

PAUL STEVEN M
Form 4
May 23, 2007

FORM 4

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

OMB APPROVAL

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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

(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)
LILLY CORPORATE CENTER

3. Date of Earliest Transaction (Month/Day/Year)
05/21/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)

EVP, Science and Technology

(Street)
INDIANAPOLIS, IN 46285

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 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

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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	05/21/2007		M	V Amount (A) or (D) Price \$ 54.8	138,140	D	
Common Stock	05/21/2007		F	V Amount (A) or (D) Price \$ 59.6	44,705	D	
Common Stock					3,139	I	401(k)
Common Stock					579	I ⁽¹⁾	by daughter
Common Stock					1,070	I ⁽¹⁾	by wife

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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 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 Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee stock option 7/97 (right to buy)	\$ 54.8	05/21/2007		M	98,008	07/21/2000 07/18/2007	Common Stock	98,008	

Reporting Owners

Reporting Owner Name / Address	Relationships
PAUL STEVEN M LILLY CORPORATE CENTER INDIANAPOLIS, IN 46285	Director 10% Owner Officer EVP, Science and Technology

Signatures

Bronwen Mantlo for Steven M. Paul, authorization on file
05/23/2007

__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.