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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 11, 2008

ELI LILLY AND COMPANY

(Exact name of registrant as specified in its charter)

Indiana	**001-06351**	**35-0470950**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
Lilly Corporate Center **Indianapolis, Indiana** (Address of Principal Executive Offices)		**46285** (Zip Code)

Registrant's telephone number, including area code: (317) 276-2000

No Change
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 7.01. Regulation FD Disclosure.

On December 11, 2008, the company is holding a conference for investment analysts. In connection with the conference, the company issued a press release, a copy of which is furnished to the Commission as Exhibit 99.1 to this Form 8-K.

Item 8.01. Other Events.

The compensation committee of the board of directors has approved a change in the company's Performance Award program for management under the company's 2002 Lilly Stock Plan. Performance Awards provide employees with shares of Lilly common stock if certain company financial performance goals are met over a designated award period. The stock is paid out at the end of the award period; executive officers are required to retain the stock for at least an additional one year after the award period. For the past several years, the award period has been one year. Beginning with grants made in 2009, the award period for Performance Awards will be extended to two years. Solely during the transition year of 2009, employees will receive both a one-year and two-year award. The form of two-year award to be granted to executive officers is filed as Exhibit 10.1 to this Form 8-K.

Item 9.01. Financial Statements and Exhibits.

Exhibit Number	Description
10.1	Form of Performance Award with two-year award period
99.1	Press release dated December 11, 2008

SIGNATURE

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.

ELI LILLY AND COMPANY
(Registrant)

By: /s/ James B. Lootens
Name: James B. Lootens
Title: Secretary and Deputy General Counsel

Dated: December 11, 2008

EXHIBIT INDEX

Exhibit Number	Exhibit
10.1	Form of Performance Award with two-year award period
99.1	Press release dated December 11, 2008

Eli Lilly and Company
Performance Award

This Performance Award has been granted for the period of January 1, 2009 through December 31, 2010 by Eli Lilly and Company, an Indiana corporation with its principal offices in Indianapolis, Indiana ("Lilly" or the "Company"), to [Grantee].

Performance Levels

	Box 1	Box 2	Box 3	Box 4	Box 5	Box 6	Box 7	Box 8
		$ X	$ X	$ X	$ X	$ X	$ X	
Aggregate EPS	< $X	–	–	–	–	–	–	> $X
		$ X	$ X	$ X	$ X	$ X	$ X	
% of Target	0%	50%	75%	100%	125%	150%	175%	200%

Answers That Matter.

Eli Lilly and Company Performance Award

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Eli Lilly and Company Performance Award

A. Recitals

Under the 2002 LILLY STOCK PLAN ("2002 Plan"), the Compensation Committee ("Committee") has determined the form of this Performance Award and selected the Grantee, an Eligible Employee of the Company, to receive a Performance Award for the Award Period January 1, 2009, through December 31, 2010. The applicable terms of the 2002 Plan are incorporated in this Performance Award by reference, including the definitions of terms contained in the 2002 Plan.

B. Performance Award

Lilly grants to the Grantee the right to acquire Lilly Stock by issuance or transfer to the Grantee of the Performance Shares to which he or she is entitled under this Performance Award upon the following terms and conditions, including any special terms and conditions set forth in the appendix for the Grantee's country of residence, if any, as provided in Section 23:

Section 1. Statement of Award Period

The Award Period shall begin January 1, 2009 and end December 31, 2010.

Section 2. Number of Shares

The target number of Performance Shares for the Award Period shall be the Performance Share value as approved by the Grantee's supervisor, divided by the grant date price of $x rounded to the nearest full share. Target shares are set in box 4. The remaining columns of the table on the first page of this Performance Award are multiples of the target shares as set forth in the % Target row and correspond to the applicable level of earnings per share ("EPS"), subject to adjustment as provided below in this Section or in Section 8. Grantees may view their Performance Award by logging on to the Merrill Lynch website at http://benefits.ml.com after March 31 of each grant year.

The number of Performance Shares for the Award Period and the EPS ranges on the first page of this Performance Award will be adjusted by the Committee under Section 4(b) of the 2002 Plan upon the occurrence, prior to the effective date of issuance or transfer of shares for payment, of any subdivision or combination of shares of Lilly Stock, or a stock dividend, capital reorganization, recapitalization, or consolidation or merger with Lilly as the surviving corporation, or if additional shares or new or different shares or other securities of Lilly or any other issuer are distributed with respect to the shares of Lilly Stock through a spin-off, exchange offer, or other extraordinary distribution occurring prior to the effective date of issuance or transfer of shares for payment. A fractional share resulting from such adjustment shall in the discretion of the Committee either be paid in cash or rounded.

Section 3. Computation of EPS

The EPS for the Award Period shall be computed in accordance with Section 18 and using the following procedures:

a. A determination of adjusted consolidated net income ascertained from the Company's audited consolidated financial statements shall be made for each fiscal year in the Award Period in accordance with generally accepted accounting principles, adjusted to the extent deemed appropriate by the Committee for any unusual items deemed significant by the Committee.

b. The number of shares of outstanding Lilly Stock used to compute consolidated earnings per share shall be determined as of the end of each fiscal year in the Award Period on a diluted basis or its equivalent in accordance with generally accepted accounting principles.

c. To calculate consolidated earnings per share for each fiscal year in the Award Period, the adjusted consolidated net income shall be divided by the number of shares of outstanding Lilly Stock as computed in accordance with subsection (b) above and the quotient rounded to the nearest cent.

d. To determine the EPS for the Award Period, the EPS amounts for each fiscal year as determined above shall be added.

