

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>12/01/2010</u> and ending <u>11/30/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information						
1a Name of plan <u>LILLY EMPLOYEES' PENSION PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>020</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>11/30/1955</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>020</u>	1c Effective date of plan <u>11/30/1955</u>			
1b Three-digit plan number (PN) ▶	<u>020</u>						
1c Effective date of plan <u>11/30/1955</u>							
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>VALSPAR CORPORATION</u> <u>P.O. BOX 1461</u> <u>MINNEAPOLIS, MN 55440-1461</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">2b Employer Identification Number (EIN) <u>36-2443580</u></td> <td style="width: 20%;"></td> </tr> <tr> <td>2c Sponsor's telephone number <u>612-851-7977</u></td> <td></td> </tr> <tr> <td>2d Business code (see instructions) <u>325500</u></td> <td></td> </tr> </table>	2b Employer Identification Number (EIN) <u>36-2443580</u>		2c Sponsor's telephone number <u>612-851-7977</u>		2d Business code (see instructions) <u>325500</u>	
2b Employer Identification Number (EIN) <u>36-2443580</u>							
2c Sponsor's telephone number <u>612-851-7977</u>							
2d Business code (see instructions) <u>325500</u>							
<u>901 3RD AVENUE SOUTH</u> <u>MINNEAPOLIS, MN 55402-3367</u>							

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/17/2012	VINCE OPAT
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")

VALSPAR CORPORATION

P.O. BOX 1461
MINNEAPOLIS, MN 55440-1461**3b** Administrator's EIN

36-2443580

3c Administrator's telephone number

612-851-7977

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:**a** Sponsor's name**4b** EIN**4c** PN**5** Total number of participants at the beginning of the plan year**5**

2119

6 Number of participants as of the end of the plan year (welfare plans complete only lines **6a**, **6b**, **6c**, and **6d**).**a** Active participants.....**6a**

250

b Retired or separated participants receiving benefits.....**6b**

787

c Other retired or separated participants entitled to future benefits.....**6c**

901

d Subtotal. Add lines **6a**, **6b**, and **6c**.....**6d**

1938

e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....**6e**

162

f Total. Add lines **6d** and **6e**.....**6f**

2100

g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....**6g****h** Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....**6h**

0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)**7****8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1G

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:**9a** Plan funding arrangement (check all that apply)

- (1) ☐ Insurance
- (2) ☐ Code section 412(e)(3) insurance contracts
- (3) ☒ Trust
- (4) ☐ General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

- (1) ☐ Insurance
- (2) ☐ Code section 412(e)(3) insurance contracts
- (3) ☒ Trust
- (4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)**a Pension Schedules**

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ **A** (Insurance Information)
- (4) ☒ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 12/01/2010 and ending 11/30/2011

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>LILLY EMPLOYEES' PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>020</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>VALSPAR CORPORATION</u>	D Employer Identification Number (EIN) <u>36-2443580</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>12</u> Day <u>01</u> Year <u>2010</u>	
2 Assets:	
a Market value	2a <u>120097385</u>
b Actuarial value	2b <u>112799127</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>920</u> <u>73322799</u>
b For terminated vested participants	3b <u>896</u> <u>27365897</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>568782</u>
(2) Vested benefits	3c(2) <u>16236156</u>
(3) Total active	3c(3) <u>303</u> <u>16804938</u>
d Total	3d <u>2119</u> <u>117493634</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.30</u> %
6 Target normal cost	6 <u>598445</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>09/17/2012</u>
Signature of actuary	Date
<u>STEVEN M. SCHATT</u>	<u>11-06183</u>
Type or print name of actuary	Most recent enrollment number
<u>TOWERS WATSON DELAWARE INC.</u>	<u>952-842-7000</u>
Firm name	Telephone number (including area code)
<u>8400 NORMANDALE LAKE BLVD, 17TH FL</u> <u>MINNEAPOLIS, MN 55437</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II	Beginning of year carryover and prefunding balances	(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	21765397	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	138234	0
9	Amount remaining (Item 7 minus item 8).....	21627163	0
10	Interest on item 9 using prior year's actual return of <u>10.68</u> %	2309781	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		14972012
b	Interest on (a) using prior year's effective rate of <u>6.57</u> %		983661
c	Total available at beginning of current plan year to add to prefunding balance		15955673
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	5132725	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	18804219	0

Part III	Funding percentages		
14	Funding target attainment percentage.....	14	80.00 %
15	Adjusted funding target attainment percentage.....	15	96.00 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	94.02 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls				
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
08/15/2012	10200000				
Totals ►			18(b)	10200000	18(c)

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 9190650
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of Quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 3.92 %	2nd segment: 6.40 %	3rd segment: 6.61 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	598445
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment		0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	598445
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	487878	0
36 Additional cash requirement (item 34 minus item 35).....	36	110567
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	9190650
38 Interest-adjusted excess contributions for current year (see instructions).....	38	9080083
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 12/01/2010 and ending 11/30/2011

A Name of plan LILLY EMPLOYEES' PENSION PLAN	B Three-digit plan number (PN) ▶ 020
C Plan sponsor's name as shown on line 2a of Form 5500 VALSPAR CORPORATION	D Employer Identification Number (EIN) 36-2443580

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a

Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).....

☐ Yes ☒ No
- b

If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name: MCGLADREY & PULLEN, LLP	b EIN: 42-0714325
c Position: AUDITOR	
d Address: 801 NICOLLET AVENUE STE 1100 MINNEAPOLIS, MN 55402	e Telephone: 612-573-8750

Explanation: CHANGE DUE TO REGULAR RFP PROCESS.

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 12/01/2010 and ending 11/30/2011

A Name of plan <u>LILLY EMPLOYEES' PENSION PLAN</u>	B Three-digit plan number (PN) ▶	<u>020</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>VALSPAR CORPORATION</u>	D Employer Identification Number (EIN) <u>36-2443580</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: VALSPAR CORPORATION MASTER TRUST

b Name of sponsor of entity listed in (a): VALSPAR CORPORATION

c EIN-PN <u>36-2443580-021</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>121883825</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: WF SHORT TERM INVESTMENT FUND G

b Name of sponsor of entity listed in (a): WELLS FARGO BANK, N.A.

c EIN-PN <u>41-6292499-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>30007</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 12/01/2010 and ending 11/30/2011		
A Name of plan LILLY EMPLOYEES' PENSION PLAN	B Three-digit plan number (PN) ►	020
C Plan sponsor's name as shown on line 2a of Form 5500 VALSPAR CORPORATION	D Employer Identification Number (EIN) 36-2443580	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	17100000	10200000
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	30482	
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		30007
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	103717643	121883825
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	120848125	132113832

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		102626
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	102626

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	120848125	132011206
---	-----------	-----------	-----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	10200000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		10200000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		2056
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		9381203
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		19583259

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	7855367	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		7855367
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	183458	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	381353	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		564811
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		8420178

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		11163081
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLIFTONLARSONALLEN LLP

(2) EIN: 41-0746749

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 12/01/2010 and ending 11/30/2011

A Name of plan <u>LILLY EMPLOYEES' PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>020</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>VALSPAR CORPORATION</u>	D Employer Identification Number (EIN) <u>36-2443580</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	<u>1</u>	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>41-6257133</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	<u>3</u>	<u>0</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	<u>6a</u>		
b Enter the amount contributed by the employer to the plan for this plan year	<u>6b</u>		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	<u>6c</u>		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 12% Investment-Grade Debt: 0% High-Yield Debt: 0% Real Estate: 0% Other: 88%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

LILLY EMPLOYEES' PENSION PLAN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED NOVEMBER 30, 2011 AND 2010

**LILLY EMPLOYEES' PENSION PLAN
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YEARS ENDED NOVEMBER 30, 2011 AND 2010**

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CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Benefits Administrative Committee
Lilly Employees' Pension Plan
Minneapolis, Minnesota

