

FINANCES AND GRANTMAKING

THE FOUNDERS OF LILLY ENDOWMENT WOULD UNDOUBTEDLY BE PLEASED THAT IN ITS 65 YEARS OF EXISTENCE, THE ENDOWMENT HAS MADE GRANT PAYMENTS JUST OVER THE \$4.7 BILLION MARK – AND THAT MUCH OF THAT AMOUNT HAS GONE TO HELP BUILD COMMON GROUND AMONG ORGANIZATIONS AND PEOPLE DETERMINED TO BUILD BETTER COMMUNITIES AND LIVES FOR THEMSELVES AND OTHERS.

On Dec. 31, 2002, the assets of Lilly Endowment stood at \$10.1 billion, down from \$12.8 billion at the end of 2001 (see chart 1). In 2002 the Endowment was pleased to approve \$649.2 million in grants and make grant payments of \$563 million.

CHART 1
10-Year History
Market Value of Assets

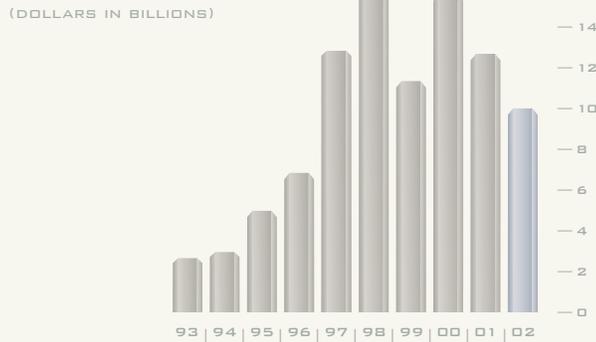


CHART 2
10-Year History
Grants Paid

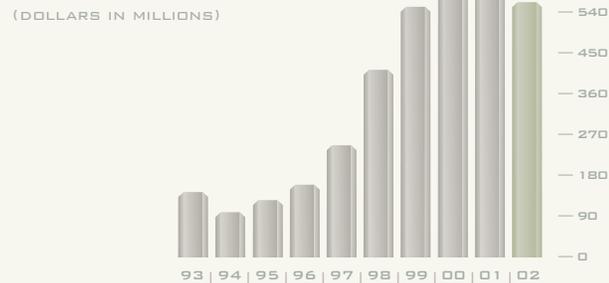


CHART 3
Grants Paid by Division (2002)

| | |
|-----------------------|------------------------|
| EDUCATION | \$246.5 MILLION |
| RELIGION | \$237.0 MILLION |
| COMMUNITY DEVELOPMENT | \$79.5 MILLION |
| TOTAL | \$563.0 MILLION |



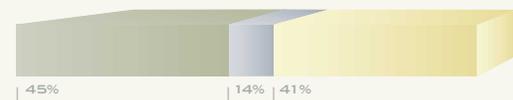
Grants paid

In 2002 the Endowment paid grants of \$563 million (see chart 2). The 2002 figure put the Endowment's total grant payments since its founding in 1937 at \$4.71 billion.

In the grants-paid category (see chart 3), the Education Division paid \$246.5 million, or 44 percent; the Religion Division paid \$237 million or 42 percent; the Community Development Division paid \$79.5 million or 14 percent of the total.

CHART 4
Grants Paid by Geographic Location (2002)

| | |
|------------------------------|------------------------|
| INDIANA (NON-MARION COUNTY) | \$251.6 MILLION |
| MARION COUNTY (INDIANAPOLIS) | \$78.8 MILLION |
| NATIONAL | \$232.6 MILLION |
| TOTAL | \$563.0 MILLION |

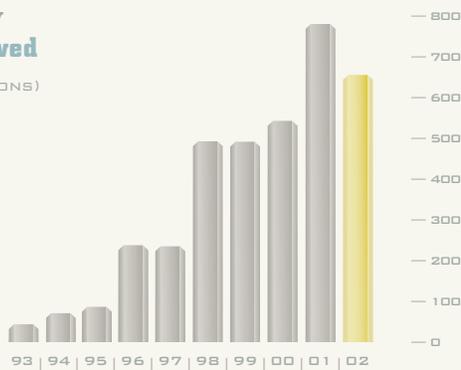


As in previous years, most of the grants paid went to organizations in Indiana – a total of \$330.4 million or 59 percent (see chart 4). Of the grant payment total of \$563 million, \$78.8 million or 14 percent went to Marion County (Indianapolis) grantees, and \$251.6 million or 45 percent was paid to other Indiana grantees. Most of these funds came from grants in the Education and Community Development divisions. National organizations were paid \$232.6 million or 41 percent, mostly from the Religion Division.

CHART 5

10-Year History Grants Approved

(DOLLARS IN MILLIONS)



Grants approved

During 2002 the Endowment approved \$649.2 million to 707 grantees, 260 of them new to the Endowment (see chart 5).

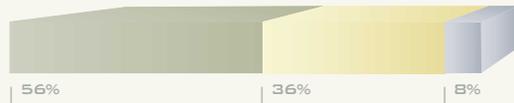
Education Division grants accounted for the most dollars, \$361.2 million or 56 percent of the total. Approvals for the Religion Division totaled \$233.9 million or 36 percent, while approvals for Community Development Division grants totaled \$54.1 million or 8 percent (see chart 6).

The geographic pattern for the grants-approved category is much like the grants-paid category: \$51.6 million or 8 percent for Marion County, \$367.2 million or 57 percent for Indiana grantees outside Indianapolis. The total approvals for Indiana grants amounted to \$418.8 million or 65 percent of the total. The non-Indiana grant approvals totaled \$230.4 million or 35 percent (see chart 7).

CHART 6

Grants Approved by Division (2002)

| | |
|-----------------------|-------------------------|
| EDUCATION | \$ 361.2 MILLION |
| RELIGION | \$ 233.9 MILLION |
| COMMUNITY DEVELOPMENT | \$ 54.1 MILLION |
| TOTAL | \$ 649.2 MILLION |



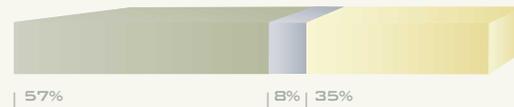
Perspective

Since 1937 the Endowment has paid \$4.71 billion in grants to 5,983 grantees. Of that \$4.71 billion total, Education accounts for \$1.84 billion or 39 percent, Community Development for \$1.75 billion or 37 percent, and Religion for \$1.12 billion or 24 percent.

CHART 7

Grants Approved by Geographic Location (2002)

| | |
|------------------------------|-------------------------|
| INDIANA (NON-MARION COUNTY) | \$ 367.2 MILLION |
| MARION COUNTY (INDIANAPOLIS) | \$ 51.6 MILLION |
| NATIONAL | \$ 229.4 MILLION |
| INTERNATIONAL (NOT SHOWN) | \$ 1.0 MILLION |
| TOTAL | \$ 649.2 MILLION |



Board-approved grants are listed in the back of this report and are divided into Community Development, Education and Religion divisions. Youth Programming and Leadership Education grants are included with the Education and Religion divisions, respectively. Discretionary grants of up to \$7,500, authorized by the officers, are listed as a single line item for each division.

The Endowment’s match for the charitable contributions of staff, retirees and Board members is reported as a single line item before the total of all grants approved. “Guidelines & Procedures” are outlined on pages 82-83.