Section 4. Determination and Announcement of Award

After the EPS for the Award Period is computed, the EPS and the resulting number of Performance Shares for Grantee (determined in accordance with Sections 2 and 8), together with the Committee's election between cash and shares of Lilly Stock under Section 5, shall be communicated to Grantee.

Section 5. Committee Election to Pay Cash

At any time until the determination of EPS and the resulting number of Performance Shares, the Committee may, if it so elects, determine to pay part or all of any Performance Award in cash in lieu of issuing or transferring Performance Shares. The amount of cash shall be based upon the fair market value of Lilly Stock on a valuation date to be determined by the Committee.

Section 6. Issuance or Transfer of Performance Shares and Payment of Cash Award

Subject to the condition relating to withholding tax stated in Section 14, Lilly shall issue or transfer to the Grantee any Performance Shares to be issued or transferred under Section 4 and pay to the Grantee any cash determined to be payable under that section within a sixty day period starting the day after the Award Period expiration (as stated in Section 1) and ending on the sixtieth day after the Award Period expiration, but not later than December 31 of the year after the Award Period expires. Grantee shall have no rights as a shareholder of Lilly with respect to the shares of Lilly Stock until the shares are issued or transferred on the books of Lilly.

Section 7. Restricted Stock Units

Any shares issued or transferred under this grant shall be in the form of restricted stock units that will be governed by the provisions of Section 10 of the 2002 Plan and the restricted stock unit grant document to be provided to the Grantee. The Restriction Period shall be approximately one year from the date of valuation, as specified in the restricted stock unit grant document. The restrictions shall lapse upon the earliest of (a) the expiration of the Restriction Period if all conditions related to the Restriction Period have been met; (b) the date of Grantee's death, disability or retirement as a retiree (as defined in Section 9(c)); or (c) a change in control as provided under Section 12(a)(iii) of the 2002 Plan, unless the Committee specifies in the restricted stock unit grant document that Section 12 (a)(iii) shall not apply.

Section 8. Consideration for Continued Employment Requirement

If the status of the Grantee as an Eligible Employee, as defined in the 2002 Plan, terminates before the end of the Award Period except as outlined in Section 9 (c), then all rights of the Grantee under this Performance Award shall terminate with respect to the Award Period. The Company shall incur no liability to Grantee under this Performance Award by terminating Grantee's status as an Eligible Employee whether by action with respect to Grantee individually, either with or without cause, or by dissolution or liquidation of Lilly or merger or consolidation of Lilly with a corporation in which Lilly is not the surviving corporation, or otherwise.

Section 9. Adjustments for Certain Employment Status Changes

The number of Performance Shares described in Section 2 is based on the assumption that the Grantee is an employee in good standing throughout the entire Award Period. Unless otherwise required by law, the number of Performance Shares shall be adjusted for changes in employment status during the Award Period as follows:

a. Leaves of Absence. The number of Performance Shares shall be reduced proportionally for any portion of the total days in the Award Period during which the Grantee is on an approved unpaid leave of absence longer than ninety (90) days.

b. Demotions and Disciplinary Actions. The Committee may, at its discretion, reduce the number of Performance Shares, prorated according to time, for any portion of the Award Period during which the Grantee has been (i) demoted to a job classification below those considered by the Committee to be eligible for Performance Awards, or (ii) subject to disciplinary action by the Company. In the case of disciplinary action during the Award Period, the senior most vice president responsible for human resources may also, in his or her discretion, withhold payment of this Performance Award entirely.

c. Retirement, death, disability or termination due to a plant closing or reduction in workforce. In the event the Grantee's employment is terminated due to retirement as a retiree, death, disability, plant closing or reduction in workforce (as defined below), the number of Performance Shares shall be reduced proportionally for the portion of the total days during the Award Period in which the Grantee was not an active employee. Any payment of Performance Shares that have been reduced by operation of this Section 8.c. shall be paid following the Award Period expiration as described in Section 6. A retiree is

a person who is (i) a retired employee under the Lilly Retirement Plan; (ii) a retired employee under the retirement plan or program of a Lilly subsidiary; or (iii) a retired employee under a retirement program specifically approved by the Committee. Plant closing means the closing of a plant site or other corporate location that directly results in termination of employment. Reduction in workforce means the elimination of a work group, functional or business unit or other broadly applicable reduction in job positions that directly results in termination of employment. The senior most vice president over human resources of Lilly will be responsible for approving, in his or her discretion, what is classified as disability, a plant closing, or a reduction in workforce.

Section 10. Compensation Recovery

The Company reserves the right to and, in appropriate cases, will, seek restitution of all or part of any performance shares or cash paid under this Performance Award if:

a. the amount of the payment was based upon the achievement of earnings per share (EPS) that were subsequently the subject of restatement of all or a portion of the Company's financial statements;

b. the Grantee engaged in intentional misconduct that caused or partially caused the need for such a restatement; and

c. the amount of the payment that would have been made to the Grantee had the financial results been properly reported would have been lower than the amount actually paid.

In the event that the Company determines to seek restitution under this section at a time when the Performance Shares are still subject to the restrictions set forth in Section 7, then, notwithstanding any contrary language in the restricted stock unit grant, the conditions of the restriction shall be deemed to have been breached by the Grantee, and all interest of the grantee in the restricted performance shares shall immediately terminate and be forfeited.

