan Year shall be permitted if and only if all of the following requirements are met:
 - 1 the new election does not take effect until at least twelve (12) months after the date on which the new irrevocable election is effective;
 - 2 the new election delays payment for at least five (5) years from the date that payment would otherwise have been made or commenced, absent the new election; and
 - 3 in the case of payments made according to a Scheduled Distribution, the new election is made not fewer than twelve (12) months before the date on which payment would have been made (or, in the case of installment payments, the first installment payment would have been made) absent the new election.

For purposes of application of the above change limitations, installment payments shall be treated as a single payment under Code Section 409A. Only one (1) change shall be allowed to be made by a Participant with respect to each Plan Year's election as to the benefits to be distributed to such Participant upon Separation from Service. In addition, only one (1) change shall be allowed to be made by a Participant with respect to each Plan Year's Scheduled Distribution election, if any. Election changes made pursuant to this Section shall be made in accordance with rules established by the Committee, shall be subject to the limitations set forth in Sections 6.1 and 6.4 and shall comply with all requirements of Code Section 409A and applicable authorities.

ARTICLE IV ACCOUNTS

4.1 Deferral Accounts. The Committee shall establish and maintain a Deferral Account for each Participant under the Plan. In the event the Committee permits designation of Funds by the Participant, each Participant's Deferral Account shall be further divided into separate subaccounts ("Fund Subaccounts"), each of which corresponds to a Fund designated pursuant to Section 3.5. A Participant's Deferral Account shall be credited as follows:

- (a) As soon as reasonably practicable after amounts are withheld and deferred from a Participant's Compensation, the Committee shall credit the Participant's Deferral Account with an amount equal to the Compensation deferred by the Participant; where Participant designation of Funds is permitted by the Committee, the portion of the Participant's deferred Compensation designated under Section 3.5 to be deemed to be invested in a Fund shall be credited to the applicable Fund Subaccount, provided, however, that RSU and PA deferrals shall be credited to the Participant's Deferral Account at such time
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determined by the Committee following vesting of all or a portion of the RSU or PA value as reported by the administrator of those awards;

- (b) Where applicable, on each business day the Fund Subaccounts of a Participant's Deferral Account shall be credited with deemed earnings or losses in an amount equal to that determined by multiplying the balance credited to such Fund Subaccount as of the prior day, less any distributions valued as of the end of the prior day, by the notional investment return for the corresponding Fund as determined by the Committee pursuant to Section 3.5(b);
- (c) In the event the Committee determines a fixed rate of return for the Crediting Rate applicable to Participant Accounts in accordance with Section 3.5(c), the Participant Accounts shall be adjusted to reflect the applicable Crediting Rate on the date or dates determined by the Committee in its sole discretion; and
- (d) In the event that a Participant elects a Scheduled Distribution for a given Plan Year's deferral of Compensation, all amounts attributed to the deferral of Compensation for such Plan Year shall be accounted for in a manner which allows separate accounting for the deferral of Compensation and deemed earnings and losses associated with amounts allocated to each such separate Scheduled Distribution.

4.2 Company Contribution Account. The Committee shall establish and maintain a Company Contribution Account for each Participant under the Plan. In the event the Committee permits designation of Funds by the Participant, each Participant's Company Contribution Account shall be further divided into separate Fund Subaccounts corresponding to the Fund(s) designated pursuant to Section 3.5(a). A Participant's Company Contribution Account shall be credited as follows:

- (a) As soon as reasonably practicable after a Company Contribution is made, the Company shall credit the Participant's Company Contribution Account with an amount equal to the Company Contributions made on behalf of that Participant; where Participant designation of Funds is permitted by the Committee, the portion of the Company Contributions designated under Section 3.5 to be deemed to be invested in a certain Fund shall be credited to the applicable Fund Subaccount;
- (b) Where applicable, on each business day the Fund Subaccounts of a Participant's Company Contribution Account shall be credited with deemed earnings or losses in an amount equal to that determined by multiplying the balance credited to such Fund Subaccount as of the prior day, less any distributions valued as of the end of the prior day, by the notional investment return for the corresponding Fund as determined by the Committee pursuant to Section 3.5(b); and
- (c) In the event the Committee determines a fixed rate of return for the Crediting Rate applicable to Participant Accounts in accordance with Section 3.5(c), the Participant Company Contribution Accounts shall be adjusted to reflect the applicable Crediting Rate on the date or dates determined by the Committee in its sole discretion.

4.3 Company Stock Matching Contribution Account. The Committee shall establish and maintain a Company Stock Matching Contribution Account for each Participant. Company Stock Matching Contributions made in accordance with Section 3.4 will be credited to the Company Stock Matching Contribution Account in the form of notional Company Stock, which will be valued and credited with dividends in accordance with Section 3.5(b).

4.4 Trust. The Company shall be responsible for the payment of all benefits under the Plan. At its discretion, the Company may establish one or more grantor trusts for the purpose of providing for payment of benefits under the Plan. Such trust or trusts may be irrevocable, but the assets thereof shall be subject to the claims of the Company's creditors. Benefits paid to the

Participant from any such trust or trusts shall be considered paid by the Company for purposes of meeting the obligations of the Company under the Plan.

4.5 Statement of Accounts. The Committee shall provide each Participant with electronic statements at least quarterly setting forth the Participant's Account balance as of the end of each applicable period.

ARTICLE V VESTING

5.1 Vesting of Deferral Accounts. The Participant shall be vested at all times in amounts credited to the Participant's Deferral Account, with the exception of RSUs and PAs. RSUs and PAs shall vest in accordance with the respective terms of each award vehicle.

5.2 Vesting of Company Contribution Account. Amounts credited to the Participant's Company Contribution Account shall be vested based upon the schedule or schedules determined by the Company in its sole discretion and communicated to the Participant.

5.3 Vesting of Company Stock Matching Contributions. Amounts credited to the Participant's Company Stock Matching Contribution Account will vest December 31 of the second Plan Year following the Plan Year in which the Company Stock Matching Contributions were attributable, provided that the Participant remains in the service of an Employer on that date. For avoidance of doubt, any unvested Company Stock Matching Contributions will be forfeited upon a Participant's Separation from Service. Further, the Committee, in its sole discretion, may vest amounts held in a Participant's Company Stock Matching Contribution Account upon the Participant's death or Disability.

ARTICLE VI DISTRIBUTIONS

6.1 Separation from Service Distributions.

(a) RSUs, PAs and Company Stock Matching Contributions - In the event of a Participant's Separation from Service, the Distributable Amount credited to the Participant's Deferral Account comprised of RSUs, PAs and Company Stock Matching Contributions shall be paid to the Participant in a lump sum on the Payment Date following the Participant's Separation from Service. A Participant may not delay and/or change the form of payment applicable to RSUs, PAs or Company Stock Matching Contributions under Section 3.6.

(b) Base Salary, Bonus and Company Contributions - In the event of a Participant's Separation from Service, the Distributable Amount credited to the Participant's Deferral Account attributable to Base Salary, Bonuses and Company Contribution Account (excluding any Scheduled Distributions that commenced or were completed prior to the Separation from Service) shall be paid to the Participant in a lump sum on the Payment Date following the Participant's Separation from Service, unless the Participant has made an alternative Plan Year distribution election on a timely basis to receive substantially equal annual installments over up to ten (10) years. A Participant may delay and/or change the form of distribution applicable upon Separation from Service for one or more Plan Years, provided that any such distribution election change complies with the requirements described in Section 3.6.

6.2 Disability Distributions. Except as otherwise provided herein, in the event of a Participant's Disability prior to Separation from Service, the Distributable Amount credited to the Participant's Deferral Account, Company Stock Matching Contribution Account and Company Contribution Account (excluding any Scheduled Distributions that commenced or was completed

prior to the Disability) shall be paid to the Participant in a lump sum on the Payment Date following the Participant's Disability.

6.3 Death Benefits. Notwithstanding any provision in this Plan to the contrary, in the event that the Participant dies prior to complete distribution of the Participant's Accounts under the Plan, the Participant's Beneficiary shall be paid a death benefit equal to the Distributable Amount (or the remaining Distributable Amount in the event installment payments have commenced) credited to the Participant's Deferral Account, Company Stock Matching Contribution Account and Company Contribution Account in a lump sum on the Payment Date following the Participant's death.

6.4 Scheduled Distributions.

(a) Scheduled Distribution Election. A Participant shall be entitled to elect to receive a Scheduled Distribution from the Deferral Account applicable to all of the Participant's deferrals attributable to Base Salary and Bonus for a particular Plan Year. In the case of a Participant who has elected to receive a Scheduled Distribution, on the applicable Payment Date such Participant shall receive the Distributable Amount with respect to the applicable Plan Year's Base Salary and Bonus deferrals, including any earnings thereon, which have been elected by the Participant in accordance with Section 3.6 of the Plan. The Committee shall determine the earliest commencement date that may be elected by the Participant for each Scheduled Distribution and such date shall be indicated on the Participant Election. The Participant may elect to receive the Scheduled Distribution in a single lump sum or substantially equal annual installments over a period of up to five (5) years. A Participant may delay and/or change the form of distribution for a Scheduled Distribution, provided that such distribution election change complies with the requirements described in Section 3.6. By way of clarification, RSUs, PAs and Company Stock Matching Contributions shall not be distributable as a Scheduled Distribution.

(b) Relationship to Other Benefits.

(1) In the event of a Participant's Separation from Service, Disability or death prior to the initial Payment Date for a Scheduled Distribution, such Scheduled Distribution shall not be distributed under this Section 6.4, but rather shall be distributed in accordance with the other applicable Section of this Article VI.

i. In the event of a Participant's Separation from Service or Disability after one or more Scheduled Distribution Payment Dates has occurred, such Scheduled Distribution(s) shall continue to be paid at the same time and in the same form as if the Separation from Service or Disability, as applicable, had not occurred.

i. In the event of a Participant's death after one or more Scheduled Distribution Payment Dates has occurred, the remaining Distributable Amount of such Scheduled Distribution(s) shall be distributed in accordance with Section 6.3.

6.5 Hardship Distributions.

(a) Upon a finding that a Participant has suffered a Financial Hardship, in accordance with Code Section 409A, the Committee may, at the request of the Participant, accelerate distribution of benefits and/or approve cancellation of deferral elections under the Plan, subject to the following conditions:

(1) The Participant shall request to take a Hardship Distribution by completing and submitting a form provided by the Committee.

(2) Upon a finding that the Participant has suffered a Financial Hardship in accordance with Treasury Regulations promulgated under Code Section 409A, the Committee may, at the request of the Participant, accelerate distribution of benefits and/or approve cancellation of current deferral elections under the Plan in the amount reasonably necessary to alleviate such Financial Hardship. The amount distributed pursuant to this Section with respect to the Financial Hardship shall not exceed the amount necessary to satisfy such Financial Hardship, plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

(3) The amount (if any) determined by the Committee to be distributable as a Hardship Distribution shall be paid in a single lump sum as soon as practicable after the end of the calendar month in which the Hardship Distribution determination is made by the Committee.

(b) In the event a Participant receives a hardship distribution under an Employer's qualified 401(k) plan pursuant to Treas. Reg. Section 1.401(k)-1(d)(3), the Committee may (i) cancel the Participant's current deferral elections under this Plan and/or (ii) preclude the Participant from submitting additional deferral elections pursuant to Article III, to the extent deemed necessary to comply with Treas. Reg. Section 1.401(k)-1(d)(3).

6.6 Limited Cashouts. Notwithstanding any provision in this Plan to the contrary, the Committee may, in its sole discretion, distribute in a mandatory lump sum any Participant's entire holdings under the Deferral Account, Company Stock Matching Contribution Account and Company Contribution Account under the Plan, provided that any such distribution is made in accordance with the requirements of Treas. Reg. Section 1.409A-3(j)(4)(v) or its successor (each such payment, a "Limited Cashout"). Specifically, any such Limited Cashout pursuant to this Section 6.6 shall be subject to the following requirements:

- (a) The Committee's exercise of discretion to make the Limited Cashout shall be evidenced in writing no later than the date of the lump sum payment;
- (b) The lump sum payment shall result in the termination and liquidation of the entirety of the Participant's interest under the Plan, including in the Deferral Account, Company Stock Matching Contribution Account and Company Contribution Account, as well as the Participant's interest in all other plans, agreements, methods, programs, or other arrangements with respect to which deferrals of compensation are treated as having been deferred under a single nonqualified deferred compensation plan under Treas. Reg. Section 1.409A-1(c)(2) with the Account(s) that is being distributed from this Plan; and
- (c) The lump sum payment (and the Participant's entire interest in any and all other "plans" that would be aggregated with the Account(s) being distributed from this Plan in accordance with Treas. Reg. Section 1.409A-1(c)(2) is not greater than the applicable dollar amount under Code Section 402(g)(1)(B) at the time of the Limited Cashout.

Any such Limited Cashout shall be calculated as of the last business day of the month in which the Committee's determination to make the Limited Cashout occurs, and such lump sum payment shall be made within sixty (60) days following such determination.

6.7 Cash and In-Kind Distributions. Distributions under the Plan generally will be made in cash. The Committee, in its sole discretion, may distribute in-kind all or a portion of a Deferral Account notionally invested in Company Stock.

ARTICLE VII
PAYEE DESIGNATIONS AND LIMITATIONS

7.1 Beneficiaries.

- (a) Beneficiary Designation. The Participant shall have the right, at any time, to designate any person or persons as Beneficiary (both primary and contingent) to whom payment under the Plan shall be made in the event of the Participant's death. If the Participant names someone other than his or her spouse as a Beneficiary, the Committee may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Committee, executed by such Participant's spouse and returned to the Committee. The Beneficiary designation shall be effective when it is submitted to and acknowledged by the Committee during the Participant's lifetime in the format prescribed by the Committee.
- (b) Absence of Valid Designation. If a Participant fails to designate a Beneficiary as provided above, or if every person designated as Beneficiary predeceases the Participant or dies prior to complete distribution of the Participant's benefits, then the Committee shall deem the Participant's estate to be the Beneficiary and shall direct the distribution of such benefits to the Participant's estate.

7.2 Payments to Minors. In the event any amount is payable under the Plan to a minor, payment shall not be made to the minor, but instead such payment shall be made (a) to that person's living parent(s) to act as custodian, (b) if that person's parents are then divorced, and one parent is the sole custodial parent, to such custodial parent, to act as custodian, or (c) if no parent of that person is then living, to a custodian selected by the Committee to hold the funds for the minor under the Uniform Transfers or Gifts to Minors Act in effect in the jurisdiction in which the minor resides. If no parent is living and the Committee decides not to select another custodian to hold the funds for the minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within sixty (60) days after the date the amount becomes payable, payment shall be deposited with the court having jurisdiction over the estate of the minor.

7.3 Payments on Behalf of Persons Under Incapacity. In the event that any amount becomes payable under the Plan to a person who, in the sole judgment of the Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefore, the Committee may direct that such payment be made to any person found by the Committee, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of any and all liability of the Committee and the Company under the Plan.

ARTICLE VIII
LEAVE OF ABSENCE

8.1 Paid Leave of Absence. If a Participant is authorized by the Participant's Employer to take a paid leave of absence from the employment of the Employer, and such leave of absence does not constitute a Separation from Service, (a) the Participant shall continue to be considered eligible for the benefits provided under the Plan, and (b) deferrals shall continue to be withheld during such paid leave of absence in accordance with Article III.

8.2 Unpaid Leave of Absence. If a Participant is authorized by the Participant's Employer to take an unpaid leave of absence from the employment of the Employer for any reason, and such leave of absence does not constitute a Separation from Service, such Participant shall continue to be eligible for the benefits provided under the Plan. During the unpaid leave of absence, the Participant shall not be allowed to make any additional deferral elections. However, if the Participant returns to employment, the Participant may elect to defer for the Plan Year following Participant's return to employment and for every Plan Year thereafter while a Participant in the Plan, provided such deferral elections are otherwise allowed and a Participant Election is delivered to and accepted by the Committee for each such election in accordance with Article III above.

ARTICLE IX ADMINISTRATION

9.1 Committee. The Plan shall be administered by a Committee appointed by the Board, which shall have the exclusive right and full discretion (a) to appoint agents to act on its behalf, (b) to select and establish Funds, (c) to interpret the Plan, (d) to decide any and all matters arising hereunder (including the right to remedy possible ambiguities, inconsistencies, or admissions), (e) to make, amend and rescind such rules as it deems necessary for the proper administration of the Plan and (f) to make all other determinations and resolve all questions of fact necessary or advisable for the administration of the Plan, including determinations regarding eligibility for benefits payable under the Plan. The Committee may delegate all or a portion of its authorities to a named executive(s). All interpretations of the Committee (or its delegee(s)) with respect to any matter hereunder shall be final, conclusive and binding on all persons affected thereby. No member of the Committee, its delegee(s) or agent(s) thereof shall be liable for any determination, decision, or action made in good faith with respect to the Plan. The Company will indemnify and hold harmless the members of the Committee and its delegee(s) and their agents from and against any and all liabilities, costs, and expenses incurred by such persons as a result of any act, or omission, in connection with the performance of such persons' duties, responsibilities, and obligations under the Plan, other than such liabilities, costs, and expenses as may result from the bad faith, willful misconduct, or criminal acts of such persons.

9.2 Claims Procedure. Any Participant, former Participant or Beneficiary may file a written claim with the Committee setting forth the nature of the benefit claimed, the amount thereof, and the basis for claiming entitlement to such benefit. The Committee shall determine the validity of the claim and communicate a decision to the claimant promptly and, in any event, not later than ninety (90) days after the date it receives the claim. The claim may be deemed by the claimant to have been denied for purposes of further review described below in the event a decision is not furnished to the claimant within such ninety (90) day period. If additional information is necessary to make a determination on a claim, the claimant shall be advised of the need for such additional information within forty-five (45) days after the date the Committee receives the claim. The claimant shall have up to one hundred eighty (180) days to supplement the claim information, and the claimant shall be advised of the decision on the claim within forty-five (45) days after the earlier of the date the supplemental information is supplied or the end of the one hundred eighty (180) day period. Every claim for benefits which is denied shall be denied by written notice setting forth in a manner calculated to be understood by the claimant (a) the specific reason or reasons for the denial, (b) specific reference to any provisions of the Plan (including any internal rules, guidelines, protocols, criteria, etc.) on which the denial is based, (c) description of any additional material or information that is necessary to process the claim, and (d) an explanation of the procedure for further reviewing the denial of the claim and shall include

an explanation of the claimant's right to submit the claim for binding arbitration in the event of an adverse determination on review.

9.3 Review Procedures. Within sixty (60) days after the receipt of a denial on a claim, a claimant or the claimant's authorized representative may file a written request for review of such denial. Such review shall be undertaken by the Committee and shall be a full and fair review. The claimant shall have the right to review all pertinent documents. The Committee shall issue a decision not later than sixty (60) days after receipt of a request for review from a claimant unless special circumstances, such as the need to hold a hearing, require a longer period of time, in which case a decision shall be rendered as soon as possible but not later than one hundred twenty (120) days after receipt of the claimant's request for review. The decision on review shall be in writing and shall include specific reasons for the decision written in a manner calculated to be understood by the claimant with specific reference to any provisions of the Plan on which the decision is based and shall include an explanation of the claimant's right to submit the claim for binding arbitration in the event of an adverse determination on review.

ARTICLE X MISCELLANEOUS

10.1 Termination of Plan. The Company may terminate the Plan in full at any time, provided that such termination complies with Code Section 409A and related Treasury Regulations. Although each Employer anticipates that it will continue the Plan with respect to its Participants for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan with respect to its Participants at any time in the future. Accordingly, each Employer reserves the right to terminate the Plan with respect to its Participants. In the event of a Plan termination, no new deferral elections shall be permitted for the affected Participants and such Participants shall no longer be eligible to receive new Company Contributions. However, after the Plan termination the Account balances of such Participants shall continue to be credited with deferrals attributable to any deferral election that was in effect prior to the Plan termination to the extent deemed necessary to comply with Code Section 409A and related Treasury Regulations, and additional amounts shall continue to be credited or debited to such Participants' Account balances pursuant to Article IV. In addition, following a Plan termination, Participant Account balances shall remain in the Plan and shall not be distributed until such amounts become eligible for distribution in accordance with the other applicable provisions of the Plan. Notwithstanding the preceding sentence, to the extent permitted by Treas. Reg. Section 1.409A-3(j)(4)(ix) or as otherwise permitted under Code Section 409A, the Employer may provide that upon termination of the Plan, all Account balances of the Employer's Participants shall be distributed, subject to and in accordance with any rules established by such Employer deemed necessary to comply with the applicable requirements and limitations of Code Section 409A.

10.2 Amendment. The Company may, at any time, amend or modify the Plan in whole or in part, including with respect to a particular Employer and its Participants. Notwithstanding the foregoing, no amendment or modification shall be effective to decrease the value of a Participant's vested Account balance in existence at the time the amendment or modification is made.

10.3 Unsecured General Creditor. The benefits paid under the Plan shall be paid from the general assets of the Company, and the Participant and any Beneficiary or their heirs or successors shall be no more than unsecured general creditors of the Company with no special or prior right to any assets of the Company for payment of any obligations hereunder. It is the intention of the Company that this Plan be unfunded for purposes of ERISA and the Code.

10.4 Restriction Against Assignment. The Company shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or entity. No part of a Participant's Accounts shall be liable for the debts, contracts, or engagements of any Participant, Beneficiary, or their successors in interest, nor shall a Participant's Accounts be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, sell, transfer, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. No part of a Participant's Accounts shall be subject to any right of offset against or reduction for any amount payable by the Participant or Beneficiary, whether to the Company or any other party, under any arrangement other than under the terms of this Plan.

10.5 Withholding. The Participant shall make appropriate arrangements with the Company for satisfaction of any federal, state or local income tax withholding requirements, Social Security and other employee tax or other requirements applicable to the granting, crediting, vesting or payment of benefits under the Plan. There shall be deducted from each payment made under the Plan or any other Compensation payable to the Participant (or Beneficiary) all taxes that are required to be withheld by the Company in respect to such payment or this Plan. To the extent permissible under Code Section 409A, the Company shall have the right to reduce any payment (or other Compensation) by the amount of cash sufficient to provide the amount of said taxes.

10.6 Code Section 409A. The Company intends that the Plan comply with the requirements of Code Section 409A (and all applicable Treasury Regulations and other guidance issued thereunder) and it shall be operated and interpreted consistent with that intent. Notwithstanding the foregoing, the Company makes no representation that the Plan complies with Code Section 409A.

10.7 Effect of Payment. Any payment made in good faith to a Participant or the Participant's Beneficiary shall, to the extent thereof, be in full satisfaction of all claims against the Committee, its members, the Employer and the Company.

10.8 Errors in Account Statements Deferrals or Distributions. In the event an error is made in an Account statement, such error shall be corrected on the next statement following the date such error is discovered. In the event of an operational error, including, but not limited to, errors involving deferral amounts, overpayments or underpayments, such operational error shall be corrected in a manner consistent with and as permitted by any correction procedures established under Code Section 409A. If any portion of a Participant's Account(s) under this Plan is required to be included in income by the Participant prior to receipt due to a failure of this Plan to comply with the requirements of Code Section 409A, the Committee may determine that such Participant shall receive a distribution from the Plan in an amount equal to the lesser of (i) the portion of the Participant's Account required to be included in income as a result of the failure of the Plan to comply with the requirements of Code Section 409A, or (ii) the unpaid vested Account balance.

10.9 Domestic Relations Orders. Notwithstanding any provision in this Plan to the contrary, in the event that the Committee receives a domestic relations order, as defined in Code Section 414(p)(1)(B), pursuant to which a court has determined that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan, the Committee shall have the right to immediately distribute the spouse's or former spouse's vested interest in the Participant's benefits under the Plan to such spouse or former spouse to the extent necessary to fulfill such domestic relations order, provided that such distribution is in accordance with the requirements of Code Section 409A.

10.10 Employment Not Guaranteed. Nothing contained in the Plan, nor any action taken hereunder shall be construed as a contract of employment or as giving any Participant any right to continue the provision of services in any capacity whatsoever to the Employer.

10.11 No Guarantee of Tax Consequences. The Employer, Company, Board and Committee make no commitment or guarantee to any Participant that any particular federal, state or local tax treatment will apply or be available to any person eligible for benefits under the Plan and assume no liability whatsoever for the tax consequences to any Participant.

10.12 Successors of the Company. The rights and obligations of the Company under the Plan shall inure to the benefit of, and shall be binding upon, the successors and assigns of the Company.

10.13 Notice. Any notice or filing required or permitted to be given to the Company or the Participant under this Agreement shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, in the case of the Company, to the principal office of the Company, directed to the attention of the Committee, and in the case of the Participant, to the last known address of the Participant indicated on the employment records of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Notices to the Company may be permitted by electronic communication according to specifications established by the Committee.

10.14 Headings. Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

10.15 Gender. Singular and Plural. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

10.16 Governing Law. The Plan is intended to be an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301 and 401 of ERISA and therefore to be exempt from Parts 2, 3 and 4 of Title I of ERISA. To the extent any provision of, or legal issue relating to, this Plan is not fully preempted by federal law, such issue or provision shall be governed by the laws of the State of Indiana.

10.17 Entire Agreement. Unless specifically indicated otherwise, this Plan supersedes any and all prior communications, understandings, arrangements or agreements between the parties, including the Employer, the Company, the Board, the Committee and any and all Participants, whether written, oral, express or implied relating thereto.

10.18 Binding Arbitration. Any claim, dispute or other matter in question of any kind relating to this Plan which is not resolved by the claims procedures under this Plan shall be settled by arbitration in accordance with the applicable employment dispute resolution rules of the American Arbitration Association. Notice of demand for arbitration shall be made in writing to the opposing party and to the American Arbitration Association within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall a demand for arbitration be made after the date when the applicable statute of limitations would bar the institution of a legal or equitable proceeding based on such claim, dispute or other matter in question. The decision of the arbitrators shall be final and may be enforced solely and exclusively in any court of competent jurisdiction located in Indiana. The arbitrators may award reasonable fees and expenses to the prevailing party in any dispute hereunder and shall award reasonable fees and expenses in the event that the arbitrators find that the losing party acted in bad faith or with intent to harass, hinder or delay the prevailing party in the exercise of its rights in connection with the matter under dispute.

WITNESS WHEREOF, the Board has approved the adoption of this Plan as of the Effective
Date and has caused the Plan to be executed by its duly authorized representative this __ day of _____, 2023.

ELANCO ANIMAL HEALTH INCORPORATED

Name:

Title:

**ELANCO ANIMAL HEALTH INCORPORATED
RESTRICTED STOCK UNIT AWARD AGREEMENT**

This Restricted Stock Unit Award is granted on _____, 2024 ("Grant Date") by Elanco Animal Health Incorporated, an Indiana corporation ("Elanco" or the "Company"), to the Eligible Individual who has received this Restricted Stock Unit Award Agreement (the "Grantee").

**Number of Shares: Log into UBS account at
<https://onlineservices.ubs.com/wma/epas/resources>**

Grantee:

**Vesting Date(s): 50% on _____, 2025
50% on _____, 2026**

**(except as otherwise provided in this
Restricted Stock Unit Award Agreement)**

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Section 1. Grant of Restricted Stock Units

Elanco, an Indiana corporation ("Elanco" or the "Company"), has granted to the Eligible Individual who has received this Restricted Stock Unit Award Agreement (the "Grantee") an award of restricted stock units (the "Restricted Stock Units" or the "Award") with respect to the number of shares of Elanco Common Stock (the "Shares") referenced on the first page of this document, pursuant to and subject to the terms and conditions set forth in the Amended and Restated 2018 Elanco Animal Health Incorporated Stock Plan (the "Plan") and to the terms and conditions set forth in this Restricted Stock Unit Award Agreement, including any appendices, exhibits and addenda hereto (the "Award Agreement"). Unless otherwise stated in the Plan where the terms in this Award Agreement may govern in the event of any conflict between the terms of the Plan and this Award Agreement, in the event of any such conflict, the terms of the Plan shall otherwise govern.

Any capitalized terms used but not defined in this Award Agreement shall have the meanings set forth in the Plan.

Section 2. Vesting

- a. The Award shall vest as to all or a portion of the Award at the close of business in Greenfield, Indiana, U.S.A. on the earliest of the following dates (each, a "Vesting Date"):
- i. the scheduled Vesting Date(s) set forth on the first page of this document;
 - ii. the date of the Grantee's Service termination due to the Grantee's death;
 - iii. the date of the Grantee's Service termination due to a Qualifying Termination, as defined below; or
 - iv. the date of the Grantee's Service termination due to the Grantee's Retirement, as defined below.
- b. In the event the Grantee's Service is terminated due to the Grantee's death, any unvested portion of the Award will accelerate and vest in full on the date of the Grantee's Service termination due to death.
- c. In the event the Grantee's Service is terminated due to a Qualifying Termination for a reason other than death, a pro-rata portion of the Award tranche eligible to vest on the next scheduled Vesting Date will accelerate and vest on the date of the Grantee's Service termination due to the Qualifying Termination based on the ratio of (x) the number of full or partial months worked by the Grantee from the *later* of the Grant Date *or* the most recent scheduled Vesting Date prior to the Service termination date to (y) the total number of months from (1) the *later* of the Grant Date *or* the most recent scheduled Vesting Date prior to the Service termination date to (2) the next scheduled Vesting Date set forth on the first page of this document
- d. In the event the Grantee's Service is terminated due to Retirement, a pro-rata portion of the Award tranche eligible to vest on the next scheduled Vesting Date will accelerate and vest on the date of the Grantee's Service termination due to Retirement based on the ratio of (x) the number of full or partial months worked by the Grantee from the *later* of the Grant Date *or* the most recent scheduled Vesting Date prior to the Service termination date to (y) the total number of months from (1) the *later* of the Grant Date *or* the most recent scheduled Vesting Date prior to the Service termination date to (2) the next scheduled Vesting Date set forth on the first page of this document.
- "Retirement" for purposes of this Award Agreement means the Grantee has either (A) reached age sixty (60) and completed five (5) years of Service with the Company or an Affiliate, including any years of Service with Eli Lilly & Company ("Lilly") prior to the Company's spin-off from Lilly (unless otherwise prescribed under Applicable Laws), or (B) completed thirty (30) years of Service with the Company or an Affiliate, including any years of Service with Lilly prior to the Company's spin-off from Lilly (unless otherwise prescribed under Applicable Laws). The Committee, in its sole discretion, shall determine whether and when a Retirement has occurred.
- e. For purposes of this Award Agreement, a "Qualifying Termination" means any one of the following:
- i. the date the Grantee's Service is terminated due to the Grantee's death;
 - ii. the date the Grantee's Service is terminated by reason of Disability;
 - iii. the date the Grantee's Service is terminated due to a closing of a plant site or other corporate location;
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- iv. the date the Grantee's Service is terminated due to the elimination of a work group, functional or business unit or other broadly applicable reduction in job positions; or
- v. the date the Grantee's Service is terminated due to the elimination of the Grantee's job position.

The Committee, in its sole discretion, shall determine whether and when a Qualifying Termination has occurred and/or if a leave of absence or transfer of employment between the Company and an Affiliate or between Affiliates constitutes a termination of Service. Such determination shall be final and binding on the Grantee.

- f. Any portion of the Award that does not vest pursuant to Section 2(a), 2(b), 2(c) or 2(d) shall be forfeited upon the Grantee's termination of Service. Further, in the event the Grantee's Service is terminated prior to a Vesting Date for any reason or in any circumstance other than those specified in Section 2(a), 2(b), 2(c) or 2(d) above, any unvested portion of the Award shall be forfeited

Section 3. Change in Control

The provisions of Section 13.2 of the Plan apply to this Award with the following modifications:

- a. The only Change in Control event that shall result in a benefit under this Section 3 shall be the consummation of a merger, share exchange, or consolidation of the Company, as defined in Section 2.6(c) of the Plan (a "Transaction").
- b. In the event that the Award is not converted, assumed, substituted, continued or replaced by a successor or surviving corporation, or a parent or subsidiary thereof, in connection with a Transaction, then immediately prior to the Transaction, the Award shall vest automatically in full.
- c. In the event that the Award is converted, assumed, substituted, continued or replaced by a successor or surviving corporation, or a parent or subsidiary thereof, in connection with a Transaction and the Grantee is subject to a Covered Termination (as defined below) prior to any applicable Vesting Date, the Award shall vest automatically in full. For purposes of this provision, "Covered Termination" shall mean a Qualifying Termination, Grantee's termination without Cause or the Grantee's resignation for Good Reason. "Cause" and "Good Reason" shall have the meanings ascribed to them in the Elanco Animal Health, Inc. 2018 Change in Control Severance Pay Plan for Employees or the Elanco Animal Health, Inc. 2018 Change in Control Severance Pay Plan for Select Employees (both as amended from time to time) or any successor plan or arrangement thereto, as applicable.
- d. If the Grantee is entitled to receive stock of the acquiring entity or successor to the Company as a result of the application of this Section 3, then references to Shares in this Award Agreement shall be read to mean stock of the successor or surviving corporation, or a parent or subsidiary thereof, as and when applicable.

Section 4. Settlement

- a. Except as provided below, the Award shall be paid to the Grantee as soon as practicable, and in no event later than seventy-five (75) days, following the applicable Vesting Date, or, if earlier, a vesting event contemplated under Section 3 above.
 - b. If the Award is considered an item of non-qualified deferred compensation subject to Section 409A of the Code ("NQ Deferred Compensation") and the settlement date or period is determined by reference to the date of the termination of the Grantee's Service, (i) the Award shall not be paid unless and until the Grantee experiences a "separation from service" within the meaning of Section 409A of the Code (a "Section 409A
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Separation”) and (ii) if the Grantee is a “specified employee” within the meaning of Section 409A of the Code as of the date of the Grantee’s Section 409A Separation, the vested portion of the Award shall instead be paid on the earliest of (1) the Vesting Dates set forth in Section 2(a)(i) with respect to the portion of the Award that was scheduled to vest on such Vesting Dates, (2) the first day following the six (6) month anniversary of the Grantee’s Section 409A Separation, (3) the date of a Section 409A CIC (as defined below), and (4) the date of the Grantee’s death. If the Award is considered NQ Deferred Compensation and the vesting event is a Transaction that does not constitute a “change in control event” within the meaning of Section 409A of the Code (a “Section 409A CIC”), the Award shall instead be settled on the earliest of (A) the Vesting Dates set forth in Section 2(a)(i) with respect to the portion of the Award that was scheduled to vest on such Vesting Dates, (B) the date of a Section 409A CIC, and (C) the date of the Grantee’s death.

- c. At the time of settlement provided in this Section 4, the Company shall issue or transfer Shares or the cash equivalent, as contemplated under Section 4(d) below, to the Grantee. In the event the Grantee is entitled to a fractional Share, the fraction may be paid in cash or rounded, in the Committee’s discretion.
- d. At any time prior to the applicable Vesting Date or until the Award is paid in accordance with this Section 4, the Committee may, if it so elects, determine to pay part or all of the Award in cash in lieu of issuing or transferring Shares. The amount of cash shall be based on the Fair Market Value of the Shares on the applicable Vesting Date.
- e. In the event of the death of the Grantee, the payments described above shall be made to the successor of the Grantee.

Section 5. Rights of the Grantee

- a. No Shareholder Rights. The Restricted Stock Units do not entitle the Grantee to any rights of a shareholder of the Company until such time as the Restricted Stock Units vest and Shares are issued or transferred to the Grantee.
- b. No Trust; Grantee’s Rights Unsecured. Neither this Award Agreement nor any action in accordance with this Award Agreement shall be construed to create a trust of any kind. The right of the Grantee to receive payments of cash or Shares pursuant to this Award Agreement shall be an unsecured claim against the general assets of the Company.

Section 6. Prohibition Against Transfer

The right of a Grantee to receive payments of Shares and/or cash under this Award may not be transferred except to a duly appointed guardian of the estate of the Grantee or to a successor of the Grantee by will or the applicable laws of descent and distribution and then only subject to the provisions of this Award Agreement. A Grantee may not assign, sell, pledge, or otherwise transfer Shares or cash to which Grantee may be entitled hereunder prior to transfer or payment thereof to the Grantee, and any such attempted assignment, sale, pledge or transfer shall be void.

Section 7. Responsibility for Taxes

- a. Regardless of any action the Company and/or the Grantee’s employer (the “Employer”) takes with respect to any or all income tax (including federal, state, local and non-U.S. tax), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Grantee’s participation in the Plan and legally applicable to the Grantee (“Tax-Related Items”), the Grantee acknowledges that the ultimate liability
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for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant of the Restricted Stock Units, the vesting of the Restricted Stock Units and the lapse of restrictions, the transfer and issuance of any Shares, the receipt of any cash payment pursuant to the Award, the receipt of any dividends and the sale of any Shares acquired pursuant to this Award; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Grantee becomes subject to Tax-Related Items in more than one jurisdiction, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

- b. Prior to the applicable taxable or tax withholding event, as applicable, the Grantee shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.
 - c. If the Restricted Stock Units are paid to the Grantee in cash in lieu of Shares, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligation for Tax-Related Items by withholding from the cash amount paid to the Grantee pursuant to the Award or from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer.
 - d. If the Restricted Stock Units are paid to the Grantee in Shares and the Grantee is not subject to the short-swing profit rules of Section 16(b) of the Exchange Act, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to (i) withhold from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer, (ii) arrange for the sale of Shares to be issued upon settlement of the Award (on the Grantee's behalf and at the Grantee's direction pursuant to this authorization or such other authorization as the Grantee may be required to provide to the Company or its designated broker in order for such sale to be effectuated) and withhold from the proceeds of such sale, and/or (iii) withhold in Shares otherwise issuable to the Grantee pursuant to this Award.
 - e. If the Restricted Stock Units are paid to the Grantee in Shares and the Grantee is subject to the short-swing profit rules of Section 16(b) of the Exchange Act, the Company will withhold in Shares otherwise issuable to the Grantee pursuant to this Award, unless the use of such withholding method is prevented by applicable law or has materially adverse accounting or tax consequences, in which case the withholding obligation for Tax-Related Items may be satisfied by one or a combination of the methods set forth in Section 7(d)(i) and (ii) above.
 - f. Depending on the withholding method, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Grantee may receive a refund of any over-withheld amount in cash as soon as practicable and without interest and will not be entitled to the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, the Grantee will be deemed to have been issued the full number of Shares to which Grantee is entitled pursuant to this Award, notwithstanding that a number of Shares are withheld to satisfy the obligation for Tax-Related Items.
 - g. The Company may require the Grantee to pay the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of any aspect of this Award that cannot be satisfied by the means previously described. The Company may refuse to deliver Shares or any
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cash payment to the Grantee if the Grantee fails to comply with the Grantee's obligation in connection with the Tax-Related Items as described in this Section 7.

Section 8. Section 409A Compliance

To the extent applicable, it is intended that this Award comply with the requirements of Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the Treasury Regulations and other guidance issued thereunder ("Section 409A") and this Award shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A.

Section 9. Nature of Grant

In accepting the grant, Grantee acknowledges, understands and agrees that:

- a. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;
 - b. the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Stock Units, or benefits in lieu thereof, even if Restricted Stock Units have been granted in the past;
 - c. all decisions with respect to future awards of Restricted Stock Units or other awards, if any, will be at the sole discretion of the Committee;
 - d. the Grantee's participation in the Plan is voluntary;
 - e. the Award and any Shares subject to the Award are not intended to replace any pension rights or compensation;
 - f. the Award and any Shares subject to the Award, and the income from and value of same, are not part of normal or expected compensation for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, holiday pay, leave pay, pension or welfare or retirement benefits or similar mandatory payments;
 - g. unless otherwise agreed with the Company, the Award and any Shares subject to the Award, and the income and value of same, are not granted as consideration for, or in connection with, the service the Grantee may provide as a director of an Affiliate;
 - h. neither the Award nor any provision of this Award Agreement, the Plan or the policies adopted pursuant to the Plan, confer upon the Grantee any right with respect to employment or continuation of current employment, and in the event that the Grantee is not an employee of the Company or any Affiliate of the Company, the Award shall not be interpreted to form an employment contract or relationship with the Company or any Affiliate;
 - i. the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
 - j. no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the Grantee ceasing to provide employment or other services to the Company or the Employer (for any reason whatsoever, whether or not later found to be invalid or in breach of local labor laws in the jurisdiction where the Grantee is employed or the terms of Grantee's employment agreement, if any);
 - k. for purposes of the Award, the Grantee's employment will be considered terminated as of the date Grantee is no longer actively providing services to the Company, an Employer or an Affiliate and the Grantee's right, if any, to vest in and be paid any portion
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of the Award after such termination of employment or services (regardless of the reason for such termination and whether or not such termination is later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any) will be measured by the date the Grantee ceases to actively provide services and will not be extended by any notice period (e.g., active service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any); the Committee shall have the exclusive discretion to determine when the Grantee is no longer actively providing services for purposes of the Award (including whether the Grantee may still be considered to be actively providing services while on a leave of absence);

- l. unless otherwise provided in the Plan or by the Committee in its discretion, the Award and the benefits evidenced by this Award Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and
- m. none of the Company, the Employer or any Affiliate shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency and the United States Dollar that may affect the value of the Award or any amounts due to the Grantee pursuant to the settlement of the Award or the subsequent sale of any Shares acquired upon settlement

Section 10. Data Privacy

- a. Data Collection and Usage. *The Company and the Employer may collect, process and use certain personal information about the Grantee, and persons closely associated with the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is the Grantee's consent. Where required under Applicable Laws, Data may also be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made and the legal basis, where required, for such disclosure is the Applicable Laws.*
 - b. Stock Plan Administration Service Providers. *The Company transfers Data to UBS Financial Services Inc. and/or its affiliated companies ("UBS"), an independent service provider, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. The Grantee may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.*
 - c. International Data Transfers. *The Company and its service providers are based in the United States. The Grantee's country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission and the United States have agreed upon a Trans-Atlantic Data Privacy Framework that is*
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designed to protect employee data transferred from Europe to the United States. The Company's legal basis, where required, for the transfer of Data is the Grantee's consent.

