



REMARKETING SUPPLEMENT DATED MARCH 13, 2008

RATINGS: Moody's: Aaa/VMIG-1  
S&P: AAA/A-1+  
See "RATINGS" herein.

**\$270,475,000**

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK  
REFUNDING REVENUE BONDS  
(THE J. PAUL GETTY TRUST)**

**SERIES 2007A-1, SERIES 2007A-2, SERIES 2007A-3 AND SERIES 2007A-4**

**Remarketing Dates: See inside cover**

**Price: 100%**

**Mandatory Purchase Date: April 1, 2009**

This Remarketing Supplement supplements the Official Statement dated October 18, 2007 (the "Official Statement") relating to the California Infrastructure and Economic Development Bank Refunding Revenue Bonds (The J. Paul Getty Trust) Series 2007A-1 (the "Series 2007A-1 Bonds"), Series 2007A-2 (the "Series 2007A-2 Bonds"), Series 2007A-3 (the "Series 2007A-3 Bonds") and Series 2007A-4 (the "Series 2007A-4 Bonds"). The Series 2007A-1 Bonds, the Series 2007A-2 Bonds, the Series 2007A-3 Bonds and the Series 2007A-4 Bonds are referred to in this Remarketing Supplement collectively as the "Series 2007A Bonds" and each as a "Series of Bonds." The Series 2007A Bonds were issued pursuant to that certain Bond Indenture, dated as of October 1, 2007 (as amended, the "Indenture"), between the California Infrastructure and Economic Development Bank (the "Infrastructure Bank") and The Bank of New York Trust Company, N.A. (the "Trustee"). This Remarketing Supplement provides information in connection with the remarketing of the Series 2007A Bonds and the conversion of the Series 2007A Bonds to the Long-Term Mode. This Remarketing Supplement has been prepared by The J. Paul Getty Trust (the "Getty Trust") and has not been prepared, reviewed or approved by the Infrastructure Bank.

**The Official Statement is on file with the Nationally Recognized Municipal Securities Information Repositories (the "NRMSIRs") and contains important information concerning the Series 2007A Bonds and the Getty Trust, including important investment considerations. This Remarketing Supplement is intended to be read in conjunction with the Official Statement, which is hereby incorporated by reference. Except as expressly set forth herein, this Remarketing Supplement does not update, modify or replace the information contained in the Official Statement, which contains information only as of its date. To the extent the information in this Remarketing Supplement conflicts with the information in the Official Statement, this Remarketing Supplement shall govern. Investors must read the Official Statement and this Remarketing Supplement, including Appendix A - "THE J. PAUL GETTY TRUST" hereto and the audited financial statements of the Getty Trust for the fiscal years ended June 30, 2007 and June 30, 2006 attached hereto as Appendix B, to obtain information essential to the making of an informed investment decision.**

**This Remarketing Supplement describes the Series 2007A Bonds only while in the Long-Term Mode and only during the Long-Term Interest Rate Periods described herein. Investors should not rely upon the information in this Remarketing Supplement if the Series 2007A Bonds are converted to a Mode other than the Long-Term Mode or to another Long-Term Interest Rate Period. Rather, investors should rely upon the offering document used in connection with any such conversion.**

Each Series of Bonds will be subject to mandatory tender for purchase and converted to the Long-Term Mode on the applicable remarketing date set forth on the inside cover, which will be the date on which the Long-Term Interest Rate for such Series of Bonds begins. The Long-Term Interest Rate Period for each Series of Bonds will end on March 31, 2009. See the inside cover for additional details regarding the Long-Term Interest Rate Period for each Series of Bonds. During the Long-Term Mode, the Series 2007A Bonds will be in denominations of \$5,000 and any integral multiple thereof and interest on the Series 2007A Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Series 2007A Bonds will be payable on October 1, 2008 and April 1, 2009. The Series 2007A Bonds will be subject to mandatory tender for purchase on April 1, 2009 (the "Mandatory Purchase Date"), the Business Day immediately following the last day of the Long-Term Interest Rate Period for each Series of Bonds. The Series 2007A Bonds will not be subject to redemption or tender for purchase, except on the Mandatory Purchase Date.

**There is no third-party liquidity facility with respect to the Series 2007A Bonds. The Getty Trust is responsible for all payments in connection with the mandatory tender for purchase of the Series 2007A Bonds on the Mandatory Purchase Date. The Indenture requires the Getty Trust to purchase the Series 2007A Bonds with its own funds if remarketing proceeds are not available.**

On October 24, 2007, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, delivered its approving opinion with respect to the Series 2007A Bonds. Such opinion speaks only as of its date. Upon the conversion of each Series of Bonds, Orrick, Herrington & Sutcliffe LLP will deliver an opinion to the Infrastructure Bank, the Trustee and the Remarketing Agents identified below, to the effect that the conversion of such Series of Bonds to the Long-Term Mode will not, in and of itself, cause interest on such Series of Bonds to be included in the gross income of the holders thereof for federal income tax purposes. No opinion will be expressed as to whether interest on any of the Series 2007A Bonds is currently excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, any of the Series 2007A Bonds.

In connection with the above-described conversion to the Long-Term Mode, the companies below will act as Remarketing Agents for the Series 2007A Bonds:

**MORGAN STANLEY**

**BEAR, STEARNS & CO. INC.**

**\$270,475,000**  
**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**  
**REFUNDING REVENUE BONDS**  
**(THE J. PAUL GETTY TRUST)**  
**SERIES 2007A-1, SERIES 2007A-2, SERIES 2007A-3 AND SERIES 2007A-4**

<b><u>Series</u></b>	<b><u>Principal Amount Outstanding</u></b>	<b><u>Remarketing Date/ (Long Term Interest Rate Period Begins)</u></b>	<b><u>Long Term Interest Rate Period Ends</u></b>	<b><u>Mandatory Tender for Purchase</u></b>	<b><u>CUSIP (13033W)</u></b>
2007A-1	\$81,150,000	March 25, 2008	March 31, 2009	April 1, 2009	F32
2007A-2	81,125,000	March 28, 2008	March 31, 2009	April 1, 2009	F57
2007A-3	54,100,000	March 26, 2008	March 31, 2009	April 1, 2009	F40
2007A-4	54,100,000	March 27, 2008	March 31, 2009	April 1, 2009	F65

Each Series of Bonds will bear interest from the date of delivery thereof to, but not including, April 1, 2009, at a Long-Term Interest Rate established by Morgan Stanley & Co. Incorporated and Bear, Stearns & Co. Inc., as the Remarketing Agents, prior to such date of delivery. Interest with respect to each Series of Bonds will be payable on October 1, 2008 and April 1, 2009. See "Remarketing of the Series 2007A Bonds; Long-Term Mode."

This Remarketing Supplement does not constitute an offer to sell the Series 2007A Bonds in any jurisdiction in which or to any person to whom it is unlawful to make such an offer. No dealer, salesperson or other person has been authorized by Morgan Stanley & Co. Incorporated or Bear, Stearns & Co. Inc. (together, the “Remarketing Agents”) or the Getty Trust to give any information or to make any representations, other than those contained herein, in connection with the offering of the Series 2007A Bonds and, if given or made, such information or representations must not be relied upon. The Infrastructure Bank has not prepared, reviewed or approved this Remarketing Supplement.

The information contained herein relating to the Getty Trust has been obtained from the Getty Trust and officers of the Getty Trust. Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither delivery of this Remarketing Supplement nor any sale made hereunder nor any future use of this Remarketing Supplement will, under any circumstances, create any implication that there has been no change in the affairs of the Getty Trust since the date hereof.

The Remarketing Agents have provided the following sentence for inclusion in this Remarketing Supplement. The Remarketing Agents have reviewed the information in this Remarketing Supplement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agents do not guarantee the accuracy or completeness of such information.

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**IN CONNECTION WITH THIS REMARKETING, THE REMARKETING AGENTS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2007A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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## TABLE OF CONTENTS

	<i>Page</i>
GENERAL .....	1
OTHER IMPORTANT INFORMATION.....	1
REMARKETING OF THE SERIES 2007A BONDS; LONG-TERM MODE .....	2
UPDATED INFORMATION ON THE GETTY TRUST .....	2
AUDITED FINANCIAL STATEMENTS.....	2
LIQUIDITY FOR TENDERS AND REMARKETING .....	2
REMARKETING AGREEMENT .....	3
LEGALITY FOR INVESTMENT IN CALIFORNIA .....	3
FORWARD-LOOKING STATEMENTS .....	3
RATINGS .....	3
CONTINUING DISCLOSURE .....	4
TAX MATTERS .....	4
MISCELLANEOUS .....	5

### APPENDIX A – THE J. PAUL GETTY TRUST

### APPENDIX B – FINANCIAL STATEMENTS OF THE J. PAUL GETTY TRUST FOR THE YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006

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## **REMARKETING SUPPLEMENT**

**\$270,475,000**

### **CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK REFUNDING REVENUE BONDS**

**(THE J. PAUL GETTY TRUST)**

**SERIES 2007A-1, SERIES 2007A-2, SERIES 2007A-3 AND SERIES 2007A-4**

#### **General**

This Remarketing Supplement supplements the Official Statement dated October 18, 2007 (the “Official Statement”) relating to the California Infrastructure and Economic Development Bank Refunding Revenue Bonds (The J. Paul Getty Trust) Series 2007A-1 (the “Series 2007A-1 Bonds”), Series 2007A-2 (the “Series 2007A-2 Bonds”), Series 2007A-3 (the “Series 2007A-3 Bonds”) and Series 2007A-4 (the “Series 2007A-4 Bonds”). The Series 2007A-1 Bonds, the Series 2007A-2 Bonds, the Series 2007A-3 Bonds and the Series 2007A-4 Bonds are referred to herein collectively as the “Series 2007A Bonds” and each as a “Series of Bonds.” This Remarketing Supplement provides information in connection with the remarketing of the Series 2007A Bonds and the conversion of the Series 2007A Bonds to the Long-Term Mode. This Remarketing Supplement has been prepared by The J. Paul Getty Trust (the “Getty Trust”) and has not been prepared, reviewed or approved by the California Infrastructure and Economic Development Bank (the “Infrastructure Bank”).

The Series 2007A Bonds were issued pursuant to that certain Bond Indenture, dated as of October 1, 2007 (as amended, the “Indenture”), between the Infrastructure Bank and The Bank of New York Trust Company, N.A. (the “Trustee”). All capitalized terms used in this Remarketing Supplement and not otherwise defined herein have the same meanings as in the Indenture. Copies of the documents referred to in this Remarketing Supplement are available from: (i) The Bank of New York Trust Company, N.A., 700 S. Flower Street, Suite 500, Los Angeles, California 90017, Attention: Corporate Trust Services, and (ii) the Getty Trust at <http://www.getty.edu/about/governance/debt.html> (this website is not incorporated by reference herein).

#### **Other Important Information**

The Official Statement is on file with the Nationally Recognized Municipal Securities Information Repositories (the “NRMSIRs”) and contains important information concerning the Series 2007A Bonds and the Getty Trust, including important investment considerations. This Remarketing Supplement is intended to be read in conjunction with the Official Statement, which is hereby incorporated by reference. Except as expressly set forth herein, this Remarketing Supplement does not update, modify or replace the information contained in the Official Statement, which contains information only as of its date. To the extent the information in this Remarketing Supplement conflicts with the information in the Official Statement, this Remarketing Supplement shall govern. Investors must read the Official Statement and this Remarketing Supplement, including Appendix A – “THE J. PAUL GETTY TRUST” hereto and the audited financial statements of the Getty Trust for the fiscal years ended June 30, 2007 and

June 30, 2006 attached hereto as Appendix B, to obtain information essential to the making of an informed investment decision.

### **Remarketing of the Series 2007A Bonds; Long-Term Mode**

Each Series of Bonds will be subject to mandatory tender for purchase and converted to the Long-Term Mode on the applicable remarketing date set forth on the inside cover, which will be the date on which the Long-Term Interest Rate for such Series of Bonds begins. The Long-Term Interest Rate Period for each Series of Bonds will end on March 31, 2009. See the inside cover for additional details regarding the Long-Term Interest Rate Period for each Series of Bonds. During the Long-Term Mode, the Series 2007A Bonds will be in denominations of \$5,000 and any integral multiple thereof and interest on the Series 2007A Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Series 2007A Bonds will be payable on October 1, 2008 and April 1, 2009. The Series 2007A Bonds will be subject to mandatory tender for purchase on April 1, 2009 (the “Mandatory Purchase Date”), the Business Day immediately following the last day of the Long-Term Interest Rate Period for each Series of Bonds. The Series 2007A Bonds will not be subject to redemption or tender for purchase, except on the Mandatory Purchase Date.

