SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of the
Securities Exchange Act of 1934

FOR THE QUARTER ENDED JUNE 30, 1996

COMMISSION FILE NUMBER 1-6351

ELI LILLY AND COMPANY
(Exact name of Registrant as specified in its charter)

INDIANA	35-0470950
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

LILLY CORPORATE CENTER, INDIANAPOLIS, INDIANA 46285
(Address of principal executive offices)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

The number of shares of common stock outstanding as of July 31, 1996:

Class	Number of Shares Outstanding
Common	546,920,227

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(Unaudited)

Eli Lilly and Company and Subsidiaries

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
	(Dollars in millions except per-share data)			
Net sales	$1,698.3	$1,614.8	$3,481.6	$3,332.1
Cost of sales	505.1	459.4	1,023.1	971.9
Research & development	273.4	260.5	549.4	497.2
Marketing & administrative	479.0	436.3	939.0	843.5
Interest expense	75.5	72.3	145.4	138.5
Other income - net	(100.0)	(50.3)	(164.4)	(83.5)

	1,233.0	1,178.2	2,492.5	2,367.6
Income from continuing operations before income taxes	465.3	436.6	989.1	964.5
Income taxes	119.6	126.6	254.2	279.7
Income from continuing operations	345.7	310.0	734.9	684.8
Income from discontinued operations, net of tax ..	-	17.1	-	35.5
Net income	$345.7	$327.1	$734.9	$720.3
Earnings per share:				
Income from continuing operations	$ .63	$ .54	$1.34	$1.19
Income from discontinued operations	-	.03	-	.06
Net income	$ .63	$ .57	$1.34	$1.25
Dividends paid per share ...	$.3425	$.3225	$.685	$.645

See Notes to Consolidated Condensed Financial Statements.

CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)
Eli Lilly and Company and Subsidiaries

	June 30, 1996	December 31, 1995
	(Millions)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$1,125.0	$999.5
Short-term investments	95.1	84.6
Accounts receivable, net of allowances of $64.7 (1996) and $55.1 (1995)	1,435.9	1,520.5
Other receivables	246.0	287.9
Inventories	870.4	839.6
Deferred income taxes	134.7	259.2
Prepaid expenses	151.8	147.3
TOTAL CURRENT ASSETS	4,058.9	4,138.6
OTHER ASSETS		
Prepaid retirement	504.3	484.2
Investments	422.6	573.8
Goodwill and other intangibles, net of allowances for amortization of $251.5 (1996) and $192.2 (1995)	4,084.6	4,105.2
Sundry	947.7	871.4
	5,959.2	6,034.6
PROPERTY AND EQUIPMENT		
Land, buildings, equipment, and construction-in-progress	6,886.4	6,828.3
Less allowances for depreciation	2,645.7	2,589.0
	4,240.7	4,239.3
	$14,258.8	$14,412.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	$1,951.2	$1,908.8
Accounts payable	845.9	1,018.0
Employee compensation	241.8	316.0
Dividends payable	-	189.1
Income taxes payable	656.4	660.5
Other liabilities	821.9	874.6
TOTAL CURRENT LIABILITIES	4,517.2	4,967.0
LONG-TERM DEBT	2,586.9	2,592.9
DEFERRED INCOME TAXES	306.3	295.5
RETIREE MEDICAL BENEFIT OBLIGATION	138.1	147.8
OTHER NONCURRENT LIABILITIES	816.6	976.7
COMMITMENTS AND CONTINGENCIES	-	-
SHAREHOLDERS' EQUITY		
Common stock	355.6	355.6
Additional paid-in capital	212.6	418.3
Retained earnings	7,014.2	6,484.3
Deferred costs-ESOP	(192.3)	(199.5)
Currency translation adjustments	(68.0)	(0.6)
	7,322.1	7,058.1
Less cost of common stock in treasury	1,428.4	1,625.5
	5,893.7	5,432.6
	$14,258.8	$14,412.5