- d. Data Retention. The Company will hold and use the Data only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.
- e. Data Subject Rights. The Grantee understands that data subject rights regarding the processing of Data vary depending on Applicable Law and that, depending on where the Grantee is based and subject to the conditions set out in such Applicable Law, the Grantee may have, without limitation, the right to (i) inquire whether and what kind of Data the Company holds about the Grantee and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data about the Grantee that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of the Grantee's Data in certain situations where the Grantee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and (vi) request portability of the Grantee's Data that the Grantee has actively or passively provided to the Company or the Employer (which does not include data derived or inferred from the collected data), where the processing of such Data is based on consent or the Grantee's employment and is carried out by automated means. In case of concerns, the Grantee understands that Grantee may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Grantee's rights, the Grantee understands that Grantee should contact Grantee's local human resources representative.
- f. Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and the Grantee is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke the Grantee's consent, the Grantee's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to grant this Award or other awards to the Grantee or administer or maintain such awards.
- g. Declaration of Consent. By accepting the Award and indicating consent via the Company's online acceptance procedure, the Grantee is declaring that Grantee agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Section 11. Additional Terms and Conditions

- a. Country-Specific Conditions. The Award shall be subject to any special terms and conditions set forth in any Appendix to this Award Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Award Agreement.
 - b. Insider Trading / Market Abuse Laws. The Grantee may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including but not limited to the United States and the Grantee's country of residence, which may affect the
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Grantee's ability to directly or indirectly, for the Grantee or for a third party, acquire or sell, or attempt to sell, or otherwise dispose of Shares or rights to acquire Shares (e.g., Restricted Stock Units) under the Plan during such times as the Grantee is considered to have "inside information" regarding the Company (as determined under the laws or regulations in the applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Grantee acknowledges that it is Grantee's responsibility to comply with any applicable restrictions, and the Grantee should consult with Grantee's personal legal advisor on this matter.

- c. Imposition of Other Requirements; Clawback/Recovery. The Company reserves the right to impose other requirements on the Award and any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to execute any additional agreements or undertakings that may be necessary to accomplish the foregoing. Without limitation to the foregoing, the Grantee agrees that the Restricted Stock Unit Award and any benefits or proceeds the Grantee may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required to comply with any requirements imposed under Applicable Laws, or pursuant to any clawback or compensation recovery policy of the Company.
- d. Non-Competition. This Section 11(d) shall apply only if the Grantee is an executive officer of the Company (as defined in Rule 3b-7 under the Exchange Act) and experiences a Qualifying Termination or Retirement that affects this Award.
 - i. The Grantee understands the global nature of the Company's businesses and the effort the Company undertakes to develop and protect its business, goodwill, confidential information and competitive advantage. Accordingly, the Grantee recognizes and agrees that the scope and duration of the restrictions described in this provision are reasonable and necessary to protect the legitimate business interests of the Company. All payments and benefits to the Grantee under this Agreement are conditioned expressly on the Grantee's compliance with the provisions of this Section 11(d). During the Grantee's employment with the Company and for a period of one (1) year following the Grantee's termination of employment for any reason, the Grantee shall not:
 - a. singly, jointly, or in any other capacity, in a manner that contributes to any research, design, development, strategy, marketing, promotion, or sales, or that relates to the Grantee's employment with the Company, directly or beneficially engage in, manage, join, participate in the management, operation or control of, or work for (as an employee, a consultant or an independent contractor), or permit the use of the Grantee's name by, or provide financial or other assistance to, any person or entity operating in the animal health industry that provides products or services that are the same or substantially similar to those provided by the Company or any Affiliate (a "Competitor"), provided that the foregoing shall not limit the Grantee from providing services or assistance to a subsidiary or affiliate of a Competitor in a situation in which the Grantee provides no services or assistance whatsoever to the subsidiary or affiliate that is a Competitor without the express written approval of the Chairman of the Board; or
 - b. provide any service or assistance to a Competitor (1) that is of the general type of service or assistance provided by the Grantee to the Company or any Affiliate, (2) that relates to any animal health

work with which the Grantee was involved during the Grantee's employment, or (3) in which there is a reasonable possibility that the Grantee may, intentionally or inadvertently, use or rely upon the Company's or an Affiliate's secret or confidential information.

Nothing in this Section 11(d) prohibits the Grantee from purchasing or owning less than five percent (5%) of the publicly traded securities of any corporation, provided that such ownership represents a passive investment and the Grantee is not a controlling person of, or a member of a group that controls, such corporation.

This provision does not in any way restrict or impede the Grantee from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. The Grantee shall promptly provide written notice of any such order to the Company's CEO.

ii. If the Grantee breaches or threatens to breach the obligations described in this Section 11(d), the Company or its successors in interest shall have, in addition to all other remedies at law, the right to an injunction (without posting of bond to the extent legally permitted), specific performance, and other equitable relief to prevent violations of the Grantee's obligations under this Section 11(d) (including but not limited to the ability to cease and/or recoup payments and benefits provided under this Agreement). In the event that the Grantee is found to have breached any provision set forth in this Section 11(d), the applicable time period shall be deemed tolled for so long as the Grantee was in violation of that provision.

iii. If a court of competent jurisdiction declares that any term or provision of this Section 11(d) is invalid or unenforceable, the Company and the Grantee intend that (A) the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, (B) the Company and the Grantee shall request that the court exercise that power, and (C) the Agreement shall be enforceable as so modified after the expiration of the time within which the judgment or decision may be appealed.

Section 12. Miscellaneous Provisions

- a. Notices and Electronic Delivery and Participation. Any notice or payment to be given by the Grantee or successor Grantee shall be in writing, and any notice shall be deemed to have been given or made only upon receipt thereof by the Corporate Secretary of the Company at the Elanco Animal Health Global Headquarters, Greenfield, Indiana 46140, U.S.A. Any notice or communication by the Company in writing shall be deemed to have been given in the case of the Grantee if mailed or delivered to the Grantee at any address specified in writing to the Company by the Grantee and, in the case of any successor Grantee, at the address specified in writing to the Company by the successor Grantee. In addition, the Company may, in its sole discretion, decide to deliver any documents related to the Award and participation in the Plan by electronic means or
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request the Grantee's consent to participate in the Plan by electronic means. By accepting this Award, the Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

- b. Language. Grantee acknowledges that Grantee is proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Grantee to understand the terms and conditions of this Award Agreement. If the Grantee has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
- c. Waiver. The waiver by the Company of any provision of this Award Agreement at any time or for any purpose shall not operate as or be construed to be a waiver of that provision or any other provision of this Award Agreement at any subsequent time or for any other purpose.
- d. Severability and Section Headings. If one or more of the provisions of this Award Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Award Agreement to be construed so as to foster the intent of this Award Agreement and the Plan. The section headings in this Award Agreement are for convenience of reference only and shall not be deemed a part of, or germane to, the interpretation or construction of this instrument.
- e. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan or the Grantee's acquisition or sale of the underlying Shares. The Grantee should consult with Grantee's own personal tax, legal and financial advisors regarding the Grantee's participation in the Plan before taking any action related to the Plan.

Section 13. Governing Law and Venue

The validity and construction of this Award Agreement shall be governed by the laws of the State of Indiana, U.S.A. without regard to laws that might cause other law to govern under applicable principles of conflict of laws. For purposes of litigating any dispute that arises under this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Indiana, and agree that such litigation shall be conducted in the courts of Hancock County, Indiana, or the federal courts for the United States for the Southern District of Indiana, and no other courts, where this Award is granted and/or to be performed.

Section 14. Award Subject to Acknowledgement of Acceptance

Notwithstanding any provisions of this Award Agreement, the Award is subject to acknowledgement of acceptance by the Grantee on or prior to 4:00 PM (EDT) on the 60th day after the Grant Date, through the website of UBS, the Company's stock plan administrator. If the Grantee does not acknowledge acceptance of the Award prior to 4:00 PM (EDT) on or prior to the 60th day after the Grant Date, the Award will be cancelled, subject to the Committee's discretion for unforeseen circumstances, provided, however, if the Grantee's Service is terminated due to a Qualifying Termination prior to the 60th day after the Grant Date, the Award

will not be cancelled and will be deemed accepted on behalf of the Grantee or the Grantee's legal successor.
IN WITNESS WHEREOF, the Company has caused this Award Agreement to be executed in Greenfield, Indiana, by its proper officer.

ELANCO ANIMAL HEALTH INCORPORATED
/s/Jeffrey N. Simmons
President, Chief Executive Officer and Director

Appendix to Elanco Animal Health Incorporated Restricted Stock Unit Award Agreement

This Appendix includes special terms and conditions applicable to the Grantee's country. These terms and conditions supplement or replace (as indicated) the terms and conditions set forth in the Award Agreement to which it is attached. If the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently working and/or residing (or is considered as such for local law purposes), or if the Grantee transfers employment or residency to a different country after the Award is granted, Elanco will, in its discretion, determine the extent to which the terms and conditions herein will apply. This Appendix also includes other information relevant to the Award.

Unless otherwise defined herein, the terms defined in the Plan or the Award Agreement, as applicable, shall have the same meanings in this Appendix.

There are no special terms and conditions or information for the following countries: Austria, Ireland, Japan, Korea, Netherlands and Norway.

However, the Grantee should be aware that Grantee may be required to take certain steps to comply with Applicable Laws in the Grantee's country in connection with the Award. For example, exchange control, foreign asset and/or account and/or other tax reporting obligations may apply to the Grantee upon receipt of the Award or the Shares subject to the Award or upon the sale of Shares. For more information regarding such obligations, the Grantee should refer to the Employee Information Supplement for the Grantee's country, if any. The Grantee should also consult with Grantee's own personal tax and legal advisors to determine what, if any, obligations

exist with respect to the Award and/or the acquisition or sale of Shares. Neither the Company nor the Employer is responsible for any failure on the part of the Grantee to be aware of or comply with Applicable Laws.

ARGENTINA

Notifications

Securities Law Information. The Award and the Shares to be issued pursuant to the Award are offered as a private transaction and are not listed on any stock exchange in Argentina. This offering is not subject to a prospectus requirement in Argentina.

Exchange Control Information. Exchange control regulations in Argentina are subject to frequent change. The Grantee is solely responsible for complying with any applicable exchange control rules and should consult with Grantee's personal legal advisor prior to remitting proceeds from the sale of Shares or cash dividends paid on Shares.

AUSTRALIA

Terms and Conditions

Securities Law Information. Additional details regarding the offer of the Award are set out in the Australian Offer Document, a copy of which is attached to this Appendix for Australia as Annex 1.

Breach of Law. Notwithstanding anything to the contrary in the Award Agreement or the Plan, the Grantee will not be entitled to, and shall not claim, any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the *Corporations Act 2001*, any other provision of that act, or any other applicable statute, rule or regulation that limits or restricts the provision of such benefit.

Notifications

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Ctch) applies (subject to the conditions in that act).

Annex 1 to Appendix for Australia

AUSTRALIA - OFFER DOCUMENT ELANCO ANIMAL HEALTH INCORPORATED RESTRICTED STOCK UNIT AWARD AGREEMENT

The Company is providing the Grantee an offer to participate in the Plan. This offer sets out information regarding the grant of Restricted Stock Unit Awards to Australian resident employees of the Company and its Affiliates. This information is provided by the Company to ensure compliance of the Plan with Australian Securities and Investments Commission ("ASIC") Class Order 14/1000 and relevant provisions of the *Corporations Act 2001*.

In addition to the information set out in the Award Agreement, the Grantee is also being provided with copies of the following documents (collectively, the "Additional Documents"):

1. Notification regarding Award;
 2. Plan;
 3. Information Summary/Prospectus; and
 4. Employee Information Supplement for Australia
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The Additional Documents provide further information to help the Grantee make an informed investment decision about participating in the Plan. Neither the Plan nor the Information Summary/Prospectus is a prospectus for purposes of the *Corporations Act 2001*. The Grantee should not rely upon any oral statements made in relation to this offer. The Grantee should rely only upon the statements contained in the Award Agreement and the Additional Documents when considering participation in the Plan.

Securities Law Notification

Investment in Shares involves a degree of risk. Grantees who elect to participate in the Plan should monitor their participation and consider all risk factors relevant to the acquisition of Shares under the Plan as set out in the Award Agreement and the Additional Documents.

The information contained in this offer is general information only. It is not advice or information that takes into account the Grantee's objectives, financial situation and needs.

The Grantee should consider obtaining Grantee's own financial product advice from an independent person who is licensed by ASIC to give advice about participation in the Plan.

Additional Risk Factors for Australian Residents

The Grantee should have regard to risk factors relevant to investment in securities generally and, in particular, to the holding of Common Stock. For example, the price at which the Common Stock is traded on the New York Stock Exchange may increase or decrease due to a number of factors. There is no guarantee that the price of the Common Stock will increase. Factors which may affect the price of Common Stock include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies,

legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

For information about factors that could affect Elanco's business and financial results, refer to the risk factors discussion in Elanco's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov and <https://investor.elanco.com/financials/sec-filings/default.aspx>, and upon request to the Company.

In addition, the Grantee should be aware that the Australian dollar value of any Shares acquired pursuant to the Award will be affected by the U.S. dollar/Australian dollar exchange rate. Participation in the Plan involves certain risks related to fluctuations in this rate of exchange.

Common Stock

Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation. Each holder of the Common Stock is entitled to one vote for each Share held.

Dividends may be paid on the Common Stock out of any funds of the Company legally available for dividends at the discretion of the Board.

The Common Stock is traded on the New York Stock Exchange in the United States of America under the symbol "ELAN."

The Shares are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Price of Shares

The Grantee may ascertain the current market price of the Common Stock as traded on the New York Stock Exchange at <http://www.nyse.com/> under the symbol "ELAN." The Australian dollar equivalent of that price can be obtained at: <https://www.rba.gov.au/statistics/frequency/exchange-rates.html>.

This is not a prediction of what the market price of the Common Stock will be on any applicable vesting date or when Shares are issued to the Grantee or at any other time or of the applicable exchange rate at such time.

Exchange Control Information

Exchange control reporting is required for cash transactions exceeding the specified AUD threshold and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on behalf of the Grantee.

BELGIUM

Notifications

Exchange Control Information. Belgian residents are required to provide to the National Bank of Belgium details of any foreign securities or bank accounts (including the account number, bank name and country in which such account was opened). The report (and instructions for completing it) is available on the National Bank of Belgium website, www.nbb.be, through the *Kredietcentrales/ Centrales des crédits* link.

BRAZIL

Terms and Conditions

Nature of Grant. This provision supplements Section 9 of the Award Agreement:

By accepting the Award, the Grantee agrees that (i) Grantee is making an investment decision, (ii) the Shares will be issued to the Grantee only if the vesting conditions are met and any necessary Services are rendered between the Grant Date and each applicable Vesting Date, and (iii) the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to the Grantee.

Labor Law Acknowledgment. The Grantee agrees, for all legal purposes, (i) the benefits provided under the Award Agreement and the Plan are the result of commercial transactions unrelated to the Grantee's employment; (ii) the Award Agreement and the Plan are not a part of the terms and conditions of the Grantee's employment; and (iii) the income from the Award or Shares, if any, is not part of the Grantee's remuneration from employment.

Compliance with Law. By accepting the Award, the Grantee agrees to comply with all applicable Brazilian laws and agrees to report and pay any and all applicable taxes associated with the Award and the sale of the Shares and the receipt of any dividends paid on Shares acquired under the Plan.

Notifications

Exchange Control Information. If the Grantee is resident or domiciled in Brazil, the Grantee may be required to submit to the Central Bank of Brazil an annual declaration of assets and rights held outside of Brazil if the aggregate value of such assets and rights equals or exceeds an amount designated by the Bank of Brazil. Quarterly reporting is required if such amount exceeds a designated amount. Assets and rights that must be reported include Shares, and may include Restricted Stock Units granted under the Plan. The Grantee is responsible for complying with any applicable exchange control laws.

CANADA

Terms and Conditions

Award Payable Only in Shares. The Award shall be paid in Shares only and does not provide the Grantee with any right to receive a cash payment.

Termination of Service. The following provision replaces Section 9(k) of the Award Agreement:

For purposes of the Award, the Grantee's Service shall be considered terminated as of the date that is the earliest of (i) the date on which the Grantee's Service is terminated, (ii) the date that the Grantee receives notice of termination of the Grantee's Service, or (iii) the date the Grantee is no longer actively providing Service to the Company or any Affiliate, regardless of any notice

period or period of pay in lieu of such notice required under applicable employment laws in the jurisdiction where the Grantee is employed or otherwise providing Service (including, but not limited to statutory law, regulatory law and/or common law) or the terms of the Grantee's employment or other service agreement, if any. The Committee shall have the exclusive discretion to determine when the Grantee is no longer actively providing Service for purposes of the Award (including whether the Grantee may still be considered to be providing Service while on a leave of absence). Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued participation in the Plan during a statutory notice period, the Grantee acknowledges that Grantee's right to participate in the Plan, if any, will terminate effective as of the last day of the Grantee's minimum statutory notice period, but the Grantee will not earn or be entitled to any pro-rated vesting if the vesting date is after the end of the Grantee's statutory notice period and the Grantee will not be entitled to any compensation for lost vesting.

The following terms and conditions apply to employees resident in Quebec:

Language. The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Section 10 of the Award Agreement:

The Grantee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration and operation of the Plan. The Grantee further authorizes the Company and any Affiliate and the Committee to disclose and discuss the Plan with their advisors and to record all relevant information and keep such information in the Grantee's employee file.

Notifications

Securities Law Information. The Grantee is permitted to sell Shares acquired under the Plan through UBS or such other broker designated under the Plan, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Company's Shares are listed. The Company's Shares are currently traded on the New York Stock Exchange ("NYSE") which is located outside of Canada, under the ticker symbol "ELAN", and Shares acquired under the Plan may be sold through this exchange.

CHILE

Notifications

Securities Law Notice. The grant of the Award constitutes a private offering in Chile effective as of the date of the Award Agreement. This offer of the Award is made subject to General Ruling N° 336 of the Chilean Commission for the Financial Market ("CMF"). This offer refers to securities not registered at the Securities Registry or at the Foreign Securities Registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given that the Award is not registered in Chile, the Company is not required to provide public information about the Award or Shares in Chile. Unless the Award and/or the Shares are registered with the CMF, a public offering of such securities cannot be made in Chile.

Esta oferta de los Derechos de Acciones Restringidas constituye una oferta privada de valores en Chile se inicia en la fecha de este documento. Esta oferta de los Derechos de Acciones Restringidas se acoge a las disposiciones de la norma de Carácter General N° 336 de la Comisión para el Mercado Financiero (CMF). Esta oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, por lo que tales

valores no están sujetos a la fiscalización de ésta. Por tratarse de los Derechos de Acciones Restringidas no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública respecto de los mismos. Estos Derechos de Acciones Restringidas no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el registro de valores correspondiente.

Exchange Control Information. Exchange control regulations in Chile may apply to the Grantee's award, and are subject to change. The Grantee should consult with the Grantee's personal legal advisor regarding any exchange control obligations that the Grantee may have in connection with the vesting of the Restricted Stock Units, cash dividends or dividend equivalent payments, or the sale of Shares acquired at vesting.

CHINA

Terms and Conditions

This provision supplements Section 2 of the Award Agreement:

To facilitate compliance with any Applicable Laws or regulations in China, the Grantee agrees and acknowledges that the Company (or a brokerage firm instructed by the Company) is entitled to sell any or all Shares issued to the Grantee on or as soon as practicable after the applicable Vesting Date or other vesting event (on behalf of the Grantee and at the Grantee's direction pursuant to this authorization), either immediately after such Shares are issued to the Grantee or when the Grantee ceases Service or at such other time as the Company may determine is necessary or advisable to facilitate compliance with Applicable Laws or the administration of the Plan. The Grantee also agrees to sign any forms and/or consents that may be required by the Company and acknowledges that neither the Company nor the brokerage firm is under any obligation to arrange for such sale of the Shares at any particular price. In any event, when the Shares acquired under the Plan are sold, the proceeds of the sale of the Shares, less any Tax-Related Items and broker's fees or commissions, will be remitted to the Grantee in accordance with applicable exchange control laws and regulations.

Exchange Control Restrictions. The Grantee understands and agrees that, due to exchange control laws in China, the Grantee will be required to immediately repatriate to China any funds (e.g., proceeds from the sale of Shares) received pursuant to this Award. The Grantee further understands that such repatriation of the funds may need to be effected through a special exchange control account established by the Company or any Affiliate. The Grantee hereby consents and agrees that any funds received pursuant to this Award may be transferred to such special account prior to being delivered to the Grantee's personal account. The Grantee also understands that the Company will deliver the funds to the Grantee as soon as possible, but there may be delays in distributing the funds to the Grantee due to exchange control requirements in China. Funds may be paid to the Grantee in U.S. dollars or local currency at the Company's discretion. If the funds are paid to the Grantee in U.S. dollars, the Grantee will be required to set up a U.S. dollar bank account in China so that the funds may be deposited into this account. If the funds are paid to the Grantee in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the funds to local currency due to exchange control restrictions. The Grantee further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Neither the Company nor any Affiliate shall be liable for any costs, fees, lost interest or dividends or other losses the Grantee may incur or suffer resulting from the enforcement of the terms of this Addendum or otherwise from the Company's operation and enforcement of the Plan, the Award Agreement and the Shares in accordance with Chinese law, including, without limitation, any applicable State Administration of Foreign Exchange ("SAFE") rules, regulations and requirements.

Additional Restrictions. The Award will not vest and the Shares will not be issued at vesting unless the Company determines that such vesting and the issuance and delivery of Shares complies with all relevant provisions of law. The Company is under no obligation to vest the Award and/or issue Shares if the Company's SAFE approval becomes invalid or ceases to be in effect by the time the Grantee vests in the Award.

COLOMBIA

Terms and Conditions

Nature of Grant. This provision supplements Section 9 of the Award Agreement:

In accepting the Award, the Grantee acknowledges, understands and agrees that, pursuant to Article 128 of the Colombian Labor Code, the Award and any payment the Grantee receives pursuant to the Award do not constitute a component of "salary" and will not be considered as a salary nature payment for any legal purpose. Therefore, the Award and any related benefit will not be included and/or considered for purposes of calculating any labor benefits, such as legal/fringe benefits, vacations, indemnities, payroll taxes, social insurance contributions and/or any other labor-related amount which may be payable.

Notifications

Securities Law Information. The Shares are not and will not be registered with the Colombian registry of publicly traded securities (Registro Nacional de Valores y Emisores) and therefore the Shares may not be offered to the public in Colombia. Nothing in the Award Agreement should be construed as making a public offer of securities in Colombia.

Exchange Control Information. Investment in assets located abroad (such as Shares acquired under the Plan) does not require prior approval. However, the Grantee's investments held abroad, including Shares, must be registered with the Central Bank (Banco de la Republica), regardless of the value of such investments.

CZECH REPUBLIC

Notifications

Exchange Control Information. The Czech National Bank may require the Grantee to provide notification in relation to the acquisition of Shares and the opening and maintenance of a foreign account. However, because exchange control regulations change frequently and without notice, the Grantee should consult the Grantee's personal legal advisor prior to the vesting of the Restricted Stock Units and the sale of Shares to ensure compliance with current regulations. The Grantee is responsible for complying with any applicable exchange control laws.

DENMARK

Terms and Conditions

Nature of Grant. This provision supplements Section 9 of the Award Agreement:

In accepting the Award, the Grantee acknowledges, understands and agrees that it relates to future services to be performed and is not a bonus or compensation for past services.

Employer Statement. The Grantee acknowledges that Grantee has received an Employer Statement, translated into Danish, which includes a description of the terms of the Award as required by the Danish Stock Option Act.

EGYPT

Notifications

Exchange Control Information. If the Grantee transfers funds into Egypt in connection with Restricted Stock Units or Shares, the Grantee will be required to transfer the funds through a registered bank in Egypt.

FRANCE

Terms and Conditions

Award Not French-Qualified. The Award is not intended to be “French-qualified,” *i.e.*, it is not intended to qualify for specific tax and/or social security treatment in France.

Language Consent. In accepting the Award, the Grantee confirms having read and understood the documents relating to the Award (the Plan and the Award Agreement, including this Appendix), which were provided in English. The Grantee accepts the terms of those documents accordingly.

Consentement Relatif à la Langue Utilisée. En acceptant cette Attribution, le Bénéficiaire confirme avoir lu et compris les documents relatifs à cette Attribution (le Plan le Contrat d'Attribution

Consentement Relatif à la Langue Utilisée. En acceptant cette Attribution, le Bénéficiaire confirme avoir lu et compris les documents relatifs à cette Attribution (le Plan le Contrat d'Attribution

incluant cette Annexe), qui ont été remis en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en conséquence.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of the applicable amount designated by the German Federal Bank (“*Bundesbank*”) must be reported monthly to the *Bundesbank*. With respect to payments in connection with securities (including proceeds realized upon the sale of Shares or from the receipt of dividends paid on such Shares), the report must be made by the 5th day of the month following the month in which the payment was received. The report must be filed electronically. The form of report (“*Allgemeine Meldeportal Statistik*”) is accessible via the *Bundesbank*’s website (www.bundesbank.de) and is available in both German and English. The Grantee is responsible for complying with applicable exchange control requirements.

INDIA

Notifications

Exchange Control Information. The Grantee is required to repatriate the proceeds from the sale of Shares and any dividends received in relation to the Shares to India within any time frame prescribed under applicable Indian exchange control laws, as may be amended from time to time. The Grantee must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Grantee’s employer requests proof of repatriation. It is the Grantee’s responsibility to comply with applicable exchange control laws in India.

INDONESIA

Terms and Conditions

Language Consent and Notification. By accepting the Award, the Grantee (i) confirms having read and understood the documents relating to the grant (*i.e.*, the Notification of Grant, the Plan and the Award Agreement) which were provided in the English language, (ii) accepts the terms of those documents, and (iii) agrees not to challenge the validity of this document based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation (when issued).

Persetujuan dan Pemberitahuan Bahasa. Dengan menerima pemberian Unit Saham Terbatas ini, Peserta (i) memberikan konfirmasi bahwa dirinya telah membaca dan memahami dokumen-dokumen berkaitan dengan pemberian ini (yaitu, Pemberitahuan Pemberian, Perjanjian Penghargaan dan Program) yang disediakan dalam Bahasa Inggris, (ii) menerima persyaratan

di dalam dokumen-dokumen tersebut, dan (iii) setuju untuk tidak mengajukan keberatan atas keberlakuan dari dokumen ini berdasarkan Undang-Undang No. 24 Tahun 2009 tentang Bendera, Bahasa dan Lambang Negara serta Lagu Kebangsaan ataupun Peraturan Presiden sebagai pelaksanaannya (ketika diterbitkan).

Notifications

Exchange Control Information. Indonesian residents are required to provide the Indonesian central bank (Bank Indonesia) information about foreign exchange activities. If there is any change to foreign assets held (including Shares acquired under the Plan), the Grantee must report such change online through the Bank Indonesia website no later than the 15th day of the month following the month in which the foreign exchange activity occurs.

If the Grantee remits proceeds from the sale of Shares or the receipt of any dividends paid on such Shares into Indonesia, the Indonesian bank through which the transaction is made will submit a report on the transaction to Bank Indonesia for statistical reporting purposes. For transactions of the equal or exceed the USD threshold amount, a more detailed description of the transaction must be included in the report and the Grantee may be required to provide information about the transaction to the bank to complete the transaction.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting the Award, the Grantee acknowledges that Grantee has received a copy of the Plan, has reviewed the Plan and the Award Agreement (including this Appendix) in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement (including this Appendix).

LEBANON

Terms and Conditions

Securities Law Information. The Plan does not constitute the marketing or offering of securities In Lebanon pursuant to Law No. 161 (2011), the Capital Markets Law. Offers under the Plan are being made only to Eligible Individuals.

MALAYSIA

Notifications

Director Notification Information. If the Grantee is a director of a Malaysian Affiliate, Grantee is subject to certain notification requirements under the Malaysian Companies Act, 2016. Among these requirements is an obligation to notify the Malaysian Affiliate in writing when the Grantee receives or disposes of an interest (e.g., the Award or Shares) in the Company or a related company. This notification must be made within fourteen (14) days after acquiring or disposing of any interest in the Company or a related company.

MEXICO

Terms and Conditions

Acknowledgement of the Award Agreement. By accepting the Restricted Stock Unit Award, the Grantee acknowledges that Grantee has received a copy of the Plan and the Award Agreement, including this Appendix, which Grantee has reviewed. The Grantee further acknowledges that Grantee accepts all the provisions of the Plan and the Award Agreement, including this Appendix. The Grantee also acknowledges that Grantee has read and specifically and expressly approves the terms and conditions set forth in the "Grantee's Acknowledgement" section of the Award Agreement, which clearly provide as follows:

- (1) The Grantee's participation in the Plan does not constitute an acquired right;
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- (2) The Plan and the Grantee's participation in it are offered by the Company on a wholly discretionary basis;
- (3) The Grantee's participation in the Plan is voluntary; and
- (4) The Company and its Affiliates are not responsible for any decrease in the value of any Shares acquired pursuant to the Restricted Stock Unit Awards.

Labor Law Acknowledgement and Policy Statement. By accepting the Award, the Grantee acknowledges that the Company, with registered offices at the Elanco Animal Health Inc. Global Headquarters, Greenfield, Indiana 46140, U.S.A., is solely responsible for the administration of the Plan. The Grantee further acknowledges that Grantee's participation in the Plan, the grant of Restricted Stock Unit Awards and any acquisition of Shares under the Plan do not constitute an employment relationship between the Grantee and the Company because the Grantee is participating in the Plan on a wholly commercial basis and Grantee's sole employer is Elanco Salud Animal SA de CV ("Elanco-Mexico"). Based on the foregoing, the Grantee expressly acknowledges that the Plan and the benefits that Grantee may derive from participation in the Plan do not establish any rights between the Grantee and Grantee's Employer, Elanco-Mexico, and do not form part of the employment conditions and/or benefits provided by Elanco-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Grantee's employment.

The Grantee further understands that Grantee's participation in the Plan is the result of a unilateral and discretionary decision of the Company and, therefore, the Company reserves the absolute right to amend and/or discontinue the Grantee's participation in the Plan at any time, without any liability to the Grantee.

Finally, the Grantee hereby declares that Grantee does not reserve to the Grantee any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that Grantee therefore grants a full and broad release to the Company, its subsidiaries, affiliates, branches, representation offices, shareholders, officers, agents or legal representatives, with respect to any claim that may arise.

Spanish Translation

Reconocimiento del Convenio de Concesión. *Al aceptar el Premio de Desempeño, el Beneficiario reconoce que ha recibido y revisado una copia del Plan y del Convenio de Concesión, incluyendo este Apéndice. El Beneficiario reconoce y acepta todas las disposiciones del Plan y del Convenio de Concesión, incluyendo este Apéndice. El Beneficiario también reconoce que ha leído y aprobado de forma expresa los términos y condiciones establecidos en la sección: "Naturaleza de la Concesión" del Convenio de Concesión, que claramente establece lo siguiente:*

- (1) La participación del Beneficiario en el Plan no constituye un derecho adquirido;*
- (2) El Plan y la participación del Beneficiario en el es ofrecido por la Compañía de manera completamente discrecional;*
- (2) El Plan y la participación del Beneficiario en el es ofrecido por la Compañía de manera completamente discrecional;*
- (3) La participación del Beneficiario en el Plan es voluntaria; y*
- (4) La Compañía y sus Afiliadas no son responsables por ninguna disminución en el valor de las Acciones adquiridas de conformidad con el Premio de Desempeño.*

Reconocimiento de la legislación Laboral aplicable y Declaración de la Política. *Al aceptar el Premio, el Beneficiario reconoce que Company, con domicilio social en the Elanco Animal Health Global Headquarters, Greenfield, Indiana 46140, U.S.A., es la única responsable por la administración del Plan. Además, el Beneficiario reconoce que su participación en el Plan, la concesión de Unidades de Acciones Restringidas y cualquier adquisición de Acciones bajo el Plan no constituyen una relación laboral entre el Beneficiario y Company, en virtud de que el*

Beneficiario está participando en el Plan en su totalidad sobre una base comercial y su único empleador es Elanco Salud Animal SA de CV ("Elanco-Mexico"). Por lo anterior, el Beneficiario expresamente reconoce que el Plan y los beneficios que puedan derivarse de su participación no establecen ningún derecho entre el Beneficiario y su empleador, Elanco-México, y que no forman parte de las condiciones de trabajo y/o beneficios otorgados por Elanco-México, y cualquier modificación del Plan o la terminación del mismo no constituirá un cambio o modificación de los términos y condiciones en el empleo del Beneficiario.

Además, el Beneficiario comprende que su participación en el Plan es el resultado de una decisión discrecional y unilateral de la Company, por lo que Company se reserva el derecho absoluto de modificar y/o suspender la participación del Beneficiario en el Plan en cualquier momento, sin responsabilidad frente al Beneficiario.

Finalmente, el Beneficiario manifiesta que no se reserva acción o derecho alguno que origine una demanda en contra de Company, por cualquier compensación o daño relacionada con las disposiciones del Plan o de los beneficios otorgados en el mismo, y en consecuencia el Beneficiario libera de la manera más amplia y total de responsabilidad a E Company, sus subsidiarias, afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales de cualquier demanda que pudiera surgir.

Notifications

Securities Law Information. The Award and any Shares issued under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Award Agreement and any other document relating to the Award may not be publicly distributed in Mexico. These materials are addressed to the Grantee because of the Grantee's existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities, but is a private placement of securities addressed specifically to individuals who are present service providers made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

NEW ZEALAND

Terms and Conditions

The Grantee has been granted an award under the Amended and Restated 2018 Elanco Animal Health Incorporated Stock Plan ("Plan") and has been or will be provided with a description of the Plan and its terms and conditions separately from the Award Agreement. Copies of the Plan and

the Plan prospectus are available at: <https://onlineservices.ubs.com/wma/epas/resources>. The following information is provided in compliance with an exemption under New Zealand law.

Notifications

Annual Report and Financial Statements. Grantee has the right to receive from Elanco, on request and free of charge, a copy of Elanco's latest annual report, financial statements and audit report on those financial statements. The Grantee also can view or obtain copies of these documents electronically at the following website: <https://investor.elanco.com/financials/quarterly-results/default.aspx>.

Securities Law Notice. This is an offer of restricted stock units ("RSUs"). To the extent that the RSUs vest and are settled in accordance with the terms of the Plan and the Award Agreement, they will be converted into shares of Elanco common stock. The shares will give Grantee a stake in the ownership of Elanco. The Grantee may receive a return on the shares if Elanco pays dividends.

If Elanco encounters financial difficulties and is wound up, Grantee will be paid only after all creditors have been paid and may lose some or all of Grantee's investment (if any). New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors make informed decisions. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, Grantee may not be given all of the information that is usually required and will have fewer other legal protections for this investment. The Grantee should ask questions, read all documents carefully, and seek independent financial advice before committing to the Award.

The RSUs are not listed, but Elanco shares are traded on the New York Stock Exchange ("NYSE"). This means that if Grantee receives Elanco shares following the vesting of RSUs, Grantee may be able to sell the shares on the NYSE if there are interested buyers. The price will depend on the demand for the shares. For information about risk factors affecting Elanco's business that may affect the value of the shares, please refer to the risk factors discussion in Elanco's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov and <https://investor.elanco.com/financials/sec-filings/default.aspx>.

The Grantee may request copies of Elanco's SEC filings free of charge by contacting Elanco. The Grantee should read the referenced materials carefully before making a decision whether to participate in the Plan and note that values generally are reported in US dollars unless otherwise specified. In addition, Grantee should consult Grantee's tax advisor for specific information concerning Grantee's personal tax situation with regard to Plan participation.

PHILIPPINES

Terms and Conditions

Compliance with Law. The following provision supplements Section 3.3(h) of the Plan:

The Grantee acknowledges that the Grantee's participation in the Plan is subject to the Company maintaining an exemption from the registration requirements under Section 10.2 of the Philippines Securities Regulation Code. Without limitation to the foregoing, the Grantee understands and agrees that the issuance and delivery of Shares pursuant to the Award will be subject to the availability of such exemption and the determination that the issuance of the Shares can be made in compliance with applicable laws, and that the Company alternatively may settle the Award in cash, in its sole discretion.

Notifications

Securities Law Notice. The risks of participating in the Plan include (without limitation) the risk of fluctuation in the price of the Shares on the New York Stock Exchange and the risk of currency fluctuations between the U.S. Dollar and Grantee's local currency. The value of any Shares the Grantee may acquire under the Plan may decrease below the value of the Shares at vesting and fluctuations in foreign exchange rates between the Grantee's local currency and the U.S. Dollar may affect the value of any amounts due to Grantee pursuant to the subsequent sale of any Shares acquired upon vesting. The Company is not making any representations, projections or assurances about the value of the Shares now or in the future.

For further information on risk factors impacting the Company's business that may affect the value of the Shares, Grantee may refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at <https://investor.elanco.com/home/default.aspx>.

The Grantee is permitted to sell Shares acquired under the Plan through the designated Plan broker appointed by the Company (or such other broker to whom the Grantee transfers Shares), provided that such sale takes place outside of the Philippines through the facilities of the New York Stock Exchange on which the Shares are listed.

POLAND

Notifications

Exchange Control Information. If the Grantee holds foreign securities (including Shares) and maintains accounts abroad, the Grantee may be required to file certain reports with the National Bank of Poland regarding transactions and balances of foreign accounts. The Grantee also may be required to handle funds transfers into or out of Poland through a bank in Poland. Polish residents are required to retain all documents related to foreign exchange transactions for a period of five years. The Grantee is responsible for complying with applicable exchange control requirements.

PORTUGAL

Terms and Conditions

Language Acknowledgement. The Grantee hereby expressly declares that Grantee has full knowledge of the English language and has read, understood and freely accepted and agreed with the terms and conditions established in the Plan and the Award Agreement.

Conhecimento da Língua. *O Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo de Atribuição (Award Agreement em inglês).*

Notifications

Exchange Control Information. If the Grantee is a resident of Portugal and receives Shares, the acquisition of such Shares should be reported to the Banco de Portugal for statistical purposes. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report to the Banco de Portugal. If the Shares are not deposited with a commercial bank, broker or financial intermediary in Portugal, the Grantee is responsible for submitting the report to the Banco de Portugal.

RUSSIA

Terms and Conditions

U.S. Transaction. The Grantee understands that accepting the Award and the terms and conditions of the Award Agreement will result in a contract between the Grantee and the Company completed in the United States and that the Award Agreement is governed by U.S. law. The Grantee understands and acknowledges that any Shares issued under the Plan shall be delivered to the Grantee through a brokerage account maintained outside Russia. The Grantee understands that the Grantee may hold Shares in a brokerage account outside Russia; however, in no event will Shares issued to the Grantee and/or share certificates or other instruments be delivered to the Grantee in Russia. The Grantee acknowledges and agrees that the Grantee is not permitted to sell or otherwise transfer the Shares directly to other Russian legal entities or individuals. Finally, the Grantee acknowledges and agrees that the Grantee may sell or otherwise transfer the Shares only outside Russia.

Notifications

Securities Law Information. This Appendix, the Award Agreement, the Plan and all other materials that the Grantee may receive regarding the Plan, do not constitute advertising or an offering of securities in Russia. The issuance of securities pursuant to the Plan has not and will

not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Exchange Control Information. Under exchange control regulations in Russia, certain funds received outside of Russia must be repatriated to Russia as soon as the Grantee intends to use those amounts for any purpose, including reinvestment. Such funds must initially be credited to the Grantee through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws.

The above-mentioned repatriation requirement may not apply with respect to cash amounts received in an account considered by the Central Bank of Russia to be a foreign brokerage account opened with a financial market institution other than a bank. Statutory exceptions to the repatriation requirement also may apply.

Anti-Corruption Information. Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (such as shares of foreign companies such as the Company). The Grantee should inform the Company if the Grantee is covered by these laws because the Grantee should not hold Shares under the Plan.

SLOVENIA

Terms and Conditions

Language Acknowledgment. By accepting the Award, the Grantee acknowledges that the Grantee is proficient in reading and understanding English and fully understands the terms of the documents related to the grant (the Notification of Grant, the Award Agreement and the Plan), which were provided in the English language. The Grantee accepts the terms of those documents accordingly.

Soglasje za Uporabo Angleškega Jezika. S sprejetjem dodelitve RSU Udeleženec (Participant) priznava in potrjuje, da je sposoben brati in razumeti angleški jezik ter v celoti razume pogoje dokumentov, povezanih z dodelitvijo (Obvestilo (Notice of Grant), pogodba (Award Agreement) in Načrt (Plan)), ki so bili posredovani v angleškem jeziku. Udeleženec skladno s tem sprejema pogoje teh dokumentov.

SOUTH AFRICA

Terms and Conditions

Securities Law Information. In compliance with South African securities law, the Grantee acknowledges that Grantee has been notified that the following documents listed below are available for the Grantee's review at the applicable website listed below:

(1) The Company's most recent annual financial statement, available at: <https://investor.elanco.com/financials/quarterly-results/default.aspx>.

(2) The Company's most recent Information Summary/Prospectus, which is viewable within the Recordkeeping Information Document Library on UBS Financial Services Inc. at: <https://onlineservices.ubs.com/wma/epas/resources>.

The Grantee acknowledges that Grantee may have a copy of the above documents sent to the Grantee, without fee, on written request to the Secretary of the Company at the Elanco Animal Health Global Headquarters, Greenfield, Indiana 46140, U.S.A.

Responsibility for Taxes. This provision supplements Section 7 of the Award Agreement:

The Grantee should contact the Grantee's tax advisor for specific information concerning the Grantee's personal tax situation with regard to Plan participation.

