

LILLY ELI & CO

Form 4

March 10, 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 *
LILLY ENDOWMENT INC

(Last) (First) (Middle)

2801 NORTH MERIDIAN STREET

(Street)

INDIANAPOLIS, IN 46208-0068

(City) (State) (Zip)

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

LILLY ELI & CO [LLY]

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

03/09/2006

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check
Applicable Line)

__X__ 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 | | | |
| 31-Common Stock | 03/09/2006 | | S | | 11,500 | D \$ 57.08 | 147,328,904 | D | |
| 32-Common Stock | 03/09/2006 | | S | | 3,700 | D \$ 57.07 | 147,325,204 | D | |
| 33-Common Stock | 03/09/2006 | | S | | 13,400 | D \$ 57.06 | 147,311,804 | D | |
| 34-Common Stock | 03/09/2006 | | S | | 2,200 | D \$ 57.05 | 147,309,604 | D | |
| 35-Common Stock | 03/09/2006 | | S | | 17,000 | D \$ 57.04 | 147,292,604 | D | |
| | 03/09/2006 | | S | | 6,300 | D | 147,286,304 | D | |

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| | | | | | | | |
|--------------------|------------|---|-------|---|-------------|-------------|---|
| 36-Common Stock | | | | | \$ 57.03 | | |
| 37-Common Stock | 03/09/2006 | S | 8,900 | D | \$ 57.02 | 147,277,404 | D |
| 38-Common Stock | 03/09/2006 | S | 2,800 | D | \$ 57.01 | 147,274,604 | D |
| 39-Common Stock | 03/09/2006 | S | 7,000 | D | \$ 57 | 147,267,604 | D |
| 40-Common Stock | 03/09/2006 | S | 2,800 | D | \$ 56.99 | 147,264,804 | D |
| 41-Common Stock | 03/09/2006 | S | 2,900 | D | \$ 56.98 | 147,261,904 | D |
| 42-Common Stock | 03/09/2006 | S | 2,100 | D | \$ 56.97 | 147,259,804 | D |
| 43-Common Stock | 03/09/2006 | S | 700 | D | \$ 56.96 | 147,259,104 | D |
| 44-Common Stock | 03/09/2006 | S | 5,300 | D | \$ 56.95 | 147,253,804 | D |
| 45-Common Stock | 03/09/2006 | S | 1,600 | D | \$ 56.94 | 147,252,204 | D |
| 46-Common Stock | 03/09/2006 | S | 700 | D | \$ 56.93 | 147,251,504 | D |
| 47-Common Stock | 03/09/2006 | S | 1,500 | D | \$ 56.92 | 147,250,004 | D |
| 48-Common Stock | 03/09/2006 | S | 700 | D | \$ 56.91 | 147,249,304 | D |
| 49-Common Stock | 03/09/2006 | S | 700 | D | \$ 56.9 | 147,248,604 | D |
| 50-Common Stock | 03/09/2006 | S | 2,100 | D | \$ 56.89 | 147,246,504 | D |
| 51-Common Stock | 03/09/2006 | S | 700 | D | \$ 56.88 | 147,245,804 | D |

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

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

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(9-02)

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

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| 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. Nu Deriv Secur Bene Own Follo Repor Trans (Instr | | |
|---|--|---|---|--------------------------------------|--|--|---|---|---|-------|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |

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.

03/10/2006

__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, March 10, 2006, representing transactions #31 t

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

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