We were engaged to audit the accompanying statement of net assets available for benefits of Lilly Employees' Pension Plan as of November 30, 2011, and the related statement of changes in net assets available for benefits for the year then ended and the supplemental schedule of assets (held at end of year) as of November 30, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management. The financial statements of the Plan as of November 30, 2010 were audited by other auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan administrator instructed the other auditors not to perform and they did not perform, any auditing procedures with respect to the information certified by the trustee. Their report, dated September 12, 2011, indicated that (a) because of the significance of the information that they did not audit, they were unable to, and did not, express an opinion on the financial statements taken as a whole and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information cited in Note 3, which was certified by Wells Fargo Bank, N.A., the trustee of the Plan, except for comparing the information with the related information included in the 2011 financial statements and the supplemental schedule. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee as of November 30, 2011 and for the year then ended, that the information provided to the Plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on these accompanying 2011 financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purposes of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the 2011 financial statements and supplemental schedule, other than that derived from the information certified by the trustee, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 10, 2012



An independent member of Nexia International

LILLY EMPLOYEES' PENSION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
NOVEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
INVESTMENTS (at Fair Value)		
Plan Interest in The Valspar Corporation Master Trust	\$ 121,883,825	\$ 103,717,643
Collective Fund	<u>30,007</u>	<u>30,482</u>
Total Investments	121,913,832	103,748,125
EMPLOYER CONTRIBUTION RECEIVABLE	<u>10,200,000</u>	<u>17,100,000</u>
Total Assets	132,113,832	120,848,125
LIABILITIES		
ACCOUNTS PAYABLE	<u>102,626</u>	<u>-</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 132,011,206</u></u>	<u><u>\$ 120,848,125</u></u>

See accompanying Notes to Financial Statements.

LILLY EMPLOYEES' PENSION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED NOVEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ADDITIONS TO (DEDUCTIONS FROM) NET ASSETS AVAILABLE FOR BENEFITS ATTRIBUTED TO:		
INVESTMENT INCOME		
Plan Interest in The Valsar Corporation Master Trust		
Investment Income	\$ 9,381,203	\$ 10,127,101
Interest Income	<u>2,056</u>	<u>4,463</u>
Total Investment Income	9,383,259	10,131,564
Less: Investment Fees	<u>(381,353)</u>	<u>(398,436)</u>
Net Investment Income	9,001,906	9,733,128
EMPLOYER CONTRIBUTIONS	10,200,000	17,100,000
BENEFIT PAYMENTS PAID TO PARTICIPANTS	(7,855,367)	(8,076,513)
ADMINISTRATIVE FEES	<u>(183,458)</u>	<u>(176,008)</u>
NET INCREASE	11,163,081	18,580,607
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	<u>120,848,125</u>	<u>102,267,518</u>
End of Year	<u><u>\$ 132,011,206</u></u>	<u><u>\$ 120,848,125</u></u>

See accompanying Notes to Financial Statements.

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 1 DESCRIPTION OF THE PLAN

The following description of the Lilly Employees' Pension Plan (the Plan) provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

General

Lilly Industries, Inc., a wholly owned subsidiary of The Valspar Corporation (the Employer), established the Plan to provide retirement and other benefits for employees and their beneficiaries. The Plan is a defined benefit pension plan and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Frozen Plan

Effective December 1, 1994, the Plan was amended to freeze years of eligible service as of November 30, 1994. As a result, only employees who had met the eligibility requirements on November 30, 1994, or who were already participants in the Plan were covered under the Plan on a prospective basis. Participants in plans which were subsequently merged into the Plan were granted automatic participation in the Plan. Participants who joined the Plan as a result of merger subsequent to November 30, 1994, accrue benefits according to formulas determined separately for each merged plan. Generally, participants who did not join the Plan as a result of merger subsequent to November 30, 1994, no longer accrue additional benefit service under the Plan (except for those eligible under the special standard retirement benefit as described in the Plan).

Prior to the freezing of the Plan, the Plan was a noncontributory defined benefit plan covering (1) substantially all employees at certain plant locations of Lilly Industries, Inc. who were not members of a collective bargaining unit and (2) certain employees at other plant locations who were members of a collective bargaining unit. Employees could participate in the Plan after completion of one year of service. The Plan provided for retirement, disability and certain survivor benefits. An employee became fully vested in plan benefits after five years of service, with no vesting prior to that time.

Effective in 2012, the Board of Directors elected to terminate the Plan and merge its assets with The Valspar Corporation Employees' Pension Plan.

Funding Policy

The Employer contributes to the Plan as determined by an independent consulting actuary and minimum funding standards under current federal income tax laws. Participants may not make contributions to the Plan. The Employer makes contributions to the Plan based upon the estimated funding level established as of the last valuation date. The Plan has met the minimum funding requirements for the years ended November 30, 2011 and 2010.

**LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

NOTE 1 DESCRIPTION OF THE PLAN (CONTINUED)

Pension Benefits

The Plan provides for distribution, in general, upon separation from service and attainment of the normal retirement date (age 65) upon written application from the participant or beneficiary and approval. A reduced early retirement benefit is available to participants, separated from service, who have at least five years of service and attained age 55.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

Investments in the Plan are stated at fair value. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure of contingent assets and liabilities and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

**LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, and (b) present employees or their beneficiaries. Benefits payable upon retirement or termination of employment are included to the extent they are deemed attributable to employee services rendered to the valuation date.

The consulting actuary determines the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations as of December 1, 2010 were:

- (a) Investment earnings (8.5%)
- (b) Life expectancy of participants (2010 IRS-prescribed mortality table)
- (c) Retirement age assumption (the assumed normal retirement age was 65)

The foregoing actuarial assumptions are based on the presumptions that the Plan will continue. As described in Note 1, the Plan was terminated in 2012 and its assets merged into The Valspar Corporation Employees' Pension Plan. Therefore, going forward, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits in future years.

Payments of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Substantially all administrative expenses, including investment management fees, are paid by the Plan.

Reclassifications

Certain amounts in the 2010 financial statements have been reclassified to conform with the 2011 presentation. These reclassifications do not affect net assets available for benefits as previously reported.

Subsequent Events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through September 10, 2012, the date the financial statements were available to be issued

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 3 CERTIFICATION

Wells Fargo Bank, N.A., the trustee of the Plan, has supplied the Plan administrator with a certification as to the completeness and accuracy of all investment information reflected on the accompanying statements of net assets available for benefits as of November 30, 2011 and 2010, the statements of changes in net assets available for benefits for the years then ended, and the supplemental schedule of assets (held at end of year) as of November 30, 2011.

NOTE 4 FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at November 30, 2011 and 2010.

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

During 2010, FASB released ASU 2010-06 Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This guidance changes the requirements to reflect Level 3 changes (purchases, sales, issuances, and settlements) from a net basis to require separate disclosure for each type and is effective for fiscal years ending after December 15, 2011. This guidance does not require the change to be retrospectively applied to prior periods presented. The Plan adopted this guidance effective for the Plan year ending November 30, 2011.

The collective funds are valued using the net asset value (NAV) of units, which are based on observable market prices for the underlying assets, held by the Plan at year-end. Investments in common stocks and corporate bonds are valued at the closing price reported in the active market in which the individual security is traded. Investments in the mutual funds are valued at the NAV of shares held by the Plan at year-end. Investment in the limited liability partnership is valued at historical cost, which approximates fair value. Investment in the preferred stock is stated at the value determined by the issuer.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of November 30, 2011 and 2010. The following tables do not include the Plan's interest in The Valspar Corporation Master Trust (Master Trust) because that information is presented in a separate table in Note 5.

	2011			
	Level 1	Level 2	Level 3	Total
Short-Term Collective Fund	\$ -	\$ 30,007	\$ -	\$ 30,007
	2010			
	Level 1	Level 2	Level 3	Total
Short-Term Collective Fund	\$ -	\$ 30,482	\$ -	\$ 30,482

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth additional disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of November 30:

2011				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-Term Collective Fund	\$ 30,007	\$ -	Daily	Daily

2010				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-Term Collective Fund	\$ 30,482	\$ -	Daily	Daily

The short-term collective fund's objective is to provide investors with a competitive rate of return and high level of stability of principal and liquidity through a diversified portfolio of money market instruments.

