



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

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**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

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Date of Report (Date of earliest event reported): March 12, 2003

**ELI LILLY AND COMPANY**  
(Exact name of registrant as specified in its charter)

**Indiana**  
(State or Other Jurisdiction  
of Incorporation)

**001-06351**  
(Commission  
File Number)

**35-0470950**  
(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

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(Former name or former address, if changed since last report)

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<u>Exhibit Number</u>	<u>Exhibit</u>
(1)	Form of Underwriting Agreement, dated as of March 12, 2003, among Eli Lilly and Company and Goldman, Sachs & Co. (in its individual capacity and not as an Underwriter) and Goldman, Sachs & Co., Credit Suisse First Boston LLC, UBS Warburg LLC and Merrill Lynch Pierce Fenner & Smith Incorporated, relating to the issuance and sale by Eli Lilly and Company of \$300,000,000 aggregate principal amount of its 2.90% Notes Due 2008 and \$200,000,000 aggregate principal amount of its 4.50% Notes Due 2018.
(4.1)	Form of 2.90% Note Due 2008.
(4.2)	Form of 4.50% Note Due 2018.

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SIGNATURES

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 hereunto duly authorized.

ELI LILLY AND COMPANY  
(Registrant)

By: /s/ Thomas W. Grein

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Name: Thomas W. Grein  
Title: Vice President and Treasurer

Dated: March 17, 2003

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**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Exhibit</u>
(1)	Form of Underwriting Agreement, dated as of March 12, 2003, among Eli Lilly and Company and Goldman, Sachs & Co. (in its individual capacity and not as an Underwriter) and Goldman, Sachs & Co., Credit Suisse First Boston LLC, UBS Warburg LLC and Merrill Lynch Pierce Fenner & Smith Incorporated, relating to the issuance and sale by Eli Lilly and Company of \$300,000,000 aggregate principal amount of its 2.90% Notes Due 2008 and \$200,000,000 aggregate principal amount of its 4.50% Notes Due 2018.
(4.1)	Form of 2.90% Note Due 2008.
(4.2)	Form of 4.50% Note Due 2018.

**FORM OF  
UNDERWRITING AGREEMENT**

March 12, 2003

ELI LILLY AND COMPANY  
Lilly Corporate Center  
Indianapolis, Indiana 46285

Dear Sirs:

The undersigned (the "Underwriters") and Goldman Sachs & Co. (in its individual capacity) understand that Eli Lilly and Company, an Indiana corporation (the "Company"), proposes to issue and sell \$300,000,000 aggregate principal amount of 2.90% Notes due 2008 (the "2008 Notes") and \$200,000,000 aggregate principal amount of 4.50% Notes due 2018 (the "2018 Notes" and, together with the 2008 Notes, the "Notes").

Subject to the terms and conditions set forth or incorporated by reference herein, the Company hereby agrees to sell and the Underwriters agree to purchase, severally and not jointly, (i) the principal amount of the 2008 Notes set forth below opposite their names at a purchase price of 99.572% of the principal amount thereof and (ii) the principal amount of the 2018 Notes set forth below opposite their names at a purchase price of 99.130% of the principal amount thereof, plus in the case of each of (i) and (ii) accrued interest from March 17, 2003 to the date of payment of the First Payment (as defined below) and delivery of the Notes:

Name	Principal Amount of 2008 Notes	Principal Amount of 2018 Notes
Goldman, Sachs & Co.	\$ 90,000,000	\$ 60,000,000
Credit Suisse First Boston LLC	75,000,000	50,000,000
UBS Warburg LLC	75,000,000	50,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	60,000,000	40,000,000
Total	<u>\$ 300,000,000</u>	<u>\$ 200,000,000</u>

The Underwriters will not be obligated to purchase and pay for either the 2008 Notes or the 2018 Notes unless the conditions to purchase both the 2008 Notes and the

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conditions to purchase the 2018 Notes are satisfied. Among other things, such conditions shall include the condition that the Escrow Agreement referred to below shall have been executed and delivered by each of the parties thereto and the amounts required to be deposited thereunder shall have been deposited.