This section is not intended to limit the Company's power to take such action as it deems necessary to remedy the misconduct, prevent its reoccurrence and, if appropriate, based on all relevant facts and circumstances, punish the wrongdoer in a manner it deems appropriate.

Section 11. Notices, 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 Treasurer of Lilly at Lilly Corporate Center, Indianapolis, Indiana 46285, U.S.A. Any notice or communication by Lilly 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 Lilly by the Grantee and, in the case of any Successor Grantee, at the address specified in writing to Lilly by the Successor Grantee. In addition, Lilly may, in its sole discretion, decide to deliver any documents related to the Performance Award grant or future awards under the 2002 Plan by electronic means or request the Grantee's consent to participate in the 2002 Plan by electronic means. By accepting this Performance Award, the Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the

2002 Plan through an on-line or electronic system established and maintained by Lilly or another third party designated by Lilly.

Section 12. Waiver

The waiver by Lilly of any provision of this instrument 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 instrument at any subsequent time or for any other purpose.

Section 13. Revocation or Modification

This Performance Award shall be irrevocable except that Lilly shall have the right to revoke or modify this Performance Award under Section 13(e) of the 2002 Plan.

Section 14. Withholding Tax

Regardless of any action Lilly 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, payment on account or other tax-related withholding ("Tax Related Items"), the Grantee acknowledges that the ultimate liability for all Tax Related Items legally due by the Grantee is and remains the Grantee's responsibility and that Lilly and the Employer (a) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the Performance Award, including the grant of the Performance Award, the expiration of the Award Period, the transfer and issuance of any Performance Shares or the receipt of any cash payment pursuant to this Performance Award, the receipt of any dividends and the sale of any Performance Shares acquired pursuant to this Performance Award; and (b) do not commit to structure the terms of the grant or any aspect of the Performance Award to reduce or eliminate the Grantee's liability for Tax Related Items.

Prior to the applicable tax event, the Grantee shall pay, or make adequate arrangements satisfactory to Lilly and/or the Employer to satisfy all Tax Related Items. In this regard, the Grantee authorizes Lilly and/or the Employer to withhold all applicable Tax Related Items legally payable by the Grantee from the Grantee's wages or other cash compensation payable to the Grantee by Lilly and/or the Employer or from any cash payment received upon expiration of the Award Period in accordance with Section 6. Alternatively, or in addition, if permissible under local law, the Grantee authorizes Lilly and/or the Employer, at their discretion, to (i) withhold from the proceeds of the sale of Performance Shares acquired pursuant to this Performance Award, (ii) arrange for the sale of Performance Shares to be issued upon the expiration of the Award Period (at the Grantee's behalf and at the Grantee's direction pursuant to this authorization), and/or (iii) withhold in Performance Shares otherwise issuable to the Grantee pursuant to this Performance Award, provided that Lilly and/or the Employer shall withhold only the number of Performance Shares necessary to satisfy the minimum withholding amount (or such other amount that, as determined by Lilly, will not trigger unfavorable accounting). If the obligation for Tax Related Items is satisfied by withholding Performance Shares as described in (iii) herein, the Grantee will be deemed to have been issued the full number of Performance Shares to which he or she is entitled pursuant to this Performance Award, notwithstanding that a number of Performance Shares are withheld to satisfy the obligation for Tax Related Items. The Grantee shall pay to Lilly and/or the Employer any amount of Tax Related

Items that Lilly and/or the Employer may be required to withhold as a result of any aspect of this Performance Award that cannot be satisfied by the means previously described. Lilly may refuse to deliver Performance 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 herein.

Section 15. Section 409A Compliance

To the extent applicable, it is intended that this Performance Award 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 Performance Award shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A. This Performance Award is subject to Section 13(k) of the 2002 Plan concerning Section 409A.

Section 16. Non-Transfer of Performance Award

No right in or under this Performance Award is transferable except by operation of law to a duly appointed guardian of the estate of Grantee or upon the death of the Grantee by will or the applicable laws of descent and distribution and then only subject to the provisions of Sections 8 and 9.

Section 17. Severability and Section Headings

If one or more of the provisions of this instrument 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 instrument to be construed so as to foster the intent of this Performance Award and the 2002 Plan.

The section headings in this instrument are for convenience of reference only and shall not be deemed a part of, or germane to, the interpretation or construction of this instrument.

Section 18. Determinations by Committee

Determinations by the Committee pursuant to any provision of the 2002 Plan, pursuant to rules, regulations and procedures adopted by the Committee or pursuant to this instrument, including without limitation the determination of the amount and method of computation of EPS, whether to make an exception to the rule of Section 8, or adjustments under Section 2 or Section 3, shall be final and binding on the Grantee and any Successor Grantee.

Section 19. Change in Control

The provisions of Section 12(a)(iii) of the 2002 Plan apply to this Performance Award with the following modifications:

a. The only Change in Control event that shall result in a payment under Section 12(a)(iii) of the 2002 Plan shall be consummation of a change in ownership of the Company as defined in Section 12(b)(i) of the 2002 Plan (a “Transaction”).

b. On the date of the consummation of such Transaction, the Grantee will be paid an amount equal to the product of (a) the Grantee’s award opportunity for the Performance Award based on the Company’s expected results for the Award Period (as determined by the company’s last approved forecast prior to the consummation of the Transaction, not considering the impact of the Transaction) and (b) a fraction, the numerator of which is the number of days that have elapsed since the beginning of the Award Period to the date of the consummation of the Transaction and the denominator of which is the total number of days in the Award Period. The payment will be deemed to have been made immediately prior to the consummation of the Transaction in order to allow the Performance Shares paid to be deemed outstanding and eligible to receive the consideration being paid to Lilly shareholders in the Transaction.

