

The more things change...
the more *we* stay the same.



ELI LILLY
FEDERAL CREDIT UNION

2008 Annual Report

2008 ... IT WAS A YEAR FOR THE HISTORY BOOKS! From the credit crisis and financial services industry meltdown to the presidential election, there were significant issues for us to deal with—personally and in business. As we saw many of our competitors struggle, your credit union remained focused on doing our best for you, our members. As a result, we had a record year with more than 10% growth in deposits, 7.5% growth in loans and 5.3% growth in membership. Our financial position is stronger than ever and we are committed to providing products and services to meet your ongoing financial needs, as well as your families’.

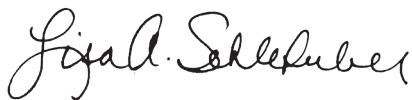
We have set out on a journey of managed growth. In 2008, we added five organizations to our field of membership, representing nearly 2,000 employees as potential new members, not to mention their families. We welcome these new partnerships and the members that have joined to date. A broader opportunity to offer our services to more select employee groups will provide additional stability for all members. As our core sponsor, Eli Lilly and Company, continues to refine its employment and business strategies, ELFCU will continue to evolve through our own strategies.

Product developments throughout the year included specialized loan promotions emphasizing Go Green, Auto Refinances, Student Choice, and the First-Time Home Buyers Program. Record consumer lending volume was realized in 2008. We also saw great success with our Certificate programs in March and October. The interest rate environment took mortgage rates to record lows as we worked with many members to refinance their homes. Throughout the year, we continued to upgrade our internet banking offer including the recent improvements to our website.

Business is strong and we are proud of our offer. We continue to focus on three key objectives: to achieve managed growth, to improve technology, and to seek greater efficiencies.

Thank you for your membership. We look forward to serving you in 2009!

Warmest regards,



Lisa A. Schlehuber
Chief Executive Officer



REPORT ON 2008 RESULTS

During a time of unprecedented turmoil in the banking industry, Eli Lilly Federal Credit Union (ELFCU) posted one of its strongest years of business in history. When many Americans were concerned about their financial institutions, ELFCU gave its members many reasons to feel that their money was in the right place:

- Growth in loans, deposits, and membership exceeded corporate goals and were near or surpassed record highs,
- Maintained status as one of the largest and most reputable credit unions in the nation, ranking in the top 3%, based on assets,
- No losses from Fannie Mae or Freddie Mac and no sub-prime mortgages on the books,
- The National Credit Union Administration raised share insurance coverage from \$100,000 to \$250,000. No taxpayer dollars have ever been required to fund a credit union loss.
- ELFCU Board of Directors approved a "multiple employer group" field of membership charter expansion.

Total assets grew to \$781 million in 2008, an increase of 10.3%. The credit union's net income was strong at \$6.5 million, and our net worth to assets ratio ended the year at 10.66%. The Return on Assets increased to .83% due in part to a lower than anticipated interest rate environment and the credit union's focus on controlling operating expenses.

TECHNOLOGY

ELFCU saw usage increases in many of its electronic banking services. The number of authorized active eBranch users increased to 14,524, an increase of 1,614 users compared to 2007, 2.5% growth for the year.

One of the most successful results in ELFCU technology was the growth in members who elect to receive eStatements. A total of 20,530 members represented an increase of 9,922, or 93.5% growth for the year.

ELFCU also rounded out the year with design upgrades in late November to its website, *elfcu.org*, and to *atworkfinancial.org*, the website developed for its new At Work Financial Services Select Employee Group initiative. A streamlined online membership application also launched in early December.

MANAGED GROWTH

With a continued emphasis on sales and service, ELFCU experienced healthy growth in many areas of its business.

Thanks to aggressive recruitment efforts by staff, ELFCU welcomed a net of 1,757 new members in 2008, 5.3% growth for the year.

Lending business grew, as well, with loan originations totaling \$255.8 million. Outstanding balances grew by approximately \$34 million or 7.5%.

