

THE
METROPOLITAN
OPERA

Annual Report
2005-2006

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Members

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M. Bernard Aidinoff
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Roger Barnett
Jane Beasley
Mrs. Klaus D. Bindhardt
Mrs. Wilson Binger
Rosalie Brinton
Mrs. Schuyler G. Chapin
Harold Chumaceiro
Van Cliburn

Robert J. Cubitto
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Katharina Otto-Bernstein
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Jacqui Smith
Emily Spiegel
Miss Blanche Thebom
Barry Tucker
Mrs. Robert Wagenfeld

and all the Directors

Joseph Volpe
General Manager

James Levine
Music Director

Peter Gelb
General Manager Elect

Message from the President

The final performance of the Metropolitan Opera's 2005-06 season, on May 20, 2006, was a gala in honor of outgoing general manager Joseph Volpe and his 42 years of service to the Met. The memorable evening included stunning performances by many of the legendary singers whose Met careers helped define Mr. Volpe's tenure. The gala was an artistic highlight of this season, an unforgettable tribute to our colleague and a celebration of the artistry and musical excellence that is the foundation of the Met's enduring greatness.

It has been my pleasure to work again this year with Mr. Volpe and also to collaborate closely with our incoming general manager, Peter Gelb, who replaces Mr. Volpe on August 1, 2006. Mr. Gelb, in ways large and small, has already begun to work with Music Director James Levine to help move the Met forward into a new era of artistic and theatrical innovation. I look forward to reporting next year on the success we on the Board are confident his many ideas will bring. Christine F. Hunter, completing her second season as Chairman, has displayed the same drive and creative vision that marked her many years of leadership on the Board. Her commitment to the Met has been crucial and inspiring.

Box office news for the season was unfortunately mixed, with ticket revenue climbing slightly over last season, but with overall box office revenue falling to 76.8% of capacity, a figure considerably below the higher figures that were common before 2001. In the 2005-06 season, the deficit was \$4.5 million.

But there was bright financial news as well this year. I am happy to report on an extraordinary gift this season. On January 5, 2006, the Met was privileged to make the momentous announcement that Mr. and Mrs. Sid R. Bass gave a gift of \$25 million, representing the largest single unrestricted gift paid at one time from an individual in the company's 123-year history. Mercedes Bass has been a Managing Director since 1993, and is a member of the Executive Committee and the Production Committee. The Bases are the kind of friends on whom the future of the Metropolitan Opera depends. This historic gift was particularly timely coming during the transition in management from Mr. Volpe to Mr. Gelb, and it is a vote of confidence in our past achievements and our future artistic goals.

This deeply appreciated gift marks the beginning of a fundraising initiative for support of increased artistic activities and audience development projects that you will hear more about in coming seasons. These programs are designed to return our box office revenue to the 90% of capacity or greater that was common in past years and that was the underpinning of the Met's financial stability at that time.

Another exciting development came in July, when Marie Schwartz, an Advisory Director on the Metropolitan Opera's Board, donated \$1 million to fund the company's new contemporary visual arts gallery, to open in the 2006-07 season on the south side of the lobby of the opera house. The Arnold and Marie Schwartz Gallery Met, named for Mrs. Schwartz and her late husband in recognition of the gift, continues and reaffirms the Met's long history of relationships with major visual artists, while fostering new opportunities for collaboration. It will be free and open to the public.

The season's dark financial picture did not dim the artistic strengths of the Metropolitan Opera, which were on regular display during a season filled with four exciting new productions and major revivals that brought critical praise and audience delight.

The new production of Gounod's *Roméo et Juliette*, starring Ramón Vargas and Maureen O'Flynn and Natalie Dessay in the title roles, was the first of the season and marked the first performances of the opera at the Met in seven years. The production, which had its premiere on November 14, was conducted by Bertrand de Billy. Director Guy Joosten and set designer Johannes Leiacker both made their Met debuts.

Three weeks later, Tobias Picker's *An American Tragedy* had its world premiere on December 2. The opera, a Met commission, is based on the classic novel by Theodore Dreiser and features a libretto by Gene Scheer. James Conlon led a distinguished cast of Met favorites headed by Nathan Gunn, Patricia Racette, and Susan

Graham. The imaginative and moving production, a gift of the Edgar Foster Daniels Foundation, was directed by Francesca Zambello and featured sets by Adrienne Lobel, in her company debut. The choreographer was Doug Varone.

The spring brought two more new productions, including the Metropolitan Opera premiere of Tchaikovsky's *Mazepa* on March 6, conducted by Principal Guest Conductor Valery Gergiev. The mostly Russian cast received superlative reviews and included Nikolai Putilin in the title role of the 17th-century Ukrainian separatist who was an ally of Peter the Great, and Olga Guryakova as Maria, his daughter. The production, presented with St. Petersburg's Mariinsky Theatre, was directed by Yuri Alexandrov, making his Met debut, and designed by George Tsypin.

The final new production of the season was of Donizetti's comic favorite *Don Pasquale*, which had its premiere on March 31, with Italian bass Simone Alaimo in the title role, the captivating Russian soprano Anna Netrebko as Norina, and Mariusz Kwiecien as Malatesta. At the premiere, the great bel canto tenor Juan Diego Flórez was Ernesto for Acts I and II, but was unable to continue for the final act. He was replaced by Barry Banks, who completed the performance in style. Maurizio Benini conducted the production, a gift of The Sybil B. Harrington Endowment Fund. *Don Pasquale* was directed by Otto Schenk, who has overseen many magnificent Met productions since 1968, including our most recent *Ring* cycle.

New productions were only one aspect of a lively season of artistic high points, which included Renée Fleming as Manon; Bryn Terfel as Falstaff; Elizabeth Futral as Lucia di Lammermoor, Olga Borodina as Carmen; Peter Mattei and Hei-Kyung Hong as the Count and Countess Almaviva in *Le Nozze di Figaro*; Andrea Gruber and Michèle Crider as Aida, with Salvatore Licitra as Radamès; Angela Gheorghiu as Violetta; and Plácido Domingo returning as Cyrano de Bergerac. And in April, Deborah Voigt sang her first Tosca at the Met, opposite Franco Farina as Cavaradossi and James Morris as Scarpia.

There were some notable debuts by promising performers we hope to hear much more of in seasons to come. Jonas Kaufmann made his debut as Alfredo in *La Traviata*, while soprano Diana Damrau made her own striking debut as Zerbinetta in Strauss's *Ariadne auf Naxos*. Joyce DiDonato was a sparkling Cherubino in Mozart's *Figaro*. Finally, Erika Sunnegårdh, in the title role of *Fidelio* opposite the esteemed Florestan of Ben Heppner, was in the unusual position of singing for the first time at the house during an April Saturday matinee broadcast. The performance of Beethoven's opera was dedicated to the memory of Birgit Nilsson. Unfortunately, Maestro Levine suffered an injury during the season while in Boston and was forced to withdraw from a number of performances. We eagerly look forward to his return in 2006-07.

Following the New York season, the Met made its first tour of Japan in five years, giving 12 performances of *Die Walküre*, *Don Giovanni*, and *La Traviata* as well as a concert by the MET Orchestra, from June 10 through June 23. The MET Orchestra also appeared at three concerts in Carnegie Hall, always one of the highlights of the season in that magnificent auditorium. Among the guest vocalists were Renée Fleming, Anja Silja, René Pape, Ben Heppner and Erika Sunnegårdh. The MET Chamber Ensemble also performed three times at Carnegie Hall, twice in Weill Recital Hall and once in Zankel Hall.

Among the season's best news was the announcement of the new sponsor of our Saturday afternoon radio broadcasts, which will celebrate their 75th anniversary in December 2006. Toll Brothers, America's luxury home builder™, made a generous gift of \$3 million to support one of the Met's most important traditions, now aired over the Toll Brothers-Metropolitan Opera International Radio Network. The 2005-06 Metropolitan Opera broadcast season received generous long-term support from The Annenberg Foundation and the Vincent A. Stabile Foundation. The contributions, large and small, of thousands of individuals to our Save the Met Broadcasts Campaign also provided the resources essential to ensuring the uninterrupted continuation of the broadcasts.

