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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): **October 20, 2005**

ELI LILLY AND COMPANY

(Exact name of registrant as specified in its charter)

Indiana	**001-06351**	**35-0470950**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
Lilly Corporate Center **Indianapolis, Indiana** (Address of Principal Executive Offices)		**46285** (Zip Code)

Registrant's telephone number, including area code: (317) 276-2000

No Change

(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:

o Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02. Results of Operations and Financial Condition

On October 20, 2005, we issued a press release announcing our results of operations for the quarter and nine month period ended September 30, 2005, including, among other things, an income statement for those periods and a consolidated balance sheet as of September 30, 2005. In addition, on the same day we are holding a teleconference for analysts and media to discuss those results. The teleconference will be web cast on our web site. The press release and related financial statements are attached to this Form 8-K as Exhibit 99.

We use non-GAAP financial measures, such as adjusted net income and adjusted earnings per share. Non-GAAP financial measures differ from financial statements reported in conformity with U.S. generally accepted accounting principles ("GAAP"). We use non-GAAP financial measures in comparing the financial results for the third quarter and first nine months of 2005 with the same periods of 2004. Those measures include operating income, net income, and earnings per share ("EPS") adjusted for the following items:

- We have excluded the impact of a charge in the first quarter of 2004 for acquired in-process research and development in connection with the acquisition of Applied Molecular Evolution, Inc. (described in more detail in our Form 8-K dated April 19, 2004)
- We have excluded the impact of asset impairment charges relating to manufacturing and research and development in the second quarter of 2004 (described in more detail in our Form 8-K dated July 22, 2004)
- We have excluded the impact of a charge for product liability matters in the second quarter of 2005 (described in more detail in our Form 8-K dated July 21, 2005)
- We have provided "adjusted proforma earnings per share" for the third quarter and first nine months of 2004. Beginning January 1, 2005, we have adopted the Financial Accounting Standard Board's new accounting standard on share-based payments, "Statement of Financial Accounting Standards No. 123 (revised 2004) — Share-Based Payment." We determined that it would be useful to investors to provide a year-over-year comparison between 2004 and 2005 assuming comparable accounting treatment in both years. Therefore, we have provided adjusted proforma earnings per share for the third quarter and first nine months of 2004 that assumes we had adopted the new share-based payments accounting standard at the beginning of 2004.

In the press release attached as Exhibit 99, we also provided financial expectations for the fourth quarter and full year 2005. In addition to providing EPS expectations on a GAAP basis, we provided EPS growth comparisons on an adjusted basis. In order to provide a more meaningful EPS growth comparison between 2004 results and projected 2005 results, we made the following adjustments to 2004 and 2005 earnings per share:

- We eliminated the second quarter 2005 product liability charge discussed above
- We eliminated the following charges recognized in the fourth quarter of 2004 (described in more detail in our Forms 8-K dated October 21, 2004, December 20, 2004, and January 26, 2005):
    - Asset impairments, restructuring, and other special charges

- Tax expense accrued on the expected repatriation to the U.S. of $8.0 billion of eligible overseas earnings in 2005 under the American Jobs Creation Act of 2004
- A charge for acquired in-process research and development related to the in-license of an insomnia compound from Merck KGaA

- We eliminated the asset impairment charges in the second quarter of 2004 discussed above
- We eliminated the first quarter 2004 charge for the Applied Molecular Evolution acquisition discussed above.

We excluded the effect of the items listed above. The items that are excluded are typically highly variable, difficult to predict, and of a size that could have a substantial impact on our reported operations for a period.

In addition, in light of our decision to adopt the new equity compensation accounting standard in January 2005, we provided adjusted proforma earnings per share for 2004 that assumes we had adopted the new standard in 2004. Given this change in accounting principle, we believe that adjusting 2004 as if we had applied the new accounting rules in that period will help investors to understand year-over-year comparisons.

