

Executive Message



As Lilly Endowment marks its 75th anniversary, we intentionally reflect on the values and insights of its three founders: J.K. Lilly and his sons, Eli Lilly and J.K. Lilly Jr. In their pharmaceutical business, Eli Lilly and Company, and in their philanthropy, both as individuals and founders and leaders of the Endowment, they recognized over and over the seminal importance of the individual. The founders believed that cultivating and nurturing the character and potential of individuals are essential to the success of businesses and other organizations and to the flourishing of communities.

Relating to Lilly Endowment, Eli Lilly observed:

“I would hope that we could help improve the character of the American people.” For him, character was developed purposefully through education and faith, and the development of character led to virtue. Virtuous people live lives connected to one another and in so doing build strong communities. These values and insights undergirded the founders’ selection of education, community development and religion as the three main areas of endeavor for the Endowment. They saw the potential in the intersections among them.

Throughout the years, the Endowment’s leaders have steadfastly sought to align its grantmaking with the founders’ intentions. In designing its grant programs and determining which grant requests to approve, the Endowment’s current board and officers faithfully try to discern whether a particular course of action under consideration would comport with their understanding of the founders’ values and vision for the Endowment.

When making grant decisions, we are purposeful in assessing what the impact of the grant will be on individual beneficiaries. We ask: Who will benefit? How will they benefit? Will they develop new abilities or skills to help them succeed in school or work? Will they be better able to care for their families?

Will they be better neighbors and citizens? Will the grant help people serve others better? Will the grant help people lead more meaningful lives? Will enough people benefit from the endeavors funded by the grant to justify its amount? Will the grant lead to the enhancement of the community’s appeal and quality of life?



Founders J.K. Lilly, Eli Lilly, and J.K. Lilly Jr.

In this annual report, several stories illustrate the view of the founders as expressed in the Endowment's history of its first 20 years: "The roots of the good society are not in charters and buildings but in the men and women who made them." Some of the stories are accounts of how Endowment funding supported a major renovation of an important facility. Others depict the use of Endowment funds to strengthen or expand a charitable organization's programs and operations. Each story shows the vision, hard work, determination

Personnel changes:

During 2012, the Endowment had several key retirements: Craig Dykstra, senior vice president for religion, retired in July. A man of uncommon imagination, intelligence, caring, wisdom and faithfulness, he superbly guided the Endowment's work in the field of religion for 23 years. We acknowledge with profound gratitude his unparalleled accomplishments.

Willis Bright, director of youth programs; Jean Smith, program director in religion; and Gretchen Wolfram, communications director and annual report editor, also retired in 2012. Respectively they had served the Endowment with distinction and deep commitment for 25 years, 15 years and 20 years. The impact of their work here will last for years to come. We are most grateful for their many contributions. We miss them.

Two thousand twelve also saw the elections of Christopher Coble as vice president for religion and Ace Yakey as vice president for community development. We also announced in 2012 the selection of Uronna "Ronni" Kloth as the Endowment's new communications director. We are pleased to have these important roles filled by such principled and able people.

Finally, two new members were elected to the Endowment's Board of Directors: David N. Shane and Craig Dykstra. We appreciate the perspective, dedication and wisdom they bring to the board's deliberations.

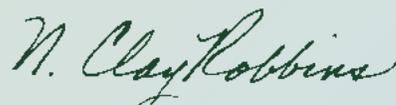
and virtue of the many talented individuals who conduct the programs and initiatives the Endowment funds and the impact they have on others' quality of life. We are grateful for their efforts and the efforts of all of our grantees.

Over the past 75 years, the magnificent generosity of the Endowment's founders has enabled it to fund grants totaling nearly \$8 billion. While we and the other members of the Endowment's board are deeply appreciative of the founders' extraordinary gift of financial resources, we also are exceedingly grateful for their abiding commitment to helping build the prosperity of Indiana and their hometown, Indianapolis. We are thankful for their wise and keen insights into human character and what makes for a good society, their deep desire to help others lead meaningful and productive lives, and the important role their religious faith played in their lives and philanthropy.

We are inspired by their values, wisdom, faith and benevolence. As we recognize the Endowment's 75th anniversary, we rededicate ourselves, as our predecessors did on the occasion of the Endowment's 50th anniversary, to the challenge Eli Lilly set for the Endowment: "Ours is the responsibility for preserving the customs and ideals upon which this organization was built, so that we may pass on to those who follow us an even finer inspirational record than that which we inherited."



Thomas M. Lofton, Chairman



N. Clay Robbins, President & Chief Executive Officer