At the annual meeting of the full Board of Directors, we elected two new managing directors, Bruce Kovner and Douglas D. Thomas, and one advisory director, Stanley Bergman. David A. Straz, Jr., who had been an advisory director, was also elected a managing director. Jane Beasley became a member of the association. The generosity of our Board members, and the dedication with which all members of the Board fulfill their responsibilities to this company, has been the foundation of the company's stability, particularly during the difficult period we have faced since September 2001. We welcome these new members as we say farewell to those whose terms ended this year, including managing director Wilmer J. Thomas, Jr., and advisory directors Lisa Kirk Colburn and Wilbur H. Friedman. We will miss their enthusiasm and commitment and look forward to working with our new board colleagues. Advisory director John P. McNulty, who joined the Board as a member of the association in 2003, passed away in November 2005. He will be greatly missed.

The support of our Board and of the more than 200,000 individuals who make donations to the Metropolitan Opera each season are heartening signs of the fundamental health of our company as we move into next season and make further efforts to secure the future of the Met – and of opera itself – at the forefront of American and international culture.

In closing, I wish to express once again the Met's enduring gratitude to Joseph Volpe, for his dedicated stewardship and for his commitment during more than four decades to the best artistic and financial interests of this institution that we all love so much. I speak for my present and former colleagues on the Board when I say that I am particularly grateful to him for his collaboration on the vital artistic and business issues that concerned us over many years. We look with hope to the start of a new era of artistic success and theatrical innovation under the leadership of our new general manager, Peter Gelb, while our Board, our company members, and our audience will remember Joseph Volpe's contributions as an essential part of our past and our future.



William C. Morris
President and Chief Executive Officer
July 31, 2006

2005-06 Season Repertory

World Premiere

AN AMERICAN TRAGEDY

Tobias Picker

Conductor: James Conlon

Production: Francesca Zambello

Set Designer: Adrienne Lobel*

Costume Designer: Dunya Ramicova

Lighting Designer: James F. Ingalls

Choreographer: Doug Varone

Dramaturg: Francesca Zambello

Premiere: December 2, 2005

Performances: New York 8, radio 1

Metropolitan Opera Premiere

MAZEPPA

Peter Ilyich Tchaikovsky

Conductor: Valery Gergiev

Production: Yuri Alexandrov*

Set Designer: George Tsypin

Costume Designer: Tatiana Noginova

Lighting Designer: Gleb Filshinsky*

Choreographer: Sergei Gritsai

Premiere: March 6, 2006

Performances: New York 8, radio 1

New Productions

DON PASQUALE

Gaetano Donizetti

Conductors: Maurizio Benini, Derrick Inouye

Production: Otto Schenk

Set & Costume Designer: Rolf Langenfass

Lighting Designer: Duane Schuler

Premiere: March 31, 2006

Performances: New York 9, radio 1

ROMÉO ET JULIETTE

Charles Gounod

Conductor: Bertrand de Billy

Production: Guy Joosten*

Set Designer: Johannes Leiacker*

Costume Designer: Jorge Jara*

Lighting Designer: David Cunningham*

Choreographer: Sean Curran

Premiere: November 14, 2005

Performances: New York 11, radio 1

Repertory

AIDA

Giuseppe Verdi

Conductor: James Conlon

Production: Sonja Frisell

Set Designer: Gianni Quaranta

Costume Designer: Dada Saligeri

Lighting Designer: Gil Wechsler

Choreographer: Rodney Griffin

Stage Director: Zoe Pappas

Performances: New York 13, radio 1

ARIADNE AUF NAXOS

Richard Strauss

Conductor: Kirill Petrenko

Production: Elijah Moshinsky

Set & Costume Designer: Michael Yeargan

Lighting Designer: Gil Wechsler

Stage Director: Laurie Feldman

Performances: New York 5

LA BOHÈME

Giacomo Puccini

Conductor: Philippe Auguin

Production: Franco Zeffirelli

Set Designer: Franco Zeffirelli

Costume Designer: Peter J. Hall

Lighting Designer: Gil Wechsler

Stage Director: J. Knighten Smit

Performances: New York 13

CARMEN

Georges Bizet

Conductor: Philippe Jordan

Production: Franco Zeffirelli

Set Designer: Franco Zeffirelli

Costume Designer: Anna Anni

Lighting Designer: Duane Schuler

Choreographer: Maria Benitez

Stage Director: Gina Lapinski

Performances: New York 12

LA CENERENTOLA

Gioachino Rossini

Conductor: Antonello Allemandi*

Production: Cesare Lievi

Set & Costume Designer: Maurizio Balò

Lighting Designer: Gigi Saccomandi

Choreographer: Daniela Schiavone

Stage Director: Sharon Thomas

Performances: New York 6

COSÌ FAN TUTTE

Wolfgang Amadeus Mozart

Conductor: James Levine

Production: Lesley Koenig

Set & Costume Designer: Michael Yeargan

Lighting Designer: Duane Schuler

Stage Director: Robin Guarino

Performances: New York 7, radio 1

CYRANO DE BERGERAC

Franco Alfano

Conductor: Marco Armiliato

Production: Francesca Zambello

Set Designer: Peter J. Davison

Costume Designer: Anita Yavich

Lighting Designer: Natasha Katz

Fight Director: Rick Sordelet

Choreographer: Thomas Baird

Stage Director: Paula Williams

Performances: New York 6, radio 1

DON GIOVANNI

Wolfgang Amadeus Mozart

Conductor: Andrew Davis

Production: Marthe Keller

Set Designer: Michael Yeargan

Costume Designer: Christine Rabot-Pinson

Lighting Designer: Jean Kalman

Choreographer: Blanca Li

Stage Director: Gina Lapinski

Performances: Japan tour 4

L'ELISIR D'AMORE

Gaetano Donizetti

Conductor: Maurizio Barbacini

Production: John Copley

Set & Costume Designer: Beni Montresor

Lighting Designer: Gil Wechsler

Stage Director: Sharon Thomas

Performances: New York 5, radio 1

FALSTAFF

Giuseppe Verdi

Conductors: James Levine, Joseph Colaneri

Production: Franco Zeffirelli

Set & Costume Designer: Franco Zeffirelli

Associate Costume Designer: Ann Roth

Lighting Designer: Wayne Chouinard

Stage Director: David Kneuss

Performances: New York 8

FIDELIO

Ludwig van Beethoven

Conductor: Paul Nadler

Production: Jürgen Flimm

Set Designer: Robert Israel

Costume Designer: Florence von Gerkan

Lighting Designer: Duane Schuler

Stage Director: Gina Lapinski

Performances: New York 7, radio 1

DIE FLEDERMAUS

Johann Strauss

Conductor: Jacques Lacombe

Production: Otto Schenk

Set Designer: Günther Schneider-Siemssen

Costume Designer: Peter J. Hall

Lighting Designer: Gil Wechsler

Stage Director: Stephen Pickover

Choreographer: Robert La Fosse

Performances: New York 7

LA FORZA DEL DESTINO

Giuseppe Verdi

Conductor: Gianandrea Nosedà

Production: Giancarlo del Monaco

Set & Costume Designer: Michael Scott

Lighting Designer: Gil Wechsler

Choreographer: Maria Benitez

Stage Director: Laurie Feldman

Performances: New York 9, radio 1

LOHENGRIN

Richard Wagner

Conductor: Philippe Auguin

Production: Robert Wilson

Set Designer/Lighting Concept: Robert Wilson

Costume Designer: Frida Parmeggiani

Lighting Designer: Heinrich Brunke

Performances: New York 6, radio 1

LUCIA DI LAMMERMOOR

Gaetano Donizetti

Conductor: Edoardo Müller

Production: Nicolas Joël

Set Designer: Ezio Frigerio

Costume Designer: Franca Squarciapino

Lighting Designer: Vinicio Cheli

Stage Director: Zoe Pappas

Performances: New York 9

LUISA MILLER

Giuseppe Verdi

Conductor: Maurizio Benini

Production: Elijah Moshinsky

Set & Costume Designer: Santo Loquasto

Lighting Designer: Duane Schuler

Stage Director: Kristine McIntyre

Performances: New York 6, radio 1

MANON

Jules Massenet

Conductor: Jesús López-Cobos

Production: Jean-Pierre Ponnelle

Set & Costume Designer: Jean-Pierre Ponnelle

Stage Director: Peter McClintock

Performances: New York 8, radio 1

LE NOZZE DI FIGARO

Wolfgang Amadeus Mozart

Conductor: Mark Wigglesworth*

Production: Jonathan Miller

Set Designer: Peter J. Davison

Costume Designer: James Acheson

Lighting Designer: Mark McCullough

Choreographer: Terry John Bates

Stage Director: Robin Guarino

Performances: New York 11, radio 1

OPENING NIGHT GALA:

LE NOZZE DI FIGARO ACT I, TOSCA ACT II,

SAMSON ET DALILA ACT III

Conductor: James Levine

Stage Directors: Robin Guarino,

Peter McClintock, Sharon Thomas

PARSIFAL

Richard Wagner

Conductor: Peter Schneider

Production: Otto Schenk

Set and Projection Designer: Günther Schneider-

Siemssen

Costume Designer: Rolf Langenfass

Lighting Designer: Gil Wechsler

Stage Director: Zoe Pappas

Performances: New York 3

RIGOLETTO

Giuseppe Verdi

Conductors: Asher Fisch, Plácido Domingo

Production: Otto Schenk

Set & Costume Designer: Zack Brown

Lighting Designer: Gil Wechsler

Stage Director: Sharon Thomas

Performances: New York 12, radio 1

RODELINDA

George Frideric Handel

Conductor: Patrick Summers

Production: Stephen Wadsworth

Set Designer: Thomas Lynch

Costume Designer: Martin Pakledinaz

Lighting Designer: Peter Kaczorowski

Performances: New York 5, radio 1

SAMSON ET DALILA

Camille Saint-Saëns

Conductor: Emmanuel Villaume

Production: Elijah Moshinsky

Set & Costume Designer: Richard Hudson

Lighting Designer: Duane Schuler

Choreographer: Graeme Murphy

Stage Director: Peter McClintock

Performances: New York 6, radio 1

TOSCA

Giacomo Puccini

Conductor: Carlo Rizzi

Production: Franco Zeffirelli

Set Designer: Franco Zeffirelli

Costume Designer: Peter J. Hall

Stage Director: Sharon Thomas

Performances: New York 7

LA TRAVIATA

Giuseppe Verdi

Conductors: Marco Armiliato, Patrick Summers

Production: Franco Zeffirelli

Set Designer: Franco Zeffirelli

Costume Designer: Raimonda Gaetani

Lighting Designer: Duane Schuler

Choreographer: Maria Benitez

Stage Director: Kristine McIntyre

Performances: New York 14, radio 1

DIE WALKÜRE

Richard Wagner

Conductors: Christoph Eschenbach, Andrew Davis

Production: Otto Schenk

Set and Projection Designer: Günther

Schneider-Siemssen

Costume Designer: Rolf Langenfass

Lighting Designer: Gil Wechsler

Stage Director: Peter McClintock

Performances: Japan tour 4

WOZZECK

Alban Berg

Conductor: James Levine

Production: Mark Lamos

Set & Costume Designer: Robert Israel

Lighting Designer: James F. Ingalls

Stage Director: Gregory Keller

Performances: New York 4, radio 1

DIE ZAUBERFLÖTE

Wolfgang Amadeus Mozart

Conductor: Paul Daniel*

Production: Julie Taymor

Set Designer: George Tsypin

Costume Designer: Julie Taymor

Lighting Designer: Donald Holder

Puppet Designers: Julie Taymor, Michael Curry

Choreographer: Mark Dendy

Stage Director: David Kneuss

Performances: New York 5, radio 1

The MET Orchestra at Carnegie Hall

James Levine, Conductor

Sunday, January 8, 2006 at 3pm

James Levine, Conductor

Tchaikovsky: Romeo and Juliet Overture Fantasy

Tchaikovsky: *Eugene Onegin* Letter Scene

Berg: Five Orchestral Songs, Op. 4

Wagner: *Tannhäuser* Overture

and Venusberg Music

R. Strauss: *Capriccio* Final Scene*Renée Fleming, Soprano**Julien Robbins, Bass*

Sunday, January 29, 2006 at 3pm

James Levine, Conductor

Bartók: The Miraculous Mandarin Suite

Schoenberg: *Erwartung*, Op. 17Stravinsky: *Le Sacre du Printemps**Anja Silja, Soprano*

Sunday May 14, 2006 at 3pm

James Conlon, Conductor

Mozart: Symphony No. 36 in C Major,

K. 425, "Linz"

Mozart: "D'Oreste, d'Aiace" from *Idomeneo*Mozart: "Madamina" from *Don Giovanni*Wagner: *Die Walküre* Act I Conclusion

Verdi: "O tu, Palermo" from

*I Vespri Siciliani*Verdi: "Niun mi tema" from *Otello*Puccini: "In questa reggia" from *Turandot*Tchaikovsky: *Francesca da Rimini*, Op. 32*Erika Sunnegårdh, Soprano**Ben Heppner, Tenor**René Pape, Bass*

*debut

2005-06 Artist Roster

Sopranos

Norah Amsellem
Jennifer Aylmer
Isabel Bayrakdarian
Jennifer Black
Harolyn Blackwell
Elizabeth Blancke-Biggs
Fabiana Bravo
Angela M. Brown
Amy Burton
Elizabeth Byrne
Alyson Cambridge
Jennifer Check
Anna Christy
Michèle Crider
Katarina Dalayman
Diana Damrau
Alexandra Deshorties
Natalie Dessay
Luana DeVol
Melanie Diener
Marjorie Elinor Dix
Mary Dunleavy
Rachelle Durkin
Elena Evseeva
Renée Fleming
Nuccia Focile
Mirella Freni
Barbara Frittoli
Elizabeth Futral
Angela Gheorghiu
Susannah Glanville
Christine Goerke
Clare Gormley
Olivia Gorra
Andrea Gruber
Olga Guryakova
Joyce Guyer
Wendy Bryn Harmer
Nicole Heaston
Kelly Cae Hogan
Hei-Kyung Hong
Janet Hopkins
Ying Huang
Soile Isokoski
Anita Johnson
Cynthia Lawrence
Victoria Litherland
Sandra Lopez
Olga Makarina
Julie Makerov
Ana Maria Martinez
Karita Mattila
Waltraud Meier
Erika Miklósa
Tonna Miller
Aprile Millo
Lisa Milne
Mari Moriya
Heidi Grant Murphy
Anna Netrebko
Wendy Nielsen
Maureen O'Flynn
Lisette Oropesa
Amanda Pabyan
Hasmik Papian
Susan Patterson

Marlis Petersen
Lyubov Petrova
Susan Marie Pierson
Deborah Polaski
Emily Pulley
Patricia Racette
Sondra Radvanovsky
Yvonne Redman
Joslin Romphf
Andrea Rost
Youngok Shin
Anja Silja
Karen Slack
Erika Sunnegårdh
Ruth Ann Swenson
Violeta Urmana
Veronica Villarroel
Deborah Voigt
Claudia Waite
Jennifer Welch-Babidge
Margaret Jane Wray
Monica Yunus
Elena Zelenskaya

Mezzo-Sopranos

Elizabeth Bishop
Stephanie Blythe
Olga Borodina
Jane Bunnell
Vanessa Cariddi
Kirstin Chávez
Alice Coote
Kathryn Day
Larissa Diadkova
Joyce DiDonato
Marina Domashenko
Jennifer Dudley
Sandra Piques Eddy
Diane Elias
Malin Fritz
Jane Gilbert
Katharine Goeldner
Susan Graham
Denyce Graves
Jill Grove
Theodora Hanslowe
Nancy Fabiola Herrera
Jennifer Hines
Milena Kitic
Ildikó Komlósi
Magdalena Kožená
Edyta Kulczak
Jennifer Larmore
Kate Lindsey
Reveka Evangelia
Mavrovitis
Deanne Meek
Irina Mishura
Tamara Mumford
Sheila Nadler
Yvonne Naef
Laura Vlasak Nolen
Leann Pantaleo
Jossie Pérez
Mary Phillips
Susanna Poretsky
Ellen Rabiner
Patricia Risley

Olga Savova
Lucy Schaufner
Jane Shaulis
Frederica von Stade
Malgorzata Walewska
Wendy White
Dolora Zajick
Maria Zifchak