We believe that these non-GAAP measures provide useful information to investors. Among other things, they may help investors evaluate our ongoing operations. They can assist in making meaningful period-over-period comparisons and in identifying operating trends that could otherwise be masked or distorted by the items subject to the adjustments. Management uses these non-GAAP measures internally to evaluate the performance of the business, including to allocate resources and to evaluate results relative to incentive compensation targets.

Investors should consider these non-GAAP measures in addition to, not as a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. For the reasons described above for use of non-GAAP measures, our prospective earnings guidance is subject to adjustment for certain matters, like those identified above, as to which prospective quantification generally is not feasible.

The information in this Item 2.02 and the press released attached as Exhibit 99 are considered furnished to the Commission and are not deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

Item 9.01. Financial Statements and Exhibits

Exhibit Number	Description
99	Press release dated October 20, 2005, together with related attachments

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 thereunto duly authorized.

ELI LILLY AND COMPANY
(Registrant)

By: /s/ Charles E. Golden
Name: Charles E. Golden
Title: Executive Vice President and Chief Financial Officer

Dated: October 20, 2005

EXHIBIT INDEX

Exhibit Number	Exhibit
99	Press release dated October 20, 2005, together with related attachments.

Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285
U.S.A.

www.lilly.com

Date: October 20, 2005

For Release: Immediately
Refer to: (317) 276-2506 — Phil Belt

Lilly Reports $.73 EPS and 10 Percent Sales Growth in the Third Quarter

Newer Products Contribute More Than $650 Million, or 18 Percent of Total Q3 Sales

Eli Lilly and Company (NYSE: LLY) today announced financial results for the third quarter of 2005.

Third-Quarter Highlights

- Sales increased 10 percent, to $3.601 billion.
- Newer products — Alimta®, Cialis® (non-joint-venture sales), Cymbalta®, Forteo®, Strattera®, Symbyax®, Xigris® and Yentreve® — contributed $651.6 million to third-quarter sales and accounted for 18 percent of total sales, compared with 12 percent of total sales in the third quarter of 2004.
- Cymbalta, which was launched in the U.S. in late August 2004 for the treatment of major depressive disorder and in September 2004 for the treatment of diabetic peripheral neuropathic pain, has achieved $544.8 million in U.S. sales since its launch.
- As detailed in the Lilly ICOS third-quarter earnings results, the Lilly ICOS joint venture generated positive earnings this quarter of $19.8 million.
- Net income and earnings per share increased 5 percent and 6 percent, to $794.4 million and $.73, respectively, compared with reported third-quarter 2004 net income of $755.2 million and $.69 per share.
- Assuming stock option expensing in 2004, the third-quarter 2005 net income and earnings per share would have increased 14 percent, compared with the recalculated third-quarter 2004 net income of $694.9 million and $.64 per share.

Pharmaceutical Product Sales Highlights

(Dollars in millions)	Third Quarter 2005	Third Quarter 2004	% Change Over/(Under) 2004	Year-to-Date 2005	Year-to-Date 2004	% Change Over/(Under) 2004
Zyprexa®	$ 1,035.1	$ 1,023.7	1%	$ 3,170.1	$ 3,334.3	(5)%
Diabetes Care Products	652.8	580.2	13%	2,046.5	1,936.2	6%
Gemzar®	334.3	312.7	7%	981.9	885.0	11%
Evista®	260.3	246.1	6%	770.8	755.4	2%
Cymbalta	182.8	32.5	N/M	450.9	32.5	N/M
Strattera	140.9	163.6	(14%)	384.1	483.3	(21)%
Alimta	122.3	40.0	N/M	327.4	69.4	N/M