MORE FROM THE CORE

ELFCU set out to increase its penetration of core Lilly membership via the company's Sales School and New Employee Orientation events. Hosting six credit union luncheons for the incoming Lilly sales representatives resulted in 280 new memberships. Also, the credit union presented at every session of Lilly's biweekly new employee orientation in 2008, resulting in more than 200 additional memberships. To generate leads, ELFCU sponsored raffles at these events and at the ELFCU branches, which produced approximately 3,000 contact information forms for follow up.

SELECT EMPLOYEE GROUP DEVELOPMENT

In a bold move toward growth, the management board of ELFCU sought changes to its charter to allow Select Employee Groups (SEGs) beyond Eli Lilly and Company. Upon approval, ELFCU established the brand name At Work Financial Services and, throughout the year, welcomed four companies to its field of membership representing 600 employees plus their families as potential new members. Additionally, one larger corporate-branded relationship was developed and added to our charter which will provide access to 1,250 employees and their families.

PRODUCT INNOVATION

In the tradition of staying competitive and strong enough to compete with larger, brand-name banks, ELFCU launched several unprecedented offers to enhance its existing collection of products. With savings, checking, loans and mortgages plus investments, insurance and legal services through LCU Financial Services, LLC*, ELFCU provides a full-service financial solution.

The product launches or promotions that proved to be the most popular and successful in 2008 included:

GO GREEN AUTO LOANS (JANUARY)

This promotion encouraged social responsibility and fuel savings while giving members a rate break based on the MPG of their vehicles. ELFCU auto loans experienced 54% growth over the previous January.

THE BONUS CERTIFICATE SPECIAL (MARCH)

Offering 5.0% APY on a 7-month certificate was unheard of in the marketplace at this time. The limited offer concurred with Lilly's annual bonus payout. The credit union brought in a record-breaking \$78.5 million in certificates, almost 25 times the share certificates opened in March 2007.

STUDENT CHOICE (MAY)

Expanding its student loans program to include private alternative loans beyond federal aid allowed ELFCU to grant 99 Student Choice loans totaling more than \$1.1 million. That's an average loan amount of \$12,000 at low rates with no fees.

FIRST-TIME HOME BUYER PROGRAM (OCT.)

This unique program features 97% loan-to-value financing with no private mortgage insurance required. No PMI translates to an average cost savings of \$1,500 per home buyer. ELFCU granted 14 of these loans representing more than \$2 million in first-time mortgages funded.

PRODUCTIVITY

All year, the management and staff of the organization worked together to focus on process improvements, vendor relationships and smart solutions to challenges.

2008 was the first full year for centralized consumer loan origination at ELFCU. This enabled our members to speak with lending experts throughout the entire process, from application to funding. As a result, consumer lending posted a record year and ancillary insurance sales exceeded \$300,000 in premiums for the first time in history. These results benefit all members as consumer loan growth is a key objective.

As another example, due to the changes at Lilly's Greenfield plant site, ELFCU faced significant operational issues. Upon notice of the transaction on August 6, the priority immediately became how best to continue to serve Hancock County members. ELFCU negotiated a complete service alternative with Family Horizons Credit Union in Greenfield after the ELFCU branch closed in early October. Additionally, ELFCU immediately began exploring a possible Greenfield branch location with public access at the new Elanco world headquarters. Also prior to the branch closing, LCU Financial Services, LLC, offered one-on-one consultations and a special financial seminar intended to address members' concerns and questions generated by the organizational changes.

IN CONCLUSION

We are proud to provide this report of achievements from 2008. Thank you for your loyalty and business last year. We encourage you to watch for more innovative ideas and progress from ELFCU throughout 2009.



