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), 6057(b), 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

2012

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A This return/report is for:
- [ ] a multiemployer plan;
- [X] 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:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
SAVINGS INCENTIVE AND PROFIT SHARING PLAN FOR EMPLOYEES OF THE HOBBY LOBBY GROUP

1b Three-digit plan number (PN) 001

1c Effective date of plan
10/01/1989

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

THE HOBBY LOBBY STORES, INC.

7707 S.W. 44TH STREET
OKLAHOMA CITY, OK 73179-7804

2b Employer Identification Number (EIN)
73-1032203

2c Sponsor's telephone number
405-745-1191

2d Business code (see instructions)
452900

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. **Signature of plan administrator**	10/15/2013 Date	SUZY MELEDEO Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. **Signature of employer/plan sponsor**	10/15/2013 Date	SUZY MELEDEO Enter name of individual signing as employer or plan sponsor
SIGN HERE	**Signature of DFE**	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)

Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address

THE HOBBY LOBBY STORES, INC.

7707 S.W. 44TH STREET
OKLAHOMA CITY, OK 73179-7804

3b Administrator's EIN
73-1032203

3c Administrator's telephone number
405-745-1191

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**	13399
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**	11730
b Retired or separated participants receiving benefits	**6b**	128
c Other retired or separated participants entitled to future benefits	**6c**	733
d Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	12591
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	4
f Total. Add lines **6d** and **6e**	**6f**	12595
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	4656
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	36
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 Characteristics Codes in the instructions:
2E 2F 2G 2J 2K 2T 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics 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 C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).	2012
Department of Labor Employee Benefits Security Administration	▶ **File as an attachment to Form 5500.**	**This Form is Open to Public Inspection.**
Pension Benefit Guaranty Corporation		

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan SAVINGS INCENTIVE AND PROFIT SHARING PLAN FOR EMPLOYEES OF THE HOBBY LOBBY GROUP	**B** Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 THE HOBBY LOBBY STORES, INC.	**D** Employer Identification Number (EIN) 73-1032203

Part I Service Provider Information (see instructions)

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

AMERICAN FUNDS — 5300 ROBIN HOOD RD
NORFOLK, VA 23513

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

T ROWE PRICE INVESTMENT SERVICES IN — 100 EAST PRATT STREET, BA-0402
BALTIMORE, MD 21202

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

THE VANGUARD GROUP — 100 VANGUARD BLVD
MALVERN, PA 19355

(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)

ALLEN, GIBBS, & HOULIK, L.C.

301 N MAIN, SUITE 1700
WICHITA, KS 67202

(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?
15 37 38 49 50 59 60 63 64 70 99	RECORDKEEPER	171785	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

ALLEN STAPLES

4801 GAILLARDIA PARKWAY
SUITE 100, BULDING C
OKLAHOMA CITY, OK 73142

(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?
26 27 63 70	INVESTMENT ADVISOR	0	Yes ☒ No ☐	Yes ☒ No ☐	0	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 ☐

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 ☐

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

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(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:	**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:

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

Explanation:

SCHEDULE H (Form 5500)	Financial Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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.**	**2012** **This Form is Open to Public Inspection**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
SAVINGS INCENTIVE AND PROFIT SHARING PLAN FOR EMPLOYEES OF THE HOBBY LOBBY GROUP

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
THE HOBBY LOBBY STORES, INC.