Significant Events Over the Last Three Months

- Conclusions of the Clinical Antipsychotic Trial of Intervention Effectiveness (CATIE) study presented in the *New England Journal of Medicine* showed that Zyprexa was statistically superior on time to discontinuation in patients with schizophrenia as compared to other medications. Patients taking Zyprexa also experienced significantly fewer hospitalizations for schizophrenia than patients taking other medications. The study authors also noted that Zyprexa patients experienced greater weight gain and increases in measures of glucose and lipid metabolism than patients using other antipsychotics.
- Lilly announced an important update to the Strattera label, communicating new information regarding uncommon reports of suicidal thoughts among children and adolescents. Lilly will add a boxed warning to the label in the United States and is working with other regulatory agencies where Strattera is approved to update the label information appropriately.
- Lilly announced positive results for ArxxantÔ for the treatment of patients with diabetic retinopathy.
- Lilly and Amylin announced results from a Phase II study showing that the long-acting release (LAR) formulation of exenatide was well tolerated and improved glucose levels in patients with type 2 diabetes. Exenatide LAR is designed to be injected once per week, minimizing the impact of treatment for patients with diabetes.
- Lilly and Alkermes announced that patients with type 2 diabetes using Lilly/Alkermes inhaled insulin achieved blood sugar levels similar to those of patients treated with injected insulin, and that 80 percent of patients expressed a preference for the inhaled insulin system

- over the injected form. In July, Lilly and Alkermes also announced the initiation of a Phase III clinical trial for inhaled insulin.
- Other pipeline milestones included the start of Phase II trials for PPAR-a agonist for the treatment of atherosclerosis and the completion of Phase II trials for Factor Xa inhibitor for the treatment of deep vein thrombosis in patients after hip or knee replacement surgery.

“We are pleased that the products in our pipeline continue to progress through development, while at the same time our newer products grow as a percentage of our total sales,” said Sidney Taurel, Lilly chairman and chief executive officer. “These achievements reinforce the continued strength of our product portfolio and position us well to continue to lead the industry in innovative new treatments. As we expected, the second half of 2005 is bringing stronger sales and earnings growth as we continue to improve productivity and deliver on the promise of our portfolio.”

Third-Quarter Results

Worldwide sales for the quarter were $3.601 billion, an increase of 10 percent compared with the third quarter of 2004. Worldwide sales volume increased 7 percent, selling prices increased sales 2 percent and exchange rates increased sales by 1 percent.

Gross margins as a percent of sales increased by 1.2 percentage points, to 76.5 percent. This increase was primarily due to the favorable impact of foreign exchange rates and favorable product mix, partially offset by continued investment in the company’s manufacturing capacity.

Overall, marketing and administrative expenses increased 13 percent, to $1.071 billion. This increase was primarily due to reimbursement in 2004 from collaboration partners for marketing and selling expenses incurred related to the Cymbalta launch, the adoption of stock option expensing effective January 1, 2005, and increased incentive compensation and benefits expenses. Research and development expenses were $751.0 million, or 21 percent of sales. Compared with the third quarter of 2004, research and development expenses increased 15 percent. This increase was primarily due to increased incentive compensation and benefits expenses, increased clinical trial and development expenses, and the adoption of stock option expensing effective January 1, 2005.

Other income of $85.0 million decreased primarily due to less income related to the outlicense of legacy products outside the U.S. and to third-quarter 2004 milestones from collaborations on the duloxetine molecule, partially offset by other miscellaneous income and by the Lilly ICOS LLC joint venture becoming profitable.

Net income and earnings per share for the third quarter increased 5 percent and 6 percent, to $794.4 million and $.73, respectively. Assuming stock option expensing, which commenced January 1, 2005, had been adopted in 2004, third-quarter 2005 net income and earnings per share would have increased 14 percent, compared with the recalculated third-quarter 2004 net income of $694.9 million and $.64 per share.

Zyprexa

In the third quarter of 2005, Zyprexa sales totaled $1.035 billion, a 1 percent increase compared with the third quarter of 2004. U.S. sales of Zyprexa decreased 10 percent, to $503.9 million, due to lower underlying demand, partially offset by wholesaler de-stocking in the third quarter of 2004. Zyprexa sales in international markets increased 14 percent, to $531.2 million, driven by volume growth in a number of major markets and the impact of foreign exchange rates. Excluding the impact of exchange rates, sales of Zyprexa outside the U.S. increased 12 percent in the third quarter.

