

FORM 5

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

OMB APPROVAL	
OMB Number:	3235-0362
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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.

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

1. Name and Address of Reporting Person* <u>TAUREL SIDNEY</u> <hr/> (Last) (First) (Middle) <u>LILLY CORPORATE CENTER</u> <hr/> (Street) <u>INDIANAPOLIS IN 46285</u> <hr/> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>LILLY ELI & CO [LLY]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <p style="text-align: center;">Chairman and CEO</p>
	3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) <u>12/31/2005</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

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

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned 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)
				Amount	(A) or (D)	Price			
Common Stock	12/14/2005		G	887	D	\$0.00	496,437	D	
Common Stock							515,810	D	
Common Stock							15,509	I	401(k)
Common Stock							1,290	I	by child, A. Taurel
Common Stock							1,290	I	by child, O. Taurel
Common Stock							1,290	I	by child, P. Taurel
Common Stock							100,000	I ⁽¹⁾	by wife, K. Taurel
Common Stock							95,623	I ⁽²⁾	Family Limited Partnership 1
Common Stock							20,500	I ⁽³⁾	Family Limited Partnership 2
Common Stock							1,018	I ⁽⁴⁾	GRAT 2002-4
Common Stock							0	I ⁽⁴⁾	S. Taurel Family Invest. GRAT
Common Stock							113,797	I ⁽⁴⁾	S. Taurel Waterfield GRAT
Common Stock							20,000	I ⁽⁴⁾	ST Family Investment GRAT II U/A DTD 11/22/05
Common Stock							80,000	I ⁽⁴⁾	ST Grantor Retained Annuity Trust U/A 11/22/05

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

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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)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
Employee stock option 2/02 (right to buy)	\$75.92	04/30/2005		G ⁽⁵⁾	149,172 (A)	02/18/2005 Date Exercisable	02/17/2012 Expiration Date	Common Stock Amount or Number of Shares 149,172	\$0.00	149,172	I ⁽⁶⁾	Irrev. Trust
Employee stock option 2/02 (right to buy)	\$75.92	04/30/2005		G ⁽⁵⁾	149,172	02/18/2005	02/17/2012	Common Stock Amount or Number of Shares 149,172	\$0.00	199,511	I ⁽⁴⁾	GRAT

Explanation of Responses:

- 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.
- 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.
- Grantor retained annuity trust established by reporting person. Reporting person is trustee.
- The reporting person transferred these options to an irrevocable trust, for the benefit of his children.
- Irrevocable trust for the benefit of reporting person's children. Reporting person disclaims beneficial ownership of these shares.

Remarks:

Sidney Taurel

02/14/2006

** Signature of Reporting Person

Date

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

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

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

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

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