

THE J. PAUL GETTY TRUST

EMPLOYER IDENTIFICATION NO. 95-1790021

**A STATEMENT ATTACHED TO AND MADE PART OF
FEDERAL RETURN OF PRIVATE FOUNDATION EXEMPT FROM INCOME TAX
FOR THE FISCAL YEAR ENDED JUNE 30, 2005 (updated 03/21/07)**

The Role of the Board of Trustees in Overseeing Senior Management Compensation

The Compensation Committee, a standing committee composed of independent members of the Board of Trustees, establishes the terms of the President's contract and compensation, subject to the approval of the full Board of Trustees, as well as the compensation of the President's direct reports.

Trustees of the J. Paul Getty Trust receive no compensation for their service but are reimbursed for travel expenses incurred in fulfilling their duties as members of the Board. In addition, Trustees are eligible to participate in a matching gift program providing matching gift funds to qualified public charities on a four to one basis up to a maximum matching amount of \$60,000.

The J. Paul Getty Trust Senior Management Compensation Policy

The goal of the Getty's compensation process is to pay salaries that are competitive for comparable positions at organizations similar to the Trust in activities and scope.

Each year, the performance and compensation of the President and Chief Executive Officer is reviewed and set by the Compensation Committee and the Board of Trustees in executive sessions in the absence of the President and CEO. Annual compensation decisions regarding direct reports to the President are recommended by the President and CEO to the Compensation Committee for approval.

The Compensation Committee reviews and compares compensation levels for the President and his direct reports with those reported for analogous positions at comparable organizations. The Compensation Committee relies on reports of a nationally recognized, independent executive compensation consultant (Mercer Human Resources Consulting), setting forth the comparative information as to compensation at leading cultural organizations, private foundations, and universities.

The independent executive compensation consultant selects similar positions among organizations of comparable scope, scale and purpose. In the last evaluation process, conducted in May 2005, the consultant used competitive data from two market sources; broad-based published surveys and information contained in the IRS Form 990s of a custom peer group. Organizations included in the peer group are set forth in the table below. All organizations in the custom peer group are not used for each position.

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**Table 1.
The J. Paul Getty Trust
Executive Compensation Peer Group**

<u>Foundations</u>	<u>Cultural Organizations</u>	<u>Universities</u>
Alfred P. Sloan Foundation	Art Institute of Chicago	Art Center College of Design
Andrew W. Mellon Foundation	Clark Art Institute	California College of Arts and Crafts
Brookings Institution	Frick Collection	California Institute of the Arts
Carnegie Corporation of New York	Hirshhorn Museum & Sculpture Garden	Carnegie Mellon University
Charles Stewart Mott Foundation	Isabella Stewart Gardner Museum	Claremont Graduate University
David & Lucile Packard Foundation	J.F.K. Center for the Performing Arts	Columbia University
Ford Foundation	Kimbell Art Foundation	Cornell University
Institute for Advanced Study	Lincoln Center for the Performing Arts	Duke University
John S. and James L. Knight Foundation	Los Angeles County Museum of Art	MIT
Lilly Endowment	Metropolitan Museum of Art	New York University
Rockefeller Foundation	Museum of Modern Art	Princeton University
Santa Fe Institute	National Gallery of Art	Rhode Island School of Design
The SALK Institute	New York Public Library	School of the Art Institute of Chicago
The Scripps Research Institute	Smithsonian Institution	Stanford University
W.K. Kellogg Foundation		University of Chicago
William and Flora Hewlett Foundation		University of Pennsylvania
		Yale University

On average, the consultant found that the Getty's base salary program was at or slightly above the market median.

Annual compensation adjustments for other personnel are also merit based and are determined after an annual performance evaluation process conducted at the end of each fiscal year. Senior management makes recommendations to the President and CEO for salary adjustments for such employees within their organizational reporting structure, based upon ranges established in advance by the President and CEO and ratified by the Board of Trustees in the budget planning process.

Cash Compensation of Officers and Highest Paid Employees

The Getty is guided in the preparation of its annual tax return on Form 990-PF (the "990") and related compensation disclosures by advice from its tax accountants and outside tax counsel. The Getty's goal is a presentation that complies with IRS requirements and facilitates appropriate and meaningful comparisons among institutions by all interested parties.