Lilly continues to expect a slight decline in its 2005 worldwide Zyprexa sales.

Diabetes Care Products

In the third quarter of 2005, diabetes care revenue, composed primarily of Humalog®, Humulin®, and Actos®, increased 13 percent, to $652.8 million, compared with the third quarter of 2004. Diabetes care revenue increased 14 percent in the U.S., to $359.0 million, driven by higher prices, offset partially by decline in underlying demand due to continued competitive pressures in the insulins market. Diabetes care revenue outside the U.S. increased 11 percent, to $293.7 million.

For the third quarter of 2005, worldwide Humalog sales were $306.2 million, an increase of 16 percent. Worldwide Humulin sales increased 3 percent, to $250.9 million. Actos generated $64.3 million of revenue for Lilly, an increase of 10 percent. As previously disclosed, since

Lilly's share of revenue from the agreement with Takeda will vary quarter-to-quarter based on contract terms, Actos revenue will not necessarily track with product sales. As a result, it is difficult to make quarterly comparisons for Actos revenue.

Gemzar

Gemzar had sales totaling $334.3 million for the quarter, an increase of 7 percent from the third quarter of 2004. While underlying demand increased in the U.S., variation in wholesaler buying patterns in both years caused Gemzar sales in the U.S. to decrease 2 percent to $149.7 million. Sales outside the U.S. increased 15 percent, to $184.6 million.

Evista

Evista sales were $260.3 million, a 6 percent increase compared with the third quarter of 2004. U.S. sales of Evista decreased 5 percent, to $161.3 million. Sales outside the United States increased 29 percent, to $99.0 million.

Animal Health

Worldwide sales of animal health products in the third quarter were $215.7 million, an increase of 16 percent compared with the third quarter of 2004 due to strong growth in both the U.S. and overseas.

Newer Products

Cymbalta

For the third quarter of 2005, Cymbalta, indicated for treatment of major depressive disorder as well as diabetic peripheral neuropathic pain, generated $182.8 million in sales, up by 13 percent when sequentially compared with second-quarter 2005 sales of $161.4 million.

Strattera

During the third quarter of 2005, Strattera, the only nonstimulant medicine approved for the treatment of ADHD in children, adolescents and adults, generated $140.9 million of sales, a 14 percent decrease compared with the third quarter of 2004. The sales decrease was due to a decline in underlying demand.

Alimta

For the third quarter of 2005, Alimta, a treatment for malignant pleural mesothelioma and second-line treatment of non-small cell lung cancer, generated sales of $122.3 million, representing a sequential increase of 10 percent compared with second-quarter 2005 sales of $111.2 million. In the third quarter, U.S. sales of Alimta were $76.9 million and sales outside the U.S. were $45.4 million.

Forteo

Third-quarter sales of Forteo, a treatment for severe osteoporosis, were $102.6 million, a 77 percent increase compared with the third quarter of 2004. U.S. sales of Forteo increased 48 percent, to $70.4 million due to an increase in underlying demand. Sales outside the U.S. were $32.2 million.

Xigris

Sales of Xigris, the first available pharmaceutical treatment for severe sepsis, were $45.5 million, a decrease of 8 percent compared with the third quarter of 2004. U.S. sales of Xigris decreased 21 percent, to $23.5 million due to decreased demand, while sales outside the United States increased 14 percent, to $22.0 million.

Cialis

Total worldwide sales of Cialis, a treatment for erectile dysfunction marketed by Lilly ICOS LLC, were $195.1 million, a 27 percent increase compared with third-quarter 2004 worldwide sales. Worldwide Cialis sales are composed of $40.9 million of sales in Lilly territories and $154.2 million of sales in the joint-venture territories. Within the joint-venture territories, the U.S. sales of Cialis were $77.5 million in the third quarter; a 10 percent increase compared with third-quarter 2004 U.S. sales. Cialis sales in Lilly territories are reported in Lilly's revenue, while Lilly's 50 percent share of Cialis profits in the joint-venture territories is reported in Lilly's other income.

