California Public Employees'
Retirement System
Office of Public Affairs
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FACT SHEET: INVESTMENTS

CalPERS 2009 Focus List

Company At-A-Glance

ELI LILLY & COMPANY (LLY) – INDIANAPOLIS, INDIANA

Eli Lilly and Company engages in the discovery, development, manufacture, and sale of pharmaceutical products worldwide.

MARKET CAPITALIZATION

$32.2 Billion

CALPERS HOLDINGS

$99.8 Million

TOTAL STOCK RETURNS ENDING 02/27/2009

TSR Ending 2/27/2009	Lilly (Eli) & Co (LLY)	Russell 1000 Index	*Relative Return Russell 1000 Index*	Drugs & Pharmaceuticals Russell Industry GICS Peer Index	*Relative Return Russell GICS Peer Index*
5 years	-53.3%	-28.1%	*-25.2%*	10.3%	*-63.6%*
3 years	-41.1%	-39.1%	*-2.0%*	-14.2%	*-26.8%*
1 year	-38.4%	-43.6%	*5.2%*	-21.4%	*-17.0%*

Source: FactSet

CALPERS CONCERNS

- LLY's stock has underperformed relative to the Russell 1000 index and its industry peer index over the 3 and 5 year time periods ending February 27, 2009.

- The Board of Directors has adopted the default provision under Indiana law that prohibits shareowners from amending the bylaws. The Board is unwilling to take the necessary action to provide for this important shareowner right. Only 4% of companies in the Russell 1000 employ such restrictions on shareowner rights.
- In light of a majority approved shareowner proposal at the 2008 Annual Meeting, the Board of Directors has opted not to take necessary action to seek shareowner approval to amend the articles of incorporation for the purpose of removing the supermajority voting requirements.
- The company would not agree to allow shareowners the right to call a special meeting and/or act by written consent.
- The company would not agree to adopt an annual non-binding advisory vote on executive compensation practices.

WHAT THE COMPANY AGREED TO DO

Seek shareowner approval at the 2009 Annual Meeting to eliminate its classified board structure. The company previously attempted to remove its classified board structure at both the 2007 and 2008 annual meetings, but did not succeed due to its 80% supermajority voting requirements.

CALPERS 2009 SHAREOWNER PROPOSAL

CalPERS seeks to allow a simple majority of shareowners (51%) the right to amend the bylaws.