Section 20. Nature of 2002 Plan and Performance Award

In accepting this Performance Award, the Grantee acknowledges that:

a. the 2002 Plan is established voluntarily by Lilly, it is discretionary in nature and may be modified, amended, suspended or terminated by Lilly at any time, as provided in the 2002 Plan;

b. the Performance Award is voluntary and occasional and does not create any contractual or other right to receive future Performance Awards, or benefits in lieu of Performance Awards even if Performance Awards have been granted repeatedly in the past;

c. all decisions with respect to future grants of Performance Awards, if any, will be at the sole discretion of Lilly;

d. the Grantee's participation in the 2002 Plan is voluntary;

e. the Performance Award is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to Lilly or the Employer and which is outside the scope of the Grantee's employment contract, if any;

f. the Performance Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or welfare or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for Lilly or the Employer;

g. neither the Performance Award nor any provision of this instrument, the 2002 Plan or the policies adopted pursuant to the 2002 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 Lilly or any subsidiary of Lilly, the Performance Award shall not be interpreted to form an employment contract or relationship with Lilly or any subsidiary of Lilly;

h. the future value of the underlying Performance Shares is unknown and cannot be predicted with certainty;

i. the value of any Performance Shares acquired upon expiration of the Award Period may increase or decrease in value, even below the tax valuation price;

j. no claim or entitlement to compensation or damages shall arise from termination of the Performance Award or from any diminution in value of the Performance Award or Performance Shares acquired upon expiration of the Award Period resulting from termination of the Grantee's employment by Lilly or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and the Grantee irrevocably releases Lilly and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting this Performance Award, the Grantee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim;

k. in the event of termination of the Grantee's employment (whether or not in breach of local labor laws), the Grantee's right to receive Performance Shares upon expiration of the Award Period will terminate effective as of the date the Grantee is no longer actively employed (unless one of the adjustments in Section 8 applies) and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when the Grantee is no longer actively employed for purposes of the Performance Award;

l. Lilly is not providing any tax, legal or financial advice, nor is Lilly making any recommendations regarding the Grantee's participation in the 2002 Plan or the Grantee's acquisition or sale of the underlying Performance Shares; and

m. the Grantee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Grantee's participation in the 2002 Plan before taking any action related to the 2002 Plan.

Section 21. Data Privacy Notice and Consent

The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in this Performance Award by and among, as applicable, the Employer, Lilly, its subsidiaries and its affiliates for the exclusive purpose of implementing, administering and managing the Grantee's participation in the 2002 Plan.

The Grantee understands that Lilly may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Lilly, details of all Performance Awards or any other entitlement to shares awarded, canceled, vested, unvested or outstanding in the Grantee's favor, for the purpose of implementing, administering and managing the 2002 Plan ("Data"). The Grantee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the 2002 Plan, that these recipients may be located in the Grantee's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Grantee's country. The Grantee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Grantee's participation in the 2002 Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom any shares received upon expiration of the Award Period may be deposited. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the 2002 Plan. The Grantee understands that the Grantee may, at any time, request an equity award transaction statement, request any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands that refusal or withdrawal of consent may affect the Grantee's ability to participate in the 2002 Plan. For more information on the consequences of

the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

Section 22. Effective Date

The effective date of this instrument shall be the date of grant.

Section 23. Governing Law

The validity and construction of this Performance 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 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 Performance Award is granted and/or to be performed.

Section 24. Language

If the Grantee has received this instrument or any other document related to the 2002 Plan translated into a language other than English and if the translated version is different than the English version, the English version will control.

Eli Lilly and Company Performance Award

Section 25. Appendix

If the Grantee is a non-U.S. resident, his or her participation in the 2002 Plan and this Performance Award will be subject to the special terms and conditions set forth in the appendix for the Grantee's country of residence, if any ("Appendix"). The Appendix constitutes part of this instrument.

IN WITNESS WHEREOF, Lilly has caused this Performance Award to be executed and granted in Indianapolis, Indiana, by its proper officer.

ELI LILLY AND COMPANY

By: /s/ John Lechleiter
John Lechleiter
Chairman of the Board and Chief Executive Officer

Exhibit 99.1

Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285
U.S.A.

www.lilly.com
Date: December 11, 2008

For Release: Immediately

Refer to: (317) 354-7045 – Mark Taylor (on-site in New York)
(317) 332-1593 – Angela Sekston (on-site in New York)

Lilly Highlights Transformation Strategy for Wall Street, Reviews Robust Pipeline and Sets 2009 Financial Guidance