In order to provide compensation information that would minimize distortion and be easily compared with that paid by other organizations, the Getty, beginning with the filing for fiscal

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year ending June 30, 2002, provided 'base salary' information in column one of the 990 and reported cash compensation other than salary in explanatory footnotes.

Tables two and three provide summary information regarding *cash compensation* and *total compensation* for all officers, as well as information for the five highest paid employees other than officers, as reported in the Trust's form 990-PF tax return for fiscal years ending June 30, 2005, 2004, and 2003. Additional detail is provided in Table 4 regarding the components of cash compensation for each employee for the fiscal year ending June 30, 2005.

Cash compensation includes salary and bonuses, payments for the ERISA limitation on compensation considered for benefit calculations, housing and automobile allowances, payments for taxes due on non-qualified supplemental employee retirement benefits vested, payments for taxes due on the imputed value of other benefits, and severance payments. The table also indicates if the employee received perquisites including automobile, housing, or participation in a supplemental employee retirement plan.

In addition to cash compensation, the annual 990-PF requires institutions to show all forms of compensation whether paid to the employee or not and including estimates of the value of benefits such as health and welfare coverage, referred to as "total compensation."

In general, the 990-PF separates compensation into three categories. The first column contains salary, fees, bonuses, and severance payments as well as current year payment amounts reported as deferred compensation in any prior year. This column is labeled "Cash Compensation" in Table 3.

The second column of the 990-PF contains all forms of deferred compensation and future severance payments, payments to welfare benefit plans, and any amounts earned but not yet paid during the fiscal year. These amounts are shown in the column labeled "Contribution to Employee Benefit Plans and Deferred Compensation" in Table 3.

The last category of compensation required on the 990-PF includes the value of both taxable and nontaxable fringe benefits, expense account or other allowances, payments made in connection with indemnification arrangements, and the value of the personal use of housing, automobiles, or other assets owned by the organization. These figures are shown in the column labeled "Other Allowances" in Table 3. The sum of all forms of compensation is reported as "Total Compensation" in the last column of Table 3.

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**Table 2.
The J. Paul Getty Trust
Cash Compensation* For
Current Officers and Five Highest Paid Employees Other Than Officers
As Reported in the Annual 990-PF**

Name and Title	Year	Fiscal Year Cash Compensation	Auto	Housing Assistance	SERP
Thomas E. Crow Director, Getty Research Institute	2005	\$283,899	Allowance	Zero Percent Interest Loan	No
	2004	\$242,899			
	2003	\$242,734			
Peter C. Erichsen Vice President, General Counsel, and Secretary	2005	\$405,248	Trust Vehicle	None	No
	2004	\$342,008			
	2003	\$343,864			
Marilyn L. Gillette Director, Information Technology Services	2005	\$242,018	None	None	No
	2004	\$238,180			
	2003	\$250,447			
Deborah Gribbon Vice President and Director of the J. Paul Getty Museum (Resigned 2004)	2005	\$3,364,688	Trust Vehicle	None	No
	2004	\$488,582			
	2003	\$483,468			
Kenneth Hamma Executive Director, Digital Policy and Initiatives	2005	\$224,416	None	None	No
	2004	**			
	2003	**			
Pamela Johnson Vice President for Communications (Resigned 2005)	2005	\$312,618	Allowance	None	No
	2004	\$399,383			
	2003	\$163,018			
Deborah Marrow Director, Getty Foundation	2005	\$248,404	Allowance	Allowance	No
	2004	\$235,563			
	2003	\$242,830			
Barry A. Munitz President and Chief Executive Officer (Resigned 2006)	2005	\$993,062	Trust Vehicle	None	Yes
	2004	\$716,467			
	2003	\$688,813			
Marianne C. Rusk Director, Human Resources	2005	\$256,176	Allowance	None	No
	2004	\$256,078			
	2003	\$265,286			
Bradley W. Wells Vice President, Finance and Administration (Resigned 2006)	2005	\$323,371	Allowance	None	No
	2004	\$288,145			
	2003	\$254,717			
James Williams Vice President and Chief Investment Officer	2005	\$892,045	Trust Vehicle	None	No
	2004	\$776,170			
	2003	\$1,187,716			

*Cash compensation includes components of the columns 1 and 3 from the 990-PF.

