

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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 2026
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition Period from _____ to _____

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.)

450 ELANCO CIRCLE INDIANAPOLIS, INDIANA 46221
(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	Trading Symbol(s)	Name of each exchange on which registered
Common stock, no par value	ELAN	New York Stock Exchange

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of common stock outstanding as of May 1, 2026 was 499,449,583.

ELANCO ANIMAL HEALTH INCORPORATED
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2026
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FORWARD-LOOKING STATEMENTS AND RISK FACTOR SUMMARY

This Quarterly Report on Form 10-Q (Form 10-Q) 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;
- an increased use of alternative distribution channels or changes within existing distribution channels;
- 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 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 our aspirations or meet the expectations of stakeholders with respect to environmental, social and governance matters.

See Item 1A, “Risk Factors,” of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the United States (U.S.) Securities and Exchange Commission (SEC) ([2025 Form 10-K](#)), and Part II of this Form 10-Q, 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 quarterly report. 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 quarterly report. 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 quarterly report. Any forward-looking statement made by us in this quarterly report 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. FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
	2026	2025
Revenue	\$ 1,371	\$ 1,193
Cost of sales	586	509
Gross profit	785	684
Research and development	97	94
Marketing, selling and administrative	381	341
Amortization of intangible assets	138	128
Asset impairment, restructuring and other special charges	16	9
Interest expense, net of capitalized interest	57	40
Other expense, net	9	12
Income before income taxes	87	60
Income tax expense (benefit)	30	(7)
Net income	\$ 57	\$ 67
Earnings per share:		
Basic	\$ 0.11	\$ 0.14
Diluted	\$ 0.11	\$ 0.13
Weighted-average shares outstanding:		
Basic	497.7	495.1
Diluted	506.0	499.1

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2026	2025
Net income	\$ 57	\$ 67
Other comprehensive (loss) income:		
Cash flow hedges, net of taxes	12	(29)
Foreign currency translation, net of taxes	(99)	218
Defined benefit plans, net of taxes	(5)	(1)
Other comprehensive (loss) income, net of taxes	(92)	188
Comprehensive (loss) income	\$ (35)	\$ 255

See accompanying notes to condensed consolidated financial statements.

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

	March 31, 2026 (Unaudited)	December 31, 2025
Assets		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 428	\$ 545
Accounts receivable, net	1,084	873
Other receivables	70	67
Inventories	1,717	1,737
Prepaid expenses and other	285	236
Total current assets	3,584	3,458
<i>Noncurrent Assets</i>		
Property and equipment, net	1,395	1,409
Goodwill	4,723	4,779
Other intangibles, net	3,225	3,408
Other noncurrent assets	295	304
Total assets	\$ 13,222	\$ 13,358
Liabilities and Equity		
<i>Current Liabilities</i>		
Accounts payable	\$ 372	\$ 368
Sales rebates and discounts	400	416
Current portion of long-term debt and finance lease liability	73	74
Other current liabilities	817	739
Total current liabilities	1,662	1,597
<i>Noncurrent Liabilities</i>		
Long-term debt and finance lease liability	3,918	3,943
Liability for sale of future revenue	309	304
Deferred taxes	366	382
Other noncurrent liabilities	467	585
Total liabilities	6,722	6,811
<i>Commitments and Contingencies</i>		
<i>Equity</i>		
Preferred stock, 1,000,000,000 shares authorized, no par value; none issued	—	—
Common stock, no par value, 5,000,000,000 shares authorized, 499,381,644 and 496,975,154 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	—	—
Additional paid-in capital	8,858	8,870
Accumulated deficit	(2,125)	(2,182)
Accumulated other comprehensive loss	(233)	(141)
Total equity	6,500	6,547
Total liabilities and equity	\$ 13,222	\$ 13,358

See accompanying notes to condensed consolidated financial statements.

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

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss			Total	Total Equity
	Shares	Amount			Cash Flow Hedges	Foreign Currency Translation	Defined Benefit Plans		
December 31, 2024	494.4	\$ —	\$ 8,817	\$ (1,950)	\$ 37	\$ (866)	\$ 58	\$ (771)	\$ 6,096
Net income	—	—	—	67	—	—	—	—	67
Other comprehensive income (loss), net of tax	—	—	—	—	(29)	218	(1)	188	188
Stock-based compensation activity, net	2.1	—	2	—	—	—	—	—	2
March 31, 2025	<u>496.5</u>	<u>\$ —</u>	<u>\$ 8,819</u>	<u>\$ (1,883)</u>	<u>\$ 8</u>	<u>\$ (648)</u>	<u>\$ 57</u>	<u>\$ (583)</u>	<u>\$ 6,353</u>
December 31, 2025	497.0	\$ —	\$ 8,870	\$ (2,182)	\$ (12)	\$ (219)	\$ 90	\$ (141)	\$ 6,547
Net income	—	—	—	57	—	—	—	—	57
Other comprehensive (loss) income, net of tax	—	—	—	—	12	(99)	(5)	(92)	(92)
Stock-based compensation activity, net	2.4	—	(12)	—	—	—	—	—	(12)
March 31, 2026	<u>499.4</u>	<u>\$ —</u>	<u>\$ 8,858</u>	<u>\$ (2,125)</u>	<u>\$ —</u>	<u>\$ (318)</u>	<u>\$ 85</u>	<u>\$ (233)</u>	<u>\$ 6,500</u>

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2026	2025
Cash Flows from Operating Activities		
Net income	\$ 57	\$ 67
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	172	161
Stock-based compensation expense	21	15
Sold portion of royalty revenue	(9)	—
Interest on liability for sale of future revenue	14	—
Changes in operating assets and liabilities, net of divestitures	(263)	(237)
Other non-cash operating activities, net	21	(10)
Net Cash Provided by (Used for) Operating Activities	13	(4)
Cash Flows from Investing Activities		
Net purchases of property and equipment and software	(51)	(65)
Proceeds from divestitures	—	9
Other investing activities, net	(9)	(2)
Net Cash Used for Investing Activities	(60)	(58)
Cash Flows from Financing Activities		
Proceeds from Revolving Credit Facility	—	125
Repayments of Revolving Credit Facility	—	(125)
Proceeds from Securitization Facility	—	125
Repayments of Securitization Facility	—	(40)
Repayments of long-term borrowings	(16)	(13)
Shares repurchased for employee tax withholdings	(34)	(13)
Other financing activities, net	(15)	(7)
Net Cash (Used for) Provided by Financing Activities	(65)	52
Effect of exchange rate changes on cash and cash equivalents	(5)	29
Net (decrease) increase in cash and cash equivalents	(117)	19
Cash and cash equivalents – beginning of period	545	468
Cash and cash equivalents – end of period	\$ 428	\$ 487

See accompanying notes to condensed consolidated financial statements.

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

Note 1. Basis of Presentation and Summary of Significant Accounting Policies

We have prepared the accompanying unaudited condensed consolidated financial statements in accordance with the SEC requirements for interim reporting. As permitted under those rules, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the U.S. (GAAP) have been condensed or omitted. The information included in this Form 10-Q should be read in conjunction with our consolidated financial statements and accompanying notes for the year ended December 31, 2025, included in our [2025 Form 10-K](#). The significant accounting policies set forth in Note 2 to the consolidated financial statements in our [2025 Form 10-K](#) and the footnotes herein appropriately represent, in all material respects, the current status of our accounting policies.

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. 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. Actual results could differ from those estimates. In addition, results for interim periods should not be considered indicative of results for any other interim period or for the full year ending December 31, 2026, or any other future period.

Note 2. New Financial Accounting Pronouncements

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 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.

Note 3. Revenue

The following table summarizes the activity in our global sales rebates and discounts liability:

	Three Months Ended March 31,	
	2026	2025
Beginning balance	\$ 416	\$ 332
Reduction of revenue	284	228
Payments	(296)	(245)
Foreign currency translation adjustments	(4)	4
Ending balance	<u>\$ 400</u>	<u>\$ 319</u>

Adjustments to revenue recognized as a result of changes in estimates during the three months ended March 31, 2026 and 2025, for product shipped in previous periods were not material. Actual global product returns were approximately 1% of net revenue for the three months ended March 31, 2026 and 2025.

Disaggregation of Revenue

The following table summarizes our revenue disaggregated by product category:

	Three Months Ended March 31,	
	2026	2025
Pet Health	\$ 710	\$ 635
Farm Animal:		
Cattle	316	272
Poultry	230	189
Swine	96	85
Total Farm Animal	642	546
Contract Manufacturing and Other ⁽¹⁾	19	12
Revenue	\$ 1,371	\$ 1,193

(1) Represents revenue from arrangements in which we manufacture products on behalf of a third party and royalty revenue. Royalty revenue sold to a third party in May 2025 totaled \$9 million for the three months ended March 31, 2026. While we are no longer entitled to these royalties, we are required under GAAP to continue recognizing them as revenue. See Note 10. Liability for Sale of Future Revenue for additional information.

The following table summarizes our revenue disaggregated by geographic area:

	Three Months Ended March 31,	
	2026	2025
United States	\$ 605	\$ 554
International	766	639
Revenue	\$ 1,371	\$ 1,193

We have a single customer that accounted for approximately 11% and 12% of revenue for the three months ended March 31, 2026 and 2025, respectively. Product sales with this customer resulted in accounts receivable of \$117 million and \$107 million at March 31, 2026 and December 31, 2025, respectively.

Note 4. Acquisitions and Divestitures

Acquisitions

AHV International: On April 30, 2026, we completed the previously announced acquisition of 100% of the outstanding equity interests of AHV International B.V. (AHV), along with selected assets of AHV's affiliates necessary for the on-going operations of the business. AHV is an innovative, farm animal health company incorporated in the Netherlands focused on solutions to improve animal welfare and productivity, while reducing the need for antibiotics. The acquisition of AHV is expected to accelerate our strategy to grow our industry leadership in farm animal products, particularly for cattle, by expanding our product portfolio, primarily throughout Europe and the U.S.

