
UNITED STATES 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): March 7, 2007

Eli Lilly and Company

(Exact name of registrant as specified in its charter)

001-06351

(Commission File Number)

Indiana

(State or other jurisdiction of incorporation)

35-0470950

(I.R.S. Employer Identification No.)

Lilly Corporate Center, Indianapolis, Indiana

(Address of principal executive offices)

46285

(Zip code)

317-276-2000

(Registrant's telephone number, including area code)

Not Applicable

(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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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TABLE OF CONTENTS

[Item 8.01 Other Events](#)

[Item 9.01 Financial Statements and Exhibits](#)

[SIGNATURES](#)

[Underwriting Agreement](#)

[Form of 5.20% Note due 2017](#)

[Form of 5.50% Note due 2027](#)

[Form of 5.55% Note due 2037](#)

[Opinion and Consent of Dewey Ballantine LLP](#)

[Opinion and Consent of James B. Lootens, Esq.](#)

Table of Contents

Item 8.01 Other Events.

On March 7, 2007, Eli Lilly and Company (the “Company”) entered into an Underwriting Agreement (the “Underwriting Agreement”), between the Company and, as representatives of the several underwriters named therein, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., J.P. Morgan Securities Inc. and Goldman, Sachs & Co., for the issuance and sale by the Company of \$1,000,000,000 aggregate principal amount of its 5.20% Notes due 2017 (the “2017 Notes”), \$700,000,000 aggregate principal amount of its 5.50% Notes due 2027 (the “2027 Notes”) and \$800,000,000 aggregate principal amount of its 5.55% Notes due 2037 (the “2037 Notes” and, collectively with the 2017 Notes and the 2027 Notes, the “Notes”). The Notes are to be issued pursuant to an Indenture (the “Indenture”), dated February 1, 1991, between the Company and Citibank, N.A., as Trustee.

The 2017 Notes accrue interest at a rate of 5.20% per annum, payable semiannually, and mature on March 15, 2017. The 2027 Notes accrue interest at a rate of 5.50% per annum, payable semiannually, and mature on March 15, 2027. The 2037 Notes accrue interest at a rate of 5.55% per annum, payable semiannually, and mature on March 15, 2037.

Upon the occurrence of an Event of Default (as defined in the Indenture) with respect to a series of Notes, the principal amount of the Notes of that series may be declared and become due and payable immediately.

The Company may, at its election, redeem the Notes, in whole or in part, from time to time at the redemption prices set forth in the Notes.

The above description of the Underwriting Agreement and the Notes is qualified in its entirety by reference to the Underwriting Agreement, the Indenture and the forms of the Notes filed as exhibits hereto, which exhibits are incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

- 1.1 Underwriting Agreement.
- 4.1* Indenture, dated February 1, 1991, between the Registrant and Citibank, N.A., as Trustee.
- 4.2 Form of 5.20% Note due 2017.
- 4.3 Form of 5.50% Note due 2027.
- 4.4 Form of 5.55% Note due 2037.
- 5.1 Opinion of Dewey Ballantine LLP, including consent.
- 5.2 Opinion of James B. Lootens, Esq., including consent.
- 23.2 Consent of Dewey Ballantine LLP (included in exhibit 5.1).
- 23.3 Consent of James B. Lootens, Esq. (included in exhibit 5.2).

* Incorporated by reference to the same-numbered exhibit of the Registrant’s Registration Statement on Form S-3 (File No. 333-141075), filed with the SEC on March 5, 2007.

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

Date: **March 14, 2007**

By: /s/ Derica W. Rice
Derica W. Rice
Senior Vice President and Chief Financial Officer

Underwriting Agreement

March 7, 2007

Credit Suisse Securities (USA) LLC
Deutsche Bank Securities Inc.
J.P. Morgan Securities Inc.

Goldman, Sachs & Co.

As Representatives of the
several Underwriters listed
in Schedule 1 hereto

c/o Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005

J.P. Morgan Securities Inc.
270 Park Avenue
Eighth Floor
New York, NY 10017

Goldman, Sachs & Co.
85 Broad Street
New York, NY 10004

Ladies and Gentlemen:

Eli Lilly and Company, an Indiana corporation (the “**Company**”), proposes to issue and sell to the several Underwriters listed in Schedule 1 hereto (the “**Underwriters**”), for whom you are acting as representatives (the “**Representatives**”), \$1,000,000,000 principal amount of its 5.20% Notes due 2017 (the “**2017 Notes**”), \$700,000,000 principal amount of its 5.50% Notes due 2027 (the “**2027 Notes**”) and \$800,000,000 principal amount of its 5.55% Notes due 2037 (the “**2037 Notes**”), in each case having the terms set forth in Schedule 2 hereto (such 2017 Notes, 2027 Notes and 2037 Notes collectively, the “**Securities**”). The Securities will be issued pursuant to an Indenture dated as of February 1, 1991 (as may be supplemented from time to time, the “**Indenture**”) between the Company and Citibank, N.A., as trustee (the “**Trustee**”).

The Company agrees to issue and sell the Securities to the several Underwriters as provided in this Agreement, and each Underwriter, on the basis

of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, agrees, severally and not jointly, to purchase from the Company the respective principal amount of Securities set forth opposite such Underwriter's name in Schedule 1 hereto at a price equal to (i) 99.480% of the principal amount thereof in the case of the 2017 Notes, (ii) 98.609% of the principal amount thereof in the case of the 2027 Notes and (iii) 98.503% of the principal amount thereof in the case of the 2037 Notes, plus, in each case, accrued interest, if any, from March 14, 2007 to the Closing Date (as defined below). The Company will not be obligated to deliver any of the Securities except upon payment for all the Securities to be purchased as provided herein.

The Company understands that the Underwriters intend to make a public offering of the Securities as soon after the effectiveness of this Agreement as in the judgment of the Representatives is advisable, and initially to offer the Securities on the terms set forth in the Time of Sale Information and the Prospectus. Schedule 3 hereto sets forth the Time of Sale Information made available at the Time of Sale. The Company acknowledges and agrees that the Underwriters may offer and sell Securities to or through any affiliate of an Underwriter and that any such affiliate may offer and sell Securities purchased by it to or through any Underwriter.

Payment for and delivery of the Securities shall be made at the offices of Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017 at 10:00 A.M., New York City time, on March 14, 2007, or at such other time or place on the same or such other date, not later than the fifth business day thereafter, as the Representatives and the Company may agree upon in writing (the "**Closing Date**").

Payment for the Securities shall be made by wire transfer in immediately available funds to the account(s) specified by the Company to the Representatives against delivery to the nominee of The Depository Trust Company, for the account of the Underwriters, of one or more global notes representing the Securities (collectively, the "**Global Note**"), with any transfer taxes payable in connection with the sale of the Securities duly paid by the Company. The Global Note (or a true copy thereof) will be made available for inspection by the Representatives not later than 1:00 P.M., New York City time, on the business day prior to the Closing Date.

All provisions contained in the document entitled Eli Lilly and Company Underwriting Agreement Standard Provisions (Debt Securities) are incorporated by reference herein in their entirety and shall be deemed to be a part of this Underwriting Agreement to the same extent as if such provisions had been set forth in full herein, except that if any term defined in such Underwriting Agreement Standard Provisions (Debt Securities) is otherwise defined herein, the definition set forth herein shall control.

This Agreement may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument.

All statements, requests, notices and agreements shall be in writing or by telegram or facsimile and, if to the Underwriters, shall be sufficient in all respects if delivered or sent to the Representatives at the offices or facsimile numbers thereof specified in Schedule 2 hereto, as may be amended from time to time by written notice to the Company; and if to the Company, shall be sufficient in all respects if delivered or sent to the Company at the offices of the Company at Lilly Corporate Center, Indianapolis, Indiana 46285, fax (317) 276-3492, attention: General Counsel.