Upon conversion to the Long-Term Mode, each Series of Bonds will bear interest at a Long-Term Interest Rate. Each Series of Bonds will bear interest from the date of delivery thereof to, but not including, April 1, 2009, at a Long-Term Interest Rate established by Morgan Stanley & Co. Incorporated and Bear, Stearns & Co. Inc., as the Remarketing Agents.

### **Updated Information on the Getty Trust**

Attached as Appendix A to this Remarketing Supplement is important information concerning the operations and finances of the Getty Trust. Appendix A should be read in its entirety.

### **Audited Financial Statements**

The financial statements of the Getty Trust for fiscal years ended June 30, 2007 and June 30, 2006, attached as Appendix B to this Remarketing Supplement, have been audited by KPMG LLP, independent certified public accountants. The related report of the independent certified public accountants dated October 23, 2007 is also appended hereto. These financial statements should be read in their entirety.

### **Liquidity for Tenders and Remarketing**

There is no third-party liquidity facility with respect to the Series 2007A Bonds. The Getty Trust is responsible for all payments in connection with the mandatory tender for purchase of the Series 2007A Bonds on the Mandatory Purchase Date. The Indenture requires the Getty Trust to purchase the Series 2007A Bonds with its own funds if remarketing proceeds are not available.

## **Remarketing Agreement**

The Getty Trust plans to enter into a Remarketing Agreement with Morgan Stanley & Co. Incorporated and Bear, Stearns & Co. Inc. (together, the “Remarketing Agents”). The Remarketing Agreement provides for the establishment of rates with respect to, and the remarketing of, the Series 2007A Bonds upon conversion thereof to the Long-Term Mode. Under the Remarketing Agreement, the Remarketing Agents agree to use their best efforts to offer for sale all of the Series 2007A Bonds tendered in accordance with the provisions of the Indenture.

## **Legality for Investment in California**

Bonds issued by the Infrastructure Bank under the Infrastructure Bank enabling act are, under California law, legal investments for all trust funds, the funds of all insurance companies, banks, both commercial and savings, trust companies, executors, administrators, trustees, and other fiduciaries, for state school funds, pension funds, and for any funds that may be invested in county, school, or municipal bonds. These bonds are securities that may legally be deposited with, and received by, any state or municipal officer or agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations of the state is now, or may hereafter be, authorized by law, including, deposits to secure public funds.

## **Forward-Looking Statements**

This Remarketing Supplement, which includes all Appendices hereto, contains forward-looking statements that involve risks and uncertainties. Any statements that express or involve discussions as to expectations, beliefs, plans, objectives, assumptions, future events or performance (often, but not always, through the use of words or phrases such as “will result,” “expects to,” “will continue,” “anticipates,” “plans,” “intends,” “estimates,” “projects” and “outlook”) are not historical and may be forward-looking. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause actual results to be materially different from those expressed or implied by such forward-looking statements. Although the Getty Trust believes that the expectations reflected in the forward-looking statements are reasonable, the Getty Trust cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither the Getty Trust nor any other person assumes responsibility for the accuracy or completeness of these statements. Accordingly, investors should not rely on forward-looking statements in this Remarketing Supplement. The Getty Trust undertakes no obligation to publicly update or revise any forward-looking statements in this Remarketing Supplement, whether as a result of new information, future events or otherwise.

## **Ratings**

In connection with the conversion of the Series 2007A Bonds to the Long-Term Mode, Moody’s Investors Service and Standard & Poor’s Ratings have assigned the ratings of “Aaa/VMIG-1” and “AAA/A-1+”, respectively, to the Series 2007A Bonds. The ratings reflect only the views of the respective rating agencies assigning such ratings. Any explanation of the significance of each of the ratings must be obtained from the respective rating agency. There is

no assurance that the ratings mentioned above will remain in effect for any given period of time or that a rating might not be lowered or withdrawn entirely, if in the judgment of the rating agency originally establishing the rating, circumstances so warrant. Any such downward change in or withdrawal of a rating might have an adverse effect on the market price or marketability of the Series 2007A Bonds.

### **Continuing Disclosure**

The Getty Trust has covenanted for the benefit of the holders and beneficial owners of the Series 2007A Bonds to provide to the Dissemination Agent for dissemination as described below certain financial information relating to the Getty Trust (the “Annual Report”) by not later than six months following the end of each fiscal year (which fiscal year currently begins on July 1 of each year and ends on the next succeeding June 30), and to provide notices to the Dissemination Agent for dissemination of the occurrence of certain enumerated events, if material. The Annual Report and any notices of material events will be filed by the Getty Trust or the Dissemination Agent on behalf of the Getty Trust with each NRMSIR (and with the State Repository, if any). As of the date of this Remarketing Supplement, there is no State Repository. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in the Official Statement. The Getty Trust has never failed to comply in all material respects with any previous undertakings to provide annual reports or notices of material events.

### **Tax Matters**

On October 24, 2007, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, delivered its approving opinion with respect to the Series 2007A Bonds. Such opinion speaks only as of its date. Upon the conversion of each Series of Bonds, Orrick, Herrington & Sutcliffe LLP will deliver an opinion to the Infrastructure Bank, the Trustee and the Remarketing Agents, to the effect that the conversion of such Series of Bonds to the Long-Term Mode will not, in and of itself, cause interest on such Series of Bonds to be included in the gross income of the holders thereof for federal income tax purposes. No opinion will be expressed as to whether interest on any of the Series 2007A Bonds is currently excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, any of the Series 2007A Bonds.

## Miscellaneous

Quotations from and summaries and explanations of the Indenture, the Loan Agreement and of other statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions. Copies of the documents referred to in this Remarketing Supplement are available from (i) The Bank of New York Trust Company, N.A., 700 S. Flower Street, Suite 500, Los Angeles, California 90017, Attention: Corporate Trust Services, and (ii) the Getty Trust at <http://www.getty.edu/about/governance/debt.html> (this website is not incorporated by reference herein).

Statements in this Remarketing Supplement involving matters of opinion are intended as such and not as representations of fact. This Remarketing Supplement is not to be construed as a contract or agreement between the Getty Trust and Holders of any of the Series 2007A Bonds. The information contained herein relating to the Getty Trust has been furnished by the Getty Trust and officers and officials of the Getty Trust. The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither delivery of this Remarketing Supplement nor any sale made hereunder nor any future use of this Remarketing Supplement will, under any circumstances, create any implication that there has been no change in the affairs of the Getty Trust since the date hereof.

THE J. PAUL GETTY TRUST

By: /s/ Patricia Woodworth  
Patricia Woodworth  
Vice President,  
Chief Financial Officer and  
Chief Operating Officer

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## APPENDIX A

### THE J. PAUL GETTY TRUST

#### GENERAL INTRODUCTION AND OVERVIEW

**The J. Paul Getty Trust** (the “Getty Trust”), a California charitable trust and private operating foundation within the meaning of Section 509(a) of the Internal Revenue Code, is an international cultural and philanthropic institution that focuses on the visual arts in all their dimensions, recognizing their capacity to inspire and strengthen humanistic values. The Getty Trust is based at the Getty Center in Los Angeles, California (the “Getty Center”). In January 2006, the Getty Trust reopened a second campus at the Getty Villa (as defined herein) in Malibu, California (see “THE J. PAUL GETTY TRUST” below for a description of the Getty Center and the Getty Villa). The mission of the Getty Trust is to further knowledge and nurture critical seeing through the growth and presentation of its collections and by advancing the understanding and preservation of the world’s artistic heritage. The Getty Trust serves both the general public and a wide range of professional communities in Los Angeles and throughout the world through four operating programs:

- **The J. Paul Getty Museum** (the “Museum”) seeks to further knowledge of the visual arts and to nurture critical seeing by collecting, preserving, exhibiting and interpreting works of art of the highest quality. To fulfill its mission, the Museum continues to develop its collection through purchase and gifts, complementing its impact through special exhibitions, publications, educational programs developed for a wide range of audiences, and a related performing arts program. The Museum strives to provide its visitors with access to the most innovative research in the visual arts while they enjoy a unique experience in viewing works of art at the Getty Center and Getty Villa sites. While benefiting from the broader context of the Getty Trust, the Museum also extends the reach of its mission via the internet and through the regular exchange of works of art, staff and expertise.
- **The Getty Research Institute** (the “Research Institute”) is dedicated to furthering knowledge and advancing understanding of the visual arts. Its Research Library with special collections of rare materials and digital resources serves an international community of scholars and the interested public. The Research Institute creates and disseminates new knowledge through its expertise, public programs, institutional collaborations, exhibitions, publications, digital serves and residential scholars program. The activities and scholarly resources of the Research Institute guide and sustain each other and, together, provide a unique environment for research, critical inquiry, and debate.
- **The Getty Conservation Institute** (the “Conservation Institute”) works internationally to advance conservation practice in the visual arts – broadly interpreted to include objects, collections, architecture, and sites. The Conservation Institute serves the conservation community through scientific research, education and training, model field projects, and the dissemination of the results of both its own work and the work of others in the field. In all its endeavors, the Conservation Institute focuses on the creation and delivery of knowledge that will benefit the professionals and organizations responsible for the conservation of the world’s cultural heritage.
- **The Getty Foundation** (the “Foundation”) fulfills the philanthropic mission of the Getty Trust by supporting individuals and institutions committed to advancing the understanding and preservation of the visual arts locally and throughout the world. Through strategic grants and

programs, the Foundation strengthens art history as a global discipline, promotes the interdisciplinary practice of conservation, increases access to museum and archival collections, and develops current and future leaders in the visual arts.

## **GOVERNANCE AND MANAGEMENT**

### **Board of Trustees**

A Board of Trustees (the “Board”), currently consisting of thirteen Trustees, governs the Getty Trust. The number of Trustees may fluctuate at the discretion of the Trustees; however, there may not be fewer than three serving at any one time. Trustees are elected by the Board for terms of four years and may be elected for up to three four-year terms. Trustees receive no compensation for their service but are reimbursed for travel and some other expenses incurred in fulfilling their duties as members of the Board. Trustees are eligible to participate in a matching gift program providing matching gift funds to qualified public charities.

During the past two years, the Board has approved and the Getty Trust has implemented new and revised policies designed to increase Board oversight, clarify and restrict business expenses and reimbursement, enhance disclosure of potential conflicts of interest, centralize grant approval and administration, and strengthen human resources policies regarding use and compensation of personnel. In October 2006, the Board also approved and the Getty Trust has implemented a significantly revised art acquisition policy. The revised policy adopts November 17, 1970, the date on which the UNESCO Convention on the Means of Prohibiting and Preventing the Illicit Import, Export, and Transfer of Ownership of Cultural Property was signed, as the key date for determining whether an ancient work of art or archaeological material had left its source country and therefore can be considered for acquisition. The previous policy required objects to be from “established, well-documented collections” and published before 1995. The new policy brings the Getty Trust’s acquisition practices into alignment with the stricter guidelines recently adopted by museums in the United Kingdom.

The Board holds four regular meetings per year, with an Annual Meeting held in May or June of each year and special meetings as required. Among other duties, the Board reviews and adopts the annual budget, reviews and approves the acquisition of any work of art by the Museum valued at \$1,000,000 or more and reviews and approves any grants of \$250,000 or more. The standing committees of the Board are the Executive Committee (consisting of the Chair, the Vice Chairs and the President and Chief Executive Officer), the Audit Committee, the External Affairs Committee, the Compensation Committee, the Governance Committee, the Finance Committee and the Investment Committee.