Upon closing, we paid \$76 million, inclusive of working capital adjustments. Remaining aggregate consideration for this acquisition includes (1) \$100 million of guaranteed payments due through 2030 and (2) up to \$140 million of contingent payments due upon the achievement of significant performance-based and time-limited milestones through 2032. The initial accounting for this acquisition is incomplete, pending valuation of contingent consideration, and identification and measurement of the assets acquired and liabilities assumed.

Divestitures

New Zealand manufacturing facility: In February 2025, we sold our manufacturing facility in Manukau, New Zealand, to a third party for cash proceeds of \$9 million. Assets divested included property and equipment related to the facility and inventory. Additionally, approximately 50 individuals were transferred to the new owners as part of the divestiture. This transaction did not result in a material gain or loss on divestiture.

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. Restructuring activities have primarily included charges associated with business and facility rationalizations and workforce reductions. We have also incurred costs associated with executing acquisitions, divestitures and other significant transactions, divestitures and related integration and/or separation activities. Components of asset impairment, restructuring and other special charges were as follows:

	Three Months Ended March 31,	
	2026	2025
Restructuring charges:		
Cash-based severance	\$ (1)	\$ 1
Other non-cash charges ⁽¹⁾	15	—
Other items ⁽²⁾	2	8
Total expense	\$ 16	\$ 9

(1) Other non-cash restructuring charges in 2026 related to \$15 million of non-cash shut-down costs for the animal studies portion of our R&D facilities in Monheim, Germany.

(2) Amounts recorded in 2025 primarily consisted of upfront payments made in relation to new licensing arrangements.

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

Balance at December 31, 2025	\$ 124
Charges	(1)
Cash paid and other ⁽¹⁾	(21)
Balance at March 31, 2026	\$ 102

(1) Includes foreign currency translation adjustments

The timing of payment of restructuring reserve obligations varies due to country-specific negotiations and regulations. As of March 31, 2026, approximately \$90 million of our restructuring reserve was classified within other current liabilities on our condensed consolidated balance sheet, with the remainder classified within other noncurrent liabilities.

Note 6. Inventories

Inventories consisted of the following:

	March 31, 2026	December 31, 2025
Finished products	\$ 879	\$ 871
Work in process	800	837
Raw materials and supplies	112	104
Total	1,791	1,812
Decrease to LIFO cost	(74)	(75)
Inventories	\$ 1,717	\$ 1,737

Note 7. Debt and Finance Lease Liability

Our long-term debt and finance lease liability consisted of the following:

	March 31, 2026	December 31, 2025
Term Loan B due 2032	\$ 1,097	\$ 1,100
Euro Term Loan due 2029	450	470
Incremental Term Facility due 2028	338	339
Incremental Term Facility due 2029	171	171
Incremental Term Facility due 2031	320	321
Incremental Term Facility due 2032	537	539
Revolving Credit Facility ⁽¹⁾	—	—
Securitization Facility ⁽²⁾	100	100
Senior Notes due 2028 ⁽³⁾	750	750
Unamortized debt issuance costs	(27)	(28)
Total debt	3,736	3,762
Finance lease liability	255	255
	3,991	4,017
Less current portion of long-term debt and finance lease liability	73	74
Total long-term debt and finance lease liability	\$ 3,918	\$ 3,943

- (1) Our Revolving Credit Facility provides up to \$750 million in borrowing capacity, bears interest at Term SOFR plus a spread dependent on our Net Total Leverage Ratio, as defined within the agreement, which was 1.50% at March 31, 2026, and matures in July 2029.
- (2) On April 22, 2026, we borrowed \$50 million on our Securitization Facility for general corporate purposes and to complete the acquisition of AHV (see Note 4. Acquisitions and Divestitures for further information). Our Securitization Facility is secured and collateralized by our U.S. Net Eligible Receivables Balance, bears interest at Term SOFR plus 1.25% and matures in June 2028. 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.
- (3) Our Senior Notes due 2028 are subject to interest rate adjustments based on credit rating agency actions. A rating upgrade in the fourth quarter of 2025 reduced the applicable interest rate, and as of March 31, 2026, these notes bear interest at a rate of 6.40%.

As of March 31, 2026, approximately 80% of our long-term indebtedness, excluding our finance lease liability, bore interest at a fixed rate, including variable-rate debt converted to fixed-rate through the use of interest rate swaps (see Note 8. Financial Instruments for additional information). We were in compliance with all of our debt covenants as of March 31, 2026.

Note 8. 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. We do not offset derivative assets and liabilities on our condensed consolidated balance sheets. 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 foreign currency exchange rates. As of March 31, 2026 and December 31, 2025, we had outstanding foreign currency exchange contracts with aggregate notional amounts of \$1,219 million and \$1,090 million, respectively. The amounts of net (losses) gains on derivative instruments not designated as hedging instruments, recorded in other expense, net were as follows:

	Three Months Ended March 31,	
	2026	2025
Foreign exchange forward contracts ⁽¹⁾	\$ (1)	\$ 15

(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

At March 31, 2026 and December 31, 2025, we had a series of cross-currency fixed interest rate swaps to help mitigate the impact of foreign 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 amounts of gains (losses) on net investment hedges, net of tax, recorded in accumulated other comprehensive loss were as follows:

	Three Months Ended March 31,	
	2026	2025
Cross-currency fixed interest rate swaps	\$ 8	\$ (24)

During the three months ended March 31, 2026 and 2025, these instruments also generated \$11 million of interest income, which was included as a contra interest expense, net of capitalized interest in our condensed consolidated statements of operations.

Derivatives Designated as Hedges – Interest rate swaps

We had outstanding interest rate swaps with aggregate notional amounts of \$2,300 million as of both March 31, 2026 and December 31, 2025, which have scheduled maturities in August 2026. As of March 31, 2026 and December 31, 2025, we also had forward-starting interest rate swap agreements with a combined notional amount of \$850 million, which will become effective on August 1, 2026, and have scheduled maturities between 2028 and 2031.

The amounts of gains (losses) on interest rate swaps, net of tax, recorded in accumulated other comprehensive loss were as follows:

	Three Months Ended March 31,	
	2026	2025
Interest rate swaps	\$ 7	\$ (16)

The amounts of (losses) gains reclassified out of accumulated other comprehensive loss and recognized into earnings through interest expense, net of capitalized interest were as follows:

	Three Months Ended March 31,	
	2026	2025
Interest rate swaps	\$ (5)	\$ 13

Over the next 12 months, we expect to reclassify a loss of \$9 million out of accumulated other comprehensive loss and into interest expense, net of capitalized interest related to our interest rate swaps, although the actual amounts reclassified may vary as a result of future changes in market conditions.

As of March 31, 2026, when factoring in the impact from our interest rate swaps, the weighted-average effective interest rate on our outstanding indebtedness, excluding our finance lease liability, was 5.72%.

Note 9. 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.

The following table summarizes the fair value information at March 31, 2026 and December 31, 2025, 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, excluding our finance lease liability, 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)	
March 31, 2026					
Recurring fair value measurements					
Prepaid expenses and other - derivative instruments	\$ 23	\$ —	\$ 23	\$ —	\$ 23
Other noncurrent assets - derivative instruments	8	—	8	—	8
Other current liabilities - derivative instruments	(180)	—	(180)	—	(180)
Other current liabilities - contingent consideration	(18)	—	—	(18)	(18)
Financial instruments not carried at fair value					
Long-term debt, excluding finance lease liability	(3,763)	—	(3,773)	—	(3,773)
December 31, 2025					
Recurring fair value measurements					
Prepaid expenses and other - derivative instruments	\$ 20	\$ —	\$ 20	\$ —	\$ 20
Other current liabilities - derivative instruments	(111)	—	(111)	—	(111)
Other current liabilities - contingent consideration	(29)	—	—	(29)	(29)
Other noncurrent liabilities - derivative instruments	(73)	—	(73)	—	(73)
Financial instruments not carried at fair value					
Long-term debt, excluding finance lease liability	(3,790)	—	(3,809)	—	(3,809)

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 and other current liabilities are reasonable estimates of their fair values due to the short-term nature of these assets and liabilities.

Contingent consideration liabilities presented relate to our past acquisition of NutriQuest, LLC. Contingent consideration for this acquisition remains payable to the extent certain specific development, sales and geographic

milestones are achieved, as outlined in the purchase agreement. The fair value of these liabilities was 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. We also had investments without readily determinable fair values which were classified as other noncurrent assets on our condensed consolidated balance sheets totaling \$13 million and \$15 million as of March 31, 2026 and December 31, 2025, 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 10. Liability for Sale of Future Revenue

In May 2025, we executed a Purchase and Sale Agreement (PSA) with funds affiliated with Blackstone Life Sciences and Blackstone Credit & Insurance (collectively, Blackstone). Pursuant to the PSA, we received a cash payment of \$295 million from Blackstone for the rights to the proceeds from (a) the future royalties we are owed from net sales in the U.S. of XDEMZY® (lotilaner ophthalmic solution) 0.25%, a medical treatment for Demodex blepharitis in humans, by Tarsus Pharmaceuticals, Inc. (Tarsus) and (b) certain future sales milestone payments we are owed based on global net sales of XDEMZY, both of which are pursuant to the terms of a previously executed license agreement with Tarsus (the qualifying royalties and milestones). These payments are made by Tarsus to Blackstone through a third-party escrow account and, therefore, do not represent cash inflows or outflows within our condensed consolidated statements of cash flows. The PSA applies to net sales of XDEMZY in the U.S. from April 1, 2025 through August 24, 2033. We retain the rights to all royalty payments on net sales outside the U.S. and any royalties due on U.S. net sales after August 24, 2033. We also retain the rights to any future royalties or milestones earned due to the future expansion of lotilaner in other human health applications. Given our continuing involvement with the generation of the qualifying royalties and milestones, the payment received in exchange for the qualifying royalties and milestones, net of transaction costs, was recorded as a liability for sale of future revenue.