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

ELI LILLY AND COMPANY

By _____
Name:
Title:

Accepted: March 7, 2007

CREDIT SUISSE SECURITIES (USA) LLC
DEUTSCHE BANK SECURITIES INC.
J.P. MORGAN SECURITIES INC.
GOLDMAN, SACHS & CO.

For themselves and on behalf of the
several Underwriters listed
in Schedule 1 hereto.

CREDIT SUISSE SECURITIES (USA) LLC

By _____
Authorized Signatory

DEUTSCHE BANK SECURITIES INC.

By _____
Authorized Signatory

J.P. MORGAN SECURITIES INC.

By _____
Authorized Signatory

GOLDMAN, SACHS & CO.

By _____
Authorized Signatory

Schedule 1

<u>Underwriter</u>	<u>2017 Notes</u>	<u>Principal Amount 2027 Notes</u>	<u>2037 Notes</u>
Credit Suisse Securities (USA) LLC	\$ 270,000,000	\$ 189,000,000	\$ 216,000,000
Deutsche Bank Securities Inc.	270,000,000	189,000,000	216,000,000
J.P. Morgan Securities Inc.	270,000,000	189,000,000	216,000,000
Goldman, Sachs & Co.	130,000,000	91,000,000	104,000,000
Barclays Capital Inc.	15,000,000	10,500,000	12,000,000
Citigroup Global Markets Inc.	15,000,000	10,500,000	12,000,000
Morgan Stanley & Co. Incorporated	15,000,000	10,500,000	12,000,000
Utendahl Capital Group, LLC	15,000,000	10,500,000	12,000,000
Total	<u>\$ 1,000,000,000</u>	<u>\$ 700,000,000</u>	<u>\$ 800,000,000</u>

Representatives and Addresses for Notices:

Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, NY 10010
Attention: Transaction Advisory Group
Fax: (917) 256-7570

Deutsche Bank Securities
60 Wall Street, 2nd Floor
New York, NY 10005
Attention: Debt Capital Markets
Fax: (212) 797-2202

J.P. Morgan Securities Inc.
270 Park Avenue
New York, NY 10017
Attention: High Grade Syndicate Desk
Fax: (212) 834-6081

Goldman, Sachs & Co.
One New York Plaza,
42nd Floor
New York, NY 10004
Attention: Registration Department

Certain Terms of the Securities:

The Securities shall have the terms set forth in the Prospectus, including those set forth on Schedule 4 hereto.

Time of Sale Information

1. The Preliminary Prospectus
 2. The Pricing Term Sheet included in Schedule 4
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Eli Lilly and Company
Pricing Term Sheet

Issuer:	Eli Lilly and Company		
Size:	\$1,000,000,000	\$700,000,000	\$800,000,000
Maturity:	March 15, 2017	March 15, 2027	March 15, 2037
Coupon:	5.200%	5.500%	5.550%
Price:	99.930% of face amount	99.484% of face amount	99.378% of face amount
Yield to maturity:	5.209%	5.543%	5.593%
Spread to Benchmark Treasury:	0.720%	0.900%	0.950%
Benchmark Treasury:	4.625% due 02/15/2017	4.500% due 02/15/2036	4.500% due 02/15/2036
Benchmark Treasury Price and Yield:	101-02+ 4.489%	97-23+ 4.643%	97-23+ 4.643%
Interest Payment Dates:	March 15 and September 15, commencing September 15, 2007		
Redemption Provisions: Make-whole call	Make-whole plus 12.5 bps	Make-whole plus 20 bps	Make-whole plus 20 bps
CUSIP:	532457 BB3	532457 AZ1	532457 BA5
Settlement:	T+5; March 14, 2007		
Ratings:	Moody's: Aa3 Standard & Poor's: AA		
Denominations:	\$2,000 x \$1,000		

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Credit Suisse Securities (USA) LLC toll free at 1-800-221-1037, Deutsche Bank Securities Inc. toll free at 1-800-503-4611, J.P. Morgan Securities Inc. collect at (212) 834-4533 or Goldman, Sachs & Co. toll free 1-877-471-2526.

ELI LILLY AND COMPANY
UNDERWRITING AGREEMENT
STANDARD PROVISIONS
(DEBT SECURITIES)

March 7, 2007

From time to time, Eli Lilly and Company, an Indiana corporation (the “**Company**”), may enter into one or more underwriting agreements in the form of Annex A hereto that provide for the sale of designated securities (the “**Offered Securities**”) to the several underwriters named therein (each an “**Underwriter**” and collectively, the “**Underwriters**”) for whom certain Underwriter(s) named therein shall act as representative(s) (the “**Representative(s)**”). The standard provisions set forth herein may be incorporated by reference in any such underwriting agreement (an “**Underwriting Agreement**”). The Underwriting Agreement, including the provisions incorporated therein by reference, is herein referred to as this Agreement. Terms defined in the Underwriting Agreement are used herein as therein defined.

The Company has prepared and filed with the Securities and Exchange Commission (the “**Commission**”) under the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the “**Securities Act**”), a registration statement on Form S-3, including a prospectus (the “**Basic Prospectus**”), relating to the debt securities to be issued from time to time by the Company. The Company has also filed, or proposes to file, with the Commission pursuant to Rule 424 under the Securities Act a prospectus supplement specifically relating to the Offered Securities (the “**Prospectus Supplement**”). The registration statement, as amended at the time it becomes effective, including the information, if any, deemed pursuant to Rule 430A, 430B or 430C under the Securities Act to be part of the registration statement at the time of its effectiveness (“**Rule 430 Information**”), is referred to herein as the “**Registration Statement**”; and as used herein, the term “**Prospectus**” means the Basic Prospectus as supplemented by the prospectus supplement specifically relating to the Offered Securities in the form first used (or made available upon request of purchasers pursuant to Rule 173 under the Securities Act) in connection with confirmation of sales of the Offered Securities and the term “**Preliminary Prospectus**” means the preliminary prospectus supplement specifically relating to the Offered Securities together with the Basic Prospectus. If the Company has filed an abbreviated registration statement pursuant to Rule 462(b) under the Securities Act (the “**Rule 462 Registration Statement**”) in connection with the Offered Securities, then any reference herein to the term “**Registration Statement**” shall be deemed to include such Rule 462 Registration Statement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Registration Statement and the Prospectus. References herein to

the Registration Statement, the Basic Prospectus, the Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein. The terms “**supplement**,” “**amendment**” and “**amend**” as used herein with respect to the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any documents filed by the Company under the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (the “**Exchange Act**”) subsequent to the date of the Underwriting Agreement which are deemed to be incorporated by reference therein. For purposes of this Agreement, the term “**Effective Time**” means the effective date of the Registration statement with respect to the offering of the Offered Securities, as determined for the Company pursuant to Section 11 of the Securities Act and Item 512 of Regulation S-K, as applicable.

At or prior to the time when sales of the Offered Securities will be first made (the “**Time of Sale**”), the Company will prepare certain information (collectively, the “**Time of Sale Information**”) which information will be identified in Schedule 3 to the Underwriting Agreement, or such other schedule as specified therein, for such offering as constituting part of the Time of Sale Information.

1. *Representations and Warranties.* The Company represents and warrants to each of the Underwriters that:

(a) The Registration Statement is an “automatic shelf registration statement” as defined under Rule 405 of the Securities Act that has been filed with the Commission not earlier than three years prior to the date hereof; and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act has been received by the Company. No order suspending the effectiveness of the Registration Statement has been issued by the Commission and no proceeding for that purpose or pursuant to Section 8A of the Securities Act against the Company or related to the offering has been initiated or threatened by the Commission; as of the Effective Time, the Registration Statement complied in all material respects with the Securities Act and the Trust Indenture Act of 1939, as amended, and the rules and regulations of the commission thereunder (collectively, the “**Trust Indenture Act**”), and did not or will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; and as of the date of the Prospectus Supplement and any amendment or supplement thereto and as of the Closing Date, the Prospectus did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading *provided* that the Company makes no representation and warranty with respect to (i) that part of the

Registration Statement that constitutes the Statement of Eligibility and Qualification (Form T-1) of the Trustee under the Trust Indenture Act or (ii) any statements or omissions in the Registration Statement or the Prospectus or any amendment or supplement thereto made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representative(s) expressly for use therein.