Year-to-Date Results

For the first nine months of the year, worldwide sales increased 5 percent, to $10.766 billion, compared with sales for the same period in 2004. Net income and diluted earnings per share decreased 29 percent and 30 percent, to $1.279 billion and $1.17, respectively, compared with

reported results for the first nine months in 2004. Eliminating the second-quarter 2005 product liability charge and the 2004 asset impairment and acquisition-related charges as well as assuming stock option expensing in 2004, the net income and earnings per share for the first nine months of 2005 would have increased 10 percent, to $2.259 billion and $2.07, respectively. This adjusted earnings growth was driven by sales growth and by operating expenses growing at a rate slower than sales. Refer to “Operating Results” and “Operating Results — Adjusted” later in this press release for a reconciliation of reported to adjusted operating income and net income.

Earnings per Share Reconciliation	Year-to-Date 2005	Year-to-Date 2004	% Over/(Under) 2004
E.P.S. (reported)	**$ 1.17**	**$ 1.66**	**(30)%**
Eliminate product liability charge(a)	.90	—	
Eliminate asset impairment charge(a)	—	.08	
Eliminate acquired IPR&D charge related to AME acquisition(a)	—	.33	
E.P.S. (adjusted)	**$ 2.07**	**$ 2.07**	
Include proforma stock option expense for year-to-date 2004 period(a)	—	(.19)	
E.P.S. (adjusted with options expensed)	**$ 2.07**	**$ 1.88**	**10%**

(a) Refer to “Operating Results — Adjusted” later in this press release for further description.

Financial Expectations for the Fourth Quarter and Full Year 2005

The company expects fourth-quarter 2005 earnings per share of $.73 to $.79. Reported full-year 2005 earnings per share are expected to be in the range of $1.90 to $1.96, which represents 14 percent to 18 percent growth compared with reported full-year 2004 earnings per share of $1.66. Eliminating the second-quarter 2005 product liability charge, the adjusted full-year 2005 earnings per share would be $2.80 to $2.86. This full-year figure represents 9 percent to 11 percent growth compared with the recalculated full-year 2004 earnings per share of $2.58 (refer to “Reconciliation of Earnings per Share Expectations” later in this press release for further description). The 2004 recalculated full-year earnings per share assumes stock option expensing in 2004 and eliminates the 2004 charges for tax expense on the expected repatriation of earnings under the American Jobs Creation Act; asset impairments, restructuring and other special charges; and acquired in process research and development charges related to the Applied

Molecular Evolution, Inc. acquisition and the insomnia compound in-license. For the full year of 2005, the company expects sales to grow 6 percent to 8 percent.

Webcast of Conference Call

As previously announced, investors and the general public can access a live webcast of the third-quarter 2005 earnings conference call through a link on Lilly's website at www.lilly.com. The conference call will be held today from 8:30 a.m. to 9:30 a.m. Eastern Daylight Saving Time (EDT) and will be available for replay via the website through November 17, 2005.

Lilly, a leading innovation-driven corporation, is developing a growing portfolio of first-in-class and best-in-class pharmaceutical products by applying the latest research from its own worldwide laboratories and from collaborations with eminent scientific organizations. Headquartered in Indianapolis, Ind., Lilly provides answers — through medicines and information — for some of the world's most urgent medical needs. Additional information about Lilly is available at www.lilly.com. F-LLY

This press release contains forward-looking statements that are based on management's current expectations, but actual results may differ materially due to various factors. There are significant risks and uncertainties in pharmaceutical research and development. There can be no guarantees with respect to pipeline products that the products will receive the necessary clinical and manufacturing regulatory approvals or that they will prove to be commercially successful. The company's results may also be affected by such factors as competitive developments affecting current products; rate of sales growth of recently launched products; the timing of anticipated regulatory approvals and launches of new products; other regulatory developments and government investigations; patent disputes and other litigation involving current and future products; the impact of governmental actions regarding pricing, importation, and reimbursement for pharmaceuticals; changes in tax law; and the impact of exchange rates. For additional information about the factors that affect the company's business, please see Exhibit 99 to the company's latest Form 10-Q filed August 2005. The company undertakes no duty to update forward-looking statements.