The purchase price with respect to \$17,640,000 principal amount of the 2008 Notes and \$200,000,000 principal amount of the 2018 Notes (plus accrued interest, if any, on such Notes and the balance of the Notes as provided below) (the "First Payment") will be paid by the Underwriters in cash in Federal (same day) funds, upon delivery by the Company of \$300,000,000 principal amount of the 2008 Notes and \$200,000,000 principal amount of the 2018 Notes, at the offices of Davis, Polk & Wardwell at 10:00 A.M. (New York time) on March 17, 2003 or at such other time, not later than 5:00 P.M. (New York time) on March 24, 2003, as shall be agreed upon by the Underwriters and the Company. The time and date of such payment and delivery are hereinafter referred to as the "First Closing Date". The First Payment shall include accrued interest, if any, on the entire \$500,000,000 principal amount of the Notes from March 17, 2003 to the date of payment of the First Payment and delivery of Notes as provided above.

The purchase price with respect to \$282,360,000 principal amount of the 2008 Notes (excluding any accrued interest thereon) (the "Second Payment") will be paid by the Underwriters by delivering \$250,000,000 principal amount of the Company's outstanding Money Market Puttable Reset Securities PURS due March 22, 2021 (the "Money Market PURS") to or upon the order of the Company, upon delivery of the Money Market PURS by Goldman, Sachs & Co. to or upon the order of the Underwriters, on March 24, 2003 or on such later date as may be agreed upon by the Underwriters, Goldman, Sachs & Co. and the Company; provided that if the Underwriters do not purchase the Money Market PURS pursuant to the second succeeding paragraph, the Second Payment shall be made by the distribution of the Escrow Property (as such term is defined in the Escrow Agreement) in accordance with paragraph 2 of Annex A to the Escrow Agreement. The date of such deliveries is hereinafter referred to as the "Second Closing Date". Notwithstanding the fact that the Second Payment is not due until the Second Closing Date, the Company shall deliver the entire \$500,000,000 principal amount of the Notes to the Underwriters as provided above on the First Closing Date.

In order to facilitate the Second Payment, upon delivery of the entire \$500,000,000 principal amount of the Notes by the Company on the First Closing Date, (i) the Underwriters, Goldman, Sachs & Co. and the Company will enter into an escrow agreement substantially in the form attached as Annex A hereto (the "Escrow Agreement") with one another and with the financial institution named therein (or with another institution acceptable to the parties) (the "Escrow Agent") and (ii) the Underwriters will pay \$281,151,499 in cash in Federal (same day) funds to the Escrow Agent to be held and applied by such agent as provided in the Escrow Agreement.



The Underwriters hereby agree, severally and not jointly, to purchase from Goldman, Sachs & Co., and Goldman, Sachs & Co. hereby agrees to sell to the several Underwriters, \$250,000,000 principal amount of the Money Market PURS. The Underwriters' obligations to purchase the Money Market PURS shall be in proportion to their respective commitments to purchase the 2008 Notes from the Company. The purchase price payable by the Underwriters shall be the entire amount of the Escrow Property, to be paid in cash in immediately available funds out of the funds held by the Escrow Agent pursuant to the Escrow Agreement upon satisfaction of the conditions to payment specified therein, all as provided in the Escrow Agreement on the Second Closing Date. The Money Market PURS shall be delivered by Goldman, Sachs & Co. to or upon the order of the Underwriters upon payment therefor as provided above. The obligation of Goldman, Sachs & Co. to sell and deliver the Money Market PURS and of the Underwriters to purchase and deliver the Money Market PURS shall be subject to the condition that \$250,000,000 principal amount of the Money Market PURS shall be delivered by the Holders thereof to or upon the order of Goldman, Sachs & Co. pursuant to the terms of the Money Market PURS on the Second Closing Date. The obligations of both the Underwriters and Goldman, Sachs & Co. pursuant to this paragraph and the first preceding paragraph shall be further subject to the condition precedent that each of the conditions to the obligations of the Underwriters to purchase the Notes hereunder shall have been satisfied or waived by the Underwriters and that the Company shall have delivered the entire \$500,000,000 principal amount of the Notes to the Underwriters, all on the First Closing Date as provided herein.

References herein to the "Underwriters" shall include Goldman, Sachs & Co., in its capacity as an Underwriter. References in the prior three paragraphs to "Goldman, Sachs & Co." shall mean Goldman, Sachs & Co. in its individual capacity and not as an Underwriter.

Notwithstanding the foregoing, if the Company delivers the entire \$500,000,000 principal amount of the Notes and the Underwriters make the First Payment to the Company and deliver \$281,151,499 in cash to the Escrow Agent, all on the First Closing Date as provided herein, the Notes shall have been sold by the Company to the Underwriters and been paid for in full by the Underwriters. Nothing herein, however, shall limit the rights of the Company to receive the Second Payment pursuant to the Escrow Agreement.