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Trustees serving on the Board as of February 20, 2008 are as follows:

<u>Trustee</u>	<u>Principal Affiliation</u>	<u>Current Term Ends</u>
Louise H. Bryson, <i>Chair</i>	LIFETIME Television Executive Vice President	June 30, 2010*
Ramon C. Cortines	Scholastic Inc. Director	June 30, 2008*
Frances Daly Fergusson	Vassar College President Emeritus and Professor of Art	June 30, 2011
Joanne C. Kozberg	California Strategies Partner	June 30, 2009
Paul LeClerc	The New York Public Library President, CEO and Trustee	June 30, 2011
Luis G. Nogales	Nogales Partners President	June 30, 2008
Stewart A. Resnick	Roll International Corporation Chairman	June 30, 2009
Neil L. Rudenstine	ARTstor Chairman	June 30, 2011
William E. B. Siart, <i>Vice Chair</i>	ExED Founder and Chairman	June 30, 2009
Mark S. Siegel	Remy Investors & Consultants, Inc. President	June 30, 2009
Peter J. Taylor	Lehman Brothers Managing Director	June 30, 2009
Jay S. Wintrob, <i>Vice Chair</i>	AIG Retirement Services President	June 30, 2008
James N. Wood	The J. Paul Getty Trust President and Chief Executive Officer	June 30, 2011

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\* Not eligible for re-election.

## Officers and Senior Staff Members

The following table lists the names of the principal executive officers of the Getty Trust and program directors, their current positions and the year each was appointed to his or her position. Brief biographical statements are also provided below, for these officers and program directors.

<u>Name</u>	<u>Position</u>	<u>Year Appointed to Position</u>
James N. Wood	President and Chief Executive Officer	2007
Patricia Woodworth	Vice President, Chief Financial Officer and Chief Operating Officer	2007
Michael Brand	Director, The J. Paul Getty Museum	2005
Lori Fox	Acting Vice President, General Counsel and Secretary	2007
Thomas W. Gaehtgens	Director, The Getty Research Institute	2007
Ron Hartwig	Vice President, Communications	2005
Deborah Marrow	Director, The Getty Foundation	1989
Timothy Whalen	Director, The Getty Conservation Institute	1998
James Williams	Vice President, Chief Investment Officer and Treasurer	2002 2006

**James N. Wood** joined the Getty Trust in February 2007 as President and Chief Executive Officer. A recognized arts leader, Mr. Wood served as director and president of the Art Institute of Chicago from 1980-2004. Prior to that, he was the director of The St. Louis Museum of Art, an adjunct professor of art history at State University of New York at Buffalo and associate director of the Albright-Knox Art Gallery in Buffalo, New York. He also held positions at The Metropolitan Museum of Art in New York City. Currently, Mr. Wood sits on the boards of the Sterling and Francine Clark Art Institute, the Institute of Fine Arts at New York University, the Harvard University Art Museums, and the Museum of the Rhode Island School of Design. He is also president of the board of the Pulitzer Foundation for the Arts.

Mr. Wood received his B.A. with honors in art history from Williams College and his M.A. from the Institute of Fine Arts at New York University. He also studied at and holds a diploma from the University for Foreigners in Perugia, Italy.

**Patricia Woodworth** joined the Getty Trust as Vice President, Chief Financial Officer and Chief Operating Officer in December 2007. Ms. Woodworth was the executive vice president for finance and administration and chief financial officer for the Art Institute of Chicago before joining the Getty Trust. She has also served as vice president and chief financial officer for the University of Chicago and, over the course of her career, has overseen the state budgets for New York, Michigan and Florida. Ms. Woodworth holds a B.A. degree from the University of Maryland.

**Michael Brand** was appointed Director of the Museum in August 2005 and assumed his new responsibilities in December 2005. He previously served for five years as director of the Virginia Museum of Fine Arts (“VMFA”) in Richmond. During his tenure at the VMFA, Mr. Brand led a successful capital campaign to fund the largest expansion in the VMFA’s history as well as the development of a complete campus transformation, including a new 177,000-square-foot wing and a 3.5-acre sculpture garden. From 1996 to 2000, Mr. Brand was assistant director of the Queensland Art Gallery, Brisbane, Australia. Prior to that, he was the founding head of Asian art at the National Gallery of Australia in Canberra. A native of Australia, Mr. Brand earned his B.A. from the Australian National University in Canberra and his M.A. and Ph.D. from Harvard University.

**Lori Fox** was appointed Acting Vice President, General Counsel and Secretary of the Getty Trust in August 2007. Before this appointment, she had served as Deputy General Counsel to the Getty Trust since April 2003. Ms. Fox graduated from Yale College and New York University School of Law and served as law clerk to the Honorable Diana E. Murphy, then a United States District Judge. After completing her clerkship, she practiced law with the Washington, D.C., firms of Nussbaum, Owen & Webster and Nussbaum & Wald. Before joining the Getty Trust, Ms. Fox spent eight years as Associate General Counsel to Washington University in St. Louis, where she also taught.

Effective April 21, 2008, Stephen Wells Clark will become Vice President, General Counsel and Secretary of the Getty Trust, and Ms. Fox will resume the post of Deputy General Counsel. Mr. Clark currently serves as Deputy General Counsel of The Museum of Modern Art in New York City, where he has worked since 1994. Mr. Clark graduated from Hamilton College and the Fordham University School of Law.

**Thomas W. Gaehtgens** has been appointed as the Director of the Getty Research Institute effective November 1, 2007. Dr. Gaehtgens previously served as Director of the German Center for the History of Art in Paris, an organization he founded in 1997 and as Professor and Chair of the Department of Art History at the Free University of Berlin where he served as a professor. Dr. Gaehtgens holds degrees in art history from the Universities of Bonn, Freiburg, Vienna and Paris, received his Doctorate from the University of Bonn in 1966, and in 1972 achieved his Habilitation, the highest academic qualification in Germany, from the University of Göttingen. He was a visiting scholar at the Institute for Advanced Study at Princeton from 1979 to 1980 and at the Getty Research Institute for the History of Art and the Humanities from 1985 to 1986. In 2004, he was awarded an Honorary Doctorate from the Courtauld Institute of Art in London.

**Ron Hartwig** was named Vice President of Communications in December 2005. His responsibilities cover a wide array of communications programs for the Getty Trust’s diverse constituencies, including media, and encompass all aspects of the Getty Trust. Mr. Hartwig joined the Getty Trust from Hill & Knowlton, Inc., where he spent 24 years in several senior executive positions, the last as Executive Vice President and Chairman of the firm’s California operations. Before joining Hill and Knowlton, Mr. Hartwig was with the General Motors Corporation, and prior to that, he served as Director of Public Affairs and Counselor to the Secretary of the U.S. Department of Commerce in the Carter Administration. Mr. Hartwig is a board member of the Japan America Society of Southern California and a member of the Board of Councilors of the USC School of Social Work.

**Deborah Marrow** has been Director of the Foundation since 1989. Since 1983, Ms. Marrow has held numerous key positions within the institution including interim director of the Getty Research Institute, dean for external relations of the Getty Trust and Interim President and CEO of the Getty Trust. Throughout her career, Ms. Marrow has been active in professional organizations in the fields of art history, museums, preservation, and philanthropy and has served on several nonprofit boards. She is currently a trustee of the University of Pennsylvania. Ms. Marrow began her career at the Philadelphia Museum of Art and later

taught art history at universities in the Philadelphia area and in Southern California prior to joining the Getty. She holds a B.A. and a Ph.D. in art history from the University of Pennsylvania and an M.A. from The Johns Hopkins University.

**Timothy Whalen** has been the Director of the Conservation Institute since 1998. His professional association with the Getty dates to 1983, when he was appointed assistant director of the Getty Center for the History of Art and the Humanities, and then associate director of the Getty Building Program. In 1991, he assumed the position of senior program officer in the Foundation, and in December 1998 he was named the Conservation Institute's Director. Whalen is an advisor to the National Trust for Historic Preservation, a member of the board of studies for the Courtauld Institute of Art's M.A. program in the conservation of wall paintings, and a member of the United States National Commission to UNESCO. A California native, he holds a B.A. in art history as well as a M.A. in museum studies and art history from the University of Southern California.

**James Williams** has served as the Vice President and Chief Investment Officer of the Getty Trust since December 2002 and was appointed Treasurer in addition to his existing duties in May 2006. Before joining the Getty Trust, he was, for three years, the President of Harbor Capital Advisors and President of the Harbor family of mutual funds. Prior to joining Harbor, he was manager of the Pension Asset Management department of Ford Motor Company. Mr. Williams is a trustee of the SEI and Ariel groups of mutual funds. Mr. Williams has a B.S. in engineering from the University of Michigan and an M.B.A. in finance from the University of Chicago.

## **THE J. PAUL GETTY TRUST**

In 1953, J. Paul Getty founded the Getty Trust (originally known as The J. Paul Getty Museum) to oversee his art collection. The Getty Trust's indenture called for "a museum, gallery of art and library" and stated the purpose of the Getty Trust as "the diffusion of artistic and general knowledge."

The Getty Trust's original museum first opened its doors on a limited basis in 1954 and was housed at Mr. Getty's ranch house, a weekend home located in Los Angeles on the border of Malibu. In the late 1960s, Mr. Getty began plans for building a new museum on the Ranch House property. Mr. Getty modeled this new museum building and its environs (commonly referred to, together with the Ranch House, as the "Getty Villa") after the Villa dei Papiri, a Roman country house near Naples that was buried by the eruption of Mount Vesuvius in A.D. 79. This new museum building opened at the Getty Villa in 1974. From its opening until its closure for extensive renovations in 1997, the Getty Villa museum attracted millions of visitors.

Mr. Getty died in 1976, at the age of 83, and left \$700 million in Getty Oil Company stock to further the purposes of the Getty Trust. After Mr. Getty's estate was settled in the early 1980s, the Board expanded the Getty Trust's mission and created new programs under the Getty Trust umbrella. These programs include, among others, the Research Institute, the Conservation Institute and the Foundation. See "GENERAL INTRODUCTION AND OVERVIEW" above for a description of these programs.

## **Getty Center**

With the expansion of the Getty Trust's mission, the rapid growth of the Museum's collection and the addition of new programs, the Board became committed to bringing the majority of the Getty Trust's activities together on one campus. As a result, the Getty Trust undertook the construction of the Getty Center, located in Los Angeles, California. The Getty Center comprises six buildings located on hills in the Sepulveda Pass at the 405 Freeway in the Brentwood section of Los Angeles. The 110 acre developed footprint of the buildings and manicured grounds is part of a 753 acre parcel that makes up the entire site.

The Getty Center was designed by American architect Richard Meier and, at a cost of over \$1 billion, was the largest single-phase construction project in the history of Los Angeles. The Getty Center opened to the public in December 1997.

The Getty Center features the Museum, extensive gardens and distinctive buildings that house, among other things, the Research Institute, the Conservation Institute and the Foundation. The Getty Center attracts approximately 1.3 million visitors annually and, by February 20, 2008, had hosted approximately 13.8 million visitors. Admission to the Getty Center, including the Museum, is free, and school programs offered by the Getty Center serve approximately 90,000 school visitors per year. A wide range of special programs, such as *Fridays off the 405*, with an eclectic mix of new music and performance, and Family Festivals, including performing arts, gallery talks and art-making workshops for children, are aimed at attracting new audiences to the Getty Center. Over half of the Getty Center's visitors come from the Southern California region. The Los Angeles Convention and Visitors Bureau cites the Getty Center as drawing large numbers of tourists to Los Angeles, thereby contributing to the area-wide economy. In addition, the Getty Center was recently ranked the fourth most popular art museum in the world by TripAdvisor, one of the largest travel communities in the world.

### Getty Villa

The Getty Villa site closed in 1997 to permit its renovation and adaptation (the "Getty Villa Project") to serve as a center for the study of classical art and culture, anchored by the Museum's collection of Greek and Roman antiquities as the core of its exhibitions. The Getty Villa Project included the renovation of the original J. Paul Getty Museum building, renovation of the Ranch House, refurbishment of an existing subterranean parking structure, upgrading and installation of new roads, repair of a hillside slide, and construction of several new structures, including a central plant, an auditorium, an outdoor theater, an entry court, new conservation laboratories, an office building, and two new parking structures. The Getty Villa Project was completed in January 2006 and reopened to the public on January 28, 2006. As of February 20, 2008, the Getty Villa had hosted approximately 700,000 visitors since its reopening.