GAAP also requires us to impute interest expense associated with the liability for sale of future revenue. Our imputed interest rate is calculated based on the rate we expect would enable the liability to be amortized in full over the life of the agreement and may vary throughout the term of the arrangement depending on the amount and timing of forecasted qualifying royalties and milestones, which will affect the timing and amount of reductions to the liability.

Further, although we will no longer receive the proceeds from the qualifying future royalties and milestones, we are required under GAAP to continue recognizing these amounts within our condensed consolidated statements of operations.

The following table summarizes the activity related to our liability for sale of future revenue:

Balance at December 31, 2025	\$	304
Royalty revenue		(9)
Imputed interest expense		14
Balance at March 31, 2026	\$	309
Effective interest rate		18.3 %

Note 11. Income Taxes

	Three Months Ended March 31,	
	2026	2025
Income tax expense (benefit)	\$ 30	\$ (7)
Effective tax rate	34.6 %	(12.2)%

For the three months ended March 31, 2026 and 2025, we recognized income tax expense and a benefit of \$30 million and \$7 million, respectively. Our effective tax rate for the three months ended March 31, 2026, of 34.6% differed from the statutory income tax rate primarily due to the tax impact from the jurisdictional mix of projected earnings and the accrual of global minimum taxes under current law. Our effective tax rate of (12.2)% for the three months ended March 31, 2025, differed from the statutory income tax rate primarily due to the tax impact from the jurisdictional mix of projected income and losses in non-U.S. jurisdictions and the utilization of net operating losses and a valuation allowance release in the U.S.

We were included in Eli Lilly and Company's (Lilly's) U.S. tax examinations by the Internal Revenue Service through the full separation date of March 11, 2019. Pursuant to the tax matters agreement we executed with Lilly in connection with our initial public offering (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 of tax years 2016 to 2018 began in 2019 and remains ongoing. Final resolution of certain matters is dependent upon several factors, including the potential for formal administrative proceedings.

Note 12. Commitments and Contingencies

Legal Matters

We are party to various legal actions that oftentimes arise in the normal course of business. The most significant of these matters are described below. Under GAAP, loss contingency provisions are recorded when we deem it probable that we will incur a loss and are able to formulate a reasonable estimate of that loss. For the legal matters discussed below, we either believe material loss is not probable or are unable to reasonably 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 March 31, 2026 and December 31, 2025, 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 U.S. District Court for the District of Maryland against Elanco and two of its executives. *Barpar* alleged claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the Exchange Act) and specifically alleged 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 purported to represent purchasers of Elanco securities between November 7, 2023 and June 26, 2024. On March 21, 2025, plaintiff filed an amended complaint that extended the time period for which the plaintiff purported to represent purchasers of Elanco securities to between May 9, 2023 and June 26, 2024. The amended complaint also removed allegations concerning the approval and launch timelines for our *Credelio Quattro* product. On May 20, 2025, we filed a motion to dismiss this case, and on March 26, 2026, the court granted our motion to dismiss the amended complaint in its entirety with prejudice and entered judgment in our favor. Plaintiffs have appealed this decision to the U.S. Court of Appeals for the Fourth Circuit, and the appeal is currently pending.

Following the filing of *Barpar*, several derivative cases were filed, all of which have been stayed pending the outcome of the *Barpar* matter. These derivative actions are expected to remain stayed pending final resolution of *Barpar*, including any applicable appeal periods. On November 1, 2024, a shareholder derivative action captioned *Lawrence Hollin v. Lawrence E. Kurzius, et al. (Hollin)* was filed in the U.S. 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 Exchange Act 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*. On March 11, 2025, a shareholder derivative action captioned *James Habermehl v. Jeffrey N. Simmons, et al.* was filed in Hancock County Circuit Court of Indiana, against the same parties named in *Hollin*, alleging claims under Indiana state law for breach of fiduciary duty and unjust enrichment, based on allegations substantially similar to the allegations in the putative class action complaint in *Barpar*. On April 28, 2025, a shareholder derivative action captioned *Christopher Dougherty v. Elanco Animal Health, Inc., et al. (Dougherty)*, was filed in the District of Maryland, naming certain Elanco executives and 13 Elanco Board members as defendants. *Dougherty* alleges the defendants engaged in conspiratorial and individually culpable conduct based on materially false or misleading statements and omissions alleged in, referenced or related to, in large part, the putative class action complaint in *Barpar*, as well as breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and as to the certain executives, contribution under Section 15, U.S.C. § 78j(b) and Section 21D of the Exchange Act. On June 11, 2025, a shareholder derivative action captioned *Mike Sexton v. Jeffrey N. Simmons, et al. (Sexton)* was filed in Hancock County Circuit Court of Indiana against largely the same parties as in *Hollin*, alleging claims under Indiana state law for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement and waste of corporate assets. We are vigorously defending our positions in connection with each of these actions.

On May 20, 2020, a shareholder class action lawsuit captioned *Hunter v. Elanco Animal Health Inc., et al. (Hunter)* was filed in the U.S. 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 U.S. Court of Appeals for the Seventh Circuit. 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 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 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 sought unspecified monetary damages and purported to represent purchasers of Elanco common stock or tangible equity units issued in connection with the public offering. On June 8, 2023, the plaintiffs filed a motion for leave to file a second amended complaint, which became the operative complaint. We filed a motion to dismiss the second amended complaint on August 7, 2023, which was granted on April 17, 2024. On or about October 4, 2024, the plaintiffs appealed the dismissal to the Indiana Court of Appeals, which affirmed the trial court's order granting our motion to dismiss on August 1, 2025. On October 23, 2025, the plaintiff appealed dismissal to the Indiana Supreme Court, and on February 26, 2026, the Indiana Supreme Court denied plaintiff's appeal, which resolved this case in final form in Elanco's favor.

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 its 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. (Tevra v. Elanco)*, 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. *Spradlin* and *Kraus-Silfen* are putative class actions, and all three of these additional matters seek injunctive relief and an unspecified amount of monetary relief. On March 31, 2025, our motion to dismiss *Tevra v. Elanco* was granted by the court without prejudice to plaintiff's right to file an amended claim. On February 18, 2026, we reached a settlement in principle with the *Kraus-Silfen* and *Spradlin* plaintiffs, including the potential payment by Elanco of a non-material amount, which remains subject to execution of definitive documentation and court approval. Additionally, this proposed settlement does not constitute an admission of liability. We continue to vigorously defend against each of the remaining claims in the two *Tevra* matters.

Note 13. 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. 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. 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 were as follows:

	Three Months Ended March 31,	
	2026	2025
Basic weighted-average common shares outstanding	497.7	495.1
Assumed conversion of dilutive common stock equivalents ⁽¹⁾	8.3	4.0
Diluted weighted-average shares outstanding	506.0	499.1

(1) For the three months ended March 31, 2026 and 2025, approximately 1.5 million and 3.7 million, respectively, of potential common shares were excluded from the calculation of diluted weighted-average shares outstanding because their effect was anti-dilutive.

Note 14. 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 segment 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 revenue, gross profit, other significant segment expenses and consolidated net income (loss), in addition to forecasted revenue, significant segment expenses and net income (loss) amounts for future periods. A summary of our consolidated net income for the three months ended March 31, 2026 and 2025 is as follows, including the significant segment expenses provided to and regularly reviewed by our CEO, as well as other expenses, which are included in consolidated net income, but are not regularly provided to and/or reviewed by our CEO:

	Three Months Ended March 31,	
	2026	2025
Revenue	\$ 1,371	\$ 1,193
Cost of sales	586	509
Gross profit	785	684
Other significant segment expenses:		
Research and development	97	94
Marketing and selling	256	225
General and administrative	125	116
Interest expense, net of capitalized interest	57	40
Other expense, net	9	12
Income tax expense (benefit)	30	(7)
Total other significant segment expenses	574	480
Other expenses ⁽¹⁾	154	137
Net income	\$ 57	\$ 67

(1) Other expenses include amortization of intangible assets and asset impairment, restructuring and other special charges.

Depreciation expense related to property and equipment and amortization expense related to software for the three months ended March 31, 2026 and 2025, respectively, were as follows:

	Three Months Ended March 31,	
	2026	2025
Depreciation expense	\$ 28	\$ 24
Amortization of software	6	9

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, and cash proceeds from divestitures, are all summarized in the Investing Activities section of our condensed consolidated statements of cash flows.

ITEM 2. 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 condensed consolidated financial statements and accompanying footnotes in Item 1 of Part I of this Form 10-Q. Certain statements in this Item 2 of Part I of this Form 10-Q constitute forward-looking statements. Various risks and uncertainties, including, but not limited to those discussed in "Forward-Looking Statements" of this Form 10-Q, in Item 1A, "Risk Factors" of Part II of this Form 10-Q and in Item 1A, "Risk Factors" of Part I of our [2025 Form 10-K](#), 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. 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, and sheep (collectively, farm animal). Our purpose — *making life better for animals makes life better* — inspires us to Go Beyond for animals, our customers, our people, and society.

With a heritage dating back to 1954, we operate our business in a single segment within the animal health industry, offering a diverse product portfolio of approximately 200 brands, which 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. Our omnichannel presence extends to both the veterinary clinic and 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 depends on both our pipeline of new products, including new products we develop internally, with partners or 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. Recent new product development, regulatory and product launch highlights include the following:

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* in the U.S. shortly after final approval and have also commercialized *Zenrelia* in Australia, Brazil, Canada, the European Union (EU), Japan and the U.K. Additional reviews are ongoing in other markets.

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 in January 2025 and in December 2025 we also received conditional approval for treatment of the New World screwworm. In April 2026, *Credelio Quattro* was launched in Australia, and we received regulatory approval in Canada. Additional submissions have been made in other key markets, including the EU, Japan and the U.K.