(b) The Time of Sale Information, at the Time of Sale and at the Closing Date did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that the Company makes no representation and warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representative(s) expressly for use in such Time of Sale Information. No statement of material fact included in the Prospectus has been omitted from the Time of Sale Information and no statement of material fact included in the Time of Sale Information that is required to be included in the Prospectus has been omitted therefrom.

(c) The Company (including its agents and representatives, other than the Underwriters in their capacity as such) has not prepared, made, used, authorized, approved or referred to and will not prepare, make, use, authorize, approve or refer to any "written communication" (as defined in Rule 405 under the Securities Act) that constitutes an offer to sell or solicitation of an offer to buy the Offered Securities (each such communication by the Company or its agents and representatives (other than a communication referred to in clauses (i), (ii) and (iii) below) an "**Issuer Free Writing Prospectus**") other than (i) any document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the Securities Act or Rule 134 under the Securities Act, (ii) the Preliminary Prospectus, (iii) the Prospectus, (iv) the documents listed on Schedule 3 to the Underwriting Agreement as constituting the Time of Sale Information, (v) any electronic road show or (vi) any other written communications in connection with the offering contemplated hereby approved in writing in advance by the Representative(s). Each such Issuer Free Writing Prospectus complied in all material respects with the Securities Act, has been or will be (within the time period specified in Rule 433) filed in accordance with the Securities Act (to the extent required thereby) and, when taken together with the Preliminary Prospectus accompanying, or delivered prior to delivery of, or filed prior to the first use of such Issuer Free Writing Prospectus, did not, and at the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that

the Company makes no representation and warranty with respect to any statements or omissions made in each such Issuer Free Writing Prospectus or Preliminary Prospectus in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representative(s) expressly for use in any Issuer Free Writing Prospectus or Preliminary Prospectus.

(d) Each document, if any, filed or to be filed pursuant to the Exchange Act and incorporated by reference in the Registration Statement, the Prospectus and the Time of Sale Information complied or will comply when so filed in all material respects with the Exchange Act, and did not or will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the State of Indiana, has the corporate power and authority to own its property and to conduct its business as described in the Registration Statement, the Time of Sale Information and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its consolidated subsidiaries, taken as a whole.

(f) Each significant subsidiary (as defined in Regulation S-X of the Commission) of the Company has been duly incorporated or organized, as applicable, is validly existing as a corporation or other entity, as applicable, in good standing under the laws of the jurisdiction of its incorporation or organization, as applicable, has the corporate or other power and authority to own its property and to conduct its business as described in the Registration Statement, the Time of Sale Information and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its consolidated subsidiaries, taken as a whole.

(g) This Agreement has been duly authorized, executed and delivered by the Company.

(h) The Indenture has been duly qualified under the Trust Indenture Act and has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms except as (i)

the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration, if any, and the availability of equitable remedies may be limited by equitable principles of general applicability.

(i) The Offered Securities have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of the Underwriting Agreement, will be entitled to the benefits of the Indenture and will be valid and binding obligations of the Company, enforceable against the Company in accordance with their terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) rights of acceleration, if any, and the availability of equitable remedies may be limited by equitable principles of general applicability.

(j) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement, the Indenture and the Offered Securities will not contravene any provision of applicable law or the certificate of incorporation or by-laws of the Company or any agreement or other instrument binding upon the Company or any of its significant subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any significant subsidiary, and no consent, approval or authorization or order of or qualification with any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, the Indenture or the Offered Securities, except such as have been obtained and except as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Offered Securities.

(k) There has not been any material adverse change in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Registration Statement, the Prospectus and the Time of Sale Information.

(l) There are no legal or governmental proceedings pending or threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject that are required to be described in the Registration Statement, the Time of Sale Information or the Prospectus and are not so described or any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement and the Prospectus or to be filed or incorporated by reference as exhibits to the Registration Statement

that are not described, filed or incorporated as required in or with the Registration Statement, the Time of Sale Information and the Prospectus.

(m) Each of the Company and its significant subsidiaries has all necessary consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all federal, state, local and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, to own, lease, license and use its properties and assets and to conduct its business in the manner described in the Registration Statement, the Time of Sale Information and the Prospectus, except to the extent that the failure to obtain or file would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(n) The Company maintains an effective system of “disclosure controls and procedures” (as defined in Rule 13a-15(e) of the Exchange Act) that is designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company’s management as appropriate to allow timely decisions regarding required disclosure. The Company has carried out evaluations of the effectiveness of its disclosure controls and procedures as required by Rule 13a-15 of the Exchange Act.

(o) The Company maintains systems of “internal control over financial reporting” (as defined in Rule 13a-15(f) of the Exchange Act) that comply with the requirements of the Exchange Act and have been designed by, or under the supervision of, its principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, including, but not limited to internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management’s general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management’s general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the Time of Sale Information and the Prospectus, there are no material weaknesses in the Company’s internal controls.

(p) The Company is not an “ineligible issuer” and is a “well-known seasoned issuer,” in each case as defined under the Securities Act, in each case at the times specified in the Securities Act in connection with the offering of the Offered Securities.

2. *Public Offering.* The Company is advised by the Representative(s) that the Underwriters propose to make a public offering of their respective portions of the Offered Securities as soon after this Agreement has been entered into as in the Representative(s)’ judgment is advisable. The terms of the public offering of the Offered Securities are set forth in the Time of Sale Information and the Prospectus.

3. *Purchase and Delivery.* Payment for the Offered Securities shall be made in the funds and manner specified and at the time and place set forth in the Underwriting Agreement, upon delivery to the Representative(s) for the respective accounts of the several Underwriters of the Offered Securities, registered in such names and in such denominations as the Representative(s) shall request in writing not less than two full business days prior to the date of delivery, with any transfer taxes payable in connection with the transfer of the Offered Securities to the Underwriters duly paid. The Company shall not be obligated to deliver any Offered Securities except upon payment for all the Offered Securities to be purchased as herein provided.

The Company acknowledges and agrees that the Underwriters are acting solely in the capacity of an arm’s length contractual counterparty to the Company with respect to any offering of securities contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. Additionally, no such Underwriter is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and such Underwriters shall have no responsibility or liability to the Company with respect thereto. Any review by such Underwriters named in the Underwriting Agreement of the Company, the transactions contemplated thereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters and shall not be on behalf of the Company.

4. *Conditions to Closing.* The several obligations of the Underwriters hereunder are subject to the following conditions:

(a) Subsequent to the earlier of (x) the Time of Sale and (y) the execution and delivery of the Underwriting Agreement and prior to the Closing Date, there shall not have been any downgrading, nor any notice given of any intended or potential downgrading in the rating accorded any

of the Company's securities by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. or Moody's Investors Service;

(b) there shall not have occurred any change in the condition, financial or otherwise, or in the earnings, business or operations, of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Information (excluding any amendment or supplement thereto) and the Prospectus, that is material and adverse and that makes it impracticable or inadvisable to market or deliver the Offered Securities on the terms and in the manner contemplated in the Prospectus; and

(c) the Representative(s) shall have received on the Closing Date a certificate, dated the Closing Date and signed by an executive officer of the Company, to the effect set forth in clause (b) above and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied on or before the Closing Date.

The officer signing and delivering such certificate may rely upon the best of his knowledge as to proceedings threatened.