**Did not appear on 990 in the year indicated because employee was not an officer and was not one of the five highest paid employees other than an officer.

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**Table 3.
The J. Paul Getty Trust
Total Compensation For
Current Officers and Five Highest Paid Employees Other Than Officers
As Reported in the Annual 990-PF**

Name and Title	Year	Compensation	Contribution to Employee Benefit Plans and Deferred Compensation	Other Allowances	Total Compensation
Thomas E. Crow Director, Getty Research Institute	2005	\$271,800	\$41,476	\$122,189	\$435,465
	2004	\$231,200	\$31,912	\$121,851	\$384,963
	2003	\$231,100	\$31,391	\$123,942	\$386,433
Peter C. Erichsen Vice President, General Counsel, and Secretary	2005	\$396,961	\$33,157	\$37,660	\$467,778
	2004	\$332,012	\$25,023	\$34,885	\$391,920
	2003	\$331,900	\$25,691	\$35,445	\$393,036
Marilyn L. Gillette Director, Information Technology Services	2005	\$238,339	\$39,047	\$29,588	\$306,974
	2004	\$233,208	\$32,693	\$29,081	\$294,982
	2003	\$244,754	\$32,039	\$29,012	\$305,805
Deborah Gribbon Vice President and Director of the J. Paul Getty Museum (Resigned 2005)	2005	\$3,352,832	\$23,634	\$35,005	\$3,411,471
	2004	\$477,797	\$36,363	\$44,598	\$558,758
	2003	\$470,851	\$33,777	\$46,914	\$551,542
Kenneth Hamma Executive Director, Digital Policy and Initiatives	2005	\$215,139	\$38,314	\$19,734	\$273,187
	2004	*	*	*	*
	2003	*	*	*	*
Pamela Johnson Vice President for Communications (Resigned 2005)	2005	\$302,800	\$40,844	\$22,052	\$365,696
	2004	\$368,125	\$35,154	\$42,083	\$445,362
	2003	\$155,264	\$4,243	\$8,858	\$168,365
Deborah Marrow Director, Getty Foundation	2005	\$230,600	\$42,048	\$44,363	\$317,011
	2004	\$216,631	\$35,361	\$44,181	\$296,173
	2003	\$225,209	\$36,076	\$43,024	\$304,309
Barry A. Munitz President and Chief Executive Officer (Resigned 2006)	2005	\$962,526	\$416,416	\$85,436	\$1,464,378
	2004	\$701,119	\$478,471	\$47,102	\$1,226,692
	2003	\$688,813	\$348,801	\$13,071	\$1,050,685
Marianne C. Rusk Director, Human Resources	2005	\$244,660	\$76,388	\$31,048	\$352,096
	2004	\$245,106	\$68,146	\$29,612	\$342,864
	2003	\$254,051	\$64,609	\$30,908	\$349,568
Bradley W. Wells Vice President, Finance and Administration (Resigned 2006)	2005	\$311,966	\$29,459	\$35,663	\$377,088
	2004	\$277,351	\$22,151	\$32,922	\$332,424
	2003	\$243,600	\$22,235	\$34,044	\$299,879
James Williams Vice President and Chief Investment Officer	2005	\$886,294	\$39,926	\$26,491	\$952,711
	2004	\$769,400	\$31,213	\$27,722	\$828,335
	2003	\$1,130,633	\$21,116	\$68,635	\$1,220,384

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**Table 4.
The J. Paul Getty Trust
Components of Cash Compensation* for Fiscal Year 2004/2005
For Current Officers and Five Highest Paid Employees Other Than Officers
As Reported in the Annual 990-PF**