Befrena: In December 2025, we received final approval from the USDA for *Befrena*, a new anti-IL31 monoclonal antibody injection targeting canine allergic and atopic dermatitis. We anticipate launching *Befrena* in the second quarter of 2026.

Other Key Trends and Factors Affecting Our Results of Operations

Restructuring Activities: In December 2025, our Board of Directors authorized a restructuring plan (the 2025 Restructuring Plan) to support margin expansion, optimize our global footprint and further invest in innovation. Specifically, the 2025 Restructuring Plan targeted an expected 2026 closure of the animal studies portion of our R&D facilities in Monheim, Germany, while also expanding our R&D organization in Indianapolis, Indiana, among other changes to our R&D organization. The 2025 Restructuring Plan is also expected to result in our exit from certain farm animal implant products and the related closure of our manufacturing facility in Kansas City, Kansas, in 2026. In total, the 2025 Restructuring Plan is expected to result in a global headcount reduction of approximately 300 employees, with an additional approximately 300 employees whose positions will be replaced with positions in growth areas or in lower-cost geographies.

In connection with the 2025 Restructuring Plan, we incurred charges of \$155 million in the fourth quarter of 2025. Expected pre-tax charges associated with the 2025 restructuring plan total \$25 million to \$30 million in 2026, of which \$14 million was incurred during the three months ended March 31, 2026, primarily related to the remaining shut-down costs for our Monheim, Germany facility. The 2025 Restructuring Plan is expected to result in savings of approximately \$25 million in 2026 and approximately \$60 million in 2027.

Trade Environment and Other U.S. Government Initiatives: Changes to U.S. trade policy continued in the first quarter of 2026. On February 20, 2026, the U.S. Supreme Court ruled that the International Emergency Economic Powers Act does not provide authority for the President to impose tariffs. Subsequently, new tariffs were imposed under Section 122 of the Trade Act of 1974. On April 2, 2026, the President issued a proclamation under Section 232 of the Trade Expansion Act of 1962 imposing tariffs on certain imported patented pharmaceuticals and active pharmaceutical ingredients. While this proclamation targets certain patented pharmaceutical products, it includes significant carve-outs, including for certain animal-health pharmaceutical products. These tariffs are not effective until the third quarter of 2026.

While the ultimate financial impact of these and other decisions cannot be reasonably estimated at this time, we will continue to closely monitor the trade policies in countries in which we operate and/or from which we import products and continue to take actions, where possible, to mitigate the impacts on our business.

As disclosed in Item 1A, "Risk Factors – *Tariffs, trade protection measures or other modifications of foreign trade policy may harm us or our customers*", of our [2025 Form 10-K](#), our business is subject to risks related to, among other factors, tariffs, trade and monetary policies and economic conditions and events. We do not believe the previously enacted tariffs had a material impact on our results of operations for the three months ended March 31, 2026. However, while animal-health pharmaceutical products are largely exempt from the U.S. tariffs imposed to date, it remains uncertain if this will continue to be the case, and pharmaceutical products are not exempt from all tariffs imposed outside of the U.S.

Further, the U.S. presidential administration has sought to implement significant changes to the size and scope of the federal government. Among these changes, certain previously authorized government incentives focused on the adoption of new products for the sole purpose of sustainability have been frozen or rescinded. As disclosed in Item 1A, "Risk Factors – *If the acceptance and/or adoption of our farm animal sustainability initiatives do not continue, our future results may be materially impacted*", of our [2025 Form 10-K](#), we have made significant progress in recent years in gaining acceptance of farm animal sustainability products. However, we believe the adoption rate of Bovaer, one of our farm animal sustainability products, has been tempered given the absence of government incentives focused on such adoption. We continue to monitor the impact these changes are having on our current business and on the adoption ramp of Bovaer, although the potential longer-term impact to us remains uncertain.

Sale of Future Revenue: In May 2025, we executed a Purchase and Sale Agreement (PSA) with affiliates of Blackstone, pursuant to which we received proceeds of \$295 million in exchange for the rights to the proceeds from qualifying future royalties and sales milestone payments owed to us by Tarsus based on their net sales of XDEM[®] (lotilaner ophthalmic solution) 0.25%, a medical treatment for Demodex blepharitis in humans. These net proceeds were utilized to repay previously outstanding debt. See Note 10. Liability for Sale of Future Revenue to the condensed consolidated financial statements for further information.

Acquisition and Integration: On April 30, 2026, we completed the previously announced acquisition of AHV International B.V. (AHV), along with selected assets of AHV's affiliates necessary for the on-going operations of the business. AHV is an innovative, farm animal health company incorporated in the Netherlands focused on solutions to improve animal welfare and productivity, while reducing the need for antibiotics. The acquisition of AHV is expected to accelerate our strategy to grow our industry leadership in farm animal products, particularly for cattle, by expanding our product portfolio, primarily throughout Europe and the U.S. We expect AHV to contribute modestly to revenue in 2026, with a more meaningful impact beginning in 2027 as we integrate the business and realize commercial synergies. This transaction was funded utilizing cash on hand and by borrowing \$50 million on our Securitization Facility. This acquisition is not expected to materially affect our deleveraging timeline or overall liquidity position.

Macroeconomic Factors: Our operations are exposed to, and impacted by, various global macroeconomic factors, including emerging global armed conflicts and related government responses to them. While our business has not been materially impacted by any such conflicts to date, conflict escalation or prolonged international tensions could result in economic slowdown, volatility in consumer behavior, increased shipping costs or materials costs and/or supply chain disruptions, any one of which could have a material negative impact on our results of operations.

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 2025 approximately 70% and 60% 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.

Results of Operations

The following discussion and analysis of our results of operations should be read along with our condensed consolidated financial statements and the notes thereto. 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 above.

(Dollars in millions)	Three Months Ended March 31,		
	2026	2025	% Change
Revenue	\$ 1,371	\$ 1,193	15 %
Cost of sales	586	509	15 %
Gross profit	785	684	15 %
Research and development	97	94	3 %
Marketing, selling and administrative	381	341	12 %
Amortization of intangible assets	138	128	8 %
Asset impairment, restructuring and other special charges	16	9	78 %
Interest expense, net of capitalized interest	57	40	43 %
Other expense, net	9	12	(25)%
Income before income taxes	87	60	45 %
Income tax expense (benefit)	30	(7)	NM
Net income	\$ 57	\$ 67	(15)%

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. During the three months ended March 31, 2026 and 2025, approximately 54% and 52%, respectively, of our revenue was denominated in foreign currencies, respectively.

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, initial stocking of new products, 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 three months ended March 31, 2026 and 2025, was as follows:

(Dollars in millions)	Three Months Ended March 31,					
	Revenue		% of Total Revenue		\$ Change	% Change
	2026	2025	2026	2025		
Pet Health	\$ 710	\$ 635	52 %	53 %	\$ 75	12 %
Farm Animal	642	546	47 %	46 %	96	18 %
Contract Manufacturing and Other ⁽¹⁾	19	12	1 %	1 %	7	58 %
Total	\$ 1,371	\$ 1,193	100 %	100 %	\$ 178	15 %

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. Royalty revenue sold to a third party in May 2025 totaled \$9 million for the three months ended March 31, 2026. While we are no longer entitled to these royalties, we are required under GAAP to continue recognizing them as revenue. See Note 10. Liability for Sale of Future Revenue for additional information.

The effects of price, foreign currency exchange rates and volume on changes in revenue for the three months ended March 31, 2026, compared to three months ended March 31, 2025, were as follows:

(Dollars in millions)	Revenue	Price	FX Rate	Volume	Total
Pet Health	\$ 710	2%	5%	5%	12%
Farm Animal	642	2%	4%	11%	18%
Contract Manufacturing and Other	19				58%
Total	\$ 1,371	2%	4%	8%	15%

Note: Numbers may not add due to rounding.

Pet health revenue increased \$75 million, or 12%, for the three months ended March 31, 2026, compared to the same period in 2025, driven primarily by higher volumes, the impacts from foreign currency exchange rate movements and increased pricing. Higher volumes were primarily driven by new products, led by *Zenrelia* and *AdTab*, and higher parasiticide sales, including increased purchases by a couple new corporate retail customers.

Farm animal revenue increased \$96 million, or 18%, for the three months ended March 31, 2026, compared to the same period in 2025, driven by increased volumes across all species, the impacts from foreign currency exchange rate movements and an increase in pricing. Higher volumes were led by *Rumensin* in U.S. cattle and strength in poultry sales globally.

Gross Profit

(Dollars in millions)	Three Months Ended March 31,		
	2026	2025	% Change
Gross profit	\$ 785	\$ 684	15 %
Gross margin %	57.3 %	57.3 %	

Gross profit increased \$101 million for the three months ended March 31, 2026, driven largely by the increased revenue discussed above. Gross margin percentage (gross profit as a percentage of total revenue) remained flat compared to 57% for the three months ended March 31, 2025, and was impacted by product mix and higher inventory costs.

Research and Development

(Dollars in millions)	Three Months Ended March 31,		
	2026	2025	% Change
Research and development	\$ 97	\$ 94	3 %
% of revenue	7 %	8 %	

Research and development expenses increased \$3 million for the three months ended March 31, 2026, as compared to the same period in the prior year. The increase was primarily driven by foreign currency exchange rate movements.

Marketing, Selling and Administrative

(Dollars in millions)	Three Months Ended March 31,		
	2026	2025	% Change
Marketing, selling and administrative	\$ 381	\$ 341	12 %
% of revenue	28 %	29 %	

Marketing, selling and administrative expenses increased \$40 million for the three months ended March 31, 2026, as compared to the same period in the prior year. This increase was driven by higher compensation expense, foreign currency exchange rate movements and strategic investments in the global launches of new products, partially offset by decreases in certain general and administrative expenses.

