

The Metropolitan Museum of Art

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CHAIRMAN OF THE BOARD OF TRUSTEES

October 2009

Dear Members and Friends,

The Metropolitan Museum ushers in the fall season reinvigorated after the intense reflection and refinement prompted by the past year's stark financial circumstances. As the Museum continues to confront the long-lasting challenges of the fiscal turmoil, we do so from a position of strength, thanks to sound leadership and the generous, sustained commitment of our many supporters. The start of the new season provides a timely moment to update you on the actions the institution has taken in order to remain a vibrant cultural resource, both locally and globally.

First and foremost, as I have emphasized before, the priority of the Metropolitan's Trustees and staff is to offer diverse audiences access to the world's greatest encyclopedic art collections. This has not been compromised. Galleries have remained open and engaging programs continue. Indeed, nearly 4.8 million visitors experienced the treasures of the Metropolitan last year. Such strong attendance is a clear testament that the Museum remains an important center for reflection, inspiration, and learning.

THE IMPACT OF THE ECONOMY

The downturn has brought new focus to the Museum's efforts to share its collections widely and to maintain programming. A range of Museum-wide initiatives to reduce costs and enhance revenue has been necessary to address the impact of the economy on the institution's budget. Throughout this process, decisions have been guided by a firm commitment to the Metropolitan's core mission.

A number of substantive cost-saving measures, including reducing staff by 14% through a combination of means, have greatly improved the Museum's financial outlook. However, the Museum still anticipates that it will close the fiscal year 2009 audit with an \$8.4 million deficit. Affecting this budget are revenue streams as well as endowment income. Endowment income, which is averaged over a five-year period, has traditionally provided approximately 30% of the Museum's operating income. Compared with the previous year, the long-term endowment generated a negative return of nearly 20% for fiscal 2009. In addition, the Museum experienced a roughly 10% decline in revenues from government support, private donations, Membership, and ancillary activities (such as merchandising and restaurants).

Nonetheless, we have had encouragement on many fronts. Members, donors, and funding entities have worked hard to maintain previous giving levels, and even stretch their commitments. I am especially pleased to note that The City of New York, which provides vital annual support toward energy and direct operating expenses, had earlier projected cuts of at least 25%, or \$3.25 million, in fiscal year 2010. The City now estimates that the Museum will receive only a 3% reduction in operating support for the year, though, of course, this appropriation is subject to continual review based on the City's own financial situation.

THE FUTURE OF THE METROPOLITAN: TRADITION AND INNOVATION

While mindful of the economic reality, the Metropolitan's staff is proud of the essential role of the Museum in the fabric of New York City life and in the larger cultural community, and it remains dedicated to research and care of the collection and to engaging the public in ever-resourceful ways. With a number of difficult steps behind it, the institution looks to the future focused on these fundamental priorities.

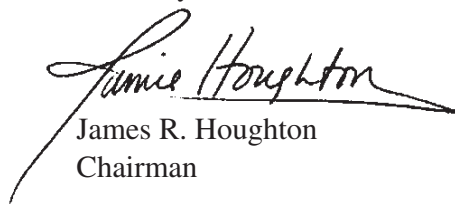
The unparalleled collections of the Metropolitan Museum are its most important asset, and they provide innumerable opportunities for visitors to make cross-cultural connections and explore artists, periods, and media in-depth. Thus you will see more programs reflecting this strength, and building on it through singular opportunities presented to the Museum. One such example is this fall's presentation **Vermeer's Masterpiece *The Milkmaid***, which brings together perhaps the most admired painting by the Dutch artist—lent to the Metropolitan by the Rijksmuseum in honor of the Henry Hudson Quadricentennial—with all five of the Metropolitan's own Vermeer paintings and works by other Delft artists.

Larger international loan exhibitions are a hallmark of the Metropolitan and are eagerly anticipated by the public each season. These, I assure you, will continue. This fall, as just one example, the Museum will present the most extraordinary and comprehensive exhibition of Japanese arms and armor ever to be shown in the United States.

Efforts will also remain focused on enriching the visitor experience, both in the galleries and online—a priority, as you know, of Director Thomas P. Campbell. We hope that you have had the opportunity over the summer to explore the collections through gallery talks, lectures, family programs, podcasts, or new interactive gallery screens in the American Wing period rooms, which were reopened this spring with celebrations attended by First Lady Michelle Obama. Access to the collection through the Museum's website, with an annual audience of nearly 35 million visitors, is also of key importance as we shape the future of this institution, and work continues on expanding and improving website content and functionality.

The events of the last year have reinforced the importance of this great museum's central mission to share its collections with the public in meaningful ways, and we will continue serving Members and visitors in the Metropolitan's tradition of excellence and innovation. Though the financial challenges are far from over, the Museum will provide the highest level of scholarship and enrichment for generations to come. You play a critical role in achieving this, and we are counting on your loyal partnership to move the Metropolitan Museum assuredly into the future.

Sincerely,



James R. Houghton
Chairman