# # #

Actos® (pioglitazone hydrochloride, Takeda), Takeda
Alimta® (pemetrexed, Lilly)
Cialis® (tadalafil, ICOS), Lilly ICOS LLC
Cymbalta® (duloxetine hydrochloride, Lilly)
Evista® (raloxifene hydrochloride, Lilly)
Forteo® (teriparatide of recombinant DNA origin injection, Lilly)
Gemzar® (gemcitabine hydrochloride, Lilly)
Humalog® (insulin lispro injection of recombinant DNA origin, Lilly)
Humulin® (human insulin of recombinant DNA origin, Lilly)
Strattera® (atomoxetine hydrochloride, Lilly)
Symbyax® (olanzapine fluoxetine combination, or OFC, Lilly)

Xigris® (drotrecogin alfa (activated), Lilly)
Yentreve® (duloxetine hydrochloride, Lilly)
Zyprexa® (olanzapine, Lilly)

Eli Lilly and Company
Operating Results (Unaudited)
(Dollars in millions, except per share data)

	Three Months Ended September 30			Nine Months Ended September 30		
	2005	2004	% Chg.	2005	2004	% Chg.
Net sales	$ 3,601.1	$ 3,280.4	10%	$ 10,766.2	$ 10,213.6	5%
Cost of sales	845.7	810.1	4%	2,576.0	2,358.2	9%
Research and development	751.0	654.8	15%	2,215.6	1,985.6	12%
Marketing and administrative	1,070.9	951.9	13%	3,307.4	3,186.0	4%
Acquired in-process research and development	—	—	—	—	362.3	N/M
Asset impairments and other special charges	—	—	—	1,073.4	108.9	N/M
Operating income	933.5	863.6	8%	1,593.8	2,212.6	(28)%
Interest expense	24.3	18.5		60.9	35.3	
Other income — net	109.3	123.1		289.9	244.6	
Other income (deductions)	85.0	104.6	(19)%	229.0	209.3	9%
Income before income taxes	1,018.5	968.2	5%	1,822.8	2,421.9	(25)%
Income taxes	224.1	213.0	5%	543.8	609.4	(11)%
Net income	$ 794.4	$ 755.2	5%	$ 1,279.0	$ 1,812.5	(29)%
Earnings per share — basic	$ 0.73	$ 0.70	4%	$ 1.18	$ 1.67	(29)%
Earnings per share — diluted	$ 0.73	$ 0.69	6%	$ 1.17	$ 1.66	(30)%
Dividends paid per share	$ 0.38	$ 0.355		$ 1.14	$ 1.065	
Weighted-average shares outstanding (thousands) — basic	1,088,936	1,084,809		1,087,786	1,082,983	
Weighted-average shares outstanding (thousands) — diluted	1,091,362	1,089,227		1,091,093	1,088,924	

Eli Lilly and Company
Operating Results (Unaudited) — ADJUSTED
(Dollars in millions, except per share data)