Countertenors

Christophe Dumaux
John Gaston
Andreas Scholl

Tenors

Marcelo Álvarez
Charles Anthony
Roberto Aronica
Mark Baker
Oleg Balashov
Barry Banks
Antonio Barasorda
Kim Begley
Marco Berti
Johan Botha
Peter Bronder
William Burden
David Cangelosi
Philippe Castagner
Graham Clark
Eric Cutler

Fernando de la Mora
Plácido Domingo
José Luis Duval
John Easterlin
John DiDonato
Franco Farina
Greg Fedderly
William Ferguson
Giuseppe Filianoti
Bernard Fitch
Juan Diego Flórez
Clifton Forbis
Michael Forest
Jean-Paul Fouchécourt
Nikolai Gassiev
Marcello Giordani
Massimo Giordano
Allan Glassman
Jonathan Green
Ben Heppner
Marc Hervieux
Jonas Kaufmann
Adam Klein
Oleg Kulko
Anthony Laciura
Sergej Larin
Gary Lehman
Gioacchino Li Vigni
Salvatore Licitra
Frank Lopardo
Janez Lotric
Mark Lundberg
John Mac Master
Richard Margison
John McVeigh
Raúl Melo
John Horton Murray
Michael Myers
Ronald Naldi

John Nuzzo
Stephen O'Mara
Simon O'Neill
John Osborn
Dennis Petersen
Dimitri Pittas
Matthew Polenzani
Mark Schowalter
Michel Sénéchal
Neil Shicoff
Roy Cornelius Smith
Joel Sorensen
Garrett Sorensen
Tony Stevenson
Kenneth Tarver
Russell Thomas
Gregory Turay
Eduardo Valdes
Kobie van Rensburg
Barry Vargen
Raymond Very
Eduardo Villa
Jon Villars
Rolando Villazón
Klaus Florian Vogt
Philip Webb
Jon Fredrick West
James Archie Worley

Baritones

Thomas Allen
Carlos Alvarez
Lado Ataneli
Vitaliy Bilyy
Frederick Burchinal
Sebastian Catana
Jean-Luc Chaignaud
Vladimir Chernov
Peter Coleman-Wright
Alessandro Corbelli
Dwayne Croft
Brian Davis
Roberto de Candia
Stéphane Degout
Mark Delavan
John Fanning
Roberto Frontali
Paolo Gavanelli
Vassily Gerello
Kevin Greenlaw
Greer Grimsley
Carlo Guelfi
Nathan Gunn
Thomas Hampson
John Hancock
Alan Held
Richard Hobson
Dmitri Hvorostovsky
Kim Josephson
Mariusz Kwiecien
Jean-Philippe Lafont
Christopher Maltman
Peter Mattei
Jeff Mattsey
Anthony Michaels-Moore
Sergey Murzaev
Aaron St Clair

Nicholson
Andrew Oakden
Louis Otey
Earle Patriarco
Luca Pisaroni
Rodion Pogossov
Juan Pons
Nikolai Putilin
Mark Rucker
Eike Wilm Schulte
Jordan Shanahan
William Shimell
Andrew Shore
Bo Skovhus
Daniel Sutin
Charles Taylor
David Won
Hung Yun

Bass-Baritones

Ildar Abdrazakov
Simone Alberghini
Richard Bernstein
Clayton Brainerd
Patrick Carfizzi
Victor Chernomortsev
James Courtney
John Del Carlo
Michael Devlin
Dean Elzinga
Richard Paul Fink
Thomas Hammons
Kyle Ketelsen
Jonathan Lemalu
Daniel Mobbs
Maurizio Muraro
John Relyea
John Shelhart
Bryn Terfel
Stephen West

Basses

Simone Alaimo
Jordan Bisch
Paata Burchuladze
John Cheek
Phillip Cokorinos
Phillip Ens
Walter Fink
Rosendo Flores
Andrew Gangestad
Kevin Glavin
Oren Gradus
Andrew Greenan
Eric Halfvarson
Dimitri Kavrakos
Mikhail Kit
Sergei Koptchak
Vitalij Kowaljow
LeRoy Lehr
Robert Lloyd
James Morris
René Pape
Mikhail Petrenko
Paul Plishka
Samuel Ramey
Gregory Reinhart
Julien Robbins
Morris Robinson

Peter Rose
Erwin Schrott
Denis Sedov
Kristinn Sigmundsson
Hao Jiang Tian
Richard Vernon
Peter Volpe
Kwangchul Youn

Conductors

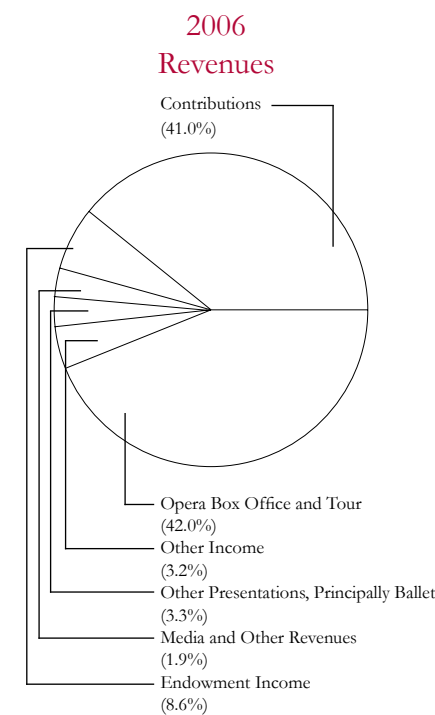
Antonello Allemandi
Marco Armiliato
Philippe Auguin
Maurizio Barbacini
Maurizio Benini
James Conlon
Paul Daniel
Andrew Davis
Bertrand de Billy
Christoph Eschenbach
Asher Fisch
Valery Gergiev
Philippe Jordan
Jacques Lacombe
James Levine
Jesús López-Cobos
Edoardo Müller
Gianandrea Noseda
Kirill Petrenko
Carlo Rizzi
Peter Schneider
Patrick Summers
Emmanuel Villaume
Mark Wigglesworth

Financial Results

Fiscal 2006 resulted in an operating deficit.

Operating revenues in 2006 totaled \$128,110,000 or 59.0% of total revenues and represented a decrease of \$1,426,000 or 0.7% from 2005. Operating revenues consist primarily of box office revenues from the 34-week New York season in 2006 and include the Saturday afternoon radio broadcasts, home video licensing, the Japan tour, the presentation season, and investment income earned primarily on the Association's endowment. Box office and tour revenues totaled \$91,201,000, an increase of \$8,234,000 or 9.9% from 2005. Media and other revenues amounted to \$4,034,000 or 3.2% of operating revenues, a decrease from \$5,653,000 or 4.3% in 2005.

Investment income, primarily from the Association's endowment, continues to render vital support to the Association. Total investment return included in operating revenues totaled \$18,822,000 during 2006 and \$19,785,000 in 2005. Endowment investments at fair value totaled \$305,822,000 at July 31, 2006 and \$296,657,000 at July 31, 2005.



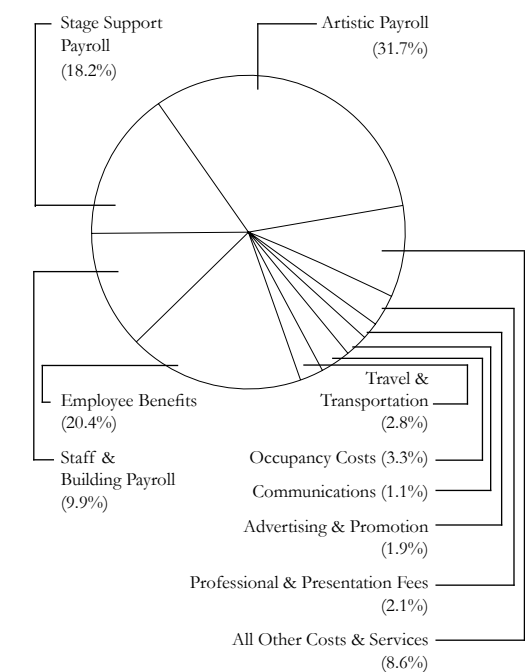
Contributions designated for operations during 2006 totaled \$89,008,000 or 41.0% of total revenues. This amount reflects an increase of \$8,920,000 or 11.1% primarily due to an increase in Galas and Benefits.