NOTE 5 INVESTMENTS IN THE VALSPAR CORPORATION MASTER TRUST

A portion of the Plan's investments are held in the Master Trust which holds the investment assets of the Plan and the Valspar Corporation Employee's Pension Plan. Each participating plan has an undivided interest in the Master Trust. The assets of the Master Trust are held by Wells Fargo Bank, N.A.

The value of the Plan's interest in the Master Trust is based on the beginning of the year value of the Plan's interest in the trust, plus actual contributions and allocated investment income, less actual distributions and allocated administrative expenses. The Plan's interest in the net assets of the Master Trust was 67% and 68% on November 30, 2011 and 2010, respectively. Investments in the Master Trust are determined on a unit-value basis as determined by Wells Fargo. The Plan's investment returns may not approximate these percentage interests in the returns of the Master Trust due to the mix of Master Trust investments held by the Plan.

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 5 INVESTMENTS IN THE VALSPAR CORPORATION MASTER TRUST (CONTINUED)

The following table represents the assets, including investments, of the Master Trust as of November 30:

	2011	2010
Investments at Fair Value:		
Mutual Funds	\$ 156,608,378	\$ 131,588,655
Common Stock	23,493,913	18,842,123
Collective Trust Fund	595,047	601,021
Limited Liability Partnership	495,010	495,010
Corporate Bonds	68,490	89,490
Preferred Stock	4,992	4,992
Total Investments	181,265,830	151,621,291
Receivables for Securities Sold	904,317	-
Total Interest in the Master Trust	<u>\$ 182,170,147</u>	<u>\$ 151,621,291</u>

Master Trust investment income for the years ended November 30 is as follows:

	2011	2010
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments:		
Mutual Funds	\$ 9,280,456	\$ 9,207,109
Common Stock	1,186,213	3,213,987
Corporate Bonds	(21,000)	(115,584)
Preferred Stock	-	23,346
United States Government Obligations	-	(1,606,797)
Municipal Bonds	-	(108,752)
Total Net Appreciation	10,445,669	10,613,309
Interest and Dividends	3,635,673	3,918,099
Total Investment Income	<u>\$ 14,081,342</u>	<u>\$ 14,531,408</u>

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 5 INVESTMENTS IN THE VALSPAR CORPORATION MASTER TRUST (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Plan's investment in the Master Trust at fair value as of November 30, 2011 and 2010.

	2011			Total
	Level 1	Level 2	Level 3	
Mutual Funds:				
Bond	\$ 71,869,788	\$ -	\$ -	\$ 71,869,788
Structured	58,045,084	-	-	58,045,084
International	26,693,506	-	-	26,693,506
Total Mutual Funds	156,608,378	-	-	156,608,378
Common Stock:				
Financials	4,375,289	-	-	4,375,289
Information Technology	2,951,372	-	-	2,951,372
Industrials	3,587,637	-	-	3,587,637
Consumer Discretionary	3,181,380	-	-	3,181,380
Materials	1,987,710	-	-	1,987,710
Healthcare	2,792,288	-	-	2,792,288
Utilities	2,009,270	-	-	2,009,270
Energy	1,349,203	-	-	1,349,203
Consumer Staples	531,550	-	-	531,550
Telecommunication Service	172,007	-	-	172,007
American Depository Receipts	556,207	-	-	556,207
Total Common Stock	23,493,913	-	-	23,493,913
Short-Term Collective Fund	-	595,047	-	595,047
Limited Liability Partnership	-	-	495,010	495,010
Corporate Bonds	68,490	-	-	68,490
Preferred Stock	-	-	4,992	4,992
Receivables	904,317	-	-	904,317
Total Master Trust	<u>\$ 181,075,098</u>	<u>\$ 595,047</u>	<u>\$ 500,002</u>	<u>\$ 182,170,147</u>

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 5 INVESTMENTS IN THE VALSPAR CORPORATION MASTER TRUST (CONTINUED)

	2010			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Bond	\$ 58,909,358	\$ -	\$ -	\$ 58,909,358
Structured	50,448,835	-	-	50,448,835
International	22,230,462	-	-	22,230,462
Total Mutual Funds	131,588,655	-	-	131,588,655
Common Stock:				
Financials	3,463,423	-	-	3,463,423
Information Technology	2,810,145	-	-	2,810,145
Industrials	2,471,445	-	-	2,471,445
Consumer Discretionary	2,293,464	-	-	2,293,464
Materials	2,050,323	-	-	2,050,323
Healthcare	2,028,817	-	-	2,028,817
Utilities	1,444,169	-	-	1,444,169
Energy	1,164,040	-	-	1,164,040
Consumer Staples	710,905	-	-	710,905
American Depository Receipts	405,392	-	-	405,392
Total Common Stock	18,842,123	-	-	18,842,123
Short-Term Collective Fund	-	601,021	-	601,021
Limited Liability Partnership	-	-	495,010	495,010
Corporate Bonds	89,490	-	-	89,490
Preferred Stock	-	-	4,992	4,992
Total Master Trust	<u>\$ 150,520,268</u>	<u>\$ 601,021</u>	<u>\$ 500,002</u>	<u>\$ 151,621,291</u>

The following tables set forth a summary of changes in the fair value of the Master Trust's Level 3 assets for the years ended November 30:

	2011		2010	
	Limited Liability Partnership	Preferred Stock	Limited Liability Partnership	Preferred Stock
Balance - Beginning of Year	\$ 495,010	\$ 4,992	\$ 495,010	\$ 92,516
Issuances (Settlements), Net	-	-	-	(87,524)
Balance - End of Year	<u>\$ 495,010</u>	<u>\$ 4,992</u>	<u>\$ 495,010</u>	<u>\$ 4,992</u>

The following table sets forth additional disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of November 30:

	2011			
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-Term Collective Fund	\$ 595,047	\$ -	Daily	Daily
Limited Liability Partnership	495,010	-	*	*
Preferred Stock	4,992	-	*	*

**LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

NOTE 5 INVESTMENTS IN THE VALSPAR CORPORATION MASTER TRUST (CONTINUED)

2010				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-Term Collective Fund	\$ 601,021	\$ -	Daily	Daily
Limited Liability Partnership	495,010	-	*	*
Preferred Stock	4,992	-	*	*

The short-term collective fund's objective is to provide investors with a competitive rate of return and high level of stability of principal and liquidity through a diversified portfolio of money market instruments.

* The limited liability partnership and preferred stock are investments in a shopping mall in Indianapolis. Although no specific restrictions are noted in the agreement, the Plan's ability to redeem their share in the partnership and stock are reliant upon finding a buyer in the active market.

NOTE 6 INVESTMENTS

The fair value of investments that represent 5% or more of the Plan's net assets available for benefits as of November 30, 2011 and 2010 are as follows:

	2011	2010
The Valspar Master Trust Unitized Fund	\$ 121,883,825	\$ 103,717,635

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 7 ACCUMULATED PLAN BENEFITS

The Employer has elected to present the actuarially computed present value of accumulated plan benefits as of the beginning of the plan years. Calculation of the actuarial present value of accumulated benefits was made as of December 1, 2010 using the individual aggregate actuarial cost method. The valuation computed by the independent consulting actuary is as follows:

	<u>2010</u>
Actuarial Present Value of Accumulated Plan Benefits:	
Vested Benefits:	
Participants Currently Receiving Payments	\$ 62,337,081
Other Participants	<u>32,750,916</u>
	95,087,997
Nonvested Benefits	<u>449,608</u>
Total Actuarial Present Value of Accumulated Plan Benefits	<u><u>\$ 95,537,605</u></u>

The changes in accumulated plan benefits for the period ended December 1, 2010, as computed by the independent consulting actuary, is as follows:

