PAUL STEVEN M Form 4 October 24, 2006

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

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Check this box if no longer subject to Section 16. Form 4 or Form 5

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * PAUL STEVEN M			2. Issuer Name and Ticker or Trading Symbol LILLY ELI & CO [LLY]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)			
(Last)	(First)	(Middle)	3. Date of Earliest Transaction	(Check all applicable)			
LILLY CORPORATE CENTER			(Month/Day/Year) 10/20/2006	Director 10% Owner _X_ Officer (give title Other (speci- below) below) EVP, Science and Technology			
(Street)			4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Chec Applicable Line)			
INDIANAPOLIS, IN 46285				_X_ Form filed by One Reporting Person Form filed by More than One Reporting Person			

(City) (State) (Zip) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

	Table 1 Non Delivative Securities required, Disposed of, or Delivereding 5 whea									
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired on(A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following	6. Ownership Form: Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
			Code V	Amount	(A) or (D)	Price	Reported Transaction(s) (Instr. 3 and 4)	(Instr. 4)		
Common Stock	09/15/2006		G	1,070	D	\$ 0	39,656	D		
Common Stock	09/15/2006		G	1,070	A	\$ 0	5,906	I (1)	by wife	
Common Stock	10/20/2006		S	4,836	D	\$ 56.91	1,070	I (1)	by wife	
Common Stock							2,853	I	401(k)	
Common Stock							579	I (1)	by daughter	

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by wife as Common 589 $I^{(1)}$ custodian Stock for son

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

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

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exerc	cisable and	7. Titl	e and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transaction	orNumber	Expiration D	ate	Amou	nt of	Derivative	Deriv
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Under	lying	Security	Secu
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivative	e		Securi	ities	(Instr. 5)	Bene
	Derivative				Securities	3		(Instr.	3 and 4)		Owne
	Security				Acquired						Follo
					(A) or						Repo
					Disposed						Trans
					of (D)						(Instr
					(Instr. 3,						
					4, and 5)						
									Amount		
									Amount		
						Date	Expiration	TP:41	or		
						Exercisable	Date	Title	Number		
				C 1 W	(A) (D)				of		
				Code V	(A) (D)				Shares		

Reporting Owners

Relationships Reporting Owner Name / Address

> Director 10% Owner Officer Other

PAUL STEVEN M LILLY CORPORATE CENTER **INDIANAPOLIS, IN 46285**

EVP, Science and Technology

Signatures

James B. Lootens, for Steven M. Paul, authorization 10/24/2006 on file

> **Signature of Reporting Person Date

Explanation of Responses:

- If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Reporting person disclaims beneficial ownership of these shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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