Government agencies, including the National Endowment for the Arts, the New York State Council on the Arts, and the New York City Department of Cultural Affairs contributed toward the programs of the Association a total of \$325,000 or 0.2% of operating expenses in 2006. Grants from these agencies comprised .4% and .7% of total contributions in fiscal 2006 and 2005, respectively.

Foundations and corporate support, including the Association's participation in the Lincoln Center Corporate Drive, totaled \$4,325,000 or 4.9% of total contributions in 2006 compared to \$4,561,000 or 5.7% in 2005.

Individual support continues to represent the major source of total contributions, amounting to \$84,358,000 or 94.8% of total contributions in 2006 compared to \$69,477,000 or 86.8% of total contributions in 2005.

2006 Expenses



Fundraising expenses in 2006 were \$12,696,000 representing 14.3% of total contributions designated for operating compared to fundraising expenses in 2005 of \$11,781,000 or 15.8%.

In 2006, \$1,940,000 in gifts were received for the Association's endowment compared to \$2,231,000 in 2005. At July 31, 2006, the endowment had outstanding pledges of \$734,000 which represented a decrease of \$615,000 since 2005.

Total operating expenses amounted to \$208,962,000 in 2006, an increase of \$10,286,000 or 5.2% from 2005. Total compensation and benefits in 2006 were \$177,749,000 or 80.2% of total expenses compared to \$167,666,000 or 79.7% in 2005. There was a deficit of \$4,540,000 in the operating fund in 2006. This compared to a deficit of \$833,000 in 2005.

Independent Auditors' Report

To the Board of Managing Directors
Metropolitan Opera Association, Inc.

We have audited the accompanying consolidated statements of financial position of the Metropolitan Opera Association, Inc. (the Association) as of July 31, 2006 and 2005, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated 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 Association'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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Metropolitan Opera Association, Inc. as of July 31, 2006 and 2005, 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

January 12, 2007

Metropolitan Opera Association, Inc.

Consolidated Statements of Financial Position

July 31, 2006 and 2005 (In thousands)

Assets	Year Ended July 31,	
	2006	2005
Cash and cash equivalents	\$ 11,682	1,100
Accounts receivable, net	2,894	3,748
Contributions receivable, net (note 2)	39,600	45,401
Prepaid production and telecast costs	7,720	7,432
Prepaid marketing and other costs	7,067	5,400
Prepaid pension cost (note 6)	25,525	—
Investments, at fair value (note 3)	335,813	320,443
Interests in split-interest agreements	21,257	20,659
Property and equipment, net (note 4)	20,600	19,700
Intangible assets (note 6)	—	19,300
Total assets	\$ 472,158	443,183
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 11,730	11,011
Deferred revenue – advance ticket sales	38,280	36,937
Long-term debt (note 5)	35,000	35,000
Retirement plan obligation (note 6)	—	15,120
Other liabilities	8,220	8,216
Total liabilities	93,230	106,284
Net assets:		
Unrestricted	(4,430)	(22,244)
Temporarily restricted (note 7)	127,002	105,012
Permanently restricted (note 7)	256,356	254,131
Total net assets	378,928	336,899
Total liabilities and net assets	\$ 472,158	443,183

See accompanying notes to consolidated financial statements.

Consolidated Statements of Activity

(In Thousands)

	2006					2005						
	Unrestricted					Unrestricted						
	Designated for operations	Designated for future activities	Designated for property and equipment	Temporarily restricted	Permanently restricted	Total	Designated for operations	Designated for future activities	Designated for property and equipment	Temporarily restricted	Permanently restricted	Total
Operating revenues:												
Opera activities:												
Box office and tours	\$ 91,201	—	—	—	—	91,201	82,967	—	—	—	—	82,967
Media and other revenues	4,034	—	—	—	—	4,034	5,653	—	—	—	—	5,653
Other presentations, principally ballet	7,094	—	—	—	—	7,094	10,115	—	—	—	—	10,115
Investment return applied toward authorized spending amount (note 3)	16,024	—	—	—	—	16,024	15,618	—	—	—	—	15,618
Net assets released from restrictions	2,798	—	—	(2,798)	—	—	4,167	—	(4,167)	—	—	—
Other income	6,959	—	—	—	—	6,959	11,016	—	—	—	—	11,016
Total operating revenues	128,110	—	—	(2,798)	—	125,312	129,536	—	(4,167)	—	—	125,369
Operating expenses:												
Opera activities:												
Performances	160,290	—	—	—	—	160,290	151,314	—	—	—	—	151,314
New productions	7,620	—	—	—	—	7,620	7,588	—	—	—	—	7,588
Other expenses	2,717	—	—	—	—	2,717	2,492	—	—	—	—	2,492
Other presentations, principally ballet	6,141	—	—	—	—	6,141	9,259	—	—	—	—	9,259
Opera House	15,436	—	657	—	—	16,093	14,566	—	686	—	—	15,252
General management	16,758	—	—	—	—	16,758	13,457	—	—	—	—	13,457
Total operating expenses	208,962	—	657	—	—	209,619	198,676	—	686	—	—	199,362
Loss from operations before contribution activities	(80,852)	—	(657)	(2,798)	—	(84,307)	(69,140)	—	(686)	(4,167)	—	(73,993)
Contributions and bequests (note 9)	75,954	—	1,035	35,631	1,626	114,246	56,385	—	159	34,983	231	91,758
Transfer from designated for future activities	—	—	—	—	—	—	5,500	(5,500)	—	—	—	—
Net assets released from restrictions (note 9)	13,513	—	—	(13,513)	—	—	18,636	—	(18,636)	—	—	—
Change in value of interests in split-interest agreements (note 9)	(459)	—	—	435	314	290	(433)	—	—	918	2,000	2,485
	89,008	—	1,035	22,553	1,940	114,536	80,088	(5,500)	159	17,265	2,231	94,243
Fund-raising expenses	(12,696)	—	—	—	—	(12,696)	(11,781)	—	—	—	—	(11,781)
Allowance for contribution collectibility	—	—	—	—	—	—	—	—	—	—	(125)	(125)
Net contribution activities	76,312	—	1,035	22,553	1,940	101,840	68,307	(5,500)	159	17,265	2,106	82,337
(Deficiency) excess of operating revenues over expenses	(4,540)	—	378	19,755	1,940	17,533	(833)	(5,500)	(527)	13,098	2,106	8,344
Investment return after reporting authorized spending amount and designated investment gains (note 3)	3,575	—	—	2,235	285	6,095	11,544	—	—	2,620	2,399	16,563
(Deficiency) excess of actual bequests over amount designated for operations	(273)	—	—	—	—	(273)	2,231	—	—	—	—	2,231
Retirement plan adjustment (note 6)	21,911	—	—	—	—	21,911	(8,151)	—	—	—	—	(8,151)
Loss on write off of telecasts	(2,787)	—	—	—	—	(2,787)	—	—	—	—	—	—
Other	(450)	—	—	—	—	(450)	47	—	(391)	339	(339)	(344)
Change in net assets	17,436	—	378	21,990	2,225	42,029	4,838	(5,500)	(918)	16,057	4,166	18,643
Net assets:												
Beginning of year	(41,489)	—	19,245	105,012	254,131	336,899	(46,327)	5,500	20,163	88,955	249,965	318,256
End of year	\$ (24,053)	—	19,623	127,002	256,356	378,928	(41,489)	—	19,245	105,012	254,131	336,899
Total increase (decrease) in unrestricted net assets	\$ 17,814	—	—	—	—	—	(1,580)	—	—	—	—	—

See accompanying notes to consolidated financial statements.

Metropolitan Opera Association, Inc.

