

TAUREL SIDNEY
Form 5
February 14, 2006

FORM 5

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

1. Name and Address of Reporting Person *
TAUREL SIDNEY

(Last) (First) (Middle)

2. Issuer Name and Ticker or Trading Symbol
LILLY ELI & CO [LLY]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
Chairman and CEO

LILLY CORPORATE CENTER

(Street)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

INDIANAPOLIS, IN 46285

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	(A) or (D)	Price	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	12/14/2005	^	G	887	D	\$ 0	496,437	D	^
Common Stock	^	^	^	^	^	^	515,810	D	^
Common Stock	^	^	^	^	^	^	15,509	I	401(k)
Common Stock	^	^	^	^	^	^	1,290	I	by child, A. Taurel

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Common Stock	Â	Â	Â	Â	Â	Â	1,290	I	by child, O. Taurel
Common Stock	Â	Â	Â	Â	Â	Â	1,290	I	by child, P. Taurel
Common Stock	Â	Â	Â	Â	Â	Â	100,000	I ⁽¹⁾	by wife, K. Taurel
Common Stock	Â	Â	Â	Â	Â	Â	95,623	I ⁽²⁾	Family Limited Partnership 1
Common Stock	Â	Â	Â	Â	Â	Â	20,500	I ⁽³⁾	Family Limited Partnership 2
Common Stock	Â	Â	Â	Â	Â	Â	1,018	I ⁽⁴⁾	GRAT 2002-4
Common Stock	Â	Â	Â	Â	Â	Â	0	I ⁽⁴⁾	S. Taurel Family Invest. GRAT
Common Stock	Â	Â	Â	Â	Â	Â	113,797	I ⁽⁴⁾	S. Taurel Waterfield GRAT
Common Stock	Â	Â	Â	Â	Â	Â	20,000	I ⁽⁴⁾	ST Family Investment GRAT II U/A DTD 11/22/05
Common Stock	Â	Â	Â	Â	Â	Â	80,000	I ⁽⁴⁾	ST Grantor Retained Annuity Trust U/A 11/22/05

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

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SEC 2270 (9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying (Instr. 3 and 4)
					(A) (D)		Title

							Date Exercisable	Expiration Date	
Employee stock option 2/02 (right to buy)	\$ 75.92	04/30/2005	Â	G ⁽⁵⁾	149,172	Â	02/18/2005	02/17/2012	Common Stock
Employee stock option 2/02 (right to buy)	\$ 75.92	04/30/2005	Â	G ⁽⁵⁾	Â	149,172	02/18/2005	02/17/2012	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
TAUREL SIDNEY LILLY CORPORATE CENTER INDIANAPOLIS, IN 46285	Â X	Â	Â Chairman and CEO	Â

Signatures

Sidney Taurel 02/14/2006

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.

Held by Family Limited Partnership 1 in which reporting person is sole general partner. Reporting person's wife and children own limited interests, and reporting person disclaims beneficial ownership in the shares held by the partnership except to the extent of his pecuniary interest therein.

(2) Held by Family Limited Partnership 2 in which an LLC controlled by the reporting person is the sole general partner and the reporting person is the sole limited partner. Reporting person's wife and children own limited partnership interests in Family Limited Partnership 1, and reporting person disclaims beneficial ownership in the shares held by the partnership except to the extent of his pecuniary interest therein.

(3) Grantor retained annuity trust established by reporting person. Reporting person is trustee.

(4) The reporting person transferred these options to an irrevocable trust, for the benefit of his children.

(5) Irrevocable trust for the benefit of reporting person's children. Reporting person disclaims beneficial ownership of these shares.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.