Amortization of Intangible Assets

(Dollars in millions)	Three Months Ended March 31,		
	2026	2025	% Change
Amortization of intangible assets	\$ 138	\$ 128	8 %

Amortization of intangible assets increased \$10 million for the three months ended March 31, 2026, as compared to the same period in the prior year. The increase was primarily driven by changes in foreign currency exchange rates.

Asset Impairment, Restructuring and Other Special Charges

(Dollars in millions)	Three Months Ended March 31,		
	2026	2025	% Change
Asset impairment, restructuring and other special charges	\$ 16	\$ 9	78 %

Asset impairment, restructuring and other special charges increased \$7 million for the three months ended March 31, 2026, as compared to the same period in the prior year. Amounts recorded to asset impairment, restructuring and other special charges during the three months ended March 31, 2026, primarily related to \$15 million of non-cash shut-down costs for the animal studies portion of our R&D facilities in Monheim, Germany. Amounts recorded in 2025 primarily consisted of upfront payments made in relation to new licensing arrangements.

Interest Expense, Net of Capitalized Interest

(Dollars in millions)	Three Months Ended March 31,		
	2026	2025	% Change
Interest expense, net of capitalized interest	\$ 57	\$ 40	43 %

Interest expense, net of capitalized interest increased \$17 million for the three months ended March 31, 2026, as compared to the same period in the prior year. The increase was principally due to imputed interest on our liability for sale of future revenue of \$14 million for the three months ended March 31, 2026 (see Note 10. Liability for Sale of Future Revenue to the condensed consolidated financial statements for further information), as well as interest expense related to our corporate headquarters finance lease, partially offset by lower average debt balances.

Other Expense, Net

(Dollars in millions)	Three Months Ended March 31,		
	2026	2025	% Change
Other expense, net	\$ 9	\$ 12	(25)%

Other expense, net for the three months ended March 31, 2026 was negatively impacted by currency translation losses reclassified from accumulated other comprehensive loss to the condensed consolidated statements of operations in conjunction with the substantial liquidation of a dormant legal entity, a litigation settlement and mark-to-market adjustments on equity investments. Other expense, net for the three months ended March 31, 2025 primarily consisted of foreign currency exchange losses.

Income Tax Expense (Benefit)

(Dollars in millions)	Three Months Ended March 31,		
	2026	2025	% Change
Income tax expense (benefit)	\$ 30	\$ (7)	NM
Effective tax rate	34.6 %	(12.2)%	

We recognized an income tax expense of \$30 million for the three months ended March 31, 2026, and income tax benefit of \$7 million for the three months ended March 31, 2025. Our effective tax rate of 34.6% for the three months ended March 31, 2026, differed from the statutory income tax rate primarily due to the tax impact from the

jurisdictional mix of projected earnings and the accrual of global minimum taxes under current law. Our effective tax rate of (12.2)% for the three months ended March 31, 2025, differed from the statutory income tax rate primarily due to the tax impact from the jurisdictional mix of projected income and losses in non-U.S. jurisdictions and the utilization of net operating losses and a valuation allowance release in the U.S.

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, lease payments, purchase obligations and costs associated with mergers, acquisitions, divestitures, business integrations and/or restructuring activities. As of March 31, 2026, we had cash and cash equivalents of \$428 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 Receivable Balances. After borrowing \$50 million on April 22, 2026 in connection with the AHV acquisition (see Note 4. Acquisitions and Divestitures for further information), we had approximately \$134 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.

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*" in Part I of our [2025 Form 10-K](#).

Cash Flows

The following table provides a summary of cash flows from operating, investing and financing activities for the three months ended March 31, 2026 and 2025:

(in millions)	2026		2025		\$ Change
Net cash provided by (used for):					
Operating activities	\$	13	\$	(4)	\$ 17
Investing activities		(60)		(58)	(2)
Financing activities		(65)		52	(117)
Effect of exchange rate changes on cash and cash equivalents		(5)		29	(34)
Net (decrease) increase in cash and cash equivalents	\$	(117)	\$	19	\$ (136)

Operating activities

Cash provided by operating activities was \$13 million for the three months ended March 31, 2026, compared to cash used in operating activities of \$4 million for the three months ended March 31, 2025. The increase in cash provided by operating activities was primarily driven by an increase in non-cash expenses relative to net income, partially offset by changes in working capital.

Investing activities

Cash used for investing activities was \$60 million for the three months ended March 31, 2026, compared to cash used for investing activities of \$58 million for the three months ended March 31, 2025. Cash used for investing activities during the three months ended March 31, 2026, largely consisted of \$51 million of net purchases of property and equipment and software, which was \$14 million lower than for the three months ended March 31, 2025. This decrease in purchases of property and equipment primarily related to the timing of spending for the ongoing expansion of our monoclonal antibody manufacturing facility in Elwood, Kansas, as well as capital projects at our Fort Dodge, Iowa, and Huingue, France, manufacturing facilities.

Financing activities

Cash used for financing activities was \$65 million for the three months ended March 31, 2026, compared to cash provided by financing activities of \$52 million for the three months ended March 31, 2025. Cash used for financing activities during the three months ended March 31, 2026, included the purchase of common stock for employee tax withholding obligations and scheduled repayments of long-term borrowings. Cash provided by financing activities for the three months ended March 31, 2025 included \$85 million in net borrowings on our Securitization Facility, primarily for working capital purposes, partially offset by scheduled repayments of long-term borrowings and the purchase of common stock for employee tax withholding obligations.

Description of Indebtedness

For a complete description of our existing debt and available credit facilities as of March 31, 2026 and December 31, 2025, see Note 7. Debt and Finance Lease Liability within Item 8, "Financial Statements and Supplementary Data," of Part II of our [2025 Form 10-K](#). New developments are discussed in Note 7. Debt and Finance Lease Liability of this Form 10-Q.

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, revenue, 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 condensed consolidated financial statements in the period they are determined. We apply estimation methodologies consistently from year to year. Our critical accounting estimates are summarized in Item 7, "Management's Discussion & Analysis of Results of Financial Condition and Results of Operations," of our [2025 Form 10-K](#). There were no significant changes or developments in the application of our critical accounting estimates during the three months ended March 31, 2026.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

We operate on a global basis and are exposed to the risk that our revenue, 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, Chinese yuan and Polish zloty.

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 subsidiary in Turkey since 2022 and, prior to its substantial liquidation in 2024, for our subsidiary in Argentina since 2018. As a result, we have changed these subsidiaries' functional currencies to the U.S. dollar. During the three months ended March 31, 2026, revenue in Turkey represented less than 1% of our consolidated revenue, while assets held in Turkey as of March 31, 2026, also represented less than 1% of our consolidated assets. While the application of hyperinflationary accounting did not have a material impact on our business during the three months ended March 31, 2026, we may in the future incur significant currency devaluations, which could have a material adverse impact on our results of operations.

Interest Risk

As of March 31, 2026, we had outstanding interest rate swap agreements with a combined notional amount of \$2,300 million that have the economic effect of modifying this amount of our variable-rate debt to fixed-rate. We also have forward-starting interest rate swap agreements with a combined notional amount of \$850 million, which will become effective in August 2026. When including the variable-rate converted to fixed-rate through the use of interest rate swaps, as of March 31, 2026, approximately 80% of our long-term indebtedness, excluding our finance lease liability, bore interest at a fixed rate.

ITEM 4. CONTROLS AND PROCEDURES

(a) *Evaluation of Disclosure Controls and Procedures.* Under applicable SEC regulations, management of a reporting company, with the participation of the principal executive officer and principal financial officer, must periodically evaluate the company's disclosure controls and procedures, which are defined generally as controls and other procedures of a reporting company designed to ensure that information required to be disclosed by the reporting company in its periodic reports filed with the SEC (such as this Form 10-Q) is recorded, processed, summarized and reported on a timely basis.

Our management, with the participation of Jeffrey N. Simmons, president and chief executive officer, and Robert M. VanHimbergen, executive vice president and chief financial officer, evaluated our disclosure controls and procedures as of March 31, 2026, and concluded they were effective.

(b) *Changes in Internal Controls.* During the first quarter of 2026, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

See Note 12. Commitments and Contingencies to the condensed consolidated financial statements for a summary of our legal proceedings. This item should be read in conjunction with "Legal Proceedings" in Part I, Item 3 of our [2025 Form 10-K](#).

ITEM 1A. RISK FACTORS

Our risk factors are documented in Item 1A of Part I of our [2025 Form 10-K](#). There have been no material changes from the risk factors previously disclosed in the [2025 Form 10-K](#).

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(none)

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

(none)

ITEM 4. MINE SAFETY DISCLOSURES

(none)

ITEM 5. OTHER INFORMATION

During the three months ended March 31, 2026, 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 6. 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 SEC.

Exhibit Number	Description
10.1	Elanco Animal Health Incorporated Amended and Restated Corporate Bonus Plan (filed herewith)*
10.2	Form of Elanco Animal Health Incorporated Nonqualified Stock Option Award Agreement for executives with respect to annual awards commencing 2026 (filed herewith)*
10.3	Form of Elanco Animal Health Incorporated Performance-Based Award Agreement for executives with respect to annual awards commencing 2026 (filed herewith)*
10.4	Form of Elanco Animal Health Incorporated Restricted Stock Unit Award Agreement for executives with respect to annual awards commencing 2026 (filed herewith)*
10.5	Form of Elanco Animal Health Incorporated Restricted Stock Unit Award Agreement for executives with respect to sign-on awards commencing 2026 (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)
101	Interactive Data Files (Inline XBRL)
104	Cover Page Interactive Data File (formatted as Inline XBRL document and included in Exhibit 101)

*Management contracts or compensatory plans or arrangements

Signatures

Pursuant to the requirements 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: May 6, 2026

/s/ Jeffrey N. Simmons
Jeffrey N. Simmons
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 6, 2026

/s/ Robert M. VanHimbergen
Robert M. VanHimbergen
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

The Elanco Corporate Bonus Plan
(as amended effective January 1, 2026)

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The Elanco Corporate Bonus Plan
(as amended effective January 1, 2026)

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 2027 payout is January 1, 2026 through December 31, 2026.
- 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 ECE Growth means the final ECE for the Applicable Year, less the Target ECE.
- 2.15 Effective Date means January 1, 2026, as amended from time to time.
- 2.16 Elanco means Elanco Animal Health Incorporated and its subsidiaries.
- 2.17 Elanco Cash Earnings ("ECE") means Gross Cash Earnings less Capital Charge.
- 2.18 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 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.
- b. 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.

c. 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.