Exchange Control Information. By accepting the Award, the Grantee acknowledges that the Grantee is solely responsible for complying with applicable South African exchange control regulations. Because the exchange control regulations change frequently and without notice,

the Grantee should consult the Grantee's legal advisor prior to the acquisition or sale of Shares acquired under the Plan to ensure compliance with current regulations. It is the Grantee's responsibility to comply with South African exchange control laws, and neither the Company nor any Employer or Affiliate will be liable for any fines or penalties resulting from the Grantee's failure to comply with applicable laws.

SPAIN

Terms and Conditions

Vesting. This provision supplements Section 2 of the Award Agreement:

As a condition of the grant of the Award, termination of the Grantee's Service for any reason (including for the reasons listed below but excluding for the reasons specified in Section 2(d) or (e) of the Award Agreement) will automatically result in the forfeiture and loss of the Award and the underlying Shares to the extent that the Award has not yet vested as of the date of termination of the Grantee's Service. In particular, and without limitation to the provisions of the Award Agreement and the Plan, the Grantee understands and agrees that the Award will be cancelled without entitlement to the underlying Shares or to any amount as indemnification if the Grantee terminates employment by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a "*despido improcedente*"), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause (unless such layoff falls within the meaning of a plant closing or reduction in workforce as described in Section 2(e)), material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985. The Grantee acknowledges that Grantee has read and specifically accepts the vesting conditions referred to in Section 2 of the Award Agreement.

Grantee's Acknowledgement. This provision supplements Section 9 of the Award Agreement:

The Grantee understands that the Company has unilaterally, gratuitously and discretionally decided to grant Restricted Stock Unit Awards under the Plan to individuals who may be Employees of the Company or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Affiliates on an ongoing basis except to the extent otherwise provided in the Plan and this Award Agreement. Consequently, the Grantee understands that the Restricted Stock Unit Awards are granted on the assumption and condition that the Restricted Stock Unit Awards and any Shares acquired pursuant to the Restricted Stock Unit Awards shall not become a part of any employment contract (either with the Company or any of its Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Grantee understands that this grant would not be made to the Grantee but for the assumptions and conditions referred to above; thus, the Grantee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of Restricted Stock Unit Awards may be cancelled.

Notifications

Securities Law Information. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the Award. The Award Agreement has not nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Exchange Control Information

Exchange Control Information

. The Grantee is responsible for complying with the exchange control regulations in Spain. The Grantee must declare the acquisition of Shares for statistical

purposes to the Spanish *Dirección General de Comercio e Inversiones* (the “DGCI”) of the Ministry of Economy and Competitiveness. Generally, such declaration must be filed on a D-6 form in January for Shares owned as of December 31 of each year, subject to earlier filing (within one month after the date of acquisition or sale, as applicable) if the value of the Shares or the sale proceeds exceeds the specified value threshold.

When receiving foreign currency payments in excess of the applicable value limit derived from the ownership of Shares (such as from the sale of Shares or the receipt of dividends), the Grantee must inform the financial institution receiving the payment of the basis upon which such payment is made. The Grantee may be required to provide the institution with the following information: (i) the Grantee's name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) any additional information that may be required. The Grantee is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts, if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed the specified value threshold.

SWEDEN

Terms and Conditions

Withholding Authorization. This provision supplements Section 7 of the Award Agreement:

Without limiting the Company's and the Employer's authority to satisfy withholding obligations for Tax-Related Items as set forth in Section 7 of the Award Agreement, by accepting the grant of the Restricted Stock Units, the Grantee authorizes the Company and/or the Employer to withhold Shares or to sell Shares otherwise deliverable to the Grantee at vesting to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer is obligated to withhold such Tax-Related Items.

SWITZERLAND

Notifications

Securities Law Information. The grant of the Restricted Stock Unit Awards and the issuance of Shares is not intended to be publicly offered in or from Switzerland. Because this is a private offering in Switzerland, the Restricted Stock Unit Awards are not subject to registration in Switzerland. Neither this Award Agreement nor any other materials relating to the Restricted Stock Unit Awards (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federation Act on Financial Services, (ii) may be publicly distributed or otherwise made publicly available in Switzerland, or (iii) have been or will be filed with, approved or supervised by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority (“FINMA”).

TAIWAN

Notifications

Securities Law Information. The offer of participation in the Plan is available only for Employees of the Company and its Affiliates. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. The Grantee may acquire and remit foreign currency (including proceeds from the Shares and dividends paid on such Shares) into and out of Taiwan up to the

specified USD limit per year. If the transaction amount is equal to or greater than the specified TWD limit in a single transaction, the Grantee must submit a Foreign Exchange Transaction Form and provide supporting documentation satisfactory to the remitting bank.

THAILAND

Notifications

Exchange Control Information. The Grantee may be required to immediately repatriate and report the remittance of the proceeds from the sale of Shares or the receipt of dividends to Thailand if the proceeds realized in a single transaction exceed a value determined from time to time by the Bank of Thailand. The Grantee is responsible for complying with applicable exchange control requirements.

TURKEY

Notifications

Securities Law Information. Under Turkish law, the Grantee is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange in the United States of America, under the ticker symbol of “ELAN” and Shares acquired under the Plan may be sold through this exchange.

Financial Intermediary Information. Activity related to investments in foreign securities (such as the sale of Shares acquired under the Plan) must be conducted through a bank or financial intermediary institution licensed by the Turkish Capital Markets Board and should be reported to the Turkish Capital Markets Board. The Grantee is responsible for complying with these requirements and should contact the Grantee’s personal legal advisor for information regarding the Grantee’s obligations.

UNITED KINGDOM

Terms and Conditions

Settlement. Section 4(d) of the Award Agreement shall not apply to Restricted Stock Unit Awards granted in the United Kingdom.

Responsibility for Taxes. This provision supplements Section 7 of the Award Agreement:

Without limitation to **Section 7.** of the Award Agreement, the Grantee agrees that Grantee is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company and/or the Employer or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Grantee also agrees to indemnify and keep indemnified the Company and/or the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Grantee’s behalf.

Notwithstanding the foregoing, if the Grantee is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the foregoing provision will not apply. In this case, the amount of any Tax-Related Items not collected from or paid by the Grantee may

constitute a benefit to the Grantee on which additional income tax and National Insurance contributions (“NICs”) may be payable. The Grantee understands that Grantee will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any employee NICs due on this additional benefit. Grantee acknowledges that the Company and/or the Employer (as appropriate) may recover such additional NICs at any time thereafter by any of the means referred to in Section 7 of the Award Agreement.

Joint Election. As a condition of Grantee’s participation in the Plan and vesting of the Restricted Stock Unit Awards, the Grantee agrees to accept any liability for secondary Class 1

national insurance contributions which may be payable by the Company and/or the Employer in connection with the Restricted Stock Unit Awards and any event giving rise to Tax-Related Items (the "Employer NICs"). Without prejudice to the foregoing, by accepting this Award, the Grantee is entering into a joint election with the Company or the Employer if Grantee has not already done so, the form of such joint election being formally approved by HMRC (the "Joint Election"), a copy of which is attached to this Appendix for the United Kingdom as Annex 1, and any other required consent or election. The Grantee further agrees to execute such other joint elections as may be required between him or her and any successor to the Company and/or the Employer. The Grantee further agrees that the Company and/or the Employer may collect the Employer NICs from him or her by any of the means set forth in Section 7 of the Award Agreement.

Annex 1 to Appendix for United Kingdom

Important Note on the Joint Election for Transfer of Liability for Employer National Insurance Contributions to the Grantee:

As a condition of the Grantee's participation in the Amended and Restated Elanco Animal Health Incorporated 2018 Stock Plan, as amended from time to time (the "Plan"), the Grantee is required to enter into a joint election to transfer to the Grantee any liability for employer National Insurance contributions (the "Employer NICs") that may arise in connection with the Restricted Stock Unit Award (the "Award") and in connection with future awards, if any, that may be granted to the Grantee under the Plan (the "Joint Election").

By entering into the Joint Election:

- the Grantee agrees that any liability for Employer NICs that may arise in connection with or pursuant to the vesting of the Award and the acquisition of shares of common stock of Elanco Animal Health Inc. (the "Company") or other taxable events in connection with the Award will be transferred to the Grantee; and
- the Grantee authorizes the Company and/or the Grantee's employer to recover an amount sufficient to cover this liability by any method set forth in the Award Agreement and/or the Joint Election.

To enter into the Joint Election and to accept the Award, please select the button next to "Accept" where indicated on the Pending Acceptance screen. Please note that selecting the button next to "Accept" indicates the Grantee's agreement to be bound by all of the terms of the Joint Election.

Please note that even if the Grantee has indicated Grantee's acceptance of this Joint Election electronically, the Grantee may still be required to sign a paper copy of this Joint Election (or a substantially similar form) if the Company determines such is necessary to give effect to the Joint Election.

Please read the terms of the Joint Election carefully before accepting the Award Agreement and the Joint Election. The Grantee should print and keep a copy of this Joint Election for Grantee's records.

United Kingdom

Joint Election for Transfer of Liability for Employer National Insurance Contributions to Employee Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

- A. The individual who has obtained authorised access to this Election (the "**Employee**"), who is employed by one of the employing companies listed in the attached schedule (the "**Employer**") and who is eligible to receive restricted stock unit awards (the

“Restricted Stock Unit Award”) pursuant to the Amended and Restated 2018 Elanco Animal Health Incorporated Stock Plan (the **“Plan”**), and

- B. Elanco Animal Health Inc., an Indiana corporation, with registered offices at Greenfield, Indiana 46140, U.S.A. (the **“Company”**), which may grant Restricted Stock Unit Awards under the Plan and is entering into this Election on behalf of the Employer.

1. Introduction

- 1.1 This Election relates to all Restricted Stock Unit Awards granted to the Employee under the Plan up to the termination date of the Plan.

- 1.2 In this Election the following words and phrases have the following meanings:

- a. **“Chargeable Event”** means any event giving rise to Relevant Employment Income.
- b. **“ITEPA”** means the Income Tax (Earnings and Pensions) Act 2003.
- c. **“Relevant Employment Income”** from Restricted Stock Unit Awards on which Employer’s National Insurance Contributions becomes due is defined as:

- (i) an amount that counts as employment income of the earner under section 426 ITEPA (restricted securities: charge on certain post-acquisition events);
- (ii) an amount that counts as employment income of the earner under section 438 of ITEPA (convertible securities: charge on certain post-acquisition events); or
- (iii) any gain that is treated as remuneration derived from the earner’s employment by virtue of section 4(4)(a) SSCBA, including without limitation:

- (A) the acquisition of securities pursuant to the Restricted Stock Unit Awards (within the meaning of section 477(3)(a) of ITEPA);
- (B) the assignment (if applicable) or release of the Restricted Stock Unit Awards in return for consideration (within the meaning of section 477(3)(b) of ITEPA);
- (C) the receipt of a benefit in connection with the Restricted Stock Unit Awards, other than a benefit within (i) or (ii) above (within the meaning of section 477(3)(c) of ITEPA).

- d. **“SSCBA”** means the Social Security Contributions and Benefits Act 1992.

- 1.3 This Election relates to the Employer’s secondary Class 1 National Insurance Contributions (the **“Employer’s Liability”**) which may arise in respect of Relevant Employment Income in respect of the Restricted Stock Unit Awards pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

- 1.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

- 1.5 This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

2 The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability that arises on any Relevant Employment Income is hereby transferred to the Employee. The Employee understands that, by accepting the Restricted Stock Unit Award (whether in hard copy or electronically) or by accepting this Election (whether in hard copy or electronically), Grantee will become personally liable for the Employer's Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

3 Payment of the Employer's Liability

3.1 The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability in respect of any Relevant Employment Income from the Employee at any time after the Chargeable Event:

- a. by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or
- b. directly from the Employee by payment in cash or cleared funds; and/or
- c. by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the Restricted Stock Unit Awards, the proceeds from which must be delivered to the Employer in sufficient time for payment to be made to Her Majesty's Revenue & Customs ("HMRC") by the due date; and/or
- d. where the proceeds of the gain are to be paid through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive in respect of the Restricted Stock Unit Awards, such amount to be paid in sufficient time to enable the Company and/or the Employer to make payment to HMRC by the due date; and/or
- e. by any other means specified in the applicable Restricted Stock Unit Award agreement entered into between the Employee and the Company.

3.2 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the Restricted Stock Unit Awards until full payment of the Employer's Liability is received.

3.3 The Company agrees to procure the remittance by the Employer of the Employer's Liability to HMRC on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days after the end of the UK tax month during which the Chargeable Event occurs if payments are made electronically).

4. Duration of Election

4.1 The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

4.2 Any reference to the Company and/or the Employer shall include that entity's successors in title and assigns as permitted in accordance with the terms of the Plan and relevant award agreement. This Election will continue in effect in respect of any awards which replace the Restricted Stock Unit Awards in circumstances where section 483 of ITEPA applies.

4.3 This Election will continue in effect until the earliest of the following:

- a. the date on which the Employee and the Company agree in writing that it should cease to have effect;
- b. the date on which the Company serves written notice on the Employee terminating its effect;
- c. the date on which HMRC withdraws approval of this Election; or
- d. the date on which, after due payment of the Employer's Liability in respect of the entirety of the Restricted Stock Unit Awards to which this Election relates or could relate, the Election ceases to have effect in accordance with its own terms.

4.4 This Election will continue in force regardless of whether the Employee ceases to be an employee of the Employer.

Acceptance by the Employee

The Employee acknowledges that, by clicking on the button next to "Accept" to accept the Restricted Stock Unit Awards Agreement and this Election (or by signing the Restricted Stock Unit Awards Agreement or this Election whether in hard copy or electronically), the Employee agrees to be bound by the terms of this Election.

Acceptance by the Company

The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signature for and on behalf of the Company

Position

Schedule of Employer Companies

The employing companies to which this Election relates include:

Name:	Elanco UK AH Limited
Registered Office:	Form 2, Bartley Way Bartley Wood Business Park, Hook RG27 9XA
Company Registration Number:	11378434
Corporation Tax Reference:	4312717782
PAYE Reference:	475/FB88335

**The Elanco Corporate Bonus Plan
(as amended effective January 1, 2024)**

SECTION 1. PURPOSE

The purpose of The Elanco Corporate Bonus Plan (the “Plan”) is to encourage and promote eligible employees to create and deliver innovative animal health-based solutions that enable Elanco Animal Health Incorporated (the “Company” or “Elanco”) to meet or exceed its business objectives through a constant stream of innovation. The Plan is designed to accomplish the following key objectives:

- a. Motivate superior employee performance through the implementation of a performance-based bonus system for all eligible global employees providing services to the Company;
- b. Create a direct relationship between key Company measurements and individual bonus payouts; and
- c. Enable the Company to attract and retain employees who will be instrumental in driving the Company’s sustained growth and performance by providing a competitive bonus program that rewards outstanding performance consistent with the Company’s mission, values and increased shareholder value.

SECTION 2. DEFINITIONS

The following words and phrases as used in this Plan will have the following meanings unless a different meaning is clearly required by the context. Any pronouns that reference a specific gender are to be read to refer to all:

2.1 Adjusted R&D Expense (or Adjusted Research & Development Expense) means the research and development expenses, excluding depreciation, presented in the statement of operations in the Company’s audited financial statements, adjusted for non-GAAP items.

2.2 Applicable Year means the calendar year immediately preceding the year in which payment of the Company Bonus is payable pursuant to Section 6. For example, the Applicable Year for 2025 payout is January 1, 2024 through December 31, 2024.

2.3 Bonus Target means the percentage of Participant Earnings for each Participant as described in Section 5.6(a) below.

2.4 Business Plan means Elanco Animal Health Incorporated’s annual plan for Revenue and EBITDA, as defined below.

2.5 Capital Charge means Gross Operating Assets multiplied by a percentage representing the opportunity cost of capital for Elanco.

2.6 Committee means the Compensation Committee of the Board of Directors of Elanco Animal Health Incorporated.

2.7 Company means Elanco Animal Health Incorporated and its subsidiaries.

- 2.8 Company Bonus means the amount of bonus compensation payable to a Participant as described in Section 5 below. Notwithstanding the foregoing, however, the Committee may determine, in its sole discretion, to reduce the amount of a Participant's Company Bonus if such Participant becomes eligible to participate in such other bonus program of the Company as may be specifically designated by the Committee. Such reduction may be by a stated percentage up to and including 100% of the Company Bonus.
- 2.9 Company Performance Bonus Multiple means the amount as calculated in Sections 5.3 and 5.4 below.
- 2.10 Disabled means a Participant who has become "disabled" and unable to work under the applicable disability benefit plan or program for the Participant, or, in the event that there is no such disability benefit plan or program, has become disabled and unable to work under applicable law.
- 2.11 Earnings means the Company's Earnings Before Interest and Taxes, Depreciation and Amortization included in the Company's Form 10-K filed with the U.S. Securities and Exchange Commission, excluding such items as may be specified by the Committee in accordance with Section 3.4 below.
- 2.12 EBITDA means Earnings Before Interest and Taxes, Depreciation and Amortization, adjusting for certain approved non-GAAP items.
- 2.13 EBITDA to Plan means the profit from business operations (gross profit less operating expenses and certain other income/expense items) before deduction of interest and taxes, depreciation and amortization, based on actual foreign currency rates, and excluding such items as may be adjusted by the Committee in accordance with Section 3.4 below, relative to the Company's annual plan for EBITDA.
- 2.14 Effective Date means January 1, 2024, as amended from time to time.
- 2.15 Elanco means Elanco Animal Health Incorporated and its subsidiaries.
- 2.16 Elanco Cash Earnings ("ECE") means Gross Cash Earnings less Capital Charge.
- 2.17 Eligible Employee means:
- a. With respect to employees of the Company working in the United States, including employees in Puerto Rico, a person who (1) is employed as an employee by Elanco; (2) does not participate in a local Elanco affiliate bonus or incentive program (i.e., a plan for eligible employees in sales, marketing and technical consulting) or any local site manufacturing bonus plan for Elanco; (3) works on a scheduled basis of twenty (20) or more hours per week and is scheduled to work at least five (5) months per year; and (4) is receiving compensation, including temporary illness pay under a temporary illness pay program or similar short-term disability program, from the Company for services rendered as an employee. Notwithstanding anything herein to the contrary, the term "Eligible Employee" will not include:
 1. a person who is Disabled;
 2. a person who is a "leased employee" within the meaning of Section 414(n) of the Internal Revenue Code of 1986, as amended (the "Code"), or whose basic
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compensation for services on behalf of the Company is not paid directly by the Company;

3. a person who is classified as a “Fixed Duration Employee”, as that term is used by the Company;
 4. a person who is classified as a special status employee because such person’s employment status is temporary, seasonal, or otherwise inconsistent with regular employment status;
 5. a person who is a member of a recognized collective-bargaining unit, including those members of the United Food and Commercial Workers Local 6 at Fort Dodge, Iowa;
 6. a person who is eligible to participate in other Company bonus or incentive programs as may be specifically designated by the Committee or its designee;
 7. a person who submits to the Committee in writing a request that they not be considered eligible for participation in the Plan or is a member of the Board of Directors of Elanco unless they are also an Eligible Employee; or
 8. any other category of employees designated by the Committee in its discretion with respect to any Applicable Year.
- a. With respect to those employees who are employed by the Company and working outside the United States, an employee of the Company designated by the Committee as a Participant in the Plan with respect to any Applicable Year. In its discretion, the Committee may designate Participants either on an individual basis or by determining that all employees in specified job categories, classifications, levels, subsidiaries or other appropriate classification will be Participants.
 - b. Notwithstanding anything herein to the contrary, the term Eligible Employee will not include any person who is not so recorded on the payroll records of the Company, including any such person who is subsequently reclassified by a court of law or regulatory body as a common law employee of the Company.

Consistent with the foregoing, and for purposes of clarification only, the term employee or Eligible Employee does not include any individual who performs services for the Company as an independent contractor or under any other non-employee classification.

2.18 GAAP means generally accepted accounting principles currently applicable in the United States.

2.19 Gross Cash Earnings means EBITDA, plus Adjusted R&D Expense, less marginal taxes, and excluding such items as may be specified by the Committee in accordance with Section 3.4 below.

2.20 Gross Operating Assets means an average, over the prior four (4) quarters within the Applicable Year, of the sum of net working capital, plus certain long-term assets and liabilities, plus the prior eight (8) years (including the Applicable Year) of Adjusted R&D Expense, and excluding such items as may be specified by the Committee in accordance with Section 3.4 below.

2.21 Innovation Progression means measurements of Elanco's key scientific project progression and milestone delivery during the Applicable Year against goals established and approved by the Committee to be used for purposes of bonus calculations as described below. Such measures may include, but are not limited to, product approvals, products entering early or late-stage development, reaching specified project milestones and/or qualitative assessment of the portfolio's progress during the Applicable Year.

2.22 Participant means an Eligible Employee who is participating in the Plan.

2.23 Participant Earnings means:

a. those amounts described below that are earned during the portion of the Applicable Year during which the employee is a Participant in the Plan:

- (1) regular compensation (including applicable deferred compensation amounts), overtime, shift premiums and other forms of additional compensation determined by and paid currently pursuant to an established formula or procedure;
- (2) salary reduction contributions to the Company's 401(k) plan or elective contributions under any similar tax-qualified plan that is intended to meet the requirements of Code Section 401(k) or a similar Company savings program;
- (3) elective contributions to any cafeteria plan that is intended to meet the requirements of Code Section 125 or other pre-tax contributions to a similar Company benefit plan;
- (4) payments made under the terms of the Company's temporary illness pay program or other similar Company or government-required leave program during an Applicable Year to a Participant who is on approved leave of absence and is receiving one hundred percent (100%) of the Participant's base pay; and
- (5) other legally-mandated or otherwise required pre-tax deductions from a Participant's base salary.

b. The term "Participant Earnings" does not include:

- (1) compensation paid in lieu of earned vacation;
 - (2) payments made under the terms of the Company's temporary illness pay program or other similar Company or government-required leave program during an Applicable Year to a Participant who is on approved leave of absence and is receiving less than the full amount of the Participant's base pay;
 - (3) amounts paid under this Plan or another bonus, commission, or incentive program of the Company;
 - (4) payments made under any severance-type benefits (whether company-sponsored or mandated by law) arising out of or relating to a Participant's termination of employment;
 - (5) payments based upon the discretion of the Company;
 - (6) earnings with respect to the exercise of stock options, vesting of restricted stock units or vesting of restricted stock; and
 - (7) allowances paid to or on behalf of a Participant (unless applicable law requires them to be included).
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- 2.24 Performance Interval means a percentage of the Company's prior year revenue that, added to or subtracted from the Target ECE, results in a multiple in the range of 2.0 to 0.0.
- 2.25 Plan means The Elanco Corporate Bonus Plan as set forth herein and as hereafter modified or amended from time to time. The Plan is an incentive compensation program and is not subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), pursuant to Department of Labor Regulation Section 2510.3.
- 2.26 Plant Closing means the closing of a plant site or other Company location that directly results in termination of employment.
- 2.27 Position Elimination means the elimination of a job position.
- 2.28 Reduction in Workforce means the elimination of a work group, functional or business unit or other broadly applicable reduction in job positions.
- 2.29 Retirement means, for purposes of this Plan, an Employee has either (a) reached age sixty (60) and completed five (5) years of Service with the Company or an Affiliate, including any years of Service with Eli Lilly & Company ("Lilly") prior to the Company's spin-off from Lilly (unless otherwise prescribed under applicable law), or (b) completed thirty (30) years of Service with the Company or an affiliate, including any years of Service with Lilly prior to the Company's spin-off from Lilly (unless otherwise prescribed under applicable law).
- 2.30 Revenue means, for any Applicable Year, the cumulative amount of total net sales by Elanco as reported by Elanco's Corporate Financial Planning Department based on actual foreign currency rates, excluding such items as may be adjusted by the Committee in accordance with Section 3.4 below.
- 2.31 Revenue to Plan means, for any Applicable Year, the cumulative amount of total net sales by Elanco as reported by Elanco's Corporate Financial Planning Department based on actual foreign currency rates, excluding such items as may be adjusted by the Committee in accordance with Section 3.4 below, relative to the Company's annual plan for Revenue.
- 2.32 Service means the aggregate time of employment of an Eligible Employee by the Company.
- 2.33 Target ECE means the final ECE for the prior Applicable Year, adjusted for instances in which the final ECE falls outside the minimum and maximum Performance Interval described in Section 5.3 below, as well as any adjustments as determined by the Committee under Section 5.2 below.
- 2.34 Year-over-Year Change in ECE ("ΔECE") means the final ECE for the Applicable Year, less the Target ECE.

SECTION 3. ADMINISTRATION

- 3.1 Committee. The Plan will be administered by the Committee, or any successor committee having the same function as the Committee.
- 3.2 Powers of the Committee. The Committee will have the right to interpret the terms and provisions of the Plan and to resolve any and all questions arising under the Plan, including, without limitation, the right to remedy possible ambiguities, inconsistencies, or omissions by a general rule or particular decision. The Committee will have authority to adopt, amend and
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rescind rules consistent with the Plan, to make exceptions in particular cases to the rules of eligibility for participation in the Plan, and to delegate authority for approval of participation of any Eligible Employee. The Committee will take all necessary action to establish annual performance benchmarks and approve the timing of payments, as necessary. The Committee may delegate all or a portion of its responsibilities within its sole discretion by resolution. Any reference in this Plan to the Committee or its authority will be deemed to include such designees (other than with respect to the purposes of Section 9).

3.3 Determination of Results. Before any amount is paid under the Plan, the Committee will determine in writing the calculation of the performance measures in use for the Applicable Year and the satisfaction of all other material terms of the calculation of the Company Performance Bonus Multiple and Company Bonus.

3.4 Adjustments for Significant Events. Not later than 90 days after the end of an Applicable Year, in the event of any unplanned events that may impact the business results positively or negatively, the Committee, in its sole discretion, may adjust the performance measures described in Section 5.2 to reflect the effects of acquisitions, significant collaborations, divestitures, accounting changes, restructurings, special charges or gains, foreign exchange, retirement benefit accrual changes, goodwill impairments, and/or other items as determined by the Committee.

3.5 Finality of Committee Determinations. Any determination by the Committee of

any performance measure in use for the Applicable Year, performance benchmarks and the level and entitlement to Company Bonus, and any interpretation, rule, or decision adopted by the Committee under the Plan or in carrying out or administering the Plan, will be final and binding for all purposes and upon all interested persons, their heirs, and personal representatives. The Committee may rely on determinations made by its auditors to determine any other performance measures in use for the Applicable Year and related information for administration of the Plan, whether such information is determined by the Company, auditors or a third-party vendor engaged specifically to provide such information to the Company. This subsection is not intended to limit the Committee's power, to the extent it deems proper in its discretion, to take any action permitted under the Plan.

SECTION 4. PARTICIPATION IN THE PLAN

4.1 General Rule. Only Eligible Employees may participate in and receive payments under the Plan. Plan participation and payments hereunder are subject to all eligibility criteria, local laws, and regulations in the applicable jurisdiction.

4.2 Commencement of Participation. An Eligible Employee will become a Participant in the Plan as follows: (a) in the case of an Eligible Employee under Section 2.17(a), on the date on which the individual completes at least one hour of employment as an Eligible Employee within the United States, and (b) in the case of an Eligible Employee under Section 2.17(b), the later of the date on which the individual completes at least one hour of employment as an Eligible Employee or the date as of which the Committee has designated the individual to become a Participant in the Plan.

4.3 Termination of Participation. An Eligible Employee will cease to be a Participant upon termination of employment with the Company for any reason, or at the time they otherwise cease to be an Eligible Employee under the Plan; provided, however, a terminated Participant shall be

eligible for a Company Bonus to the extent provided in Section 5.8 or to the extent required by applicable law.

SECTION 5. DEFINITIONS AND COMPUTATION OF COMPANY BONUS

5.1 Computation for Eligible Employees. Company Bonus amounts will depend significantly on Company performance, as well as whether Participants met their job expectations for certain Eligible Employees. As more specifically described below, a Participant's Company Bonus is calculated by multiplying the Participant's Bonus Target by Participant Earnings and the Company Performance Bonus Multiple. For eligible management and those Participants designated by the Committee, whether an individual met the individual's job expectations will also impact the Company Bonus calculation, as described in Section 5.6(c) below. Company Bonuses are paid to eligible Participants in the manner provided below.

5.2 Establishment of Performance Measures. Not later than 90 days after the beginning of each Applicable Year, the Committee will, in its sole discretion, determine appropriate performance measures for use in calculating Company Bonus amounts. These performance measures may include, but are not limited to, Target ECE, Revenue to Plan, EBITDA to Plan, growth in net income, return on assets, return on equity, total shareholder return, Innovation Progression, or any of the foregoing, adjusted for items as determined by the Committee, as described in Section 3.4. Unless otherwise specified pursuant to a written resolution adopted by the Committee for the Applicable Year, the Committee will use Target ECE as the performance measure.

5.3 Establishment of Performance Benchmarks. Not later than 90 days after the beginning of each Applicable Year, the Committee will establish performance benchmarks for the Company based on the performance measure(s) described in Section 5.2 above. Unless otherwise specified pursuant to a written resolution adopted by the Committee for the Applicable Year, the performance benchmarks will correspond with Target ECE for the Applicable Year and will represent a 1.0 bonus multiple. The Committee will also select a Performance Interval to determine the extent to which the performance measure multiples will vary as the Company's actual results vary from the performance benchmarks. The Performance Interval will establish the upper and lower bounds of the multiple, and these bounds, along with the Target ECE, will determine the payout curve. Notwithstanding the foregoing, each performance measure multiple established above will be between 0.0 and 2.0 in any Applicable Year, regardless of the Company's actual results. In the event that the Company attains a result below a 0.0 or above a 2.0, the subsequent year Target ECE will be automatically set at the 0.0 threshold in the event of underperformance or the 2.0 threshold in the event of overperformance.

5.4 Company Performance Bonus Multiple. Unless otherwise specified pursuant to a written resolution adopted by the Committee not later than 90 days after the beginning of the

Applicable Year, the Company Performance Bonus Multiple is equal to the payout curve as determined by the Target ECE and Performance Intervals as described in Section 5.3 above.

5.5 Company Performance Bonus Multiple Threshold and Maximum. Notwithstanding Sections 5.3 and 5.4 above, the Company Performance Bonus Multiple will not be less than 0.0 or greater than 2.0 in an Applicable Year. Notwithstanding the foregoing Sections 5.3 and 5.4,

and this Section 5.5, the Committee may reduce the Company Performance Bonus Multiple (including but not limited to a reduction to 0.0) for some or all Eligible Employees, in its discretion.

5.6 Participant Company Bonus.

- a. **Bonus Target.** Not later than 90 days after the beginning of the Applicable Year, the Bonus Target for each Participant, whether such Participant is designated on an individual basis or by specified job category, classification, level, subsidiary or other appropriate classification, will be determined by the Committee on a basis that takes into consideration a Participant's pay grade level and job responsibilities. The Bonus Target for each Participant for the Applicable Year will be expressed as a percentage of Participant Earnings as of December 31 of the Applicable Year. Early in the Applicable Year, each Participant will receive information regarding the Participant's Bonus Target. In the event that a Participant's pay grade level changes during the Applicable Year (e.g., because of promotion, demotion or otherwise), the Participant's Bonus Target will be prorated based on the Bonus Target applicable to each pay grade level (with related job responsibilities) and the percentage of time that the Participant is employed at each pay grade level during the Applicable Year.
- b. **Company Bonus Calculation.** Except as described in Section 5.6(c) below, or as provided in Section 5.8 or 6.2, a Participant's Company Bonus will equal the product of the Company Performance Bonus Multiple and the Participant's Bonus Target and the Participant's Earnings.
- c. **Adjustment for Performance Multiplier, if Applicable.** Notwithstanding anything herein to the contrary, all Eligible Employees in the United States and other employees as may be designated from time to time by the Committee are subject to individual performance multipliers. For all such Participants subject to an individual performance multiplier, the amount calculated in Section 5.6(b) above will be adjusted based on whether the Participant met job expectations as determined by the Company at the end of the Applicable Year. If a Participant does not meet such job expectations, the Participant will receive an individual performance multiplier equal to either 0.0 or 0.5, as determined by the Company. In that event, the individual performance multiplier will be multiplied by the amount described in Section 5.6(b) above to calculate the Participant's Company

Bonus. If a Participant meets job expectations, the Participant's Company Bonus will equal the amount calculated in Section 5.6(b) above. Not later than 90 days after the beginning of the Applicable Year, the Committee will determine applicable multipliers for meeting job expectations or ranges for the applicable rating system in effect for the Participant. For each such Participant, such rating will be determined by the Participant's supervisor.

In the event that a Participant does not receive a year-end performance rating, but is otherwise eligible for a Company Bonus, the amount calculated in Section 5.6(b) above will be multiplied by 1.0 so that the Participant's actual Company Bonus will be the amount calculated in Section 5.6(b) above.

5.7 Conditions on Company Bonus. Payment of any Company Bonus is neither guaranteed

nor automatic. A Participant's Company Bonus is not considered to be any form of compensation, wages, or benefits, unless and until paid.

5.8 Required Employment. Except as provided below in this Section 5.8 or as otherwise designated by the Committee, if a Participant is not employed by the Company on the last day of the Applicable Year, or is otherwise not an Eligible Employee on that date, the Participant is not entitled to any Company Bonus payment under this Plan for that Applicable Year.

- a. Leave of Absence or Disability. A Participant who, on the last day of the Applicable Year, (i) is on approved leave of absence under the Family and Medical Leave Act of 1993, military leave under the Uniformed Services Employment and Reemployment Rights Act, or other approved leave of absence, or (ii) was an Eligible Employee for some portion of the Applicable Year and then became and remains Disabled through the end of the Applicable Year will, in either case, be considered to be an Eligible Employee on that date for purposes of this Plan.
 - b. Transfer. An employee who is a Participant in this Plan for a portion of the Applicable Year and then transfers to a position within the Company in which the employee is ineligible to participate in this Plan, but who remains employed by the Company on the last day of the Applicable Year, will be treated as satisfying the last-day-of-Applicable-Year requirement for purposes of this Plan. In that event, the employee's Company Bonus will be based on Participant Earnings for the portion of the Applicable Year in which the employee was a Participant in the Plan.
 - c. End of Career or Death. Except as described below in Section 5.8(e), a Participant who (i) was an Eligible Employee for some portion of the Applicable Year and then ends the Participant's career due to Retirement, or (ii) dies during the Applicable Year will, in either case, be considered to satisfy the last-day-of-Applicable-Year requirement described in this Section 5.8 for purposes of this Plan.
 - d. Plant Closing, Reduction in Workforce or Position Elimination. A Participant who was an Eligible Employee for some portion of the Applicable Year and whose employment is terminated as a result of a Plant Closing, Reduction in Workforce or Position Elimination will be considered to satisfy the last-day-of-Applicable-Year requirement described in this Section 5.8 for purposes of this Plan. The Committee's or its designee's determination regarding whether a Participant's termination is a direct result of a Plant Closing, a Reduction in Workforce or a Position Elimination will be final and binding.
 - e. Notice of Resignation. A Participant who submits a notice of resignation from employment with the Company prior to the end of the Applicable Year and whose effective date of resignation is two (2) weeks or less from the date of notice of resignation will be considered employed by the Company for purposes of this Plan until the end of the Participant's specified notice period. However, notwithstanding anything else in this Section 5.8, an Eligible Employee who has not received a year-end performance rating and (i) is on employment probation (or its equivalent outside the United States) and resigns in lieu of being terminated; or (ii) resigns in lieu of being terminated because of an immediately terminable offense (e.g., absence of three days without notice, insubordination, violation of illegal drug policy, possession of firearms, misconduct, or other event or circumstance) will not be considered to satisfy the last-day-of-Applicable Year requirement.
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5.9 New Participants. If an Eligible Employee began participation in the Plan during an Applicable Year and is eligible for a Company Bonus, such Eligible Employee's Company Bonus will be based on Participant Earnings earned after the employee became a Participant.

5.10 Miscellaneous. All determinations necessary for computing a Company Bonus for the Applicable Year, including establishment of all components of the applicable performance measure(s), Company Performance Bonus Multiple and Bonus Target percentages, shall be made by the Committee not later than 90 days after the commencement of the Applicable Year, unless otherwise designated in writing by the Committee.

5.11 Minimum Amount. Notwithstanding any other provision of the Plan, the minimum total amount of Company Bonus payable to Participants in the aggregate as a group or applicable subgroup (the "Minimum Amount") may be fixed through a resolution of the Elanco Board of Directors or the Committee, made before the end of the Applicable Year. The Minimum Amount shall not be reduced or eliminated by the Company, including by either the Elanco Board of Directors or the Committee, following the end of the Applicable Year, but shall be payable to Participants as determined by the Company and consistent with the terms of the Plan. In addition, the Minimum Amount shall not be reduced by any discretionary action to reduce a particular Participant's Company Bonus and shall be payable to persons, as determined by the Company, who are Participants in the Plan during the Applicable Year and eligible to receive a Company Bonus.

SECTION 6. TIME OF PAYMENT

6.1 General Rule. Payment under the Plan will be made in a single lump sum cash payment in the year following the Applicable Year on or prior to March 15 of such year for Eligible Employees in the United States and at such time as may be determined by the Committee for Eligible Employees outside the United States, consistent with applicable local requirements for such Eligible Employees, except to the extent that Section 6.2 below applies.

6.2 Employee Termination or Other Change in Status during Applicable Year.

a. Except as provided in Section 5.8 above, in the event an Eligible Employee's employment with the Company ends for any reason prior to the last day of the Applicable Year, the Eligible Employee will not receive any Company Bonus for the Applicable Year.

b. If an Eligible Employee's employment with the Company or status as an Eligible Employee changes before the last day of the Applicable Year as a result of an event described in Section 5.8(c) or (d) above, then the Company Bonus, if any, determined to be payable to such Eligible Employee for the Applicable Year will be calculated based on Participant Earnings through the date of the applicable event, assuming a Company Performance Bonus Multiple of 1.0, and will be paid in a single lump sum cash payment within sixty (60) days after the date of the applicable event.

SECTION 7. ADMINISTRATIVE GUIDELINES

7.1 Establishment and Amendment by the Committee. The Committee may establish objective and nondiscriminatory written guidelines for administering those provisions of the Plan that expressly provide for the determination of eligibility, Company Bonus or benefits on the

basis of rules established by the Committee. The Committee may, from time to time, amend or supplement the administrative guidelines established in accordance with this Section 7.1. The administrative guidelines established or amended in accordance with this Section 7.1 will not be effective to the extent that they materially increase the Plan's liability, or to the extent that they are inconsistent with, or purport to amend, any provision of the Plan set forth in a document other than such administrative guidelines.

7.2. Amendment by Board of Directors. Any administrative guidelines established by the Committee pursuant to Section 7.1 above may be amended or revoked by the Board of Directors, either prospectively or retroactively, in accordance with the general amendment procedures set forth in Section 9 below.

SECTION 8. MISCELLANEOUS

8.1 No Vested Right. No employee, Participant, beneficiary, or other individual will have a right to a Company Bonus or any part thereof until payment is made to them under Section 6.

8.2 No Employment Rights. No provision of the Plan or any action taken by the Company, the Board of Directors of the Company, or the Committee will give any person any right to be retained in the employ of the Company. The right and power of the Company to dismiss or discharge any Participant for any reason or no reason, with or without notice, is specifically reserved.

8.3 No Adjustments. After the certification of the calculation of the performance benchmark(s) for the Applicable Year and any other material terms of the calculation of the Company Performance Bonus Multiple and Company Bonus for the Applicable Year as described in Section 3.3 above, no adjustments will be made to reflect any subsequent change in accounting, the effect of federal, state, or municipal taxes later assessed or determined, or otherwise.

8.4 Other Representations. Nothing contained in this Plan, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any employee, Participant, beneficiary, legal representative, or any other person. Although Participants generally have no right to any payment under this Plan, to the extent that any Participant acquires a right to receive payment from the Company under the Plan, such right will be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder will be paid from the general funds of the Company and no special or separate fund will be established, and no segregation of assets will be made, to assure payment of such amount.

8.5 Tax Withholding. The Company will make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all federal, state, local, and other taxes required by law to be withheld with respect to Company Bonus payments under the Plan, including, but not limited to, deducting the amount required to be withheld from the amount of cash otherwise payable under the Plan, or from salary or any other amount then or thereafter payable to an employee, Participant, beneficiary, or legal representative.

8.6 Currency. The Company Bonus will be based on the currency in which the highest portion of base pay is regularly paid. The Committee will determine the appropriate foreign exchange conversion methodology in its discretion.

8.7 Effect of Plan on Other Company Plans. Nothing contained in this Plan is intended to amend, modify, terminate, or rescind other benefit or compensation plans established or maintained by the Company. Whether and to what extent a Participant's Company Bonus is taken into account under any other plan will be determined solely in accordance with the terms of such plan.

8.8 Construction. This Plan and all the rights thereunder will be governed by, and construed in accordance with, the laws of the state of Indiana, without reference to the principles of conflicts of law thereof.

8.9 Notice. Any notice to be given to the Company or the Committee pursuant to the provisions of the Plan will be in writing and directed to Secretary, Elanco Animal Health Incorporated, 2500 Innovation Way, Greenfield, IN 46140.

8.10 Facility of Payment. In the event an Eligible Employee dies before payment under the Plan is made, the Committee may, in its sole discretion, authorize the Company to pay to such Eligible Employee's estate the amount calculated under Section 6.2(b).

8.11 Imposition of Other Requirements; Clawback/Recovery. The Company reserves the right to impose other requirements on the Plan and any rights that arise hereunder, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to execute any additional agreements or undertakings that may be necessary to accomplish the foregoing. The Plan and any amounts payable or paid hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required to comply with any requirements imposed under applicable law or pursuant to any clawback or compensation recovery policy of the Company.