Consolidated Statements of Cash Flows

(In thousands)

	2006	2005
Cash flows from operating activities:		
Change in net assets	\$ 42,029	18,643
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	2,169	2,252
Retirement plan adjustment	(21,911)	8,151
Gain on sale of property and equipment	—	(4,082)
Loss on write off of telecasts	2,787	—
Net gains on investments	(16,821)	(27,260)
Contributions permanently restricted for endowment	(1,626)	(231)
Contributions restricted for investments in property and equipment	(1,035)	(159)
Changes in interests in split-interest agreements	(598)	483
Changes in assets and liabilities:		
Accounts receivable, net	854	183
Contributions receivable, net	2,998	(15,016)
Prepaid production and other costs	(4,742)	1,362
Accounts payable, accrued expenses and other liabilities	1,289	2,347
Deferred revenues – advance ticket sales	1,343	(3,368)
Net cash provided by (used in) operating activities	6,736	(16,695)
Cash flows from investing activities:		
Acquisition of property and equipment	(3,069)	(2,578)
Proceeds from sale of property and equipment	—	4,500
Purchases of investments	(245,149)	(170,162)
Proceeds from sale of investments	246,600	178,088
Net cash (used in) provided by investing activities	(1,618)	9,848
Cash flows from financing activities:		
Borrowings under line of credit	(30,000)	(16,500)
Repayments of line of credit	30,000	16,500
Cash contributions permanently restricted for endowment	4,429	2,745
Cash contributions restricted for investments in property and equipment	1,035	159
Net cash provided by financing activities	5,464	2,904
Net increase (decrease) in cash and cash equivalents	10,582	(3,943)
Cash and cash equivalents, beginning of year	1,100	5,043
Cash and cash equivalents, end of year	\$ 11,682	1,100
Supplemental information:		
Cash paid for interest	\$ 2,205	1,899

See accompanying notes to consolidated financial statements.

NOTE 1 — ORGANIZATION, FINANCIAL STATEMENT PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Organization**

The Met is a not-for-profit membership corporation incorporated in the State of New York, and organized for the primary purpose of sustaining, encouraging, and promoting musical art, and educating the general public about music, particularly opera. The Met is a charitable and educational organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Met has a wholly owned for-profit subsidiary, Impresario, LLC, that commenced operations in fiscal 2001 to develop and license box office and development software to other not-for-profit organizations. The consolidated financial statements also include the Metropolitan Opera Endowment Trust (the Trust). The Trust is governed by a Trust Committee. Vacancies on the Committee that governs the Trust are filled by the Met's appointment.

Financial Statement Presentation

The consolidated financial statements of the Met are presented using the accrual basis of accounting. All intercompany balances and transactions have been eliminated in consolidation.

(a) Net Asset Classifications

The Met's consolidated financial statements present information regarding financial position and changes in net assets in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

- **Unrestricted** – Includes all resources over which the Board of Managing Directors has discretionary control.
- **Temporarily restricted** – Includes net assets subject to donor-imposed restrictions that permit the Met to expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Met in accordance with those specified by the donor. Restricted contributions and investment income from endowment funds whose restrictions are met in the same reporting period are reported as increases in unrestricted net assets. The Met reports contributions that must be used to acquire property and equipment as temporarily restricted net assets. When the restriction has been satisfied and the acquired assets are placed in service, the temporarily restricted net assets are reclassified to unrestricted net assets.
- **Permanently restricted** – Includes net assets subject to donor-imposed restrictions that stipulate that the original contribution be maintained permanently, but permits the Met to expend part or all of the income, and in some cases all or part of the appreciation, derived for either specified or unrestricted purposes.

(b) Presentation of Revenues and Expenses

The following is an explanation of certain revenue and expense categories presented in the consolidated statements of activities:

- **Opera activities** – Revenues and expenses directly related to the production and presentation of opera performances.
- **Other presentations** – Revenues and expenses directly related to the presentation of attractions other than opera, where the Met either presents the attractions or licenses the Metropolitan Opera House at Lincoln Center (the Opera House) to third parties.
- **Opera House** – Expenses directly related to managing and operating the Opera House. The majority of Opera House expenses relates to program activities.
- **General management** – Expenses related to the overall operation of the Met that are not related to any single program or other supporting service.
- **Fund-raising** – Expenses directly related to the solicitation of contributions for the Met.

Summary of Significant Accounting Policies

The following is a summary of significant accounting policies:

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term invest-

ments purchased with original maturities of three months or less, except for those money market funds held for long term investment purposes.

(b) Investments

Investments in equity and debt securities, and exchange-traded mutual funds, are reported at fair value based on quoted market prices. Other investment funds are primarily reported at fair value based on the net asset value reported by the fund manager, which are reviewed by management for reasonableness. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

(c) Property, Equipment, and Depreciation

Property and equipment including leasehold improvements are carried at cost less accumulated depreciation or amortization. Depreciation and amortization are recorded as operating expenses using the straight-line method based on estimated useful lives of 5 to 30 years. Depreciation expense on assets acquired in connection with the Met's 25th Anniversary capital fund-raising campaign and other funded capital projects is charged to unrestricted net assets designated for property and equipment. All other depreciation and amortization expense is charged to unrestricted net assets designated for operations.

(d) Split-Interest Agreements

The Met receives other contributions in the form of charitable gift annuities, under which the Met agrees to pay the donor or the donor's designee a fixed amount for a period of time. The obligation is recorded at its present value (discounted by approximately 3%-8% per year) in other liabilities. The difference between the assets received and the obligation is reported as unrestricted contribution revenue. The Met has interests in charitable remainder and other trusts, and remainder interests in a pooled income fund held by a third-party trustee. These interests are reported at their present value and are included in temporarily or permanently restricted contribution revenue, depending on donor restrictions when the interests become known. (Charitable remainder and other trusts are discounted by approximately 6%-12% based on the rate at the time of the gift. Interests in the pooled income fund have been discounted by approximately 5% per year.)

(e) Box Office and Tour Revenues

Ticket sales are recognized in the consolidated statements of activities as box office revenue on a specific-performance basis. Advance ticket sales, representing the receipt of payments for subscription ticket sales for the next opera season, are reported as deferred revenue in the consolidated statements of financial position. Tour revenue is recognized in the year the tour takes place.

(f) Operating Expenses

In accordance with policies generally followed by performing arts organizations, costumes and scenery costs for recurring productions are charged to expense when incurred. Production costs (labor and materials) relating to future new productions are deferred until the year in which the production is first presented. Marketing expenses for the Met's programs are charged to expense as incurred, except for direct response marketing and other expenses incurred related to the following season when the related revenues are recognized. Such deferred costs were \$4,688,011 and \$3,148,402 at July 31, 2006 and 2005, respectively. Total marketing expenses recognized were \$11,910,590 and \$11,805,277 in 2006 and 2005, respectively. Such amounts, which represent management and general activities, are included in performance expense in the accompanying consolidated statements of activities. On occasion, the Met provides tickets to certain individuals at no cost. The value of these tickets is approximately \$476,000 and \$278,000 in 2006 and 2005, respectively, and is included in performance revenue and fund-raising expenses in the accompanying consolidated statements of activities.

(g) Contributions and Bequests

Contributions and unconditional promises to give are reported as revenues in the period they are received or made, respectively. Contributed securities are recorded at fair value as of the date of the contribution. Unconditional bequests (donations received under terms of a will) are reported as revenues when notification of the bequest is received and the amount is reasonably determinable.

(h) Spending Policy

The Met's Board of Managing Directors approved a spending policy under which a predetermined amount of investment return is authorized to fund current operations. The spending amount represents the Met's determination of a prudent amount of the market value of the endowment investments available as needed for current operations. The spending policy also provides for the spending of available gains equal to the amount of endowment campaign fund-raising costs and the short fall, if any, between actual and budgeted bequests.

(i) Measure of Operations

The Met's (deficiency) excess of operating revenues over expenses designated for operations (the Measure of Operations) includes all unrestricted operating revenues and expenses that are an integral part of its programs and supporting activities, including unrestricted contributions and net assets released from donor restrictions to support its operating activities, except for those amounts designated for future activities. The Measure of Operations also includes distributions from the endowment made in accordance with the Met's spending policy. The Measure of Operations excludes net gains and losses on the endowment which exceed or are less than the distribution determined by the spending policy, as well as retirement plan adjustments and other nonrecurring activities.

(j) Art Collection

The Met's art collection consists of paintings, photographs, and sculptures that are held for the purposes of public exhibition, education, and research. Each of the items is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously by the Association. The art collection, which was acquired through contributions since the Association's inception, is not recognized as an asset on the consolidated statements of financial position.