(d) The Representative(s) shall have received on the Closing Date an opinion of counsel of Dewey Ballantine LLP, dated the Closing Date, to the effect set forth in Exhibit A.

(e) The Representative(s) shall have received on the Closing Date an opinion of a deputy general counsel of the Company, dated the Closing Date, to the effect set forth in Exhibit B.

(f) The Representative(s) shall have received on the Closing Date an opinion of Davis Polk & Wardwell, special counsel for the Underwriters, or other counsel acceptable to the Representative(s), dated the Closing Date, to the effect set forth in Exhibit C.

(g) The Representative(s) shall have received on the date of the Underwriting Agreement and on the Closing Date letters, dated as of such dates, in form and substance reasonably satisfactory to the Representative(s), from the Company's independent auditors, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in or incorporated by reference into the Registration Statement, the Time of Sale Information and the Prospectus.

5. *Covenants of the Company.* In further consideration of the agreements of the Underwriters contained herein, the Company covenants as follows:

(a) The Company will file the final Prospectus with the Commission within the time periods specified by Rule 424(b) and Rule 430A, 430B or 430C under the Securities Act, as applicable, will file any Issuer Free Writing Prospectus (including the Term Sheet in the form of Schedule 4 hereto) to the extent required by Rule 433 under the Securities Act; and will file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus (or, in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required in connection with the offering or sale of the Offered Securities; and the Company will furnish copies of the Prospectus and each Issuer Free Writing Prospectus (to the extent not previously delivered) to the Underwriters in New York City prior to 10:00 A.M., New York City time, on the business day next succeeding the date of this Agreement in such quantities as the Representative(s) may reasonably request. The Company will pay the registration fees for this offering within the time period required by Rule 456(b)(1)(i) under the Securities Act (without giving effect to the proviso therein) and in any event prior to the Closing Date.

(b) To furnish the Representative(s), without charge, a copy of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a copy of the Registration Statement (without exhibits thereto) and, during the Prospectus Delivery Period (as defined below), as many copies of the Prospectus, any documents incorporated by reference therein and any supplements and amendments thereto or to the Registration Statement and each Issuer Free Writing Prospectus (if applicable) as the Representative(s) may reasonably request.

(c) During the Prospectus Delivery Period, before making, preparing, using, authorizing, approving, referring to or filing any Issuer Free Writing Prospectus, and before amending or supplementing the Registration Statement (other than an amendment relating exclusively to securities other than the Offered Securities) or the Prospectus with respect to the Offered Securities, to furnish to the Representative(s) a copy of each such proposed Issuer Free Writing Prospectus, amendment or supplement and, with respect to any such filing on or after the date hereof and prior to the Closing Date, not to make, prepare, use, authorize, approve, refer to or file any such Issuer Free Writing Prospectus or to file any such proposed amendment or supplement to which the Representative(s) reasonably object.

(d) If, during such period after the first date of the public offering of the Offered Securities as in the opinion of counsel for the Underwriters the Prospectus (or, in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required by law to be delivered in connection with sales by an Underwriter or dealer (the “**Prospectus Delivery Period**”), any event shall occur or condition exists as a result of which it is necessary to amend or supplement the Prospectus, the Time of Sale Information or any Issuer Free Writing Prospectus in order to make the statements therein, in the light of the circumstances existing when the Prospectus, the Time of Sale Information or any Issuer Free Writing Prospectus is delivered to a purchaser, not misleading, or if, in the opinion of the Company, it is necessary at any time to amend or supplement the Prospectus, the Time of Sale Information or any Issuer Free Writing Prospectus, as then amended or supplemented to comply with applicable law, forthwith to prepare and furnish, at its own expense, to the Underwriters either amendments or supplements to the Prospectus, the Time of Sale Information or any Issuer Free Writing Prospectus so that the statements in the Prospectus, the Time of Sale Information or any Issuer Free Writing Prospectus as so amended or supplemented will not, in the light of the circumstances existing when the Prospectus, the Time of Sale Information or any Issuer Free Writing Prospectus is delivered to a purchaser, be misleading or so that the Prospectus, the Time of Sale Information or any Issuer Free Writing Prospectus, as so amended or supplemented, will comply with law.

(e) To endeavor to qualify, and to cooperate with the Underwriters in an endeavor to qualify, the Offered Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representative(s) shall reasonably request and to pay all expenses (including reasonable fees and disbursements of one counsel for the Underwriters) in connection with such qualification and in connection with (i) the determination of the eligibility of the Offered Securities for investment under the laws of such jurisdictions as the Representative(s) may designate and (ii) any review of the offering of the Offered Securities by the National Association of Securities Dealers, Inc.; *provided, however* that the Company need not qualify the Offered Securities for offer and sale in any jurisdiction where such qualification would, in the reasonable opinion of the Company, be unduly burdensome to the Company.

(f) To make generally available to the Company’s security holders and to the Representative(s) as soon as reasonably practicable an earning statement covering a twelve month period beginning on the first day of the first full fiscal quarter after the date of this Agreement, which earning statement shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(g) During the period beginning on the date of the Underwriting Agreement and continuing to and including the Closing Date, not to offer, sell, contract to sell or otherwise dispose of any debt securities of the Company or warrants to purchase debt securities of the Company substantially similar to the Offered Securities (other than (i) the Offered Securities and (ii) medium-term notes and commercial paper issued in the ordinary course of business), without the prior written consent of the Representative(s).

(h) To pay all costs, expenses, fees and taxes incident to the preparation, printing, authorization, issuance, sale and delivery of the Offered Securities; the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statement, any preliminary Prospectus, any Issuer Free Writing Prospectus, any Time of Sale Information and the Prospectus, including any amendments, supplements and exhibits thereto; the costs incident to the preparation, printing and filing of any document and any amendments and exhibits thereto required to be filed by the Company under the Exchange Act; the costs of distributing the Registration Statement as originally filed and each amendment and post-effective amendment thereof (including exhibits), any Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus, any Time of Sale Information and any documents incorporated by reference in any of the foregoing documents; the costs of any filings with the National Association of Securities Dealers, Inc. in connection with the Offered Securities; fees paid to rating agencies in connection with the rating of any debt securities; the fees and expenses of qualifying the Offered Securities under the securities laws of the jurisdictions as provided in this Section and of preparing and printing a Blue Sky Memorandum, and a memorandum concerning the legality of Offered Securities as an investment (including fees and expenses of one counsel to the Underwriters in connection therewith); and all other costs and expenses incident to the performance of the Company's obligations set forth herein; *provided* that, except as provided in this Section and in Section 10 hereof, the Underwriters shall pay their own costs and expenses, including the fees and expenses of their counsel and the expenses of advertising any offering of the Offered Securities made by the Underwriters.

(i) *Record Retention.* The Company will, pursuant to reasonable procedures developed in good faith, retain copies of each Issuer Free Writing Prospectus that is not filed with the Commission in accordance with Rule 433 under the Securities Act.

6. *Certain Agreements of the Underwriters.* Each Underwriter hereby represents and agrees that

(a) It has not and will not use, authorize use of, refer to, or participate in the planning for use of, any “free writing prospectus,” as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) other than (i) a free writing prospectus that, solely a result of use by such underwriter, would not trigger an obligation to file such free writing prospectus with the Commission pursuant to Rule 433, (ii) any Issuer Free Writing Prospectus listed on Schedule 3 to the Underwriting Agreement or prepared pursuant to Section 1(c) or Section 5(c) above (including any electronic road show), or (iii) any free writing prospectus prepared by such underwriter and approved by the Company in advance in writing (each such free writing prospectus referred to in clauses (i) or (iii), an “**Underwriter Free Writing Prospectus.**”) Notwithstanding the foregoing the Underwriters may use a term sheet substantially in the form of Schedule 4 to the Underwriting Agreement without the consent of the Company.