See Notes to Consolidated Condensed Financial Statements.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

Eli Lilly and Company and Subsidiaries

	Six Months Ended June 30,	
	1996	1995
	(Millions)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$734.9	$720.3
Adjustments to reconcile net income to cash flows from operating activities:		
Changes in operating assets and liabilities	(176.4)	(252.6)
Change in deferred taxes	151.3	105.1
Depreciation and amortization	268.9	279.3
Other items, net	(171.1)	(105.3)
NET CASH FLOWS FROM OPERATING ACTIVITIES	807.6	746.8
CASH FLOWS FROM INVESTING ACTIVITIES		
Net additions to property and equipment	(232.8)	(245.7)
Additions to sundry assets and intangibles	(19.8)	(8.9)
Reduction of investments	248.4	229.6
Additions to investments	(121.7)	(203.3)
Acquisitions	(89.1)	(48.4)
NET CASH USED FOR INVESTING ACTIVITIES	(215.0)	(276.7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(375.1)	(373.4)
Purchase of common stock and other capital transactions	(69.7)	(65.0)
Net additions(reductions) to short-term borrowings	19.7	(105.7)
Net additions to long-term debt	-	486.3
NET CASH USED FOR FINANCING ACTIVITIES	(425.1)	(57.8)
Effect of exchange rate changes on cash	(42.0)	40.5
NET INCREASE IN CASH AND CASH EQUIVALENTS	125.5	452.8
Cash and cash equivalents at January 1	999.5	536.9
CASH AND CASH EQUIVALENTS AT JUNE 30	$1,125.0	$989.7

See Notes to Consolidated Condensed Financial Statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

BASIS OF PRESENTATION

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with the requirements of Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. In the opinion of management, the financial statements reflect all adjustments (consisting only of normal recurring accruals) that are necessary for a fair presentation of the results for the periods shown. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

As a consequence of the 1995 divestiture, the operating results of the Medical Device and Diagnostics businesses have been reflected as "discontinued operations" in the Company's 1995 financial statements and have been excluded from consolidated sales and expenses reflected therein.

As presented herein, sales include sales of the Company's life-sciences products and service revenue from PCS Health Systems, Inc. (PCS) and Integrated Medical Systems, Inc. (IMS).

CONTINGENCIES

The Company has been named as a defendant in numerous product liability lawsuits involving primarily two products, diethylstilbestrol and ProzacR. The Company has accrued for its estimated exposure, including costs of litigation, with respect to all current product liability claims. In addition, the Company has accrued for certain future anticipated product liability claims to the extent the Company can formulate a reasonable estimate of their costs. The Company's estimates of these expenses are based primarily on historical claims experience and data regarding product usage. The Company expects the cash amounts related to the accruals to be paid out over the next several years. The majority of costs associated with defending and disposing of these suits are covered by insurance. The Company's estimate of insurance recoveries is based on existing deductibles, coverage limits, and the existing and projected future level of insolvencies among its insurance carriers.

Under the Comprehensive Environmental Response, Compensation, and Liability Act, commonly known as Superfund, the Company has been designated as one of several potentially responsible parties with respect to certain sites. Under Superfund, each responsible party may be jointly and severally liable for the entire amount of the cleanup. The Company also continues remediation of certain of its own sites. The Company has accrued for estimated Superfund cleanup costs, remediation, and certain other environmental matters, taking into account, as applicable, available information regarding site conditions, potential cleanup methods, estimated costs, and the extent to which other parties can be expected to contribute to payment of those costs. The Company has reached a settlement with its liability insurance carriers providing for coverage for certain environmental liabilities. However, because of uncertainties with respect to the timing and ultimate realization of recoveries under the policies, the Company has not recorded any environmental insurance recoverables.