## THE GETTY TRUST'S FINANCIAL OPERATIONS

Financial statements of the Getty Trust are presented in APPENDIX B – "FINANCIAL STATEMENTS OF THE J. PAUL GETTY TRUST" for the fiscal year ended June 30, 2007 and for the fiscal year ended June 30, 2006. The following pages provide only a summary of information relative to the financial condition of the Getty Trust extracted from the Getty Trust's audited financial statements for the fiscal years ended June 30, 2003 through June 30, 2007. The most recent annual disclosure statement of the Getty Trust was filed with the NRMSIRs in December 2007. **The financial statements presented in Appendix B are an integral part hereof and should be reviewed carefully in their entirety, along with the other financial information contained herein.**

### Operating Performance

During the 1990s, the Getty Trust consistently increased its overall net asset value as a result of returns on its investment portfolio. Investment returns were lower during the early 2000s. In the fiscal year ended June 30, 2003, unrestricted net assets declined by \$178,601,000, or -2.6%, reflecting expenditures in excess of revenues.

In the fiscal year ended June 30, 2004, unrestricted net assets increased by \$453,860,000, or 6.7% over the fiscal year ended June 30, 2003. In the fiscal year ended June 30, 2005, unrestricted net assets increased by \$200,453,000, or 2.8% over the fiscal year ended June 30, 2004. In the fiscal year ended June 30, 2006, unrestricted net assets increased by \$552,521,000 or 7.4% over the fiscal year ended June 30, 2005,

and for fiscal year ended June 30, 2007, unrestricted net assets increased \$848,736,000, or 11% over the fiscal year ended June 30, 2006. The Statement of Activities for the Getty Trust for the fiscal years ended June 30, 2003 through June 30, 2007, is summarized in the following table.

**THE J. PAUL GETTY TRUST**  
**SUMMARY STATEMENT OF ACTIVITIES**  
**(Amounts in Thousands)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenue</b>					
Investment income, net <sup>(1)</sup>	\$85,398	\$701,908	\$518,285	\$800,394	\$1,136,730
Sales and other income, net	10,301	11,317	12,123	13,590	16,819
Contributions	667	1,230	2,784	36,685	2,890
<b>Total Revenue</b>	<u>96,366</u>	<u>714,455</u>	<u>533,192</u>	<u>850,669</u>	<u>1,156,439</u>
<b>Expenses</b>					
Museum	88,156	87,734	103,812	115,623	126,740
Research and library	55,770	55,088	60,684	55,827	63,702
Conservation	39,394	39,478	42,637	43,281	46,618
Education	12,174	7,843	10,642	10,075	9,246
Grants program	39,539	31,990	38,015	40,107	27,776
General and administrative	32,380	28,501	31,264	28,655	33,621
Reserve for impairment of assets <sup>(2)</sup>	--	9,961	45,685	4,580	--
<b>Total Expenses</b>	<u>267,413</u>	<u>260,595</u>	<u>332,739</u>	<u>298,148</u>	<u>307,703</u>
<b>Change in Unrestricted Net Assets</b>	<u>(\$171,047)<sup>(3)</sup></u>	<u>\$453,860</u>	<u>\$200,453</u>	<u>\$552,521</u>	<u>\$848,736</u>

<sup>(1)</sup> Consists of interest and dividend income plus net realized and unrealized gains (losses) on investments and interest rate swap agreements.

<sup>(2)</sup> The fiscal years 2006 and 2005 reserves were established for the impairment of the value of assets resulting from potential losses from forfeiture or other claims made by individuals or governments against objects in the Museum's collection. See "OTHER PERTINENT INFORMATION – Legal Matters" and Note 2(d) to the Financial Statements attached hereto as Appendix B. The fiscal year 2004 reserve was recognized due to the impairment of capital assets.

<sup>(3)</sup> Excludes adjustment to minimum retirement liability of \$7,554,000.

**Investments**

The Board is responsible for general oversight of the Getty Trust's investment activities and for establishing the Investment Policy for the Getty Trust. The Investment Policy provides that overall investment objectives and goals should be achieved through a diversified portfolio that balances return expectations and risk tolerances, and is managed by external investment managers whose performance is reviewed regularly and compared to agreed-upon guidelines and benchmarks.

The Getty Trust's long-term objective is to achieve a total real rate of return (net of inflation) greater than 5%. This return is to be achieved within the risk tolerances adopted by the Board and according to the asset allocation guidelines established in the Investment Policy. Asset allocation is discussed regularly by the Investment Committee described below and formally reviewed by the Board at least every three years, or as may be necessary to address a significant change in the operations or financial condition of the Getty Trust.

The Investment Committee of the Board is responsible for overseeing the Getty Trust's investment program, monitoring the performance of the Getty Trust's investment managers and assisting the Board in determining the strategic asset allocation for the investment program. The Investment Committee reports significant issues to the Board. The Investment Committee is comprised of Trustees who have substantial investment experience. The Investment Committee currently also includes one non-voting member who is not a Trustee, but who provides the Investment Committee with additional investment expertise.

The Getty Trust's Vice President, Chief Investment Officer and Treasurer manages the investment program according to the Board's Investment Policy and implements the asset allocation strategy through the selection of external investment managers who invest the assets according to the Investment Policy and specific investment guidelines incorporated into each investment management agreement. The Vice President, Chief Investment Officer and Treasurer is authorized to hire and terminate investment managers as appropriate to achieve the goals of the Investment Policy.

The Board periodically reviews the Investment Policy and considers recommendations put forth by the Investment Committee. The Investment Policy was most recently reviewed and revised by the Board in September 2007 and provides that the Getty Trust's investments should be allocated approximately 38% to publicly-traded domestic and international equity securities, approximately 14% to fixed-income securities, and approximately 48% to alternative investments. As of December 31, 2007, based on the Getty Trust's internal management investment classifications, approximately 36% of the Getty Trust's investments were in publicly traded domestic and international equity securities, approximately 13% were in fixed income securities and approximately 51% were in alternative investments. Management expects that the Getty Trust's investments will be reallocated in accordance with the Investment Policy over a period of up to five years.

The Getty Trust's investment portfolio utilizes active management, passive indexed and enhanced index funds. Equity investments include those with value and growth characteristics, companies with large-, mid- and small-capitalization, and international companies. Fixed-income investments cover a range of debt obligations and maturities in predominantly investment-grade securities. Alternative investments include private equity (buyout and venture capital funds), real assets (real estate, energy and timber funds), distressed debt, and hedge funds. Further, the Getty Trust regularly invests a portion of its funds in derivative financial instruments, primarily for hedging purposes, and lends securities from its portfolio. Each of these types of investments entails risk. For a discussion of risks related to the Getty Trust's investments, see "CERTAIN INVESTMENT CONSIDERATIONS – Investment of Funds Risk" in the Official Statement.

The values of invested funds by asset class as of the end of each fiscal year ended June 30, 2004 through 2007 and the unaudited investment balances as of December 31, 2007 are shown in the following table.

**THE J. PAUL GETTY TRUST**  
**VALUE OF INVESTMENTS\***  
(amounts in thousands)

	As of June 30,				As of December 31,
	2004	2005	2006	2007	2007
					(Unaudited)
Short-term investments	\$572,135	\$198,709	\$210,612	\$181,313	\$181,022
U.S. Treasury and agency securities	703,792	391,927	274,188	231,710	225,900
Corporate bonds	365,051	432,519	346,405	309,365	274,713
Common stocks, mutual funds and other investments	2,547,294	2,357,391	2,198,353	2,272,261	2,438,807
Alternative investments <sup>(1)</sup>	906,141	1,797,128	2,529,156	3,423,121	3,197,674
<b>Totals<sup>(2)</sup></b>	<b>\$5,094,413</b>	<b>\$5,177,674</b>	<b>\$5,558,714</b>	<b>\$6,417,770</b>	<b>\$6,318,116</b>

\* Value is determined based on quoted market prices where available. Investments are reported at fair value. A significant portion of the Getty Trust's alternative investments are made up of limited partnerships, which include private equity, venture capital, hedge funds, distressed debt and real property assets. Limited partnerships invest in both publicly traded and private securities.

<sup>(1)</sup> During fiscal year 2006, the Financial Accounting Standards Board expanded the definition of alternative investments to include those investments for which third-party readily determinable pricing is unavailable. Alternative investments for the various years are presented consistent with this definition. In addition, the June 30, 2007 investment balances classify any funds which provide information on the underlying assets, consisting of either public equity or fixed-income securities, according to these underlying investments. Prior years' investment balances have been reclassified accordingly.

<sup>(2)</sup> Totals represent gross investment assets and do not include investment payables and receivables, or income receivables.

### **Annual Support from the Endowment**

The Trustees annually approve the amount of endowment funds to be used for operations for each upcoming year's budget. The Trustees by policy limit the amount of endowment funds authorized to support operations and capital outlay in any year to an amount equal to 5% of the rolling three-year average value of the investment portfolio, based on the market value of the portfolio at each month-end. For the fiscal year ended June 30, 2005, the Trustees approved the use of \$224.3 million of endowment funds to support operations and capital outlay. For the fiscal year ended June 30, 2006, the Trustees approved the use of \$225 million of endowment funds to support operations and capital outlay. The Trustees approved the use of \$238.6 million of endowment funds to support operations and capital outlay during the fiscal year ending June 30, 2007 and the use of \$259.2 million of endowment funds for fiscal year ending June 30, 2008.

It has been the practice of the Getty Trust to permit any under spending of current year's spending authorizations to be available for spending in future years.

### **Outstanding Debt**

**Bonds.** As of February 20, 2008, the outstanding indebtedness of the Getty Trust totaled approximately \$630.6 million. This indebtedness included (i) \$270.5 million outstanding principal amount of the Bonds described in the Official Statement and this Remarketing Supplement; (ii) \$275 million outstanding principal amount of California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds (The J. Paul Getty Trust), Series 2003A, Series 2003B, Series 2003C and Series 2003D issued in May 2003 to finance and refinance a portion of the renovation and improvement costs of the Getty Villa Project (the "2003 Bonds"); and (iii) \$85.1 million outstanding principal amount of California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds (The J. Paul Getty Trust), Series 2004A and Series 2004B issued in September 2004 to refund certain outstanding indebtedness of the Getty Trust and to finance a portion of the construction and improvement costs of certain facilities at the Getty Center (the "2004 Bonds").

**Commercial Paper Notes.** On three occasions since May 2002, the Getty Trust has issued tax-exempt commercial paper notes ("Notes"), in aggregate principal amounts ranging from \$38 million to \$120 million, to provide interim financing for Getty Villa Project expenses, art and library acquisitions, and capital improvements at the Getty Center (the "Commercial Paper Program"). The maximum amount of Notes outstanding pursuant to the Commercial Paper Program at any one time has been \$151 million. As of June 30, 2005, such Notes had been repaid in full and no Notes have been outstanding since that time.

Pursuant to the Commercial Paper Program, the Getty Trust is currently authorized to borrow up to \$225 million in Notes for the purposes stated above. In September 2003, however, the Board adopted a resolution limiting the maximum aggregate principal amount of Notes outstanding at any time thereafter to \$40 million. The Getty Trust currently does not have plans to issue any Notes. See "Future Borrowings" below.

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**Interest Rate Swap Agreements.** The Getty Trust has entered into interest rate swap transactions in connection with the 2003 Bonds, the 2004 Bonds and the Bonds described in the Official Statement and this Remarketing Supplement. Under each primary swap transaction, the Getty Trust receives payments that are calculated by reference to a floating interest rate based on a market index applied to a notional amount and makes payments that are calculated by reference to a fixed interest rate applied to that notional amount.

The following primary swap transactions were outstanding as of February 20, 2008:

<b>Bonds</b>	<b>Notional Amount</b>	<b>Swap Counterparty</b>	<b>Paying Rate</b>	<b>Receiving Rate</b>	<b>Maturity Date</b>
2003	\$137,500,000	Morgan Stanley Capital Services Inc. <sup>(1)</sup>	3.670%	70% of One Month LIBOR	4/1/2033
2003	137,500,000	JPMorgan Chase Bank	3.670	70% of One Month LIBOR	4/1/2033
2004	41,457,500	Morgan Stanley Capital Services Inc. <sup>(1)</sup>	3.750	67% of One Month LIBOR less 0.2%	10/1/2023
2004	41,457,500	JPMorgan Chase Bank	3.750	67% of One Month LIBOR less 0.2%	10/1/2023
2007A	135,237,500	Bear Stearns Financial Products Inc.	3.384	62.5% of One Month LIBOR	10/1/2047
2007A	135,237,500	Morgan Stanley Capital Services Inc. <sup>(1)</sup>	3.384	62.5% of One Month LIBOR	10/1/2047
<b>Total</b>	<b>\$628,390,000</b>				

The Getty Trust has also entered into secondary interest rate swap transactions in connection with the portion of the 2003 Bonds and the 2004 Bonds that have been remarketed in a fixed interest rate mode through December 1, 2011. Under each secondary swap transaction, the Getty Trust makes payments that are calculated by reference to a floating interest rate based on a market index applied to a notional amount and receives payments that are calculated by reference to a fixed interest rate applied to that notional amount.