(b) It is not subject to any pending proceeding under Section 8A of the Securities Act with respect to the offering of the Offered Securities (and will promptly notify the Company if any such proceeding against it is initiated during the Prospectus Delivery Period).

7. Indemnification and Contribution. The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls such Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities caused by (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus (or any amendment or supplement thereto), any Issuer Free Writing Prospectus or any Time of Sale Information, or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representative(s) expressly for use therein.

Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to each Underwriter,

but only with reference to information relating to such Underwriter furnished to the Company by such Underwriter in writing through the Representative(s) expressly for use in the Registration Statement, the Prospectus or any amendments or supplements thereto, any Issuer Free Writing Prospectus or any Time of Sale Information.

In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such person (the “**indemnified party**”) shall promptly notify the person against whom such indemnity may be sought (the “**indemnifying party**”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others entitled to indemnification pursuant to this Section 7 that the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel reasonably incurred related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Representative(s), in the case of parties indemnified pursuant to the second preceding paragraph, and by the Company, in the case of parties indemnified pursuant to the first preceding paragraph. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

If the indemnification provided for in the first or second paragraph in this Section 7 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein in connection with any offering of Offered Securities, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall

contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Underwriters from the offering of the Offered Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and of the Underwriters in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Underwriters in connection with the offering of the Offered Securities shall be deemed to be in the same respective proportions as the total net proceeds from the offering of such Offered Securities (before deducting expenses) received by the Company bear to the total discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus Supplement, in respect thereof. The relative fault of the Company and of the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Offered Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or allegedly untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the respective principal amounts of Offered Securities purchased by each of such Underwriters and not joint. The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

The indemnity and contribution provisions contained in this Section 7 and the representations and warranties of the Company contained herein shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter or by or on behalf of the Company, its directors or officers or any person controlling the Company and (iii) acceptance of and payment for any of the Offered Securities.

8. *Termination.* This Agreement shall be subject to termination in the Representative(s)' absolute discretion, by notice given to the Company, if, after the earlier of the Time of Sale and the execution and delivery of the Underwriting Agreement and prior to the 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 Representative(s) 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 Time of Sale Information and the Prospectus.

9. *Defaulting Underwriters.* If on the Closing Date any one or more of the Underwriters shall fail or refuse to purchase Offered Securities that it has or they have agreed to purchase on such date, and the aggregate amount of Offered Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate amount of the Offered Securities to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the amount of Offered Securities set forth opposite their respective names above bears to the aggregate amount of Offered Securities set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as the Representative(s) may specify, to purchase the Offered Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; *provided* that in no event shall the amount of Offered Securities that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 9 by an amount in excess of one-ninth of such amount of Offered Securities without the written consent of such Underwriter. If on the Closing Date any Underwriter or Underwriters shall fail or refuse to purchase Offered Securities and the aggregate amount of Offered Securities with respect to which such default occurs is more than one-tenth of the aggregate amount of Offered

Securities to be purchased on such date, and arrangements satisfactory to the Representative(s) and the Company for the purchase of such Offered Securities are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either the Representative(s) or the Company shall have the right to postpone the Closing Date but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and in the Prospectus or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

10. *Payment of Expenses Upon Termination.* If this Agreement shall be terminated by the Representative(s) because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse the Underwriters for all out-of-pocket expenses (including the reasonable fees and disbursements of their counsel) reasonably incurred by such Underwriters in connection with the Offered Securities, and upon demand, the Company shall pay the full amount to the Representative(s). If this Agreement is terminated pursuant to Section 8 hereof or pursuant to Section 9 hereof, the Company shall not be obligated to reimburse the Underwriters for such expenses.

11. *Miscellaneous.* The Underwriting Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

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

12. *Headings.* The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

ELI LILLY AND COMPANY

5.20% Note due 2017

Certificate No. [__]

CUSIP No. [__]

ISIN No. [__]

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, an Indiana corporation (the “*Company*”), for value received, hereby promises to pay to [Cede & Co., or its registered assigns,] the principal sum of [__] Dollars (\$[___]) on March 15, 2017, 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 5.20% 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, 2007, until the date on which payment of said principal sum has been made or duly provided for; *provided, however*, that if this Note is in the form of a Global Security, then payments of principal or interest on this Note may be made at the Company’s option by wire transfer of immediately available funds to the account specified by the Depository for this Note; *provided further*, that if this Note is not in the form of a Global Security, then payments of principal or interest on this Note may be made at the Company’s option by check mailed to the address of the person entitled thereto as such address shall appear in the records of the Security Registrar. Interest on this Note shall accrue on the principal amount thereof from, and including, the most recent date to which interest has been paid or provided for or, if no interest has been paid, from, and including, March 14, 2007, in each case to, but excluding, the next Interest Payment Date or the final maturity date of this Note, as the case may be. Interest will be computed on the basis of a 360-day year of twelve 30-day

months. 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 next preceding the month of such Interest Payment Date, except as otherwise provided in the Indenture hereinafter referred to.

This Note is issued pursuant to, and shall be governed by, that certain Indenture (the “**Indenture**”), dated as of February 1, 1991, between the Company and Citibank, N.A., as Trustee (the “**Trustee**”). Capitalized terms used in this Note without definition shall have the respective meanings ascribed to them in the Indenture.

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 or a duly authorized Authenticating Agent under the Indenture.

[This Space Intentionally Left Blank]

IN WITNESS WHEREOF, Eli Lilly And Company has caused this instrument to be duly signed.

Dated: March 14, 2007

ELI LILLY AND COMPANY

By: _____

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

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

This is one of the Securities of the series designated therein issued under the within-mentioned Indenture.

CITIBANK, N.A., as Trustee

By: _____
Authorized Officer

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 5.20% Notes due 2017 (the “*Notes*”). The Notes are initially limited to one billion Dollars (\$1,000,000,000.00) aggregate principal amount, and the Securities, including the Notes, are all issued or to be issued under and pursuant to the Indenture, to which Indenture, and all Board Resolutions 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, and treated, as a single class with the Notes for all purposes under the Indenture, and which shall vote together as one class with respect to the Notes.

In case an Event of Default shall have occurred and be continuing with respect to this Note, 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 permits the Holders of at least a majority in aggregate principal amount of the Notes at the time outstanding to, on behalf of the Holders of all of the Notes and in the manner and subject to the provisions of the Indenture, waive certain past defaults under 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 for the purpose of 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 of modifying in any manner the rights of the Holders of the Notes; *provided, however*, that no such supplemental indenture shall (i) extend the fixed maturity, or the earlier optional date of maturity, if any, of any Note, or reduce the principal amount thereof or the premium thereon, if any, or reduce the rate or extend the time of payment of interest, if any, thereon or make the principal thereof or premium, if any, or interest, if any, thereon payable in any currency other than as provided pursuant to the Indenture or this Note, without the consent of the Holders 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 of then outstanding.

The Notes shall not be entitled to the benefit of any mandatory redemption or sinking fund.

Upon such notice as specified below and in accordance with the Indenture, the Notes are subject to redemption, in whole or in part, at the election of the Company at any time and from time to time, at a redemption date and at a “redemption price” (as defined in the Indenture) equal to the greater of the following amounts:

- (i) 100% of the principal amount of the Notes being redeemed on such redemption date; and

- (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed on such redemption date (not including the amount, if any, of accrued and unpaid interest to, but excluding, such redemption date) discounted to such redemption date on a semiannual basis at the Treasury Rate (as defined below), as determined by the Reference Treasury Dealer (as defined below) plus twelve and one half (12.5) basis points;

plus, in each case, accrued and unpaid interest on such Notes to, but excluding, the redemption date.