The Notes shall have the respective terms set forth in the Prospectus dated April 20, 2000 and the Prospectus Supplement dated March 12, 2003, including the following:

Maturity Dates:	2008 Notes — March, 15 2008 2018 Notes — March 15, 2018
Interest Rates:	2008 Notes — 2.900%

2018 Notes — 4.500% (interest on all Notes accrues from March 17, 2003)

Redemption Provisions:	The Notes will be redeemable in whole or in part at the option of the Company at any time at a redemption price equal to the greater of (i) 100% of their principal amount or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in the Prospectus Supplement), plus (i) 10 basis points in the case of the 2008 Notes, or (ii) 15 basis points in the case of the 2018 Notes, plus in each case accrued and unpaid interest to the date of redemption
Interest Payment Dates:	All Notes — March 15 and September 15, beginning on September 15, 2003)
Form and Denomination:	2008 Notes and 2018 Notes will be issued in the form of global securities in the aggregate principal amount of \$300,000,000 and \$200,000,000, respectively.
Specified Funds for and Manner of Payment of Purchase Price:	First Payment — Federal (same day) funds Second Payment — \$250,000,000 principal amount of outstanding Money Market PURS
Price to Public:	2008 Notes — 99.922 % 2018 Notes — 99.730 %

All provisions contained in the document entitled Eli Lilly and Company Underwriting Agreement Standard Provisions (Debt Securities) dated March 18, 1993, a copy of which is attached hereto, are herein incorporated by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions had been set forth in full herein, except that (i) if any term defined in such

document is otherwise defined herein, the definition set forth herein shall control, (ii) all references in such document to a type of security that is not a Note shall not be deemed to be a part of this Agreement, (iii) all references in such document to the "Manager" shall be deemed to refer to the Underwriters, (iv) the opinion referred to in Section 4(c) shall be delivered by James B. Lootens, Esq., Assistant General Counsel of the Company, (v) as previously discussed by counsel to the parties hereto, the opinions referred to in Sections 4(b), (c) and (d) shall be modified as appropriate to reflect the letter agreement dated the date hereof between the Company and Goldman, Sachs & Co., the Escrow Agreement and the transactions contemplated thereby, and (vi) the provisions of Section 7 shall be deemed to have been amended as follows:

7. Termination. This Agreement shall be subject to termination in the Manager's absolute discretion, by notice given to the Company, if, after the execution and delivery of the Underwriting Agreement and prior to the First Closing Date, any of the following shall have occurred: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange or on the American Stock Exchange; (ii) a suspension or material limitation in trading in the Company's securities on any exchange or in any over-the-counter market; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war or (v) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the judgment of the Manager makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Offered Securities on the terms and in the manner contemplated in the Prospectus.

Please confirm your agreement by having an authorized officer sign a copy of this Agreement in the space set forth below.

Very truly yours,

GOLDMAN, SACHS & CO.  
CREDIT SUISSE FIRST BOSTON LLC  
UBS WARBURG LLC  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

GOLDMAN, SACHS & CO.

By:

\_\_\_\_\_  
(Goldman, Sachs & Co.)

CREDIT SUISSE FIRST BOSTON LLC

By:

\_\_\_\_\_  
Name: Tim Osler  
Title: Director

UBS WARBURG LLC

By:

\_\_\_\_\_  
Name: Michael Hynes      Michael Ravanese  
Title: Managing Director      Associate Director

As Representatives of the Several Underwriters

Accepted:

ELI LILLY AND COMPANY

By:

\_\_\_\_\_  
Name: Thomas W. Grein  
Title: Vice President & Treasurer

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GOLDMAN, SACHS & CO.

By:

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(Goldman, Sachs & Co.)  
In its individual capacity

**FORM OF**  
**2.90% NOTE**

CUSIP NO. 532457AW8  
ISIN US532457AW85  
Common Code 016534480

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC, OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.

