

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL                                 |           |
|----------------------------------------------|-----------|
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|                                                                                                                                                                                                                             |                                                                                  |                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Name and Address of Reporting Person*<br><b>LILLY ENDOWMENT INC</b><br><br>(Last) (First) (Middle)<br><b>2801 NORTH MERIDIAN STREET</b><br><br>(Street)<br><b>INDIANAPOLIS IN 46208-0068</b><br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><b>LILLY ELI &amp; CO [ LLY ]</b> | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br><br>Director <input checked="" type="checkbox"/> 10% Owner<br><br>Officer (give title below) Other (specify below) |
|                                                                                                                                                                                                                             | 3. Date of Earliest Transaction (Month/Day/Year)<br><b>07/27/2006</b>            |                                                                                                                                                                                                  |
|                                                                                                                                                                                                                             |                                                                                  | 6. Individual or Joint/Group Filing (Check Applicable Line)<br><br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><br>Form filed by More than One Reporting Person    |

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

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) |   | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) |            |         | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|---|-------------------------------------------------------------------|------------|---------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|
|                                 |                                      |                                                    | Code                           | V | Amount                                                            | (A) or (D) | Price   |                                                                                               |                                                          |                                                       |
| 31-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,800                                                             | D          | \$55.59 | 143,505,804                                                                                   | D                                                        |                                                       |
| 32-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 3,700                                                             | D          | \$55.58 | 143,502,104                                                                                   | D                                                        |                                                       |
| 33-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 700                                                               | D          | \$55.57 | 143,501,404                                                                                   | D                                                        |                                                       |
| 34-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,400                                                             | D          | \$55.56 | 143,500,004                                                                                   | D                                                        |                                                       |
| 35-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 2,100                                                             | D          | \$55.55 | 143,497,904                                                                                   | D                                                        |                                                       |
| 36-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 700                                                               | D          | \$55.54 | 143,497,204                                                                                   | D                                                        |                                                       |
| 37-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,400                                                             | D          | \$55.53 | 143,495,804                                                                                   | D                                                        |                                                       |
| 38-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 700                                                               | D          | \$55.52 | 143,495,104                                                                                   | D                                                        |                                                       |
| 39-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 2,700                                                             | D          | \$55.51 | 143,492,404                                                                                   | D                                                        |                                                       |
| 40-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 2,800                                                             | D          | \$55.5  | 143,489,604                                                                                   | D                                                        |                                                       |
| 41-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 4,300                                                             | D          | \$55.49 | 143,485,304                                                                                   | D                                                        |                                                       |
| 42-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 2,800                                                             | D          | \$55.48 | 143,482,504                                                                                   | D                                                        |                                                       |
| 43-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,500                                                             | D          | \$55.47 | 143,481,004                                                                                   | D                                                        |                                                       |
| 44-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,400                                                             | D          | \$55.46 | 143,479,604                                                                                   | D                                                        |                                                       |
| 45-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 2,300                                                             | D          | \$55.45 | 143,477,304                                                                                   | D                                                        |                                                       |
| 46-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 900                                                               | D          | \$55.44 | 143,476,404                                                                                   | D                                                        |                                                       |
| 47-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,400                                                             | D          | \$55.43 | 143,475,004                                                                                   | D                                                        |                                                       |
| 48-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,400                                                             | D          | \$55.42 | 143,473,604                                                                                   | D                                                        |                                                       |
| 49-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,400                                                             | D          | \$55.41 | 143,472,204                                                                                   | D                                                        |                                                       |
| 50-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 2,100                                                             | D          | \$55.4  | 143,470,104                                                                                   | D                                                        |                                                       |
| 51-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 3,500                                                             | D          | \$55.39 | 143,466,604                                                                                   | D                                                        |                                                       |
| 52-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,400                                                             | D          | \$55.38 | 143,465,204                                                                                   | D                                                        |                                                       |
| 53-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,400                                                             | D          | \$55.37 | 143,463,804                                                                                   | D                                                        |                                                       |
| 54-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 700                                                               | D          | \$55.35 | 143,463,104                                                                                   | D                                                        |                                                       |
| 55-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,400                                                             | D          | \$55.34 | 143,461,704                                                                                   | D                                                        |                                                       |
| 56-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 700                                                               | D          | \$55.33 | 143,461,004                                                                                   | D                                                        |                                                       |
| 57-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 700                                                               | D          | \$55.31 | 143,460,304                                                                                   | D                                                        |                                                       |
| 58-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 1,600                                                             | D          | \$55.3  | 143,458,704                                                                                   | D                                                        |                                                       |
| 59-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 2,200                                                             | D          | \$55.29 | 143,456,504                                                                                   | D                                                        |                                                       |
| 60-Common Stock                 | 07/27/2006                           |                                                    | S                              |   | 700                                                               | D          | \$55.28 | 143,455,804                                                                                   | D                                                        |                                                       |

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) |   | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) |     | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                 | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|---|----------------------------------------------------------------------------------------|-----|----------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------|
|                                            |                                                        |                                      |                                                    | Code                           | V | (A)                                                                                    | (D) | Date Exercisable                                         | Expiration Date |                                                                                   |                                            |                                                                                                    |                                                           |                                                        |

Explanation of Responses:

**Remarks:**

This is the second of two Forms 4 filed by the Reporting Person on same date, July 28, 2006, representing transactions #31 through #60 of 60 total transactions.

[by:/s/Diane M. Stenson,](#)  
[Treasurer on behalf of Lilly](#)      [07/28/2006](#)  
[Endowment, Inc.](#)

\*\* Signature of Reporting Person      Date

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

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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

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