SECTION 9. AMENDMENT, SUSPENSION, OR TERMINATION

The Elanco Board of Directors will have the right to amend, modify, suspend, revoke, or terminate the Plan, in whole or in part, at any time and without notice, by written resolution of the Board of Directors. The Committee also will have the right to amend the Plan, except that the Committee may not amend this Section 9.

**ELANCO ANIMAL HEALTH INCORPORATED
NONQUALIFIED STOCK OPTION AWARD AGREEMENT**

This Nonqualified Stock Option is granted on _____, 2024 ("Grant Date") by Elanco Animal Health Incorporated, an Indiana corporation ("Elanco" or the "Company"), to the Eligible Individual who has received this Nonqualified Stock Option Award Agreement (the "Grantee").

Number of Shares: Log into UBS account at
<https://onlineservices.ubs.com/wma/epas/resources>

Grantee:

Exercise Price: \$____ per Share

Vesting Date(s): 33% on March 1, 2025

33% on March 1, 2026

34% on March 1, 2027

(except as otherwise provided in this
Nonqualified Stock Option Award Agreement)

Option Termination Date: _____, 2034

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Section 1. Grant of Nonqualified Stock Option

Elanco, an Indiana corporation ("Elanco" or the "Company"), has granted to the Eligible Individual who has received this Nonqualified Stock Option Award Agreement (the "Grantee") an award of stock options (the "Option" or the "Award") with respect to the number of shares of Elanco Common Stock (the "Shares") and the option price per Share (the "Option Price") set forth on the first page of this document pursuant to and subject to the terms and conditions set forth in the Amended and Restated 2018 Elanco Animal Health Incorporated Stock Plan (the "Plan") and to the terms and conditions set forth in this Nonqualified Stock Option Award Agreement, including any appendices, exhibits and addenda hereto (the "Award Agreement"). Unless otherwise stated in the Plan where the terms in this Award Agreement may govern, in the event of any conflict between the terms of the Plan and this Award Agreement the terms of the Plan shall otherwise govern.

Any capitalized terms used but not defined in this Award Agreement shall have the meanings set forth in the Plan.

Section 2. Vesting

- a. The Award shall vest as to all or a portion of the Award at the close of business in Greenfield, Indiana, U.S.A. on the earliest of the following dates (each, a "Vesting Date"):
 - i. the scheduled Vesting Date(s) set forth on the first page of this document;
 - ii. the date of the Grantee's Service termination due to the Grantee's death; or
 - iii. the date of the Grantee's Service termination due to a Qualifying Termination, as defined below.
 - b. In the event the Grantee's Service is terminated due to the Grantee's death, any unvested portion of the Award will accelerate and vest in full on the date of the Grantee's Service termination due to death.
 - c. In the event the Grantee's Service is terminated due to a Qualifying Termination for a reason other than death, a pro-rata portion of the Award tranche eligible to vest on the next scheduled Vesting Date will accelerate and vest on the date of the Grantee's Service termination due to the Qualifying Termination based on the ratio of (x) the number of full or partial months worked by the Grantee from the *later* of the Grant Date *or* the most recent scheduled Vesting Date prior to the Service termination date to (y) the total number of months from (1) the *later* of the Grant Date *or* the most recent scheduled Vesting Date prior to the Service termination date to (2) the next scheduled Vesting Date set forth on the first page of this document.
 - d. In the event the Grantee's Service is terminated due to Retirement, any unvested portion of the Award will continue to vest on the scheduled Vesting Date(s) set forth on the first page of this document (unless the Committee specifies another vesting date, in its sole discretion, under Section 3.3(j) of the Plan or otherwise provided in the Plan or this Award Agreement). "Retirement" for purposes of this Award Agreement means the Grantee has either (A) reached age sixty (60) and completed five (5) years of Service with the Company or an Affiliate, including any years of Service with Eli Lilly & Company ("Lilly") prior to the Company's spin-off from Lilly (unless otherwise prescribed under Applicable Laws), or (B) completed thirty (30) years of Service with the Company or an Affiliate, including any years of Service with Lilly prior to the Company's spin-off from Lilly (unless otherwise prescribed under Applicable Laws). The Committee, in its sole discretion, shall determine whether and when a Retirement has occurred.
 - e. For purposes of this Award Agreement, a "Qualifying Termination" means any one of the following:
 - i. the date the Grantee's Service is terminated due to the Grantee's death;
 - ii. the date the Grantee's Service is terminated by reason of Disability;
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- iii. the date the Grantee's Service is terminated due to a closing of a plant site or other corporate location;
- iv. the date the Grantee's Service is terminated due to the elimination of a work group, functional or business unit or other broadly applicable reduction in job positions; or
- v. the date the Grantee's Service is terminated due to the elimination of the Grantee's job position.
- vi. The Committee, in its sole discretion, shall determine whether and when a Qualifying Termination has occurred and/or if a leave of absence or transfer of employment between the Company and an Affiliate or between Affiliates constitutes a termination of Service. Such determination shall be final and binding on the Grantee.

f. Any portion of the Award that does not vest pursuant to Section 2(a), 2(b), 2(c) or 2(d) shall be forfeited upon the Grantee's termination of Service. Further, in the event the Grantee's Service is terminated prior to a Vesting Date for any reason or in any circumstance other than those specified in Section 2(a), 2(b), 2(c) or 2(d) above, any unvested portion of the Award shall be forfeited.

Section 3. Option Exercise Period

This Option may be exercised from the Vesting Date to and including through the earliest of the following dates (the "Option Exercise Period"):

- a. the Termination Date set forth on the first page of this Award Agreement (which generally applies under circumstances not covered by paragraphs (b) through (d) of this Section 3 (such as Retirement));
- b. the one (1)-year anniversary of the date that the Grantee's Service is terminated due to death or Disability;
- c. the 90th day following the date that the Grantee's Service is terminated due to a Qualifying Termination (other than death or Disability).
- d. the 30th day following the date that the Grantee's Service is terminated for any reason other than a Qualifying Termination or Retirement.

Section 4. Change in Control

The provisions of Section 13.2 of the Plan apply to this Award with the following modifications:

- a. The only Change in Control event that shall result in a benefit under this Section 4 shall be the consummation of a merger, share exchange, or consolidation of the Company, as defined in Section 2.6(c) of the Plan (a "Transaction").
 - b. In the event that the Award is not converted, assumed, substituted, continued or replaced by a successor or surviving corporation, or a parent or subsidiary thereof, in connection with a Transaction, then immediately prior to the Transaction, the Award shall vest automatically in full.
 - c. In the event that the Award is converted, assumed, substituted, continued or replaced by a successor or surviving corporation, or a parent or subsidiary thereof, in connection with a Transaction and the Grantee is subject to a Covered Termination (as defined below) prior to any applicable Vesting Date, the Award shall vest automatically in full. For purposes of this provision, "Covered Termination" shall mean a Qualifying Termination, Grantee's termination without Cause or the Grantee's resignation for Good Reason. "Cause" and "Good Reason" shall have the meanings ascribed to them in the Elanco Animal Health Incorporated 2018 Change in Control Severance Pay Plan for Employees or the Elanco Animal Health Incorporated 2018 Change in Control Severance Pay Plan
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for Select Employees (both as amended from time to time) or any successor plan or arrangement thereto, as applicable.

- d. If the Grantee is entitled to receive stock of the acquiring entity or successor to the Company as a result of the application of this Section 4, then references to Shares in this Award Agreement shall be read to mean stock of the successor or surviving corporation, or a parent or subsidiary thereof, as and when applicable.

Section 5. Exercise of Option

- a. Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in this Award Agreement; *provided* that the per-Share exercise price for any Option shall not be less than 100% of the Fair Market Value of a Share on the date of grant.
- b. Number of shares. The Grantee may exercise this Option by delivering to the Company or the exercise agent, as applicable, in accordance with Section 12(a), a notice of exercise in the form of a notice to be approved by the Company and made available to the Grantee.
- c. Mode of payment. The following additional provisions apply, as applicable, depending on the mode of payment selected by the Grantee:
- i. Cash Exercise. The Grantee may choose to pay the Option Price by delivering funds directly. In that event, the notice of exercise must be accompanied by cash, a personal check, or a cashier's check in U.S. dollars in the amount of the Option Price and any required withholding for Tax-Related Items (as defined in Section 8 below). The notice of exercise must specify the number of Shares covered by the exercise. Once delivered, the notice of exercise shall be irrevocable. Upon receipt of the notice of exercise and payment of the Option Price, the Company shall deliver to the Grantee a statement of the fair market value of Shares on the exercise date and the amount of withholding for Tax-Related Items due, if any.
 - ii. Exercise using shares (stock swap). To the extent permitted by the Committee, the Grantee may exchange Shares owned by the Grantee whose current value covers the Option Price. The notice of exercise must state the number of Shares being exchanged as well as the number of Shares covered by the exercise. Any required withholding for Tax-Related Items must be paid by cash, a personal check, or a cashier's check in U.S. dollars. Once delivered, the notice of exercise shall be irrevocable. Upon receipt of the notice of exercise, the Company shall deliver to the Grantee a statement of the fair market value of Shares on the exercise date and the amount of withholding for Tax-Related Items due, if any.
 - iii. Cashless Exercise. The Grantee may choose to pay the Option Price through a sale of Shares received upon exercise of this Option. The exercise agent, a financial or brokerage institution approved by the Company, shall execute such a sale. The exercise agent shall agree to pay on behalf of the Grantee the Option Price and any withholding for Tax-Related Items. At the election of the Grantee, the exercise agent shall either:
 - A. Sell, and retain the proceeds of, a sufficient number of Shares from the exercise to pay the Option Price, any withholding for Tax-Related Items, and transaction costs, with the remaining Shares and any cash balance to be delivered to the Grantee; or
 - B. Sell all the Shares exercised and deliver to the Grantee the cash balance remaining after deduction of the Option Price, any withholding for Tax-Related Items, and transaction costs.
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- iv. Net Exercise. The Grantee may choose to pay the Option Price through a “net exercise” arrangement pursuant to which the number of Shares issuable upon exercise of the Option shall be reduced by the largest whole number of Shares having an aggregate fair market value that does not exceed the aggregate Option Price (plus withholding taxes, if applicable) and any remaining balance of the aggregate Option Price (and/or applicable withholding taxes) not satisfied by such reduction in the number of whole Shares to be issued shall be paid by the Grantee by cash, a personal check, a cashier’s check in U.S. dollars, or other form of payment approved by the Committee.
- d. Notice of exercise. The notice of exercise shall be delivered in accordance with procedures to be established by the Company and communicated to the Grantee. Once delivered, the notice shall be irrevocable except that an attempted exercise may be deemed null and void by the Company or the exercise agent in its discretion if it determines that the anticipated proceeds from the sale of the Shares subject to the Option could be insufficient to cover the Option Price, withholding for Tax-Related Items, and transaction costs.
- e. Procedure for Exercise. An Option shall be deemed exercised when the Company receives: (i) a notice of exercise as specified in this Award Agreement, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable withholding taxes). Full payment may consist of any consideration and method of payment permitted by this Award Agreement. Shares issued upon exercise of an Option shall be issued in Grantee’s name.

Section 6. Rights of the Grantee

- a. No Shareholder Rights until the Option Price is paid and taxes are withheld. The Company will not issue or transfer Shares upon exercise of this Option until the Option Price and any withholding for Tax-Related Items have been fully paid or the exercise agent has certified that it will make such payments in accordance with procedures satisfactory to the Company. The Grantee shall have no rights as a shareholder as to Shares covered by an exercise until the Shares are issued or transferred on the Company’s books. At the time the Grantee becomes the owner of the Shares covered by the exercise, Grantee shall cease to be the owner of any Shares exchanged in payment of the Option Price.
- b. No Trust; Grantee’s Rights Unsecured. Neither this Award Agreement nor any action in accordance with this Award Agreement shall be construed to create a trust of any kind. The right of the Grantee to receive payments of cash or Shares pursuant to this Award Agreement shall be an unsecured claim against the general assets of the Company.

Section 7. Prohibition Against Transfer

The right of a Grantee to receive payments of Shares under this Award may not be transferred except to a duly appointed guardian of the estate of the Grantee or to a successor of the Grantee by will or the applicable laws of descent and distribution and then only subject to the provisions of this Award Agreement. A Grantee may not assign, sell, pledge, or otherwise transfer Shares or cash to which Grantee may be entitled hereunder prior to transfer or payment thereof to the Grantee, and any such attempted assignment, sale, pledge or transfer shall be void.

Section 8. Responsibility for Taxes

- a. Regardless of any action the Company and/or the Grantee’s employer (the “Employer”) takes with respect to any or all income tax (including federal, state, local and non-U.S. tax), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Grantee’s participation in the Plan and legally applicable to
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the Grantee ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant of the Option, the vesting of the Option, the exercise of the Option, the transfer and issuance of any Shares, the receipt of any dividends and the sale of any Shares acquired pursuant to this Award; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Grantee becomes subject to Tax-Related Items in more than one jurisdiction, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

- b. Prior to the applicable taxable or tax withholding event, as applicable, the Grantee shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligations with regard to all Tax-Related Items by arranging for the sale of Shares to be issued upon exercise of the Award (on the Grantee's behalf and at the Grantee's direction pursuant to this authorization or such other authorization as the Grantee may be required to provide to the Company or its designated broker in order for such sale to be effectuated) and withhold from the proceeds of such sale or by one or a combination of the following methods: (i) withholding from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer, and/or (ii) any other arrangement approved by the Company and permissible under Applicable laws.
- c. Depending on the withholding method, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Grantee may receive a refund of any over-withheld amount in cash as soon as practicable and without interest and will not be entitled to the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, the Grantee will be deemed to have been issued the full number of Shares to which Grantee is entitled pursuant to this Award, notwithstanding that a number of Shares are withheld to satisfy the obligation for Tax-Related Items.
- d. The Company may require the Grantee to pay the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of any aspect of this Award that cannot be satisfied by the means previously described. The Company may refuse to deliver Shares to the Grantee if the Grantee fails to comply with the Grantee's obligation in connection with the Tax-Related Items as described in this Section 8.

Section 9. Nature of Grant

In accepting the grant, Grantee acknowledges, understands and agrees that:

- a. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;
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- b. the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of Options, or benefits in lieu thereof, even if Options have been granted in the past;
 - c. all decisions with respect to future awards of Options or other awards, if any, will be at the sole discretion of the Committee;
 - d. the Grantee's participation in the Plan is voluntary;
 - e. the Award and any Shares subject to the Award are not intended to replace any pension rights or compensation;
 - f. the Award and any Shares subject to the Award, and the income from and value of same, are not part of normal or expected compensation for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, holiday pay, leave pay, pension or welfare or retirement benefits or similar mandatory payments;
 - g. unless otherwise agreed with the Company, the Award and any Shares subject to the Award, and the income and value of same, are not granted as consideration for, or in connection with, the service the Grantee may provide as a director of an Affiliate;
 - h. neither the Award nor any provision of this Award Agreement, the Plan or the policies adopted pursuant to the Plan, confer upon the Grantee any right with respect to employment or continuation of current employment, and in the event that the Grantee is not an employee of the Company or any Affiliate of the Company, the Award shall not be interpreted to form an employment contract or relationship with the Company or any Affiliate;
 - i. the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
 - j. if the underlying Shares do not increase in value, the Option will have no value;
 - k. if the Grantee exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Option Price;
 - l. no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the Grantee ceasing to provide employment or other services to the Company or the Employer (for any reason whatsoever, whether or not later found to be invalid or in breach of local labor laws in the jurisdiction where the Grantee is employed or the terms of Grantee's employment agreement, if any);
 - m. for purposes of the Award, the Grantee's employment will be considered terminated as of the date Grantee is no longer actively providing services to the Company, an Employer or an Affiliate and the Grantee's right, if any, to earn and exercise any portion of the Award after such termination of employment or services (regardless of the reason for such termination and whether or not such termination is later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any) will be measured by the date the Grantee ceases to actively provide services and will not be extended by any notice period (e.g., active service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any); the Committee shall have the exclusive discretion to determine when the Grantee is no longer actively providing Services for purposes of the Award (including whether the Grantee may still be considered to be actively providing services while on a leave of absence);
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- n. unless otherwise provided in the Plan or by the Committee in its discretion, the Award and the benefits evidenced by this Award Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and
- o. none of the Company, the Employer or any Affiliate shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency and the United States Dollar that may affect the value of the Option or any amounts due to the Grantee pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise.

Section 10. Data Privacy

- a. Data Collection and Usage. *The Company and the Employer may collect, process and use certain personal information about the Grantee, and persons closely associated with the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Options or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is the Grantee's consent. Where required under Applicable Laws, Data may also be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made and the legal basis, where required, for such disclosure is the Applicable Laws.*
 - b. Stock Plan Administration Service Providers. *The Company transfers Data to UBS Financial Services Inc. and/or its affiliated companies ("UBS"), an independent service provider, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. The Grantee may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.*
 - c. International Data Transfers. *The Company and its service providers are based in the United States. The Grantee's country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission and the United States have agreed upon a Trans-Atlantic Data Privacy Framework that is designed to protect employee data transferred from Europe to the United States. The Company's legal basis, where required, for the transfer of Data is the Grantee's consent.*
 - d. Data Retention. *The Company will hold and use the Data only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.*
 - e. Data Subject Rights. *The Grantee understands that data subject rights regarding the processing of Data vary depending on Applicable Law and that, depending on where the Grantee is based and subject to the conditions set out in such Applicable Law, the Grantee may have, without limitation, the right to (i) inquire whether and what kind of Data the Company holds about the Grantee and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data about the Grantee that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing*
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of the Grantee's Data in certain situations where the Grantee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and (vi) request portability of the Grantee's Data that the Grantee has actively or passively provided to the Company or the Employer (which does not include data derived or inferred from the collected data), where the processing of such Data is based on consent or the Grantee's employment and is carried out by automated means. In case of concerns, the Grantee understands that Grantee may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Grantee's rights, the Grantee understands that Grantee should contact Grantee's local human resources representative.

- f. Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and the Grantee is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke the Grantee's consent, the Grantee's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to grant this Award or other awards to the Grantee or administer or maintain such awards.
- g. Declaration of Consent. By accepting the Award and indicating consent via the Company's online acceptance procedure, the Grantee is declaring that Grantee agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Section 11. Additional Terms and Conditions

- a. Country-Specific Conditions. The Award shall be subject to any special terms and conditions set forth in any Appendix to this Award Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Award Agreement.
 - b. Insider Trading / Market Abuse Laws. The Grantee may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including but not limited to the United States and the Grantee's country of residence, which may affect the Grantee's ability to directly or indirectly, for the Grantee or for a third party, acquire or sell, or attempt to sell, or otherwise dispose of Shares or rights to acquire Shares (e.g., Options) under the Plan during such times as the Grantee is considered to have "inside information" regarding the Company (as determined under the laws or regulations in the applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Grantee acknowledges that it is Grantee's responsibility to comply with any applicable restrictions, and the Grantee should consult with Grantee's personal legal advisor on this matter.
 - c. Imposition of Other Requirements; Clawback/Recovery. The Company reserves the right to impose other requirements on the Award and any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to execute any additional agreements or undertakings that may be necessary to accomplish the foregoing. Without limitation to the foregoing, the Grantee agrees that the Option and any benefits or proceeds the
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Grantee may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required to comply with any requirements imposed under Applicable Laws, or pursuant to any clawback or compensation recovery policy of the Company.

d. Non-Competition. This Section 11(d) shall apply only if the Grantee is an executive officer of the Company (as defined in Rule 3b-7 under the Exchange Act) and experiences a Qualifying Termination or Retirement that affects this Award.

i. The Grantee understands the global nature of the Company's businesses and the effort the Company undertakes to develop and protect its business, goodwill, confidential information and competitive advantage. Accordingly, the Grantee recognizes and agrees that the scope and duration of the restrictions described in this provision are reasonable and necessary to protect the legitimate business interests of the Company. All payments and benefits to the Grantee under this Agreement are conditioned expressly on the Grantee's compliance with the provisions of this Section 11(d). During the Grantee's employment with the Company and for a period of one (1) year following the Grantee's termination of employment for any reason, the Grantee shall not:

- A. singly, jointly, or in any other capacity, in a manner that contributes to any research, design, development, strategy, marketing, promotion, or sales, or that relates to the Grantee's employment with the Company, directly or beneficially engage in, manage, join, participate in the management, operation or control of, or work for (as an employee, a consultant or an independent contractor), or permit the use of the Grantee's name by, or provide financial or other assistance to, any person or entity operating in the animal health industry that provides products or services that are the same or substantially similar to those provided by the Company or any Affiliate (a "Competitor"), provided that the foregoing shall not limit the Grantee from providing services or assistance to a subsidiary or affiliate of a Competitor in a situation in which the Grantee provides no services or assistance whatsoever to the subsidiary or affiliate that is a Competitor without the express written approval of the Chairman of the Board; or
- B. provide any service or assistance to a Competitor (1) that is of the general type of service or assistance provided by the Grantee to the Company or any Affiliate, (2) that relates to any animal health work with which the Grantee was involved during the Grantee's employment, or (3) in which there is a reasonable possibility that the Grantee may, intentionally or inadvertently, use or rely upon the Company's or an Affiliate's secret or confidential information.

Nothing in this Section 11(d) prohibits the Grantee from purchasing or owning less than five percent (5%) of the publicly traded securities of any corporation, provided that such ownership represents a passive investment and the Grantee is not a controlling person of, or a member of a group that controls, such corporation.

This provision does not in any way restrict or impede the Grantee from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does

not exceed that required by the law, regulation, or order. The Grantee shall promptly provide written notice of any such order to the Company's CEO.

- ii. If the Grantee breaches or threatens to breach the obligations described in this Section 11(d), the Company or its successors in interest shall have, in addition to all other remedies at law, the right to an injunction (without posting of bond to the extent legally permitted), specific performance, and other equitable relief to prevent violations of the Grantee's obligations under this Section 11(d) (including but not limited to the ability to cease and/or recoup payments and benefits provided under this Agreement). In the event that the Grantee is found to have breached any provision set forth in this Section 11(d), the applicable time period shall be deemed tolled for so long as the Grantee was in violation of that provision.
- iii. If a court of competent jurisdiction declares that any term or provision of this Section 11(d) is invalid or unenforceable, the Company and the Grantee intend that (A) the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, (B) the Company and the Grantee shall request that the court exercise that power, and (C) the Agreement shall be enforceable as so modified after the expiration of the time within which the judgment or decision may be appealed.

Section 12. Miscellaneous Provisions

- a. Notices (and Payments) and Electronic Delivery and Participation. Any notice to be given by the Grantee or successor Grantee shall be in writing, and any notice or payment shall be deemed to have been given or made only upon receipt thereof by the Corporate Secretary of the Company at the Elanco Animal Health Global Headquarters, Greenfield, Indiana 46140, U.S.A. Any notice or communication by the Company in writing shall be deemed to have been given in the case of the Grantee if mailed or delivered to the Grantee at any address specified in writing to the Company by the Grantee and, in the case of any successor Grantee, at the address specified in writing to the Company by the successor Grantee. In addition, the Company may, in its sole discretion, decide to deliver any documents related to the Award and participation in the Plan by electronic means or request the Grantee's consent to participate in the Plan by electronic means. By accepting this Award, the Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
 - b. Language. Grantee acknowledges that Grantee is proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Grantee to understand the terms and conditions of this Award Agreement. If the Grantee has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
 - c. Waiver. The waiver by the Company of any provision of this Award Agreement at any time or for any purpose shall not operate as or be construed to be a waiver of that provision or any other provision of this Award Agreement at any subsequent time or for any other purpose.
 - d. Severability and Section Headings. If one or more of the provisions of this Award Agreement shall be held invalid, illegal or unenforceable in any respect, the validity,
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legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Award Agreement to be construed so as to foster the intent of this Award Agreement and the Plan. The section headings in this Award Agreement are for convenience of reference only and shall not be deemed a part of, or germane to, the interpretation or construction of this instrument.

- e. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan or the Grantee's acquisition or sale of the underlying Shares. The Grantee should consult with Grantee's own personal tax, legal and financial advisors regarding the Grantee's participation in the Plan before taking any action related to the Plan.

Section 13. Governing Law and Venue

The validity and construction of this Award Agreement shall be governed by the laws of the State of Indiana, U.S.A. without regard to laws that might cause other law to govern under applicable principles of conflict of laws. For purposes of litigating any dispute that arises under this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Indiana, and agree that such litigation shall be conducted in the courts of Hancock County, Indiana, or the federal courts for the United States for the Southern District of Indiana, and no other courts, where this Award is granted and/or to be performed.

Section 14. Option Subject to Acknowledgement of Acceptance

Notwithstanding any provisions of this Award Agreement, the Option is subject to acknowledgement of acceptance by the Grantee on or prior to 4:00 PM (EDT) on the 60th day after the Grant Date, through the website of UBS, the Company's stock plan administrator. If the Grantee does not acknowledge acceptance of the Option to 4:00 PM (EDT) on or prior to the 60th day after the Grant Date, the Option will be cancelled, subject to the Committee's discretion for unforeseen circumstances, provided, however, if the Grantee's Service is terminated due to a Qualifying Termination prior to the 60th day after the Grant Date, the Option will not be cancelled and will be deemed accepted on behalf of the Grantee or the Grantee's legal successor.

IN WITNESS WHEREOF, the Company has caused this Award Agreement to be executed in Greenfield, Indiana, by its proper officer.

ELANCO ANIMAL HEALTH INCORPORATED

/s/Jeffrey N. Simmons
President, Chief Executive Officer and Director

Appendix to

Elanco Animal Health Incorporated
Nonqualified Stock Option Award

This Appendix may, from time to time, include special terms and conditions applicable to the Grantee's country. These terms and conditions supplement or replace (as indicated) the terms and conditions set forth in the Award Agreement to which it is attached. If the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently working and/or residing (or is considered as such for local law purposes), or if the Grantee transfers employment or residency to a different country after the Award is granted, Elanco will, in its discretion, determine the extent to which the terms and conditions herein will apply. This Appendix also may include other information relevant to the Award.

Unless otherwise defined herein, the terms defined in the Plan or the Award Agreement, as applicable, shall have the same meanings in this Appendix.

The Grantee should be aware that Grantee may be required to take certain steps to comply with Applicable Laws in the Grantee's country in connection with the Award. For example, exchange control, foreign asset and/or account and/or other tax reporting obligations may apply to the Grantee upon receipt of the Award or the Shares subject to the Award or upon the sale of Shares. *For more information regarding such obligations, the Grantee should refer to the Employee Information Supplement for the Grantee's country, if any. The Grantee should also consult with Grantee's own personal tax and legal advisors to determine what, if any, obligations exist with respect to the Award and/or the acquisition or sale of Shares. Neither the Company nor the Employer is responsible for any failure on the part of the Grantee to be aware of or comply with Applicable Laws.*

**ELANCO ANIMAL HEALTH INCORPORATED
RESTRICTED STOCK UNIT AWARD AGREEMENT**

This Restricted Stock Unit Award is granted on _____, 2024 ("Grant Date") by Elanco Animal Health Incorporated, an Indiana corporation ("Elanco" or the "Company"), to the Eligible Individual who has received this Restricted Stock Unit Award Agreement (the "Grantee").

**Number of Shares: Log into UBS account at
<https://onlineservices.ubs.com/wma/epas/resources>**

Grantee:

Vesting Date(s): 33% on March 1, 2025

33% on March 1, 2026

34% on March 1, 2027

(except as otherwise provided in this Restricted Stock Unit Award Agreement)

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Appendix

Section 1. Grant of Restricted Stock Units

Elanco, an Indiana corporation ("Elanco" or the "Company"), has granted to the Eligible Individual who has received this Restricted Stock Unit Award Agreement (the "Grantee") an award of restricted stock units (the "Restricted Stock Units" or the "Award") with respect to the number of shares of Elanco Common Stock (the "Shares") referenced on the first page of this document, pursuant to and subject to the terms and conditions set forth in the Amended and Restated 2018 Elanco Animal Health Incorporated Stock Plan (the "Plan") and to the terms and conditions set forth in this Restricted Stock Unit Award Agreement, including any appendices, exhibits and addenda hereto (the "Award Agreement"). Unless otherwise stated in the Plan where the terms in this Award Agreement may govern in the event of any conflict between the

terms of the Plan and this Award Agreement, in the event of any such conflict, the terms of the Plan shall otherwise govern. Any capitalized terms used but not defined in this Award Agreement shall have the meanings set forth in the Plan.

Section 2. Vesting

- a. The Award shall vest as to all or a portion of the Award at the close of business in Greenfield, Indiana, U.S.A. on the earliest of the following dates (each, a "Vesting Date"):
 - i. the scheduled Vesting Date(s) set forth on the first page of this document;
 - ii. the date of the Grantee's Service termination due to the Grantee's death;
 - iii. the date of the Grantee's Service termination due to a Qualifying Termination, as defined below; or
 - iv. the date of the Grantee's Service termination due to the Grantee's Retirement, as defined below.
 - b. In the event the Grantee's Service is terminated due to the Grantee's death, any unvested portion of the Award will accelerate and vest in full on the date of the Grantee's Service termination due to death.
 - c. In the event the Grantee's Service is terminated due to a Qualifying Termination for a reason other than death, a pro-rata portion of the Award tranche eligible to vest on the next scheduled Vesting Date will accelerate and vest on the date of the Grantee's Service termination due to the Qualifying Termination based on the ratio of (x) the number of full or partial months worked by the Grantee from the *later* of the Grant Date *or* the most recent scheduled Vesting Date prior to the Service termination date to (y) the total number of months from (1) the *later* of the Grant Date *or* the most recent scheduled Vesting Date prior to the Service termination date to (2) the next scheduled Vesting Date set forth on the first page of this document.
 - d. In the event the Grantee's Service is terminated due to Retirement, a pro-rata portion of the Award tranche eligible to vest on the next scheduled Vesting Date will accelerate and vest on the date of the Grantee's Service termination due to Retirement based on the ratio of (x) the number of full or partial months worked by the Grantee from the *later* of the Grant Date *or* the most recent scheduled Vesting Date prior to the Service termination date to (y) the total number of months from (1) the *later* of the Grant Date *or* the most recent scheduled Vesting Date prior to the Service termination date to (2) the next scheduled Vesting Date set forth on the first page of this document. "Retirement" for purposes of this Award Agreement means the Grantee has either (A) reached age sixty (60) and completed five (5) years of Service with the Company or an Affiliate, including any years of Service with Eli Lilly & Company ("Lilly") prior to the Company's spin-off from Lilly (unless otherwise prescribed under Applicable Laws), or (B) completed thirty (30) years of Service with the Company or an Affiliate, including any years of Service with Lilly prior to the Company's spin-off from Lilly (unless otherwise prescribed under Applicable Laws). The Committee, in its sole discretion, shall determine whether and when a Retirement has occurred.
 - e. For purposes of this Award Agreement, a "Qualifying Termination" means any one of the following:
 - i. the date the Grantee's Service is terminated due to the Grantee's death;
 - ii. the date the Grantee's Service is terminated by reason of Disability;
 - iii. the date the Grantee's Service is terminated due to a closing of a plant site or other corporate location;
 - iv. the date the Grantee's Service is terminated due to the elimination of a work group, functional or business unit or other broadly applicable reduction in job positions; or
 - v. the date the Grantee's Service is terminated due to the elimination of the Grantee's job position.
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The Committee, in its sole discretion, shall determine whether and when a Qualifying Termination has occurred and/or if a leave of absence or transfer of employment between the Company and an Affiliate or between Affiliates constitutes a termination of Service. Such determination shall be final and binding on the Grantee.

- f. Any portion of the Award that does not vest pursuant to Section 2(a), 2(b), 2(c) or 2(d) shall be forfeited upon the Grantee's termination of Service. Further, in the event the Grantee's Service is terminated prior to a Vesting Date for any reason or in any circumstance other than those specified in Section 2(a), 2(b), 2(c) or 2(d) above, any unvested portion of the Award shall be forfeited.

Section 3. Change in Control

The provisions of Section 13.2 of the Plan apply to this Award with the following modifications:

- a. The only Change in Control event that shall result in a benefit under this Section 3 shall be the consummation of a merger, share exchange, or consolidation of the Company, as defined in Section 2.6(c) of the Plan (a "Transaction").
- b. In the event that the Award is not converted, assumed, substituted, continued or replaced by a successor or surviving corporation, or a parent or subsidiary thereof, in connection with a Transaction, then immediately prior to the Transaction, the Award shall vest automatically in full.
- c. In the event that the Award is converted, assumed, substituted, continued or replaced by a successor or surviving corporation, or a parent or subsidiary thereof, in connection with a Transaction and the Grantee is subject to a Covered Termination (as defined below) prior to any applicable Vesting Date, the Award shall vest automatically in full. For purposes of this provision, "Covered Termination" shall mean a Qualifying Termination, Grantee's termination without Cause or the Grantee's resignation for Good Reason. "Cause" and "Good Reason" shall have the meanings ascribed to them in the Elanco Animal Health, Inc. 2018 Change in Control Severance Pay Plan for Employees or the Elanco Animal Health, Inc. 2018 Change in Control Severance Pay Plan for Select Employees (both as amended from time to time) or any successor plan or arrangement thereto, as applicable.
- d. If the Grantee is entitled to receive stock of the acquiring entity or successor to the Company as a result of the application of this Section 3, then references to Shares in this Award Agreement shall be read to mean stock of the successor or surviving corporation, or a parent or subsidiary thereof, as and when applicable.

Section 4. Settlement

- a. Except as provided below, the Award shall be paid to the Grantee as soon as practicable, and in no event later than seventy-five (75) days, following the applicable Vesting Date, or, if earlier, a vesting event contemplated under Section 3 above.
 - b. If the Award is considered an item of non-qualified deferred compensation subject to Section 409A of the Code ("NQ Deferred Compensation") and the settlement date or period is determined by reference to the date of the termination of the Grantee's Service, (i) the Award shall not be paid unless and until the Grantee experiences a "separation from service" within the meaning of Section 409A of the Code (a "Section 409A Separation") and (ii) if the Grantee is a "specified employee" within the meaning of Section 409A of the Code as of the date of the Grantee's Section 409A Separation, the vested portion of the Award shall instead be paid on the earliest of (1) the Vesting Dates set forth in Section 2(a)(i) with respect to the portion of the Award that was scheduled to vest on such Vesting Dates, (2) the first day following the six (6) month anniversary of the Grantee's Section 409A Separation, (3) the date of a Section 409A CIC (as defined below), and (4) the date of the Grantee's death. If the Award is considered NQ Deferred
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Compensation and the vesting event is a Transaction that does not constitute a “change in control event” within the meaning of Section 409A of the Code (a “Section 409A CIC”), the Award shall instead be settled on the earliest of (A) the Vesting Dates set forth in Section 2(a)(i) with respect to the portion of the Award that was scheduled to vest on such Vesting Dates, (B) the date of a Section 409A CIC, and (C) the date of the Grantee’s death.

- c. At the time of settlement provided in this Section 4, the Company shall issue or transfer Shares or the cash equivalent, as contemplated under Section 4(d) below, to the Grantee. In the event the Grantee is entitled to a fractional Share, the fraction may be paid in cash or rounded, in the Committee’s discretion.
- d. At any time prior to the applicable Vesting Date or until the Award is paid in accordance with this Section 4, the Committee may, if it so elects, determine to pay part or all of the Award in cash in lieu of issuing or transferring Shares. The amount of cash shall be based on the Fair Market Value of the Shares on the applicable Vesting Date.
- e. In the event of the death of the Grantee, the payments described above shall be made to the successor of the Grantee.

Section 5. Rights of the Grantee

- a. No Shareholder Rights. The Restricted Stock Units do not entitle the Grantee to any rights of a shareholder of the Company until such time as the Restricted Stock Units vest and Shares are issued or transferred to the Grantee.
- b. No Trust; Grantee’s Rights Unsecured. Neither this Award Agreement nor any action in accordance with this Award Agreement shall be construed to create a trust of any kind. The right of the Grantee to receive payments of cash or Shares pursuant to this Award Agreement shall be an unsecured claim against the general assets of the Company.

Section 6. Prohibition Against Transfer

The right of a Grantee to receive payments of Shares and/or cash under this Award may not be transferred except to a duly appointed guardian of the estate of the Grantee or to a successor of the Grantee by will or the applicable laws of descent and distribution and then only subject to the provisions of this Award Agreement. A Grantee may not assign, sell, pledge, or otherwise transfer Shares or cash to which Grantee may be entitled hereunder prior to transfer or payment thereof to the Grantee, and any such attempted assignment, sale, pledge or transfer shall be void.

Section 7. Responsibility for Taxes

- a. Regardless of any action the Company and/or the Grantee’s employer (the “Employer”) takes with respect to any or all income tax (including federal, state, local and non-U.S. tax), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Grantee’s participation in the Plan and legally applicable to the Grantee (“Tax-Related Items”), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee’s responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant of the Restricted Stock Units, the vesting of the Restricted Stock Units and the lapse of restrictions, the transfer and issuance of any Shares, the receipt of any cash payment pursuant to the Award, the receipt of any dividends and the sale of any Shares acquired pursuant to this Award; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Grantee’s liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Grantee becomes subject to Tax-Related
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Items in more than one jurisdiction, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

- b. Prior to the applicable taxable or tax withholding event, as applicable, the Grantee shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.
- c. If the Restricted Stock Units are paid to the Grantee in cash in lieu of Shares, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligation for Tax-Related Items by withholding from the cash amount paid to the Grantee pursuant to the Award or from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer.
- d. If the Restricted Stock Units are paid to the Grantee in Shares and the Grantee is not subject to the short-swing profit rules of Section 16(b) of the Exchange Act, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to (i) withhold from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer, (ii) arrange for the sale of Shares to be issued upon settlement of the Award (on the Grantee's behalf and at the Grantee's direction pursuant to this authorization or such other authorization as the Grantee may be required to provide to the Company or its designated broker in order for such sale to be effectuated) and withhold from the proceeds of such sale, and/or (iii) withhold in Shares otherwise issuable to the Grantee pursuant to this Award.
- e. If the Restricted Stock Units are paid to the Grantee in Shares and the Grantee is subject to the short-swing profit rules of Section 16(b) of the Exchange Act, the Company will withhold in Shares otherwise issuable to the Grantee pursuant to this Award, unless the use of such withholding method is prevented by applicable law or has materially adverse accounting or tax consequences, in which case the withholding obligation for Tax-Related Items may be satisfied by one or a combination of the methods set forth in Section 7(d)(i) and (ii) above.
- f. Depending on the withholding method, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Grantee may receive a refund of any over-withheld amount in cash as soon as practicable and without interest and will not be entitled to the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, the Grantee will be deemed to have been issued the full number of Shares to which Grantee is entitled pursuant to this Award, notwithstanding that a number of Shares are withheld to satisfy the obligation for Tax-Related Items.
- g. The Company may require the Grantee to pay the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of any aspect of this Award that cannot be satisfied by the means previously described. The Company may refuse to deliver Shares or any cash payment to the Grantee if the Grantee fails to comply with the Grantee's obligation in connection with the Tax-Related Items as described in this Section 7.

Section 8. Section 409A Compliance

To the extent applicable, it is intended that this Award comply with the requirements of Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the Treasury Regulations and other guidance issued thereunder ("Section 409A") and this Award shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A.

Section 9. Nature of Grant

In accepting the grant, Grantee acknowledges, understands and agrees that:

- a. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;
 - b. the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of Restricted Stock Units, or benefits in lieu thereof, even if Restricted Stock Units have been granted in the past;
 - c. all decisions with respect to future awards of Restricted Stock Units or other awards, if any, will be at the sole discretion of the Committee;
 - d. the Grantee's participation in the Plan is voluntary;
 - e. the Award and any Shares subject to the Award are not intended to replace any pension rights or compensation;
 - f. the Award and any Shares subject to the Award, and the income from and value of same, are not part of normal or expected compensation for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, holiday pay, leave pay, pension or welfare or retirement benefits or similar mandatory payments;
 - g. unless otherwise agreed with the Company, the Award and any Shares subject to the Award, and the income and value of same, are not granted as consideration for, or in connection with, the service the Grantee may provide as a director of an Affiliate;
 - h. neither the Award nor any provision of this Award Agreement, the Plan or the policies adopted pursuant to the Plan, confer upon the Grantee any right with respect to employment or continuation of current employment, and in the event that the Grantee is not an employee of the Company or any Affiliate of the Company, the Award shall not be interpreted to form an employment contract or relationship with the Company or any Affiliate;
 - i. the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
 - j. no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the Grantee ceasing to provide employment or other services to the Company or the Employer (for any reason whatsoever, whether or not later found to be invalid or in breach of local labor laws in the jurisdiction where the Grantee is employed or the terms of Grantee's employment agreement, if any);
 - k. for purposes of the Award, the Grantee's employment will be considered terminated as of the date Grantee is no longer actively providing services to the Company, an Employer or an Affiliate and the Grantee's right, if any, to vest in and be paid any portion of the Award after such termination of employment or services (regardless of the reason for such termination and whether or not such termination is later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any) will be measured by the date the Grantee ceases to actively provide services and will not be extended by any notice period (e.g., active service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any); the Committee shall have the exclusive discretion to determine when the Grantee is no longer actively providing services for purposes of the Award (including whether the Grantee may still be considered to be actively providing services while on a leave of absence);
 - l. unless otherwise provided in the Plan or by the Committee in its discretion, the Award and the benefits evidenced by this Award Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company
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- nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and
- m. none of the Company, the Employer or any Affiliate shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency and the United States Dollar that may affect the value of the Award or any amounts due to the Grantee pursuant to the settlement of the Award or the subsequent sale of any Shares acquired upon settlement.