ELI LILLY AND COMPANY

2.90 % Note due 2008

REGISTERED  
NO. R-1

\$300,000,000.00

ELI LILLY AND COMPANY, an Indiana corporation (herein called the "Company"), for value received, hereby promises to pay to CEDE & CO. or registered assigns, the principal sum of THREE HUNDRED MILLION DOLLARS (\$300,000,000.00) on March 15, 2008, upon surrender of this Global Note at the office or agency of the Company for such payment in The City of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest on said principal sum until maturity at the rate of 2.90% per annum, at such office or agency, in like coin or currency, semi-annually on March 15 and September 15 of each year, commencing September 15, 2003, until the date on which payment of said principal sum has

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been made or duly provided for; provided, however, that at the option of the Company, payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Note Register. Such interest shall be payable from the March 15 or the September 15, as the case may be, next preceding the date hereof to which interest has been paid, unless the date hereof is a March 15 or September 15 to which interest has been paid, in which case from the date hereof, or unless the date hereof is prior to the payment of any interest on the Notes, in which case from March 17, 2003; provided, however, that if the Company shall default in payment of the interest due on such March 15 or September 15 then from the March 15 or September 15 to which interest has been paid or, if no interest has been paid on the Notes, from March 17, 2003. The interest payable hereon on any interest payment date shall be payable to the person in whose name this Note is registered at the close of business on the last day of the calendar month preceding the month in which such interest payment is due, except as otherwise provided in the Indenture hereinafter referred to.

The provisions of this Note are continued on the reverse hereof and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee under the Indenture.

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IN WITNESS WHEREOF, ELI LILLY AND COMPANY has caused this Instrument to be signed manually or by facsimile signature of its President or one of its Vice Presidents and by its Secretary or one of its Assistant Secretaries, and a facsimile of its corporate seal to be affixed hereto or imprinted hereon.

Dated: March 17, 2003

ELI LILLY AND COMPANY

By: \_\_\_\_\_

Name: Thomas W. Grein  
Title: Vice President and Treasurer

By: \_\_\_\_\_

Name: James B. Lootens  
Title: Assistant Secretary

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This is one of the Notes of the series designated herein issued under the Indenture described herein.

CITIBANK, N.A.,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

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## REVERSE OF NOTE

This Note is one of a duly authorized issue of a series of debt securities (the "Securities") of the Company, designated as its 2.90% Notes due 2008 (the "Notes"). The Notes are initially limited to \$300,000,000 aggregate principal amount and the Securities, including the Notes, are all issued or to be issued under and pursuant to the Indenture dated as of February 1, 1991 (herein called the "Indenture"), duly executed and delivered by the Company to Citibank, N.A., as Trustee (herein called the "Trustee"), to which Indenture and all Board Resolutions (as defined in the Indenture) as provided therein, reference is hereby made for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Trustee, the Company and holders of the Notes. The Company may at any time issue additional notes under the Indenture in unlimited amounts having the same terms as and treated as a single class with the Notes for all purposes under the Indenture and will vote together as one class with respect to the Notes.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing with respect to the Notes, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture. The Indenture provides that the holders of at least a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the holders of all of the Notes waive any past default under the Indenture and its consequences, except a default in the payment of the principal of or interest on any of the Notes, in the manner and to the extent provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with consent of the holders of not less than a majority of the aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture with respect to the Notes, or modifying in any manner the rights of the holders of the Notes; provided, however, that no supplemental indenture shall (i) extend the maturity of any Note, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or make the principal thereof or interest thereon payable in any coin or currency other than that in the Notes provided, without the consent of the holder of each Note so affected, or (ii) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Notes then outstanding.

The Notes do not have a sinking fund.

The Securities of this series are subject to redemption upon not less than 30 nor more than 60 days' notice by mail, in whole or in part, at the election of the Issuer at any time or from time to time, at a redemption price equal to the greater of the following amounts:

- (i) 100% of the principal amount of the Securities being redeemed on the redemption date; and
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- (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities being redeemed on the redemption date (not including the amount, if any, of accrued and unpaid interest to the redemption date) discounted to the redemption date on a semiannual basis at the Treasury Rate (as defined below), as determined by the Reference Treasury Dealer (as defined below) plus 10 basis points;

plus, in each case, accrued and unpaid interest on the Securities to the redemption date.

Notwithstanding the foregoing, installments of interest on Securities that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the Securities and the Indenture. The redemption price will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Once notice of redemption is mailed, the Securities called for redemption will become due and payable on the redemption date at the applicable redemption price, plus accrued and unpaid interest to the redemption date.

“Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Comparable Treasury Issue” means the United States Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

“Comparable Treasury Price” means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains two such Reference Treasury Dealer Quotations, the average of both such Quotations, or (C) if only one Reference Treasury Dealer Quotation is received, such Quotation.