D Employer Identification Number (EIN)
73-1032203

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	4546	50246
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	3460107	3791067
(2) Participant contributions	1b(2)	147784	164035
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	8315413	10489566
(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)	3433999	3657034
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(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)	75496900	90177151
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(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	90858749	108329099
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h	295430	399914
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through1j)	1k	295430	399914
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	90563319	107929185

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)	3791067	
(B) Participants	2a(1)(B)	9041142	
(C) Others (including rollovers)	2a(1)(C)	572616	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		13404825
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1836422	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)	110948	
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		1947370
(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
(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

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(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)		10088365
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		25440560

Expenses

		(a) Amount	(b) Total
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	7900357	
(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)		7900357
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: **(1)** Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	174337	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		174337
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		8074694

Net Income and Reconciliation

		(a) Amount	(b) Total
k Net income (loss). Subtract line **2j** from line **2d**	2k		17365866
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: GRANT THORNTON **(2)** EIN: 36-6055558

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 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.)	4a		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.)	4b		X	

			Yes	No	Amount
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.)	**4c**		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.)	**4d**		X	
e	Was this plan covered by a fidelity bond?	**4e**	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	**4f**		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?	**4g**		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?	**4h**		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.)	**4i**	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.)	**4j**		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?	**4k**		X	
l	Has the plan failed to provide any benefit when due under the plan?	**4l**		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	**4m**		X	
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.	**4n**			

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)

Part V Trust Information (optional)

6a Name of trust	**6b** Trust's EIN

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

2012

This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
SAVINGS INCENTIVE AND PROFIT SHARING PLAN FOR EMPLOYEES OF THE HOBBY LOBBY GROUP

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
THE HOBBY LOBBY STORES, INC.

D Employer Identification Number (EIN)
73-1032203

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.......... **1**

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): 27-3169253 ____________

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.......... **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 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 (include any prior year accumulated funding deficiency not waived).......... **6a**

b Enter the amount contributed by the employer to the plan for this plan year.......... **6b**

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).......... **6c**

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 or other authority 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. If no, check the "No" box.......... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

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**

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _______% Investment-Grade Debt: _______% High-Yield Debt: _______% Real Estate: _______% Other: _______%

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 line 19(b)?

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

Financial statements and report of independent certified public accountants

Savings Incentive and Profit Sharing Plan for Employees of the Hobby Lobby Group

December 31, 2012 and 2011

Contents

*All other schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Plan Administrator
Savings Incentive and Profit Sharing Plan for Employees of the Hobby Lobby Group

Report on the financial statements

We were engaged to audit the accompanying financial statements of the Savings Incentive and Profit Sharing Plan for Employees of the Hobby Lobby Group (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Grant Thornton

Basis for disclaimer of opinion

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 certified information described in Note H, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the certifying entity meets the requirements of 29 CFR 2520.103-8. The Plan administrator obtained a certification from this entity as of December 31, 2012 and 2011, and for the years then ended, stating that the certified information provided to the Plan administrator is complete and accurate.

Disclaimer of opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Supplementary information

The supplemental schedule of assets (held at end of year) as of December 31, 2012 is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

Report on form and content in compliance with DOL rules and regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the certified information described in Note H, have 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.

Grant Thornton LLP

Oklahoma City, Oklahoma
October 14, 2013

Savings Incentive and Profit Sharing Plan
for Employees of the Hobby Lobby Group

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31,

	2012	2011
ASSETS		
Investments, at fair value		
Mutual funds	**$ 100,666,717**	$ 83,812,313
Receivables		
Participants' contributions	**164,035**	147,784
Employers' contributions	**3,791,067**	3,460,107
Notes receivable from participants	**3,657,034**	3,433,999
	7,612,136	7,041,890
Cash	**50,246**	4,546
Total assets	**108,329,099**	90,858,749
LIABILITIES		
Excess contributions refundable	**399,914**	295,430
Total liabilities	**399,914**	295,430
NET ASSETS AVAILABLE FOR BENEFITS	**$ 107,929,185**	$ 90,563,319

The accompanying notes are an integral part of these statements.

