

LILLY ELI & CO

Form 4

July 05, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
TAUREL SIDNEY

(Last) (First) (Middle)

LILLY CORPORATE CENTER

(Street)

INDIANAPOLIS, IN 46285

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol

LILLY ELI & CO [LLY]

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

06/30/2006

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

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

Chairman and CEO

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	(A) or (D)	Price			
Common Stock	03/15/2006		G		265	D	\$ 0	571,637	D	
Common Stock	06/16/2006		G		280	D	\$ 0	571,357	D	
Common Stock	06/30/2006		M ⁽¹⁾		35,000	A	\$ 34.595	606,357	D	
Common Stock	06/30/2006		F ⁽¹⁾		1,200	D	\$ 54.48	605,157	D	
Common Stock	06/30/2006		F ⁽¹⁾		9,657	D	\$ 54.5	595,500	D	

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Common Stock	06/30/2006	<u>F(1)</u>	300	D	\$ 54.51	595,200	D	
Common Stock	06/30/2006	<u>F(1)</u>	2,300	D	\$ 54.52	592,900	D	
Common Stock	06/30/2006	<u>F(1)</u>	100	D	\$ 54.53	592,800	D	
Common Stock	06/30/2006	<u>F(1)</u>	13,883	D	\$ 54.54	578,917	D	
Common Stock						16,045	I	401(k)
Common Stock						1,290	I	by child, A. Taurel
Common Stock						1,290	I	by child, O. Taurel
Common Stock						1,290	I	by child, P. Taurel
Common Stock						100,000	I <u>(2)</u>	by wife, K. Taurel
Common Stock						95,623	I <u>(3)</u>	Family Limited Partnership 1
Common Stock						20,500	I <u>(4)</u>	Family Limited Partnership 2
Common Stock						113,797	I <u>(5)</u>	S. Taurel Waterfield GRAT
Common Stock						20,000	I <u>(5)</u>	ST Family Investment GRAT II U/A DTD 11/22/05
Common Stock						80,000	I <u>(5)</u>	ST Grantor Retained Annuity Trust U/A 11/22/05

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

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SEC 1474
(9-02)

number.

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)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee stock option 10/96 (right to buy)	\$ 34.595	06/30/2006		M		35,000		10/21/1999	10/20/2006	Common Stock	35,000

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
TAUREL SIDNEY LILLY CORPORATE CENTER INDIANAPOLIS, IN 46285	X Chairman and CEO

Signatures

Bronwen Mantlo for Sidney Taurel, authorization
on file

07/05/2006

**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).
- (1) The transactions reported in this Form 4 were effected pursuant to a Rule 10b5-1 trading plan adopted by the reporting person on May 8, 2006.
- (2) Reporting person disclaims beneficial ownership of these shares.
- Held by Family Limited Partnership 1 in which reporting person is sole general partner. Reporting person, his wife, children, and a trust
- (3) for the benefit of his grandchildren have limited interests, and reporting person disclaims beneficial ownership in the shares held by the partnership except to the extent of his pecuniary interest therein.
- Held by Family Limited Partnership 2 in which an LLC controlled by the reporting person is the sole general partner and the reporting
- (4) person is the sole limited partner. Reporting person's children own an interest in the LLC, and reporting person disclaims beneficial ownership in the shares held by the LLC, except to the extent of his pecuniary interest therein.

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(5) Grantor retained annuity trust established by reporting person. Reporting person is trustee.

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