Section 10. Data Privacy

- a. **Data Collection and Usage.** *The Company and the Employer may collect, process and use certain personal information about the Grantee, and persons closely associated with the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is the Grantee's consent. Where required under Applicable Laws, Data may also be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made and the legal basis, where required, for such disclosure is the Applicable Laws.*
- b. **Stock Plan Administration Service Providers.** *The Company transfers Data to UBS Financial Services Inc. and/or its affiliated companies ("UBS"), an independent service provider, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. The Grantee may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.*
- c. **International Data Transfers.** *The Company and its service providers are based in the United States. The Grantee's country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission and the United States have agreed upon a Trans-Atlantic Data Privacy Framework that is designed to protect employee data transferred from Europe to the United States. The Company's legal basis, where required, for the transfer of Data is the Grantee's consent.*
- d. **Data Retention.** *The Company will hold and use the Data only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.*
- e. **Data Subject Rights.** *The Grantee understands that data subject rights regarding the processing of Data vary depending on Applicable Law and that, depending on where the Grantee is based and subject to the conditions set out in such Applicable Law, the Grantee may have, without limitation, the right to (i) inquire whether and what kind of Data the Company holds about the Grantee and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data about the Grantee that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of the Grantee's Data in certain situations where the Grantee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and (vi) request portability of the Grantee's Data that the Grantee has actively or passively provided to the Company or the Employer (which does not*
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include data derived or inferred from the collected data), where the processing of such Data is based on consent or the Grantee's employment and is carried out by automated means. In case of concerns, the Grantee understands that Grantee may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Grantee's rights, the Grantee understands that Grantee should contact Grantee's local human resources representative.

- f. Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and the Grantee is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke the Grantee's consent, the Grantee's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to grant this Award or other awards to the Grantee or administer or maintain such awards.
- g. Declaration of Consent. By accepting the Award and indicating consent via the Company's online acceptance procedure, the Grantee is declaring that Grantee agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Section 11. Additional Terms and Conditions

- a. Country-Specific Conditions. The Award shall be subject to any special terms and conditions set forth in any Appendix to this Award Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Award Agreement.
 - b. Insider Trading / Market Abuse Laws. The Grantee may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including but not limited to the United States and the Grantee's country of residence, which may affect the Grantee's ability to directly or indirectly, for the Grantee or for a third party, acquire or sell, or attempt to sell, or otherwise dispose of Shares or rights to acquire Shares (e.g., Restricted Stock Units) under the Plan during such times as the Grantee is considered to have "inside information" regarding the Company (as determined under the laws or regulations in the applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Grantee acknowledges that it is Grantee's responsibility to comply with any applicable restrictions, and the Grantee should consult with Grantee's personal legal advisor on this matter.
 - c. Imposition of Other Requirements; Clawback/Recovery. The Company reserves the right to impose other requirements on the Award and any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to execute any additional agreements or undertakings that may be necessary to accomplish the foregoing. Without limitation to the foregoing, the Grantee agrees that the Restricted Stock Unit Award and any benefits or proceeds the Grantee may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required to comply with any requirements imposed under Applicable Laws, or pursuant to any clawback or compensation recovery policy of the Company.
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d. Non-Competition. This Section 11(d) shall apply only if the Grantee is an executive officer of the Company (as defined in Rule 3b-7 under the Exchange Act) and experiences a Qualifying Termination or Retirement that affects this Award.

i. The Grantee understands the global nature of the Company's businesses and the effort the Company undertakes to develop and protect its business, goodwill, confidential information and competitive advantage. Accordingly, the Grantee recognizes and agrees that the scope and duration of the restrictions described in this provision are reasonable and necessary to protect the legitimate business interests of the Company. All payments and benefits to the Grantee under this Agreement are conditioned expressly on the Grantee's compliance with the provisions of this Section 11(d). During the Grantee's employment with the Company and for a period of one (1) year following the Grantee's termination of employment for any reason, the Grantee shall not:

- A. singly, jointly, or in any other capacity, in a manner that contributes to any research, design, development, strategy, marketing, promotion, or sales, or that relates to the Grantee's employment with the Company, directly or beneficially engage in, manage, join, participate in the management, operation or control of, or work for (as an employee, a consultant or an independent contractor), or permit the use of the Grantee's name by, or provide financial or other assistance to, any person or entity operating in the animal health industry that provides products or services that are the same or substantially similar to those provided by the Company or any Affiliate (a "Competitor"), provided that the foregoing shall not limit the Grantee from providing services or assistance to a subsidiary or affiliate of a Competitor in a situation in which the Grantee provides no services or assistance whatsoever to the subsidiary or affiliate that is a Competitor without the express written approval of the Chairman of the Board; or
- B. provide any service or assistance to a Competitor (1) that is of the general type of service or assistance provided by the Grantee to the Company or any Affiliate, (2) that relates to any animal health work with which the Grantee was involved during the Grantee's employment, or (3) in which there is a reasonable possibility that the Grantee may, intentionally or inadvertently, use or rely upon the Company's or an Affiliate's secret or confidential information.

Nothing in this Section 11(d) prohibits the Grantee from purchasing or owning less than five percent (5%) of the publicly traded securities of any corporation, provided that such ownership represents a passive investment and the Grantee is not a controlling person of, or a member of a group that controls, such corporation.

This provision does not in any way restrict or impede the Grantee from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. The Grantee shall promptly provide written notice of any such order to the Company's CEO.

ii. If the Grantee breaches or threatens to breach the obligations described in this Section 11(d), the Company or its successors in interest shall have, in addition to all other remedies at law, the right to an injunction (without posting of bond to the extent legally permitted), specific performance, and other equitable relief to prevent violations of the Grantee's obligations under this Section 11(d) (including

but not limited to the ability to cease and/or recoup payments and benefits provided under this Agreement). In the event that the Grantee is found to have breached any provision set forth in this Section 11(d), the applicable time period shall be deemed tolled for so long as the Grantee was in violation of that provision.

- iii. If a court of competent jurisdiction declares that any term or provision of this Section 11(d) is invalid or unenforceable, the Company and the Grantee intend that (A) the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, (B) the Company and the Grantee shall request that the court exercise that power, and (C) the Agreement shall be enforceable as so modified after the expiration of the time within which the judgment or decision may be appealed.

Section 12. Miscellaneous Provisions

- a. Notices and Electronic Delivery and Participation. Any notice to be given by the Grantee or successor Grantee shall be in writing, and any notice or payment shall be deemed to have been given or made only upon receipt thereof by the Corporate Secretary of the Company at the Elanco Animal Health Global Headquarters, Greenfield, Indiana 46140, U.S.A. Any notice or communication by the Company in writing shall be deemed to have been given in the case of the Grantee if mailed or delivered to the Grantee at any address specified in writing to the Company by the Grantee and, in the case of any successor Grantee, at the address specified in writing to the Company by the successor Grantee. In addition, the Company may, in its sole discretion, decide to deliver any documents related to the Award and participation in the Plan by electronic means or request the Grantee's consent to participate in the Plan by electronic means. By accepting this Award, the Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
 - b. Language. Grantee acknowledges that Grantee is proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Grantee to understand the terms and conditions of this Award Agreement. If the Grantee has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
 - c. Waiver. The waiver by the Company of any provision of this Award Agreement at any time or for any purpose shall not operate as or be construed to be a waiver of that provision or any other provision of this Award Agreement at any subsequent time or for any other purpose.
 - d. Severability and Section Headings. If one or more of the provisions of this Award Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Award Agreement to be construed so as to foster the intent of this Award Agreement and the Plan. The section headings in this Award Agreement are for convenience of reference only and shall not be deemed a part of, or germane to, the interpretation or construction of this instrument.
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- e. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan or the Grantee's acquisition or sale of the underlying Shares. The Grantee should consult with Grantee's own personal tax, legal and financial advisors regarding the Grantee's participation in the Plan before taking any action related to the Plan.

Section 13. Governing Law and Venue

The validity and construction of this Award Agreement shall be governed by the laws of the State of Indiana, U.S.A. without regard to laws that might cause other law to govern under applicable principles of conflict of laws. For purposes of litigating any dispute that arises under this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Indiana, and agree that such litigation shall be conducted in the courts of Hancock County, Indiana, or the federal courts for the United States for the Southern District of Indiana, and no other courts, where this Award is granted and/or to be performed.

Section 14. Award Subject to Acknowledgement of Acceptance

Notwithstanding any provisions of this Award Agreement, the Award is subject to acknowledgement of acceptance by the Grantee on or prior to 4:00 PM (EDT) on the 60th day after the Grant Date, through the website of UBS, the Company's stock plan administrator. If the Grantee does not acknowledge acceptance of the Award prior to 4:00 PM (EDT) on or prior to the 60th day after the Grant Date, the Award will be cancelled, subject to the Committee's discretion for unforeseen circumstances, provided, however, if the Grantee's Service is terminated due to a Qualifying Termination prior to the 60th day after the Grant Date, the Award will not be cancelled and will be deemed accepted on behalf of the Grantee or the Grantee's legal successor.

IN WITNESS WHEREOF, the Company has caused this Award Agreement to be executed in Greenfield, Indiana, by its proper officer.

ELANCO ANIMAL HEALTH INCORPORATED

/s/Jeffrey N. Simmons

President, Chief Executive Officer and Director

Appendix to

Elanco Animal Health Incorporated Restricted Stock Unit Award Agreement

This Appendix includes special terms and conditions applicable to the Grantee's country. These terms and conditions supplement or replace (as indicated) the terms and conditions set forth in the Award Agreement to which it is attached. If the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently working and/or residing (or is considered as such for local law purposes), or if the Grantee transfers employment or residency to a different country after the Award is granted, Elanco will, in its discretion, determine the extent to which the terms and conditions herein will apply. This Appendix also includes other information relevant to the Award.

Unless otherwise defined herein, the terms defined in the Plan or the Award Agreement, as applicable, shall have the same meanings in this Appendix.

There are no special terms and conditions or information for the following countries: Austria, Ireland, Japan, Korea, Netherlands and Norway.

However, the Grantee should be aware that Grantee may be required to take certain steps to comply with Applicable Laws in the Grantee's country in connection with the Award. For example, exchange control, foreign asset and/or account and/or other tax reporting obligations may apply to the Grantee upon receipt of the Award or the Shares subject to the Award or upon the sale of Shares. *For more information regarding such obligations, the Grantee should refer to the Employee Information Supplement for the Grantee's country, if any. The Grantee should also consult with Grantee's own personal tax and legal advisors to determine what, if any, obligations exist with respect to the Award and/or the acquisition or sale of Shares. Neither the Company nor the Employer is responsible for any failure on the part of the Grantee to be aware of or comply with Applicable Laws.*

ARGENTINA

Notifications

Securities Law Information. The Award and the Shares to be issued pursuant to the Award are offered as a private transaction and are not listed on any stock exchange in Argentina. This offering is not subject to a prospectus requirement in Argentina.

Exchange Control Information. Exchange control regulations in Argentina are subject to frequent change. The Grantee is solely responsible for complying with any applicable exchange control rules and should consult with Grantee's personal legal advisor prior to remitting proceeds from the sale of Shares or cash dividends paid on Shares.

AUSTRALIA

Terms and Conditions

Securities Law Information. Additional details regarding the offer of the Award are set out in the Australian Offer Document, a copy of which is attached to this Appendix for Australia as Annex 1.

Breach of Law. Notwithstanding anything to the contrary in the Award Agreement or the Plan, the Grantee will not be entitled to, and shall not claim, any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the *Corporations Act 2001*, any other provision of that act, or any other applicable statute, rule or regulation that limits or restricts the provision of such benefit.

Notifications

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Ctch) applies (subject to the conditions in that act).

Annex 1 to Appendix for Australia

AUSTRALIA - OFFER DOCUMENT

ELANCO ANIMAL HEALTH INCORPORATED

RESTRICTED STOCK UNIT AWARD AGREEMENT

The Company is providing the Grantee an offer to participate in the Plan. This offer sets out information regarding the grant of Restricted Stock Unit Awards to Australian resident employees of the Company and its Affiliates. This information is provided by the Company to ensure compliance of the Plan with Australian Securities and Investments Commission ("ASIC") Class Order 14/1000 and relevant provisions of the *Corporations Act 2001*.

In addition to the information set out in the Award Agreement, the Grantee is also being provided with copies of the following documents (collectively, the “Additional Documents”):

1. Notification regarding Award;
2. Plan;
3. Information Summary/Prospectus; and
4. Employee Information Supplement for Australia

The Additional Documents provide further information to help the Grantee make an informed investment decision about participating in the Plan. Neither the Plan nor the Information Summary/Prospectus is a prospectus for purposes of the *Corporations Act 2001*.

The Grantee should not rely upon any oral statements made in relation to this offer. The Grantee should rely only upon the statements contained in the Award Agreement and the Additional Documents when considering participation in the Plan.

Securities Law Notification

Investment in Shares involves a degree of risk. Grantees who elect to participate in the Plan should monitor their participation and consider all risk factors relevant to the acquisition of Shares under the Plan as set out in the Award Agreement and the Additional Documents.

The information contained in this offer is general information only. It is not advice or information that takes into account the Grantee’s objectives, financial situation and needs.

The Grantee should consider obtaining Grantee’s own financial product advice from an independent person who is licensed by ASIC to give advice about participation in the Plan.

Additional Risk Factors for Australian Residents

The Grantee should have regard to risk factors relevant to investment in securities generally and, in particular, to the holding of Common Stock. For example, the price at which the Common Stock is traded on the New York Stock Exchange may increase or decrease due to a number of factors. There is no guarantee that the price of the Common Stock will increase. Factors which may affect the price of Common Stock include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

For information about factors that could affect Elanco’s business and financial results, refer to the risk factors discussion in Elanco’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov and <https://investor.elanco.com/financials/sec-filings/default.aspx>, and upon request to the Company.

In addition, the Grantee should be aware that the Australian dollar value of any Shares acquired pursuant to the Award will be affected by the U.S. dollar/Australian dollar exchange rate. Participation in the Plan involves certain risks related to fluctuations in this rate of exchange.

Common Stock

Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation. Each holder of the Common Stock is entitled to one vote for each Share held.

Dividends may be paid on the Common Stock out of any funds of the Company legally available for dividends at the discretion of the Board.

The Common Stock is traded on the New York Stock Exchange in the United States of America under the symbol “ELAN.”

The Shares are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Price of Shares

The Grantee may ascertain the current market price of the Common Stock as traded on the New York Stock Exchange at <http://www.nyse.com/> under the symbol “ELAN.” The Australian dollar equivalent of that price can be obtained at: <https://www.rba.gov.au/statistics/frequency/exchange-rates.html>.

This is not a prediction of what the market price of the Common Stock will be on any applicable vesting date or when Shares are issued to the Grantee or at any other time or of the applicable exchange rate at such time.

Exchange Control Information

Exchange control reporting is required for cash transactions exceeding the specified AUD threshold and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on behalf of the Grantee.

BELGIUM

Notifications

Exchange Control Information. Belgian residents are required to provide to the National Bank of Belgium details of any foreign securities or bank accounts (including the account number, bank name and country in which such account was opened). The report (and instructions for completing it) is available on the National Bank of Belgium website, www.nbb.be, through the *Kredietcentrales/Centrales des crédits* link.

BRAZIL

Terms and Conditions

Nature of Grant. This provision supplements Section 9 of the Award Agreement:

By accepting the Award, the Grantee agrees that (i) Grantee is making an investment decision, (ii) the Shares will be issued to the Grantee only if the vesting conditions are met and any necessary Services are rendered between the Grant Date and each applicable Vesting Date, and (iii) the value of the underlying Shares is not fixed and may increase or decrease in value over the vesting period without compensation to the Grantee.

Labor Law Acknowledgment. The Grantee agrees, for all legal purposes, (i) the benefits provided under the Award Agreement and the Plan are the result of commercial transactions unrelated to the Grantee’s employment; (ii) the Award Agreement and the Plan are not a part of the terms and conditions of the Grantee’s employment; and (iii) the income from the Award or Shares, if any, is not part of the Grantee’s remuneration from employment.

Compliance with Law. By accepting the Award, the Grantee agrees to comply with all applicable Brazilian laws and agrees to report and pay any and all applicable taxes associated with the Award and the sale of the Shares and the receipt of any dividends paid on Shares acquired under the Plan.

Notifications

Exchange Control Information. If the Grantee is resident or domiciled in Brazil, the Grantee may be required to submit to the Central Bank of Brazil an annual declaration of assets and rights held outside of Brazil if the aggregate value of such assets and rights equals or exceeds an amount designated by the Bank of Brazil. Quarterly reporting is required if such amount exceeds a designated amount. Assets and rights that must be reported include Shares, and may include Restricted Stock Units granted under the Plan. The Grantee is responsible for complying with any applicable exchange control laws.

CANADA

Terms and Conditions

Award Payable Only in Shares. The Award shall be paid in Shares only and does not provide the Grantee with any right to receive a cash payment.

Termination of Service. The following provision replaces Section 9(k) of the Award Agreement:

For purposes of the Award, the Grantee's Service shall be considered terminated as of the date that is the earliest of (i) the date on which the Grantee's Service is terminated, (ii) the date that the Grantee receives notice of termination of the Grantee's Service, or (iii) the date the Grantee is no longer actively providing Service to the Company or any Affiliate, regardless of any notice period or period of pay in lieu of such notice required under applicable employment laws in the jurisdiction where the Grantee is employed or otherwise providing Service (including, but not limited to statutory law, regulatory law and/or common law) or the terms of the Grantee's employment or other service agreement, if any. The Committee shall have the exclusive discretion to determine when the Grantee is no longer actively providing Service for purposes of the Award (including whether the Grantee may still be considered to be providing Service while on a leave of absence). Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued participation in the Plan during a statutory notice period, the Grantee acknowledges that Grantee's right to participate in the Plan, if any, will terminate effective as of the last day of the Grantee's minimum statutory notice period, but the Grantee will not earn or be entitled to any pro-rated vesting if the vesting date is after the end of the Grantee's statutory notice period and the Grantee will not be entitled to any compensation for lost vesting.

The following terms and conditions apply to employees resident in Quebec:

Language. The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Section 10 of the Award Agreement:

The Grantee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration and operation of the Plan. The Grantee further authorizes the Company and any Affiliate and the Committee to disclose and discuss the Plan with their advisors and to record all relevant information and keep such information in the Grantee's employee file.

Notifications

Securities Law Information. The Grantee is permitted to sell Shares acquired under the Plan through UBS or such other broker designated under the Plan, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Company's Shares are listed. The Company's Shares are currently traded on the New York Stock Exchange ("NYSE") which is located outside of Canada, under the ticker symbol "ELAN", and Shares acquired under the Plan may be sold through this exchange.

CHILE

Notifications

Securities Law Notice. The grant of the Award constitutes a private offering in Chile effective as of the date of the Award Agreement. This offer of the Award is made subject to General Ruling N° 336 of the Chilean Commission for the Financial Market ("CMF"). This offer refers to securities not registered at the Securities Registry or at the Foreign Securities Registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given that the Award is not registered in Chile, the Company is not required to provide public information about the Award or Shares in Chile. Unless the Award and/or the Shares are registered with the CMF, a public offering of such securities cannot be made in Chile.

Esta oferta de los Derechos de Acciones Restringidas constituye una oferta privada de valores en Chile se inicia en la fecha de este documento. Esta oferta de los Derechos de Acciones Restringidas se acoge a las disposiciones de la norma de Carácter General N° 336 de la Comisión para el Mercado Financiero (CMF). Esta oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse de los Derechos de Acciones Restringidas no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública respecto de los mismos. Estos Derechos de Acciones Restringidas no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el registro de valores correspondiente.

Exchange Control Information. Exchange control regulations in Chile may apply to the Grantee's award, and are subject to change. The Grantee should consult with the Grantee's personal legal advisor regarding any exchange control obligations that the Grantee may have in connection with the vesting of the Restricted Stock Units, cash dividends or dividend equivalent payments, or the sale of Shares acquired at vesting.

CHINA

Terms and Conditions

This provision supplements Section 2 of the Award Agreement:

To facilitate compliance with any Applicable Laws or regulations in China, the Grantee agrees and acknowledges that the Company (or a brokerage firm instructed by the Company) is entitled to sell any or all Shares issued to the Grantee on or as soon as practicable after the applicable Vesting Date or other vesting event (on behalf of the Grantee and at the Grantee's direction pursuant to this authorization), either immediately after such Shares are issued to the Grantee or when the Grantee ceases Service or at such other time as the Company may determine is necessary or advisable to facilitate compliance with Applicable Laws or the administration of the Plan. The Grantee also agrees to sign any forms and/or consents that may be required by the Company and acknowledges that neither the Company nor the brokerage firm is under any obligation to arrange for such sale of the Shares at any particular price. In any event, when the Shares acquired under the Plan are sold, the proceeds of the sale of the Shares, less any Tax-Related Items and broker's fees or commissions, will be remitted to the Grantee in accordance with applicable exchange control laws and regulations.

Exchange Control Restrictions. The Grantee understands and agrees that, due to exchange control laws in China, the Grantee will be required to immediately repatriate to China any funds (e.g., proceeds from the sale of Shares) received pursuant to this Award. The Grantee further understands that such repatriation of the funds may need to be effected through a special exchange control account established by the Company or any Affiliate. The Grantee hereby consents and agrees that any funds received pursuant to this Award may be transferred to such special account prior to being delivered to the Grantee's personal account. The Grantee also understands that the Company will deliver the funds to the Grantee as soon as possible, but there may be delays in distributing the funds to the Grantee due to exchange control requirements in China. Funds may be paid to the Grantee in U.S. dollars or local currency at the Company's discretion. If the funds are paid to the Grantee in U.S. dollars, the Grantee will be required to set up a U.S. dollar bank account in China so that the funds may be deposited into this account. If the funds are paid to the Grantee in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the funds to local currency due to exchange control restrictions. The Grantee further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China. Neither the Company nor any Affiliate shall be liable for any costs, fees, lost interest or dividends or other losses the Grantee may incur or suffer resulting from the enforcement of the

terms of this Addendum or otherwise from the Company's operation and enforcement of the Plan, the Award Agreement and the Shares in accordance with Chinese law, including, without limitation, any applicable State Administration of Foreign Exchange ("SAFE") rules, regulations and requirements.

Additional Restrictions. The Award will not vest and the Shares will not be issued at vesting unless the Company determines that such vesting and the issuance and delivery of Shares complies with all relevant provisions of law. The Company is under no obligation to vest the Award and/or issue Shares if the Company's SAFE approval becomes invalid or ceases to be in effect by the time the Grantee vests in the Award.

COLOMBIA

Terms and Conditions

Nature of Grant. This provision supplements Section 9 of the Award Agreement:

In accepting the Award, the Grantee acknowledges, understands and agrees that, pursuant to Article 128 of the Colombian Labor Code, the Award and any payment the Grantee receives pursuant to the Award do not constitute a component of "salary" and will not be considered as a salary nature payment for any legal purpose. Therefore, the Award and any related benefit will not be included and/or considered for purposes of calculating any labor benefits, such as legal/fringe benefits, vacations, indemnities, payroll taxes, social insurance contributions and/or any other labor-related amount which may be payable.

Notifications

Securities Law Information. The Shares are not and will not be registered with the Colombian registry of publicly traded securities (Registro Nacional de Valores y Emisores) and therefore the Shares may not be offered to the public in Colombia. Nothing in the Award Agreement should be construed as making a public offer of securities in Colombia.

Exchange Control Information. Investment in assets located abroad (such as Shares acquired under the Plan) does not require prior approval. However, the Grantee's investments held abroad, including Shares, must be registered with the Central Bank (Banco de la Republica), regardless of the value of such investments.

CZECH REPUBLIC

Notifications

Exchange Control Information. The Czech National Bank may require the Grantee to provide notification in relation to the acquisition of Shares and the opening and maintenance of a foreign account. However, because exchange control regulations change frequently and without notice, the Grantee should consult the Grantee's personal legal advisor prior to the vesting of the Restricted Stock Units and the sale of Shares to ensure compliance with current regulations. The Grantee is responsible for complying with any applicable exchange control laws.

DENMARK

Terms and Conditions

Nature of Grant. This provision supplements Section 9 of the Award Agreement:

In accepting the Award, the Grantee acknowledges, understands and agrees that it relates to future services to be performed and is not a bonus or compensation for past services.

Employer Statement. The Grantee acknowledges that Grantee has received an Employer Statement, translated into Danish, which includes a description of the terms of the Award as required by the Danish Stock Option Act.

EGYPT

Notifications

Exchange Control Information. If the Grantee transfers funds into Egypt in connection with Restricted Stock Units or Shares, the Grantee will be required to transfer the funds through a registered bank in Egypt.

FRANCE

Terms and Conditions

Award Not French-Qualified. The Award is not intended to be “French-qualified,” *i.e.*, it is not intended to qualify for specific tax and/or social security treatment in France.

Language Consent. In accepting the Award, the Grantee confirms having read and understood the documents relating to the Award (the Plan and the Award Agreement, including this Appendix), which were provided in English. The Grantee accepts the terms of those documents accordingly.

Consentement Relatif à la Langue Utilisée. En acceptant cette Attribution, le Bénéficiaire confirme avoir lu et compris les documents relatifs à cette Attribution (le Plan le Contrat d’Attribution incluant cette Annexe), qui ont été remis en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en conséquence.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of the applicable amount designated by the German Federal Bank (“Bundesbank”) must be reported monthly to the *Bundesbank*. With respect to payments in connection with securities (including proceeds realized upon the sale of Shares or from the receipt of dividends paid on such Shares), the report must be made by the 5th day of the month following the month in which the payment was received. The report must be filed electronically. The form of report (“*Allgemeine Meldeportal Statistik*”) is accessible via the *Bundesbank’s* website (www.bundesbank.de) and is available in both German and English. The Grantee is responsible for complying with applicable exchange control requirements.

INDIA

Notifications

Exchange Control Information. The Grantee is required to repatriate the proceeds from the sale of Shares and any dividends received in relation to the Shares to India within any time frame prescribed under applicable Indian exchange control laws, as may be amended from time to time. The Grantee must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Grantee’s employer requests proof of repatriation. It is the Grantee’s responsibility to comply with applicable exchange control laws in India.

INDONESIA

Terms and Conditions

Language Consent and Notification. By accepting the Award, the Grantee (i) confirms having read and understood the documents relating to the grant (*i.e.*, the Notification of Grant, the Plan and the Award Agreement) which were provided in the English language, (ii) accepts the terms of those documents, and (iii) agrees not to challenge the validity of this document based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation (when issued).

Persetujuan dan Pemberitahuan Bahasa. Dengan menerima pemberian Unit Saham Terbatas ini, Peserta (i) memberikan konfirmasi bahwa dirinya telah membaca dan memahami dokumen-dokumen berkaitan dengan pemberian ini (yaitu, Pemberitahuan Pemberian, Perjanjian Penghargaan dan Program) yang disediakan dalam Bahasa Inggris, (ii) menerima persyaratan di dalam dokumen-dokumen tersebut, dan (iii) setuju untuk tidak mengajukan keberatan atas

keberlakuan dari dokumen ini berdasarkan Undang-Undang No. 24 Tahun 2009 tentang Bendera, Bahasa dan Lambang Negara serta Lagu Kebangsaan ataupun Peraturan Presiden sebagai pelaksanaannya (ketika diterbitkan).

Notifications

Exchange Control Information. Indonesian residents are required to provide the Indonesian central bank (Bank Indonesia) information about foreign exchange activities. If there is any change to foreign assets held (including Shares acquired under the Plan), the Grantee must report such change online through the Bank Indonesia website no later than the 15th day of the month following the month in which the foreign exchange activity occurs.

If the Grantee remits proceeds from the sale of Shares or the receipt of any dividends paid on such Shares into Indonesia, the Indonesian bank through which the transaction is made will submit a report on the transaction to Bank Indonesia for statistical reporting purposes. For transactions of the equal or exceed the USD threshold amount, a more detailed description of the transaction must be included in the report and the Grantee may be required to provide information about the transaction to the bank to complete the transaction.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting the Award, the Grantee acknowledges that Grantee has received a copy of the Plan, has reviewed the Plan and the Award Agreement (including this Appendix) in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement (including this Appendix).

LEBANON

Terms and Conditions

Securities Law Information. The Plan does not constitute the marketing or offering of securities In Lebanon pursuant to Law No. 161 (2011), the Capital Markets Law. Offers under the Plan are being made only to Eligible Individuals.

MALAYSIA

Notifications

Director Notification Information. If the Grantee is a director of a Malaysian Affiliate, Grantee is subject to certain notification requirements under the Malaysian Companies Act, 2016. Among these requirements is an obligation to notify the Malaysian Affiliate in writing when the Grantee receives or disposes of an interest (e.g., the Award or Shares) in the Company or a related company. This notification must be made within fourteen (14) days after acquiring or disposing of any interest in the Company or a related company.

MEXICO

Terms and Conditions

Acknowledgement of the Award Agreement. By accepting the Restricted Stock Unit Award, the Grantee acknowledges that Grantee has received a copy of the Plan and the Award Agreement, including this Appendix, which Grantee has reviewed. The Grantee further acknowledges that Grantee accepts all the provisions of the Plan and the Award Agreement, including this Appendix. The Grantee also acknowledges that Grantee has read and specifically and expressly approves the terms and conditions set forth in the "Grantee's Acknowledgement" section of the Award Agreement, which clearly provide as follows:

- (1) The Grantee's participation in the Plan does not constitute an acquired right;
 - (2) The Plan and the Grantee's participation in it are offered by the Company on a wholly discretionary basis;
 - (3) The Grantee's participation in the Plan is voluntary; and
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(4) The Company and its Affiliates are not responsible for any decrease in the value of any Shares acquired pursuant to the Restricted Stock Unit Awards.

Labor Law Acknowledgement and Policy Statement. By accepting the Award, the Grantee acknowledges that the Company, with registered offices at the Elanco Animal Health Inc. Global Headquarters, Greenfield, Indiana 46140, U.S.A., is solely responsible for the administration of the Plan. The Grantee further acknowledges that Grantee's participation in the Plan, the grant of Restricted Stock Unit Awards and any acquisition of Shares under the Plan do not constitute an employment relationship between the Grantee and the Company because the Grantee is participating in the Plan on a wholly commercial basis and Grantee's sole employer is Elanco Salud Animal SA de CV ("Elanco-Mexico"). Based on the foregoing, the Grantee expressly acknowledges that the Plan and the benefits that Grantee may derive from participation in the Plan do not establish any rights between the Grantee and Grantee's Employer, Elanco-Mexico, and do not form part of the employment conditions and/or benefits provided by Elanco-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Grantee's employment.

The Grantee further understands that Grantee's participation in the Plan is the result of a unilateral and discretionary decision of the Company and, therefore, the Company reserves the absolute right to amend and/or discontinue the Grantee's participation in the Plan at any time, without any liability to the Grantee.

Finally, the Grantee hereby declares that Grantee does not reserve to the Grantee any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that Grantee therefore grants a full and broad release to the Company, its subsidiaries, affiliates, branches, representation offices, shareholders, officers, agents or legal representatives, with respect to any claim that may arise.

Spanish Translation

Reconocimiento del Convenio de Concesión. Al aceptar el Premio de Desempeño, el Beneficiario reconoce que ha recibido y revisado una copia del Plan y del Convenio de Concesión, incluyendo este Apéndice. El Beneficiario reconoce y acepta todas las disposiciones del Plan y del Convenio de Concesión, incluyendo este Apéndice. El Beneficiario también reconoce que ha leído y aprobado de forma expresa los términos y condiciones establecidos en la sección: "Naturaleza de la Concesión" del Convenio de Concesión, que claramente establece lo siguiente:

- (1) La participación del Beneficiario en el Plan no constituye un derecho adquirido;
- (2) El Plan y la participación del Beneficiario en el es ofrecido por la Compañía de manera completamente discrecional;
- (3) La participación del Beneficiario en el Plan es voluntaria; y
- (4) La Compañía y sus Afiliadas no son responsables por ninguna disminución en el valor de las Acciones adquiridas de conformidad con el Premio de Desempeño.

Reconocimiento de la legislación Laboral aplicable y Declaración de la Política. Al aceptar el Premio, el Beneficiario reconoce que Company, con domicilio social en the Elanco Animal Health Global Headquarters, Greenfield, Indiana 46140, U.S.A., es la única responsable por la administración del Plan. Además, el Beneficiario reconoce que su participación en el Plan, la concesión de Unidades de Acciones Restringidas y cualquier adquisición de Acciones bajo el Plan no constituyen una relación laboral entre el Beneficiario y Company, en virtud de que el Beneficiario está participando en el Plan en su totalidad sobre una base comercial y su único empleador es Elanco Salud Animal SA de CV ("Elanco-Mexico"). Por lo anterior, el Beneficiario expresamente reconoce que el Plan y los beneficios que puedan derivarse de su participación no establecen ningún derecho entre el Beneficiario y su empleador, Elanco-México, y que no forman parte de las condiciones de trabajo y/o beneficios otorgados por Elanco-México, y

cualquier modificación del Plan o la terminación del mismo no constituirá un cambio o modificación de los términos y condiciones en el empleo del Beneficiario.

Además, el Beneficiario comprende que su participación en el Plan es el resultado de una decisión discrecional y unilateral de la Company, por lo que Company se reserva el derecho absoluto de modificar y/o suspender la participación del Beneficiario en el Plan en cualquier momento, sin responsabilidad frente al Beneficiario.

Finalmente, el Beneficiario manifiesta que no se reserva acción o derecho alguno que origine una demanda en contra de Company, por cualquier compensación o daño relacionada con las disposiciones del Plan o de los beneficios otorgados en el mismo, y en consecuencia el Beneficiario libera de la manera más amplia y total de responsabilidad a E Company, sus subsidiarias, afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales de cualquier demanda que pudiera surgir.

Notifications

Securities Law Information. The Award and any Shares issued under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Award Agreement and any other document relating to the Award may not be publicly distributed in Mexico. These materials are addressed to the Grantee because of the Grantee's existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities, but is a private placement of securities addressed specifically to individuals who are present service providers made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

NEW ZEALAND

Terms and Conditions

The Grantee has been granted an award under the Amended and Restated 2018 Elanco Animal Health Incorporated Stock Plan ("Plan") and has been or will be provided with a description of the Plan and its terms and conditions separately from the Award Agreement. Copies of the Plan and the Plan prospectus are available at: <https://onlineservices.ubs.com/wma/epas/resources>. The following information is provided in compliance with an exemption under New Zealand law.

Notifications

Annual Report and Financial Statements. Grantee has the right to receive from Elanco, on request and free of charge, a copy of Elanco's latest annual report, financial statements and audit report on those financial statements. The Grantee also can view or obtain copies of these documents electronically at the following website: <https://investor.elanco.com/financials/quarterly-results/default.aspx>.

Securities Law Notice. This is an offer of restricted stock units ("RSUs"). To the extent that the RSUs vest and are settled in accordance with the terms of the Plan and the Award Agreement, they will be converted into shares of Elanco common stock. The shares will give Grantee a stake in the ownership of Elanco. The Grantee may receive a return on the shares if Elanco pays dividends.

If Elanco encounters financial difficulties and is wound up, Grantee will be paid only after all creditors have been paid and may lose some or all of Grantee's investment (if any). New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors make informed decisions. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, Grantee may not be given all of the information that is usually required and will have fewer other legal protections for this investment. The Grantee should ask questions, read all documents carefully, and seek independent financial advice before committing to the Award.

The RSUs are not listed, but Elanco shares are traded on the New York Stock Exchange ("NYSE"). This means that if Grantee receives Elanco shares following the vesting of RSUs, Grantee may be able to sell the shares on the NYSE if there are interested buyers. The price will depend on the demand for the shares. For information about risk factors affecting Elanco's business that may affect the value of the shares, please refer to the risk factors discussion in Elanco's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov and <https://investor.elanco.com/financials/sec-filings/default.aspx>.

The Grantee may request copies of Elanco's SEC filings free of charge by contacting Elanco. The Grantee should read the referenced materials carefully before making a decision whether to participate in the Plan and note that values generally are reported in US dollars unless otherwise specified. In addition, Grantee should consult Grantee's tax advisor for specific information concerning Grantee's personal tax situation with regard to Plan participation.

PHILIPPINES

Terms and Conditions

Compliance with Law. The following provision supplements Section 3.3(h) of the Plan:

The Grantee acknowledges that the Grantee's participation in the Plan is subject to the Company maintaining an exemption from the registration requirements under Section 10.2 of the Philippines Securities Regulation Code. Without limitation to the foregoing, the Grantee understands and agrees that the issuance and delivery of Shares pursuant to the Award will be subject to the availability of such exemption and the determination that the issuance of the Shares can be made in compliance with applicable laws, and that the Company alternatively may settle the Award in cash, in its sole discretion.

Notifications

Securities Law Notice. The risks of participating in the Plan include (without limitation) the risk of fluctuation in the price of the Shares on the New York Stock Exchange and the risk of currency fluctuations between the U.S. Dollar and Grantee's local currency. The value of any Shares the Grantee may acquire under the Plan may decrease below the value of the Shares at vesting and fluctuations in foreign exchange rates between the Grantee's local currency and the U.S. Dollar may affect the value of any amounts due to Grantee pursuant to the subsequent sale of any Shares acquired upon vesting. The Company is not making any representations, projections or assurances about the value of the Shares now or in the future.

For further information on risk factors impacting the Company's business that may affect the value of the Shares, Grantee may refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at <https://investor.elanco.com/home/default.aspx>.

The Grantee is permitted to sell Shares acquired under the Plan through the designated Plan broker appointed by the Company (or such other broker to whom the Grantee transfers Shares), provided that such sale takes place outside of the Philippines through the facilities of the New York Stock Exchange on which the Shares are listed.

POLAND

Notifications

Exchange Control Information. If the Grantee holds foreign securities (including Shares) and maintains accounts abroad, the Grantee may be required to file certain reports with the National Bank of Poland regarding transactions and balances of foreign accounts. The Grantee also may be required to handle funds transfers into or out of Poland through a bank in Poland. Polish residents are required to retain all documents related to foreign exchange transactions for

a period of five years. The Grantee is responsible for complying with applicable exchange control requirements.

PORTUGAL

Terms and Conditions

Language Acknowledgement. The Grantee hereby expressly declares that Grantee has full knowledge of the English language and has read, understood and freely accepted and agreed with the terms and conditions established in the Plan and the Award Agreement.

Conhecimento da Língua. O Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo de Atribuição (Award Agreement em inglês).

Notifications

Exchange Control Information. If the Grantee is a resident of Portugal and receives Shares, the acquisition of such Shares should be reported to the Banco de Portugal for statistical purposes. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report to the Banco de Portugal. If the Shares are not deposited with a commercial bank, broker or financial intermediary in Portugal, the Grantee is responsible for submitting the report to the Banco de Portugal.

RUSSIA

Terms and Conditions

U.S. Transaction. The Grantee understands that accepting the Award and the terms and conditions of the Award Agreement will result in a contract between the Grantee and the Company completed in the United States and that the Award Agreement is governed by U.S. law. The Grantee understands and acknowledges that any Shares issued under the Plan shall be delivered to the Grantee through a brokerage account maintained outside Russia. The Grantee understands that the Grantee may hold Shares in a brokerage account outside Russia; however, in no event will Shares issued to the Grantee and/or share certificates or other instruments be delivered to the Grantee in Russia. The Grantee acknowledges and agrees that the Grantee is not permitted to sell or otherwise transfer the Shares directly to other Russian legal entities or individuals. Finally, the Grantee acknowledges and agrees that the Grantee may sell or otherwise transfer the Shares only outside Russia.

Notifications

Securities Law Information. This Appendix, the Award Agreement, the Plan and all other materials that the Grantee may receive regarding the Plan, do not constitute advertising or an offering of securities in Russia. The issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Exchange Control Information. Under exchange control regulations in Russia, certain funds received outside of Russia must be repatriated to Russia as soon as the Grantee intends to use those amounts for any purpose, including reinvestment. Such funds must initially be credited to the Grantee through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws.

The above-mentioned repatriation requirement may not apply with respect to cash amounts received in an account considered by the Central Bank of Russia to be a foreign brokerage account opened with a financial market institution other than a bank. Statutory exceptions to the repatriation requirement also may apply.

Anti-Corruption Information. Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (such as

shares of foreign companies such as the Company). The Grantee should inform the Company if the Grantee is covered by these laws because the Grantee should not hold Shares under the Plan.

SLOVENIA

Terms and Conditions

Language Acknowledgment. By accepting the Award, the Grantee acknowledges that the Grantee is proficient in reading and understanding English and fully understands the terms of the documents related to the grant (the Notification of Grant, the Award Agreement and the Plan), which were provided in the English language. The Grantee accepts the terms of those documents accordingly.

Soglasje za Uporabo Angleškega Jezika. S sprejetjem dodelitve RSU Udeleženec (Participant) priznava in potrjuje, da je sposoben brati in razumeti angleški jezik ter v celoti razume pogoje dokumentov, povezanih z dodelitvijo (Obvestilo (Notice of Grant), pogodba (Award Agreement) in Načrt (Plan)), ki so bili posredovani v angleškem jeziku. Udeleženec skladno s tem sprejema pogoje teh dokumentov.

SOUTH AFRICA

Terms and Conditions

Securities Law Information. In compliance with South African securities law, the Grantee acknowledges that Grantee has been notified that the following documents listed below are available for the Grantee's review at the applicable website listed below:

(1) The Company's most recent annual financial statement, available at: <https://investor.elanco.com/financials/quarterly-results/default.aspx>.

(2) The Company's most recent Information Summary/Prospectus, which is viewable within the Recordkeeping Information Document Library on UBS Financial Services Inc. at: <https://onlineservices.ubs.com/wma/epas/resources>.

The Grantee acknowledges that Grantee may have a copy of the above documents sent to the Grantee, without fee, on written request to the Secretary of the Company at the Elanco Animal Health Global Headquarters, Greenfield, Indiana 46140, U.S.A.

Responsibility for Taxes. This provision supplements Section 7 of the Award Agreement:

The Grantee should contact the Grantee's tax advisor for specific information concerning the Grantee's personal tax situation with regard to Plan participation.