<b>Bonds</b>	<b>Notional Amount</b>	<b>Swap Counterparty</b>	<b>Paying Rate</b>	<b>Receiving Rate</b>	<b>Maturity Date</b>
2003	\$70,000,000	Morgan Stanley Capital Services Inc. <sup>(1)</sup>	BMA	3.779%	12/1/2011
2003	70,000,000	JPMorgan Chase Bank	BMA	3.779	12/1/2011
2004	20,725,750	Morgan Stanley Capital Services Inc. <sup>(1)</sup>	BMA	3.769	12/1/2011
2004	20,725,750	JPMorgan Chase Bank	BMA	3.769	12/1/2011
<b>Total</b>	<b>\$181,451,500</b>				

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<sup>(1)</sup> Morgan Stanley Capital Services Inc. is a subsidiary of Morgan Stanley. All swap obligations of Morgan Stanley Capital Services Inc. are fully and unconditionally guaranteed by Morgan Stanley.

All of the above-described interest rate swap agreements entail risk to the Getty Trust. The swap counterparties may fail or be unable to perform, interest rates may vary from assumptions and the Getty Trust may be required to make significant payments in the event of an early termination of an interest rate swap. The Getty Trust believes that if any such events were to occur, they would not have a material adverse impact on the financial position of the Getty Trust.

### **Debt Management Policy**

In January 2003, the Trustees approved a Debt Management Policy that provides the Getty Trust's management with guidelines regarding the issuance and management of both short-term and long-term debt. The Debt Management Policy references the purposes and uses of debt by the Getty Trust, including development of debt limits, specifying debt standards and debt structure considerations, and describing the debt administration process, including the annual review of the Getty Trust's debt portfolio by the Board.

Under the Debt Management Policy, tax-exempt debt is limited by the availability of non-endowment revenues to support annual debt service; tax-exempt debt generally will not be incurred unless income to be derived from operations other than investment income is sufficient to meet annual debt service requirements. Under the Debt Management Policy, taxable debt is limited by the availability of unrestricted endowment funds to support annual debt service, and the total amount of debt is limited to an amount equal to 20% of the unrestricted endowment funds of the Getty Trust. However, the Getty Trust may be out of compliance with the Debt Management Policy from time to time because compliance depends in part upon investment performance. The Debt Management Policy may be amended or terminated at any time by the Board, and the Loan Agreement described in the Official Statement (the "Loan Agreement") does not impose upon the Getty Trust any limits on outstanding indebtedness. As of February 20, 2008, the Getty Trust had a total principal amount of \$630.6 million in long-term debt outstanding (see "Outstanding Debt—*Bonds*" above), and unrestricted endowment funds of the Getty Trust totaled approximately 14 times such outstanding indebtedness.

### **Future Borrowings**

Management of the Getty Trust does not anticipate the need to incur any additional debt. Nevertheless, changes in economic conditions or in the Investment Policy, or other changes, may lead management to determine that incurring additional debt is in the interest of the Getty Trust. The Getty Trust is not restricted by the Loan Agreement or otherwise from incurring additional debt. Any such additional debt would, however, be subject to the prior approval of the Board.

### **Capital Projects**

Regular capital investments are expected to occur at both the Getty Center and the Getty Villa in the coming years.

### **Insurance**

The Getty Trust currently maintains insurance on all properties owned and leased by the Getty Trust. These policies include fixed-asset coverage for fire, theft, malicious mischief, vandalism, earthquake and flood damage to the buildings, tenant improvements, contents and electronic data processing equipment. In addition to this coverage, the Getty Trust also carries fine arts insurance, automobile liability, general liability, directors' and officers' liability, and fiduciary liability insurance and other specialized coverages, such as coverage for terrorist acts and crime. Limits of liability are determined by the Risk Management Department of the Getty Trust in conjunction with advice obtained from the Getty Trust's insurance

consultants. Coverage limits are generally less than the full replacement value of insured property, but are based on maximum probable loss studies.

Events such as acts of terrorism or other natural catastrophes affecting the insurance industry may cause the cost of insurance to rise or particular types of coverage to become unavailable in the future. The insurance that the Getty Trust currently maintains may not be available for renewal, the Getty Trust may terminate or elect not to renew its existing insurance coverage if it concludes that the cost of such insurance is economically unreasonable or for other reasons, and the insurance maintained by the Getty Trust, including its existing coverage and any coverage it may obtain in the future, may not be adequate to cover all potential claims and losses. The Getty Trust is not required by the Loan Agreement or otherwise to maintain insurance of any kind.

## **OTHER PERTINENT INFORMATION**

### **Employees and Volunteers**

The Getty Trust and its various programs have approximately 1,550 full-time equivalent employees and approximately 850 volunteers and docents. The Getty Trust's employees are not unionized and management believes that its current relationship with employees is positive.

### **Legal Matters**

***California Attorney General Investigation.*** In July 2005, the Attorney General of the State of California (the "Attorney General") commenced an investigation of the Getty Trust to determine whether any officers or Trustees of the Getty Trust violated any provisions of California law applicable to charitable trusts or any legal duties of officers and trustees of charitable trusts.

The Attorney General's investigation primarily related to compensation and reimbursement of expenses of the Getty Trust's former President, Chief Executive Officer and Trustee, Dr. Barry Munitz; his use of employees for personal errands; specified grants and expenditures by the Getty Trust made at Dr. Munitz's directions; separation agreements entered into with two former employees; the Getty Trust's 2002 sale of a parcel of land; facts surrounding a book contract (since terminated) between the Getty Trust and Dr. David Gardner, a former Chair of its Board; gifts of artworks to retiring Trustees by the Getty Trust (a practice since discontinued); and the payment of certain legal expenses incurred by a then Trustee.

In September 2004, the Getty Trust had entered into an employment agreement with Dr. Gardner, pursuant to which he was to write a book about the history of the Getty Trust. Dr. Gardner's service on the Board had ended in June 2004. Between September 2004 and March 2006, when he resigned, the Getty Trust paid Dr. Gardner approximately \$178,000. In August 2006, Dr. Gardner returned \$99,871 to reimburse (with interest) the Getty Trust for excess compensation, including certain expense reimbursements, paid in connection with his employment. The Attorney General determined that the salary paid to Dr. Gardner, after giving effect to the monies returned, was not improper or excessive. In December 2006, the Getty Trust paid an excise tax of \$9,213 to the Internal Revenue Service as a result of the excess payments previously made to Dr. Gardner.

In November 2005, the Trustees of the Getty Trust formed a special committee of the Board to investigate the matters identified by the Attorney General's investigation and other matters, including matters relating to the Museum's antiquities collection (See "*Claims of Ownership of Art Objects in the Museum's Collection*," below). The Board engaged the law firm of Munger, Tolles & Olson LLP to conduct certain factual inquiries and to advise it in connection with the investigation. Following substantial completion of the internal investigation in February 2006, the Getty Trust entered into a settlement agreement with Dr.

Munitz, under which he resigned as President, Chief Executive Officer and Trustee of the Getty Trust, waived his contractual severance package and any possible claims against the Getty Trust and, without admitting any wrongdoing, paid the Getty Trust \$250,000 to resolve any continuing disputes with him.

In October 2006, the Attorney General issued a report regarding its investigation. The Attorney General found nothing improper in connection with the Getty Trust's sale of the parcel of land in 2002, the grants in question, the reimbursement of the former trustee's legal expenses, the employment and compensation of Dr. Gardner (after giving effect to the money Dr. Gardner returned), the separation agreements with employees, or the compensation of Dr. Munitz. The Attorney General also stated that "during the course of the investigation, we did not find indications that trustees or former president of the Trust, Dr. Munitz, committed any crimes."

The Attorney General determined that while the Getty Trust's prior practice with regard to gifts to Trustees, the reimbursement of Dr. Munitz for various expenses, certain payments to a consultant, and Dr. Munitz's use of employees for personal errands were improper, "the Trust ha[d] been compensated for the losses as a result of the settlement between the Trust and Dr. Munitz." The Attorney General further stated that "the amount paid to or saved by the Trust as a result of its settlement with Dr. Munitz exceeds the amount of the losses suffered by the Trust from improper expenditures." As a result, the Attorney General stated that he had "decided not to take any legal action against Dr. Munitz or the trustees." The Getty Trust has made the Attorney General's report publicly available by posting it at [www.getty.edu/about/governance/caag\\_report.html](http://www.getty.edu/about/governance/caag_report.html).

Following the initiation of the Attorney General's investigation, the Getty Trust voluntarily instituted a number of policy and procedural changes designed to prevent potential problems such as those that had been the focus of the Attorney General's investigation. The most significant of these changes included Board approval of significant real estate sales and purchases, limitations on and review of business expenses, prohibitions on personal use of employees and gifts to departing Trustees, and a new centralized grant administration function. In addition, the Getty increased its commitment to transparency, posting extensive information about the Trust and its finances at [www.getty.edu/about/governance](http://www.getty.edu/about/governance), and enhanced the options available to employees concerned about apparent misconduct by providing a phone and web-based anonymous reporting system.

In conjunction with the issuance of his report, and with the consent of the Getty Trust, the Attorney General appointed an independent monitor to review implementation of these newly-adopted or revised policies and procedures. The Getty Trust agreed to make reports to the Attorney General's office every six months until January 31, 2008; with those reports to be reviewed by the independent monitor (former Attorney General John Van de Kamp), who was empowered to seek additional information from the Getty Trust before preparing his own reports to the Attorney General. The Getty Trust submitted its reports on January 31, 2007, July 31, 2007, and January 31, 2008. The Independent Monitor's first and second reports are dated March 30, 2007 and September 28, 2007; the Independent Monitor's final report is anticipated on or about March 31, 2008.

The Getty Trust also engaged Deloitte Financial Advisory Services LLP to assist the Getty Trust in assessing its implementation of and compliance with its new and revised policies and procedures. Based on procedures developed solely by the firm, Deloitte reviewed compliance with policies and procedures related to business expenses, grants, human resources, conflict of interest compliance and employee complaints and whistle blowing.

The Attorney General also submitted interrogatories and requests for documents relating to the acquisition of certain objects in the Museum's antiquities collection. See "*Claims of Ownership of Art Objects in the Museum's Collection*," below. The Getty Trust has responded to all such interrogatories and

requests. The Attorney General has not advised the Getty Trust whether the Attorney General believes any violation of law has occurred or whether the Attorney General will initiate legal proceedings against the Getty Trust or any of its current or former officers or Trustees arising out of the investigation of matters relating to the Museum's antiquities collection. The Getty Trust believes that none of such proceedings, if instituted, would materially impair the Getty Trust's financial position or its ability to pay debt service on the Bonds or any of its indebtedness or other obligations.

***Claims of Ownership of Art Objects in the Museum's Collection.*** The ownership history of an art object is known as its provenance. Establishing the definitive provenance of an art object is often difficult and may be impossible, the challenge often increasing with the age of the object. The Museum's collection includes over 44,000 Greek, Roman and Etruscan antiquities. It also contains paintings and other objects with provenance gaps during the Nazi era (1933-45).

Although the Getty Trust has adopted and updated its acquisition policies and procedures over the years – most recently in October 2006, as discussed under “GOVERNANCE AND MANAGEMENT – Board of Trustees” – gaps nevertheless persist. Gaps in the provenance of objects in the Museum's collection, as well as other factors, have led to the assertion by others of claims of ownership to certain objects in the Museum's collection. The Museum has returned some objects over the years as a result of such claims.

Pending and recently concluded ownership claims involving antiquities are described below. Two claims involving other objects are pending and the Getty Trust expects that additional claims may be asserted in the future. The possible consequences of both the pending and any future claims include the return by the Museum, without compensation, of the items that are the subjects of the claims. The Getty Trust believes that such returns, should they occur, would not, whether considered individually or in the aggregate, materially impair the Getty Trust's financial position or its ability to pay debt service on the Bonds or any of its indebtedness or other obligations. None of the objects in the Museum's collection is pledged as security for the Bonds or any other indebtedness.