Notwithstanding the foregoing, installments of interest on Notes that are due and payable on each Interest Payment Date falling on or prior to a redemption date will be payable on such Interest Payment Date to the registered Holder(s) as of the close of business on the immediately preceding Regular Record Date. The redemption price will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Company shall mail notice of each such redemption at least thirty (30) days but not more than sixty (60) days before the redemption date to each registered Holder of Notes to be redeemed.

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, but excluding, the redemption date.

“**Treasury Rate**” means, with respect to any redemption date for any Note, 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 Notes 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 Notes.

“**Comparable Treasury Price**” means, with respect to any redemption date for any Note, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains only two (2) such Reference Treasury Dealer Quotations, the average of both such Quotations, or (C) if only one (1) Reference Treasury Dealer Quotation is received, such Quotation.

“**Reference Treasury Dealer**” means (A) Credit Suisse Securities (USA) LLC, Deutch Bank Securities Inc. and J.P. Morgan Securities Inc. (or their respective affiliates that 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 (3rd) business day preceding such redemption date.

On and after the redemption date, interest will cease to accrue on the Notes or any portion thereof called for redemption (unless the Company defaults in the payment of the redemption price and accrued and unpaid interest due upon such redemption). On or before the redemption date, the Company will deposit with a paying agent (or the Trustee) money sufficient to pay the redemption price of and accrued and unpaid interest on the Notes to be redeemed on such date. If fewer than all of the Notes are to be redeemed, then the Notes to be redeemed shall be selected by lot by DTC, in the case of Notes represented by a Global Security, or by the Trustee by a method the Trustee deems to be fair and appropriate, in the case of Notes that are not represented by a Global Security.

On or prior to the redemption date of any Note, the Company shall deposit in trust with the Trustee or with any Paying Agent, or if and to the extent that it shall be acting as its own Paying Agent, the Company shall set aside, segregate and hold in trust, funds sufficient to redeem such Note or portion thereof to be redeemed on such date, at the applicable redemption price, together with interest accrued thereon, if any, to, but excluding the redemption date.

If fewer than all of the Notes are to be redeemed, then the Notes to be redeemed shall be selected by lot by the Depository, in the case of Notes represented by one or more Global Securities, or by the Trustee by a method the Trustee deems to be fair and appropriate, in the case of Notes that are not represented by one or more Global Securities.

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 times and places and at the rate and in the coin or currency herein prescribed.

In no event shall a transfer or exchange of this Note be effected unless the principal amount to be transferred or exchanged is a denomination (an “**Authorized Denomination**”) of two thousand Dollars (\$2,000.00) in principal amount or any integral multiple of one thousand Dollars (\$1,000.00) in excess thereof and, in the case of a transfer or exchange of this Note only in part, the principal amount of this Note remaining after giving effect to such transfer or exchange is an Authorized Denomination.

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 Authorized 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 Security 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 Security 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 Security 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, past, present or future, as such, 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.

ELI LILLY AND COMPANY

5.50% Note due 2027

Certificate No. [__]

CUSIP No. [__]

ISIN No. [__]

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, an Indiana corporation (the “*Company*”), for value received, hereby promises to pay to [Cede & Co., or its registered assigns,] the principal sum of [__] Dollars (\$[__]) on March 15, 2027, 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 5.50% 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, 2007, until the date on which payment of said principal sum has been made or duly provided for; *provided, however*, that if this Note is in the form of a Global Security, then payments of principal or interest on this Note may be made at the Company’s option by wire transfer of immediately available funds to the account specified by the Depositary for this Note; *provided further*, that if this Note is not in the form of a Global Security, then payments of principal or interest on this Note may be made at the Company’s option by check mailed to the address of the person entitled thereto as such address shall appear in the records of the Security Registrar. Interest on this Note shall accrue on the principal amount thereof from, and including, the most recent date to which interest has been paid or provided for or, if no interest has been paid, from, and including, March 14, 2007, in each case to, but excluding, the next Interest Payment Date or the final maturity date of this Note, as the case may be. Interest will be computed on the basis of a 360-day year of twelve 30-day

months. 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 next preceding the month of such Interest Payment Date, except as otherwise provided in the Indenture hereinafter referred to.

This Note is issued pursuant to, and shall be governed by, that certain Indenture (the “**Indenture**”), dated as of February 1, 1991, between the Company and Citibank, N.A., as Trustee (the “**Trustee**”). Capitalized terms used in this Note without definition shall have the respective meanings ascribed to them in the Indenture.

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 or a duly authorized Authenticating Agent under the Indenture.

[This Space Intentionally Left Blank]

IN WITNESS WHEREOF, Eli Lilly And Company has caused this instrument to be duly signed.

Dated: March 14, 2007

ELI LILLY AND COMPANY

By: _____

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

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

This is one of the Securities of the series designated therein issued under the within-mentioned Indenture.

CITIBANK, N.A., as Trustee

By: _____
Authorized Officer

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 5.50% Notes due 2027 (the “*Notes*”). The Notes are initially limited to seven hundred million Dollars (\$700,000,000.00) aggregate principal amount, and the Securities, including the Notes, are all issued or to be issued under and pursuant to the Indenture, to which Indenture, and all Board Resolutions 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, and treated, as a single class with the Notes for all purposes under the Indenture, and which shall vote together as one class with respect to the Notes.

In case an Event of Default shall have occurred and be continuing with respect to this Note, 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 permits the Holders of at least a majority in aggregate principal amount of the Notes at the time outstanding to, on behalf of the Holders of all of the Notes and in the manner and subject to the provisions of the Indenture, waive certain past defaults under 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 for the purpose of 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 of modifying in any manner the rights of the Holders of the Notes; *provided, however*, that no such supplemental indenture shall (i) extend the fixed maturity, or the earlier optional date of maturity, if any, of any Note, or reduce the principal amount thereof or the premium thereon, if any, or reduce the rate or extend the time of payment of interest, if any, thereon or make the principal thereof or premium, if any, or interest, if any, thereon payable in any currency other than as provided pursuant to the Indenture or this Note, without the consent of the Holders 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 of then outstanding.

The Notes shall not be entitled to the benefit of any mandatory redemption or sinking fund.

Upon such notice as specified below and in accordance with the Indenture, the Notes are subject to redemption, in whole or in part, at the election of the Company at any time and from time to time, at a redemption date and at a “redemption price” (as defined in the Indenture) equal to the greater of the following amounts:

- (i) 100% of the principal amount of the Notes being redeemed on such redemption date; and

- (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed on such redemption date (not including the amount, if any, of accrued and unpaid interest to, but excluding, such redemption date) discounted to such redemption date on a semiannual basis at the Treasury Rate (as defined below), as determined by the Reference Treasury Dealer (as defined below) plus twenty (20) basis points;

plus, in each case, accrued and unpaid interest on such Notes to, but excluding, the redemption date.

Notwithstanding the foregoing, installments of interest on Notes that are due and payable on each Interest Payment Date falling on or prior to a redemption date will be payable on such Interest Payment Date to the registered Holder(s) as of the close of business on the immediately preceding Regular Record Date. The redemption price will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Company shall mail notice of each such redemption at least thirty (30) days but not more than sixty (60) days before the redemption date to each registered Holder of Notes to be redeemed.

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, but excluding, the redemption date.

“**Treasury Rate**” means, with respect to any redemption date for any Note, 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 Notes 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 Notes.

“**Comparable Treasury Price**” means, with respect to any redemption date for any Note, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains only two (2) such Reference Treasury Dealer Quotations, the average of both such Quotations, or (C) if only one (1) Reference Treasury Dealer Quotation is received, such Quotation.

“**Reference Treasury Dealer**” means (A) Credit Suisse Securities (USA) LLC, Deutch Bank Securities Inc. and J.P. Morgan Securities Inc. (or their respective affiliates that 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 (3rd) business day preceding such redemption date.