**ELI LILLY
FEDERAL CREDIT UNION**

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

(Selected data in millions)

ASSETS	2008	2007
Cash and Investments	\$279.2	\$245.6
Loans to Members (net of allowance for loan losses)	480.8	447.4
Other Assets	21.0	15.1
TOTAL ASSETS	\$781.0	\$708.1

LIABILITIES AND MEMBERS' EQUITY

Share Savings, Drafts and Certificates	\$679.2	\$613.5
Other Liabilities	18.5	17.9
Members' Equity	83.3	76.7
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$781.0	\$708.1

CONSOLIDATED STATEMENT OF INCOME

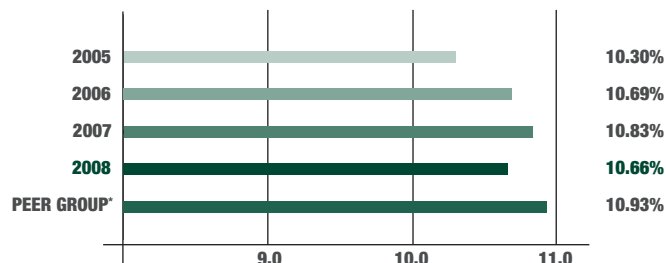
(Selected data in millions)

	2008	2007
Interest Income from Loans and Investments	\$38.0	\$40.2
Interest Expense for Member Accounts and Borrowed Funds	(20.6)	(23.5)
Loan Loss Provision	(0.6)	(0.5)
NET INTEREST INCOME	16.8	16.2
Other Income	6.5	5.7
Operating Expense	(17.2)	(16.7)
Non-Operating Expense	0.4	(0.3)
NET INCOME	\$6.5	\$5.0

NOTE: On January 28, 2009 the National Credit Union Association (NCUA) announced the Corporate Stabilization Program. Due to recent developments with corporate credit unions relating to pending losses within these corporate credit union's investment holdings, the NCUA has notified Eli Lilly Federal Credit Union, (ELFCU) as a natural person credit union along with all other natural person credit unions, the following actions will be taken. Under the Corporate Stabilization Program, it is anticipated that ELFCU, along with all natural person credit unions, will be required to write off approximately 51% of its National Credit Union Share Insurance Fund (NCUSIF) deposit as a charge to earnings in 2009. The anticipated charge to 2009 earnings for this item for ELFCU is approximately \$2.8 million. Additionally, the NCUA will seek to replenish the NCUSIF through an increased assessment to all natural person credit unions. It is expected that the NCUSIF insurance premium for ELFCU will increase by \$1.15 million in 2009 in order to replenish the NCUSIF. There are pending discussions to determine if this replenishment of the NCUSIF will be required to be completed and expensed in 2009 or will be spread over future periods.

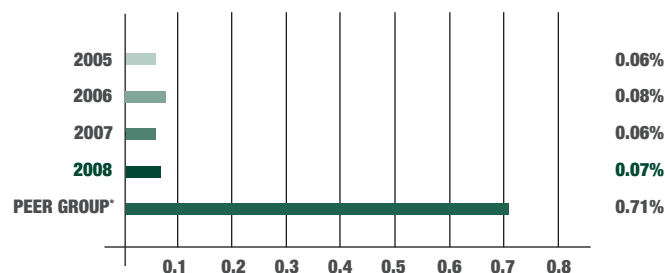
NET WORTH TO ASSETS *Higher percentages are better.*

This ratio indicates a strong ability to withstand future losses or economic downturn.



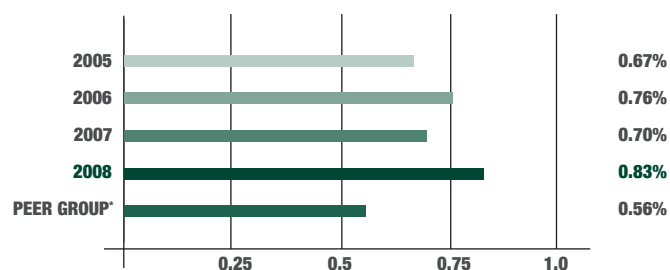
NET CHARGED-OFF LOANS TO AVERAGE LOANS *Lower percentages are better.*

ELFCU writes off relatively few loans, reflecting effective lending and collection practices while outperforming most other credit unions.