2.19 GAAP means generally accepted accounting principles currently applicable in the United States.

2.20 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.

2.21 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.

2.22 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.

2.23 Participant means an Eligible Employee who is participating in the Plan.

2.24 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, vesting of restricted stock, or vesting of phantom stock; and
- (7) allowances paid to or on behalf of a Participant (unless applicable law requires them to be included).

2.25 Performance Interval means the minimum and maximum amounts determined by the Committee for an Applicable Year for such measure used to determine the Company Performance Bonus Multiple.

2.26 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.

- 2.27 Plant Closing means the closing of a plant site or other Company location that directly results in termination of employment.
- 2.28 Position Elimination means the elimination of a job position.
- 2.29 Preliminary Company Bonus means the amount of bonus compensation payable to a Participant determined pursuant to Sections 5.3, 5.4 and 5.5.
- 2.30 Reduction in Workforce means the elimination of a work group, functional or business unit or other broadly applicable reduction in job positions.
- 2.31 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).
- 2.32 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.
- 2.33 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.
- 2.34 Sales Growth means, for the Applicable Year, the excess of the Company’s revenue in the Applicable Year over the Company’s revenue for the prior Applicable Year, in both cases excluding the impacts to the Company from acquisitions and divestitures and foreign exchange rates.
- 2.35 Service means the aggregate time of employment of an Eligible Employee by the Company.
- 2.35 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.

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 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, applicable multipliers 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 2.18(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 2.18(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. DEFINITION 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 Preliminary Company Bonus is calculated by multiplying the Participant's Bonus Target by Participant Earnings and the Company Performance Bonus Multiple. Then, the Company Bonus payout will be determined after the applying performance multipliers set forth in Section 5.6(c) below. Company Bonuses are paid to eligible Participants in the manner provided below.
- 5.2 Establishment of Performance Measures and Multipliers. Not later than 90 days after the beginning of each Applicable Year, the Committee will, in its sole discretion, determine appropriate performance measures and performance multipliers for use in calculating Company Bonus amounts. These performance measures or multipliers may include, but are not limited to, ECE Growth, Revenue to Plan, EBITDA to Plan, growth in net income, Sales Growth, return on assets, return on equity, total shareholder return, Innovation Progression, individual performance, 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 ECE Growth as the performance measure, and Sales Growth as the performance multiplier.
- 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 for the performance measure described in Section 5.2 above. Unless otherwise specified pursuant to a written resolution adopted by the Committee for the Applicable

Year, the performance benchmark 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 ECE Growth, will determine the payout curve. Notwithstanding the foregoing, the 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 ECE Growth and its Performance Interval 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. Preliminary Company Bonus Calculation. a Participant's Preliminary Company Bonus will equal the product of the Company Performance Bonus Multiple, the Participant's Bonus Target and the Participant's Earnings.

c. Performance Multipliers. A Participant's Preliminary Company Bonus amount will be subject to the following multipliers to determine the Company Bonus amount.

- (1) Sales Growth Multiplier. Not later than 90 days after the beginning of each Applicable Year, the Committee will establish the performance benchmark for Sales Growth, and the Committee will set forth a target range for Sales Growth, and the upper and lower bounds of the multiplier, and these bounds will determine the Sales Growth multiplier. Unless otherwise specified pursuant to a written resolution adopted by the Committee for the Applicable Year, the Sales Growth multiplier will be between 0.95 and 1.1 in any Applicable Year.
- (2) Individual Performance Multiplier. 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. 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. Unless otherwise specified pursuant to a written resolution adopted by the Committee for the Applicable Year, the individual performance multiplier will be between 0.0 and 1.3 in any Applicable Year.

In the event that a Participant does not receive a year-end performance rating, but is otherwise eligible for a Company Bonus, the individual performance multiplier will be 1.0 for the Applicable Year.

d. Calculation of Bonus Amount. A Participant's Company Bonus will be determined by multiplying the Preliminary Company Bonus by the Sales Growth multiplier determined pursuant to Section 5.6(c)(i), and if applicable, by the individual performance multiplier determined pursuant to Section 5.6(c)(ii). Notwithstanding this Section 5.6, the Committee may reduce any Sales Growth multiplier or individual performance multiplier (including but not limited to a reduction to 0.0) or limit the total Company Bonus for some or all Eligible Employees, in its discretion.

e. Adjustment to Company Bonus. In addition, a Participant's Company Bonus may be adjusted as described in Section 5.8 or 6.2.

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.

- 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, 450 Elanco Circle, Indianapolis, IN 46221 (or, in the event of relocation, the then-current global headquarters address for the Company).
- 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
Amended and Restated
2018 Elanco Stock Plan
Nonqualified Stock Option Award Agreement**

This Nonqualified Stock Option is granted on _____, 2026 ("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

**Scheduled Vesting Date(s): 33% on March 1, 2027
33% on March 1, 2028
34% on March 1, 2029**

(except as otherwise provided in this
Nonqualified Stock Option Award Agreement)

Option Termination Date: _____, 2036

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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”). In the event of any conflict between the terms of the Plan and this Award Agreement, the terms of the Plan shall govern unless otherwise stated in the Plan.

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 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 termination of Service due to the Grantee’s death; or
 - iii. the date of the Grantee’s termination of Service 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 immediately accelerate and vest in full.
- 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 immediately vest 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 termination of Service 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;
 - 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.

- 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 Scheduled 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 applies in all circumstances (including 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 Section 13.2 of the Plan or this Section 4 shall be a "Transaction" as defined in Section 2.6(c) of the Plan.
- b. 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 incurs 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 for Select Employees (both as amended from time to time) or any successor plan or arrangement thereto which is applicable to Grantee.

- c. 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 stock price per Share 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 stock price per Share 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.

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 the 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 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, and the Shares withheld may not have a Fair Market Value exceeding the amount necessary to satisfy withholding obligation of the Grantee based on the maximum statutory withholding rates in Grantee's applicable jurisdiction for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income.

- 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;
- 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);
- 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. The Company requires UBS to enter into a written agreement obligating UBS to maintain a level of data protection and security standards that are comparable to those implemented by the Company. 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. The Company will nevertheless take steps to ensure an adequate level of protection and compliance with Applicable Laws irrespective of where the information is accessible or stored. 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 rights that include, but are not limited to, 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. These rights may be subject to exceptions, limitations, or additional conditions under Applicable Law. 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 privacy@elancoah.com or 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 the Applicable Laws and 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 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, including due to Grantee’s executive-level status with the Company and access to the Company’s confidential information. 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).¹ 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 Qualified Termination or Retirement, the Grantee shall not:
 - A. in a manner 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

¹ If Grantee is employed by the Company in Illinois, Grantee acknowledges and agrees that the Company’s issuance of the Award to Grantee is adequate consideration for the non-competition provisions of this Section 11(d) as required under 820 ILCS 90/15.

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, each as applicable in relevant jurisdictions, 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.²

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, Indiana, 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

If Grantee is employed by the Company in Illinois, Grantee acknowledges and agrees that Grantee is hereby being advised by the Company to consult with an attorney prior to signing this Agreement. Grantee's decision whether to accept this Agreement is Grantee's voluntary decision and made with full knowledge that the Company has advised Grantee to consult with an attorney. Grantee understands that Grantee has 14 days from the date Grantee receives this Agreement to consider whether to accept this Agreement. If Grantee accepts this Agreement before the end of the 14-day period, it will be Grantee's voluntary decision to do so because Grantee has decided that Grantee does not need any additional time to decide whether to accept this Agreement. Grantee also agrees that any changes made to this Agreement before Grantee accepts it, whether material or immaterial, will not restart the 14-day period.

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 Marion 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 Indianapolis, Indiana, by its proper officer.

ELANCO ANIMAL HEALTH INCORPORATED

/s/ Jeffrey N. Simmons
Jeffrey N. Simmons
President, Chief Executive Officer and Director

**Elanco Animal Health Incorporated
Amended and Restated
2018 Elanco Stock Plan
Performance-Based Award Agreement**

This Performance-Based Award is granted on _____, 2026 (“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:**

Measure	Weighting
Adjusted EBITDAR	75%
Relative TSR	25%

Performance Period: January 1, 2026 - December 31, 2027

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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 and Schedules 1 and 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”). In the event of any conflict between the terms of the Plan and this Award Agreement, the terms of the Plan shall govern unless otherwise stated in the Plan.

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 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 Schedules 1 and 2 to this Award Agreement, provided the Grantee continues in Service through the last day of the Performance Period (or an exception applies under Section 3). Any Shares that do not become eligible to vest based on achievement of performance measures pursuant to Schedules 1 and 2 at the end of the Performance Period shall be automatically and immediately forfeited for no consideration.
- 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.

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 or Retirement (each as defined below), a pro-rata portion of the Award will accelerate and immediately vest (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 or Retirement to (y) twenty-four (24) months. The Committee shall determine the number of Shares eligible to vest based on the performance measures described in Section 2 above and Schedules 1 and 2 to this Award Agreement, as calculated by the Company with respect to any relative TSR-related performance measure as of the end of the most-recently completed calendar quarter immediately preceding the date of the Service termination, and deeming the adjusted EBITDAR performance measure to be achieved at target. If the Qualifying Termination occurs during the first calendar quarter of the Performance Period, the number of Shares eligible to vest shall be determined as though the performance measures described in Section 2 above had been achieved at target] unless otherwise determined by the Committee in its discretion.