The Company has been named, along with numerous other U.S. prescription drug manufacturers, as a defendant in a large number of related actions brought by retail pharmacies alleging violations of federal and state antitrust and pricing laws. The federal suits include a class action on behalf of the majority of U.S. retail pharmacies. The Company and several other manufacturers agreed to settle the federal class action case and the anticipated settlement was accrued in the fourth quarter of

1995. The settlement has been approved by the U.S. District Court. Other related suits,

brought in federal and several state courts by several thousand pharmacies, involve claims of price discrimination or claims under other pricing laws. Additional cases have been brought on behalf of consumers in eight states.

The environmental liabilities and litigation accruals have been reflected in the Company's consolidated balance sheet at the gross amount of approximately $290.8 million at June 30, 1996. Estimated insurance recoverables have been reflected as assets in the consolidated balance sheet of approximately $120.6 million at June 30, 1996.

Barr Laboratories, Inc. (Barr) has asserted a claim that the U.S. patents covering Prozac, which are material to the Company, are invalid and unenforceable. The Company has filed suit in federal court in Indianapolis seeking a ruling that Barr's challenge to Lilly's patents is without merit. While the Company believes Barr's claims are without merit, there can be no assurance that the Company will prevail. An unfavorable outcome of this claim could have a material adverse effect on the Company's consolidated financial position, liquidity, or results of operations.

While it is not possible to predict or determine the outcome of the product liability, antitrust, patent, or other legal actions brought against the Company, or the ultimate cost of environmental matters, the Company believes that except as noted above, the costs associated with all such matters will not have a material adverse effect on its consolidated financial position or liquidity but could possibly be material to the consolidated results of operations in any one accounting period.

EARNINGS PER SHARE

Earnings per share are calculated based on the weighted-average number of outstanding common shares. The number of shares of common stock and per-share data have been restated for previously reported periods to reflect the impact of the Company's two-for-one stock split in the fourth quarter of 1995.

ACCOUNTING CHANGES

Effective January 1, 1996, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of". This statement requires that impairments, measured using fair market value, are recognized whenever events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable and the future undiscounted cash flows attributable to the asset are less than its carrying value. Adoption of this statement did not impact the Company's consolidated results of operations.

Effective January 1, 1996, the Company adopted SFAS No. 123, "Stock Based Compensation". This statement requires a company to choose between two different methods of accounting for stock options. The statement defines a fair-value-based method of accounting for stock options but allows an entity to continue to measure compensation cost for stock options using the accounting prescribed by APB No. 25 (APB 25), "Accounting for Stock Issued to Employees". The Company has elected to continue applying accounting prescribed by APB No. 25.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

OPERATING RESULTS OF CONTINUING OPERATIONS:

The Company's sales for the second quarter of 1996 increased 5 percent compared to the second quarter of 1995. Sales inside the United States increased 9 percent while sales outside the United States increased 1 percent. Compared with the second quarter of 1995, volume increased sales 10 percent but was offset in part by a 3 percent decrease from unfavorable foreign exchange rates and a 2 percent decrease in global selling prices.

The Company's sales for the first six months of 1996 increased 4 percent compared with the same period in 1995. Sales outside the United States increased 5 percent, while sales in the United States increased 4 percent. Compared with the first six months of 1995, volume increased sales 6 percent, while foreign exchange rates and selling prices each decreased sales 1 percent.

Worldwide sales of pharmaceutical products increased 5 percent and 4 percent for the second quarter and six months, respectively, as compared with the same periods of 1995. HumulinR, ReoProTM and ProzacR were the major contributors to the growth for both periods. This growth was partially offset by reduced anti-infective sales. Worldwide Prozac sales improved 5 percent to $537 million for the second quarter of 1996 and 15 percent to $1.1 billion for the six months despite the introduction of generic Prozac in Canada and other competitive pressures, particularly in France. Humulin sales increased 23 percent to $212 million for the second quarter and 9 percent to $420 million for the first six months of the year. ReoPro, a cardiovascular product launched in February 1995, experienced strong growth with sales of $37 million for the quarter. Among other major products, cefaclor sales declined 19 percent to $124 million for the second quarter; AxidR sales for the quarter were $118 million, a decline of 5 percent; and HumatropeR sales were $67 million, a 5 percent decline. The Company anticipates that Axid sales for 1996 will likely reflect a decline as the product faces increased competitive pressure. Health care management service revenues were $95 million for the quarter, an increase of 63 percent. Sales of GemzarR, an oncolytic product launched in the U.S. in May 1996, also contributed to growth for the quarter.