In April 2005, after a lengthy investigation by an Italian prosecutor, a judge in Italy determined that Dr. Marion True, the Curator of Antiquities for the Museum from 1986 until her retirement in October 2005, should be charged with conspiring to traffic in art objects that were allegedly illegally excavated or illegally exported from Italy and related crimes. Her trial began in Rome in 2005 and is ongoing.

In connection with the investigation and prosecution of Dr. True and her alleged co-conspirators (three art dealers from whom the Getty Trust has purchased objects), various governmental authorities in Italy have asserted claims against objects in the Museum's antiquities collection. Neither the Getty Trust nor any other employee or Trustee of the Getty Trust has been charged in the case against Dr. True or in any other related proceeding.

The United States, acting on behalf of the Italian Government, brought a forfeiture action against an object in the Museum's antiquities collection in April 2004; that action was settled in September 2005 in connection with the return of the object and two other objects in the Museum's collection to Italy. To the Getty Trust's knowledge, no other such actions by or on behalf of any Italian governmental entity are currently pending, although various governmental authorities in Italy and elsewhere have threatened to initiate such actions.

Since January 2006, the Getty Trust has been engaged in negotiations with the Italian Ministry of Culture over a number of objects claimed by the Italian State. Pursuant to an agreement signed in September 2007, the Getty Museum has sent 39 objects to Italy and has transferred title to the Aphrodite or “Cult Statue of a Goddess,” which will remain on display at the Getty Villa until 2010. The Getty Trust and the Italian

State have agreed to broad cultural collaboration that will include loans of significant art works, joint exhibitions, research, and conservation projects. The Getty Trust and the Italian State also have agreed to defer further discussions on the “Statue of a Victorious Youth” (77.A.B.30).

In the mid-1990’s, the Hellenic Republic asserted claims against four objects in the Museum’s collection. Correspondence between the parties was inconclusive, with the Greek Government ultimately discontinuing those communications. In 2005, the Greek Ministry of Culture renewed its demands and threatened to bring legal proceedings against the Getty Trust related to the four objects. In 2006 and 2007, after further review of the evidence and negotiating sessions with representatives of the Greek Government, the Getty Trust transferred the four claimed objects to the Greek State. The Hellenic Republic has in the course of negotiations stated its intention to provide long-term loans of objects of equal importance to those returned as well as other forms of cultural cooperation.

Nonetheless, in January 2007 Marion True was ordered to stand trial on charges relating to the acquisition of some of the objects returned to Greece in 2006 and 2007. Charges relating to one of these objects have been dismissed, but charges relating to the other two objects are still pending. The Greek State has not charged the Getty Trust itself or any other employee or Trustee of the Getty Trust in the case against Dr. True or in any other proceeding.

In 2006, the Turkish Government contacted the Getty Trust to inquire about certain objects in the Museum’s collection that are identified on the Getty Trust’s website as originating in areas that are part of modern-day Turkey. No formal claims have been made to any of these objects, and the Getty Trust is in the process of evaluating the information relating to them.

In December 2006, the Getty Trust’s outside counsel was contacted by an attorney acting on behalf of a party interested in the recovery of an item in the Museum’s collection believed to be from ancient Armenia. No formal claim has been made to this item, and the Getty Trust is in the process of evaluating the information relating to it.

In late August 2007, the Museum was contacted by a party interested in the recovery of an item in the Museum’s collection believed to be from ancient Cyprus. No formal claim has been made to this item and the Getty Trust is in the process of evaluating the information relating to it.

***Other Legal Matters.*** The Getty Trust is involved in a number of other legal proceedings arising in the ordinary course of its affairs. Management of the Getty Trust does not expect such other legal proceedings, if determined adversely to the Getty Trust, to have a material effect on the Getty Trust’s financial position.

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**APPENDIX B**

**FINANCIAL STATEMENTS OF THE J. PAUL GETTY TRUST FOR  
THE YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006**

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**THE J. PAUL GETTY TRUST**

Financial Statements

June 30, 2007 and 2006

(With Independent Auditors' Report Thereon)

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**KPMG LLP**  
Suite 700  
600 Anton Boulevard  
Costa Mesa, CA 92626-7651

## **Independent Auditors' Report**

The Board of Trustees  
The J. Paul Getty Trust:

We have audited the accompanying statements of financial position of The J. Paul Getty Trust (the Trust) (a tax-exempt, private operating foundation) as of June 30, 2007 and 2006, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The J. Paul Getty Trust as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

October 23, 2007

# THE J. PAUL GETTY TRUST

## Statements of Financial Position

June 30, 2007 and 2006

(Amounts in thousands)

<b>Assets</b>	<b>2007</b>	<b>2006</b>
Cash	\$ 307	264
Receivables:		
Investments	37,993	42,689
Interest and dividends	5,536	5,842
Other	4,013	2,312
Investments	6,100,045	5,359,889
Investments loaned under securities lending agreement	316,701	197,216
Investments whose use is limited	1,024	1,609
Collateral held under securities lending agreement	337,457	201,678
Property and equipment, net	1,401,475	1,433,930
Collections and other assets	1,804,760	1,777,432
	<u>\$ 10,009,311</u>	<u>9,022,861</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 20,398	25,783
Payables on investment purchases	25,074	29,306
Accrued and other liabilities	128,225	107,708
Grants payable	6,309	11,196
Payable under securities lending agreement	337,457	201,678
Bonds payable, net of bond issue discount of \$1,222 and \$1,268 in 2007 and 2006, respectively	612,638	616,237
	<u>1,130,101</u>	<u>991,908</u>
Net assets:		
Unrestricted	8,878,208	8,029,472
Temporarily restricted	677	1,161
Permanently restricted	325	320
	<u>8,879,210</u>	<u>8,030,953</u>
	<u>\$ 10,009,311</u>	<u>9,022,861</u>

See accompanying notes to financial statements.

# THE J. PAUL GETTY TRUST

## Statements of Activities

Years ended June 30, 2007 and 2006

(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
Change in unrestricted net assets:		
Operating revenue and expenses:		
Support and revenue:		
Endowment funds used for operations	\$ 238,637	225,000
Sales and other income, net	16,819	13,590
Contributions	2,197	36,197
Net assets released from restriction	693	488
Total support and revenue	<u>258,346</u>	<u>275,275</u>
Expenses:		
Program services:		
Museum	126,740	115,623
Research and library	63,702	55,827
Conservation	46,618	43,281
Education	9,246	10,075
Grants	27,776	40,107
Total program services	<u>274,082</u>	<u>264,913</u>
Supporting services:		
General and administrative	33,621	28,655
Total expenses	<u>307,703</u>	<u>293,568</u>
Operating loss, net	<u>(49,357)</u>	<u>(18,293)</u>
Nonoperating revenue and expenses:		
Interest and dividend income, net	77,180	66,010
Net realized and unrealized gains on investments	1,062,456	711,047
Unrealized gain (loss) on interest rate swap agreements	(2,906)	23,337
Reserve for impairment of assets	—	(4,580)
Endowment funds used for operations	(238,637)	(225,000)
Nonoperating revenue and expenses, net	<u>898,093</u>	<u>570,814</u>
Change in unrestricted net assets	<u>848,736</u>	<u>552,521</u>
Change in temporarily restricted net assets:		
Contributions	209	622
Net assets released from restriction	(693)	(488)
Change in temporarily restricted net assets	<u>(484)</u>	<u>134</u>
Change in permanently restricted net assets:		
Contributions	5	20
Change in net assets	<u>848,257</u>	<u>552,675</u>
Net assets, beginning of year	<u>8,030,953</u>	<u>7,478,278</u>
Net assets, end of year	<u>\$ 8,879,210</u>	<u>8,030,953</u>

See accompanying notes to financial statements.

# THE J. PAUL GETTY TRUST

## Statements of Cash Flows

Years ended June 30, 2007 and 2006

(Amounts in thousands)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 848,257	552,675
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	47,780	45,012
Net realized and unrealized gains on investments	(1,062,456)	(711,047)
Unrealized (gain) loss on interest rate swap agreements	2,906	(23,337)
Noncash contributions of art	(965)	(34,294)
Reserve for impairment of assets	—	4,580
Loss on disposition of property and equipment	1,668	746
Changes in operating assets and liabilities:		
Interest and dividends receivable	306	489
Other receivables	(1,701)	159
Other assets	(28,941)	(35,102)
Accounts payable	(5,385)	1,812
Accrued and other liabilities	20,517	14,942
Grants payable	(4,887)	3,355
Other	42	27
Net cash used in operating activities	<u>(182,859)</u>	<u>(179,983)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	4,288,907	5,155,169
Purchases of investments	(4,085,043)	(4,888,784)
Proceeds from sale of property and equipment	103	103
Purchases of property and equipment	(17,425)	(82,885)
Net cash provided by investing activities	<u>186,542</u>	<u>183,603</u>
Cash flows from financing activities:		
Payments on bonds payable	(3,645)	(3,495)
Contributions restricted for long-term investment	5	20
Net cash used in financing activities	<u>(3,640)</u>	<u>(3,475)</u>
Net increase in cash	43	145
Cash, beginning of year	264	119
Cash, end of year	<u>\$ 307</u>	<u>264</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest, net of amounts capitalized of \$5,768 for the year ended June 30, 2006	\$ 29,598	24,359

See accompanying notes to financial statements.

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2007 and 2006

### (1) Organization

The J. Paul Getty Trust (the Trust) is a tax-exempt, private operating foundation whose mission serves both general audiences and specialized professionals. The Trust is a cultural and educational institution that focuses on the visual arts in all of their dimensions and their capacity to strengthen and to inspire aesthetic and humanistic values. It is dedicated to the presentation, enjoyment, study, and conservation of the visual arts and humanities in order to offer the public opportunities to fully understand, experience, value, and preserve the world's art and cultural heritage.

### (2) Summary of Significant Accounting Policies

#### (a) *Basis of Financial Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting.

The Trust recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Trust and changes therein are classified and reported as follows:

- **Unrestricted net assets** – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in carrying out the Trust's mission. As of June 30, 2007 and 2006, unrestricted net assets totaled \$8,878,208,000 and \$8,029,472,000, respectively.
- **Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Trust and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. Donor-restricted contributions received and expended in the same reporting period are recorded as unrestricted support. As of June 30, 2007 and 2006, temporarily restricted net assets totaled \$677,000 and \$1,161,000, respectively.
- **Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that resources be maintained in perpetuity. Investment income generated from these funds is available for general support of the Trust's programs and operations unless otherwise stipulated by the donor. As of June 30, 2007 and 2006, permanently restricted net assets totaled \$325,000 and \$320,000, respectively.

#### (b) *Investments*

Investments in equity securities with readily determinable market values and all debt securities are stated at fair value at June 30, 2007 and 2006. Fair value is determined based on quoted market prices. To increase expected returns and provide further diversification to the investment portfolio, the Trust has been increasing its allocation to alternative investments where no readily determinable market value exists. A significant portion of the Trust's alternative investments is made up of limited partnerships, which include private equity, venture capital, hedge funds, distressed debt, and real assets. Limited partnerships invest in both publicly traded and private securities and are reported at fair value based on valuations provided by the general partners or external investment managers as of

## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2007 and 2006

June 30. These valuations are reviewed and evaluated by the Trust who agrees with the valuation methods and assumptions used to determine fair value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material. Unrealized gains or losses on investments are recorded in the statements of activities. Investment purchases and sales are recorded on a trade-date basis. Dividend income is recorded based upon the ex-dividend date, and interest income is recorded as earned on an accrual basis. The allocation of cost to a sale, where part of a holding is disposed of, is based on specific identification.

Futures, forwards, and options contracts are marked to market with the change reflected in net realized and unrealized gains on investments in the accompanying statements of activities.

#### **(c) *Property and Equipment***

Property and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets or amortized over the terms of the respective leases, whichever is shorter, as follows:

Buildings	25 to 50 years
Building improvements	Up to 25 years
Leasehold improvements	Lesser of life of asset or lease term
Furniture, equipment, and exhibits	4 to 25 years

The Trust reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of property, buildings, equipment, and exhibits may not be recoverable. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. No events occurred giving rise to any material impairment loss during the years ended June 30, 2007 and 2006.