Exchange Control Information. By accepting the Award, the Grantee acknowledges that the Grantee is solely responsible for complying with applicable South African exchange control regulations. Because the exchange control regulations change frequently and without notice, the Grantee should consult the Grantee's legal advisor prior to the acquisition or sale of Shares acquired under the Plan to ensure compliance with current regulations. It is the Grantee's responsibility to comply with South African exchange control laws, and neither the Company nor any Employer or Affiliate will be liable for any fines or penalties resulting from the Grantee's failure to comply with applicable laws.

SPAIN

Terms and Conditions

Vesting. This provision supplements Section 2 of the Award Agreement:

As a condition of the grant of the Award, termination of the Grantee's Service for any reason (including for the reasons listed below but excluding for the reasons specified in Section 2(d) or (e) of the Award Agreement) will automatically result in the forfeiture and loss of the Award and the underlying Shares to the extent that the Award has not yet vested as of the date of termination of the Grantee's Service. In particular, and without limitation to the provisions of the Award Agreement and the Plan, the Grantee understands and agrees that the Award will be cancelled without entitlement to the underlying Shares or to any amount as indemnification if the

Grantee terminates employment by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a “*despido improcedente*”), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause (unless such layoff falls within the meaning of a plant closing or reduction in workforce as described in Section 2(e)), material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, Article 50 of the Workers’ Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985. The Grantee acknowledges that Grantee has read and specifically accepts the vesting conditions referred to in Section 2 of the Award Agreement. Grantee’s Acknowledgement. This provision supplements Section 9 of the Award Agreement:

The Grantee understands that the Company has unilaterally, gratuitously and discretionally decided to grant Restricted Stock Unit Awards under the Plan to individuals who may be Employees of the Company or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Affiliates on an ongoing basis except to the extent otherwise provided in the Plan and this Award Agreement. Consequently, the Grantee understands that the Restricted Stock Unit Awards are granted on the assumption and condition that the Restricted Stock Unit Awards and any Shares acquired pursuant to the Restricted Stock Unit Awards shall not become a part of any employment contract (either with the Company or any of its Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Grantee understands that this grant would not be made to the Grantee but for the assumptions and conditions referred to above; thus, the Grantee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of Restricted Stock Unit Awards may be cancelled.

Notifications

Securities Law Information. No “offer of securities to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the Award. The Award Agreement has not nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Exchange Control Information. The Grantee is responsible for complying with the exchange control regulations in Spain. The Grantee must declare the acquisition of Shares for statistical purposes to the Spanish *Dirección General de Comercio e Inversiones* (the “DGCI”) of the Ministry of Economy and Competitiveness. Generally, such declaration must be filed on a D-6 form in January for Shares owned as of December 31 of each year, subject to earlier filing (within one month after the date of acquisition or sale, as applicable) if the value of the Shares or the sale proceeds exceeds the specified value threshold.

When receiving foreign currency payments in excess of the applicable value limit derived from the ownership of Shares (such as from the sale of Shares or the receipt of dividends), the Grantee must inform the financial institution receiving the payment of the basis upon which such payment is made. The Grantee may be required to provide the institution with the following information: (i) the Grantee’s name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) any additional information that may be required. The Grantee is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts, if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed the specified value threshold.

SWEDEN

Terms and Conditions

Withholding Authorization. This provision supplements Section 7 of the Award Agreement:

Without limiting the Company's and the Employer's authority to satisfy withholding obligations for Tax-Related Items as set forth in Section 7 of the Award Agreement, by accepting the grant of the Restricted Stock Units, the Grantee authorizes the Company and/or the Employer to withhold Shares or to sell Shares otherwise deliverable to the Grantee at vesting to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer is obligated to withhold such Tax-Related Items.

SWITZERLAND

Notifications

Securities Law Information. The grant of the Restricted Stock Unit Awards and the issuance of Shares is not intended to be publicly offered in or from Switzerland. Because this is a private offering in Switzerland, the Restricted Stock Unit Awards are not subject to registration in Switzerland. Neither this Award Agreement nor any other materials relating to the Restricted Stock Unit Awards (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federation Act on Financial Services, (ii) may be publicly distributed or otherwise made publicly available in Switzerland, or (iii) have been or will be filed with, approved or supervised by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority ("FINMA").

TAIWAN

Notifications

Securities Law Information. The offer of participation in the Plan is available only for Employees of the Company and its Affiliates. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. The Grantee may acquire and remit foreign currency (including proceeds from the Shares and dividends paid on such Shares) into and out of Taiwan up to the specified USD limit per year. If the transaction amount is equal to or greater than the specified TWD limit in a single transaction, the Grantee must submit a Foreign Exchange Transaction Form and provide supporting documentation satisfactory to the remitting bank.

THAILAND

Notifications

Exchange Control Information. The Grantee may be required to immediately repatriate and report the remittance of the proceeds from the sale of Shares or the receipt of dividends to Thailand if the proceeds realized in a single transaction exceed a value determined from time to time by the Bank of Thailand. The Grantee is responsible for complying with applicable exchange control requirements.

TURKEY

Notifications

Securities Law Information. Under Turkish law, the Grantee is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange in the United States of America, under the ticker symbol of "ELAN" and Shares acquired under the Plan may be sold through this exchange.

Financial Intermediary Information. Activity related to investments in foreign securities (such as the sale of Shares acquired under the Plan) must be conducted through a bank or financial intermediary institution licensed by the Turkish Capital Markets Board and should be reported to the Turkish Capital Markets Board. The Grantee is responsible for complying with these

requirements and should contact the Grantee's personal legal advisor for information regarding the Grantee's obligations.

UNITED KINGDOM

Terms and Conditions

Settlement. Section 4(d) of the Award Agreement shall not apply to Restricted Stock Unit Awards granted in the United Kingdom.

Responsibility for Taxes. This provision supplements Section 7 of the Award Agreement:

Without limitation to Section 7 of the Award Agreement, the Grantee agrees that Grantee is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company and/or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). The Grantee also agrees to indemnify and keep indemnified the Company and/or the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Grantee's behalf.

Notwithstanding the foregoing, if the Grantee is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the foregoing provision will not apply. In this case, the amount of any Tax-Related Items not collected from or paid by the Grantee may constitute a benefit to the Grantee on which additional income tax and National Insurance contributions ("NICs") may be payable. The Grantee understands that Grantee will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any employee NICs due on this additional benefit. Grantee acknowledges that the Company and/or the Employer (as appropriate) may recover such additional NICs at any time thereafter by any of the means referred to in Section 7 of the Award Agreement.

Joint Election. As a condition of Grantee's participation in the Plan and vesting of the Restricted Stock Unit Awards, the Grantee agrees to accept any liability for secondary Class 1 national insurance contributions which may be payable by the Company and/or the Employer in connection with the Restricted Stock Unit Awards and any event giving rise to Tax-Related Items (the "Employer NICs"). Without prejudice to the foregoing, by accepting this Award, the Grantee is entering into a joint election with the Company or the Employer if Grantee has not already done so, the form of such joint election being formally approved by HMRC (the "Joint Election"), a copy of which is attached to this Appendix for the United Kingdom as Annex 1, and any other required consent or election. The Grantee further agrees to execute such other joint elections as may be required between him or her and any successor to the Company and/or the Employer. The Grantee further agrees that the Company and/or the Employer may collect the Employer NICs from him or her by any of the means set forth in Section 7 of the Award Agreement.

Annex 1 to Appendix for United Kingdom

Important Note on the Joint Election for Transfer of Liability for Employer National Insurance Contributions to the Grantee:

As a condition of the Grantee's participation in the Amended and Restated Elanco Animal Health Incorporated 2018 Stock Plan, as amended from time to time (the "Plan"), the Grantee is required to enter into a joint election to transfer to the Grantee any liability for employer National Insurance contributions (the "Employer NICs") that may arise in connection with the Restricted Stock Unit Award (the "Award") and in connection with future awards, if any, that may be granted to the Grantee under the Plan (the "Joint Election").

By entering into the Joint Election:

- the Grantee agrees that any liability for Employer NICs that may arise in connection with or pursuant to the vesting of the Award and the acquisition of shares of common stock of
-

Elanco Animal Health Inc. (the “Company”) or other taxable events in connection with the Award will be transferred to the Grantee; and

- the Grantee authorizes the Company and/or the Grantee’s employer to recover an amount sufficient to cover this liability by any method set forth in the Award Agreement and/or the Joint Election.

To enter into the Joint Election and to accept the Award, please select the button next to “Accept” where indicated on the Pending Acceptance screen. Please note that selecting the button next to “Accept” indicates the Grantee’s agreement to be bound by all of the terms of the Joint Election.

Please note that even if the Grantee has indicated Grantee’s acceptance of this Joint Election electronically, the Grantee may still be required to sign a paper copy of this Joint Election (or a substantially similar form) if the Company determines such is necessary to give effect to the Joint Election.

Please read the terms of the Joint Election carefully before accepting the Award Agreement and the Joint Election. The Grantee should print and keep a copy of this Joint Election for Grantee’s records.

United Kingdom

Joint Election for Transfer of Liability for Employer National Insurance Contributions to Employee Election To Transfer the Employer’s National Insurance Liability to the Employee

This Election is between:

- A. The individual who has obtained authorised access to this Election (the “**Employee**”), who is employed by one of the employing companies listed in the attached schedule (the “**Employer**”) and who is eligible to receive restricted stock unit awards (the “**Restricted Stock Unit Award**”) pursuant to the Amended and Restated 2018 Elanco Animal Health Incorporated Stock Plan (the “**Plan**”), and
- B. Elanco Animal Health Inc., an Indiana corporation, with registered offices at Greenfield, Indiana 46140, U.S.A. (the “**Company**”), which may grant Restricted Stock Unit Awards under the Plan and is entering into this Election on behalf of the Employer.

Section 1. Introduction

1.1 This Election relates to all Restricted Stock Unit Awards granted to the Employee under the Plan up to the termination date of the Plan.

1.2 In this Election the following words and phrases have the following meanings:

- (a) “**Chargeable Event**” means any event giving rise to Relevant Employment Income.
 - (b) “**ITEPA**” means the Income Tax (Earnings and Pensions) Act 2003.
 - (c) “**Relevant Employment Income**” from Restricted Stock Unit Awards on which Employer’s National Insurance Contributions becomes due is defined as:
 - (i) an amount that counts as employment income of the earner under section 426 ITEPA (restricted securities: charge on certain post-acquisition events);
 - (ii) an amount that counts as employment income of the earner under section 438 of ITEPA (convertible securities: charge on certain post-acquisition events); or
 - (iii) any gain that is treated as remuneration derived from the earner’s employment by virtue of section 4(4)(a) SSCBA, including without limitation:
-

- (A) the acquisition of securities pursuant to the Restricted Stock Unit Awards (within the meaning of section 477(3)(a) of ITEPA);
- (B) the assignment (if applicable) or release of the Restricted Stock Unit Awards in return for consideration (within the meaning of section 477(3)(b) of ITEPA);
- (C) the receipt of a benefit in connection with the Restricted Stock Unit Awards, other than a benefit within (i) or (ii) above (within the meaning of section 477(3)(c) of ITEPA).
- (d) **"SSCBA"** means the Social Security Contributions and Benefits Act 1992.

1.3 This Election relates to the Employer's secondary Class 1 National Insurance Contributions (the "Employer's Liability") which may arise in respect of Relevant Employment Income in respect of the Restricted Stock Unit Awards pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

1.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

1.5 This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

2. The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer's Liability that arises on any Relevant Employment Income is hereby transferred to the Employee. The Employee understands that, by accepting the Restricted Stock Unit Award (whether in hard copy or electronically) or by accepting this Election (whether in hard copy or electronically), Grantee will become personally liable for the Employer's Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

3. Payment of the Employer's Liability

3.1 The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability in respect of any Relevant Employment Income from the Employee at any time after the Chargeable Event:

- (a) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or
 - (b) directly from the Employee by payment in cash or cleared funds; and/or
 - (c) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the Restricted Stock Unit Awards, the proceeds from which must be delivered to the Employer in sufficient time for payment to be made to Her Majesty's Revenue & Customs ("HMRC") by the due date; and/or
 - (d) where the proceeds of the gain are to be paid through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive in respect of the Restricted Stock Unit Awards, such amount to be paid in sufficient time to enable the Company and/or the Employer to make payment to HMRC by the due date; and/or
 - (e) by any other means specified in the applicable Restricted Stock Unit Award agreement entered into between the Employee and the Company.
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3.2 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the Restricted Stock Unit Awards until full payment of the Employer's Liability is received.

3.3 The Company agrees to procure the remittance by the Employer of the Employer's Liability to HMRC on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days after the end of the UK tax month during which the Chargeable Event occurs if payments are made electronically).

4. Duration of Election

4.1 The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

4.2 Any reference to the Company and/or the Employer shall include that entity's successors in title and assigns as permitted in accordance with the terms of the Plan and relevant award agreement. This Election will continue in effect in respect of any awards which replace the Restricted Stock Unit Awards in circumstances where section 483 of ITEPA applies.

4.3 This Election will continue in effect until the earliest of the following:

- (a) the date on which the Employee and the Company agree in writing that it should cease to have effect;
- (b) the date on which the Company serves written notice on the Employee terminating its effect;
- (c) the date on which HMRC withdraws approval of this Election; or
- (d) the date on which, after due payment of the Employer's Liability in respect of the entirety of the Restricted Stock Unit Awards to which this Election relates or could relate, the Election ceases to have effect in accordance with its own terms.

4.4 This Election will continue in force regardless of whether the Employee ceases to be an employee of the Employer.

Acceptance by the Employee

The Employee acknowledges that, by clicking on the button next to "Accept" to accept the Restricted Stock Unit Awards Agreement and this Election (or by signing the Restricted Stock Unit Awards Agreement or this Election whether in hard copy or electronically), the Employee agrees to be bound by the terms of this Election.

Acceptance by the Company

The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signature for and on behalf of the Company

Position

Schedule of Employer Companies

The employing companies to which this Election relates include:

Name:	Elanco UK AH Limited
Registered Office:	Form 2, Bartley Way Bartley Wood Business Park, Hook RG27 9XA
Company Registration Number:	11378434
Corporation Tax Reference:	4312717782
PAYE Reference:	475/FB88335

**ELANCO ANIMAL HEALTH INCORPORATED
PERFORMANCE-BASED AWARD AGREEMENT**

This Performance-Based Award is granted on _____, 2024 ("Grant Date") by Elanco Animal Health Incorporated, an Indiana corporation ("Elanco" or the "Company"), to the Eligible Individual who has received this Performance-Based Award Agreement (the "Grantee").

**Number of Shares: Log into UBS account at
<https://onlineservices.ubs.com/wma/epas/resources>**

Grantee:

Performance Measures:

- **Adjusted EBITDAR Target** = Prior Year Adjusted EBITDAR + 10% x Incremental Investment (Δ GOA)
- **Performance Interval** = 8% of Prior Year Revenue

Performance Period: January 1, 2024 - December 31, 2025

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Section 1. Grant of Performance-Based Award

Elanco, an Indiana corporation ("Elanco" or the "Company"), has granted to the Eligible Individual who has received this Performance-Based Award Agreement (the "Grantee") an award of performance-based restricted stock units (the "Performance-Based Award" or the "Award"). The number of shares of Elanco Common Stock (the "Shares") (as set forth on the first page of this document) underlying the Award will vest based on the attainment of the Company's performance conditions, in whole or in part, for the Performance Period and the other vesting conditions set forth below under Section 2. The Grantee may view the number of

Shares underlying the Award by logging on to the UBS Financial Services Inc. website at <https://onlineservices.ubs.com/wma/epas/resources>.

The Award is made pursuant to and subject to the terms and conditions set forth in the Amended and Restated 2018 Elanco Animal Health Incorporated Stock Plan (the “Plan”) and to the terms and conditions set forth in this Performance-Based Award Agreement, including any appendices, exhibits and addenda hereto (the “Award Agreement”). Unless otherwise stated in the Plan where the terms in this Award Agreement may govern in the event of any conflict between the terms of the Plan and this Award Agreement, in the event of any such conflict, the terms of the Plan shall otherwise govern.

Any capitalized terms used but not defined in this Award Agreement shall have the meanings set forth in the Plan.

Section 2. Vesting

- a. The Award shall vest at the close of business in Greenfield, Indiana, U.S.A. on the last day of the Performance Period with respect to the Shares that become eligible to vest based on the application of the performance measures identified at the beginning of this Award Agreement and further described in this Section 2, provided the Grantee continues in Service through the last day of the Performance Period (or an exception applies under Section 3).

For accounting purposes with respect to the vesting determination under this Section 2, the Shares underlying this Award shall be divided in relation to the Performance Period as follows:

Performance Period Segment	Allocable Portion of Shares
Fiscal Year 2024	50% of Shares
Fiscal Year 2025	50% of Shares

- i. As soon as reasonably practicable following the end of the Performance Period, the Committee shall determine the number of Shares eligible to vest based on the Company’s Target Adjusted EBITDAR for the Performance Period in accordance with accounting principles currently applicable in the United States (“U.S. GAAP”), adjusted to the extent deemed appropriate by the Committee as set forth in Section 2(c) below for the Performance Period, the corresponding payout multiple and the number of Shares subject to this Award.
- ii. The Target Adjusted EBITDAR for the Performance Period shall be ascertained from data in the Company’s audited consolidated financial statements for each fiscal year or other specified measurement period of the Performance Period in accordance with U.S. GAAP, adjusted to the extent deemed appropriate by the Committee as set forth in Section 2(c) below.

For each Performance Period segment, Target Adjusted EBITDAR will be set based on prior year Adjusted EBITDAR, adjusted for instances in which the prior year Adjusted EBITDAR falls outside the minimum or maximum prior year Performance-Based Award Performance Interval, plus an expected rate of return multiplied by the incremental change in Gross Operating Assets from the end of the prior year to the end of the performance year, and excluding such items as may be specified by the Committee in accordance with Section 2(c) below. In the

event that the Company attains a result above the maximum of 2.0 or below the minimum of 0.0, the subsequent year Adjusted EBITDAR will be automatically set at the 2.0 threshold in the event of overperformance or the 0.0 threshold in the event of underperformance.

- A. "Adjusted EBITDAR" means earnings before interest, tax, depreciation and amortization (EBITDA) adjusted for non-GAAP items, plus Adjusted R&D Expense.
- B. "Adjusted R&D Expense" means the research and development expenses, excluding depreciation, presented in the statement of operations in the Company's audited financial statements, adjusted for non-GAAP items.
- C. "Gross Operating Assets" means an average, over the prior four (4) quarters within the applicable measurement period, of the sum of net working capital, plus certain long-term assets and liabilities, plus the prior eight (8) years (including the performance year) of Adjusted R&D Expense.
- D. "Performance Interval" means a percentage of the Company's prior year revenue that, added to or subtracted from the Target EBITDAR, results in a multiple in the range of 2.0 to 0.0. This interval, along with the Target Adjusted EBITDAR, which is at 1.0 in the range, shall determine the payout multiple curve.

iii. The payout multiple corresponding to the Target Adjusted EBITDAR (as described in the "Performance Measures" section at the beginning of this document) for each fiscal year or other specified measurement period shall then be applied to the number of Shares subject to this Award.

iv. The number of Shares eligible to vest with respect to this Award will be the number of Shares resulting from the calculations described in subsections (ii) and (iii) above.

b. In the event the Grantee's Service is terminated prior to the last day of the Performance Period for any reason or in any circumstance other than a Qualifying Termination or Retirement (as described in Section 3 below), the Award shall be forfeited. Further, any portion of the Award that does not vest in connection with a Qualifying Termination or Retirement shall be forfeited upon the Grantee's termination of Service.

c. In the event of any unplanned events that may impact the business results positively or negatively, the Committee, in its sole discretion, may adjust the performance measures for the Performance Period for purposes of determining the payout multiple. The adjustments may include:

- i. the impact from the operations of any business divestiture, such as a major product or geography;
 - ii. the impact of any acquisitions, significant collaborations, restructuring or external litigation;
 - iii. foreign currency fluctuation impact greater than a 2% change to applicable plan rates;
 - iv. the effects of accounting changes, special charges or gains, retirement benefit accrual changes, goodwill impairments;
 - v. the impact of any non-GAAP adjustment provided each adjustment is approved by the Committee; and/or
 - vi. any unforeseen adjustment provided such adjustment is approved by the Committee.
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Section 3. Adjustments for Certain Employment Status Changes

Unless the Committee determines, in its sole discretion, that such adjustments are not advisable after consideration of employment laws in the country where the Grantee resides, the number of Shares shall be determined based on or adjusted for changes in employment status during the Performance Period as follows:

a. Leaves of Absence. The number of Shares eligible to vest shall be reduced proportionally for any portion of the total days in the Performance Period during which the Grantee is on an approved unpaid leave of absence longer than ninety (90) days.

b. Demotions, Disciplinary Actions and Misconduct. The Committee may, in its sole discretion, cancel this Performance-Based Award or reduce the number of Shares eligible to vest, prorated according to time or other measure as determined appropriate by the Committee, if during any portion of the Performance Period the Grantee has been (i) subject to disciplinary action by the Company or (ii) determined to have committed a material violation of law or Company policy or to have failed to properly manage or monitor the conduct of an employee who has committed a material violation of law or Company policy whereby, in either case, such conduct causes significant harm to the Company, as determined in the sole discretion of the Company.

c. Qualifying Termination. In the event the Grantee's Service is terminated due to a Qualifying Termination (as defined below), a pro-rata portion of the Award will accelerate and vest on the date of the Grantee's Service termination due to the Qualifying Termination (unless the Committee specifies another vesting date, in its sole discretion, under Section 3.3(j) of the Plan) based on the ratio of (x) the number of full or partial months worked by the Grantee from the start of the Performance Period to the date of the Grantee's Service termination due to the Qualifying Termination to (y) the total number of months from the start of the Performance Period to the end of the Performance Period. The Committee shall determine the number of Shares eligible to vest based on the performance measures described in Section 2 above, as calculated by the Company as of the end of the most-recently completed calendar quarter immediately preceding the date of the Service termination.

For purposes of this Award Agreement, a "Qualifying Termination" means any one of the following:

- i. the date the Grantee's Service is terminated due to the Grantee's death;
- ii. the date the Grantee's Service is terminated by reason of Disability;
- iii. the date the Grantee's Service is terminated due to a closing of a plant site or other corporate location;
- iv. the date the Grantee's Service is terminated due to the elimination of a work group, functional or business unit or other broadly applicable reduction in job positions; or
- v. the date the Grantee's Service is terminated due to the elimination of the Grantee's job position.

The Committee, in its sole discretion, shall determine whether and when a Qualifying Termination has occurred and/or if a leave of absence or transfer of employment between the Company and an Affiliate or between Affiliates constitutes a termination of Service. Such determination shall be final and binding on the Grantee.

d. Retirement. In the event the Grantee's Service is terminated due to Retirement (as defined below), a pro-rata portion of the Award will accelerate and vest on the date of the Grantee's Service termination due to Retirement (unless the Committee specifies another

vesting date, in its sole discretion, under Section 3.3(j) of the Plan) based on the ratio of (x) the number of full or partial months worked by the Grantee from the start of the Performance Period to the date of the Grantee's Service termination due to Retirement to (y) the total number of months from the start of the Performance Period to the end of the Performance Period. The Committee shall determine the number of Shares eligible to vest based on the performance measures described in Section 2 above, as calculated by the Company as of the end of the most-recently completed calendar quarter immediately preceding the date of the Service termination.

For purposes of this Award Agreement, "Retirement" means the Grantee has either (A) reached age sixty (60) and completed five (5) years of Service with the Company or an Affiliate, including any years of Service with Eli Lilly & Company ("Lilly") prior to the Company's spin-off from Lilly (unless otherwise prescribed under Applicable Laws), or (B) completed thirty (30) years of Service with the Company or an Affiliate, including any years of Service with Lilly prior to the Company's spin-off from Lilly (unless otherwise prescribed under Applicable Laws). The Committee, in its sole discretion, shall determine whether and when a Retirement has occurred.

Section 4. Change in Control

The provisions of Section 13.2 of the Plan apply to this Award with the following modifications:

a. The only Change in Control event that shall result in a benefit under this Section 4 shall be the consummation of a merger, share exchange, or consolidation of the Company, as defined in Section 2.6(c) of the Plan (a "Transaction").

b. In the event that the Award is not converted, assumed, substituted, continued or replaced by a successor or surviving corporation, or a parent or subsidiary thereof, in connection with a Transaction, then immediately prior to the Transaction, the Award shall accelerate and vest, with the portion of the Award subject to Company performance vesting determined based on the target level of attainment.

c. In the event that the Award is converted, assumed, substituted, continued or replaced by a successor or surviving corporation, or a parent or subsidiary thereof, in connection with a Transaction and the Grantee is subject to a Covered Termination (as defined below) prior to any applicable vesting date, the Award shall accelerate and vest automatically in full with the portion of the Award subject to Company performance vesting determined based on the target level of attainment.

For purposes of this provision, "Covered Termination" shall mean a Qualifying Termination, Grantee's termination without Cause or the Grantee's resignation for Good Reason. "Cause" and "Good Reason" shall have the meanings ascribed to them in the Elanco Animal Health, Inc. 2018 Change in Control Severance Pay Plan for Employees or the Elanco Animal Health, Inc. 2018 Change in Control Severance Pay Plan for Select Employees (both as amended from time to time) or any successor plan or arrangement thereto, as applicable.

d. If the Grantee is entitled to receive stock of the acquiring entity or successor to the Company as a result of the application of this Section 4, then references to Shares in this Award Agreement shall be read to mean stock of the successor or surviving corporation, or a parent or subsidiary thereof, as and when applicable.

Section 5. Settlement

- a. Except as provided below, the Award shall be paid to the Grantee as soon as practicable, but in no event later than seventy-five (75) days, following the last day of the Performance Period or, if applicable, the vesting date determined under Section 3.
- b. If the Award vests pursuant to Section 4(b), the Award shall be paid to the Grantee immediately prior to the Transaction, provided that if the Award is considered an item of non-qualified deferred compensation subject to Section 409A of the Code ("NQ Deferred Compensation") and the Transaction does not constitute a "change in control event,"

within the meaning of the U.S. Treasury Regulations (a “409A CIC”), then the Award shall be paid in cash (calculated based on the value of the Shares established for the consideration to be paid to holders of Shares in the Transaction) on the earliest of the date that the Grantee experiences a “separation from service” within the meaning of Section 409A of the Code (a “Section 409A Separation”) (subject to any delay applicable to “specified employees” described in Section 5(c) below), the date of the Grantee’s death, and the date set forth in Section 2(a) above.

- c. If the Award vests pursuant to Section 3(c) or (d) or Section 4(c) and the Award is NQ Deferred Compensation, (i) the Award shall be paid within seventy-five (75) days following the date the Grantee experiences a Section 409A Separation and (ii) if the Grantee is a “specified employee” within the meaning of Section 409A of the Code as of the date of the Grantee’s Section 409A Separation, the Award shall instead be paid on the earliest of (1) the first day following the six (6) month anniversary of the Grantee’s Section 409A Separation, (2) the date set forth in Section 2(a) above, and (3) the date of the Grantee’s death.
- d. At the time of settlement provided in this Section 5, the Company shall issue or transfer Shares or the cash equivalent, as contemplated under Section 5(e) below, to the Grantee. In the event the Grantee is entitled to a fractional Share, the fraction may be paid in cash or rounded, in the Committee’s discretion.
- e. At any time prior to the end of the Performance Period or until the Award is paid in accordance with this Section 5, the Committee may, if it so elects, determine to pay part or all of the Award in cash in lieu of issuing or transferring Shares. The amount of cash shall be calculated based on the Fair Market Value of the Shares on the last day of the Performance Period in the case of payment pursuant to Section 5(a) and on the date of payment in the case of a payment pursuant to Section 5(c).
- f. In the event of the death of the Grantee, the payments described above shall be made to the successor of the Grantee.

Section 6. Rights of the Grantee

a. No Shareholder Rights. The Performance-Based Award does not entitle the Grantee to any rights of a shareholder of the Company until such time as the Performance-Based Award is settled and Shares are issued or transferred to the Grantee.

b. No Trust; Grantee’s Rights Unsecured. Neither this Award Agreement nor any action pursuant to or in accordance with this Award Agreement shall be construed to create a trust of any kind. The right of the Grantee to receive payments of cash or Shares pursuant to this Award Agreement shall be an unsecured claim against the general assets of the Company.

Section 7. Prohibition Against Transfer

The right of a Grantee to receive payments of Shares and/or cash under this Award may not be transferred except to a duly appointed guardian of the estate of the Grantee or to a successor of the Grantee by will or the applicable laws of descent and distribution and then only subject to the provisions of this Award Agreement. A Grantee may not assign, sell, pledge, or otherwise transfer Shares or cash to which Grantee may be entitled hereunder prior to transfer or payment thereof to the Grantee, and any such attempted assignment, sale, pledge or transfer shall be void.

Section 8. Responsibility for Taxes

- a. Regardless of any action the Company and/or the Grantee's employer (the "Employer") takes with respect to any or all income tax (including federal, state, local and non-U.S. tax), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant of the Performance-Based Award, the expiration of the Performance Period, the issuance of Shares, the transfer and issuance of Shares, the receipt of any cash pursuant to the Award, the receipt of any dividends and the sale of any Shares acquired pursuant to this Award; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Grantee becomes subject to Tax-Related Items in more than one jurisdiction, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.
 - b. Prior to the applicable taxable or tax withholding event, as applicable, the Grantee shall pay, or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items.
 - c. In the case of any cash payment made to the Grantee pursuant to this Award, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any obligation for Tax-Related Items by withholding from the cash amount paid to the Grantee or from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer.
 - d. If the Performance-Based Award is paid in Shares and the Grantee is not subject to the short-swing profit rules of Section 16(b) of the Exchange Act, the Grantee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to (i) withhold from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer, (ii) arrange for the sale of Shares to be issued pursuant to the Award (on the Grantee's behalf and at the Grantee's direction pursuant to this authorization or such other authorization as the Grantee may be required to provide to the Company or its designated broker in order for such sale to be effectuated) and withhold from the proceeds of such sale, and/or (iii) withhold in Shares otherwise issuable to the Grantee pursuant to this Award.
 - e. If the Performance-Based Award is paid in Shares and the Grantee is subject to the short-swing profit rules of Section 16(b) of the Exchange Act, the Company will withhold in Shares otherwise issuable to the Grantee pursuant to this Award, unless the use of such withholding method is prevented by applicable law or has materially adverse accounting or tax consequences, in which case the withholding obligation for Tax-Related Items may be satisfied by one or a combination of the methods set forth in Section 8(d)(i) and (ii) above.
 - f. Depending on the withholding method, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Grantee will receive a refund of any over-withheld amount in cash as soon as practicable and without interest and will not be entitled to the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, the Grantee will be deemed to have been issued the full number of Shares to which Grantee is entitled pursuant to the Performance-Based
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Award, notwithstanding that a number of Shares are withheld to satisfy the obligation for Tax-Related Items.

- g. The Company may require Grantee to pay the Company and/or the Employer any amount of Tax-Related Items that the Company and/or the Employer may be required to withhold or account for as a result of any aspect of this Award that cannot be satisfied by the means previously described. The Company may refuse to deliver Shares or any cash payment to the Grantee if the Grantee fails to comply with the Grantee's obligation in connection with the Tax-Related Items as described in this Section 8.

Section 9. Section 409A Compliance

To the extent applicable, it is intended that this Performance-Based Award comply with the requirements of Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the Treasury Regulations and other guidance issued thereunder ("Section 409A") and this Award shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A.

Section 10. Nature of Grant

In accepting this Performance-Based Award, the Grantee acknowledges, understands and agrees that:

- a. the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;
 - b. the Performance-Based Award is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu thereof, even if Awards have been granted in the past;
 - c. all decisions with respect to future grants of Awards or other grants, if any, will be at the sole discretion of the Company;
 - d. the Grantee's participation in the Plan is voluntary;
 - e. the Performance-Based Award and any Shares subject to the Award are not intended to replace any pension rights or compensation;
 - f. the Award and any Shares subject to the Award, and the income from and value of same, are not part of normal or expected compensation for any purpose, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, holiday pay, leave pay, pension or welfare or retirement benefits or similar mandatory payments;
 - g. unless otherwise agreed with the Company, the Award and any Shares subject to the Award, and the income and value of same, are not granted as consideration for, or in connection with, the service the Grantee may provide as a director of an Affiliate;
 - h. neither the Award nor any provision of this Award Agreement, the Plan or the policies adopted pursuant to the Plan, confer upon the Grantee any right with respect to employment or continuation of current employment, and in the event that the Grantee is not an employee of the Company or any Affiliate of the Company, the Award shall not be interpreted to form an employment contract or relationship with the Company or any Affiliate;
 - i. the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
 - j. no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from the Grantee ceasing to provide employment or other services to the Company or the Employer (for any reason whatsoever, whether or not later found to be invalid or in breach of local labor laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any);
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k. for purposes of the Award, the Grantee's employment will be considered terminated as of the date Grantee is no longer actively providing services to the Company, an Employer or an Affiliate and the Grantee's right, if any, to vest in and be paid any portion of the Award after such termination of employment or services (regardless of the reason for such termination and whether or not such termination is later found to be invalid or in breach of employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any) will be measured by the date the Grantee ceases to actively provide services and will not be extended by any notice period (e.g., active service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where the Grantee is employed or the terms of the Grantee's employment agreement, if any); the Committee shall have the exclusive discretion to determine when the Grantee is no longer actively providing services for purposes of the Award (including whether the Grantee may still be considered to be actively providing services while on a leave of absence);

l. unless otherwise provided in the Plan or by the Committee in its discretion, the Award and the benefits evidenced by this Award Agreement do not create any entitlement to have the Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

m. none of the Company, the Employer or any Affiliate shall be liable for any foreign exchange rate fluctuation between the Grantee's local currency and the United States Dollar that may affect the value of the Award or any amounts due to the Grantee pursuant to the settlement of the Award or the subsequent sale of any Shares acquired upon settlement.

Section 11. Data Privacy

a. Data Collection and Usage. The Company and the Employer may collect, process and use certain personal information about the Grantee, and persons closely associated with the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Awards or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is the Grantee's consent. Where required under Applicable Laws, Data may also be disclosed to certain securities or other regulatory authorities where the Company's securities are listed or traded or regulatory filings are made and the legal basis, where required, for such disclosure is the Applicable Laws.

b. Stock Plan Administration Service Providers. The Company transfers Data to UBS Financial Services Inc. and/or its affiliated companies ("UBS"), an independent service provider, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. The Grantee may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the ability to participate in the Plan.

c. International Data Transfers. The Company and its service providers are based in the United States. The Grantee's country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission and the United States have agreed upon a Trans-Atlantic Data Privacy Framework that is designed to protect employee data transferred from Europe to the United States. The Company's legal basis, where required, for the transfer of Data is the Grantee's consent.

d. Data Retention. The Company will hold and use the Data only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.

e. Data Subject Rights. The Grantee understands that data subject rights regarding the processing of Data vary depending on Applicable Law and that, depending on where the Grantee is based and subject to the conditions set out in such Applicable Law, the Grantee may have, without limitation, the right to (i) inquire whether and what kind of Data the Company holds about the Grantee and how it is processed, and to access or request copies of such Data, (ii) request the correction or supplementation of Data about the Grantee that is inaccurate, incomplete or out-of-date in light of the purposes underlying the processing, (iii) obtain the erasure of Data no longer necessary for the purposes underlying the processing, (iv) request the Company to restrict the processing of the Grantee's Data in certain situations where the Grantee feels its processing is inappropriate, (v) object, in certain circumstances, to the processing of Data for legitimate interests, and (vi) request portability of the Grantee's Data that the Grantee has actively or passively provided to the Company or the Employer (which does not include data derived or inferred from the collected data), where the processing of such Data is based on consent or the Grantee's employment and is carried out by automated means. In case of concerns, the Grantee understands that Grantee may also have the right to lodge a complaint with the competent local data protection authority. Further, to receive clarification of, or to exercise any of, the Grantee's rights, the Grantee understands that Grantee should contact Grantee's local human resources representative.

f. Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and the Grantee is providing the consents herein on a purely voluntary basis. If the Grantee does not consent, or if the Grantee later seeks to revoke the Grantee's consent, the Grantee's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing the Grantee's consent is that the Company would not be able to grant this Award or other awards to the Grantee or administer or maintain such awards.

g. Declaration of Consent. By accepting the Award and indicating consent via the Company's online acceptance procedure, the Grantee is declaring that Grantee agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Section 12. Additional Terms and Conditions

- a. Country-Specific Conditions. The Award shall be subject to any special terms and conditions set forth in any Appendix to this Award Agreement for the Grantee's country. Moreover, if the Grantee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Award Agreement.
 - b. Insider Trading / Market Abuse Laws. The Grantee may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including but not limited to the United States and the Grantee's country of residence, which may affect the Grantee's ability to directly or indirectly, for the Grantee or for a third party, acquire or sell, or attempt to sell, or otherwise dispose of Shares or rights to acquire Shares (e.g., the Performance-Based Award) under the Plan during such times as the Grantee is considered to have "inside information" regarding the Company (as determined under
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the laws or regulations in the applicable jurisdictions). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Grantee acknowledges that it is Grantee's responsibility to comply with any applicable restrictions, and the Grantee should consult with Grantee's personal legal advisor on this matter.

- c. Imposition of Other Requirements; Clawback/Recovery. The Company reserves the right to impose other requirements on the Award and any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Grantee to execute any additional agreements or undertakings that may be necessary to accomplish the foregoing. Without limitation to the foregoing, the Grantee agrees that the Award and any benefits or proceeds the Grantee may receive hereunder shall be subject to forfeiture and/or repayment to the Company to the extent required to comply with any requirements imposed under Applicable Laws, or pursuant to any clawback or compensation recovery policy of the Company.
- d. Non-Competition. This Section 12(d) shall apply only if the Grantee is an executive officer of the Company (as defined in Rule 3b-7 under the Exchange Act) and experiences a Qualifying Termination or Retirement that affects this Award.
 - i. The Grantee understands the global nature of the Company's businesses and the effort the Company undertakes to develop and protect its business, goodwill, confidential information and competitive advantage. Accordingly, the Grantee recognizes and agrees that the scope and duration of the restrictions described in this provision are reasonable and necessary to protect the legitimate business interests of the Company. All payments and benefits to the Grantee under this Agreement are conditioned expressly on the Grantee's compliance with the provisions of this Section 12(d). During the Grantee's employment with the Company and for a period of one (1) year following the Grantee's termination of employment for any reason, the Grantee shall not:
 - A. singly, jointly, or in any other capacity, in a manner that contributes to any research, design, development, strategy, marketing, promotion, or sales, or that relates to the Grantee's employment with the Company, directly or beneficially engage in, manage, join, participate in the management, operation or control of, or work for (as an employee, a consultant or an independent contractor), or permit the use of the Grantee's name by, or provide financial or other assistance to, any person or entity operating in the animal health industry that provides products or services that are the same or substantially similar to those provided by the Company or any Affiliate (a "Competitor"), provided that the foregoing shall not limit the Grantee from providing services or assistance to a subsidiary or affiliate of a Competitor in a situation in which the Grantee provides no services or assistance whatsoever to the subsidiary or affiliate that is a Competitor without the express written approval of the Chairman of the Board; or
 - B. provide any service or assistance to a Competitor (1) that is of the general type of service or assistance provided by the Grantee to the Company or any Affiliate, (2) that relates to any animal health work with which the Grantee was involved during the Grantee's employment, or (3) in which there is a reasonable possibility that the Grantee may, intentionally or inadvertently, use or rely upon the Company's or an Affiliate's secret or confidential information.

Nothing in this Section 12(d) prohibits the Grantee from purchasing or owning less than five percent (5%) of the publicly traded securities of any corporation, provided that such ownership represents a passive

investment and the Grantee is not a controlling person of, or a member of a group that controls, such corporation.

This provision does not in any way restrict or impede the Grantee from exercising protected rights to the extent that such rights cannot be waived by agreement or from complying with any applicable law or regulation or a valid order of a court of competent jurisdiction or an authorized government agency, provided that such compliance does not exceed that required by the law, regulation, or order. The Grantee shall promptly provide written notice of any such order to the Company's CEO.

- ii. If the Grantee breaches or threatens to breach the obligations described in this Section 12(d), the Company or its successors in interest shall have, in addition to all other remedies at law, the right to an injunction (without posting of bond to the extent legally permitted), specific performance, and other equitable relief to prevent violations of the Grantee's obligations under this Section 12(d) (including but not limited to the ability to cease and/or recoup payments and benefits provided under this Agreement). In the event that the Grantee is found to have breached any provision set forth in this Section 12(d), the applicable time period shall be deemed tolled for so long as the Grantee was in violation of that provision.
- iii. If a court of competent jurisdiction declares that any term or provision of this Section 12(d) is invalid or unenforceable, the Company and the Grantee intend that (A) the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or geographic area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, (B) the Company and the Grantee shall request that the court exercise that power, and (C) the Agreement shall be enforceable as so modified after the expiration of the time within which the judgment or decision may be appealed.

Section 13. Miscellaneous Provisions

- a. Notices and Electronic Delivery and Participation. Any notice to be given by the Grantee or successor Grantee shall be in writing, and any notice or payment shall be deemed to have been given or made only upon receipt thereof by the Corporate Secretary of the Company at the Elanco Animal Health Global Headquarters, Greenfield, Indiana 46140, U.S.A. Any notice or communication by the Company in writing shall be deemed to have been given in the case of the Grantee if mailed or delivered to the Grantee at any address specified in writing to the Company by the Grantee and, in the case of any successor Grantee, at the address specified in writing to the Company by the successor Grantee. In addition, the Company may, in its sole discretion, decide to deliver any documents related to the Award and participation in the Plan by electronic means or request the Grantee's consent to participate in the Plan by electronic means. By accepting this Award, the Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
 - b. Language. Grantee acknowledges that Grantee is proficient in the English language, or has consulted with an advisor who is sufficiently proficient in English, so as to allow the Grantee to understand the terms and conditions of this Award Agreement. If the
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Grantee has received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

- c. Waiver. The waiver by the Company of any provision of this Award Agreement at any time or for any purpose shall not operate as or be construed to be a waiver of that provision or any other provision of this Award Agreement at any subsequent time or for any other purpose.
- d. Severability and Section Headings. If one or more of the provisions of this Award Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Award Agreement to be construed so as to foster the intent of this Award Agreement and the Plan. The section headings in this Award Agreement are for convenience of reference only and shall not be deemed a part of, or germane to, the interpretation or construction of this instrument.
- e. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Grantee's participation in the Plan or the Grantee's acquisition or sale of the underlying Shares. The Grantee should consult with Grantee's own personal tax, legal and financial advisors regarding the Grantee's participation in the Plan before taking any action related to the Plan.