	Three Months Ended September 30			Nine Months Ended September 30		
	2005	2004	% Chg.	2005(a)	2004(b)	% Chg.
Net sales	$ 3,601.1	$ 3,280.4	10%	$ 10,766.2	$ 10,213.6	5%
Cost of sales	845.7	810.1	4%	2,576.0	2,358.2	9%
Research and development	751.0	654.8	15%	2,215.6	1,985.6	12%
Marketing and administrative	1,070.9	951.9	13%	3,307.4	3,186.0	4%
Operating income	933.5	863.6	8%	2,667.2	2,683.8	(1)%
Interest expense	24.3	18.5		60.9	35.3	
Other income — net	109.3	123.1		289.9	244.6	
Other income (deductions)	85.0	104.6	(19)%	229.0	209.3	9%
Income before income taxes	1,018.5	968.2	5%	2,896.2	2,893.1	0%
Income taxes	224.1	213.0	5%	637.2	636.5	0%
Net income (c)	$ 794.4	$ 755.2	5%	$ 2,259.0	$ 2,256.6	0%
Earnings per share — basic	$ 0.73	$ 0.70	4%	$ 2.08	$ 2.08	0%
Earnings per share — diluted (c)	$ 0.73	$ 0.69	6%	$ 2.07	$ 2.07	0%
Dividends paid per share	$ 0.38	$ 0.355		$ 1.14	$ 1.065	
Weighted-average shares outstanding (thousands) — basic	1,088,936	1,084,809		1,087,786	1,082,983	
Weighted-average shares outstanding (thousands) — diluted	1,091,362	1,089,227		1,091,093	1,088,924	

(a) The 2005 year-to-date amounts are adjusted to eliminate the $1.073 billion (pretax), or $.90 per share (after-tax), second-quarter charge to cover the Zyprexa product liability settlement as well as other product liability claims not covered by the settlement.

(b) The 2004 year-to-date amounts are adjusted to eliminate a $108.9 million (pretax), or $.08 per share (after-tax), second-quarter charge for asset impairments related to manufacturing and research and development and a $362.3 million first-quarter charge, or $.33 per share (no tax benefit), for acquired in-process research and development related to the Applied Molecular Evolution, Inc. acquisition.

(c) If 2004 adjusted third-quarter results had been restated as if stock options had been expensed, then the net income and diluted earnings per share would have been $694.9 million and $.64 per share. If 2004 adjusted year-to-date results had been restated as if stock options had been expensed, then the net income and diluted earnings per share would have been $2.048 billion and $1.88 per share.

Eli Lilly and Company
Major Pharmaceutical Product Sales and Revenues (Unaudited)
(Dollars in millions)

	Three Months Ended September 30		% Change Over/(Under)	Nine Months Ended September 30		% Change Over/(Under)
	2005	2004	2004	2005	2004	2004
Zyprexa	$ 1,035.1	$ 1,023.7	1%	$ 3,170.1	$ 3,334.3	(5)%
Gemzar	334.3	312.7	7%	981.9	885.0	11%
Humalog	306.2	264.6	16%	888.6	817.1	9%
Evista	260.3	246.1	6%	770.8	755.4	2%
Humulin	250.9	243.7	3%	757.5	752.5	1%
Cymbalta	182.8	32.5	N/M	450.9	32.5	N/M
Strattera	140.9	163.6	(14)%	384.1	483.3	(21)%
ProzacÒ family	112.4	141.0	(20)%	339.1	435.9	(22)%
Actos	64.3	58.3	10%	338.0	324.0	4%
Alimta	122.3	40.0	N/M	327.4	69.4	N/M
HumatropeÒ	100.2	103.6	(3)%	313.6	308.4	2%

Reconciliation of Earnings per Share Expectations

	2005 Expectations	2004 Actual	% Change Over/(Under)
E.P.S. (reported)	**$1.90 to 1.96**	**$ 1.66**	**14 to 18%**
Eliminate charges:			
Product liability charge	.90	—	
Tax expense on the expected repatriation of earnings under the American Jobs Creation Act	—	.43	
Asset impairments, restructuring and other special charges	—	.38	
Acquired in-process R&D for AME acquisition and insomnia compound	—	.35	
E.P.S. (adjusted)	**$2.80 to $2.86**	**$ 2.82**	**(1)% to 1%**
Proforma stock option expense for 2004	—	(.24)	
E.P.S. (adjusted with options expensed)	**$2.80 to $2.86**	**$ 2.58**	**9% to 11%**

Eli Lilly and Company Employment Information

	September 30, 2005	December 31, 2004
Worldwide Employees	42,900	44,500