“Reference Treasury Dealer” means (A) Goldman, Sachs & Co., Credit Suisse First Boston LLC and UBS Warburg LLC (or their respective affiliates which are Primary Treasury Dealers), and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”), the Company will substitute therefor another Primary Treasury Dealer; and (B) any other Primary Treasury Dealer(s) selected by the Company.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third business day preceding such redemption date.

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No reference herein to the Indenture and no provision of this Note or of the Indenture or of any Board Resolution shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the time and place and at the rate and in the coin or currency herein prescribed.

This Note is transferable by the registered holder hereof in person or by his attorney duly authorized in writing on the books of the Company at the office or agency to be maintained by the Company for that purpose in The City of New York, but only in the manner, subject to the limitations and upon payment of any tax or governmental charge for which the Company may require reimbursement as provided in the Indenture, and upon surrender and cancellation of this Note. Upon any registration of transfer, a new registered Note or Notes, of authorized denomination or denominations, and in the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Company, the Trustee, any paying agent and any Note registrar may deem and treat the registered holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notations of ownership or other writing hereon made by anyone other than the Note registrar) for the purpose of receiving payment of or on account of the principal hereof and interest due hereon as herein provided and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Note registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto or any Board Resolution, against an incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

This Note shall be governed by and construed in accordance with the laws of the State of New York.

**FORM OF  
4.50% NOTE**

CUSIP NO. 532457AX6  
ISIN US532457AX68  
Common Code 016534412

UNLESS THIS GLOBAL NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY ("DTC") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS GLOBAL NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY DTC TO A NOMINEE OF DTC, OR BY A NOMINEE OF DTC TO DTC OR ANOTHER NOMINEE OF DTC, OR BY DTC OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY.

ELI LILLY AND COMPANY

4.50% Note due 2018

REGISTERED  
NO. R-2

\$200,000,000.00

ELI LILLY AND COMPANY, an Indiana corporation (herein called the "Company"), for value received, hereby promises to pay to CEDE & CO. or registered assigns, the principal sum of TWO HUNDRED MILLION DOLLARS (\$200,000,000.00) on March 15, 2018 upon surrender of this Global Note at the office or agency of the Company for such payment in The City of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest on said principal sum until maturity at the rate of 4.50% per annum, at such office or agency, in like coin or currency, semi-annually on March 15 and September 15 of each year, commencing September 15, 2003, until the date on which payment of said principal sum has

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been made or duly provided for; provided, however, that at the option of the Company, payment of interest may be made by check mailed to the address of the person entitled thereto as such address shall appear in the Note Register. Such interest shall be payable from the March 15 or the September 15, as the case may be, next preceding the date hereof to which interest has been paid, unless the date hereof is a March 15 or September 15 to which interest has been paid, in which case from the date hereof, or unless the date hereof is prior to the payment of any interest on the Notes, in which case from March 17, 2003; provided, however, that if the Company shall default in payment of the interest due on such March 15 or September 15 then from the March 15 or September 15 to which interest has been paid or, if no interest has been paid on the Notes, from March 17, 2003. The interest payable hereon on any interest payment date shall be payable to the person in whose name this Note is registered at the close of business on the last day of the calendar month preceding the month in which such interest payment is due, except as otherwise provided in the Indenture hereinafter referred to.

The provisions of this Note are continued on the reverse hereof and such continued provisions shall for all purposes have the same effect as though fully set forth at this place.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee under the Indenture.

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IN WITNESS WHEREOF, ELI LILLY AND COMPANY has caused this Instrument to be signed manually or by facsimile signature of its President or one of its Vice Presidents and by its Secretary or one of its Assistant Secretaries, and a facsimile of its corporate seal to be affixed hereto or imprinted hereon.

Dated: March 17, 2003

ELI LILLY AND COMPANY

By:

\_\_\_\_\_  
Name: Thomas W. Grein  
Title: Vice President and Treasurer

By:

\_\_\_\_\_  
Name: James B. Lootens  
Title: Assistant Secretary

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This is one of the Notes of the series designated herein issued under the Indenture described herein.