Savings Incentive and Profit Sharing Plan for Employees of the Hobby Lobby Group

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year ended December 31,

	2012	2011
Additions to net assets attributed to		
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments - mutual funds	**$ 10,088,365**	$ (3,507,139)
Interest and dividend income	**1,836,422**	1,369,446
Net investment income (loss)	**11,924,787**	(2,137,693)
Interest income on notes receivable from participants	**110,948**	107,211
Contributions		
Participants	**9,041,142**	8,610,098
Participant rollovers	**572,616**	251,509
Employers	**3,791,067**	3,431,303
Total contributions	**13,404,825**	12,292,910
Total additions	**25,440,560**	10,262,428
Deductions from net assets attributed to		
Benefits paid to participants	**7,900,357**	5,927,257
Administrative expenses	**174,337**	61,520
Total deductions	**8,074,694**	5,988,777
NET INCREASE IN NET ASSETS	**17,365,866**	4,273,651
Net assets available for benefits at beginning of year	**90,563,319**	86,289,668
Net assets available for benefits at end of year	**$ 107,929,185**	$ 90,563,319

The accompanying notes are an integral part of these statements.

NOTE A - DESCRIPTION OF PLAN

The following description of the Savings Incentive and Profit Sharing Plan for Employees of the Hobby Lobby Group (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

1. General

The Plan is a defined contribution plan covering all eligible employees of the participating employers who have completed one year of service, which is equal to or greater than 1,000 hours of service and are age 21 or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The participating employers are Hobby Lobby Stores, Inc.; Mardel, Inc.; Toy Gun Films, Inc.; and Ethnographics Media, Inc (collectively, the participating employers).

2. Contributions

For 2012 and 2011, participants may make contributions of up to 80% of their eligible compensation through regular payroll deductions. Participants may also contribute amounts representing distributions from other qualified plans (rollovers). At their discretion, participating employers may make matching and additional profit sharing contributions to the Plan. For 2012 and 2011, the participating employers matched 60% of each participant's contribution up to a maximum of 5% of the participant's annual wages. Contributions are subject to certain limitations. Forfeitures are utilized to reduce the participating employers' matching contributions.

3. Participant Accounts

Each participant's account is credited with the participant's contribution, an allocation of Plan earnings or losses and the participating employers' contributions. Allocations of earnings or losses are based on account balances, as defined by the Plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

4. Vesting

Participants are immediately vested in their voluntary contributions, plus actual earnings or losses thereon. After three years of credited service or upon retirement, disability, or death, a participant becomes 100% vested as to the participating employers' contributions.

5. Payment of Benefits

Participants are eligible to receive benefits upon retirement, disability, death or termination of employment. Benefits and termination payments are made in the form of a lump-sum amount equal to the value of the participant's vested account. In addition, participants may elect in-service distributions, including financial hardship withdrawals, as defined by the Plan.

NOTE A - DESCRIPTION OF PLAN - CONTINUED

6. Investment Options

The Plan allows participants to elect certain mutual funds into which their accounts are invested. Participants may change their investment options at anytime.

7. Notes Receivable from Participants

Participants are allowed one loan at a time and allowed to borrow a minimum of $500 and up to the lesser of 50% of their vested account balance or $50,000. Interest rates on the loans are based on New York prime. The loans are secured by the balance in the participants' accounts, and principal and interest are paid through payroll deductions. The repayment period is no more than five years unless such loan is for the purchase of the participant's primary residence, in which case the repayment period may be longer.

NOTE B - SUMMARY OF ACCOUNTING POLICIES

A summary of the Plan's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Basis of Accounting

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

2. Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See note D for discussion of fair value measurements.

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

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions based on management's knowledge and experience that affect the reported amounts of assets and liabilities and changes therein and disclosures of contingent assets and liabilities. Due to their prospective nature, actual results could differ from those estimates.

NOTE B - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Administrative Expenses

Certain expenses incurred in connection with the general administration of the Plan are paid by the Plan and are recorded as administrative expenses. Certain other expenses incurred in connection with the general administration of the Plan are paid by the participating employers and are not recognized by the Plan.

5. Payment of Benefits

Benefits are recorded when paid.

6. Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid balance plus any accrued but unpaid interest. Delinquent loans are reclassified as distribution based upon the terms on the Plan document. The interest rates on outstanding loans ranged from 3.25% - 8.25% at December 31, 2012 and 2011.