U.S. pharmaceutical sales growth of 9 percent during the quarter was attributed to increased volume and reflects a 35 percent increase in Humulin sales and a 4 percent increase in Prozac sales, as well as improved health care management service revenues and very strong sales of ReoPro ($34 million). The increase in Humulin sales for the second quarter reflected a shift in U.S. wholesaler purchasing patterns which contributed to a decline in sales during the prior quarter. Year-to-date Humulin sales in the U.S. improved 5 percent to $270 million. Prozac sales growth in the second quarter was achieved despite a shift in wholesaler purchasing patterns that had a positive impact on Prozac sales in the first quarter of 1996. New prescriptions of Prozac rose at a higher rate this quarter compared to the previous two quarters. These sales increases were partially offset by a 70 percent decline in cefaclor sales compared to the second quarter of the previous year as a result of continued generic competition. Several companies have been marketing generic forms of cefaclor in the United States since May 1995. The Company expects that generic cefaclor competition, when coupled with strong competition from other anti-infectives, will result in declining U.S. cefaclor sales through the remainder of 1996. Although the impact of competition cannot be predicted with certainty, it is not expected to have a material adverse effect on the Company's 1996 consolidated results of operations.

International pharmaceutical sales volume growth of 10 percent for the second quarter was substantially offset by unfavorable foreign exchange rates and reduced selling prices, resulting in sales growth of only 1 percent. For the six months, international pharmaceutical sales reflected a 5 percent increase. International sales volume growth was largely the result of the Company's continued globalization efforts.

Worldwide sales of animal health products remained flat compared to the second quarter of 1995, but reflected an increase of 5 percent for the first six months of 1996 compared to 1995. For both periods, international sales improved while U.S. sales declined partially due to unfavorable weather patterns in the southwestern U.S.

Cost of sales was 29.7 percent of sales for the second quarter as compared with 28.4 percent for the second quarter of 1995. Cost of sales for the first six months of 1996 was 29.4 percent of sales as compared to 29.2 percent in the prior year. The increases for both periods reflect the net impact of a sales mix that included increased revenues from both lower margin product lines, such as ReoPro, and health care management services, which have lower margins than pharmaceuticals, offset in part by continued productivity improvements.

Operating expenses increased 8 percent and 11 percent for the second quarter and year-to-date periods, respectively. Research and development grew 5 percent and 10 percent for the second quarter and six months, respectively, over the same periods in 1995. The large number of compounds in the later and most expensive phases of clinical trials, primarily raloxifene, drove the increase in research and development expenses for both periods. Assuming business conditions remain stable, the Company expects spending in research and development to increase approximately 15 to 17 percent for the year compared with 1995. The increase in marketing and administrative expenses (10 percent for the second quarter and 11 percent for the six months compared to the same periods in 1995) reflects higher costs associated with new product launches of Gemzar and HumalogTM and anticipated launches of other products. The Company's efforts to expand products globally, particularly in emerging markets, as well as increased information technology capabilities also contributed to the increase. The Company is in the process of implementing cost-containment programs designed to reduce the overall rate of expense growth while directing greater funding to new product launches and globalization efforts.

Other income for the second quarter and six months was $49.7 million and $80.9 million higher, respectively, than the same periods in 1995. The second quarter increases were driven by non-recurring income received under a royalty contract, the sale of marketing rights for ReoPro in Japan and the sale of certain equity securities held by the Company. In addition, the six-month increase reflects non-recurring income received under a co-development and co-marketing contract and the sale of U.S. marketing rights to TapazoleR.