(k) Use of Estimates

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

NOTE 2 — CONTRIBUTIONS RECEIVABLE

Contributions receivable as of July 31 are scheduled to be collected as follows (in thousands):

	2006	2005
Within one year	\$ 36,218	35,341
One to five years	3,983	11,430
Total	40,201	46,771
Less allowance for uncollectability	(366)	(438)
Less discount to present value (average discount rate used is 5% and 4% for 2006 and 2005, respectively)	(235)	(932)
	\$ 39,600	45,401

Contributions receivable at July 31, 2005 included approximately \$16 million from two donors. In 2006, contributions receivable include approximately \$6.5 million from two donors.

NOTE 3 — INVESTMENTS

Investments consist of the following as of July 31 (in thousands):

	2006	2005
Endowment investments:		
Marketable debt securities, mutual and investment funds	\$ 77,583	77,202
Marketable equity securities, mutual and investment funds	139,065	131,366
Alternative investments	82,380	82,692
Money market funds	6,794	5,397
	305,822	296,657
Charitable gift annuity related investments:		
Marketable debt securities	3,543	2,263
Marketable equity securities	1,508	1,437
Money market funds	311	548
	5,362	4,248
Other investments:		
Interest in limited partnership – nonmarketable	461	607
Interest in real estate	1,069	2,200
Marketable equity securities	4,050	4,146
Money market funds	19,049	12,585
	24,629	19,538
Total investments	\$ 335,813	320,443

The Met invests in a diverse portfolio of high-quality corporate and government debt securities and equity securities, as well as mutual and other investment funds (whose underlying investments are either marketable or nonmarketable), and money market funds to avoid significant concentrations of credit risk.

As of July 31, 2006 and 2005, 44% and 47%, respectively, were reported based on quoted market prices. Alternative investments primarily consist of investments in limited partnerships, limited liability corporations and offshore funds whose portfolios comprise principally domestic and foreign publicly and non-publicly traded equity and debt securities, real estate and options.

Investment activity is summarized below as of July 31 (in thousands):

	2006	2005
Investments, beginning of year	\$ 320,443	301,109
Investment return:		
Interest and dividends	6,593	6,425
Net gains	16,821	27,260
Less investment expenses	(1,295)	(1,504)
	22,119	32,181
Gifts and other additions	18,366	13,219
Amounts utilized for operations	(25,115)	(26,066)
Investments, end of year	\$ 335,813	320,443

Investment return is presented as follows for the years ended July 31 (in thousands):

	2006	2005
Investment return included in operating revenues	16,024	15,618
Investment return after reporting authorized spending amount and other designated investment gains	6,095	16,563
Net investment return	\$ 22,119	32,181

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment as of July 31 are summarized by major classification as follows (in thousands):

	2006	2005
Land	\$ 91	91
Warehouses	1,773	1,773
Leasehold improvements	13,834	13,316
Furniture and fixtures, including information systems equipment	16,963	16,289
Theatrical equipment	20,065	19,701
Construction-in-progress	6,219	4,706
	58,945	55,876
Less accumulated depreciation and amortization	(38,345)	(36,176)
	\$ 20,600	19,700

NOTE 5 — LINES OF CREDIT AND LONG-TERM DEBT

In 2004, the Met obtained a bank loan in the amount of \$35,000,000, which is secured by marketable securities and is due in 2011. Eight million dollars bears interest at 3.95% for the first three years, after which the rate may be reset at prevailing rates at that time if the Met desires. Twenty-seven million dollars bears interest at 5.14% for the term of the loan. On July 31, 2005, the loan agreement was amended to reduce the required collateral to \$30,100,000. The amount of collateral at July 31, 2006 is approximately \$34,800,000. Interest expense related to this loan was \$1,703,800 and \$1,701,287 for 2006 and 2005, respectively, and is included in general management expenses. The carrying amounts of the debt approximate their fair value as the interest rates approximate the market rates at July 31, 2006 and 2005. The Met maintains a bank line of credit, which is renewable annually, in the amount of \$30,000,000. No borrowings were outstanding as of July 31, 2006 and 2005. Borrowings under the line bear interest at the following options of the Met: (1) floating-rate option equal to the bank's prime rate, (2) fixed-rate option equal to the bank's money market rate plus 0.25%, or (3) fixed-rate option equal to LIBOR plus 0.25%. Interest expense related to borrowings under the line of credit was \$458,051 and \$171,698 for 2006 and 2005, respectively, and is included in general management expenses.

NOTE 6 — RETIREMENT PLANS

The Met has a defined benefit pension plan (the Plan) which covers many of its employees. Benefits are based on years of service and employees' compensation. The Association uses a July 31 measurement date. The Met's policy is to fund amounts not less than the minimum statutory funding requirements. The assets in the Plan consist of commingled equities and government and corporate debt securities.

Financial information regarding the Plan as of July 31 follows (in thousands):

	2006	2005
Benefit obligation	\$(137,576)	(146,757)
Fair value of plan assets	137,874	131,637
Funded status	298	(15,120)
Amounts included in the consolidated statements of financial position consist of:		
Retirement plan obligation	—	(15,120)
Intangible assets resulting from recognition of minimum liability	—	19,300
Prepaid Pension Cost	25,525	—
Decrease of net assets resulting from recognition of minimum liability	—	21,911
Net amounts recognized	\$ 25,525	26,091

Weighted average assumptions used to determine net periodic benefit costs:

Discount rate	5.75%	6.50%
Expected long-term return on plan assets	8.00	8.00
Weighted average assumptions used to determine benefit obligations:		
Discount rate	6.25%	5.75%
Expected long-term return on plan assets	8.00	8.00

	2006	2005
Benefit cost included in the consolidated statements of activities	\$ 5,159	5,183
Employer contributions	4,593	6,252
Benefits paid	7,730	7,756

The accumulated benefit obligation for the pension plan was \$137,576,485 and \$146,756,637 at July 31, 2006 and 2005, respectively. The expected long-term rate of return for the Plan's total assets is based on the Plan's investment policy. The investment policy is to maximize the rate of return on assets with the objective of ensuring a total return that will preserve and enhance the principal and provide sufficient liquidity to meet benefit obligations. In order to minimize risks, the Plan's assets are diversified within the fixed and equity portions of the portfolio. The Plan's weighted average asset allocations at July 31, 2006 and 2005 by asset category are as follows:

Asset category	Target 2007 allocation	Percentage of plan assets	
		2006	2005
Domestic and international fixed income	0-40%	26%	27%
Domestic and international equity	0-50%	59	61
Alternate assets (no private equity)	0-25%	15	12
Total		100%	100%

The Met expects to contribute \$3,991,000 to the Plan in fiscal year 2007. Benefit payments, which reflect expected future service as appropriate, are expected to be paid as follows (in thousands):

Year ending July 31:	Amount
2007	\$ 8,394
2008	8,653
2009	8,961
2010	9,308
2011	9,460
2012-2016	51,721

Certain employees not covered by the Plan are covered by multiemployer plans as part of collective bargaining agreements. Amounts charged to pension costs representing the Met's required contributions to these plans were \$3,348,000 and \$3,142,000 in 2006 and 2005, respectively.

NOTE 7 — NET ASSETS AND NET ASSET RECLASSIFICATIONS**Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for specified purposes or are time restricted as of July 31 as follows (in thousands):

	2006	2005
Program activities:		
A combination of new productions, tours, educational, or audience outreach programs	\$ 8,830	8,830
New productions	14,936	11,676
Telecasts	810	1,062
Save the Met Broadcasts	27,484	30,783
Young artists and other specified activities	14,215	14,172
New York Season	24,819	23,906
Interests in charitable trusts and pooled income funds (time restricted)	9,429	9,167
Golden Horseshoe and other (time restricted)	26,479	5,416
	<u>\$ 127,002</u>	<u>105,012</u>

Permanently Restricted Net Assets

Permanently restricted net assets as of July 31 consist of endowment contributions and interests in charitable trusts from which investment income is or will be available to support unrestricted or donor specified activities, as follows (in thousands):

	2006	2005
Income unrestricted	\$ 78,318	75,303
Income restricted for:		
A combination of new productions, tours, educational, or audience outreach programs	66,618	66,618
New productions	74,039	73,906
Telecasts	12,119	11,982
Young artists	15,201	14,130
Other specified activities	10,061	12,192
	<u>\$ 256,356</u>	<u>254,131</u>

NOTE 8 — COMMITMENTS AND CONTINGENCIES

The Met has a letter of credit with a bank in the amount of \$3,800,000, which serves as security with the Hartford Insurance Company for unpaid workers' compensation claims. The Opera House is leased, under an operating lease agreement, from Lincoln Center for the Performing Arts, Inc., until the year 2016, with renewal options for two additional 25-year periods. Under the terms of the lease, the Met does not pay rent for the Opera House. The Met is obligated to pay the expenses of maintaining and operating the Opera House and the Met's portion of the expenses for the common facilities of Lincoln Center.

