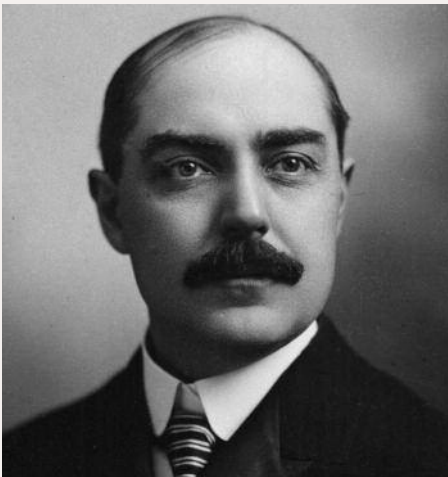


Executive Message

Perseverance is the secret of all triumphs — VICTOR HUGO

When J.K. Lilly and his two sons, Eli and J.K. Jr., established Lilly Endowment nearly 75 years ago in the midst of the Great Depression, they likely could not have envisioned that their magnificent generosity would result in grants totaling more than \$7.7 billion. Over the years, our predecessors and we have taken their legacy seriously. We feel a deep sense of responsibility to ensure that the resources derived from their philanthropy continue to be allocated in ways that comport with their values and interests. Therefore, the Endowment steadfastly adheres to awarding grants in the three areas of community development, education and religion that they prioritized, and, except for the field of religion, we maintain a principal grantmaking focus on Indianapolis and Indiana in accordance with their wishes. We intend to persevere in these practices.



J.K. Lilly



Eli Lilly



J.K. Lilly Jr.

As the Endowment enters into its 75th anniversary year, we reflect especially on one of its enduring values – perseverance. Within the Endowment’s programmatic and geographic areas of interest are many compelling causes and challenges that perennially need attention. More always can be done to increase the number of Hoosiers who are adequately educated for meaningful work to sustain themselves and their families. There always will be new paintings to be exhibited and new symphonies and plays to be written. Pastors and congregations continually will strive to deepen the faith and enhance the spiritual lives of their members, and unfortunately, there will continue to be individuals and families who

are in need due to the vicissitudes of life – health issues, economic disruptions, lack of education and so forth. And in this globally competitive context in which we live, Indiana must continue to progress because much of the world is advancing on every front.

Perseverance is required to address these ongoing purposes and challenges. There are few quick fixes in any of these matters. To achieve sustainable impact, long-term strategies are required. Accordingly, the Endowment for years has worked to help establish or sustain organizations that play intermediary roles in key areas of interest. They assemble relevant data about their areas of endeavor; provide educational programs and services;

convene the relevant stakeholders and help forge consensus and collaboration; marshal resources to address important needs; and create and maintain frameworks that support and enhance the impact of existing and new initiatives.

Among these intermediary organizations are the United Way of Central Indiana for the human services field; the Arts Council of Indianapolis for arts and culture; the Indiana Sports Corp. for amateur sports organizations and initiatives; the Indiana Youth Institute and the Marion County Commission on Youth for the youth development field; the Indianapolis Center for Congregations for Indiana congregations; the Association of Theological Schools in the United States and Canada for seminaries and theological schools; and the Central Indiana Corporate Partnership Foundation for BioCrossroads, its initiative for life sciences, and Conexus, its initiative for advanced manufacturing and logistics. Their important roles and work have been highlighted in previous Endowment annual reports.

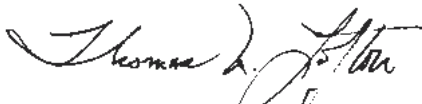
This report features the work of a few more of these organizations. The Indianapolis Neighborhood Housing Partnership, the Local Initiatives Support Corp. and the Indianapolis Neighborhood Resource Center are highlighted in a story about their efforts to build stronger neighborhoods in Indianapolis. The myriad efforts of the International Center of Indianapolis to advance Indiana's global presence and awareness are described in a second story. A third story details the many ways that the Center of Excellence in Leadership of Learning at the University of Indianapolis promotes and fosters sustainable K-12 education reform in Indiana.

The stories demonstrate the integral role these intermediary organizations play in our community and state. They provide services to and receive support from various businesses, including Dow AgroSciences, Cummins, JPMorgan Chase Bank, Eli Lilly and Co., Shiel Sexton Co., and many

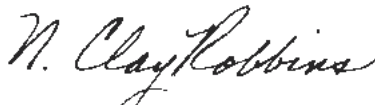
others. They also engage people from all walks of life, including teachers, principals, neighborhood leaders, international residents and visitors, community development organizations, first-time homeowners, schools, and colleges and universities. We are grateful to their boards and staffs for creating tapestries of interwoven connections that strengthen and enhance the quality of life in our city and state.

In the field of religion, the Endowment's long-standing concerns about the economic challenges faced by pastors throughout the country are addressed in the fourth story in this report. The Endowment's Initiative to Address Economic Challenges Facing Indiana Pastors has revealed much new information about the dynamics relating to such challenges from the perspectives of pastors, congregations, seminaries and denominations. Substantial progress is being made. While the funding under this initiative has gone to Indiana denominational judicatories, the insights, strategies and lessons learned are valuable and applicable throughout the country.

This report can feature stories on the work of only a few of the Endowment's grantees. Following these stories is a listing of all the grants the Endowment approved in 2011. It is important to note that each grant, no matter what the size, supports the creativity, vision, spirit and persistence of myriad individuals who do the real work of enhancing other people's quality of life. The Endowment is most grateful for their efforts and contributions.



Thomas M. Lofton, Chairman



N. Clay Robbins, President