7. Excess Contributions Refundable

Amounts payable to participants for contributions in excess of amounts allowed by the IRS are recorded as a liability with a corresponding increase to distributions. The Plan distributed the 2012 excess contributions to the applicable participants prior to March 15, 2013.

8. Subsequent Events

The Plan has evaluated subsequent events through October 14, 2013, the date these financial statements were available to be issued, for potential recognition or disclosure in the financial statements.

NOTE C - INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets at December 31:

	2012	2011
The American Funds Group American Balanced Fund	$ 16,526,183	$ 14,421,326
The American Funds Group The Investment Company of America	13,581,784	11,630,244
The American Funds Group New Perspective Fund	13,363,154	11,300,272
The American Funds Group Money Market Fund	10,489,566	8,315,413
The American Funds Group SmallCap World Fund	9,883,255	8,242,611
The American Funds Group Intermediate Bond Fund of America	*	5,001,647
The American Funds Group Capital Income Builder Fund	*	4,652,495

*Balance is less than 5% of the Plan's net assets

NOTE C – INVESTMENTS - CONTINUED

In general, the investments provided by the Plan are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

NOTE D - FAIR VALUE MEASUREMENTS

The Plan's framework for measuring fair value 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 below:

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 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.

Following is a description of the valuation methodologies used for investments measured at fair value:

Mutual funds and money market fund - Valued at the daily closing price as reported by the fund. Mutual funds and money market fund held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net assets value (NAV) and to transact at that price. The mutual funds and money market fund held by the Plan are deemed to be actively traded.

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 estimate of fair value at the reporting date.

NOTE D - FAIR VALUE MEASUREMENTS - CONTINUED

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31:

	2012			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity funds	$ 28,093,822	$ -	$ -	$ 28,093,822
International equity funds	26,354,064	-	-	26,354,064
Balanced funds	27,166,618	-	-	27,166,618
Fixed income funds	8,562,647	-	-	8,562,647
Money market fund	10,489,566	-	-	10,489,566
Total investments at fair value	$ 100,666,717	$ -	$ -	$ 100,666,717

	2011			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Equity funds	$ 23,244,013	$ -	$ -	$ 23,244,013
International equity funds	22,208,334	-	-	22,208,334
Balanced funds	21,965,022	-	-	21,965,022
Fixed income funds	8,079,531	-	-	8,079,531
Money market fund	8,315,413	-	-	8,315,413
Total investments at fair value	$ 83,812,313	$ -	$ -	$ 83,812,313

NOTE E - FORFEITED ACCOUNTS

For 2012 and 2011, forfeited nonvested accounts of approximately $21,100 and $14,800, respectively, were used to reduce participating employers' contributions. There were no forfeited nonvested amounts at December 31, 2012 or 2011.

NOTE F - TAX STATUS

The Internal Revenue Service has determined and informed Hobby Lobby Stores, Inc., by letter dated August 8, 2011, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code. The plan administrator believes that the Plan is currently being operated in compliance with the applicable provisions of the Internal Revenue Code.

NOTE F - 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 Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, 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 2009.

NOTE G - PLAN TERMINATION

Although they have not expressed any intent to do so, the participating employers have the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their participating employers' contributions.

NOTE H - INFORMATION CERTIFIED BY THE TRUSTEE

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the trustee, Mid Atlantic Trust Company, has certified that the following data included in the financial statements and supplemental schedule is complete and accurate:

- Investments, as shown in the statements of net assets available for benefits as of December 31, 2012 and 2011.
- Net investment income (loss), as shown in the statement of changes in net assets available for benefits for the years ended December 31, 2012 and 2011.
- Investments as shown in Schedule H, Line 4i - schedule of assets (held at end of year) December 31, 2012.

The Plan's independent accountants did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and supplemental schedule.