Section 14. Governing Law and Venue

The validity and construction of this Performance-Based Award shall be governed by the laws of the State of Indiana, U.S.A. without regard to laws that might cause other law to govern under applicable principles of conflict of laws. For purposes of litigating any dispute that arises under this Performance-Based Award, the parties hereby submit to and consent to the jurisdiction of the State of Indiana, and agree that such litigation shall be conducted in the courts of Hancock County, Indiana, or the federal courts for the United States for the Southern District of Indiana, and no other courts, where this Award is granted and/or to be performed.

Section 15. Award Subject to Acknowledgement of Acceptance

Notwithstanding any provisions of this Award Agreement, the Award is subject to acknowledgement of acceptance by the Grantee on or prior to 4:00 PM (EDT) on the 60th day after the Grant Date, through the website of UBS, the Company's stock plan administrator. If the Grantee does not acknowledge acceptance of the Award prior to 4:00 PM (EDT) on or prior to the 60th day after the Grant Date, the Award will be cancelled, subject to the Committee's discretion for unforeseen circumstances, provided, however, if the Grantee's Service is terminated due to a Qualifying Termination prior to the 60th day after the Grant Date, the Award will not be cancelled and will be deemed accepted on behalf of the Grantee or the Grantee's legal successor.

IN WITNESS WHEREOF, the Company has caused this Award Agreement to be executed in Greenfield, Indiana, by its proper officer.

ELANCO ANIMAL HEALTH INCORPORATED

/s/ Jeffrey N. Simmons
President, Chief Executive Officer and Director

Appendix to
Elanco Animal Health Incorporated
Performance-Based Award Agreement

This Appendix includes special terms and conditions applicable to the Grantee's country. These terms and conditions supplement or replace (as indicated) the terms and conditions set forth in the Award Agreement to which it is attached. If the Grantee is a citizen or resident of a country other than the one in which the Grantee is currently working and/or residing (or is considered as such for local law purposes), or if the Grantee transfers employment or residency to a different country after the Award is granted, Elanco will, in its discretion, determine the extent to which the terms and conditions herein will apply. This Appendix also includes other information relevant to the Award.

Unless otherwise defined herein, the terms defined in the Plan or the Award Agreement, as applicable, shall have the same meanings in this Appendix.

There are no special terms and conditions or information for the following countries: Austria, Ireland, Japan, Korea, Netherlands and Norway.

However, the Grantee should be aware that Grantee may be required to take certain steps to comply with Applicable Laws in the Grantee's country in connection with the Award. For example, exchange control, foreign asset and/or account and/or other tax reporting obligations may apply to the Grantee upon receipt of the Award or the Shares subject to the Award or upon the sale of Shares. *For more information regarding such obligations, the Grantee should refer to the Employee Information Supplement for the Grantee's country, if any. The Grantee should also consult with Grantee's own personal tax and legal advisors to determine what, if any, obligations exist with respect to the Award and/or the acquisition or sale of Shares. Neither the Company nor the Employer is responsible for any failure on the part of the Grantee to be aware of or comply with Applicable Laws.*

ARGENTINA

Notifications

Securities Law Information. The Award and the Shares to be issued pursuant to the Award are offered as a private transaction and are not listed on any stock exchange in Argentina. This offering is not subject to a prospectus requirement in Argentina.

Exchange Control Information. Exchange control regulations in Argentina are subject to frequent change. The Grantee is solely responsible for complying with any applicable exchange control rules and should consult with Grantee's personal legal advisor prior to remitting proceeds from the sale of Shares or cash dividends paid on Shares.

AUSTRALIA

Terms and Conditions

Securities Law Information. Additional details regarding the offer of the Award are set out in the Australian Offer Document, a copy of which is attached to this Appendix for Australia as Annex 1.

Breach of Law. Notwithstanding anything to the contrary in the Award Agreement or the Plan, the Grantee will not be entitled to, and shall not claim, any benefit (including without limitation a legal right) under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the *Corporations Act 2001*, any other provision of that act, or any other applicable statute, rule or regulation that limits or restricts the provision of such benefit.

Notifications

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Ctch) applies (subject to the conditions in that act).

Annex 1 to Appendix for Australia
AUSTRALIA - OFFER DOCUMENT
ELANCO ANIMAL HEALTH INCORPORATED
PERFORMANCE-BASED AWARD AGREEMENT

The Company is providing the Grantee an offer to participate in the Plan. This offer sets out information regarding the grant of Performance-Based Awards to Australian resident employees of the Company and its Affiliates. This information is provided by the Company to ensure compliance of the Plan with Australian Securities and Investments Commission ("ASIC") Class Order 14/1000 and relevant provisions of the *Corporations Act 2001*.

In addition to the information set out in the Award Agreement, the Grantee is also being provided with copies of the following documents (collectively, the "Additional Documents"):

- 1 Notification regarding Award;
- 2 Plan;
- 3 Information Summary/Prospectus; and
- 4 Employee Information Supplement for Australia

The Additional Documents provide further information to help the Grantee make an informed investment decision about participating in the Plan. Neither the Plan nor the Information Summary/Prospectus is a prospectus for purposes of the *Corporations Act 2001*.

The Grantee should not rely upon any oral statements made in relation to this offer. The Grantee should rely only upon the statements contained in the Award Agreement and the Additional Documents when considering participation in the Plan.

Securities Law Notification

Investment in Shares involves a degree of risk. Grantees who elect to participate in the Plan should monitor their participation and consider all risk factors relevant to the acquisition of Shares under the Plan as set out in the Award Agreement and the Additional Documents.

The information contained in this offer is general information only. It is not advice or information that takes into account the Grantee's objectives, financial situation and needs.

The Grantee should consider obtaining Grantee's own financial product advice from an independent person who is licensed by ASIC to give advice about participation in the Plan.

Additional Risk Factors for Australian Residents

The Grantee should have regard to risk factors relevant to investment in securities generally and, in particular, to the holding of Common Stock. For example, the price at which the Common Stock is traded on the New York Stock Exchange may increase or decrease due to a number of factors. There is no guarantee that the price of the Common Stock will increase. Factors which may affect the price of Common Stock include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the nature of the markets in which the Company operates and general operational and business risks.

For information about factors that could affect Elanco's business and financial results, refer to the risk factors discussion in Elanco's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov and <https://investor.elanco.com/financials/sec-filings/default.aspx>, and upon request to the Company.

In addition, the Grantee should be aware that the Australian dollar value of any Shares acquired pursuant to the Award will be affected by the U.S. dollar/Australian dollar exchange rate. Participation in the Plan involves certain risks related to fluctuations in this rate of exchange.

Common Stock

Common stock of a U.S. corporation is analogous to ordinary shares of an Australian corporation. Each holder of the Common Stock is entitled to one vote for each Share held.

Dividends may be paid on the Common Stock out of any funds of the Company legally available for dividends at the discretion of the Board.

The Common Stock is traded on the New York Stock Exchange in the United States of America under the symbol "ELAN."

The Shares are not liable to any further calls for payment of capital or for other assessment by the Company and have no sinking fund provisions, pre-emptive rights, conversion rights or redemption provisions.

Ascertaining the Market Price of Shares

The Grantee may ascertain the current market price of the Common Stock as traded on the New York Stock Exchange at <http://www.nyse.com> under the symbol "ELAN." The Australian dollar equivalent of that price can be obtained at: <http://www.rba.gov.au/statistics/frequency/exchange-rates.html>.

This is not a prediction of what the market price of the Common Stock will be on any applicable vesting date or when Shares are issued to the Grantee or at any other time or of the applicable exchange rate at such time.

Exchange Control Information

Exchange control reporting is required for cash transactions exceeding the specified AUD threshold and for international fund transfers. If an Australian bank is assisting with the transaction, the bank will file the report on behalf of the Grantee.

BELGIUM

Notifications

Exchange Control Information. Belgian residents are required to provide to the National Bank of Belgium details of any foreign securities or bank accounts (including the account number, bank name and country in which such account was opened). The report (and instructions for completing it) is available on the National Bank of Belgium website, www.nbb.be, through the *Kredietcentrales/Centrales des crédits* link.

BRAZIL

Terms and Conditions

Nature of Grant. This provision supplements Section 10 of the Award Agreement:

By accepting the Award, the Grantee agrees that (i) Grantee is making an investment decision, (ii) the Shares will be issued to the Grantee only if the performance goals are met and any necessary Services are rendered between the Grant Date and the end of the Performance Period, and (iii) the value of the underlying Shares is not fixed and may increase or decrease in value over the Performance Period without compensation to the Grantee.

Labor Law Acknowledgment. The Grantee agrees, for all legal purposes, (i) the benefits provided under the Award Agreement and the Plan are the result of commercial transactions unrelated to the Grantee's employment; (ii) the Award Agreement and the Plan are not a part of the terms and conditions of the Grantee's employment; and (iii) the income from the Award or Shares, if any, is not part of the Grantee's remuneration from employment.

Compliance with Law. By accepting the Award, the Grantee agrees to comply with all applicable Brazilian laws and agrees to report and pay any and all applicable taxes associated with the Award and the sale of the Shares and the receipt of any dividends paid on Shares acquired under the Plan.

Notifications

Exchange Control Information. If the Grantee is resident or domiciled in Brazil, the Grantee may be required to submit to the Central Bank of Brazil an annual declaration of assets and rights held outside of Brazil if the aggregate value of such assets and rights equals or exceeds an amount designated by the Bank of Brazil. Quarterly reporting is required if such amount exceeds a designated amount. Assets and rights that must be reported include Shares, and may include Restricted Stock Units granted under the Plan. The Grantee is responsible for complying with any applicable exchange control laws.

CANADA

Terms and Conditions

Award Payable Only in Shares. The Award shall be paid in Shares only and does not provide the Grantee with any right to receive a cash payment.

Termination of Service. The following provision replaces Section 10(k) of the Award Agreement:

For purposes of the Award, the Grantee's Service shall be considered terminated as of the date that is the earliest of (i) the date on which the Grantee's Service is terminated, (ii) the date that the Grantee receives notice of termination of the Grantee's Service, or (iii) the date the Grantee is no longer actively providing Service to the Company or any Affiliate, regardless of any notice period or period of pay in lieu of such notice required under applicable employment laws in the jurisdiction where the Grantee is employed or otherwise providing Service (including, but not limited to statutory law, regulatory law and/or common law) or the terms of the Grantee's

employment or other service agreement, if any. The Committee shall have the exclusive discretion to determine when the Grantee is no longer actively providing Service for purposes of the Award (including whether the Grantee may still be considered to be providing Service while on a leave of absence). Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued participation in the Plan during a statutory notice period, the Grantee acknowledges that Grantee's right to participate in the Plan, if any, will terminate effective as of the last day of the Grantee's minimum statutory notice period, but the Grantee will not earn or be entitled to any pro-rated vesting if the vesting date is after the end of the Grantee's statutory notice period and the Grantee will not be entitled to any compensation for lost vesting.

The following terms and conditions apply to employees resident in Quebec:

Language. The parties acknowledge that it is their express wish that the Award Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. This provision supplements Section 11 of the Award Agreement:

The Grantee hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved in the administration and operation of the Plan. The Grantee further authorizes the Company and any Affiliate and the Committee to disclose and discuss the Plan with their advisors and to record all relevant information and keep such information in the Grantee's employee file.

Notifications

Securities Law Information. The Grantee is permitted to sell Shares acquired under the Plan through UBS or such other broker designated under the Plan, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Company's Shares are listed. The Company's Shares are currently traded on the New York Stock Exchange ("NYSE") which is located outside of Canada, under the ticker symbol "ELAN", and Shares acquired under the Plan may be sold through this exchange.

CHILE

Notifications

Securities Law Notice. The grant of the Award constitutes a private offering in Chile effective as of the date of the Award Agreement. This offer of the Award is made subject to General Ruling N° 336 of the Chilean Commission for the Financial Market ("CMF"). This offer refers to securities not registered at the Securities Registry or at the Foreign Securities Registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given that the Award is not registered in Chile, the Company is not required to provide public information about the Award or Shares in Chile. Unless the Award and/or the Shares are registered with the CMF, a public offering of such securities cannot be made in Chile.

Esta oferta de los Derechos de Acciones Restringidas constituye una oferta privada de valores en Chile se inicia en la fecha de este documento. Esta oferta de los Derechos de Acciones

Restringidas se acoge a las disposiciones de la norma de Carácter General N° 336 de la Comisión para el Mercado Financiero (CMF). Esta oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse de los Derechos de Acciones Restringidas no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública respecto de los mismos. Estos Derechos de Acciones Restringidas no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el registro de valores correspondiente.

Exchange Control Information. Exchange control regulations in Chile may apply to the Grantee's award, and are subject to change. The Grantee should consult with the Grantee's personal legal advisor regarding any exchange control obligations that the Grantee may have in connection with the vesting of the Restricted Stock Units, cash dividends or dividend equivalent payments, or the sale of Shares acquired at vesting.

CHINA

Terms and Conditions

This provision supplements Section 2 and Section 3 of the Award Agreement:

To facilitate compliance with any Applicable Laws or regulations in China, the Grantee agrees and acknowledges that the Company (or a brokerage firm instructed by the Company) is entitled to sell any or all Shares issued to the Grantee on or as soon as practicable after the applicable Vesting Date or other vesting event (on behalf of the Grantee and at the Grantee's direction pursuant to this authorization), either immediately after such Shares are issued to the Grantee or when the Grantee ceases Service or at such other time as the Company may determine is necessary or advisable to facilitate compliance with Applicable Laws or the administration of the Plan. The Grantee also agrees to sign any forms and/or consents that may be required by the Company and acknowledges that neither the Company nor the brokerage firm is under any obligation to arrange for such sale of the Shares at any particular price. In any event, when the Shares acquired under the Plan are sold, the proceeds of the sale of the Shares, less any Tax-Related Items and broker's fees or commissions, will be remitted to the Grantee in accordance with applicable exchange control laws and regulations.

Exchange Control Restrictions. The Grantee understands and agrees that, due to exchange control laws in China, the Grantee will be required to immediately repatriate to China any funds (e.g., proceeds from the sale of Shares) received pursuant to this Award. The Grantee further understands that such repatriation of the funds may need to be effected through a special exchange control account established by the Company or any Affiliate. The Grantee hereby consents and agrees that any funds received pursuant to this Award may be transferred to such special account prior to being delivered to the Grantee's personal account. The Grantee also understands that the Company will deliver the funds to the Grantee as soon as possible, but there may be delays in distributing the funds to the Grantee due to exchange control requirements in China. Funds may be paid to the Grantee in U.S. dollars or local currency at the Company's discretion. If the funds are paid to the Grantee in U.S. dollars, the Grantee will be required to set up a U.S. dollar bank account in China so that the funds may be deposited into this account. If the funds are paid to the Grantee in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the funds to local currency due to exchange control restrictions. The Grantee further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Neither the Company nor any Affiliate shall be liable for any costs, fees, lost interest or dividends or other losses the Grantee may incur or suffer resulting from the enforcement of the terms of this Addendum or otherwise from the Company's operation and enforcement of the Plan, the Award Agreement and the Shares in accordance with Chinese law, including, without limitation, any applicable State Administration of Foreign Exchange ("SAFE") rules, regulations and requirements.

Additional Restrictions. The Award will not vest and the Shares will not be issued at vesting unless the Company determines that such vesting and the issuance and delivery of Shares complies with all relevant provisions of law. The Company is under no obligation to vest the Award and/or issue Shares if the Company's SAFE approval becomes invalid or ceases to be in effect by the time the Grantee vests in the Award.

COLOMBIA

Terms and Conditions

Nature of Grant. This provision supplements Section 10 of the Award Agreement:

In accepting the Award, the Grantee acknowledges, understands and agrees that, pursuant to Article 128 of the Colombian Labor Code, the Award and any payment the Grantee receives pursuant to the Award do not constitute a component of "salary" and will not be considered as a salary nature payment for any legal purpose. Therefore, the Award and any related benefit will not be included and/or considered for purposes of calculating any labor benefits, such as legal/fringe benefits, vacations, indemnities, payroll taxes, social insurance contributions and/or any other labor-related amount which may be payable.

Notifications

Securities Law Information. The Shares are not and will not be registered with the Colombian registry of publicly traded securities (Registro Nacional de Valores y Emisores) and therefore the Shares may not be offered to the public in Colombia. Nothing in the Award Agreement should be construed as making a public offer of securities in Colombia.

Exchange Control Information. Investment in assets located abroad (such as Shares acquired under the Plan) does not require prior approval. However, the Grantee's investments held abroad, including Shares, must be registered with the Central Bank (Banco de la Republica), regardless of the value of such investments.

CZECH REPUBLIC

Notifications

Exchange Control Information. The Czech National Bank may require the Grantee to provide notification in relation to the acquisition of Shares and the opening and maintenance of a foreign account. However, because exchange control regulations change frequently and without notice, the Grantee should consult the Grantee's personal legal advisor prior to the vesting of the Restricted Stock Units and the sale of Shares to ensure compliance with current regulations. The Grantee is responsible for complying with any applicable exchange control laws.

DENMARK

Terms and Conditions

Nature of Grant. This provision supplements Section 10 of the Award Agreement:

In accepting the Award, the Grantee acknowledges, understands and agrees that it relates to future services to be performed and is not a bonus or compensation for past services.

Employer Statement. The Grantee acknowledges that Grantee has received an Employer Statement, translated into Danish, which includes a description of the terms of the Award as required by the Danish Stock Option Act.

EGYPT

Notifications

Exchange Control Information. If the Grantee transfers funds into Egypt in connection with Restricted Stock Units or Shares, the Grantee will be required to transfer the funds through a registered bank in Egypt.

FRANCE

Terms and Conditions

Award Not French-Qualified. The Award is not intended to be “French-qualified,” *i.e.*, it is not intended to qualify for specific tax and/or social security treatment in France.

Language Consent. In accepting the Award, the Grantee confirms having read and understood the documents relating to the Award (the Plan and the Award Agreement, including this Appendix), which were provided in English. The Grantee accepts the terms of those documents accordingly.

Consentement Relatif à la Langue Utilisée. En acceptant cette Attribution, le Bénéficiaire confirme avoir lu et compris les documents relatifs à cette Attribution (le Plan le Contrat d'Attribution incluant cette Annexe), qui ont été remis en langue anglaise. Le Bénéficiaire accepte les termes de ces documents en conséquence.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of the applicable amount designated by the German Federal Bank (“*Bundesbank*”) must be reported monthly to the *Bundesbank*. With respect to payments in connection with securities (including proceeds realized upon the sale of Shares or from the receipt of dividends paid on such Shares), the report must be made by the 5th day of the month following the month in which the payment was received. The report must be filed electronically. The form of report (“*Allgemeine Meldeportal Statistik*”) is accessible via the *Bundesbank*’s website (www.bundesbank.de) and is available in both German and English. The Grantee is responsible for complying with applicable exchange control requirements.

INDIA

Notifications

Exchange Control Information. The Grantee is required to repatriate the proceeds from the sale of Shares and any dividends received in relation to the Shares to India within any time frame prescribed under applicable Indian exchange control laws, as may be amended from time to

time. The Grantee must maintain the foreign inward remittance certificate received from the bank where the foreign currency is deposited in the event that the Reserve Bank of India or the Grantee's employer requests proof of repatriation. It is the Grantee's responsibility to comply with applicable exchange control laws in India.

INDONESIA

Terms and Conditions

Language Consent and Notification. By accepting the Award, the Grantee (i) confirms having read and understood the documents relating to the grant (*i.e.*, the Notification of Grant, the Plan and the Award Agreement) which were provided in the English language, (ii) accepts the terms of those documents, and (iii) agrees not to challenge the validity of this document based on Law No. 24 of 2009 on National Flag, Language, Coat of Arms and National Anthem or the implementing Presidential Regulation (when issued).

Persetujuan dan Pemberitahuan Bahasa. Dengan menerima pemberian Unit Saham Terbatas ini, Peserta (i) memberikan konfirmasi bahwa dirinya telah membaca dan memahami dokumen-dokumen berkaitan dengan pemberian ini (yaitu, Pemberitahuan Pemberian, Perjanjian Penghargaan dan Program) yang disediakan dalam Bahasa Inggris, (ii) menerima persyaratan di dalam dokumen-dokumen tersebut, dan (iii) setuju untuk tidak mengajukan keberatan atas keberlakuan dari dokumen ini berdasarkan Undang-Undang No. 24 Tahun 2009 tentang Bendera, Bahasa dan Lambang Negara serta Lagu Kebangsaan ataupun Peraturan Presiden sebagai pelaksanaannya (ketika diterbitkan).

Notifications

Exchange Control Information. Indonesian residents are required to provide the Indonesian central bank (Bank Indonesia) information about foreign exchange activities. If there is any change to foreign assets held (including Shares acquired under the Plan), the Grantee must report such change online through the Bank Indonesia website no later than the 15th day of the month following the month in which the foreign exchange activity occurs.

If the Grantee remits proceeds from the sale of Shares or the receipt of any dividends paid on such Shares into Indonesia, the Indonesian bank through which the transaction is made will submit a report on the transaction to Bank Indonesia for statistical reporting purposes. For transactions of the equal or exceed the USD threshold amount, a more detailed description of the transaction must be included in the report and the Grantee may be required to provide information about the transaction to the bank to complete the transaction.

ITALY

Terms and Conditions

Plan Document Acknowledgment. In accepting the Award, the Grantee acknowledges that Grantee has received a copy of the Plan, has reviewed the Plan and the Award Agreement (including this Appendix) in their entirety and fully understands and accepts all provisions of the Plan and the Award Agreement (including this Appendix)

LEBANON

Terms and Conditions

Securities Law Information. The Plan does not constitute the marketing or offering of securities In Lebanon pursuant to Law No. 161 (2011), the Capital Markets Law. Offers under the Plan are being made only to Eligible Individuals.

MALAYSIA

Notifications

Director Notification Information. If the Grantee is a director of a Malaysian Affiliate, Grantee is subject to certain notification requirements under the Malaysian Companies Act, 2016. Among these requirements is an obligation to notify the Malaysian Affiliate in writing when the Grantee receives or disposes of an interest (e.g., the Award, Shares) in the Company or a related company. This notification must be made within fourteen (14) days after acquiring or disposing of any interest in the Company or a related company.

MEXICO

Terms and Conditions

Acknowledgement of the Award Agreement. By accepting the Performance-Based Award, the Grantee acknowledges that Grantee has received a copy of the Plan and the Award Agreement, including this Appendix, which Grantee has reviewed. The Grantee further acknowledges that Grantee accepts all the provisions of the Plan and the Award Agreement, including this Appendix. The Grantee also acknowledges that Grantee has read and specifically and expressly approves the terms and conditions set forth in the "Grantee's Acknowledgement" section of the Award Agreement, which clearly provide as follows:

- (1) The Grantee's participation in the Plan does not constitute an acquired right;
- (2) The Plan and the Grantee's participation in it are offered by the Company on a wholly discretionary basis;
- (3) The Grantee's participation in the Plan is voluntary; and
- (4) The Company and its Affiliates are not responsible for any decrease in the value of any Shares acquired pursuant to the Performance-Based Awards.

Labor Law Acknowledgement and Policy Statement. By accepting the Award, the Grantee acknowledges that the Company, with registered offices at the Elanco Animal Health Inc. Global Headquarters, Greenfield, Indiana 46140, U.S.A., is solely responsible for the administration of the Plan. The Grantee further acknowledges that Grantee's participation in the Plan, the grant of Performance-Based Awards and any acquisition of Shares under the Plan do not constitute an employment relationship between the Grantee and the Company because the Grantee is participating in the Plan on a wholly commercial basis and Grantee's sole employer is Elanco Salud Animal SA de CV ("Elanco-Mexico"). Based on the foregoing, the Grantee expressly acknowledges that the Plan and the benefits that Grantee may derive from participation in the Plan do not establish any rights between the Grantee and Grantee's Employer, Elanco-Mexico, and do not form part of the employment conditions and/or benefits provided by Elanco-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Grantee's employment.

The Grantee further understands that Grantee's participation in the Plan is the result of a unilateral and discretionary decision of the Company and, therefore, the Company reserves the absolute right to amend and/or discontinue the Grantee's participation in the Plan at any time, without any liability to the Grantee.

Finally, the Grantee hereby declares that Grantee does not reserve to the Grantee any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that Grantee therefore grants a full and broad release to the Company, its subsidiaries, affiliates, branches, representation

offices, shareholders, officers, agents or legal representatives, with respect to any claim that may arise.

Spanish Translation

Reconocimiento del Convenio de Concesión. Al aceptar el Premio de Desempeño, el Beneficiario reconoce que ha recibido y revisado una copia del Plan y del Convenio de Concesión, incluyendo este Apéndice. El Beneficiario reconoce y acepta todas las disposiciones del Plan y del Convenio de Concesión, incluyendo este Apéndice. El Beneficiario también reconoce que ha leído y aprobado de forma expresa los términos y condiciones establecidos en la sección: "Naturaleza de la Concesión" del Convenio de Concesión, que claramente establece lo siguiente:

- (1) La participación del Beneficiario en el Plan no constituye un derecho adquirido;
- (2) El Plan y la participación del Beneficiario en el es ofrecido por la Compañía de manera completamente discrecional;
- (3) La participación del Beneficiario en el Plan es voluntaria; y
- (4) La Compañía y sus Afiliadas no son responsables por ninguna disminución en el valor de las Acciones adquiridas de conformidad con el Premio de Desempeño.

Reconocimiento de la legislación Laboral aplicable y Declaración de la Política. Al aceptar el Premio, el Beneficiario reconoce que Company, con domicilio social en the Elanco Animal Health Global Headquarters, Greenfield, Indiana 46140, U.S.A., es la única responsable por la administración del Plan. Además, el Beneficiario reconoce que su participación en el Plan, la concesión de Unidades de Acciones Restringidas y cualquier adquisición de Acciones bajo el Plan no constituyen una relación laboral entre el Beneficiario y Company, en virtud de que el Beneficiario está participando en el Plan en su totalidad sobre una base comercial y su único empleador es Elanco Salud Animal SA de CV ("Elanco-México"). Por lo anterior, el Beneficiario expresamente reconoce que el Plan y los beneficios que puedan derivarse de su participación no establecen ningún derecho entre el Beneficiario y su empleador, Elanco-México, y que no forman parte de las condiciones de trabajo y/o beneficios otorgados por Elanco-México, y cualquier modificación del Plan o la terminación del mismo no constituirá un cambio o modificación de los términos y condiciones en el empleo del Beneficiario.

Además, el Beneficiario comprende que su participación en el Plan es el resultado de una decisión discrecional y unilateral de la Company, por lo que Company se reserva el derecho absoluto de modificar y/o suspender la participación del Beneficiario en el Plan en cualquier momento, sin responsabilidad frente al Beneficiario.

Finalmente, el Beneficiario manifiesta que no se reserva acción o derecho alguno que origine una demanda en contra de Company, por cualquier compensación o daño relacionada con las disposiciones del Plan o de los beneficios otorgados en el mismo, y en consecuencia el Beneficiario libera de la manera más amplia y total de responsabilidad a E Company, sus subsidiarias, afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales de cualquier demanda que pudiera surgir.

Notifications

Securities Law Information. The Award and any Shares issued under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Award Agreement and any other document relating to the Award may not be publicly distributed in Mexico. These materials are addressed to the Grantee because of the Grantee's existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities, but is a private placement of securities addressed specifically to individuals who are

present service providers made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

NEW ZEALAND

Terms and Conditions

The Grantee has been granted an award under the Amended and Restated 2018 Elanco Animal Health Incorporated Stock Plan ("Plan") and has been or will be provided with a description of the Plan and its terms and conditions separately from the Award Agreement. Copies of the Plan and the Plan prospectus are available at: <https://onlineservices.ubs.com/wma/epas/resources>. The following information is provided in compliance with an exemption under New Zealand law.

Notifications

Annual Report and Financial Statements. Grantee has the right to receive from Elanco, on request and free of charge, a copy of Elanco's latest annual report, financial statements and audit report on those financial statements. Grantee also can view or obtain copies of these documents electronically at the following website: <https://investor.elanco.com/financials/quarterly-results/default.aspx>.

Securities Law Notice. This is an offer of restricted stock units ("RSUs"). To the extent that the RSUs vest and are settled in accordance with the terms of the Plan and the Award Agreement, they will be converted into shares of Elanco common stock. The shares will give Grantee a stake in the ownership of Elanco. The Grantee may receive a return on the shares if Elanco pays dividends.

If Elanco encounters financial difficulties and is wound up, Grantee will be paid only after all creditors have been paid and may lose some or all of Grantee's investment (if any). New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors make informed decisions. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, Grantee may not be given all of the information that is usually required and will have fewer other legal protections for this investment. The Grantee should ask questions, read all documents carefully, and seek independent financial advice before committing to the Award.

The RSUs are not listed, but Elanco shares are traded on the New York Stock Exchange ("NYSE"). This means that if Grantee receives Elanco shares following the vesting of RSUs, Grantee may be able to sell the shares on the NYSE if there are interested buyers. The price will depend on the demand for the shares. For information about risk factors affecting Elanco's business that may affect the value of the shares, please refer to the risk factors discussion in Elanco's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov and <https://investor.elanco.com/financials/sec-filings/default.aspx>.

The Grantee may request copies of Elanco's SEC filings free of charge by contacting Elanco. The Grantee should read the referenced materials carefully before making a decision whether to participate in the Plan and note that values generally are reported in US dollars unless otherwise specified. In addition, Grantee should consult Grantee's tax advisor for specific information concerning Grantee's personal tax situation with regard to Plan participation.

PHILIPPINES

Terms and Conditions

Compliance with Law. The following provision supplements Section 3.3(h) of the Plan:

The Grantee acknowledges that the Grantee's participation in the Plan is subject to the Company maintaining an exemption from the registration requirements under Section 10.2 of the Philippines Securities Regulation Code. Without limitation to the foregoing, the Grantee understands and agrees that the issuance and delivery of Shares pursuant to the Award will be subject to the availability of such exemption and the determination that the issuance of the Shares can be made in compliance with applicable laws, and that the Company alternatively may settle the Award in cash, in its sole discretion.

Notifications

Securities Law Notice. The risks of participating in the Plan include (without limitation) the risk of fluctuation in the price of the Shares on the New York Stock Exchange and the risk of currency fluctuations between the U.S. Dollar and Grantee's local currency. The value of any Shares the Grantee may acquire under the Plan may decrease below the value of the Shares at vesting and fluctuations in foreign exchange rates between the Grantee's local currency and the U.S. Dollar may affect the value of any amounts due to Grantee pursuant to the subsequent sale of any Shares acquired upon vesting. The Company is not making any representations, projections or assurances about the value of the Shares now or in the future.

For further information on risk factors impacting the Company's business that may affect the value of the Shares, Grantee may refer to the risk factors discussion in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the U.S. Securities and Exchange Commission and are available online at www.sec.gov, as well as on the Company's "Investor Relations" website at <https://investor.elanco.com/home/default.aspx>.

The Grantee is permitted to sell Shares acquired under the Plan through the designated Plan broker appointed by the Company (or such other broker to whom the Grantee transfers Shares), provided that such sale takes place outside of the Philippines through the facilities of the New York Stock Exchange on which the Shares are listed.

POLAND

Notifications

Exchange Control Information. If the Grantee holds foreign securities (including Shares) and maintains accounts abroad, the Grantee may be required to file certain reports with the National Bank of Poland regarding transactions and balances of foreign accounts. The Grantee also may be required to handle funds transfers into or out of Poland through a bank in Poland. Polish residents are required to retain all documents related to foreign exchange transactions for a period of five years. The Grantee is responsible for complying with applicable exchange control requirements.

PORTUGAL

Terms and Conditions

Language Acknowledgement. The Grantee hereby expressly declares that Grantee has full knowledge of the English language and has read, understood and freely accepted and agreed with the terms and conditions established in the Plan and the Award Agreement.

Conhecimento da Língua. O Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e

concordou com os termos e condições estabelecidas no Plano e no Acordo de Atribuição (Award Agreement em inglês).

Notifications

Exchange Control Information. If the Grantee is a resident of Portugal and receives Shares, the acquisition of such Shares should be reported to the Banco de Portugal for statistical purposes. If the Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report to the Banco de Portugal. If the Shares are not deposited with a commercial bank, broker or financial intermediary in Portugal, the Grantee is responsible for submitting the report to the Banco de Portugal.

RUSSIA

Terms and Conditions

U.S. Transaction. The Grantee understands that accepting the Award and the terms and conditions of the Award Agreement will result in a contract between the Grantee and the Company completed in the United States and that the Award Agreement is governed by U.S. law. The Grantee understands and acknowledges that any Shares issued under the Plan shall be delivered to the Grantee through a brokerage account maintained outside Russia. The Grantee understands that the Grantee may hold Shares in a brokerage account outside Russia; however, in no event will Shares issued to the Grantee and/or share certificates or other instruments be delivered to the Grantee in Russia. The Grantee acknowledges and agrees that the Grantee is not permitted to sell or otherwise transfer the Shares directly to other Russian legal entities or individuals. Finally, the Grantee acknowledges and agrees that the Grantee may sell or otherwise transfer the Shares only outside Russia.

Notifications

Securities Law Information. This Appendix, the Award Agreement, the Plan and all other materials that the Grantee may receive regarding the Plan, do not constitute advertising or an offering of securities in Russia. The issuance of securities pursuant to the Plan has not and will not be registered in Russia; hence, the securities described in any Plan-related documents may not be used for offering or public circulation in Russia.

Exchange Control Information. Under exchange control regulations in Russia, certain funds received outside of Russia must be repatriated to Russia as soon as the Grantee intends to use those amounts for any purpose, including reinvestment. Such funds must initially be credited to the Grantee through a foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to foreign banks in accordance with Russian exchange control laws.

The above-mentioned repatriation requirement may not apply with respect to cash amounts received in an account considered by the Central Bank of Russia to be a foreign brokerage account opened with a financial market institution other than a bank. Statutory exceptions to the repatriation requirement also may apply.

Anti-Corruption Information. Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (such as shares of foreign companies such as the Company). The Grantee should inform the Company if the Grantee is covered by these laws because the Grantee should not hold Shares under the Plan.

SLOVENIA

Terms and Conditions

Language Acknowledgment. By accepting the Award, the Grantee acknowledges that the Grantee is proficient in reading and understanding English and fully understands the terms of the documents related to the grant (the Notification of Grant, the Award Agreement and the Plan), which were provided in the English language. The Grantee accepts the terms of those documents accordingly.

Soglasje za Uporabo Angleškega Jezika. S sprejetjem dodelitve RSU Udeleženec (Participant) priznava in potrjuje, da je sposoben brati in razumeti angleški jezik ter v celoti razume pogoje dokumentov, povezanih z dodelitvijo (Obvestilo (Notice of Grant), pogodba (Award Agreement) in Načrt (Plan)), ki so bili posredovani v angleškem jeziku. Udeleženec skladno s tem sprejema pogoje teh dokumentov.

SOUTH AFRICA

Terms and Conditions

Securities Law Information. In compliance with South African securities law, the Grantee acknowledges that Grantee has been notified that the following documents listed below are available for the Grantee's review at the applicable website listed below:

(1) The Company's most recent annual financial statement, available at: <https://investor.elanco.com/financials/quarterly-results/default.aspx>.

(2) The Company's most recent Information Summary/Prospectus, which is viewable within the Recordkeeping Information Document Library on UBS Financial Services Inc. at: <https://onlineservices.ubs.com/wma/epas/resources>.

The Grantee acknowledges that Grantee may have a copy of the above documents sent to the Grantee, without fee, on written request to the Secretary of the Company at the Elanco Animal Health Global Headquarters, Greenfield, Indiana 46140, U.S.A.

Responsibility for Taxes. This provision supplements Section 8 of the Award Agreement:

The Grantee should contact the Grantee's tax advisor for specific information concerning the Grantee's personal tax situation with regard to Plan participation.

Exchange Control Information. By accepting the Award, the Grantee acknowledges that the Grantee is solely responsible for complying with applicable South African exchange control regulations. Because the exchange control regulations change frequently and without notice, the Grantee should consult the Grantee's legal advisor prior to the acquisition or sale of Shares acquired under the Plan to ensure compliance with current regulations. It is the Grantee's responsibility to comply with South African exchange control laws, and neither the Company nor any Employer or Affiliate will be liable for any fines or penalties resulting from the Grantee's failure to comply with applicable laws.

SPAIN

Terms and Conditions

Vesting. This provision supplements Section 2 of the Award Agreement:

As a condition of the grant of the Award, termination of the Grantee's Service for any reason (including for the reasons listed below but excluding for the reasons specified in Section 3(c) or (d) of the Award Agreement) will automatically result in the forfeiture and loss of the Award and the underlying Shares to the extent that the Award has not yet vested as of the date of

termination of the Grantee's Service. In particular, and without limitation to the provisions of the Award Agreement and the Plan, the Grantee understands and agrees that the Award will be cancelled without entitlement to the underlying Shares or to any amount as indemnification if the Grantee terminates employment by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a "*despido improcedente*"), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause (unless such layoff falls within the meaning of a plant closing or reduction in workforce as described in Section 3(c)), material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985. The Grantee acknowledges that Grantee has read and specifically accepts the vesting conditions referred to in Section 2 of the Award Agreement.

Grantee's Acknowledgement. This provision supplements Section 10 of the Award Agreement:

The Grantee understands that the Company has unilaterally, gratuitously and discretionally decided to grant Performance-Based Awards under the Plan to individuals who may be Employees of the Company or its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Affiliates on an ongoing basis except to the extent otherwise provided in the Plan and this Award Agreement. Consequently, the Grantee understands that the Performance-Based Awards are granted on the assumption and condition that the Performance-Based Awards and any Shares acquired pursuant to the Performance-Based Awards shall not become a part of any employment contract (either with the Company or any of its Affiliates) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, the Grantee understands that this grant would not be made to the Grantee but for the assumptions and conditions referred to above; thus, the Grantee acknowledges and freely accepts that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of Performance-Based Awards may be cancelled.

Notifications

Securities Law Information. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the Award. The Award Agreement has not nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Exchange Control Information. The Grantee is responsible for complying with the exchange control regulations in Spain. The Grantee must declare the acquisition of Shares for statistical purposes to the Spanish *Dirección General de Comercio e Inversiones* (the "DGC") of the Ministry of Economy and Competitiveness. Generally, such declaration must be filed on a D-6 form in January for Shares owned as of December 31 of each year, subject to earlier filing (within one month after the date of acquisition or sale, as applicable) if the value of the Shares or the sale proceeds exceeds the specified value threshold.

When receiving foreign currency payments in excess of the applicable value limit derived from the ownership of Shares (such as from the sale of Shares or the receipt of dividends), the Grantee must inform the financial institution receiving the payment of the basis upon which such payment is made. The Grantee may be required to provide the institution with the following information: (i) the Grantee's name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) any additional information that

may be required. The Grantee is required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the Shares held in such accounts, if the value of the transactions during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceed the specified value threshold.

SWEDEN

Terms and Conditions

Withholding Authorization. This provision supplements Section 8 of the Award Agreement:

Without limiting the Company's and the Employer's authority to satisfy withholding obligations for Tax-Related Items as set forth in Section 8 of the Award Agreement, by accepting the grant of the Restricted Stock Units, the Grantee authorizes the Company and/or the Employer to withhold Shares or to sell Shares otherwise deliverable to the Grantee at vesting to satisfy Tax-Related Items, regardless of whether the Company and/or the Employer is obligated to withhold such Tax-Related Items.

SWITZERLAND

Notifications

Securities Law Information. The grant of the Performance-Based Awards and the issuance of Shares is not intended to be publicly offered in or from Switzerland. Because this is a private offering in Switzerland, the Performance-Based Awards are not subject to registration in Switzerland. Neither this Award Agreement nor any other materials relating to the Performance-Based Awards (i) constitute a prospectus according to articles 35 et seq. of the Swiss Federation Act on Financial Services, (ii) may be publicly distributed or otherwise made publicly available in Switzerland, or (iii) have been or will be filed with, approved or supervised by any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority ("FINMA").

TAIWAN

Notifications

Securities Law Information. The offer of participation in the Plan is available only for Employees of the Company and its Affiliates. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. The Grantee may acquire and remit foreign currency (including proceeds from the Shares and dividends paid on such Shares) into and out of Taiwan up to the specified USD limit per year. If the transaction amount is equal to or greater than the specified TWD limit in a single transaction, the Grantee must submit a Foreign Exchange Transaction Form and provide supporting documentation satisfactory to the remitting bank.

THAILAND

Notifications

Exchange Control Information. The Grantee may be required to immediately repatriate and report the remittance of the proceeds from the sale of Shares or the receipt of dividends to Thailand if the proceeds realized in a single transaction exceed a value determined from time to

time by the Bank of Thailand. The Grantee is responsible for complying with applicable exchange control requirements.

TURKEY

Notifications

Securities Law Information. Under Turkish law, the Grantee is not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the New York Stock Exchange in the United States of America, under the ticker symbol of “ELAN” and Shares acquired under the Plan may be sold through this exchange.