RETURN ON AVERAGE ASSETS *Higher percentages are better.*

ELFCU consistently maintains a relatively low income-to-assets ratio, choosing to give its members current economic benefit rather than maximizing profits.



*NCUA Peer Group – All credit unions greater than \$500 million in assets as of 9/30/08.

AT WORK FINANCIAL SERVICES

WHEN YOU'RE NOT AT HOME, NOT ON VACATION, NOT IN YOUR CAR — YOU'RE AT WORK.

So, there is no better place to offer the benefit of banking to employees than the place where they spend the most time — at work.

Eli Lilly Federal Credit Union launched At Work Financial Services in 2008 to provide the same financial services to companies and their employees that we have successfully provided to the employees of Eli Lilly and Company since 1930.

THE STATS

Dollar cost to employers for employees who are stressed about money matters is approximately \$400 annually. Most of this cost is in work time wasted and absenteeism.

Fifteen percent of employees are so stressed about money that it affects their productivity and that percentage rises 20–30% for employees whose wages are below average.

Research shows when employees are financially successful, employment costs go down, while profits go up.

LET US BRING THE BANK TO YOU

ELFCU firmly believes that partnerships between organizations deliver significant value-added services to employees. We are a financial solution provider, to the employers and their most valuable assets — their employees and the bottom line.

EMPLOYER ADVANTAGES

Employers want employee productivity — we get that. Offering at work banking provides employees with peace of mind that their financial matters are in good shape and can focus on what matters to their employers, their job. This saves time and money.

- Requires no extra cost for the employer;
 - Enhances existing benefits package;
 - Offers employees a convenient way to bank;
 - Ensures worker productivity and financial well-being;
 - Income earned by employees becomes more valuable as they are able to save more on loan rates and earn more on savings.
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MOVING FORWARD

Throughout 2008 ELFCU welcomed four new companies to its field of membership, with a fifth larger corporate-branded relationship developed and added to our charter.

2008 ORGANIZATIONAL STRUCTURE

SENIOR TEAM

LISA SCHLEHUBER
Chief Executive Officer

JOSEPH HASTO
Chief Financial Officer

CONNIE PERRY
Senior Vice President, Administration

SUSAN ROHR
Chief Information Officer

MATTHEW SNIVELY
Senior Vice President, Sales & Marketing

RICK THORNBURG
Senior Vice President, Lending

BOARD MEMBERS

MARK SALTSGAVER
Chair of the Board

CHERYL WILKINS
Vice Chair of the Board

NATHAN LEWIS
Treasurer

JENNIFER MARSH
Secretary

ADAM ARFFA

MARIA LABORDE

MONIQUE MCWILLIAMS

KIMBERLY PETERSON

KEVIN TRIVETT

SUPERVISORY COMMITTEE

ANNE-MARIE CHRISTIAN
Supervisory Chair

PATRICK CASSIDY

SCOTT MCKENNEY

DONALD ZAKROWSKI

ERIC ZINN

In management's opinion, the selected financial data presented herein is free of material error and accurately reflects the financial position and/or results of operations of Eli Lilly Federal Credit Union for the periods presented. Members may request a complete copy of our audited financial statements by calling 800.621.2105.



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FEDERAL CREDIT UNION

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*Representatives are registered, securities are sold, and investment advisory services offered through CUNA Brokerage Services, Inc. (CBSI), member FINRA/SIPC, a registered broker/dealer and investment advisor, 2000 Heritage Way, Waverly, Iowa 50677, toll-free (866) 512-6109. Nondeposit investment and insurance products are not federally insured, involve investment risk, may lose value and are not obligations of or guaranteed by the financial institution. CBSI is under contract with the financial institution, through the financial services program, to make securities available to members.