The Company's estimated tax rate for both the second quarter and six months of 1996 was 25.7 percent compared to 29 percent for the same periods in 1995. The decline is primarily the result of increased earnings in jurisdictions with lower tax rates and the effectiveness of various tax strategies. The estimated effective tax rate for the first six months of 1996 essentially equals the annual 1995 rate of 26 percent. The Company expects current tax strategies will allow its 1996 effective tax rate to remain approximately the same as the 1995 annual rate.

For both the second quarter and first six months of 1996, operating expenses grew at a faster rate than sales, but the negative income impact was more than offset by the reduced estimated tax rate and increased other income. As a consequence, compared to the second quarter of 1995, income and earnings per share from continuing operations for the second quarter increased 12 percent and 17 percent to $345.7 million and $0.63, respectively. For the six months, income from continuing operations grew 7 percent to $734.9 million and earnings per share from continuing operations grew 13 percent to $1.34 compared to the same period in 1995. After considering the impact of income from discontinued operations during 1995, net income increased 6 percent and 2 percent for the three-month and six-month periods, respectively. Earnings per share increased 11 percent and 7 percent for the three-month and six-month periods, respectively. Earnings per share calculations for both the quarter and year-to-date periods benefited by a reduction of approximately 32 million shares of stock outstanding as a result of the Guidant split-off completed in September 1995.

FINANCIAL CONDITION:

As of June 30, 1996, cash, cash equivalents and short-term investments totaled $1,220.1 million as compared with $1,084.1 million at December 31, 1995. Total debt at June 30, 1996, was $4,538.1 million, an increase of $36.4 million from December 31, 1995. The additional borrowings were necessary to fund normal seasonal operating needs. Short-term debt aggregating $1,951.2 million consisted primarily of commercial paper.

The Company believes that cash generated from operations in 1996, along with available cash and cash equivalents, will be sufficient to fund essentially all of the 1996 operating needs, including debt service, capital expenditures, and dividends. The Company anticipates that amounts available through existing commercial paper programs should be adequate to fund maturities of short-term borrowings. The outstanding commercial paper is supported by committed bank credit facilities.

PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

Under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions investors that any forward-looking statements or projections made by the Company are subject to risks and uncertainties which may cause actual results to differ materially from those projected. Economic, competitive, governmental, technological and other factors which may affect the Company's operations are discussed in Exhibit 99 to this Form 10-Q filing.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to the discussion of product liability litigation contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1995 ("1995 10-K") under Part I, Item 3, "Legal Proceedings". In the DES purported class action case in the Eastern District of New York discussed therein, the plaintiffs have filed an amended complaint restricting the alleged class to New York residents rather than the nationwide class that was originally sought.

Reference is made to the discussion of the antitrust litigation brought by retail pharmacies against the Company and numerous other U.S. prescription pharmaceutical manufacturers, contained in the Company's 1995 10-K under Part I, Item 3, "Legal Proceedings", and in the Company's Form 10-Q for the quarter ended March 31, 1996, under Part II, Item 1, "Legal Proceedings". In June 1996, the U.S. District Court approved the revised settlement of the Federal Class Action. However, the effective date of the settlement has been delayed because certain intervening class members have initiated an appeal of the approval to the Seventh Circuit Court of Appeals. In addition, one manufacturer defendant has filed a petition seeking a writ of mandamus from the Seventh Circuit that would order the District Court not to disapprove any settlement for the failure to include certain future pricing commitments. Also, upon request of the manufacturer defendants, the Seventh Circuit has agreed to review the District Court's denial of summary judgment on certain issues raised by those defendants. Finally, developments have occurred in several of the related state court cases. In the Wisconsin case brought on behalf of retail pharmacies, a class of Wisconsin pharmacies has been certified against certain of the manufacturer defendants, including Lilly. The Alabama consumer case has been removed to federal court and transferred to the Northern District of Illinois where numerous related suits are pending. The dismissal with prejudice of the Colorado consumer case is now final. The consumer case in Maine has been remanded back to the state court.

