

LILLY ELI & CO
Form 4
May 17, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
LILLY ENDOWMENT INC

2. Issuer Name and Ticker or Trading Symbol
LILLY ELI & CO [LLY]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
2801 NORTH MERIDIAN STREET
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
05/16/2006

____ Director
____ Officer (give title below)
 10% Owner
____ Other (specify below)

INDIANAPOLIS, IN 46208-0068
(City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
31-Common Stock	05/16/2006		S		1,200	D	\$ 51.77
32-Common Stock	05/16/2006		S		800	D	\$ 51.76
33-Common Stock	05/16/2006		S		1,300	D	\$ 51.75
34-Common Stock	05/16/2006		S		600	D	\$ 51.74
35-Common Stock	05/16/2006		S		3,300	D	\$ 51.73
	05/16/2006		S		1,200	D	144,879,404

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36-Common Stock					\$ 51.72		
37-Common Stock	05/16/2006	S	2,100	D	\$ 51.71	144,877,304	D
38-Common Stock	05/16/2006	S	600	D	\$ 51.68	144,876,704	D
39-Common Stock	05/16/2006	S	100	D	\$ 51.67	144,876,604	D
40-Common Stock	05/16/2006	S	400	D	\$ 51.66	144,876,204	D
41-Common Stock	05/16/2006	S	2,000	D	\$ 51.64	144,874,204	D
42-Common Stock	05/16/2006	S	1,400	D	\$ 51.63	144,872,804	D
43-Common Stock	05/16/2006	S	2,000	D	\$ 51.62	144,870,804	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Transaction (Instr. 6)
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Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Code	V (A) (D)		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other

LILLY ENDOWMENT INC
2801 NORTH MERIDIAN STREET
INDIANAPOLIS, IN 46208-0068

X

Signatures

/s/David D. Biber, Secretary and Treasurer on behalf of Lilly
Endowment, Inc.

05/17/2006

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Remarks:

This is the second of two Forms 4 filed by the Reporting Person on same date, May 17, 2006, representing transactions #31 th

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.