	<u>2010</u>
Actuarial Present Value of Accumulated Plan Benefits -	
Beginning of Year	\$ 95,233,901
Increase (Decrease) During the Plan Year Attributable to:	
Net Benefits Accumulated	253,688
Actuarial Loss	353,336
Decrease in the Discount Period	7,773,193
Benefits Paid	(8,076,513)
Change of Assumptions	<u>-</u>
Net Increase	<u>303,704</u>
Actuarial Present Value of Accumulated Plan Benefits -	
End of Year	<u><u>\$ 95,537,605</u></u>

NOTE 8 TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter, dated March 2, 2004, that the Plan and the related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since the prototype plan received the opinion letter; however, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 8 TAX STATUS (CONTINUED)

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of November 30, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

NOTE 9 PLAN TERMINATION

The Plan Sponsor has the right to terminate the Plan at any time by action of its Board of Directors. In the event the Plan is terminated, each participant's interest in benefits accrued under the Plan shall become nonforfeitable. That portion of the assets which is attributable to the participants directly affected shall be allocated in the following order of priority: (1) equally to (a) participants receiving benefits at the beginning of the three-year period ending on the date of termination and (b) participants who would have been eligible for benefits at the beginning of the three year period ending on the date of termination had the participants' employment terminated before that period; (2) other participants whose benefits are guaranteed subject to certain limitations prescribed by ERISA; (3) participants with vested termination benefits; and (4) all other participants with accrued retirement benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC) at that time. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guaranty, while other benefits may not be provided for at all.

If, however, the Plan is terminated for any reason other than the bankruptcy or near bankruptcy of the Plan Sponsor and the Plan has insufficient assets, the Plan Sponsor will be required to pay to the Plan an amount which, together with Plan assets, will satisfy all benefits accumulated to the date of the Plan's termination.

As stated in Note 1, the Plan was terminated in 2012 and merged into The Valspar Corporation Employees' Pension Plan.

**LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

NOTE 10 RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

LILLY EMPLOYEES' PENSION PLAN
E.I.N. 36-2443580 PLAN NO. 020
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
NOVEMBER 30, 2011

(a)	(b)	(c)	(d)	(e)
	Identity of Issue	Description of Investment	Cost	Current Value
	Wells Fargo Bank, N.A.	Short-Term Investment Fund	\$ 30,007	\$ 30,007
	Total		<u>\$ 30,007</u>	<u>\$ 30,007</u>

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Appendix A: Statement of Actuarial Assumptions as of December 1, 2010

Plan sponsor

The Valspar Corporation

EIN/PN

36-2443580/020

Plan name

Lilly Employees' Pension Plan

Discount rates

Current plan year PPA effective interest rate: 6.30%

Prior plan year PPA effective interest rate: 6.57%

3-Segment Rates

Applicable month (funding target): August

Applicable month (PBGC premium funding target): August

Transition election: N/A

FAS 35: 8.50%

Compensation increases

Future compensation will increase at the rate of 3.50% per year, compounded annually.

Plan Name: Lilly Employees' Pension Plan
EIN / PN: 36-2443580 / 020
Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Future increases in social security

Social security benefits are assumed to increase in the future due to increases in the national average wage index of 3.50% per year, compounded annually, and due to increases in the cost of living of 3.00% per year, compounded annually.

Future increases in maximum benefits and plan compensation limitations

It is assumed that maximum benefit and plan compensation limitations under the Internal Revenue Code will not increase in the future.

Assumed cost-of-living adjustments

None.

Administrative expenses

The cost of plan administration, which is paid through the trust fund assets, is assumed to be \$175,000 per annum.

Mortality

For all participants, the prescribed mortality assumption under Section 430(h)(3)(A) of the Internal Revenue Code using static tables with separate mortality rates for annuitants and non-annuitants.

Retirement

Non-Cabot:

Attained Age	Retirement Rates
55-59	0.0
60	0.0
61	0.0
62	50.0
63	10.0
64	10.0
65	100.0

Cabot:

Age 65

Plan Name: Lilly Employees' Pension Plan
EIN / PN: 36-2443580 / 020
Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Disability rates

Non-Cabot:

75% of 1964 OASDI rates.

Cabot:

None.

Disabled mortality

The 1983 Group Annuity Mortality Tables for males and females.

Representative termination rates (per 100 employees) not due to disability, retirement or mortality

Non-Cabot:

Attained Age	Termination Rates
25	5.29
30	5.07
35	4.70
40	3.50
45	1.77
55 and above	0.00

Cabot:

Crocker-Sarason-Straight Table T-5

Form of payment

Participants are assumed to elect the normal form.

Marriage

Non-Cabot:

It was assumed 80% of participants are married.

Plan Name: Lilly Employees' Pension Plan
EIN / PN: 36-2443580 / 020
Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Cabot:

It was assumed 70% of participants are married.

Spousal age difference

Husbands were assumed to be three years older than their wives.

Employees

It is assumed that there will be no new or rehired employees.

Compensation for plan participants

Compensation assumed paid in the current year beginning on the valuation date is the pay received in the prior year adjusted one-half year using the assumed salary scale.

Cost method

The valuation uses the actuarial cost method prescribed in Section 430 of the Internal Revenue Code and regulations thereunder.

Asset method

The plan uses the smoothed value of assets as allowed under the Worker, Retiree and Employer Recovery Act of 2008 (WRERA). Under this method, valuation assets are equal to the average of three values (all determined without regard to receivable contributions), the result increased by the discounted present value of contributions expected to be made after the valuation date based on the prior plan year PPA effective interest rate. This amount is then subject to a 10% corridor around the market value of assets (including the discounted present value of receivable contributions) as of the valuation date. The three values used to develop the average value are: the market value of assets as of the current valuation date, the adjusted market value of assets as of the prior valuation date and the adjusted market value of assets as of the second prior valuation date. The adjusted market value as of a relevant valuation date is equal to the market value of assets as of the prior valuation date increase by actual plan contributions and assumed return on plan assets and decreased by actual plan disbursements after that date until the current valuation date. The algebraically equivalent development of this method (pursuant to IRS Notice 2009-22) is shown in Section 2.4. Because expected investment returns under this method are limited under WRERA, over time it is more likely to produce an actuarial value that is expected to be less than the market value of assets.

Participant data

Employee data was supplied by the employer as of the valuation date.

Plan Name: Lilly Employees' Pension Plan
EIN / PN: 36-2443580 / 020
Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Benefits not included in valuation

Cabot Plan – The disability retirement benefit is not valued because it is assumed to have minimal cost.

PBGC Premium Funding Target

For purposes of determining the PBGC Premium Funding Target in Section 2.2D, the Alternative Premium Funding Target was determined using the assumptions described above.

Nature of actuarial calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed insignificant and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations.

The assumptions selected for this valuation other than those prescribed by law, generally reflect long-term average expectations. If overall future plan experience is less favorable than assumed, the relative level of plan costs or contribution requirements determined in this valuation will likely increase in future valuations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this actuarial valuation to analyze the potential range of future pension contributions, but we can do so upon request.

Changes in assumptions and methods since last actuarial valuation

For funding purposes the following changes were implemented:

- The mortality table changed from the 2009 IRS-prescribed mortality table to the 2010 IRS-prescribed mortality table.
- The segment interest rates used to calculate the funding target and target normal cost were updated from an applicable month of December to August.