In March 1996, the Federal Trade Commission (FTC) commenced a non-public investigation focusing on the pricing practices at issue in the retail pharmacies litigation described above. In July 1996, the Company received a subpoena duces tecum from the FTC requesting production of certain documents.

Item 4. Submission of Matters to a Vote of Security Holders

The Company held its annual meeting of shareholders on April 15, 1996. The following is a summary of the matters voted on at the meeting.

(a) The four management nominees for Director were elected to serve three-year terms ending in 1999, as follows:

Nominee	For	Withhold Vote
Alfred G.Gilman	499,778,227	4,639,315
Karen N. Horn	499,497,314	4,920,228
J. Clayburn La Force, Jr.	499,430,538	4,987,004
August M. Watanabe	499,871,485	4,546,057

(b) By the following vote, the shareholders approved amendments to the Articles of Incorporation recommended by the Board of Directors:

For:	354,035,418
Against:	120,619,499
Abstain:	2,606,018
Broker non-vote:	27,156,607

(c) The appointment of Ernst & Young LLP as the Company's principal independent auditors was ratified by the following shareholder vote:

For:	502,164,312
Against:	972,597
Abstain:	1,280,633

(d) A shareholder proposal requesting a study committee and report on the use of fetal tissue in research was not approved, based on the following vote:

For:	26,600,112
Against:	415,002,682
Abstain:	31,441,809
Broker non-vote:	31,372,939

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits. The following documents are filed as exhibits to this Report:

11. Statement re: Computation of Earnings Per Share on Primary and Fully Diluted Bases

12. Statement re: Computation of Ratio of Earnings from Continuing Operations to Fixed Charges

27. Financial Data Schedule

99. Cautionary Statement Under Private Securities Litigation Reform Act of 1995 - "Safe Harbor" for Forward Looking Disclosures

(b) Reports on Form 8-K. No reports on Form 8-K were filed during the second quarter of 1996.

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)

Date August 9, 1996

s/Daniel P. Carmichael

Daniel P. Carmichael
Secretary and Deputy General Counsel

Date August 9, 1996

s/Arnold C. Hanish

Arnold C. Hanish, Director
Corporate Accounting and Chief
Accounting Officer

INDEX TO EXHIBITS

The following documents are filed as a part of this Report:

EXHIBIT 11. STATEMENT RE: COMPUTATION OF EARNINGS PER SHARE ON PRIMARY AND FULLY DILUTED BASES (Unaudited)

Eli Lilly and Company and Subsidiaries

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
	(Dollars in millions except per-share data) (Shares in thousands)			
PRIMARY:				
Net income	$345.7	$327.1	$734.9	$720.3
Preferred stock dividends	(1.7)	-	(1.7)	-
Adjusted net income	$344.0	$327.1	$733.2	$720.3
Average number of common shares outstanding	547,277	578,568	546,796	578,346
Add incremental shares: Stock plans and contingent payments	12,695	7,802	13,301	7,478
Adjusted average shares	559,972	586,370	560,097	585,824
Primary earnings per share	$ .61	$ .56	$1.31	$1.23
FULLY DILUTED:				
Net income	$345.7	$327.1	$734.9	$720.3
Preferred stock dividends	(1.7)	-	(1.7)	-
Adjusted net income	$344.0	$327.1	$733.2	$720.3
Average number of common shares outstanding	547,277	578,568	546,796	578,346
Add incremental shares: Stock plans and contingent payments	14,036	8,770	15,956	9,844
Adjusted average shares	561,313	587,338	562,752	588,190
Fully diluted earnings per share	$ .61	$ .56	$1.30	$1.22