CITIBANK, N.A.,  
as Trustee

By:

\_\_\_\_\_

Authorized Officer

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## REVERSE OF NOTE

This Note is one of a duly authorized issue of a series of debt securities (the "Securities") of the Company, designated as its 4.50% Notes due 2018 (the "Notes"). The Notes are initially limited to \$200,000,000 aggregate principal amount and the Securities, including the Notes, are all issued or to be issued under and pursuant to the Indenture dated as of February 1, 1991 (herein called the "Indenture"), duly executed and delivered by the Company to Citibank, N.A., as Trustee (herein called the "Trustee"), to which Indenture and all Board Resolutions (as defined in the Indenture) as provided therein, reference is hereby made for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Trustee, the Company and holders of the Notes. The Company may at any time issue additional notes under the Indenture in unlimited amounts having the same terms as and treated as a single class with the Notes for all purposes under the Indenture and will vote together as one class with respect to the Notes.

In case an Event of Default, as defined in the Indenture, shall have occurred and be continuing with respect to the Notes, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture. The Indenture provides that the holders of at least a majority in aggregate principal amount of the Notes at the time outstanding may on behalf of the holders of all of the Notes waive any past default under the Indenture and its consequences, except a default in the payment of the principal of or interest on any of the Notes, in the manner and to the extent provided in the Indenture.

The Indenture contains provisions permitting the Company and the Trustee, with consent of the holders of not less than a majority of the aggregate principal amount of the Notes at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture with respect to the Notes, or modifying in any manner the rights of the holders of the Notes; provided, however, that no supplemental indenture shall (i) extend the maturity of any Note, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or make the principal thereof or interest thereon payable in any coin or currency other than that in the Notes provided, without the consent of the holder of each Note so affected, or (ii) reduce the aforesaid percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Notes then outstanding.

The Notes do not have a sinking fund.

The Securities of this series are subject to redemption upon not less than 30 nor more than 60 days' notice by mail, in whole or in part, at the election of the Issuer at any time or from time to time, at a redemption price equal to the greater of the following amounts:

- (i) 100% of the principal amount of the Securities being redeemed on the redemption date; and
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- (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities being redeemed on the redemption date (not including the amount, if any, of accrued and unpaid interest to the redemption date) discounted to the redemption date on a semiannual basis at the Treasury Rate (as defined below), as determined by the Reference Treasury Dealer (as defined below) plus 15 basis points;

plus, in each case, accrued and unpaid interest on the Securities to the redemption date.

Notwithstanding the foregoing, installments of interest on Securities that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the Securities and the Indenture. The redemption price will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Once notice of redemption is mailed, the Securities called for redemption will become due and payable on the redemption date at the applicable redemption price, plus accrued and unpaid interest to the redemption date.

“Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Comparable Treasury Issue” means the United States Treasury security selected by the Reference Treasury Dealer as having a maturity comparable to the remaining term of the Securities to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Securities.

“Comparable Treasury Price” means, with respect to any redemption date, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains two such Reference Treasury Dealer Quotations, the average of both such Quotations, or (C) if only one Reference Treasury Dealer Quotation is received, such Quotation.

“Reference Treasury Dealer” means (A) Goldman, Sachs & Co., Credit Suisse First Boston LLC and UBS Warburg LLC (or their respective affiliates which are Primary Treasury Dealers), and their respective successors; provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”), the Company will substitute therefor another Primary Treasury Dealer; and (B) any other Primary Treasury Dealer(s) selected by the Company.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third business day preceding such redemption date.

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No reference herein to the Indenture and no provision of this Note or of the Indenture or of any Board Resolution shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest on this Note at the time and place and at the rate and in the coin or currency herein prescribed.

This Note is transferable by the registered holder hereof in person or by his attorney duly authorized in writing on the books of the Company at the office or agency to be maintained by the Company for that purpose in The City of New York, but only in the manner, subject to the limitations and upon payment of any tax or governmental charge for which the Company may require reimbursement as provided in the Indenture, and upon surrender and cancellation of this Note. Upon any registration of transfer, a new registered Note or Notes, of authorized denomination or denominations, and in the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Company, the Trustee, any paying agent and any Note registrar may deem and treat the registered holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notations of ownership or other writing hereon made by anyone other than the Note registrar) for the purpose of receiving payment of or on account of the principal hereof and interest due hereon as herein provided and for all other purposes, and neither the Company nor the Trustee nor any paying agent nor any Note registrar shall be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or interest on this Note, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto or any Board Resolution, against an incorporator, stockholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released.

This Note shall be governed by and construed in accordance with the laws of the State of New York.