- *Innovation and Patient-Centered Approach Expected to Drive Future Success*
- *Lilly Climbs into Top 10 Pharmaceutical Companies in Worldwide Sales and Is Fastest Growing in U.S.*
- *FIPNet Strategy Expands Global Reach and Improves R&D Productivity*
- *Company Aims to Reduce Cost of Bringing New Medicine to Market from $1.2 Billion to $800 Million by 2010.*
- *R&D Pipeline Boasts Unprecedented 59 Molecules in Clinical Development*
- *Investment in Biotechnology Capabilities Results in Expanded Large Molecule Portfolio*
- *ImClone Acquisition Creates Leading Oncology Franchise*
- *2009 EPS Guidance Set at $4.00 to $4.25, Including $.30 to $.35 of ImClone Dilution*
- *Excluding ImClone Dilution, 2009 EPS Expected to be $4.35 to $4.55*

New York — At its annual meeting with the investment community, Eli Lilly and Company (NYSE: LLY) today highlighted progress on its expanding pipeline of innovative molecules and marketed medicines, provided investors with sales and earnings guidance for 2009, and reviewed the transformation efforts that the company is making to excel in an increasingly challenging healthcare environment.

“Lilly continues to deliver strong financial results to our shareholders through an attractive combination of volume-based sales growth for key marketed products and an ongoing commitment to productivity and cost containment,” commented John C. Lechleiter, Ph.D., Lilly’s president and chief executive officer. “Our scientists are dedicated to maximizing the potential of our pipeline, which now boasts an unprecedented 59 molecules in clinical development, 40 percent of which are biotech-based. Lilly’s success depends on innovation, and the promising molecules we are discussing at today’s meeting bode well for the future of our company and the patients we serve.”

“The pharmaceutical industry, however, continues to face major challenges, and we must act quickly and decisively to address them,” noted Lechleiter. “We must respond to the demand for greater value among payers, providers and patients. We must also prepare for the wave of patent expirations that will come in the early part of the next decade. At Lilly, we recognize those challenges, and also recognize the tremendous opportunities that can be created by a company with a clear vision and a commitment to change. We are fundamentally transforming our business, and are doing so from a position of strength. Our strategy is to create value for our stakeholders by accelerating the flow of innovative new medicines that provide improved outcomes for individual patients.”

Pipeline Progress — Expanding Biotech, Reducing Costs and Increasing Productivity

Steven M. Paul, M.D., executive vice president, science and technology and president of Lilly Research Laboratories, explained how Lilly’s strategy for research and development is designed to respond to the challenges of pharmaceutical R&D. “Lilly’s goal is to substantially improve R&D productivity and reduce late-stage attrition, thereby lowering the cost to bring a new molecular entity (NME) to market, from $1.2 billion in 2007 to $800 million by 2010. Our most recent estimate of $1.0 billion shows that we are making significant progress toward achieving this goal through our R&D transformation.”

Dr. Paul then detailed several key U.S. and international examples of FIPNet transformation and their positive impact on R&D productivity. These examples include the sale of Lilly’s Greenfield Laboratories site to Covance, the expansion of Chorus, Lilly’s virtual drug development organization, the creation of a joint venture in India with Jubilant Organosys, and other risk-sharing collaborations with companies in both India and China.

Tom Bumol. Ph.D., vice president of biotech discovery research, explained how the company’s biotechnology strategy is transforming the Lilly pipeline. “We see more and more that biotech is a key to sustaining pharmaceutical innovation for the future, and Lilly has more than eight decades of experience with biologicals. Today, Lilly is the fifth largest biopharmaceutical company based on biotherapeutic sales, and we are making the necessary investments to strengthen our leadership position. Over the past decade, we have built a new integrated biotechnology infrastructure, from discovery through development, and including delivery devices and manufacturing.”

Highlighting Lilly's growing biotech prowess, Dr. Paul remarked, "With the addition of the ImClone cancer antibodies, currently 40 percent of Lilly's clinical stage pipeline and 50 percent of Lilly's late-stage pipeline are comprised of biotechnology-based molecules. Through the ImClone acquisition, we have simultaneously accelerated our emergence as both a biotech and cancer powerhouse, with a pipeline that we believe will provide a continuous flow of high value medicines."

Key late-stage and select mid-stage compounds in each of the company's core therapeutic areas were reviewed by Drs. Paul and Bumol.

Select Pipeline Developments

- **Prasugrel** — The company continues to invest heavily in the ongoing development of prasugrel. Prasugrel, which Lilly is developing with its partner Daiichi Sankyo, continues to be under review with the U.S. Food and Drug Administration (FDA) and European Medicines Agency (EMEA) for treatment of acute coronary syndrome (ACS) in patients undergoing percutaneous coronary intervention (PCI). Lilly remains in active dialogue with both regulatory agencies. In addition, prasugrel is also being studied in the TRILOGY trial in medically-managed ACS patients. TRILOGY will include approximately 10,000 patients at more than 800 hospitals in 35 countries and is structured as a superiority trial against clopidogrel. Since December, 2007, several follow-on data analyses of the TRITON TIMI-38 study have been published and presented regarding secondary endpoint data and data on relevant patient subpopulations. These include analyses of stent thrombosis, recurrent cardiovascular events and prasugrel's use in patients with either diabetes or STEMI (ST-Segment Elevation Myocardial Infarction).
- **Arzoxifene** — A five-year Phase III study, GENERATIONS, that enrolled more than 9,000 patients is expected to be completed in 2010. Two additional Phase III trials, FOUNDATION and NEXT, have already completed. The company expects to submit a New Drug Application (NDA) to the FDA in the fourth quarter of 2009. The submission will seek approval for three indications in postmenopausal women — treatment of osteoporosis, prevention of osteoporosis and reduction of risk of invasive breast cancer.
- **Exenatide once weekly** — The company continues to develop exenatide once weekly with its partners, Amylin Pharmaceuticals, Inc. and Alkermes, Inc. During 2008, the

partners made significant progress toward commercialization of the molecule. A pre-NDA meeting was held with the FDA, commercial-scale production was begun at Amylin's Ohio facility, and the FDA has agreed to accept data from the DURATION-1 trial as an appropriate way to demonstrate comparability between clinical trial scale and commercial scale material from the Ohio facility. The companies anticipate regulatory submission to the FDA by the end of the first half of 2009. European regulatory submission is expected in late 2009.