Financial Intermediary Information. Activity related to investments in foreign securities (such as the sale of Shares acquired under the Plan) must be conducted through a bank or financial intermediary institution licensed by the Turkish Capital Markets Board and should be reported to the Turkish Capital Markets Board. The Grantee is responsible for complying with these requirements and should contact the Grantee’s personal legal advisor for information regarding the Grantee’s obligations.

UNITED KINGDOM

Terms and Conditions

Settlement. Section 5(e) of the Award Agreement shall not apply to Performance-Based Awards granted in the United Kingdom.

Responsibility for Taxes. This provision supplements Section 8 of the Award Agreement:

Without limitation to Section 8 of the Award Agreement, the Grantee agrees that Grantee is liable for all Tax-Related Items and hereby covenants to pay all such Tax-Related Items, as and when requested by the Company and/or the Employer or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). The Grantee also agrees to indemnify and keep indemnified the Company and/or the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC (or any other tax authority or any other relevant authority) on the Grantee’s behalf.

Notwithstanding the foregoing, if the Grantee is a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the foregoing provision will not apply. In this case, the amount of any Tax-Related Items not collected from or paid by the Grantee may constitute a benefit to the Grantee on which additional income tax and National Insurance contributions (“NICs”) may be payable. The Grantee understands that Grantee will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for paying to the Company and/or the Employer (as appropriate) the amount of any employee NICs due on this additional benefit. Grantee acknowledges that the Company and/or the Employer (as appropriate) may recover such additional NICs at any time thereafter by any of the means referred to in Section 8 of the Award Agreement.

Joint Election. As a condition of Grantee’s participation in the Plan and vesting of the Performance-Based Awards, the Grantee agrees to accept any liability for secondary Class 1 national insurance contributions which may be payable by the Company and/or the Employer in connection with the Performance-Based Awards and any event giving rise to Tax-Related Items (the “Employer NICs”). Without prejudice to the foregoing, by accepting this Award, the Grantee

is entering into a joint election with the Company or the Employer if Grantee has not already done so, the form of such joint election being formally approved by HMRC (the "Joint Election"), a copy of which is attached to this Appendix for the United Kingdom as Annex 1, and any other required consent or election. The Grantee further agrees to execute such other joint elections as may be required between him or her and any successor to the Company and/or the Employer. The Grantee further agrees that the Company and/or the Employer may collect the Employer NICs from him or her by any of the means set forth in Section 8 of the Award Agreement.

Annex 1 to Appendix for United Kingdom

Important Note on the Joint Election for Transfer of Liability for Employer National Insurance Contributions to the Grantee:

As a condition of the Grantee's participation in the Amended and Restated Elanco Animal Health Incorporated 2018 Stock Plan, as amended from time to time (the "Plan"), the Grantee is required to enter into a joint election to transfer to the Grantee any liability for employer National Insurance contributions (the "Employer NICs") that may arise in connection with the Performance-Based Award (the "Award") and in connection with future awards, if any, that may be granted to the Grantee under the Plan (the "Joint Election").

By entering into the Joint Election:

- the Grantee agrees that any liability for Employer NICs that may arise in connection with or pursuant to the vesting of the Award and the acquisition of shares of common stock of Elanco Animal Health Inc. (the "Company") or other taxable events in connection with the Award will be transferred to the Grantee; and
- the Grantee authorizes the Company and/or the Grantee's employer to recover an amount sufficient to cover this liability by any method set forth in the Award Agreement and/or the Joint Election.

To enter into the Joint Election and to accept the Award, please select the button next to "Accept" where indicated on the Pending Acceptance screen. Please note that selecting the button next to "Accept" indicates the Grantee's agreement to be bound by all of the terms of the Joint Election.

Please note that even if the Grantee has indicated Grantee's acceptance of this Joint Election electronically, the Grantee may still be required to sign a paper copy of this Joint Election (or a substantially similar form) if the Company determines such is necessary to give effect to the Joint Election.

Please read the terms of the Joint Election carefully before accepting the Award Agreement and the Joint Election. The Grantee should print and keep a copy of this Joint Election for Grantee's records.

United Kingdom

Joint Election for Transfer of Liability for Employer National Insurance Contributions to Employee Election To Transfer the Employer's National Insurance Liability to the Employee

This Election is between:

- A. The individual who has obtained authorised access to this Election (the "**Employee**"), who is employed by one of the employing companies listed in the attached schedule (the "**Employer**") and who is eligible to receive performance based awards (the "**Performance-Based Award**") pursuant to the Amended and Restated 2018 Elanco Animal Health Incorporated Stock Plan (the "**Plan**"), and
-

- B. Elanco Animal Health Inc., an Indiana corporation, with registered offices at Greenfield, Indiana 46140, U.S.A. (the “**Company**”), which may grant Performance-Based Awards under the Plan and is entering into this Election on behalf of the Employer.

1. Introduction

1.1 This Election relates to all Performance-Based Awards granted to the Employee under the Plan up to the termination date of the Plan.

1.2 In this Election the following words and phrases have the following meanings:

- (a) “**Chargeable Event**” means any event giving rise to Relevant Employment Income.
- (b) “**ITEPA**” means the Income Tax (Earnings and Pensions) Act 2003.
- (c) “**Relevant Employment Income**” from Performance-Based Awards on which Employer’s National Insurance Contributions becomes due is defined as:
 - (i) an amount that counts as employment income of the earner under section 426 ITEPA (restricted securities: charge on certain post-acquisition events);
 - (ii) an amount that counts as employment income of the earner under section 438 of ITEPA (convertible securities: charge on certain post-acquisition events); or
 - (iii) any gain that is treated as remuneration derived from the earner’s employment by virtue of section 4(4)(a) SSCBA, including without limitation:
 - (A) the acquisition of securities pursuant to the Performance-Based Awards (within the meaning of section 477(3)(a) of ITEPA);
 - (B) the assignment (if applicable) or release of the Performance-Based Awards in return for consideration (within the meaning of section 477(3)(b) of ITEPA);
 - (C) the receipt of a benefit in connection with the Performance-Based Awards, other than a benefit within (i) or (ii) above (within the meaning of section 477(3)(c) of ITEPA).
- (d) “**SSCBA**” means the Social Security Contributions and Benefits Act 1992.

1.3 This Election relates to the Employer’s secondary Class 1 National Insurance Contributions (the “Employer’s Liability”) which may arise in respect of Relevant Employment Income in respect of the Performance-Based Awards pursuant to section 4(4)(a) and/or paragraph 3B(1A) of Schedule 1 of the SSCBA.

1.4 This Election does not apply in relation to any liability, or any part of any liability, arising as a result of regulations being given retrospective effect by virtue of section 4B(2) of either the SSCBA, or the Social Security Contributions and Benefits (Northern Ireland) Act 1992.

1.5 This Election does not apply to the extent that it relates to relevant employment income which is employment income of the earner by virtue of Chapter 3A of Part VII of ITEPA (employment income: securities with artificially depressed market value).

2. The Election

The Employee and the Company jointly elect that the entire liability of the Employer to pay the Employer’s Liability that arises on any Relevant Employment Income is hereby transferred to the Employee. The Employee understands that, by accepting the Performance-Based Award (whether in hard copy or electronically) or by accepting this Election (whether in hard copy or electronically), Grantee will become personally liable for the Employer’s Liability covered by this Election. This Election is made in accordance with paragraph 3B(1) of Schedule 1 of the SSCBA.

3. Payment of the Employer’s Liability

3.1 The Employee hereby authorises the Company and/or the Employer to collect the Employer's Liability in respect of any Relevant Employment Income from the Employee at any time after the Chargeable Event:

- (a) by deduction from salary or any other payment payable to the Employee at any time on or after the date of the Chargeable Event; and/or
- (b) directly from the Employee by payment in cash or cleared funds; and/or
- (c) by arranging, on behalf of the Employee, for the sale of some of the securities which the Employee is entitled to receive in respect of the Performance-Based Awards, the proceeds from which must be delivered to the Employer in sufficient time for payment to be made to Her Majesty's Revenue & Customs ("HMRC") by the due date; and/or
- (d) where the proceeds of the gain are to be paid through a third party, the Employee will authorize that party to withhold an amount from the payment or to sell some of the securities which the Employee is entitled to receive in respect of the Performance-Based Awards, such amount to be paid in sufficient time to enable the Company and/or the Employer to make payment to HMRC by the due date; and/or
- (e) by any other means specified in the applicable Performance-Based Award agreement entered into between the Employee and the Company.

3.2 The Company hereby reserves for itself and the Employer the right to withhold the transfer of any securities to the Employee in respect of the Performance-Based Awards until full payment of the Employer's Liability is received.

3.3 The Company agrees to procure the remittance by the Employer of the Employer's Liability to HMRC on behalf of the Employee within 14 days after the end of the UK tax month during which the Chargeable Event occurs (or within 17 days after the end of the UK tax month during which the Chargeable Event occurs if payments are made electronically).

4. Duration of Election

4.1 The Employee and the Company agree to be bound by the terms of this Election regardless of whether the Employee is transferred abroad or is not employed by the Employer on the date on which the Employer's Liability becomes due.

4.2 Any reference to the Company and/or the Employer shall include that entity's successors in title and assigns as permitted in accordance with the terms of the Plan and relevant award agreement. This Election will continue in effect in respect of any awards which replace the Performance-Based Awards in circumstances where section 483 of ITEPA applies.

4.3 This Election will continue in effect until the earliest of the following:

- (a) the date on which the Employee and the Company agree in writing that it should cease to have effect;
- (b) the date on which the Company serves written notice on the Employee terminating its effect;
- (c) the date on which HMRC withdraws approval of this Election; or
- (d) the date on which, after due payment of the Employer's Liability in respect of the entirety of the Performance-Based Awards to which this Election relates or could relate, the Election ceases to have effect in accordance with its own terms.

4.4 This Election will continue in force regardless of whether the Employee ceases to be an employee of the Employer.

Acceptance by the Employee

The Employee acknowledges that, by clicking on the button next to “Accept” to accept the Performance-Based Awards Agreement and this Election (or by signing the Performance-Based Awards Agreement or this Election whether in hard copy or electronically), the Employee agrees to be bound by the terms of this Election.

Acceptance by the Company

The Company acknowledges that, by signing this Election or arranging for the scanned signature of an authorised representative to appear on this Election, the Company agrees to be bound by the terms of this Election.

Signature for and on behalf of the Company

Position

Schedule of Employer Companies

The employing companies to which this Election relates include:

Name:	Elanco UK AH Limited
Registered Office:	Form 2, Bartley Way Bartley Wood Business Park, Hook RG27 9XA
Company Registration Number:	11378434
Corporation Tax Reference:	4312717782
PAYE Reference:	475/FB88335

**ELANCO ANIMAL HEALTH INCORPORATED
2018 ELANCO STOCK PLAN
OMNIBUS AMENDMENT TO STOCK OPTION AGREEMENTS**

This Omnibus Amendment, dated as of March 29, 2024, amends the terms and conditions of those certain award agreements governing the terms of stock option awards granted under the 2018 Elanco Stock Plan (the “Plan”), by and between Elanco Animal Health Incorporated (the “Company”) and [NAME] (“Grantee”).

Each of the stock option awards granted on October 20, 2018 (a “Founders Award”), March 1, 2022 (an “Annual Award”) and March 1, 2023 (also, an “Annual Award”) (all together, the “Option Agreements”) are hereby amended.

Unless otherwise defined herein, the capitalized terms used herein shall have the definitions set forth in the Plan or the Option Agreements.

The Option Agreements shall be amended, effective as of the date written above, as follows:

1. For Annual Awards, Subsections 2(a) to 2(d) and 2(f) will be replaced with the following:
 - a. The Award shall vest as to all or a portion of the Award at the close of business in Greenfield, Indiana, U.S.A. on the earliest of the following dates (each, a “Vesting Date”):
 - i. the scheduled Vesting Date(s) set forth on the first page of this document;
 - ii. the date of the Grantee’s Service termination due to the Grantee’s death;

or

 - iii. the date of the Grantee’s Service termination due to a Qualifying Termination, as defined below.
 - b. In the event the Grantee’s Service is terminated due to the Grantee’s death, any unvested portion of the Award will accelerate and vest in full on the date of the Grantee’s Service termination due to death.
 - c. In the event the Grantee’s Service is terminated due to a Qualifying Termination for a reason other than death, a pro-rata portion of the Award tranche eligible to vest on the next scheduled Vesting Date will accelerate and vest on the date of the Grantee’s Service termination due to the Qualifying Termination based on the ratio of (x) the number of full or partial months worked by the Grantee from the later of the Grant Date or the most recent scheduled Vesting Date prior to the Service termination date to (y) the total number of months from (1) the later of the Grant Date or the most recent scheduled Vesting Date prior to the Service termination date to (2) the next scheduled Vesting Date set forth on the first page of this document.
 - d. In the event the Grantee’s Service is terminated due to Retirement prior to a Vesting Date set forth in Section 2(a)(i) above, any unvested portion of the Award will, notwithstanding any other provisions of this Section 2, remain outstanding and continue to vest on the scheduled Vesting Date(s) set forth on the first page of this document. “Retirement” for purposes of this Award Agreement means the Grantee has either (A) reached age sixty (60) (unless otherwise prescribed under Applicable Laws), or (B) completed thirty (30) years of Service with the Company or an Affiliate, including any years of Service with Eli Lilly & Company (“Lilly”) prior to the Company’s spin-off from Lilly (unless otherwise prescribed under Applicable Laws).

...

e. Except as provided in Subsection 2(d), any portion of the Award that does not vest pursuant to Sections 2(a), 2(b) or 2(c) shall be forfeited upon the Grantee's termination of Service or Qualifying Termination. Any Award continuing to vest pursuant to Section 2(d) shall continue in full force. Further, in the event the Grantee's Service is terminated prior to a Vesting Date for any reason or in any circumstance other than those specified in Section 2(a), 2(b), 2(c) or 2(d) above, any unvested portion of the Award shall be forfeited.

Section 2(e) shall remain, unamended.

2. For Annual Awards, Section 3 will be replaced with the following:

Section 3. Option Exercise Period

This Option may be exercised from the Vesting Date to and including through the earliest of the following dates (the "Option Exercise Period"):

- a. the Termination Date set forth on the first page of this Award Agreement;
- b. the one (1)-year anniversary of the date that the Grantee's Service is terminated due to death or Disability;
- c. the 90th day following the date that the Grantee's Service is terminated due to a Qualifying Termination (other than death or Disability); and
- d. the 30th day following the date that the Grantee's Service is terminated for any reason other than a Qualifying Termination or Retirement.

For the avoidance of doubt, if the Grantee's Service is terminated due to Retirement, the Option Exercise Period shall be through the Termination Date set forth on the first page of this Award Agreement.

3. For Founder Awards, Section 3 will be replaced with the following:

Section 3. Option Exercise Period

This Option may be exercised from the Vesting Date to and including through the earliest of the following dates (the "Option Exercise Period"):

- a. the Termination Date set forth on the first page of this Award Agreement;
- b. the one (1)-year anniversary of the date that the Grantee's Service is terminated due to death or Disability;
- c. the 90th day following the date that the Grantee's Service is terminated due to a Qualifying Termination other than death or Disability.
- d. the 30th day following the date that the Grantee's Service is terminated for any reason other than as set forth in Section 3(b), Section 3(c), or Retirement, which for purposes of this Award Agreement means the Grantee has either (A) reached age sixty (60) (unless otherwise prescribed under Applicable Laws), or (B) completed thirty (30) years of Service with the Company or an Affiliate, including any years of Service with Eli Lilly & Company ("Lilly") prior to the Company's spin-off from Lilly (unless otherwise prescribed under Applicable Laws).

For the avoidance of doubt, if the Grantee's Service is terminated due to Retirement, the Option Exercise Period shall be through the Termination Date set forth on the first page of this Award Agreement.

4. For Annual Awards, Section 5(b) will be replaced with the following:

Method of Exercise. The Grantee may exercise this Option by delivering to the Company or the exercise agent, as applicable, in accordance with Section 12(a), a notice of exercise in the form of a notice to be approved by the Company and made available to the Grantee.

5. For Founder Awards, the first sentence of Section 5 will be replaced with the following:

The Grantee may exercise this Option by delivering to the Company or the exercise agent, as applicable, in accordance with Section 13(a), a notice of exercise in the form of a notice to be approved by the Company and made available to the Grantee.

6. The first sentence of (i) Subsection 5(c)(ii), for Annual Awards, and (ii) Subsection 5(b), for Founder Awards, in each case, shall be replaced with:

To the extent permitted by the Committee, the Grantee may exchange Shares owned by the Grantee whose current value covers the Option Price.

7. A new (i) Subsection 5(c)(iv), for Annual Awards, and (ii) Subsection 5(d), for Founder Awards, in each case, shall be added which shall read as:

Net Exercise. The Grantee may choose to pay the Option Price through a “net exercise” arrangement pursuant to which the number of Shares issuable upon exercise of the Option shall be reduced by the largest whole number of Shares having an aggregate fair market value that does not exceed the aggregate Option Price (plus withholding taxes, if applicable) and any remaining balance of the aggregate Option Price (and/or applicable withholding taxes) not satisfied by such reduction in the number of whole Shares to be issued shall be paid by the Grantee by cash, a personal check, a cashier’s check in U.S. dollars, or other form of payment approved by the Committee.

To the extent not expressly amended hereby, the Option Agreements remain in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Omnibus Amendment to be executed in Greenfield, Indiana, by its proper officer.

ELANCO ANIMAL HEALTH INCORPORATED

/s/Jeffrey N. Simmons
President, Chief Executive Officer and Director

ELANCO ANIMAL HEALTH INCORPORATED INSIDER TRADING AND REGULATION FD POLICY

Introduction

The purpose of this Insider Trading and Regulation FD Policy (this "Policy") is to help Elanco Animal Health Incorporated and its subsidiaries (the "Company") comply with U.S. federal and state securities laws, as well as similar laws in other countries where the Company does business, and to preserve the reputation and integrity of the Company.

1.0 What is Insider Trading?

Insider trading is illegal and prohibited. Insider trading occurs when a person who is aware of material, non-public information about a company buys or sells that company's securities or provides material, non-public information to another person who may trade on the basis of that information.

2.0 What Securities are Subject to this Policy?

This Policy applies to purchases or sales of the Company's securities (e.g., common stock, as well as options, puts, calls or other derivatives, whether or not issued by the Company) or any other type of securities that the Company may issue, such as preferred stock, debt, convertible debentures and warrants (collectively, "Company Securities"). This Policy also prohibits trading in the securities of another company if you become aware of material, non-public information about that company in the course of your position with the Company.

3.0 Who is Subject to this Policy?

Company Personnel

This Policy applies to all directors, officers and employees of the Company and its subsidiaries, as well as consultants of the Company whose work brings them into contact with the Company's material, non-public information and are not otherwise covered by a duty to comply with the principles in this Policy (collectively, "Company Personnel"). The use of "you" throughout this Policy speaks directly to Company Personnel.

Family Members

This Policy also applies to (i) anyone who lives in your household (whether or not family members) and (ii) any family members or others who do not live in your household but whose transactions in Company Securities are directed by you or are subject to your influence or control, such as family members who consult with you before they trade in Company Securities (collectively referred to as "Family Members"). You are responsible for the transactions of Family Members and therefore should inform your Family Members of the need to confer with you before they trade in Company Securities.

Controlled Entities

This Policy also applies to any entities or accounts, including corporations, partnerships or trusts, that are under the influence or control of, Company Personnel or their Family Members (collectively, "Controlled Entities"). You are also responsible for the transactions of Controlled Entities.

Designated Persons

In addition, Designated Persons (as defined below) are subject to additional restrictions and requirements described below.

Transactions by the Company

From time to time, the Company may engage in transactions in its own securities. It is the Company's policy that any transactions by the Company will comply with applicable law, including laws with respect to insider trading.

4.0 Questions

Questions about this Policy or any proposed transaction should be directed to the General Counsel.

5.0 Individual Responsibility

You are responsible for complying with this Policy, including for determining whether you are aware of material, non-public information. Any action on the part of the Company, the General Counsel or Company Personnel pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this Policy or applicable securities laws, as described below in more detail under the heading “Consequences of Violation.”

Insider Trading

6.0 Policy Prohibiting Trading

No Trading on Material, Non-Public Information. If you are aware of material, non-public information about the Company, you may not: (i) directly or indirectly, buy or sell Company Securities or (ii) gift Company Securities, except for a bona fide gift made to a person who is already subject to this Policy or where you have a reasonable basis for believing that the recipient will not sell the Company Securities during a restriction existing at the time of the gift that precludes you from trading pursuant to this Policy.

No Tipping. If you are aware of material, non-public information about the Company, you may not communicate or pass (“tip”) that information on to others outside the Company, including Family Members and friends, and you should not make recommendations or express opinions as to trading in Company Securities. The federal securities laws impose liability on any person who “tips” or communicates material, non-public information (the “tipper”) to another person or entity (the “tippee”), and the tippee who then trades on the basis of the information. Penalties may apply regardless of whether the tipper derives any benefits from the tippee’s trading activities.

Blackout Periods. From time to time, material developments known only to a limited number of Company Personnel occur and cause the Company to impose on an appropriate group of Company Personnel additional restrictions on trading (an “Event Blackout Period”). You will be notified if you are a part of such a group and you should not disclose the existence of the Event Blackout Period to any other person. In addition, Designated Persons (as defined below) are restricted from trading in Company Securities during a Quarterly Blackout Period (as defined below).

Limitations on Trading in Other Companies’ Securities. If you, in the course of working for the Company, learn of material, non-public information about another company, including a customer, supplier, competitor or acquisition target of the Company, you may not trade in, take advantage of, or share information about that company’s securities until the information becomes public or is no longer material.

7.0 What is Material, Non-Public Information

Identifying Material Information

As a general rule, you should consider information to be “material” if a reasonable investor would consider the information important in making a decision to buy, hold or sell securities. Any information that could be expected to affect a company’s stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and you should carefully consider how a transaction may be construed by enforcement authorities who will have the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that are more likely to be considered material, or may be presumptively material, include:

- A proposed acquisition, sale, joint venture, merger or tender offer;
 - Large contracts, renewals and terminations;
 - Projected future earnings or losses or other financial results;
 - Changes to earnings guidance or projections, or reaffirming guidance or projections;
 - A significant expansion or cutback of operations;
 - Significant changes to vendor or supplier pricing;
 - Extraordinary management or business developments;
 - Changes in executive management;
 - Major lawsuits or legal settlements;
 - Significant cybersecurity incidents;
 - Extraordinary customer quality claims;
 - The commencement or results of regulatory proceedings;
 - The gain or loss of a major customer or supplier;
-

- Company restructuring;
- Significant financing transactions, including debt or equity financing, outside the ordinary course;
- Events regarding Company Securities, such as changes in dividend policy, stock splits or repurchase programs;
- A change in pricing or cost structure;
- Major marketing changes;
- A change in auditors or notification that the auditor's reports may no longer be relied upon;
- Development or regulatory approval of a new product, process or service;
- Removal of product from the market;
- The imposition of a ban on trading in Company Securities or the securities of another company;
- Impending bankruptcy or the existence of severe liquidity problems

When is Information Considered "Public"?

Information that has not been widely disseminated to the investing public is considered to be "non-public" information. Information is considered "public" if it has been disclosed in filings with the U.S. Securities and Exchange Commission ("SEC"), broadly disseminated press releases, or conference calls or webinars that are broadly accessible to the public.

Once information is widely disseminated, it is still necessary to afford the investing public with sufficient time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until after one trading day has elapsed after the information is released (if public disclosure occurs during a trading day before the markets close, then such date of disclosure shall not be considered the first trading day with respect to such public disclosure). Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of specific material, non-public information.

Confidentiality of Material, Non-Public Information

Company Personnel who have access to material, non-public information must take special precautions to keep it confidential, including by keeping all files and documents containing the material, non-public information in a secure manner and may only disclose material, non-public information to other employees and external parties who need to know it to perform their jobs and have an obligation to maintain its confidentiality. Any external disclosure of material, non-public information may only be made by authorized spokespersons and must be made at the time and in the manner required to meet legal requirements, which may impact the timing or format of planned internal or external communications. Teams working on confidential projects may be required to take additional confidentiality precautions or maintain a list of individuals to whom sensitive information has been disclosed.

Certain Additional Restrictions

8.0 Designated Persons

All Designated Persons are subject to the Quarterly Blackout Periods and Pre-Clearance restrictions described in Sections 9.0 and 10.0 below. Designated Persons may not give trading advice of any kind about the Company, whether or not such Designated Person is aware of material, non-public information. Designated individuals will be identified and contacted through a separate memorandum.

The following are "Designated Persons":

- All directors and officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of the Company;
- Certain key financial and communications employees (designated individuals will be identified and contacted through a separate memorandum);
- Such other persons as may be designated from time to time by the General Counsel; and
- Family Members and Controlled Entities of the above;

9.0 Quarterly Blackout Periods

Designated Persons may not conduct transactions, including gifts that would be prohibited under Section 6.0, for their own or related accounts, involving Company Securities during the following periods (the "Quarterly Blackout Periods"):

- The period beginning:
 - in any of the first, second or third fiscal quarters commencing on the fifteenth day of the third calendar month (i.e., March 15, June 15, September 15) or
 - the period in the fourth quarter commencing on the first day of the third calendar month (i.e., December 1), and

- **Ending**, in both cases, after the first full trading day after the public disclosure of the financial results for such fiscal quarter or year.

If public disclosure occurs during a trading day before the markets close, then such date of disclosure shall not be considered the first trading day with respect to such public disclosure.

10.0 Pre-Clearance

All Designated Persons must clear purchases or sales in Company Securities with the General Counsel (or his/her designee) **before** the trade may occur. The General Counsel may designate and provide notice to other key employees who may, from time to time, be subject to the pre-clearance procedures under this Policy.

Designated Persons seeking to pre-clear a trade in Company Securities must notify the General Counsel (or his/her designee) in writing of the desire to conduct a trade at least two (2) business days before the date of the proposed transaction. The General Counsel (or his/her designee) will inform the requesting individual of a decision with respect to the request as soon as possible after considering all the circumstances relevant to his/her determination. The General Counsel (or his/her designee) is under no obligation to approve a transaction submitted for pre-clearance, and may determine not to permit the transaction if inconsistent with this Policy. If the General Counsel (or his/her designee) has not responded to a request for pre-clearance, do not trade in Company Securities. If approved, the transaction must occur with two (2) business days after receipt of approval (so long as the transaction is not during a Blackout Period). If permission is denied, refrain from initiating any transaction in Company Securities, and do not inform any other person of the restriction. Pre-clearance requests will not be granted during a Blackout Period applicable to the Designated Person making the request.

Designated Persons must also clear gifts and other transfers of Company Securities with the General Counsel before the gift or other transfer is made.

Even if approval to trade pursuant to the pre-clearance process is obtained in writing, or pre-clearance is not required for a particular transaction, Designated Persons may not trade in Company Securities if he or she is aware of material, non-public information about the Company.

11.0 Prohibited and Special Transactions

In addition to the other restrictions and prohibitions contained in this Policy, you **may not**:

- **Short Sales:** Engage in short sales (selling securities that you do not own, with the intention of buying the securities at a lower price in the future) of Company Securities.
- **Publicly Traded Options:** Engage in puts, calls or other derivative transactions relating to Company Securities.
- **Pledging:** Pledge, hypothecate or otherwise encumber shares of Company Securities as collateral for indebtedness. This includes but is not limited to holding such shares in a margin account or any other account that could cause Company Securities to be subject to a margin call or otherwise be available as collateral for a margin loan.
- **Hedging:** Purchase a financial instrument or enter into any transaction that is designed to hedge, establish downside price protection or otherwise offset declines in the market value of Company Securities, including puts, calls, prepaid variable forward contracts, equity swaps, collars and exchange funds (excluding broad-based index funds).
- **Short-Term Trading:** In addition, Designated Persons who are directors and officers (as defined in Rule 16a-1(f)) ("Section 16 Persons") may not sell any Company Securities of the same class during the six months following the purchase (or vice versa).

12.0 Transactions under Company Plans

This Policy does not apply to the following, except as specifically noted:

- **Stock Option Exercises:** Exercise of an employee stock option acquired pursuant to the Company's plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements. This Policy does apply, however, to any sale of the underlying stock or to a

cashless exercise of the option through a broker, as this entails selling a portion of the underlying stock to cover the cost of exercise.

- **Vesting of Stock Awards and Units:** Vesting of restricted stock or restricted stock units (including performance stock units), or the exercise of a tax withholding right pursuant to which a person elected to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any such awards and units. The Policy does apply, however, to any sale of stock received upon vesting or settlement of such awards and units.
- **Employee Stock Purchase Plan:** Purchases of Company Securities in any employee stock purchase plan resulting from periodic contribution of money to the plan pursuant to the election made at the time of enrollment in the plan. This Policy does apply, however, to sales of stock purchased pursuant to the plan, and may apply to elections to participate in or change participation in the plan if indicated by the Company.
- **Transactions with the Company:** Any other purchase of Company Securities from the Company or sales of Company Securities to the Company are not subject to this Policy.

13.0 Planned Trading Programs

Rule 10b5-1 under the Exchange Act, provides an affirmative defense, under certain conditions, against allegations that an insider traded in the Company's securities while aware of material, nonpublic information. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a trading plan for transactions in Company Securities that meets certain conditions specified in Rule 10b5-1 (a "Rule 10b5-1 Plan"). If the plan meets the requirements of Rule 10b5-1, Company Securities may be purchased or sold without regard to certain insider trading restrictions, including blackout and pre-clearance requirements.

The Company's Rule 10b5-1 Trading Plan Transactions Policy attached as Appendix A sets forth the relevant information and procedural requirements for setting up a Rule 10b5-1 Plan. Rule 10b5-1 Plans, including any modification thereto, must be approved by the General Counsel and requests for approval must be submitted at least five (5) days in advance of entry into or modification of the Rule 10b5-1 Plan.

14.0 Post-Termination Transactions

If your service with the Company ends at a time when you are aware of material, non-public information, the applicable provisions of this Policy will continue to apply to you until that information becomes public or is no longer material. Accordingly, certain provisions of this Policy may continue to apply to you after your service ceases, based on the circumstances in effect at the time you separate from the Company.

Consequences of Violation

Insider trading is a serious crime. There are no thresholds or limits on the size of a transaction that will trigger insider trading liability. Insider trading violations are pursued vigorously by the SEC and can be detected using advanced technologies. In the past, relatively small trades have resulted in investigations by regulatory agencies, including the SEC, and lawsuits.

Individuals found liable for insider trading (and tipping) face penalties of up three (3) times the profit gained or loss avoided, a criminal fine of up to \$5 million and up to twenty (20) years in jail. In addition to the potential criminal and civil liabilities, in certain circumstances the Company may be able to recover all profits made by an insider who traded illegally plus collect other damages. Furthermore, the Company (and its executive officers and directors) could face penalties the greater of \$1 million or three (3) times the profit gained or loss avoided as a result of an employee's violation and/or criminal penalty of up to \$25 million.

Without regard to civil or criminal penalties that may be imposed by others, a violation of this Policy and its procedures may lead to disciplinary action, up to and including dismissal from the Company.

Regulation FD Considerations

In addition to the confidentiality obligations set forth above, Regulation FD (Fair Disclosure) prohibits the Company, or Company Personnel that could be viewed as acting on behalf of the Company, from making a selective disclosure of material, non-public information regarding the Company or its securities to investors, analysts or other securities professionals. Regulation FD applies to communications with

brokers or dealers and their associated persons, investment advisers, certain institutional investment managers and their associated persons, investment companies, hedge funds and affiliated persons and any shareholder under circumstances in which it is reasonably foreseeable that the person would purchase or sell the Company's securities on the basis of the information. Any disclosure by the Company of material, non-public information must be made first or simultaneously to the public in a manner that is designed to achieve broad public dissemination and must be made in accordance with the Company's policies and procedures for releasing material information.

Compliance Procedures

For purposes of ensuring that this Policy is disseminated to all Company Personnel:

- **Policy Posting.** The current version of this Policy will at all times be posted on the Company's intranet. You may also request a copy of the current version of this Policy from the General Counsel.
- **Training.** The Company provides training and refreshers on this Policy and the insider trading rules to appropriate Company Personnel from time to time and you are required to attend all trainings assigned to you.
- **Certification.** As part of the Company's compliance procedures, Company Personnel may be required to certify that they have read, understand and agree to comply with this Policy.

Appendix A

Rule 10b5-1 Trading Plan Transactions Policy

Rule 10b5-1 under the Exchange Act provides a defense from insider trading liability under Rule 10b-5. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 Plan for transactions in Company Securities (as defined in this Policy) that meets certain conditions specified in that rule. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

The following guidelines apply to all Rule 10b5-1 Plans (unless otherwise approved by the General Counsel):

- For Section 16 Persons, no transaction may take place under a Rule 10b5-1 Plan until expiration of a cooling-off period consisting of the later of (a) 90 days after adoption or modification (as specified in Rule 10b5-1) of the Rule 10b5-1 Plan or (b) two business days following the disclosure of the Company's financial results in a Form 10-Q or Form 10-K for the fiscal quarter (the Company's fourth fiscal quarter in the case of a Form 10-K) in which the Rule 10b5-1 Plan was adopted or modified (as specified in Rule 10b5-1), but in any event, this required cooling-off period is subject to a maximum of 120 days after adoption of the plan.
 - For persons other than Section 16 Persons, no transaction may take place under a Rule 10b5-1 Plan until the expiration of a cooling-off period that is 30 days following the adoption or modification (as specified in Rule 10b5-1) of a Rule 10b5-1 Plan.
 - Subject to certain limited exceptions specified in Rule 10b5-1, you may not have more than one Rule 10b5-1 Plan in effect at any same time.
 - Subject to certain limited exceptions specified in Rule 10b5-1, you may only enter into a Rule 10b5-1 Plan that is designed to effect an open market purchase or sale of the total amount of securities subject to the Rule 10b5-1 Plan as a single transaction (a "single-transaction plan") if you have not entered into a "single-transaction plan" in the prior 12 months.
 - You must act in good faith with respect to a Rule 10b5-1 Plan. A Rule 10b5-1 Plan cannot be entered into as part of a plan or scheme to evade the prohibition of Rule 10b5. Therefore, although modifications to an existing Rule 10b5-1 Plan are not prohibited, a Rule 10b5-1 Plan should be adopted with the intention that it will not be amended or terminated prior to its expiration.
-

- Section 16 Persons must include a representation in the Rule 10b5-1 Plan that (i) the person is not aware of material, nonpublic information about the Company or Company Securities and (ii) the person is adopting the plan in good faith and not as part of plan or scheme to evade the prohibitions of Rule 10b-5.

For purposes of the above, a modification as specified in Rule 10b5-1 includes any modification of a Rule 10b5-1 Plan that changes the amount, price or timing of the purchase or sale of securities underlying the 10b5-1 Plan.

SUBSIDIARIES OF THE COMPANY
EXHIBIT 21.1

The following is a list of subsidiaries of the company as of December 31, 2024, omitting some subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary.

Subsidiary Name	Jurisdiction
Dista Products Limited	United Kingdom
EIO Insurance Company, Inc.	Tennessee (United States)
Elanco (Shanghai) Animal Health Co., Ltd.	China
Elanco (Shanghai) Animal Health Co., Ltd. – Beijing Branch	China
Elanco (Shanghai) Animal Health Co., Ltd. – Huang Pu Branch	China
Elanco (Shanghai) Enterprise Management Co., Ltd.	China
Elanco (Sichuan) Animal Health Co., Ltd.	China
Elanco (Sichuan) Animal Health Co., Ltd. – Beijing Branch	China
Elanco (Taiwan) Animal Health Co. Ltd.	Taiwan
Elanco (Thailand) Ltd.	Thailand
Elanco AH Portugal, Unipessoal Lda	Portugal
Elanco Animal Health (Pty) Ltd.	South Africa
Elanco Animal Health GmbH	Germany
Elanco Animal Health Holdings GmbH	Germany
Elanco Animal Health Korea Ltd.	Korea
Elanco Animal Health Panama, S. De R.L.	Panama
Elanco Animal Health UK Limited	United Kingdom
Elanco Animal Vaccines Limited	United Kingdom
Elanco Australasia Pty Ltd – New Zealand Branch	New Zealand
Elanco Australasia Pty. Ltd.	Australia
Elanco Australia Holding Pty Ltd	Australia
Elanco Austria GmbH	Austria
Elanco Bangladesh Limited	Bangladesh
Elanco Belgium BV	Belgium
Elanco Brazil Holdings Ltda	Brazil
Elanco Canada Limited	Canada
Elanco Chile SpA	Chile
Elanco Colombia S.A.S.	Colombia
Elanco Costa Rica S.R.L.	Costa Rica
Elanco Denmark ApS	Denmark
Elanco Denmark ApS -- Norway Branch	Norway
Elanco Denmark ApS -- Sweden Branch	Sweden
Elanco Deutschland GmbH	Germany
Elanco Europe GmbH	Switzerland
Elanco Europe Ltd.	United Kingdom
Elanco Financing GmbH	Germany
Elanco Financing (Netherlands) B.V.	Netherlands
Elanco Financing S.A.	Switzerland
Elanco Foundation Inc.	Indiana (United States)
Elanco France S.A.S.	France
Elanco Global Holdings BV	Netherlands
Elanco GmbH	Germany
Elanco Hayvan Sağlığı Limited Şirketi	Turkey
Elanco Hong Kong Limited	Hong Kong

Elanco Hungary korlatolt felelossegu tarsasag	Hungary
Elanco India Private Limited	India
Elanco Innovation and Alliance Centre India LLP	India
Elanco International, Inc.	Indiana (United States)
Elanco Ireland Limited	Ireland
Elanco Italia S.p.A.	Italy
Elanco Japan K.K .	Japan
Elanco Licensing GmbH	Germany
Elanco Malaysia Sdn Bhd	Malaysia
Elanco Missouri, Inc.	Delaware (United States)
Elanco Nederland B.V.	Netherlands
Elanco Netherlands Holding B.V.	Netherlands
Elanco New Zealand	New Zealand
Elanco Philippines Inc.	Philippines
Elanco Poland spółka z ograniczoną odpowiedzialnością	Poland
Elanco Rus Ltd.	Russia
Elanco S.R.L.	Argentina
Elanco Salud Animal S.A. de C.V.	Mexico
Elanco Saude Animal Ltda.	Brazil
Elanco Solution Center spółka z ograniczoną odpowiedzialnością	Poland
Elanco Spain, S.L.	Spain
Elanco SPEAR LLC	Delaware (United States)
Elanco Tiergesundheits AG	Switzerland
Elanco Tiergesundheits AG -- Austria Branch	Austria
Elanco Tiergesundheits AG -- Czech Branch	Czech
Elanco Tiergesundheits AG -- Egypt Representative Office	Egypt
Elanco Tiergesundheits AG -- Ho Chi Minh City Representative Office	Vietnam
Elanco Tiergesundheits AG -- Lebanon Representative Office	Lebanon
Elanco Tiergesundheits AG -- Saudi Arabia Branch	Saudi Arabia
Elanco Tiergesundheits AG -- South Africa Branch	South Africa
Elanco Tiergesundheits AG --Tunisia Representative Office	Tunisia
Elanco UK AH Limited	United Kingdom
Elanco US Inc.	Delaware (United States)
Elanco Veterina SVN d.o.o.	Slovenia
Elanco Vietnam Company Limited	Vietnam
Immuno-Vet Services (Pty) Ltd.	South Africa
Immunovet Services Zambia Ltd.	South Africa
Ivy Animal Health, Inc.	Delaware (United States)
KVP Pharma+Veterinar Produkte GmbH	Germany
Lohmann Animal Health Beteiligungs GmbH	Germany
Lohmann Animal Health GmbH	Germany
Lohmann Animal Health International Inc.	Maine (United States)
Lohmann Animal Health Phils. Corp.	Philippines
Prevtec Microbia GmbH i.L.	Germany
Pt. Elanco Animal Health Indonesia	Indonesia
The Branch Office of Elanco Vietnam Company Limited in Dong Nai	Vietnam
Vericore Limited	United Kingdom

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-227447) pertaining to the 2018 Elanco Stock Plan and the Directors' Deferral Plan of Elanco Animal Health Incorporated,
- (2) Registration Statement (Form S-8 No. 333-258652) pertaining to the Amended and Restated 2018 Elanco Stock Plan of Elanco Animal Health Incorporated,
- (3) Registration Statement (Form S-8 No. 333-265090) pertaining to the Amended and Restated Employee Stock Purchase Plan of Elanco Animal Health Incorporated,
- (4) Registration Statement (Form S-8 No. 333-272086) pertaining to the Amended and Restated 2018 Elanco Stock Plan and the Amended and Restated Employee Stock Purchase Plan of Elanco Animal Health Incorporated;

of our reports dated February 25, 2025, with respect to the consolidated financial statements of Elanco Animal Health Incorporated and the effectiveness of internal control over financial reporting of Elanco Animal Health Incorporated included in this Annual Report (Form 10-K) of Elanco Animal Health Incorporated for the year ended December 31, 2024.

/s/ Ernst & Young LLP
Indianapolis, Indiana
February 25, 2025

CERTIFICATIONS

I, Jeffrey N. Simmons, certify that:

1. I have reviewed this report on Form 10-K of Elanco Animal Health Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2025

By: /s/ Jeffrey N. Simmons
Jeffrey N. Simmons
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Todd S. Young, certify that:

1. I have reviewed this report on Form 10-K of Elanco Animal Health Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2025

By: /s/ Todd S. Young

Todd S. Young
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF THE
CHIEF EXECUTIVE OFFICER AND
CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Elanco Animal Health Incorporated, an Indiana corporation (the "Company"), does hereby certify that, to the best of their knowledge:

The Annual Report on Form 10-K for the year ended December 31, 2024 (the "Form 10-K") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 25, 2025

/s/ Jeffrey N. Simmons

Jeffrey N. Simmons
President and Chief Executive Officer
(Principal Executive Officer)

Date: February 25, 2025

/s/ Todd S. Young

Todd S. Young
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)