Plan Name: Lilly Employees' Pension Plan
EIN / PN: 36-2443580 / 020
Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22
Description of Weighted Average Retirement Age
as of December 1, 2010

Plan
Sponsor: The Valspar Corporation

EIN: 36-2443580
Plan Number: 020

Plan Name: Lilly Employees' Pension Plan

Retirement Rate Group	Count	Weighted Average Retirement Age	Weight	Overall Weighted Average Retirement Age
Non-Cabot:	256	63.36	0.8449	53.53
Cabot:	47	65.00	0.1551	10.08

Average Age at Retirement 63.61

Rounded for Schedule SB line 22 64

Plan Name: Lilly Employees' Pension Plan
EIN / PN: 36-2443580 / 020
Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age as of December 1, 2010

Plan Sponsor: The Valspar Corporation

EIN: 36-2443580

Plan Number: 020

Plan Name: Lilly Employees' Pension Plan

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

Non-Cabot Employees

x	q_x^r	l_x	${}_{x-50}P_{50} = l_x / l_{50}$	$q_x^r * l_x / l_{50}$	$x * q_x^r * l_x / l_{50}$
50	0.00	1,000,000	1.000000	0.000000	0.000000
51	0.00	1,000,000	1.000000	0.000000	0.000000
52	0.00	1,000,000	1.000000	0.000000	0.000000
53	0.00	1,000,000	1.000000	0.000000	0.000000
54	0.00	1,000,000	1.000000	0.000000	0.000000
55	0.00	1,000,000	1.000000	0.000000	0.000000
56	0.00	1,000,000	1.000000	0.000000	0.000000
57	0.00	1,000,000	1.000000	0.000000	0.000000
58	0.00	1,000,000	1.000000	0.000000	0.000000
59	0.00	1,000,000	1.000000	0.000000	0.000000
60	0.00	1,000,000	1.000000	0.000000	0.000000
61	0.00	1,000,000	1.000000	0.000000	0.000000
62	0.50	1,000,000	1.000000	0.500000	31.000000
63	0.10	500,000	0.500000	0.050000	3.150000
64	0.10	450,000	0.450000	0.045000	2.880000
65	1.00	405,000	0.405000	0.405000	26.325000

Average age at retirement

63.355000

Plan Name: Lilly Employees' Pension Plan
EIN / PN: 36-2443580 / 020
Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age as of December 1, 2010

Plan Sponsor: The Valspar Corporation

EIN: 36-2443580

Plan Number: 020

Plan Name: Lilly Employees' Pension Plan

Cabot Employees

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

x	q_x^r	l_x	${}_{x-50}p_{50} = l_x / l_{50}$	$q_x^r * l_x / l_{50}$	$x * q_x^r * l_x / l_{50}$
50	0.00	1,000,000	1.000000	0.000000	0.000000
51	0.00	1,000,000	1.000000	0.000000	0.000000
52	0.00	1,000,000	1.000000	0.000000	0.000000
53	0.00	1,000,000	1.000000	0.000000	0.000000
54	0.00	1,000,000	1.000000	0.000000	0.000000
55	0.00	1,000,000	1.000000	0.000000	0.000000
56	0.00	1,000,000	1.000000	0.000000	0.000000
57	0.00	1,000,000	1.000000	0.000000	0.000000
58	0.00	1,000,000	1.000000	0.000000	0.000000
59	0.00	1,000,000	1.000000	0.000000	0.000000
60	0.00	1,000,000	1.000000	0.000000	0.000000
61	0.00	1,000,000	1.000000	0.000000	0.000000
62	0.00	1,000,000	1.000000	0.000000	0.000000
63	0.00	1,000,000	1.000000	0.000000	0.000000
64	0.00	1,000,000	1.000000	0.000000	0.000000
65	1.00	1,000,000	1.000000	1.000000	65.000000

Average age at retirement

65.000000

Plan Name: Lilly Employees' Pension Plan

EIN / PN: 36-2443580 / 020

Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 25
Change in Method
as of December 1, 2010

- The applicable month for the interest rates changed from December to August as permitted by 1.430(h)(2)-1(h)(3).

Plan Name: Lilly Employees' Pension Plan
EIN / PN: 36-2443580 / 020
Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of December 1, 2010

Attained Age	Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	0		0		0		0		0		0		0		0		0		0	
25 - 29	0		0		0		0		0		0		0		0		0		0	
30 - 34	0		2		1		0		0		0		0		0		0		0	
35 - 39	0		8		5		0		0		0		0		0		0		0	
40 - 44	0		20		16		1		0		0		0		0		0		0	
45 - 49	0		21		27		13		1		1		0		0		0		0	
50 - 54	1		16		22		14		15		5		0		0		0		0	
55 - 59	0		15		25		7		16		7		0		0		0		0	
60 - 64	1		4		6		10		5		4		4		0		0		0	
65 - 69	0		1		2		1		1		2		2		0		0		0	
70 & Over	0		0		1		0		0		0		0		0		0		0	

Plan Name: Lilly Employees' Pension Plan
 EIN / PN: 36-2443580 / 020
 Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	Valspar Corporation
EIN/PN	36-2443580/020
Plan Name	Lilly Employees' Pension Plan
Valuation Date	December 1, 2010
Enrolled Actuary	Steven M. Schatt
Enrollment Number	11-06183

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

Plan Name:	Lilly Employees' Pension Plan
EIN / PN:	36-2443580 / 020
Plan Sponsor:	The Valspar Corporation

LILLY EMPLOYEES' PENSION PLAN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED NOVEMBER 30, 2011 AND 2010

**LILLY EMPLOYEES' PENSION PLAN
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YEARS ENDED NOVEMBER 30, 2011 AND 2010**

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CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Benefits Administrative Committee
Lilly Employees' Pension Plan
Minneapolis, Minnesota

We were engaged to audit the accompanying statement of net assets available for benefits of Lilly Employees' Pension Plan as of November 30, 2011, and the related statement of changes in net assets available for benefits for the year then ended and the supplemental schedule of assets (held at end of year) as of November 30, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management. The financial statements of the Plan as of November 30, 2010 were audited by other auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan administrator instructed the other auditors not to perform and they did not perform, any auditing procedures with respect to the information certified by the trustee. Their report, dated September 12, 2011, indicated that (a) because of the significance of the information that they did not audit, they were unable to, and did not, express an opinion on the financial statements taken as a whole and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information cited in Note 3, which was certified by Wells Fargo Bank, N.A., the trustee of the Plan, except for comparing the information with the related information included in the 2011 financial statements and the supplemental schedule. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee as of November 30, 2011 and for the year then ended, that the information provided to the Plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on these accompanying 2011 financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purposes of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the 2011 financial statements and supplemental schedule, other than that derived from the information certified by the trustee, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 10, 2012



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LILLY EMPLOYEES' PENSION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
NOVEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
INVESTMENTS (at Fair Value)		
Plan Interest in The Valspar Corporation Master Trust	\$ 121,883,825	\$ 103,717,643
Collective Fund	<u>30,007</u>	<u>30,482</u>
Total Investments	121,913,832	103,748,125
EMPLOYER CONTRIBUTION RECEIVABLE	<u>10,200,000</u>	<u>17,100,000</u>
Total Assets	132,113,832	120,848,125
LIABILITIES		
ACCOUNTS PAYABLE	<u>102,626</u>	<u>-</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 132,011,206</u></u>	<u><u>\$ 120,848,125</u></u>

See accompanying Notes to Financial Statements.

LILLY EMPLOYEES' PENSION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED NOVEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ADDITIONS TO (DEDUCTIONS FROM) NET ASSETS AVAILABLE FOR BENEFITS ATTRIBUTED TO:		
INVESTMENT INCOME		
Plan Interest in The Valsar Corporation Master Trust		
Investment Income	\$ 9,381,203	\$ 10,127,101
Interest Income	<u>2,056</u>	<u>4,463</u>
Total Investment Income	9,383,259	10,131,564
Less: Investment Fees	<u>(381,353)</u>	<u>(398,436)</u>
Net Investment Income	9,001,906	9,733,128
EMPLOYER CONTRIBUTIONS	10,200,000	17,100,000
BENEFIT PAYMENTS PAID TO PARTICIPANTS	(7,855,367)	(8,076,513)
ADMINISTRATIVE FEES	<u>(183,458)</u>	<u>(176,008)</u>
NET INCREASE	11,163,081	18,580,607
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	<u>120,848,125</u>	<u>102,267,518</u>
End of Year	<u><u>\$ 132,011,206</u></u>	<u><u>\$ 120,848,125</u></u>

See accompanying Notes to Financial Statements.

**LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

NOTE 1 DESCRIPTION OF THE PLAN

The following description of the Lilly Employees' Pension Plan (the Plan) provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

General

Lilly Industries, Inc., a wholly owned subsidiary of The Valspar Corporation (the Employer), established the Plan to provide retirement and other benefits for employees and their beneficiaries. The Plan is a defined benefit pension plan and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Frozen Plan

Effective December 1, 1994, the Plan was amended to freeze years of eligible service as of November 30, 1994. As a result, only employees who had met the eligibility requirements on November 30, 1994, or who were already participants in the Plan were covered under the Plan on a prospective basis. Participants in plans which were subsequently merged into the Plan were granted automatic participation in the Plan. Participants who joined the Plan as a result of merger subsequent to November 30, 1994, accrue benefits according to formulas determined separately for each merged plan. Generally, participants who did not join the Plan as a result of merger subsequent to November 30, 1994, no longer accrue additional benefit service under the Plan (except for those eligible under the special standard retirement benefit as described in the Plan).

Prior to the freezing of the Plan, the Plan was a noncontributory defined benefit plan covering (1) substantially all employees at certain plant locations of Lilly Industries, Inc. who were not members of a collective bargaining unit and (2) certain employees at other plant locations who were members of a collective bargaining unit. Employees could participate in the Plan after completion of one year of service. The Plan provided for retirement, disability and certain survivor benefits. An employee became fully vested in plan benefits after five years of service, with no vesting prior to that time.

Effective in 2012, the Board of Directors elected to terminate the Plan and merge its assets with The Valspar Corporation Employees' Pension Plan.

Funding Policy

The Employer contributes to the Plan as determined by an independent consulting actuary and minimum funding standards under current federal income tax laws. Participants may not make contributions to the Plan. The Employer makes contributions to the Plan based upon the estimated funding level established as of the last valuation date. The Plan has met the minimum funding requirements for the years ended November 30, 2011 and 2010.

**LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

NOTE 1 DESCRIPTION OF THE PLAN (CONTINUED)

Pension Benefits

The Plan provides for distribution, in general, upon separation from service and attainment of the normal retirement date (age 65) upon written application from the participant or beneficiary and approval. A reduced early retirement benefit is available to participants, separated from service, who have at least five years of service and attained age 55.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

Investments in the Plan are stated at fair value. Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure of contingent assets and liabilities and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

**LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to services rendered by the employees to the valuation date. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, and (b) present employees or their beneficiaries. Benefits payable upon retirement or termination of employment are included to the extent they are deemed attributable to employee services rendered to the valuation date.

The consulting actuary determines the actuarial present value of accumulated plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations as of December 1, 2010 were:

- (a) Investment earnings (8.5%)
- (b) Life expectancy of participants (2010 IRS-prescribed mortality table)
- (c) Retirement age assumption (the assumed normal retirement age was 65)

The foregoing actuarial assumptions are based on the presumptions that the Plan will continue. As described in Note 1, the Plan was terminated in 2012 and its assets merged into The Valspar Corporation Employees' Pension Plan. Therefore, going forward, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits in future years.

Payments of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Substantially all administrative expenses, including investment management fees, are paid by the Plan.

Reclassifications

Certain amounts in the 2010 financial statements have been reclassified to conform with the 2011 presentation. These reclassifications do not affect net assets available for benefits as previously reported.

Subsequent Events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through September 10, 2012, the date the financial statements were available to be issued

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 3 CERTIFICATION

Wells Fargo Bank, N.A., the trustee of the Plan, has supplied the Plan administrator with a certification as to the completeness and accuracy of all investment information reflected on the accompanying statements of net assets available for benefits as of November 30, 2011 and 2010, the statements of changes in net assets available for benefits for the years then ended, and the supplemental schedule of assets (held at end of year) as of November 30, 2011.

NOTE 4 FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at November 30, 2011 and 2010.

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

During 2010, FASB released ASU 2010-06 Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This guidance changes the requirements to reflect Level 3 changes (purchases, sales, issuances, and settlements) from a net basis to require separate disclosure for each type and is effective for fiscal years ending after December 15, 2011. This guidance does not require the change to be retrospectively applied to prior periods presented. The Plan adopted this guidance effective for the Plan year ending November 30, 2011.

The collective funds are valued using the net asset value (NAV) of units, which are based on observable market prices for the underlying assets, held by the Plan at year-end. Investments in common stocks and corporate bonds are valued at the closing price reported in the active market in which the individual security is traded. Investments in the mutual funds are valued at the NAV of shares held by the Plan at year-end. Investment in the limited liability partnership is valued at historical cost, which approximates fair value. Investment in the preferred stock is stated at the value determined by the issuer.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of November 30, 2011 and 2010. The following tables do not include the Plan's interest in The Valspar Corporation Master Trust (Master Trust) because that information is presented in a separate table in Note 5.

	2011			
	Level 1	Level 2	Level 3	Total
Short-Term Collective Fund	\$ -	\$ 30,007	\$ -	\$ 30,007
	2010			
	Level 1	Level 2	Level 3	Total
Short-Term Collective Fund	\$ -	\$ 30,482	\$ -	\$ 30,482

**LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth additional disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of November 30:

2011				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-Term Collective Fund	\$ 30,007	\$ -	Daily	Daily

2010				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-Term Collective Fund	\$ 30,482	\$ -	Daily	Daily

The short-term collective fund's objective is to provide investors with a competitive rate of return and high level of stability of principal and liquidity through a diversified portfolio of money market instruments.

NOTE 5 INVESTMENTS IN THE VALSPAR CORPORATION MASTER TRUST

A portion of the Plan's investments are held in the Master Trust which holds the investment assets of the Plan and the Valspar Corporation Employee's Pension Plan. Each participating plan has an undivided interest in the Master Trust. The assets of the Master Trust are held by Wells Fargo Bank, N.A.

The value of the Plan's interest in the Master Trust is based on the beginning of the year value of the Plan's interest in the trust, plus actual contributions and allocated investment income, less actual distributions and allocated administrative expenses. The Plan's interest in the net assets of the Master Trust was 67% and 68% on November 30, 2011 and 2010, respectively. Investments in the Master Trust are determined on a unit-value basis as determined by Wells Fargo. The Plan's investment returns may not approximate these percentage interests in the returns of the Master Trust due to the mix of Master Trust investments held by the Plan.

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 5 INVESTMENTS IN THE VALSPAR CORPORATION MASTER TRUST (CONTINUED)

The following table represents the assets, including investments, of the Master Trust as of November 30:

	2011	2010
Investments at Fair Value:		
Mutual Funds	\$ 156,608,378	\$ 131,588,655
Common Stock	23,493,913	18,842,123
Collective Trust Fund	595,047	601,021
Limited Liability Partnership	495,010	495,010
Corporate Bonds	68,490	89,490
Preferred Stock	4,992	4,992
Total Investments	181,265,830	151,621,291
Receivables for Securities Sold	904,317	-
Total Interest in the Master Trust	<u>\$ 182,170,147</u>	<u>\$ 151,621,291</u>

Master Trust investment income for the years ended November 30 is as follows:

	2011	2010
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments:		
Mutual Funds	\$ 9,280,456	\$ 9,207,109
Common Stock	1,186,213	3,213,987
Corporate Bonds	(21,000)	(115,584)
Preferred Stock	-	23,346
United States Government Obligations	-	(1,606,797)
Municipal Bonds	-	(108,752)
Total Net Appreciation	10,445,669	10,613,309
Interest and Dividends	3,635,673	3,918,099
Total Investment Income	<u>\$ 14,081,342</u>	<u>\$ 14,531,408</u>

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 5 INVESTMENTS IN THE VALSPAR CORPORATION MASTER TRUST (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Plan's investment in the Master Trust at fair value as of November 30, 2011 and 2010.