- **Olanzapine long-acting injection** — The European Commission recently approved Zypadhera™, the company's long-acting injectable formulation of Zyprexa®. Zypadhera is approved in Europe for maintenance treatment of adult patients with schizophrenia who are sufficiently stabilized during acute treatment with oral Zyprexa. In the U.S., the company has submitted a complete response to the FDA's not approvable letter and is currently awaiting the FDA's final review.
- **Gamma Secretase Inhibitor** — In March 2008, the company began its first pivotal trial in Alzheimer's disease for the gamma secretase inhibitor, a small molecule designed to reduce the levels of the amyloid beta peptide in the brain. The trial, called IDENTITY, is actively enrolling and is ahead of schedule. A second pivotal trial, IDENTITY 2, was started in September 2008 and is also enrolling at a better-than-expected rate. Approximately 400 subjects have now been randomized in the two studies.
- **A-beta Antibody** — A monoclonal antibody, the company's A-beta antibody offers the potential for slowing down the progression of Alzheimer's disease. It is expected to enter Phase III in 2009.
- **Enzastaurin** — A Phase III clinical trial is currently under way for the use of enzastaurin as a maintenance therapy for diffuse large B-cell lymphoma. Because events are occurring at a slower rate than projected, the company is considering expanding enrollment and extending the trial. The company now expects U.S. regulatory submission to occur in mid-2013.
- **Teplizumab** — The company continues to collaborate with its partner, MacroGenics Inc., on teplizumab, which is currently being studied in a pivotal Phase II/III clinical trial for Type 1 diabetes.
- **Dirucotide (MBP8298)** — Along with its partner, BioMS, the company is studying dirucotide for the treatment of several types of multiple sclerosis (MS). There are two Phase III clinical trials ongoing targeting secondary progressive MS, one in Europe and

Canada, and the other in the U.S. There is also a Phase II clinical trial underway in Europe for relapsing remitting MS.

- **Tasisulam (ASAP)** — Currently in Phase II, tasisulam has exhibited properties resembling a targeted agent as well as a cytotoxic. The company is testing the anti-tumor activity of tasisulam in several ongoing Phase II studies. Potential registration studies could begin in 2009.
- **GLP-Fc** — A Phase II/III adaptive, seamless trial was initiated in early 2008 for the company's leading proprietary GLP-1 asset, a novel Fc-fusion protein GLP-1 analog, or GLP-Fc. Two other Phase II studies of GLP-Fc are also underway in over 400 patients. The company expects safety and efficacy data from the first of these two studies to become available in 2009.
- **Inflammation** — The company has made a strong commitment to research in inflammation, as evidenced by four leading internal antibody candidates. IL-17 is progressing into larger Phase II clinical trials in the near future, while IL-23 entered Phase I in 2008. The company also anticipates initiating larger Phase II clinical trials for its BAFF antagonist antibody and IL-1beta in the near future.

Dr. Eric Rowinsky, M.D., executive vice president and chief medical officer of Lilly's wholly-owned subsidiary ImClone Systems, reviewed the numerous additional indications being pursued for Erbitux, as well as the later-stage oncology compounds currently in development.

- **ERBITUX®** — In addition to its approved indications, Erbitux is also being studied in numerous cancer types, including colorectal, head and neck, non-small cell lung, gastric and esophageal.
- **IMC-1121B** is a fully-human monoclonal antibody that targets the vascular endothelial growth factor (VEGF) receptor. Phase II studies are underway for metastatic melanoma, renal, liver, ovarian, prostate and non-small cell lung cancers. Metastatic breast cancer is in Phase III testing, while Phase III testing in gastric cancer is expected to begin in 2009.
- **IMC-A12** is a fully-human monoclonal antibody that targets the insulin-like growth factor-1 receptor (IGF-1R). Phase II testing is underway in breast, prostate, pancreatic, colorectal, liver and head and neck cancers, as well as sarcoma, with Phase III trials planned in 2009. IMC-A12 has the potential to work with a variety of other targeted agents.

- **IMC-11F8** is a potent, fully human monoclonal antibody that targets the epidermal growth factor receptor (EGFR). It is currently in Phase II studies for metastatic colorectal cancer with one or more Phase III trials planned in 2009.

In summarizing Lilly's research and development potential, Dr. Paul concluded," Despite the challenges we face, the opportunities are also growing — the science has never been richer and there is no lack of unmet medical needs that we can address through our R&D efforts."

Commercial Performance — Top 10 in Worldwide Sales, Fastest Growing U.S. Pharma

Derica Rice, Lilly's chief financial officer, provided an update on the company's commercial performance, focusing on the five key medicines that are driving top-line growth (Cymbalta®, Byetta®, Humalog®, Cialis®, and Alimta®), as well as the company's largest-selling product, Zyprexa, and Elanco, the company's animal health division.