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.

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 Section 13.2 of the Plan or this Section 4 shall be a "Transaction" as defined in Section 2.6(c) of the Plan.
- 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 incurs 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 which is applicable to Grantee.

- 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 earlier, 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.
- c. At the time of settlement provided in this Section 5, the Company shall issue or transfer Shares 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. In the event of the death of the Grantee, the payments described above shall be made to the successor of the Grantee by will or the applicable laws of descent and distribution.

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. 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, and/or (ii) withhold in Shares otherwise issuable to the Grantee pursuant to this Award with a Fair Market Value not to exceed the amount necessary to satisfy withholding obligation of the Grantee based on the maximum statutory withholding rates in Grantee's applicable jurisdiction for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income.
- e. 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 Award, notwithstanding that a number of Shares are withheld to satisfy the obligation for Tax-Related Items.

- f. 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 and any payments provided pursuant to this Award be exempt from or 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 administered by the Committee in a manner consistent with this intent. Each amount to be paid or benefit to be provided under this Award Agreement shall be construed as a separate and distinct payment for purposes of Section 409A. Notwithstanding anything contained in this Award Agreement to the contrary, to the extent required to avoid accelerated income recognition and/or tax penalties under Section 409A, (i) if any amount is payable under this Agreement upon a termination of Service, a termination of Service will be deemed to have occurred only at such time that the Grantee experiences a "separation from service" from the Company within the meaning of Section 409A, and (ii) amounts that would otherwise be payable pursuant to this Award Agreement during the six (6) month period immediately following Grantee's "separation from service" shall instead be paid on the first business day after the date that is six (6) months following Grantee's separation from service (or, if earlier, Grantee's date of death).

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);
- 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);

- I. 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. The Company requires UBS to enter into a written agreement obligating UBS to maintain a level of data protection and security standards that are comparable to those implemented by the Company. 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. The Company will*

nevertheless take steps to ensure an adequate level of protection and compliance with Applicable Laws irrespective of where the information is accessible or stored. 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 rights that include, but are not limited to, 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. These rights may be subject to exceptions, limitations, or additional conditions under Applicable Law. 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 privacy@elancoah.com or 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 the Applicable Laws and 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 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, this Award Agreement and any compensation associated therewith is subject to forfeiture, recovery by the Company or other action pursuant to any clawback or compensation recovery policy adopted by the Board or the Committee at any time, which includes but is not limited to any compensation recovery policy adopted by the Board or the Committee in response to the requirements of Section 10D of the Exchange Act, the U.S. Securities and Exchange Commission's final rules thereunder, any applicable listing rules or other rules and regulations implementing the foregoing, or as otherwise required by law or stock exchange. This Agreement will be automatically and unilaterally amended to comply with any such compensation recovery policy.
- 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, including due to Grantee's executive-level status with the Company and access to the Company's confidential information. 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).¹ 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 Qualified Termination or Retirement, the Grantee shall not:

- A. in a manner 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

¹ If Grantee is employed by the Company in Illinois, Grantee acknowledges and agrees that the Company's issuance of the Award to Grantee is adequate consideration for the non-competition provisions of this Section 11(d) as required under 820 ILCS 90/15.

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, each as applicable in relevant jurisdictions, 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.²

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,

² If Grantee is employed by the Company in Illinois, Grantee acknowledges and agrees that Grantee is hereby being advised by the Company to consult with an attorney prior to signing this Agreement. Grantee's decision whether to accept this Agreement is Grantee's voluntary decision and made with full knowledge that the Company has advised Grantee to consult with an attorney. Grantee understands that Grantee has 14 days from the date Grantee receives this Agreement to consider whether to accept this Agreement. If Grantee accepts this Agreement before the end of the 14-day period, it will be Grantee's voluntary decision to do so because Grantee has decided that Grantee does not need any additional time to decide whether to accept this Agreement. Grantee also agrees that any changes made to this Agreement before Grantee accepts it, whether material or immaterial, will not restart the 14-day period.

Indiana, 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.
- 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 Marion 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 Indianapolis, Indiana, by its proper officer.

ELANCO ANIMAL HEALTH INCORPORATED

/s/ Jeffrey N. Simmons

Jeffrey N. Simmons

President, Chief Executive Officer and Director

SCHEDULE 1

Adjusted EBITDAR

Performance Measures:

Adjusted EBITDAR Target = Prior Year Adjusted EBITDAR + 10% x Incremental Investment (Δ GOA)

Performance Interval = 8% of Prior Year Revenue

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 Adjusted EBITDAR performance for the applicable Measurement Period, the corresponding payout multiple and the number of Shares set forth on the first page of this Award Agreement subject to the Adjusted EBITDAR performance measure (the "Adjusted EBITDAR Shares").

For accounting purposes with respect to the vesting determination under this Schedule 1, the Shares underlying this Award shall be divided in relation to the Measurement Periods as follows:

Measurement Period	Portion of Adjusted EBITDAR Shares
Fiscal Year 2026	50% of Shares
Fiscal Year 2027	50% of Shares

The Adjusted EBITDAR Target 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 accounting principles currently applicable in the United States ("U.S. GAAP"), adjusted to the extent deemed appropriate by the Committee as set forth below.

For each Measurement Period, the Adjusted EBITDAR Target 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's 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 as adjustments as set forth 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 Measurement Period's 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.

The payout multiple corresponding to the Adjusted EBITDAR Target set forth above for each Measurement Period shall then be applied to the number of Adjusted EBITDAR Shares subject to this Award and the portion allocated to such Measurement Period.

Definitions:

- 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.

Adjustments:

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 Measurement 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
- iv. any unforeseen adjustment provided such adjustment is approved by the Committee.

SCHEDULE 2

Relative TSR

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 Relative TSR performance, the corresponding payout multiple and the number of Shares set forth on the first page of this Award Agreement subject to the Relative TSR performance measure (the "rTSR Shares").

The number of rTSR Shares eligible to vest is calculated by multiplying the number of rTSR Shares by the Relative TSR Payout Percentage:

Performance Level	Company Relative TSR	Payout Percentage (as # of Target)
Maximum	75 th Percentile	200%
Target	50 th Percentile	100%
Threshold	25 th Percentile	50%

No rTSR Shares will be eligible to vest unless the Company's Relative TSR is at or above the Threshold performance level. No more than 200% of the number of rTSR Shares may be eligible to vest. If the Company's Relative TSR performance is between Payout Percentage levels, the number of Shares eligible to vest will be based on straight-line interpolation between Payout Percentages as determined by the Committee in its sole discretion. Notwithstanding the above Payout Percentages, in the event that the Company TSR achieved over the Performance Period is negative, then regardless of the Company's Relative TSR, the Payout Percentage will be no more than 100% of Target.

Definitions:

(a) "Index" means the Russell 1000 Healthcare Index. If the Russell 1000 Healthcare Index is discontinued, a comparable index will be selected by the Administrator in good faith and used for purposes of determining the number of Achieved Units, with any appropriate adjustments made by the Administrator in its sole discretion.

(b) "Index Companies" means the companies that are part of the Index as of the beginning of the Performance Period and whose stock continues to be publicly traded on a national securities exchange at the end of the Performance Period. Individually, the Index Companies are referred to herein as an "Index Company."

- i. In the event an Index Company ceases trading on a national securities exchange during the Performance Period as a result of an involuntary dissolution or commencement of bankruptcy proceedings, said Index Company will be deemed to have achieved a TSR performance of -100% and will be ranked last amongst the Index Companies for percentile ranking determination.
- ii. In the event an Index Company ceases trading on a national securities exchange during the Performance Period for any other reason than

described above, said Index Company will be removed from the Index Companies for percentile ranking determination.

(c) “Relative TSR” means the percentile ranking of the Company’s TSR during the Performance Period relative to the TSR of each Index Company during the Performance Period. Relative TSR will be determined by ranking the Company and the Index Companies from highest to lowest according to their respective TSRs for the Performance Period. The Company’s ranking is then divided by the total number of Index Companies and rounded to the nearest one-tenth of one percent to determine Relative TSR.

For example, if there are 1,000 Index Companies, and the Company’s TSR is ranked at 750, then Relative TSR is 75%.

If the Company’s TSR is greater than the highest TSR of an Index Company, its TSR will be positioned at the 100th percentile. Similarly, if the Company’s TSR is less than the lowest TSR of an Index Company, its TSR will be positioned at the 0th percentile.

(d) “TSR” means the cumulative total return on the common stock of the Company or an Index Company over the Performance Period reflecting share price appreciation and dividend reinvestment. Total Shareholder Return shall be calculated consistent with the following principles:

- (i) A company’s stock price at the beginning of the Performance Period will be the average closing sale price of the company’s stock for the twenty (20) trading days immediately preceding the first day of the Performance Period.
- (ii) A company’s stock price at the end of the Performance Period will be the average closing sale price of the company’s stock for the last twenty (20) trading days of the Performance Period.
- (iii) Dividends paid during the Performance Period (including during the averaging period prior to the start of the Performance Period) are assumed reinvested immediately in the additional shares of the company’s stock as of the ex-dividend date.

The Administrator shall calculate TSR in its sole discretion and its determination shall be final and binding.

**Elanco Animal Health Incorporated
Amended and Restated
2018 Elanco Stock Plan
Restricted Stock Unit Award Agreement**

This Restricted Stock Unit Award is granted on _____, 2026 (“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:

**Scheduled Vesting Date(s): 33% on March 1, 2027
33% on March 1, 2028
34% on March 1, 2029**

(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”). In the event of any conflict between the terms of the Plan and this Award Agreement, the terms of the Plan shall govern unless otherwise stated in the Plan.