#### **(d) *Collections and Other Assets***

Included in collections and other assets are the Trust's collections, which comprise art objects, artifacts of historical significance, and the research and photographic libraries that are held for exhibition and educational, research, and curatorial purposes. Collection items are recorded at cost if purchased or, if contributed, at appraised value at the date of contribution. As of June 30, 2007 and 2006, the Trust's collection totaled \$1,789,637,000 and \$1,761,932,000, respectively.

Objects in the Trust's collection may be subject to decreases in value due to changes in attribution. In addition, objects in the Trust's collection may be subject to forfeiture or other claims made by individuals, for example, objects appropriated during the Nazi era, or by countries related to the return of cultural property. The Trust closely monitors these risks, and when it is determined that the value of an item may be impaired and the loss can be estimated, the Trust adjusts the value of the assets by establishing a reserve. The Trust established an antiquities reserve of \$45,685,000 during

## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2007 and 2006

the year ended June 30, 2005, increasing it to \$50,265,000 as of June 30, 2006 as a result of additional information provided to the Trust. The reserve decreased to \$45,815,000 as of June 30, 2007 due to the return of two items to the government of Greece. The Trust reached an agreement with the Italian government to return 40 objects to Italy during the 2008 fiscal year. The carrying amount of these objects are included in the June 30, 2007 reserve balance.

**(e) *Endowment Funds Used for Operations***

As a part of the annual budgeting process, the trustees approve a spending level from accumulated endowment gains. Such amount is reflected in the accompanying statements of activities as operating revenues. The amount is offset by a nonoperating charge in the same amount, also entitled endowment funds used for operations.

**(f) *Grant Expenditures***

Grant expenditures are recognized as expense in the period the grant is approved, provided the grant is not subject to future contingencies, and includes grants that are expected to be paid in future years.

**(g) *Contributed Services***

Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Trust receives a significant amount of contributed time from unpaid volunteers that does not meet the recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

**(h) *Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

**(i) *Fair Value of Financial Instruments***

The carrying value of the Trust's financial instruments, not otherwise disclosed herein, is comparable to the fair value due to the short-term nature of these financial instruments. Additionally, the carrying value of bonds payable also approximates fair value.

**(j) *Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2007 and 2006

### (k) *Income Taxes*

The Trust has been classified as a tax-exempt private operating foundation under Sections 501(c)(3) and 4942(j)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenue and Taxation Code. The Trust also qualifies as an exempt operating foundation as described in IRC 4940(d)(2) and, as such, is not subject to federal excise taxes on its net investment income under IRC Section 4940.

### (l) *Reclassifications*

Certain reclassifications have been made to the 2006 financial data to conform to the 2007 presentation.

### (3) **Investments**

At June 30, 2007 and 2006, the Trust's investments, at fair value, consist of the following:

	<b>2007</b>	<b>2006</b>
	(Amounts in thousands)	
Short-term investments	\$ 181,313	210,612
U.S. Treasury and agency securities	231,710	274,188
Corporate bonds	309,365	346,405
Alternative investments	3,423,121	2,529,156
Common stocks	1,055,660	1,021,394
Mutual funds	1,216,601	1,176,959
	<u>\$ 6,417,770</u>	<u>5,558,714</u>
Investments	\$ 6,100,045	5,359,889
Investments loaned under securities lending agreement	316,701	197,216
Investments whose use is limited	1,024	1,609
	<u>\$ 6,417,770</u>	<u>5,558,714</u>

### *Investments Whose Use is Limited*

Investments whose use is limited consist of unspent bond proceeds whose uses are limited by terms of their respective agreements. Also included are amounts, which are temporarily restricted by donors, as well as those restricted by donors for investment in perpetuity. As of June 30, 2007 and 2006, investments whose use is limited totaled \$1,024,000 and \$1,609,000, respectively.

### (4) **Derivative Financial Instruments**

In the normal course of business, the Trust uses various financial instruments, including derivative financial instruments, to hedge the Trust's exposure to certain risks.

The Trust primarily uses a combination of forward contracts and futures to manage price, currency, and interest rate exposures associated with specific activities. Under these instruments, the Trust agrees to the future delivery of a currency or security, on an agreed-upon date, at an agreed-upon price. These contracts

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2007 and 2006

are entered into with the intention to minimize the Trust's economic exposure to adverse fluctuations in financial or currency markets and to reduce interest rate risk.

The Trust also enters into derivative instruments as an alternative to ownership of the underlying asset. Specifically, forward contracts are used as an alternative to ownership.

All of the Trust's derivative instrument positions are marked to fair value as a component of the change in net assets in the accompanying statements of activities. These amounts are included in investments in U.S. Treasury and agency securities and short-term investments as presented in note 3.

The notional units and fair values of forward contracts and futures as of June 30, 2007 and 2006 are as follows (amounts in thousands):

	<b>2007</b>		<b>2006</b>	
	<b>Notional units</b>	<b>Fair value</b>	<b>Notional units</b>	<b>Fair value</b>
Net forward contracts to purchase (sell)	(326,982)	\$ (14,635)	12,303	17,927
Futures	876,450	398,615	68,588	65,234
		<u>\$ 383,980</u>		<u>83,161</u>

The Trust's derivative instruments involve varying degrees of risk of loss in excess of the amount recognized in the statements of financial position, arising either from potential changes in market prices or the possible inability of counterparties to meet the terms of their contracts. The Trust's investment advisors closely monitor the financial condition of the firms used for these contracts in order to minimize the risk of loss. Management believes the Trust's use of derivatives does not result in credit or market risk that would materially affect the Trust's financial position.

## (5) Securities Lending

The Trust participates in securities lending transactions with a third-party investment company whereby the Trust lends investments in exchange for a premium. Under the terms of its securities lending agreement, the Trust requires collateral of a value at least equal to 102% of the then fair value of the loaned investments (105% for loaned securities not denominated in U.S. dollars). The Trust maintains effective control of the loaned investments during the term of the agreement, in that they may be redeemed by the Trust prior to the agreement's maturity. Upon the maturity of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed. The risks to the Trust of securities lending transactions are that the borrower may not provide additional collateral when required or may not return the investments when due. Investments loaned under securities lending transactions totaled \$316,701,000 and \$197,216,000 as of June 30, 2007 and 2006, respectively. Cash and noncash financial instruments received as collateral totaled \$317,292,000 and \$20,165,000 as of June 30, 2007, respectively, and \$199,074,000 and \$2,604,000 as of June 30, 2006, respectively. Amounts received as collateral are separately disclosed as an asset and as a payable under securities lending agreement in the accompanying statements of financial position as of June 30, 2007 and 2006.

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2007 and 2006

### (6) Property and Equipment

At June 30, 2007 and 2006, property and equipment consist of the following:

	<u>2007</u>	<u>2006</u>
	(Amounts in thousands)	
Land and improvements	\$ 78,545	61,991
Buildings	1,606,188	1,595,185
Leasehold improvements	825	6,736
Furniture and equipment	104,519	99,584
Work in progress	9,169	22,798
	<u>1,799,246</u>	<u>1,786,294</u>
Less accumulated depreciation and amortization	<u>(397,771)</u>	<u>(352,364)</u>
	<u>\$ 1,401,475</u>	<u>1,433,930</u>

### (7) Grants Payable

Grants payable consist of approved grant commitments that are expected to be paid in the following years ending June 30 (amounts in thousands):

2008	\$ 3,889
2009	991
2010	687
2011	642
2012	100
	<u>\$ 6,309</u>

### (8) Bonds Payable

Outstanding bonds payable consists of the following bond issuances:

#### (a) 2003 Variable Rate Revenue Bonds

On May 12, 2003, the Trust issued \$275,000,000 in variable rate revenue bonds issued by the California Infrastructure and Economic Development Bank, which mature on April 1, 2033. Proceeds were used to finance a portion of the Getty Villa renovation and the related bond issuance costs. Interest rates are adjusted when the bonds are remarketed. During the remarketing period from February 2, 2005 until February 1, 2006, interest accrued at a rate of 2.25%. On February 2, 2006, the bonds were remarketed in two tranches. The first tranche of \$140,000,000 was remarketed at an interest rate of 3.17%, and was remarketed again on August 2, 2006 at an interest rate of 3.90% for a term through December 1, 2011. The second tranche of \$135,000,000 was remarketed at an interest rate of 3.25% and was again remarketed on February 2, 2007 with interest rates adjusted daily based on the rates available to investors in the tax-exempt municipal bond market (rate of 3.82% at June 30, 2007). The redemption period for the bonds begins April 1, 2012 and ends April 1, 2033.

## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2007 and 2006

Accrued interest on the bonds as of June 30, 2007 and 2006 was \$1,889,000 and \$2,206,000, respectively.

**(b) 2003 Taxable Bonds**

On October 1, 2003, the Trust issued \$250,000,000 Series 2003 Taxable Bonds. The bonds, maturing on October 1, 2033, were issued with a coupon interest rate of 5.875%, which is payable semiannually on April 1 and October 1. The proceeds are being used to finance or refinance capital projects of the Trust, including but not limited to the acquisition of objects of art. A portion of such proceeds was also used to retire the Trust's outstanding commercial paper liability. The bonds were issued with an original issue discount that totaled \$1,392,000. The discount is being amortized over 30 years, which is consistent with the life of the bonds. The bonds are subject to redemption beginning October 1, 2013. Accrued interest on the bonds as of both June 30, 2007 and 2006 was \$3,672,000.

**(c) 2004A and 2004B Variable Rate Revenue Bonds**

On September 1, 2004, the Trust issued \$96,000,000 in variable rate revenue bonds. The bonds mature on October 1, 2023. Proceeds were used to refund \$95,645,000 of the outstanding principal amount of the Trust's 1994 Revenue Bonds. Following an initial one-year put, during which interest accrued at 1.62%, the bonds were remarketed in two tranches on February 2, 2006. The first tranche of \$46,255,000 was remarketed at an interest rate of 3.17% and was again remarketed on August 2, 2006 at an interest rate of 4.00% for a term through December 1, 2011. The second tranche of \$46,250,000 was remarketed at an interest rate of 3.25% and was again remarketed on February 2, 2007 with interest rates adjusted daily based on the rates available to investors in the tax-exempt municipal bond market (rate of 3.81% at June 30, 2007). The Trust remitted a principal paydown of \$3,645,000 in the current fiscal year, resulting in an outstanding balance of \$88,860,000 as of June 30, 2007. Accrued interest on the bonds as of June 30, 2007 and 2006 was \$602,000 and \$749,000, respectively.

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2007 and 2006

The following is a schedule by year of future maturities for the outstanding bond obligations as of June 30 (amounts in thousands):

	<b>Principal amount</b>
Year ending June 30:	
2008	\$ 3,780
2009	3,925
2010	4,075
2011	4,235
2012	4,395
Thereafter	593,450
	613,860
Less unamortized bond issue discount	(1,222)
	\$ 612,638

### (9) Interest Rate Swap Agreements

In conjunction with the issuance of variable rate bonds discussed in note 8, the Trust entered into interest rate swap agreements with two counterparties. The swap agreements for each variable rate bond are as follows:

#### (a) 2003 Variable Rate Revenue Bonds Swap Agreement

In connection with the issuance of \$275,000,000 in variable rate demand bonds (Series 2003A-D) discussed in note 8(a), the Trust entered into interest rate swap agreements with two counterparties in May 2003, which became effective May 13, 2004 and will terminate April 1, 2033. The swap agreements for each counterparty are against a notional amount of \$137,500,000 for a total notional amount of \$275,000,000. The Trust receives payments from the counterparties based on 70% of one-month LIBOR and pays the swap counterparties 3.67% in return.

In connection with the remarketing of the 2003 Variable Rate Revenue Bonds on February 2, 2006, the Trust entered into additional interest rate swap transactions with the two original counterparties involved in the initial swap transaction. The notional amount of the swap agreements totaled \$275,000,000. Under these additional interest rate swaps, the Trust received payments calculated by reference to a fixed interest rate of 3.305% and made payments calculated by reference to the weekly BMA Municipal Swap Index. These agreements terminated in two tranches. The notional amount of \$140,000,000 terminated on August 1, 2006, while the notional amount of \$135,000,000 terminated on February 1, 2007. On August 2, 2006, in connection with the remarketing of the 2003 Variable Rate Revenue Bonds, swap agreements were entered into with the two original counterparties for a total notional amount of \$140,000,000. The Trust receives payments of 3.779% and makes payments calculated by reference to the weekly BMA Municipal Swap Index. These agreements expire on December 1, 2011.