"Lilly is completing another year of solid operating performance," said Rice. "The strong results we've seen year-to-date reflect an ongoing focus on execution across all geographies and across our product portfolio. This positions us for success in 2009 and will enable us to effectively deal with the patent expirations we will face in the next decade."

Through the first nine months of 2008, the company's sales have grown 12 percent on a pro forma basis, with fully half of that growth, or 6 percent, resulting from volume gains in most major geographic areas. According to rankings published by IMS, Lilly has moved into the top 10 pharmaceutical companies in worldwide sales. Among the top ten, Lilly was the fastest growing company in the U.S., the fourth fastest growing company in Europe and in the pharmerging markets, and the fifth fastest growing company in Japan. To maintain this growth, the company is focused on maximizing the value of its marketed product portfolio by investing in selected promotional efforts and pursuing multiple new indications and line extensions.

Cymbalta sales for the first three quarters have grown 28 percent in the U.S. and 74 percent internationally. In the U.S., Cymbalta is the only established branded medicine in the antidepressant category that is growing its share of market, and formulary access continues to be strong. U.S. Cymbalta sales are also expected to benefit from its recent FDA approval for

fibromyalgia. Outside the U.S., Cymbalta continues to gain market share in most major international markets, with additional launches in 2008 in Australia, Canada and France.

Byetta, which the company markets along with its partner, Amylin Pharmaceuticals, has now been used by more than 1 million patients worldwide. In the U.S. sales for the first three quarters have grown 12 percent compared with the first three quarters of 2007, and efforts are underway to accelerate Byetta's adoption. In addition, a new indication for use as monotherapy is currently awaiting the FDA's final review. Outside the U.S., Byetta continues to be launched in new markets. In 2008, Byetta has been launched in France, Italy, Spain, Australia, Brazil and Mexico. Fueled by these new launches, Byetta sales are expected to double outside the U.S. in 2009.

Humalog sales for the first three quarters have grown 15 percent in the U.S. and 29 percent internationally. The U.S. performance includes accelerating growth in total prescriptions, an improvement that is in part due to the 2008 launch of a new pre-filled pen called the Humalog KwikPen™. The new pen has also been launched in Japan, the U.K. and Germany. Additional launches in the European Union are expected in 2009.

Cialis generated more than $1 billion in worldwide sales in the first three quarters of 2008, with international markets accounting for nearly two-thirds of the total. Cialis is now available in more than 100 countries and is the market leader in more than 20 of them. U.S. sales and share of market for Cialis have been aided by the 2008 launch of a once daily formulation. Cialis is also being studied for new indications in pulmonary arterial hypertension (PAH) and benign prostatic hyperplasia (BPH). In 2008, the company filed regulatory applications for the PAH indication in the U.S., Japan, Europe, Canada and Mexico. The company also anticipates initiating enrollment in additional Phase III trials in BPH in the first quarter of 2009. In November, 2008, the company licensed the U.S. rights for the PAH indication to United Therapeutics.

Worldwide sales of Alimta have grown 37 percent in the first three quarters of 2008 compared with the same period in 2007. Alimta is now approved in 92 countries and remains the most successfully launched cytotoxic in history, having sold over $3 billion since its introduction in early 2004. Near-term opportunities for Alimta are being pursued in non-small cell lung cancer, particularly in patients with nonsquamous cell histology. Other indications being studied include locally advanced non-small cell lung cancer and advanced, metastatic head and neck cancer.

Zyprexa continues to provide a stable revenue base, despite generic competition in Germany and Canada and the entry of generic versions of competitor products in several markets including the U.S. In the U.S., retail market volume trends remain stable while institutional market volume is growing for the first time in five years. Future Zyprexa sales should benefit from a long-acting formulation, olanzapine LAI, which was recently approved in Europe and is under review by the FDA.

The company's animal health division, Elanco, has produced solid growth in 2008 and is expected to deliver double-digit earnings growth during the early part of the next decade, when several of the company's pharmaceutical products lose patent protection. Elanco sales have increased 15 percent through the third quarter, driven by volume expansion in emerging markets and the acquisition of Ivy Animal Health in 2007, as well as the strong U.S. launch of Comfortis™, a companion animal flea medicine. Companion animal is both the largest and fastest growing animal health segment. The company expects strong future growth in the companion animal segment and plans to launch several new products over the next three years in the U.S. and internationally. In addition, after the acquisition of the Posilac® brand, Elanco is now ranked at the top of the dairy segment and is also at the top of the medicated feed additive segment.

2008 Financial Guidance

The company has reconfirmed its full-year 2008 financial guidance on a pro forma non-GAAP basis and has lowered its guidance on a reported basis. On a reported basis, the company now expects to record a loss of $1.56 to $2.06 per share. The change from earlier guidance of earnings per share of $2.44 to $2.49 results from an estimated $4.05 to $4.50 per share charge related to the ImClone acquisition which closed in November, 2008. Excluding significant items, the company has reiterated its pro forma non-GAAP earnings per share guidance of $3.97 to $4.02 per share. All other aspects of the company's 2008 guidance remain unchanged.