On and after the redemption date, interest will cease to accrue on the Notes or any portion thereof called for redemption (unless the Company defaults in the payment of the redemption price and accrued and unpaid interest due upon such redemption). On or before the redemption date, the Company will deposit with a paying agent (or the Trustee) money sufficient to pay the redemption price of and accrued and unpaid interest on the Notes to be redeemed on such date. If fewer than all of the Notes are to be redeemed, then the Notes to be redeemed shall be selected by lot by DTC, in the case of Notes represented by a Global Security, or by the Trustee by a method the Trustee deems to be fair and appropriate, in the case of Notes that are not represented by a Global Security.

On or prior to the redemption date of any Note, the Company shall deposit in trust with the Trustee or with any Paying Agent, or if and to the extent that it shall be acting as its own Paying Agent, the Company shall set aside, segregate and hold in trust, funds sufficient to redeem such Note or portion thereof to be redeemed on such date, at the applicable redemption price, together with interest accrued thereon, if any, to, but excluding the redemption date.

If fewer than all of the Notes are to be redeemed, then the Notes to be redeemed shall be selected by lot by the Depository, in the case of Notes represented by one or more Global Securities, or by the Trustee by a method the Trustee deems to be fair and appropriate, in the case of Notes that are not represented by one or more Global Securities.

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 times and places and at the rate and in the coin or currency herein prescribed.

In no event shall a transfer or exchange of this Note be effected unless the principal amount to be transferred or exchanged is a denomination (an “**Authorized Denomination**”) of two thousand Dollars (\$2,000.00) in principal amount or any integral multiple of one thousand Dollars (\$1,000.00) in excess thereof and, in the case of a transfer or exchange of this Note only in part, the principal amount of this Note remaining after giving effect to such transfer or exchange is an Authorized Denomination.

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 Authorized 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 Security 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 Security 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 Security 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, past, present or future, as such, 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.

ELI LILLY AND COMPANY

5.55% Note due 2037

Certificate No. [__]

CUSIP No. [__]

ISIN No. [__]

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, an Indiana corporation (the “*Company*”), for value received, hereby promises to pay to [Cede & Co., or its registered assigns,] the principal sum of [__] Dollars (\$[__]) on March 15, 2037, 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 5.55% 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, 2007, until the date on which payment of said principal sum has been made or duly provided for; *provided, however*, that if this Note is in the form of a Global Security, then payments of principal or interest on this Note may be made at the Company’s option by wire transfer of immediately available funds to the account specified by the Depository for this Note; *provided further*, that if this Note is not in the form of a Global Security, then payments of principal or interest on this Note may be made at the Company’s option by check mailed to the address of the person entitled thereto as such address shall appear in the records of the Security Registrar. Interest on this Note shall accrue on the principal amount thereof from, and including, the most recent date to which interest has been paid or provided for or, if no interest has been paid, from, and including, March 14, 2007, in each case to, but excluding, the next Interest Payment Date or the final maturity date of this Note, as the case may be. Interest will be computed on the basis of a 360-day year of twelve 30-day

months. 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 next preceding the month of such Interest Payment Date, except as otherwise provided in the Indenture hereinafter referred to.

This Note is issued pursuant to, and shall be governed by, that certain Indenture (the “**Indenture**”), dated as of February 1, 1991, between the Company and Citibank, N.A., as Trustee (the “**Trustee**”). Capitalized terms used in this Note without definition shall have the respective meanings ascribed to them in the Indenture.

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 or a duly authorized Authenticating Agent under the Indenture.

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IN WITNESS WHEREOF, Eli Lilly And Company has caused this instrument to be duly signed.

Dated: March 14, 2007

ELI LILLY AND COMPANY

By: _____

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

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

This is one of the Securities of the series designated therein issued under the within-mentioned Indenture.

CITIBANK, N.A., as Trustee

By: _____
Authorized Officer

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 5.55% Notes due 2037 (the “*Notes*”). The Notes are initially limited to eight hundred million Dollars (\$800,000,000.00) aggregate principal amount, and the Securities, including the Notes, are all issued or to be issued under and pursuant to the Indenture, to which Indenture, and all Board Resolutions 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, and treated, as a single class with the Notes for all purposes under the Indenture, and which shall vote together as one class with respect to the Notes.

In case an Event of Default shall have occurred and be continuing with respect to this Note, 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 permits the Holders of at least a majority in aggregate principal amount of the Notes at the time outstanding to, on behalf of the Holders of all of the Notes and in the manner and subject to the provisions of the Indenture, waive certain past defaults under 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 for the purpose of 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 of modifying in any manner the rights of the Holders of the Notes; *provided, however*, that no such supplemental indenture shall (i) extend the fixed maturity, or the earlier optional date of maturity, if any, of any Note, or reduce the principal amount thereof or the premium thereon, if any, or reduce the rate or extend the time of payment of interest, if any, thereon or make the principal thereof or premium, if any, or interest, if any, thereon payable in any currency other than as provided pursuant to the Indenture or this Note, without the consent of the Holders 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 of then outstanding.

The Notes shall not be entitled to the benefit of any mandatory redemption or sinking fund.

Upon such notice as specified below and in accordance with the Indenture, the Notes are subject to redemption, in whole or in part, at the election of the Company at any time and from time to time, at a redemption date and at a “redemption price” (as defined in the Indenture) equal to the greater of the following amounts:

- (i) 100% of the principal amount of the Notes being redeemed on such redemption date; and

- (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed on such redemption date (not including the amount, if any, of accrued and unpaid interest to, but excluding, such redemption date) discounted to such redemption date on a semiannual basis at the Treasury Rate (as defined below), as determined by the Reference Treasury Dealer (as defined below) plus twenty (20) basis points;

plus, in each case, accrued and unpaid interest on such Notes to, but excluding, the redemption date.

Notwithstanding the foregoing, installments of interest on Notes that are due and payable on each Interest Payment Date falling on or prior to a redemption date will be payable on such Interest Payment Date to the registered Holder(s) as of the close of business on the immediately preceding Regular Record Date. The redemption price will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Company shall mail notice of each such redemption at least thirty (30) days but not more than sixty (60) days before the redemption date to each registered Holder of Notes to be redeemed.

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, but excluding, the redemption date.

“**Treasury Rate**” means, with respect to any redemption date for any Note, 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 Notes 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 Notes.

“**Comparable Treasury Price**” means, with respect to any redemption date for any Note, (A) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Trustee obtains only two (2) such Reference Treasury Dealer Quotations, the average of both such Quotations, or (C) if only one (1) Reference Treasury Dealer Quotation is received, such Quotation.

“**Reference Treasury Dealer**” means (A) Credit Suisse Securities (USA) LLC, Deutch Bank Securities Inc. and J.P. Morgan Securities Inc. (or their respective affiliates that 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 (3rd) business day preceding such redemption date.

On and after the redemption date, interest will cease to accrue on the Notes or any portion thereof called for redemption (unless the Company defaults in the payment of the redemption price and accrued and unpaid interest due upon such redemption). On or before the redemption date, the Company will deposit with a paying agent (or the Trustee) money sufficient to pay the redemption price of and accrued and unpaid interest on the Notes to be redeemed on such date. If fewer than all of the Notes are to be redeemed, then the Notes to be redeemed shall be selected by lot by DTC, in the case of Notes represented by a Global Security, or by the Trustee by a method the Trustee deems to be fair and appropriate, in the case of Notes that are not represented by a Global Security.

On or prior to the redemption date of any Note, the Company shall deposit in trust with the Trustee or with any Paying Agent, or if and to the extent that it shall be acting as its own Paying Agent, the Company shall set aside, segregate and hold in trust, funds sufficient to redeem such Note or portion thereof to be redeemed on such date, at the applicable redemption price, together with interest accrued thereon, if any, to, but excluding the redemption date.