	2011			Total
	Level 1	Level 2	Level 3	
Mutual Funds:				
Bond	\$ 71,869,788	\$ -	\$ -	\$ 71,869,788
Structured	58,045,084	-	-	58,045,084
International	26,693,506	-	-	26,693,506
Total Mutual Funds	156,608,378	-	-	156,608,378
Common Stock:				
Financials	4,375,289	-	-	4,375,289
Information Technology	2,951,372	-	-	2,951,372
Industrials	3,587,637	-	-	3,587,637
Consumer Discretionary	3,181,380	-	-	3,181,380
Materials	1,987,710	-	-	1,987,710
Healthcare	2,792,288	-	-	2,792,288
Utilities	2,009,270	-	-	2,009,270
Energy	1,349,203	-	-	1,349,203
Consumer Staples	531,550	-	-	531,550
Telecommunication Service	172,007	-	-	172,007
American Depository Receipts	556,207	-	-	556,207
Total Common Stock	23,493,913	-	-	23,493,913
Short-Term Collective Fund	-	595,047	-	595,047
Limited Liability Partnership	-	-	495,010	495,010
Corporate Bonds	68,490	-	-	68,490
Preferred Stock	-	-	4,992	4,992
Receivables	904,317	-	-	904,317
Total Master Trust	<u>\$ 181,075,098</u>	<u>\$ 595,047</u>	<u>\$ 500,002</u>	<u>\$ 182,170,147</u>

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 5 INVESTMENTS IN THE VALSPAR CORPORATION MASTER TRUST (CONTINUED)

	2010			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Bond	\$ 58,909,358	\$ -	\$ -	\$ 58,909,358
Structured	50,448,835	-	-	50,448,835
International	22,230,462	-	-	22,230,462
Total Mutual Funds	131,588,655	-	-	131,588,655
Common Stock:				
Financials	3,463,423	-	-	3,463,423
Information Technology	2,810,145	-	-	2,810,145
Industrials	2,471,445	-	-	2,471,445
Consumer Discretionary	2,293,464	-	-	2,293,464
Materials	2,050,323	-	-	2,050,323
Healthcare	2,028,817	-	-	2,028,817
Utilities	1,444,169	-	-	1,444,169
Energy	1,164,040	-	-	1,164,040
Consumer Staples	710,905	-	-	710,905
American Depository Receipts	405,392	-	-	405,392
Total Common Stock	18,842,123	-	-	18,842,123
Short-Term Collective Fund	-	601,021	-	601,021
Limited Liability Partnership	-	-	495,010	495,010
Corporate Bonds	89,490	-	-	89,490
Preferred Stock	-	-	4,992	4,992
Total Master Trust	<u>\$ 150,520,268</u>	<u>\$ 601,021</u>	<u>\$ 500,002</u>	<u>\$ 151,621,291</u>

The following tables set forth a summary of changes in the fair value of the Master Trust's Level 3 assets for the years ended November 30:

	2011		2010	
	Limited Liability Partnership	Preferred Stock	Limited Liability Partnership	Preferred Stock
Balance - Beginning of Year	\$ 495,010	\$ 4,992	\$ 495,010	\$ 92,516
Issuances (Settlements), Net	-	-	-	(87,524)
Balance - End of Year	<u>\$ 495,010</u>	<u>\$ 4,992</u>	<u>\$ 495,010</u>	<u>\$ 4,992</u>

The following table sets forth additional disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of November 30:

Investment Type	2011			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-Term Collective Fund	\$ 595,047	\$ -	Daily	Daily
Limited Liability Partnership	495,010	-	*	*
Preferred Stock	4,992	-	*	*

**LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

NOTE 5 INVESTMENTS IN THE VALSPAR CORPORATION MASTER TRUST (CONTINUED)

2010				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Short-Term Collective Fund	\$ 601,021	\$ -	Daily	Daily
Limited Liability Partnership	495,010	-	*	*
Preferred Stock	4,992	-	*	*

The short-term collective fund's objective is to provide investors with a competitive rate of return and high level of stability of principal and liquidity through a diversified portfolio of money market instruments.

* The limited liability partnership and preferred stock are investments in a shopping mall in Indianapolis. Although no specific restrictions are noted in the agreement, the Plan's ability to redeem their share in the partnership and stock are reliant upon finding a buyer in the active market.

NOTE 6 INVESTMENTS

The fair value of investments that represent 5% or more of the Plan's net assets available for benefits as of November 30, 2011 and 2010 are as follows:

	2011	2010
The Valspar Master Trust Unitized Fund	\$ 121,883,825	\$ 103,717,635

LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010

NOTE 7 ACCUMULATED PLAN BENEFITS

The Employer has elected to present the actuarially computed present value of accumulated plan benefits as of the beginning of the plan years. Calculation of the actuarial present value of accumulated benefits was made as of December 1, 2010 using the individual aggregate actuarial cost method. The valuation computed by the independent consulting actuary is as follows:

	<u>2010</u>
Actuarial Present Value of Accumulated Plan Benefits:	
Vested Benefits:	
Participants Currently Receiving Payments	\$ 62,337,081
Other Participants	<u>32,750,916</u>
	95,087,997
Nonvested Benefits	<u>449,608</u>
Total Actuarial Present Value of Accumulated Plan Benefits	<u><u>\$ 95,537,605</u></u>

The changes in accumulated plan benefits for the period ended December 1, 2010, as computed by the independent consulting actuary, is as follows:

	<u>2010</u>
Actuarial Present Value of Accumulated Plan Benefits -	
Beginning of Year	\$ 95,233,901
Increase (Decrease) During the Plan Year Attributable to:	
Net Benefits Accumulated	253,688
Actuarial Loss	353,336
Decrease in the Discount Period	7,773,193
Benefits Paid	(8,076,513)
Change of Assumptions	<u>-</u>
Net Increase	<u>303,704</u>
Actuarial Present Value of Accumulated Plan Benefits -	
End of Year	<u><u>\$ 95,537,605</u></u>

NOTE 8 TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter, dated March 2, 2004, that the Plan and the related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since the prototype plan received the opinion letter; however, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

**LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

NOTE 8 TAX STATUS (CONTINUED)

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of November 30, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

NOTE 9 PLAN TERMINATION

The Plan Sponsor has the right to terminate the Plan at any time by action of its Board of Directors. In the event the Plan is terminated, each participant's interest in benefits accrued under the Plan shall become nonforfeitable. That portion of the assets which is attributable to the participants directly affected shall be allocated in the following order of priority: (1) equally to (a) participants receiving benefits at the beginning of the three-year period ending on the date of termination and (b) participants who would have been eligible for benefits at the beginning of the three year period ending on the date of termination had the participants' employment terminated before that period; (2) other participants whose benefits are guaranteed subject to certain limitations prescribed by ERISA; (3) participants with vested termination benefits; and (4) all other participants with accrued retirement benefits. Whether a particular participant's accumulated plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC) at that time. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guaranty, while other benefits may not be provided for at all.

If, however, the Plan is terminated for any reason other than the bankruptcy or near bankruptcy of the Plan Sponsor and the Plan has insufficient assets, the Plan Sponsor will be required to pay to the Plan an amount which, together with Plan assets, will satisfy all benefits accumulated to the date of the Plan's termination.

As stated in Note 1, the Plan was terminated in 2012 and merged into The Valspar Corporation Employees' Pension Plan.

