



For Immediate Release
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Lilly Endowment plans partial diversification of stock holdings

Lilly Endowment Inc., an Indianapolis-based private philanthropic foundation, plans to diversify some of its investment in Eli Lilly and Company stock over the next few years. The Endowment has until now held virtually all its investments in Lilly stock. Depending upon market conditions and other circumstances, the Endowment expects by 2010 to build a more diversified portfolio of about \$2 billion while continuing to hold, as its primary investment asset, shares of Lilly stock that were donated to the Endowment by its founders. It now holds more than 140 million shares, and the Endowment's assets at the end of 2005 were valued at \$8.4 billion.

"Lilly Endowment has for many years enjoyed substantial benefits from its holding of Eli Lilly and Company stock and believes that Lilly stock will continue to be a rewarding investment," stated Thomas M. Lofton, chairman of the Board of Directors. "Nonetheless there is wisdom in embarking upon some level of diversification. This transition will take time, and our thinking is fluid. Circumstances may change and alter our plans. This will be a work in progress, and many details are still being studied."

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The Endowment plans to use proceeds from its market sales of Lilly stock to accumulate the more diversified portfolio. The Endowment, while having the benefit of recommendations from knowledgeable advisers, will be responsible for this process. “We will manage the acquisition, retention and disposition of investments,” Lofton said.

The Endowment was founded in 1937 by three members of the Lilly family – J.K. Lilly Sr., and his sons J.K. Jr. and Eli -- with gifts of stock in their pharmaceutical business. The Endowment is a separate entity from the company, with a distinct governing board, staff and location.

Since 1937, the Endowment’s investment in Lilly stock has enabled it to award \$6 billion in grants. Its traditional areas of interest in grantmaking have been and continue to be community development, education and religion. Although the Endowment supports efforts of national significance, it remains primarily committed to its hometown, Indianapolis, and its home state, Indiana.

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Contact: Gretchen Wolfram
317/916-7304
317/255-2640 (home)
wolframg@lei.org