If fewer than all of the Notes are to be redeemed, then the Notes to be redeemed shall be selected by lot by the Depository, in the case of Notes represented by one or more Global Securities, or by the Trustee by a method the Trustee deems to be fair and appropriate, in the case of Notes that are not represented by one or more Global Securities.

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 times and places and at the rate and in the coin or currency herein prescribed.

In no event shall a transfer or exchange of this Note be effected unless the principal amount to be transferred or exchanged is a denomination (an “**Authorized Denomination**”) of two thousand Dollars (\$2,000.00) in principal amount or any integral multiple of one thousand Dollars (\$1,000.00) in excess thereof and, in the case of a transfer or exchange of this Note only in part, the principal amount of this Note remaining after giving effect to such transfer or exchange is an Authorized Denomination.

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 Authorized 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 Security 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 Security 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 Security 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, past, present or future, as such, 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.

DEWEY BALLANTINE LLP
1301 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10019-6092
TEL 212 259-8000 FAX 212 259-6333

March 14, 2007

Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285

Ladies and Gentlemen:

We have acted as counsel to Eli Lilly and Company, an Indiana corporation (the "Company"), in connection with the proposed issuance, by the Company, of \$1,000,000,000 aggregate principal amount of the Company's 5.20% Notes due 2017, \$700,000,000 aggregate principal amount of the Company's 5.50% Notes due 2027 and \$800,000,000 aggregate principal amount of the Company's 5.55% Notes due 2037 (collectively, the "Debt Securities") pursuant to a prospectus supplement (the "Prospectus Supplement") to the prospectus contained in the Company's Registration Statement (the "Registration Statement") on Form S-3 (File No. 333-141075) filed with the U.S. Securities and Exchange Commission (the "Commission") on March 5, 2007 under the Securities Act of 1933, as amended (the "Securities Act"), and pursuant to an Indenture, dated February 1, 1991, between the Company and Citibank, N.A., as Trustee (the "Indenture") and an Underwriting Agreement (the "Underwriting Agreement"), dated March 7, 2007, between the Company and, as representatives of the several underwriters named therein, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., J.P. Morgan Securities Inc. and Goldman, Sachs & Co.

We have examined and relied upon, without independent verification, originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of officers of the Company and of public officials and such other instruments as we have deemed necessary or appropriate as a basis for the opinion expressed below, including the Prospectus Supplement, the Registration Statement, the Indenture, the Debt Securities and the Underwriting Agreement.

For purposes of the opinion expressed below, we have assumed, without independent investigation, that (i) the Indenture and the Underwriting Agreement have been duly authorized, executed and delivered by the parties thereto other than the Company, and the Indenture constitutes the valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms; and (ii) the certificates representing the Debt Securities will conform as to form to the applicable form of global notes examined by us. We have also assumed, without independent investigation, the genuineness and authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as copies thereof and the due execution and delivery of all documents where due execution and delivery are prerequisites to the effectiveness thereof.

NEW YORK WASHINGTON, D.C. LOS ANGELES EAST PALO ALTO HOUSTON AUSTIN
LONDON WARSAW FRANKFURT MILAN ROME BEIJING PRAGUE (Associated Office)

Eli Lilly and Company

March 14, 2007

Page 2

On the basis of, and in reliance on, the foregoing and subject to the assumptions, exceptions, qualifications and limitations contained herein, we are of the opinion that the Debt Securities, when issued and authenticated in accordance with the Indenture against payment therefor as provided in the Underwriting Agreement, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to (i) applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and (ii) general principles of equity, regardless of whether considered in a proceeding in equity or at law.

We are members of the Bar of the State of New York, and we express no opinion as to the laws of any jurisdiction except the laws of the State of New York and the federal law of the United States. We are not rendering any opinion as to compliance with any federal securities laws or state securities or blue sky laws. As to matters governed by Indiana law, we have relied, without independent investigation, upon, and our opinion expressed herein is subject to all of the qualifications, assumptions and limitations expressed in, the opinion of even date herewith of James B. Lootens, Secretary and Deputy General Counsel of the Company, a copy of which opinion is enclosed herewith.

The foregoing opinion is rendered as of the date hereof, and we assume no obligation to update such opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in the law which may hereafter occur.

We consent to the incorporation by reference of this opinion into the Registration Statement and to the reference to this firm under the heading "Legal Matters" in the prospectus included in the Registration Statement. In giving such consent, we do not admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission.

Very truly yours,

DEWEY BALLANTINE LLP

March 14, 2007

Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285

Ladies and Gentlemen:

I am the Secretary and Deputy General Counsel of Eli Lilly and Company, an Indiana corporation (the "Company"). I am rendering this opinion in connection with the proposed issuance, by the Company, of \$1,000,000,000 aggregate principal amount of the Company's 5.20% Notes due 2017, \$700,000,000 aggregate principal amount of the Company's 5.50% Notes due 2027 and \$800,000,000 aggregate principal amount of the Company's 5.55% Notes due 2037 (collectively, the "Debt Securities") pursuant to a prospectus supplement (the "Prospectus Supplement") to the prospectus contained in the Company's Registration Statement (the "Registration Statement") on Form S-3 (File No. 333-141075) filed with the U.S. Securities and Exchange Commission (the "Commission") on March 5, 2007 under the Securities Act of 1933, as amended (the "Securities Act"), and pursuant to an Indenture, dated February 1, 1991, between the Company and Citibank, N.A., as Trustee (the "Indenture") and an Underwriting Agreement (the "Underwriting Agreement"), dated March 7, 2007, between the Company and, as representatives of the several underwriters named therein, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., J.P. Morgan Securities Inc. and Goldman, Sachs & Co.

I have examined and am familiar with originals, or copies certified or otherwise identified to my satisfaction, of such documents, corporate records, certificates of officers of the Company and of public officials and such other instruments as I have deemed necessary or appropriate as a basis for the opinions expressed below, including the Registration Statement, the Company's Amended Articles of Incorporation, the Company's By-Laws, the Indenture, the Debt Securities and the Underwriting Agreement.

For purposes of the opinions expressed below, I have assumed, without independent investigation, that (i) the Indenture and the Underwriting Agreement have been duly authorized, executed and delivered by the parties thereto other than the Company and constitute valid and binding obligations of the parties thereto other than the Company, enforceable against each of them in accordance with their respective terms; and (ii) the certificates representing the Debt Securities will conform as to form to the form of global notes examined by me. I have also assumed, without independent investigation, the genuineness and authenticity of all documents submitted to me as originals, the conformity to originals of all documents submitted to me as copies thereof and the due execution and delivery of all documents where due execution and delivery are prerequisites to the effectiveness thereof.

On the basis of, and in reliance on, the foregoing and subject to the assumptions, exceptions, qualifications and limitations contained herein, I am of the opinion that:

1. The Company is a corporation duly organized and validly existing under the laws of the State of Indiana.
2. Each of the Indenture and the Underwriting Agreement has been duly and validly authorized, executed and delivered by the Company.
3. The Company has duly authorized the issuance of the Debt Securities, and the Company has full corporate power and authority to issue the Debt Securities and to perform its obligations under the Debt Securities, the Indenture and the Underwriting Agreement.

I am a member of the bar of the State of Indiana and express no opinion as to the laws of any other jurisdiction.

I hereby consent that Dewey Ballantine LLP may rely upon this opinion as if it were addressed to them.

The foregoing opinion is rendered as of the date hereof, and I assume no obligation to update such opinion to reflect any facts or circumstances which may hereafter come to my attention or any changes in the law which may hereafter occur.

I hereby consent to the incorporation by reference of this opinion into the Registration Statement and to the reference to my name under the heading "Legal Matters" in the prospectus included in the Registration Statement. In giving such consent, I do not admit that I come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission.

Yours truly,

James B. Lootens
Secretary and Deputy General Counsel