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 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 termination of Service due to the Grantee’s death;
 - iii. the date of the Grantee’s termination of Service due to a Qualifying Termination, as defined below; or
 - iv. the date of the Grantee’s termination of Service 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 immediately accelerate and vest in full.
- c. In the event the Grantee’s Service is terminated due to a Qualifying Termination for a reason other than death or due to Retirement (each as defined below), a pro-rata portion of the Award tranche eligible to vest on the next Scheduled Vesting Date will accelerate and immediately vest 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 termination of Service 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 termination of Service 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.

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. Any portion of the Award that does not vest pursuant to Section 2(a), 2(b) or 2(c) shall be forfeited upon the Grantee’s termination of Service. Further, in the event the Grantee’s Service is terminated prior to a Scheduled Vesting Date for any reason or in any circumstance other than those specified in Section 2(a), 2(b) or 2(c) 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 Section 13.2 of the Plan or this Section 3 shall be a “Transaction” as defined in Section 2.6(c) of the Plan.
- b. 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 incurs 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 which is applicable to Grantee.

- c. 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
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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 Scheduled Vesting Date, or, if earlier, the Vesting Date determined under Section 3 above.
- b. At the time of settlement provided in this Section 4, the Company shall issue or transfer Shares 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.
- c. In the event of the death of the Grantee, the payments described above shall be made to the successor of the Grantee by will or the applicable laws of descent and distribution.

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 Shares are issued or transferred to the Grantee in connection with the vesting of Restricted Stock Units.
- 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 the 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,
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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. 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 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. 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, and/or (ii) withhold in Shares otherwise issuable to the Grantee pursuant to this Award with a Fair Market Value not to exceed the amount necessary to satisfy withholding obligation of the Grantee based on the maximum statutory withholding rates in Grantee's applicable jurisdiction for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income.
 - e. 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.
 - f. 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.
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Section 8. Section 409A Compliance

To the extent applicable, it is intended that this Award and any payments provided pursuant to this Award be exempt from or 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 administered by the Committee in a manner consistent with this intent. Each amount to be paid or benefit to be provided under this Award Agreement shall be construed as a separate and distinct payment for purposes of Section 409A. Notwithstanding anything contained in this Award Agreement to the contrary, to the extent required to avoid accelerated income recognition and/or tax penalties under Section 409A, (i) if any amount is payable under this Agreement upon a termination of Service, a termination of Service will be deemed to have occurred only at such time that the Grantee experiences a "separation from service" from the Company within the meaning of Section 409A, and (ii) amounts that would otherwise be payable pursuant to this Award Agreement during the six (6) month period immediately following Grantee's "separation from service" shall instead be paid on the first business day after the date that is six (6) months following Grantee's separation from service (or, if earlier, Grantee's date of death).

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 any 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
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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 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,
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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. The Company requires UBS to enter into a written agreement obligating UBS to maintain a level of data protection and security standards that are comparable to those implemented by the Company. 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. The Company will nevertheless take steps to ensure an adequate level of protection and compliance with Applicable Laws irrespective of where the information is accessible or stored. 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 rights that include, but are not limited to, 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. These rights may be subject to exceptions, limitations, or additional conditions under Applicable Law. In case of concerns, the Grantee understands that Grantee may also have the right
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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 privacy@elancoah.com or 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 the Applicable Laws and 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.
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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, including due to Grantee's executive-level status with the Company and access to the Company's confidential information. 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).¹ 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 Qualified Termination or Retirement, the Grantee shall not:
- A. in a manner 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

¹ If Grantee is employed by the Company in Illinois, Grantee acknowledges and agrees that the Company's issuance of the Award to Grantee is adequate consideration for the non-competition provisions of this Section 11(d) as required under 820 ILCS 90/15.

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, each as applicable in relevant jurisdictions, 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
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expiration of the time within which the judgment or decision may be appealed.²

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, Indiana, 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

² If Grantee is employed by the Company in Illinois, Grantee acknowledges and agrees that Grantee is hereby being advised by the Company to consult with an attorney prior to signing this Agreement. Grantee's decision whether to accept this Agreement is Grantee's voluntary decision and made with full knowledge that the Company has advised Grantee to consult with an attorney. Grantee understands that Grantee has 14 days from the date Grantee receives this Agreement to consider whether to accept this Agreement. If Grantee accepts this Agreement before the end of the 14-day period, it will be Grantee's voluntary decision to do so because Grantee has decided that Grantee does not need any additional time to decide whether to accept this Agreement. Grantee also agrees that any changes made to this Agreement before Grantee accepts it, whether material or immaterial, will not restart the 14-day period.

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 Marion 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 Indianapolis, Indiana, by its proper officer.

ELANCO ANIMAL HEALTH INCORPORATED

/s/ Jeffrey N. Simmons

Jeffrey N. Simmons

President, Chief Executive Officer and Director

**Elanco Animal Health Incorporated
Amended and Restated
2018 Elanco Stock Plan
Restricted Stock Unit Award Agreement**

This Restricted Stock Unit Award is granted on _____, 2026 (“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:

**Scheduled Vesting Date(s): 50% on _____, 2027
50% on _____, 2028**

(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”). In the event of any conflict between the terms of the Plan and this Award Agreement, the terms of the Plan shall govern unless otherwise stated in the Plan.

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 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 termination of Service due to the Grantee’s death;
 - iii. the date of the Grantee’s termination of Service due to a Qualifying Termination, as defined below; or
 - iv. the date of the Grantee’s termination of Service 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 immediately accelerate and vest in full.
- c. In the event the Grantee’s Service is terminated due to a Qualifying Termination for a reason other than death or due to Retirement (each as defined below), a pro-rata portion of the Award tranche eligible to vest on the next Scheduled Vesting Date will accelerate and immediately vest 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 termination of Service 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 termination of Service 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.

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. Any portion of the Award that does not vest pursuant to Section 2(a), 2(b) or 2(c) shall be forfeited upon the Grantee’s termination of Service. Further, in the event the Grantee’s Service is terminated prior to a Scheduled Vesting Date for any reason or in any circumstance other than those specified in Section 2(a), 2(b) or 2(c) 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 Section 13.2 of the Plan or this Section 3 shall be a “Transaction” as defined in Section 2.6(c) of the Plan.
- b. 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 incurs 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 which is applicable to Grantee.

- c. 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 Scheduled Vesting Date, or, if earlier, the Vesting Date determined under Section 3 above.
- b. At the time of settlement provided in this Section 4, the Company shall issue or transfer Shares 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.
- c. In the event of the death of the Grantee, the payments described above shall be made to the successor of the Grantee by will or the applicable laws of descent and distribution.

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 Shares are issued or transferred to the Grantee in connection with the vesting of Restricted Stock Units.
- 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 the 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 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 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. 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, and/or (ii) withhold in Shares otherwise issuable to the Grantee pursuant to this Award with a Fair Market Value not to exceed the amount necessary to satisfy withholding obligation of the Grantee based on the maximum statutory withholding rates in Grantee's applicable jurisdiction for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income. 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.
- e. 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 and any payments provided pursuant to this Award be exempt from or 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 administered by the Committee in a manner consistent with this intent. Each amount to be paid or benefit to be provided under this Award Agreement shall be construed as a separate and distinct payment for purposes of Section 409A. Notwithstanding anything contained in this Award Agreement to the contrary, to the extent required to avoid accelerated income recognition and/or tax penalties under Section 409A, (i) if any amount is payable under this Agreement upon a termination of Service, a termination of Service will be deemed to have occurred only at such time that the Grantee experiences a "separation from service" from the Company within the meaning of Section 409A, and (ii) amounts that would otherwise be payable pursuant to this Award Agreement during the six (6) month period immediately following Grantee's "separation from service" shall instead be paid on the first business day after the date that is six (6) months following Grantee's separation from service (or, if earlier, Grantee's date of death).

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 any 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 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. The Company requires UBS to enter into a written agreement obligating UBS to maintain a level of data protection and security standards that are comparable to those implemented by the Company. 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. The Company will nevertheless take steps to ensure an adequate level of protection and compliance with Applicable Laws irrespective of where the information is accessible or stored. 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 rights that include, but are not limited to, 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. These rights may be subject to exceptions, limitations, or additional conditions under Applicable Law. 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 privacy@elancoah.com or 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 the Applicable Laws and 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.

- 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, including due to Grantee's executive-level status with the Company and access to the Company's confidential information. 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).¹ 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 Qualified Termination or Retirement, the Grantee shall not:
- A. in a manner 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

¹ If Grantee is employed by the Company in Illinois, Grantee acknowledges and agrees that the Company's issuance of the Award to Grantee is adequate consideration for the non-competition provisions of this Section 11(d) as required under 820 ILCS 90/15.

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, each as applicable in relevant jurisdictions, 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.²

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, Indiana, 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

². If Grantee is employed by the Company in Illinois, Grantee acknowledges and agrees that Grantee is hereby being advised by the Company to consult with an attorney prior to signing this Agreement. Grantee's decision whether to accept this Agreement is Grantee's voluntary decision and made with full knowledge that the Company has advised Grantee to consult with an attorney. Grantee understands that Grantee has 14 days from the date Grantee receives this Agreement to consider whether to accept this Agreement. If Grantee accepts this Agreement before the end of the 14-day period, it will be Grantee's voluntary decision to do so because Grantee has decided that Grantee does not need any additional time to decide whether to accept this Agreement. Grantee also agrees that any changes made to this Agreement before Grantee accepts it, whether material or immaterial, will not restart the 14-day period.

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 Marion 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 Indianapolis, Indiana, by its proper officer.

ELANCO ANIMAL HEALTH INCORPORATED

/s/ Jeffrey N. Simmons
Jeffrey N. Simmons
President, Chief Executive Officer and Director

**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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2026 (the "Form 10-Q") 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2026

/s/ Jeffrey N. Simmons

Jeffrey N. Simmons
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 6, 2026

/s/ Robert M. VanHimbergen

Robert M. VanHimbergen
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)