Name and Title	Salary and Bonus	Compensation for ERISA Limitation	Auto and Housing Allowance	Payment for Taxes on Imputed Value of Benefits Received and SERP Benefits Vested	Severance Payment	Fiscal Year 2004/2005 Total Cash Compensation
Thomas E. Crow Director, Getty Research Institute	\$270,000	\$1,800	\$7,200	\$4,899	-	\$283,899
Peter C. Erichsen Vice President, General Counsel, and Secretary	\$371,500	\$25,461	-	\$8,287	-	\$405,248
Marilyn L. Gillette Director, Information Technology Services	\$234,583	\$3,756	-	\$3,679	-	\$242,018
Deborah Gribbon Vice President and Director of the J. Paul Getty Museum	\$283,274	\$69,558	-	\$11,856	\$3,000,000	\$3,364,688
Kenneth Hamma Executive Director, Digital Policy and Initiatives	\$215,139	-	\$7,200	\$2,077	-	\$224,416
Pamela Johnson Vice President for Communications	\$300,000	\$2,800	\$7,200	\$2,618	-	\$312,618
Deborah Marrow Director, Getty Foundation	\$230,000	\$600	\$13,960	\$3,844	-	\$248,404
Barry A. Munitz President and Chief Executive Officer	\$622,500	-	-	\$370,562	-	\$993,062
Marianne C. Rusk Director, Human Resources	\$240,350	\$4,310	\$7,200	\$4,316	-	\$256,176
Bradley W. Wells Vice President, Finance and Administration	\$295,000	\$16,966	\$7,200	\$4,205	-	\$323,371
James Williams Vice President and Chief Investment Officer	\$800,000	\$86,294	-	\$5,751	-	\$892,045

*Cash compensation includes components of the columns 1 and 3 from the 990-PF.

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Recent Actions

President and Chief Executive Officer

James N. Wood was appointed the Getty's President and Chief Executive Officer, as well as a Trustee of the J. Paul Getty Trust, effective February 15, 2007.

In general, employees of The J. Paul Getty Trust are at-will and their employment is subject to terms and conditions described in individual appointment letters and in the Staff Handbook. The Trust has entered into an employment agreement with James Woods. The agreement is for a period of five years, commencing February 15, 2007.

Under the terms of the agreement, Mr. Wood earns a base salary of \$700,000 per year and a housing stipend of \$20,000 per month.

Mr. Wood's agreement also provides for a one-time moving and transition expense allowance of \$150,000 and a sign-on bonus of \$250,000, each paid within 14 days of the commencement of Mr. Wood's employment under the contract.

Under the agreement, Mr. Wood has agreed that he will not participate in the Trust's defined benefit retirement plan, will not qualify for any severance pay not provided for under the Agreement, and shall not qualify for any retiree medical benefits provided by the Trust.

Mr. Wood receives deferred compensation as provided for under the agreement. The agreement provides that the Getty shall pay Mr. Wood a lump sum amount as deferred compensation of \$100,000 for each full contract year (February 15 to February 14) and a pro rata amount of such \$100,000 for any portion of a contract year that Mr. Wood performs his employment services pursuant to the agreement for up to the first four contract years, up to and including February 14, 2011 (potentially four years and \$400,000). Such deferred compensation of up to \$400,000 shall not vest and shall not be payable to Mr. Wood until his employment is terminated or until he performs the agreement to its expiration date. Such deferred compensation shall not vest and shall not be payable to Mr. Wood if he is discharged for "cause" or if he resigns without "good reason" (each as defined in the agreement). The Getty has also agreed to pay Mr. Wood an additional lump sum amount of \$100,000 as deferred compensation if he remains employed and performing services on March 18, 2011.

The agreement provides for a severance payment to Mr. Wood if he is terminated without "cause" or if he resigns with "good reason" (all as defined under the agreement) in an amount equal to 12 months of base salary at the rate then in effect (or a pro rata amount if fewer than 12 months remain until the expiration date).

The agreement entitles Mr. Wood to six weeks' paid vacation per year.

The agreement provides that Mr. Wood will receive reimbursement for all reasonable travel, entertainment, and other expenses, and, except as provided above, coverage under the Trust's standard benefit plans as in effect from time to time, including health, life, and accident insurance programs and sickness, disability and defined contribution retirement plans.

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Interim President and Chief Executive Officer

Deborah Marrow, Director of the Foundation, was appointed Interim President and Chief Executive Officer of the J. Paul Getty Trust in February 2006 at an annual base salary of \$300,000 and served in that role from February 10, 2006 until February 14, 2007. During the term of her service as Interim President and CEO, she was paid a stipend of \$15,000 per month in addition to her base salary. Dr. Marrow also receives estate and financial planning services and an annual payment to compensate her for the ERISA limitation on compensation considered for benefit calculations. In addition, as regular, full-time employee, Dr. Marrow is eligible for reimbursement for all reasonable travel, entertainment, and other expenses, and coverage under vacation, health, life and accident insurance, sickness, disability and pension plans as the Trust makes available to its employees as a group.