## THE J. PAUL GETTY TRUST

### Notes to Financial Statements

June 30, 2007 and 2006

During the years ended June 30, 2007 and 2006, the valuation of the swap agreements resulted in a net unrealized gain of \$108,000 and \$29,459,000, respectively.

**(b) 2003 Taxable Bonds Swap Agreement**

In October 2004, the Trust entered into a fixed-to-floating swap agreement with two counterparties in conjunction with the \$250,000,000 taxable bond transaction that the Trust had completed in October 2003 (Series 2003) discussed in note 8(b). The Trust receives a fixed rate payment of 5.325% on the notional amount of \$250,000,000, through the planned termination date of October 1, 2033, and makes a fixed payment of 3.931% until October 1, 2013, at which time the Trust will pay a variable rate based on one-month LIBOR. The counterparties have an option to terminate the swap agreement on October 1, 2013, and semiannually thereafter. During the years ended June 30, 2007 and 2006, the valuation of these agreements resulted in a net unrealized loss of \$2,996,000 and \$12,854,000, respectively.

**(c) 2004 Variable Rate Revenue Bonds Swap Agreement**

In connection with the issuance of \$96,000,000 in variable rate revenue bonds (Series 2004A-B) discussed in note 8(c), the Trust entered into interest rate swap agreements with two counterparties in October 2004. The notional amounts of the swaps for the years ended June 30, 2007 and 2006 are \$86,310,000 and \$89,560,000, respectively. The Trust receives payments from the counterparties based on 67% of one-month LIBOR less 0.2% and pays the swap counterparties 3.75% in return. During the years ended June 30, 2007 and 2006, the valuation of these agreements resulted in a net unrealized loss of \$241,000, and a net unrealized gain of \$6,899,000, respectively.

In connection with the remarketing of the 2004 Variable Rate Revenue Bonds on February 2, 2006, the Trust entered into additional interest rate swap transactions with the two original counterparties involved in the initial swap transaction. The notional amount of the swap agreements totaled \$89,560,000. Under these additional interest rate swaps, the Trust received payments calculated by reference to a fixed interest rate of 3.305% and made payments calculated by reference to the weekly BMA Municipal Swap Index. These agreements terminated in two tranches of \$44,780,000, the first terminating on August 1, 2006, and the second on February 1, 2007.

On August 2, 2006, in connection with the remarketing of the 2004 Variable Rate Revenue Bonds, swap agreements with a total notional amount of \$44,780,000 were entered into with the same two counterparties, expiring on December 1, 2011. The Trust receives payments of 3.769% and makes payments calculated by reference to the weekly BMA Municipal Swap Index.

During the years ended June 30, 2007 and 2006, the valuation of these swap agreements resulted in a net unrealized gain of \$223,000 and a net unrealized loss of \$167,000, respectively.

**(10) Retirement Plans and Postretirement Benefits**

The liabilities related to the defined benefit retirement plans and postretirement benefits of the Trust are accrued based on various assumptions and discount rates, as described on the following page. The actuarial assumptions used could change in the near term as a result of changes in expected future trends and other factors which, depending on the nature of the changes, could cause increases or decreases in the liabilities recorded.

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2007 and 2006

The Trust has a defined benefit retirement plan covering substantially all of its employees. The benefits are based on years of service and the employee's highest consecutive five years of compensation during the last ten years of employment. The Trust annually contributes the required amount that satisfies the funding standards under Section 412(b) of the IRC. Contributions are intended to provide the defined benefit retirement plan with assets sufficient to pay all future benefits due to plan participants. The defined benefit retirement plan assets are comprised of short-term investments and mutual funds in equity and fixed income securities with State Street Bank as trustee for the defined benefit retirement plan.

In addition to the defined benefit retirement plan, the Trust provides supplemental retirement benefits for certain senior executives as outlined in their respective employment contracts. The funded status of the defined benefit retirement plan and the supplemental retirement plan as of June 30, 2007 and 2006 is as follows:

	<b>Defined benefit</b>		<b>Supplemental retirement</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	(Amounts in thousands)			
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 96,036	107,759	10,157	12,236
Service cost	5,894	7,114	—	380
Interest cost	6,071	5,496	619	609
Actuarial loss (gain)	(468)	(22,633)	157	(1,265)
Benefits paid	(1,893)	(1,700)	(970)	(1,803)
	<u>\$ 105,640</u>	<u>96,036</u>	<u>9,963</u>	<u>10,157</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 79,937	71,035	—	—
Actual return on plan assets	14,589	8,302	—	—
Employer contributions	6,000	2,300	970	1,803
Benefits paid	(1,893)	(1,700)	(970)	(1,803)
	<u>\$ 98,633</u>	<u>79,937</u>	<u>—</u>	<u>—</u>
Funded status:				
Benefit obligation	\$ (105,640)	(96,036)	(9,963)	(10,159)
Fair value of plan assets	98,633	79,937	—	—
Funded status	<u>(7,007)</u>	<u>(16,099)</u>	<u>(9,963)</u>	<u>(10,159)</u>
Unrecognized prior service cost	—	464	—	—
Unrecognized actuarial loss	—	2,963	—	3,289
Additional minimum liability	—	—	—	(3,289)
Net amount recognized (as a component of accrued and other liabilities)	<u>\$ (7,007)</u>	<u>(12,672)</u>	<u>(9,963)</u>	<u>(10,159)</u>

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2007 and 2006

	<b>Defined benefit</b>		<b>Supplemental retirement</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	(Amounts in thousands)			
Weighted average assumptions as of June 30:				
Discount rate	6.40%	6.40%	6.40%	6.40%
Expected long-term rate of return on plan assets	8.00	8.00	N/A	N/A
Rate of compensation increase	4.00	4.00	N/A	N/A
Measurement date	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006

The J. Paul Getty Trust Retirement Plan has an expected long-term rate of return assumption of 8%. This assumption reflects the asset allocation targets and both the historical and projected long-term return assumptions for each asset class in the portfolio.

The actuarial present value of the accumulated benefit obligations as of June 30, 2007 was approximately \$87,788,000, of which approximately \$84,499,000 was vested.

	<b>Defined benefit</b>		<b>Supplemental retirement</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	(Amounts in thousands)			
Components of net periodic benefit cost:				
Service cost	\$ 5,894	7,114	—	380
Interest cost	6,071	5,496	619	609
Expected return on plan assets	(5,564)	(5,110)	—	—
Amortization of prior service cost	130	136	—	—
Recognized net loss	439	2,110	175	402
	<u>\$ 6,970</u>	<u>9,746</u>	<u>794</u>	<u>1,391</u>

The investment policy of The J. Paul Getty Trust Retirement Plan is to maximize total return consistent with the income needs and risk tolerance for the program. The Plan has a long-term investment horizon consistent with the long-term nature of the retirement obligations. The policy and risk tolerance for the plan is reflected in the asset allocation target approved by the retirement plan committee. The asset allocation targets are reviewed periodically by the retirement plan committee to ensure that the targets are consistent with the plan policy and strategic objectives. The actual asset allocation is rebalanced as appropriate to match the target weights. Domestic equity assets are invested in an index fund that replicates the Wilshire 5000 index, and international equity assets are invested in an index fund that replicates the MSCI EAFE index. Fixed income assets are invested in an intermediate bond fund account that is actively managed by PIMCO and is benchmarked against the Lehman Aggregate index.

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2007 and 2006

As of the measurement date, the defined benefit plan assets consist of the following:

	<b>Defined benefit</b>			
	<b>2007</b>		<b>2006</b>	
	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>
Asset allocations:				
Equity securities	81.00%	75.00%	83.00%	75.00%
Debt securities	19.00	25.00	17.00	25.00
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

The following is a schedule of expected future benefit payments:

	<b>Defined benefit</b>	<b>Supplemental retirement</b>
	<b>(Amounts in thousands)</b>	
Fiscal year ending June 30:		
2008	\$ 2,755	967
2009	3,068	934
2010	3,417	898
2011	3,880	860
2012	4,474	820
2013 – 2017	<u>32,958</u>	<u>3,410</u>
	<u>\$ 50,552</u>	<u>7,889</u>

Expected contributions to be made to the defined benefit retirement plan and the supplemental retirement plan during the year ending June 30, 2008 are \$3,300,000 and \$967,000, respectively.

The Trust provides postretirement healthcare to eligible employees who retire under the Trust's retirement plan. The cost of providing these benefits is substantially borne by the Trust. The accumulated postretirement benefit obligation relating to this plan at June 30, 2007 and 2006 consists of:

	<b>2007</b>	<b>2006</b>
	<b>(Amounts in thousands)</b>	
Retired employees	\$ 16,067	14,857
Fully eligible active employees	21,204	16,119
Other active employees	<u>67,796</u>	<u>65,723</u>
	<u>\$ 105,067</u>	<u>96,699</u>

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2007 and 2006

The net periodic postretirement benefit cost included the following:

	<b>2007</b>	<b>2006</b>
	(Amounts in thousands)	
Service cost	\$ 9,807	11,674
Interest cost	6,151	5,390
Amortization of prior service cost	(101)	(101)
Recognized net loss	1,216	2,890
	<u>\$ 17,073</u>	<u>19,853</u>

The following are the assumed healthcare trend rates:

	<b>2007</b>	<b>2006</b>
Healthcare cost trend assumed for the next year	9.50%	10.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00	5.00
Year that the rate reaches the ultimate trend rate	2016	2016

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects at June 30, 2007:

	<b>One- percentage- point increase</b>	<b>One- percentage- point decrease</b>
	(Amounts in thousands)	
Effect on total of service and interest cost components – increase (decrease)	\$ 4,128	(3,165)
Effect on postretirement benefit obligation – increase (decrease)	22,385	(17,521)

The Trust maintains a qualified 403(b) Employee Investment Plan, which permits eligible employees to make voluntary contributions on a pretax basis. This plan allows participants to invest in a variety of investments. This plan was enhanced in 1995 to include an employer match to employees contributing to the plan, following six months of employment. The match is held in a 401(a) plan. The 401(a) plan provides for uniform employer contributions of \$1.00 for every dollar contributed by a participant up to 4% of the participant's compensation. The Trust contributed \$1,993,000 and \$2,094,000 to this plan in 2007 and 2006, respectively.

# THE J. PAUL GETTY TRUST

## Notes to Financial Statements

June 30, 2007 and 2006

### (11) Lines of Credit

The Trust has two revolving unsecured lines of credit for \$5,000,000 with a bank. These expire on February 1, 2008, at which time any advances outstanding are due and payable. The first line of credit facilitates the issuance of commercial and standby letters of credit with maximum maturities of 180 and 365 days, respectively. The second line of credit provides for cash advances. Both bear interest at the bank's prime rate. The first line of credit also allows for optional interest rates based on short term fixed rates or LIBOR plus 1.5 percentage points, at the election of the Trust. There were no amounts outstanding at June 30, 2007 or 2006 under these agreements.

In addition, in January 2003, the Trust entered into an irrevocable letter of credit agreement with a bank for \$1,000,000, which increased to \$2,000,000 in August 2005. The agreement designates the Los Angeles City Department of Transportation as the beneficiary related to required transportation improvements near the Getty Villa. The letter of credit is automatically renewed annually each January unless the bank notifies the Trust of its intent to not renew the letter 30 days prior to its expiration.

### (12) Commitments and Contingencies

#### (a) Lease Commitments

The Trust is obligated under various operating leases for equipment and facilities, which expire on various dates through 2012. The following is a schedule, by year, of minimum future rental payments related to these leases as of June 30, 2007 (amounts in thousands):

	<u>Lease payments</u>
Year ending June 30:	
2008	\$ 2,037
2009	863
2010	831
2011	731
2012	<u>259</u>
Total	<u>\$ 4,721</u>

Rent expense totaled \$5,473,000 and \$6,340,000 for the years ended June 30, 2007 and 2006, respectively.

#### (b) Legal Matters

In the ordinary course of business, the Trust is subject to certain lawsuits and other potential legal actions. In the opinion of management, such matters will not have a material effect on the financial position of the Trust.

# **THE J. PAUL GETTY TRUST**

## **Notes to Financial Statements**

**June 30, 2007 and 2006**

**(c) *Other Commitments***

The Trust has investments in private equity partnerships. The future commitments to fund these partnerships totaled approximately \$1,018,221,000 and \$853,787,000 as of June 30, 2007 and 2006, respectively.

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