SUPPLEMENTAL SCHEDULE

Savings Incentive and Profit Sharing Plan
for Employees of the Hobby Lobby Group

SCHEDULE H, LINE 4i--SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2012

Identity of issuer, borrower, lessor or similar party/ description of investment	Unit	Current value
The American Funds Group Target Date Retirement 2010 Fund	28,185	$ 268,318
The American Funds Group Target Date Retirement 2015 Fund	49,885	481,891
The American Funds Group Target Date Retirement 2020 Fund	75,954	737,513
The American Funds Group Target Date Retirement 2025 Fund	133,385	1,316,507
The American Funds Group Target Date Retirement 2030 Fund	80,106	809,069
The American Funds Group Target Date Retirement 2035 Fund	83,380	838,806
The American Funds Group Target Date Retirement 2040 Fund	50,788	516,001
The American Funds Group Target Date Retirement 2045 Fund	22,543	228,584
The American Funds Group Target Date Retirement 2050 Fund	32,925	327,931
The American Funds Group Target Date Retirement 2055 Fund	10,140	123,608
The American Funds Group American Balanced Fund	810,107	16,526,183
The American Funds Group Capital Income Builder Fund	94,603	4,992,207
The American EuroPacific Growth Fund	75,392	3,107,655
The American Growth Fund	87,834	3,017,097
The American Funds Group Intermediate Bond Fund of America	362,318	4,985,497
The American Funds Group The Investment Company of America	450,324	13,581,784
The American Funds Group Money Market Fund	10,489,566	10,489,566
The American Funds Group New Perspective Fund	427,484	13,363,154
The American Funds Group SmallCap World Fund	247,639	9,883,255
The American Funds Group Washington Mutual Investors Fund	129,795	4,050,892
The T Rowe Price Real Estate Fund	131,828	2,769,714
The T Rowe Price US Bond Fund	310,517	3,577,150
The Vanguard MidCap Index Fund	116,258	2,612,324
The Vanguard SmallCap Index Fund	53,227	2,062,011
Total investments		100,666,717
*Notes receivable from participants (interest rates 3.25% - 8.25%, maturing through 2042)		3,657,034
Total		$ 104,323,751

*Represents a party-in-interest

Savings Incentive and Profit Sharing Plan
for Employees of the Hobby Lobby Group

SCHEDULE H, LINE 4i--SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2012

Identity of issuer, borrower, lessor or similar party/ description of investment	Unit	Current value
The American Funds Group Target Date Retirement 2010 Fund	28,185	$ 268,318
The American Funds Group Target Date Retirement 2015 Fund	49,885	481,891
The American Funds Group Target Date Retirement 2020 Fund	75,954	737,513
The American Funds Group Target Date Retirement 2025 Fund	133,385	1,316,507
The American Funds Group Target Date Retirement 2030 Fund	80,106	809,069
The American Funds Group Target Date Retirement 2035 Fund	83,380	838,806
The American Funds Group Target Date Retirement 2040 Fund	50,788	516,001
The American Funds Group Target Date Retirement 2045 Fund	22,543	228,584
The American Funds Group Target Date Retirement 2050 Fund	32,925	327,931
The American Funds Group Target Date Retirement 2055 Fund	10,140	123,608
The American Funds Group American Balanced Fund	810,107	16,526,183
The American Funds Group Capital Income Builder Fund	94,603	4,992,207
The American EuroPacific Growth Fund	75,392	3,107,655
The American Growth Fund	87,834	3,017,097
The American Funds Group Intermediate Bond Fund of America	362,318	4,985,497
The American Funds Group The Investment Company of America	450,324	13,581,784
The American Funds Group Money Market Fund	10,489,566	10,489,566
The American Funds Group New Perspective Fund	427,484	13,363,154
The American Funds Group SmallCap World Fund	247,639	9,883,255
The American Funds Group Washington Mutual Investors Fund	129,795	4,050,892
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*Represents a party-in-interest