Director of the J. Paul Getty Museum

The Trust has also entered into an employment agreement with Michael Brand, Director of the J. Paul Getty Museum.

Dr. Brand's employment agreement with the Trust is for five years commencing December 1, 2005. Following the end of the five-year term, Dr. Brand's employment may be extended for successive one-year periods unless either party provides notice of termination. Under the terms of the agreement, Dr. Brand was initially accorded a base salary of \$482,000 per year, to be adjusted annually by recommendation of the President and Chief Executive Officer to the Compensation Committee, which reviews the recommendation in the manner described above.

Dr. Brand's agreement also provided a one-time transition payment of \$165,000 as well as an annual payment to compensate Dr. Brand for the ERISA limitation on compensation considered for benefit calculations. Dr. Brand's agreement provides for reimbursement for all reasonable travel, entertainment, and other expenses, and coverage under vacation, health, life and accident insurance, sickness, disability and pension plans as the Trust makes available to its employees as a group.

In addition, Dr. Brand is required to reside in an official Museum Director's Residence owned and maintained by the Trust at no cost to Dr. Brand. The fair market rental value of the residence is reported annually as compensation to Dr. Brand and the Trust pays state and federal taxes on this reported value and on the expenses of the residence not attributable to its business use, as well as the taxes payable with respect to such payments of taxes.

Dr. Brand's employment agreement provides severance benefits (unless Dr. Brand is terminated for "cause") that include a lump sum cash payment equal to twelve months salary, as well as health care coverage for him and his family for up to twelve months, both reduced by amounts earned by Dr. Brand from any successor employer within twelve months after his employment with the Trust ends.

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Vice President, Communications and Corporate Relations

Mr. Ron Hartwig was appointed Vice President for Communications on December 5, 2005 at an annual salary of \$304,500. In conjunction with his appointment, Mr. Hartwig received a one-time signing bonus of \$100,000. Mr. Hartwig is eligible for annual increases by recommendation of the President and Chief Executive Officer to the Compensation Committee, which reviews the recommendation in the manner described above.

As an officer of the J. Paul Getty Trust, Mr. Hartwig receives estate and financial planning services and an annual payment to compensate him for the ERISA limitation on compensation considered for benefit calculations. In addition, as regular, full-time employee, Mr. Hartwig is eligible for reimbursement for all reasonable travel, entertainment, and other expenses, and coverage under vacation, health, life and accident insurance, sickness, disability and pension plans as the Trust makes available to its employees as a group.

Interim Vice President, Finance and Administration and Chief Financial Officer

Mr. Robert Abeles was appointed Interim Vice President for Finance and Administration and Chief Financial Officer at a monthly salary of \$30,000. As a limited term employee, his employment began November 6, 2006 and will end no later than May 25, 2007. In his position, Mr. Abeles is eligible for reimbursement for all reasonable travel, entertainment, and other expenses, and coverage under vacation, health, and pension plans as the Trust makes available to its employees as a group.

Benefits

Pension Plans

The Trust provides a Defined Benefit Retirement Plan and a Defined Contribution Retirement Plan to all eligible employees.

The Defined Benefit Retirement Plan pays a specific monthly benefit upon retirement and is provided at no cost to eligible employees, who are entitled to receive plan benefits after a five-year vesting period. The plan provides for a lifetime annuity upon retirement equal to 1.4% times the employees average compensation over five years plus 0.55% times the years of credited service as an employee of the Trust up to a maximum of 25 years. This amount is reduced if payments begin before age 62.

The Defined Contribution Retirement Plan matches 100% of voluntary eligible contributions made by employees to a qualified 403(b) plan up to 4% of the employee's salary.

Certain senior management positions also receive an annual payment, subject to standard withholding, to compensate them for the ERISA limitation on compensation considered for benefit calculations. This amount varies each year depending on ERISA limits and the employee's salary.

Insurance and Other Benefits

The Trust provides a wide range of health and welfare benefits including comprehensive medical, dental, vision, disability, and life insurance.