EXHIBIT 12. STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS FROM CONTINUING OPERATIONS TO FIXED CHARGES (Unaudited)

Eli Lilly and Company and Subsidiaries
(Dollars in Millions)

	Six Months Ended June 30,	Years Ended December 31,				
	1996	1995	1994	1993	1992	1991
Consolidated Pretax Income from Continuing Operations before Accounting Changes	$989.1	$1765.6	$1698.6	$662.8	$1193.5	$1626.3
Interest from Continuing Operations	165.5	324.6	129.2	96.1	108.4	87.1
Less Interest Capitalized during the Period from Continuing Operations	(20.1)	(38.3)	(25.4)	(25.5)	(35.2)	(48.1)
Earnings	$1134.5	$2051.9	$1802.4	$ 733.4	$1266.7	$1665.3
Fixed Charges:						
Interest Expense from Continuing Operations	$165.5	$324.6	$129.2	$ 96.1	$108.4	$ 87.1
Ratio of Earnings to Fixed Charges	6.9	6.3	14.0	7.6	11.7	19.1

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1,000

3-MOS	
DEC-31-1996	
JUN-30-1996	
1,125,041	
95,054	
1,500,597	
64,680	
870,364	
4,058,896	
6,886,430	
2,645,695	
14,258,814	
4,517,243	
2,586,880	
0	
0	
355,564	
5,538,121	
14,258,814	
3,308,353	
3,481,579	
896,385	
1,023,136	
1,488,393	
0	
145,414	
989,113	
254,201	
734,912	
0	
0	
0	
734,912	
1.31	
1.30	

Note 1 - Amounts include research and development, selling and general and administrative expenses.
Note 2 - The information called for is not given as the balances are not individually significant.

EXHIBIT 99. CAUTIONARY STATEMENT UNDER PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 - "SAFE HARBOR" FOR FORWARD LOOKING DISCLOSURES

Certain forward-looking statements are included in this Form 10-Q and may be made by Company spokespersons based on current expectations of management. All forward-looking statements made by the Company are subject to risks and uncertainties. Certain factors, including, but not limited to those listed below, may cause actual results to differ materially from current expectations and historical results.

- Economic factors over which the Company has no control, including changes in inflation, interest rates and foreign currency exchange rates.

- Competitive factors including generic competition as patents on key products, such as Prozac, expire; pricing pressures, both in the U.S. and abroad, primarily from managed care groups and government agencies; and technological advances and patents obtained by competitors.

- Governmental factors including laws and regulations and judicial decisions at the state and federal level related to Medicare, Medicaid and healthcare reform; and laws and regulations affecting international operations.

- The difficulties and uncertainties inherent in new product development. New product candidates that appear promising in development may fail to reach the market because of efficacy or safety concerns, inability to obtain necessary regulatory approvals, difficulty or excessive costs to manufacture, or infringement of the patents or intellectual property rights of others.

- Delays and uncertainties in the FDA approval process and the approval processes in other countries, resulting in lost market opportunity.

- Unexpected safety or efficacy concerns arising with respect to marketed products, whether or not scientifically justified, leading to product recalls, withdrawals or declining sales.

- Legal factors including unanticipated litigation of product liability claims; antitrust litigation; environmental matters; and patent disputes with competitors which could preclude commercialization of products or negatively affect sales of existing products.

- Future difficulties obtaining or the inability to obtain existing levels of product liability insurance.

- Changes in tax laws, including the proposed amendment by Congress to the Section 936 income tax credit to eliminate the income-based tax credit for companies with operations in Puerto Rico, including Lilly. Future changes in tax laws related to the remittance of foreign earnings or investments in foreign countries with favorable tax rates could materially impact the Company's results.

- Changes in accounting standards promulgated by the Financial Accounting Standards Board, the Securities and Exchange Commission, and the American Institute of Certified Public Accountants which are adverse to the Company.

- Internal factors such as changes in business strategies and the impact of restructurings and business combinations.