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May 27, 2015

Technical Director
Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2015-240, *Revenue from Contracts with Customers (Topic 606),
Deferral of the Effective Date*

Dear Director:

Eli Lilly and Company (“Lilly”) appreciates the opportunity to comment on the Financial Accounting Standards Board’s (the “Board”) Proposed Accounting Standards Update, *“Revenue from Contracts with Customers (Topic 606), Deferral of the Effective Date”* (the “Exposure Draft”). Lilly is a multinational pharmaceutical and animal health company with legal entities in over 50 jurisdictions.

Following are responses to selected questions in the Exposure Draft:

Question 1: Should the effective date of the guidance in Update 2014-09 be deferred for one year for public business entities, certain not-for-profit entities, and certain employee benefit plans?

We support the one-year deferral of Update 2014-09. Additionally, as the efforts of the Transition Resource Group have clearly shown, the new guidance in Update 2014-09 has given rise to several issues that preparers and auditors are currently interpreting. The diversity that currently exists in these interpretations is stalling preparers’ implementation efforts and, if this continues, we fear that preparers’ ability to successfully apply and implement the new guidance will be hindered. We believe the Board must provide clarity on the outstanding critical issues before preparers can consistently apply and successfully implement the new standard.

We support a deferral of the effective date of the guidance in Update 2014-09; however, depending on the timing, breadth, and clarity of the Board’s resolutions of the outstanding issues, a one-year deferral may not be sufficient. To the extent that critical issues continue to remain unresolved, we believe the Board should strongly consider a deferral of more than one year for each of the entities noted in Question 1.

Question 3: In addition to providing a one-year deferral of the effective date of the guidance in Update 2014-09, should the Board also provide an optional two-year deferral for all entities that apply that guidance retrospectively to each reporting period presented?

We agree that entities electing to apply the guidance retrospectively should be provided with an additional year beyond the proposed one-year deferral. This will allow them more time to modify their IT systems to capture the data needed for retrospective application.

Question 4: Should earlier application of the guidance in Update 2014-09 be permitted as of the effective date originally included in Update 2014-09?

Yes, we believe early application should be permitted.

Conclusion

We applaud the Board's proposal to defer the guidance in Update 2014-09; however, we believe the Board must consider the impact of any further delays in providing clarity with regards to the critical outstanding issues that remain. Providing clarity should foster consistency in interpretations among both preparers and auditors, and is essential to the success of preparers' planning and implementation efforts.

We appreciate the opportunity to express our view and concerns regarding the discussion paper. If you have any questions regarding our response, or would like to discuss our comments further, please call me at (317) 651-2310.

Sincerely,

ELI LILLY AND COMPANY

/s/Donald A. Zakrowski

Donald A. Zakrowski
Vice President, Finance and
Chief Accounting Officer