**LILLY EMPLOYEES' PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2011 AND 2010**

NOTE 10 RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

LILLY EMPLOYEES' PENSION PLAN
E.I.N. 36-2443580 PLAN NO. 020
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
NOVEMBER 30, 2011

(a)	(b)	(c)	(d)	(e)
	Identity of Issue	Description of Investment	Cost	Current Value
	Wells Fargo Bank, N.A.	Short-Term Investment Fund	\$ 30,007	\$ 30,007
	Total		<u>\$ 30,007</u>	<u>\$ 30,007</u>

LILLY EMPLOYEES' PENSION PLAN
E.I.N. 36-2443580 PLAN NO. 020
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
NOVEMBER 30, 2011

(a)	(b)	(c)	(d)	(e)
	Identity of Issue	Description of Investment	Cost	Current Value
	Wells Fargo Bank, N.A.	Short-Term Investment Fund	\$ 30,007	\$ 30,007
	Total		<u>\$ 30,007</u>	<u>\$ 30,007</u>

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 12/01/2010 and ending 11/30/2011

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>Lilly Employees' Pension Plan</u>	B Three-digit plan number (PN) ►	<u>020</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>The Valspar Corporation</u>	D Employer Identification Number (EIN) <u>36-2443580</u>	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ Other		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>12</u> Day <u>1</u> Year <u>2010</u>			
2 Assets:			
a Market value.....	2a		120,097,385
b Actuarial value.....	2b		112,799,127
3 Funding target/participant count breakdown		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	920	73,322,799
b For terminated vested participants.....	3b	896	27,365,897
c For active participants:			
(1) Non-vested benefits.....	3c(1)		568,782
(2) Vested benefits.....	3c(2)		16,236,156
(3) Total active.....	3c(3)	303	16,804,938
d Total.....	3d	2,119	117,493,634
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions.....	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate.....	5	6.30 %	
6 Target normal cost.....	6	598,445	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	 Signature of actuary	<u>9/17/2012</u> Date
<u>Steven M. Schatt</u> Type or print name of actuary		<u>11-06183</u> Most recent enrollment number
<u>Towers Watson Delaware Inc.</u> Firm name		<u>(952) 842-7000</u> Telephone number (including area code)
<u>8400 Normandale Lake Blvd, 17th Fl</u> Address of the firm		
<u>Minneapolis MN 55437</u> Address of the firm		

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	21,765,397	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	138,234	0
9 Amount remaining (Item 7 minus item 8).....	21,627,163	0
10 Interest on item 9 using prior year's actual return of <u>10.68</u> %	2,309,781	
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		14,972,012
b Interest on (a) using prior year's effective rate of <u>6.57</u> %		989,342
c Total available at beginning of current plan year to add to prefunding balance		15,961,354
d Portion of (c) to be added to prefunding balance.....		0
12 Reduction in balances due to elections or deemed elections.....	5,132,725	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	18,804,219	0

Part III Funding percentages

14 Funding target attainment percentage.....	14	80.00 %
15 Adjusted funding target attainment percentage.....	15	96.00 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	94.02 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
08/15/2012	10,200,000				
Totals ▶			18(b)	10,200,000	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	9,190,650

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 3.92 %	2nd segment: 6.40 %	3rd segment: 6.61 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	598,445
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment		0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	598,445
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	487,878	0
36 Additional cash requirement (item 34 minus item 35)	36	110,567
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	9,190,650
38 Interest-adjusted excess contributions for current year (see instructions)	38	9,080,083
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Appendix B: Summary of Plan Provisions as of December 1, 2010

Plan sponsor

The Valspar Corporation

EIN/PN

36-2443580/020

Participation

Employee as of November 30, 1994

December 31, 1996 for former Guardsman or Moline Plan

December 31, 1997 for former Lilly Bargaining Plan

March 31, 1999 for former Guardsman High Point Plan

December 31, 2005 for former Cabot Plan

Basic benefit provisions

Non-Cabot

The standard retirement benefit for all participants except those age 55 or older with 10 years of vesting service as of December 1, 1994 or participants in the Gardena Bargaining Unit is a monthly pension payable for life equal to the greater of (1) or (2) as follows:

- (1) 1.25% of monthly plan compensation multiplied by benefit service as of November 30, 1994, or
- (2) \$29.00 multiplied by benefit service as of November 30, 1994.

Participants in the Gardena Bargaining Unit continue to accrue benefit service to November 30, 1996.

Participants age 55 or older with 10 years of vesting service as of November 30, 1994 receive the greater of (1) or (2) above plus:

.5% of monthly plan compensation multiplied by benefit service after December 1, 1994 to normal retirement date.

Plan Name: Lilly Employees' Pension Plan
EIN / PN: 36-2443580 / 020
Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Former Glidden participants are eligible for a special minimum benefit based on the plan provisions.

Former Guardsman Products or Moline participants except those who are age 55 or older with 10 years of vesting service as of December 31, 1996 is a monthly pension payable for life equal to the greater of (1) or (2) as follows:

- (1) 1.25% of monthly plan compensation multiplied by benefit service as of December 31, 1996, or
- (2) \$29.00 multiplied by benefit service as of December 31, 1996.

Participants age 55 or older with 10 years of vesting service as of December 31, 1996 receive the greater of (1) or (2) above plus:

.5% of monthly plan compensation multiplied by benefit service after December 31, 1996 to normal retirement date.

Former Lilly Bargaining Unit Participants except those who are age 55 or with 10 years vesting service as of November 30, 1994 is a monthly pension payable for life equal to the greater of (1) or (2) as follows:

- (1) 1.25% of monthly plan compensation multiplied by benefit service as of November 30, 1994, or
- (2) \$33.00 multiplied by benefit service as of December 31, 1995 for Laboratory Participants or December 31, 1997 for Plant Participants.

Participants age 55 or older with 10 years of vesting service as of November 30, 1994 receive the greater of (1) or (2) above plus:

.5% of monthly plan compensation multiplied by benefit service after November 30, 1994 to normal retirement date. Former Guardsman High Point Unit Participants is a monthly pension payable for life equal to \$18.50 multiplied by benefit service as of March 13, 1999.

Cabot

Participants age 45 or older with 5 years of vesting service as of November 30, 2005 receive the greater of (1) or (2):

- (1) 36% of average compensation not in excess of the covered compensation plus 51% of average compensation in excess of covered compensation, reduced by 1/25 for each year of benefit service less than 25 at normal retirement date, multiplied by the ratio, the value of which cannot exceed one, of benefit service as of November 30, 2005 to benefit service at normal retirement date.
- (2) The sum of (i) and (ii) multiplied by the ratio, the value of which cannot exceed one, of benefit service as of November 30, 2005 to benefit service at normal retirement date.

Plan Name: Lilly Employees' Pension Plan
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SCHEDULE SB ATTACHMENTS

- (i) 50% of average compensation reduced by 1/20 for each year of benefit service less than 20, less
- (ii) 50% of Primary social security benefit reduced by 1/20 for each year of benefit service less than 20.

Participants under age 45, or with less than 5 years of vesting service as of November 30, 2005, have a frozen accrued benefit as of November 30, 2005, based on the formula above.

Credited service

Non-Cabot:

No limit.

Cabot:

Frozen as of November 31, 2005.

Normal retirement age

Later of age 65 and five years vesting service.

Early retirement age

Non-Cabot

Age 55 with five years of service.

Cabot:

Age 55 with 10 years of service or age 60.

Early retirement benefit reduction

Non-Cabot:

Less than 20 years service: 6.67% per year from 65 to 60; 3.33% per year from 60 to 55.

20 or more years of service: 8.33% per year from 62 to 60; 4.17% per year from 60 to 55; unreduced upon commencement age 62 or later.

Plan Name: Lilly Employees' Pension Plan
EIN / PN: 36-2443580 / 020
Plan Sponsor: The Valspar Corporation

SCHEDULE SB ATTACHMENTS

Cabot:

6.67% per year from 65 to 60; 3.33% per year from 60 to 55.

Vested Termination Benefit Reduction

Same as Early Retirement Reduction.

Disability benefit reduction

Non-Cabot:

Eligible after five years of service. Payable immediately after disability, receive greater of accrued benefit earned and 4% of accrued benefit calculation per year of vesting service using final average earnings at disability and benefit service projected to normal retirement date.

Cabot:

None.

Distribution options

Non-Cabot:

Single Life Annuity.

50% / 75% / 100% Joint and Survivor

10-Year / 15-Year / 20-Year Certain and Life

Cabot:

Single Life Annuity.

50% / 75% / 100% Joint and Survivor

10-Year Certain and Life

Changes in principal plan provisions since last actuarial valuation

There have been no changes in plan provisions since the last actuarial valuation.

Plan Name: Lilly Employees' Pension Plan
EIN / PN: 36-2443580 / 020
Plan Sponsor: The Valspar Corporation