2008 Earnings Per Share Expectations:

	2008 Expectations	2007 Results	% Growth
Earnings (Loss) per share (reported)	**($1.56) to ($2.06)**	**$ 2.71**	
Estimated financial impact of ImClone acquisition, including in-process research and development and other charges	4.05 to 4.50	—	
Charges related to Zyprexa investigations	1.33	—	
Asset impairments and restructuring charges (included in asset impairments, restructuring and other special charges)	.25	.15	
Asset impairments (included in cost of sales)	.04	—	
In-process research and development charges associated with SGX acquisition (2008), ICOS, Hypnion, and Ivy acquisitions (2007) and in-licensing transactions with BioMS and TransPharma (2008) and OSI, MacroGenics and Glenmark (2007)	.10	.63	
Benefit from resolution of IRS audit	(.19)	—	
Charge for a reduction in expected insurance recoveries	—	.06	
Pro forma as if the ICOS acquisition was completed on January 1, 2007	—	(.01)	
Earnings per share (pro forma non-GAAP)	**$ 3.97 to $4.02**	**$ 3.54**	**12% to 14%**

2009 Financial Guidance

In 2009, the company expects earnings per share of $4.00 to $4.25 on both a reported and non-GAAP basis. Excluding the estimated dilution impact of $0.30 to $0.35 per share related to the ImClone acquisition, earnings per share would be expected to be in the range of $4.35 to $4.55, reflecting growth of 8 percent to 15 percent compared to 2008 non-GAAP earnings per share.

2009 Earnings Per Share Expectations:

	2009 Expectations	2008 Expectations	% Growth
Earnings (Loss) per share (reported)	**$4.00 to $4.25**	**$(1.56) to $(2.06)**	
Estimated financial impact of ImClone acquisition, including in-process research and development and other charges	—	4.05 to 4.50	
Charges related to Zyprexa investigations	—	1.33	
Asset impairments and restructuring charges (included in asset impairments, restructuring and other special charges)	—	.25	
Asset impairments (included in cost of sales)	—	.04	
In-process research and development charges associated with SGX acquisition and in-licensing transactions with BioMS and TransPharma	—	.10	
Benefit from resolution of IRS audit	—	(.19)	
Earnings per share (non-GAAP)	**$4.00 to $4.25**	**$3.97 to $4.02**	**0% to 7%**
2009 ImClone dilution impact	.30 to .35	—	
Earnings per share (non-GAAP excl 2009 ImClone dilution impact)	**$4.35 to $4.55**	**$3.97 to $4.02**	**8% to 15%**

The company expects robust volume growth in sales again in 2009, driven by Cymbalta, Alimta, Cialis, Humalog and the anticipated launch of prasugrel, as well as by the Elanco animal health division. However, due to the negative impact of weaker foreign currencies and the impact of generic competition in certain markets for Gemzar®, reported sales are expected to grow in the low-single digits.

The company expects gross margin as a percent of sales to increase substantially, driven by the strengthening dollar. This impact could be particularly pronounced in the first and second quarters of 2009.

Marketing, selling, and administrative expenses are projected to show flat to low-single digit growth while research and development expenses are projected to grow in the low-single digits. Operating expenses, as defined as the sum of marketing, selling and administrative expenses and research and development expenses, are expected to grow more slowly than sales, registering flat to low-single digit growth.

Other income is expected to contribute less than $75 million, and the tax rate is expected to be approximately 22 percent. Capital expenditures are expected to remain level at approximately $1.1 billion and the company expects continued strong operating cash flow.

In addition, the company reaffirmed its commitment to generate double-digit compound annual earnings per share growth between 2007 and 2011.

Webcast of Investment Community Meeting

A live webcast of the Lilly Investment Community meeting, along with presentation slides, is available through a link on Lilly's web site at www.lilly.com. The meeting will start today at 8:30 a.m. Eastern Time and last until approximately 12:30 p.m. The webcast will be available for replay through January 9, 2009.

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of first-in-class and best-in-class pharmaceutical products by applying the latest research from its own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Ind., Lilly provides answers – through medicines and information – for some of the world's most urgent medical needs. More information about Lilly is available at www.lilly.com. C-LLY

This press release contains forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. There are significant risks and uncertainties in pharmaceutical research and development. There can be no guarantees with respect to pipeline products that the products will receive the necessary clinical and manufacturing regulatory approvals or that they will prove to be commercially successful. The company's results may also be affected by such factors as competitive developments affecting current products; rate of sales growth of recently launched products; the timing of anticipated regulatory approvals and launches of new products; other regulatory developments and government investigations; patent disputes and other litigation involving current and future products; the impact of governmental actions regarding pricing, importation, and reimbursement for pharmaceuticals; business development transactions; changes in tax law; asset impairments and restructuring charges and the impact of exchange rates. For additional information about the factors that affect the

company's business, please see the company's latest Form 10-K, filed March 2008, and Form 10-Q filed November 2008. The company undertakes no duty to update forward-looking statements.

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Alimta® (pemetrexed, Lilly)
Byetta® (exenatide injection, Amylin Pharmaceuticals)
Cialis® (tadalafil, Lilly)
Comfortis™ (Lilly)
Cymbalta® (duloxetine hydrochloride, Lilly)
Erbitux® (cetuximab, ImClone Systems, Lilly)
Gemzar® (gemcitabine hydrochloride, Lilly)
Humalog® (insulin lispro injection of recombinant DNA origin, Lilly)
KwikPen™ (Lilly)
Posilac® (recombinant bovine somatotropin, Lilly)
Zypadhera™ (Lilly)
Zyprexa® (olanzapine, Lilly)