NOTE 9 — CONTRIBUTIONS RELATED REVENUE

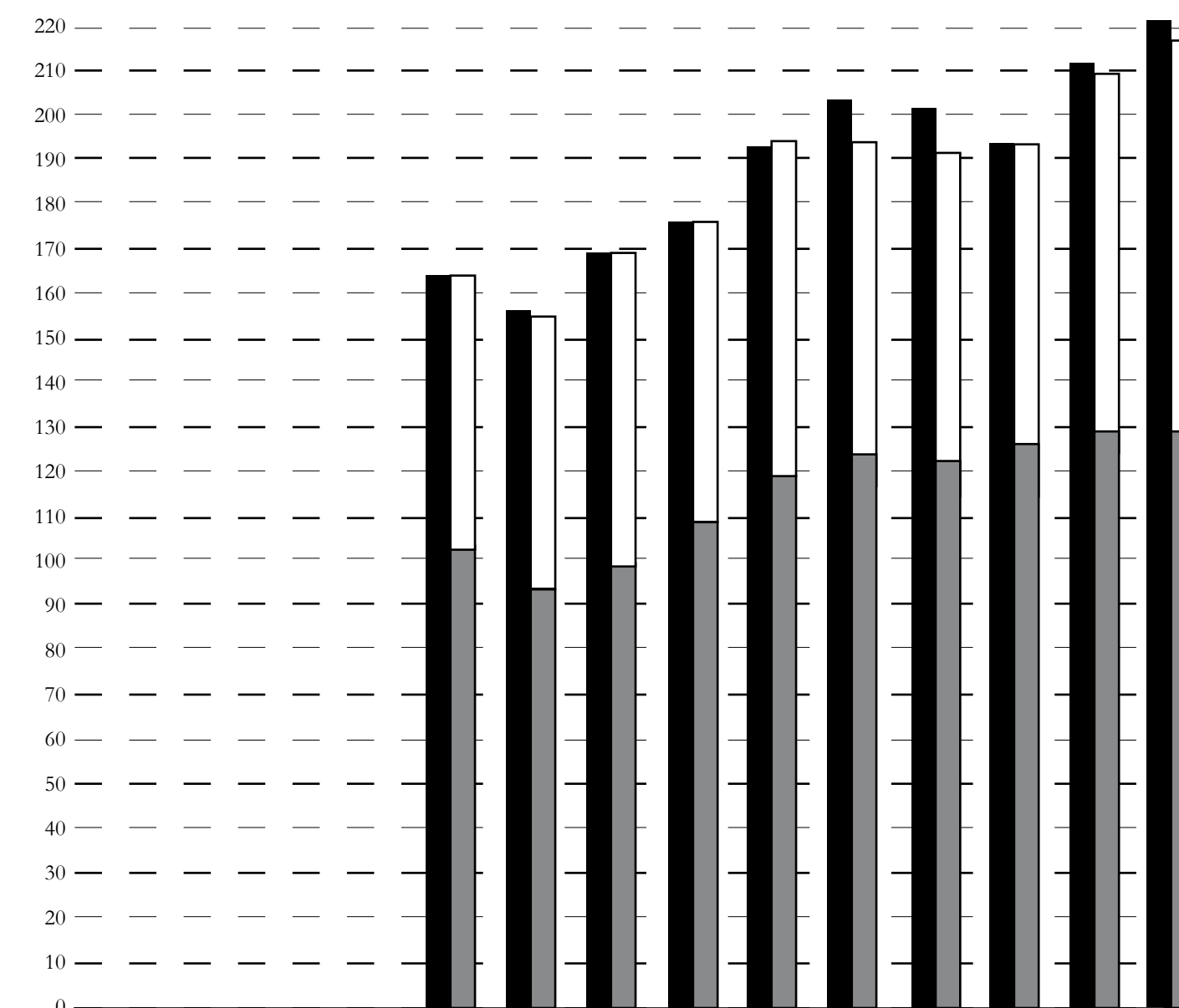
Contributions and bequests, net assets released from restrictions, from contributions, and change in value of interests in split-interest agreements included in changes in unrestricted net assets designated for operations and future activities (excluding transfers from designated for future activities) are as follows as of July 31 (in thousands):

	2006	2005
Government agencies:		
National Endowment for the Arts	\$ 125	200
New York State Council on the Arts	200	200
New York City Department of Cultural Affairs	—	150
	<u>325</u>	<u>550</u>
Foundations and corporate support:		
Foundations (excluding new production funding)	1,875	2,266
Lincoln Center Consolidated Corporate Drive Corporations (excluding new production funding)	1,497	1,277
	<u>953</u>	<u>1,018</u>
	<u>4,325</u>	<u>4,561</u>
Individuals and other organizations:		
Patrons	18,595	17,845
Major gifts	20,209	19,950
Radio broadcast funding	5,998	6,720
Galas and benefits	14,686	6,216
Special project funding	7,464	1,799
Metropolitan Opera Guild	4,681	4,352
New production funding	4,100	5,598
Bequests designated for operations	3,000	3,000
Subscribers	380	408
Metropolitan Opera Fund	1,681	2,092
Met Titles	396	431
Raffle	345	388
Change in value of split-interest agreements	(459)	(433)
Other	3,282	1,111
	<u>84,358</u>	<u>69,477</u>
	<u>\$ 89,008</u>	<u>74,588</u>

The Metropolitan Opera Guild (the Guild) is an independent not-for-profit organization that, in addition to carrying out its own educational program activities, makes contributions to the Met. Certain officers of the Guild are members of the Met's Board of Managing Directors. The Met provides gift shop facilities to the Guild. The Met also maintains the membership records of the Guild and the Guild remits to the Met its membership revenues less the operating expenses of its magazine. Included in contributions receivable is approximately \$634,000 and \$164,000 due from the Guild at July 31, 2006 and 2005, respectively.

Ten Year Income and Expense Summary 1997-2006

■ Expenses ■ Income □ Contributions



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Opera box office income	65.0	63.1	67.2	77.4	77.8	79.1	77.1	79.3	82.2	82.7
Percent of box office capacity	92%	91%	93%	93%	91%	82%	80%	79%	79%	77%
Other income	36	30.5	32.2	30.0	40.4	44.8	44.8	45.2	47.3	45.4
Total earned income	101.0	93.6	99.4	108.4	118.2	123.9	121.9	124.5	129.5	128.1
Compensation and employee benefits	124.7	119.8	127.9	137.4	151.2	154.8	158.9	156.2	167.7	177.7
Other expenses	38.5	38.3	41.0	38.9	41.0	48.7	42.1	36.9	42.7	43.9
Total expenses	163.2	158.1	168.9	176.3	192.2	203.5	201.0	193.1	210.4	221.6
Loss before contributions	(62.2)	(64.5)	(69.5)	(67.9)	(74.0)	(79.6)	(79.1)	(68.6)	(80.9)	(93.5)
Contributions	62.3	63.9	69.7	68.1	74.1	69.9	68.8	68.6	80.1	89.0
Excess (deficiency) of Revenues over expenses	\$0.1	\$(0.6)	\$0.2	\$0.2	\$0.1	\$(9.7)	\$(10.3)	\$-	\$(0.8)	\$(4.5)
Percent of expenses covered by contributions	38%	41%	42%	39%	39%	34%	33%	36%	38%	40.1%
New York Season Opera Performances	221	208	208	221	215	228	221	222	226	228
Other Opera Performances (parks, tours, concerts)	35	25	30	20	36	17	22	17	13	17
Presentations	78	82	80	63	65	81	85	77	79	64
Total Performances	334	315	318	304	316	326	328	316	318	309

