Polytechnic University (Polytechnic) and New York University (NYU) intend to join in a two-phase process that will result in Polytechnic becoming the school of technology and engineering of NYU.

- In the first phase (Affiliation) Polytechnic will become an affiliated enterprise of NYU and will continue as a separate not-for-profit education corporation in New York State, with NYU as the sole member. Its name will be Polytechnic Institute of New York University.
- Ultimately, the goal is for Polytechnic to become a school of NYU (Consolidation) and will no longer be a separate corporation.
- To initiate this process and to implement the terms of the Affiliation and Proposed Consolidation Agreement (the “Agreement”)¹, Polytechnic is petitioning the Board of Regents for a charter amendment which reflects its new status and relationship to NYU.

I. Benefits of the Affiliation and Proposed Consolidation Agreement

The two universities believe that the proposed Affiliation and ultimate Consolidation will strengthen each in ways that are not possible as separate entities. Not only will the Affiliation and Consolidation greatly augment the education, research, and economic development role of both universities in New York City and the State of New York, but it will also result in broader, more valuable opportunities for students of New York and the nation and allow each university to more successfully meet the challenges of the 21st century global economy. These benefits include:

For Polytechnic

- Strengthen its ability to recruit and retain young men and women with interest in science, technology, engineering, and mathematics from the culturally rich and ethnically diverse student population of New York, the nation and around the world.

¹ The Agreement has been approved by the respective Boards of the universities, but not yet executed.
• Better prepare science, engineering and technology students, both undergraduate and graduate, to compete in the global economy as scientific, technology, and engineering practitioners, inventors and entrepreneurs.

• Enhance Polytechnic’s ability to attract and retain leading faculty who will educate and engage Polytechnic’s students.

• As part of a major research university, provide access for Polytechnic’s students to a much broader range of academic and research programs, including opportunities to study at NYU’s global locations.

• Expand Poly’s role in applied science, technology and engineering research by joining with the substantial mathematical, science, and medical research programs at NYU.

• Share resources for operational efficiency and improvement.

For NYU

• Re-establish technology and engineering as strategically important disciplines within a comprehensive research university.²

• Offer new opportunities for NYU students to enroll in applied science, technology, and engineering programs and courses, to better prepare them to compete in the 21st century global economy.

• Continue to support and increase NYU’s commitment to student diversity.

• Facilitate collaborative research and technology commercialization in such areas as urban sciences, medical science and health care delivery, and information technology.

² In 1973, the New York University School of Engineering and Science (NYUSES) and the Polytechnic Institute of Brooklyn (PIB), merged to form the Polytechnic Institute of New York. The merged institution is today known as Polytechnic University.

This merger came about as the result of legislation (Ch463 NYS Laws 1972) which attempted to address the financial “crises” of NYU and PIB. It called for the sale of the NYU University Heights campus in Bronx, NY and the merger of NYUSES and PIB. That merger was consummated in April 1973 and the terms of merger were successfully implemented by the merged institution. The legislation was interpreted by the Commissioner of Education in NYS, Ewald B. Nyquist, as restricting NYU’s continuation of engineering programs because the NYUSES had been losing money and the sale of the University Heights campus was intended to alleviate NYU’s financial difficulties. Although some have suggested that this interpretation precludes NYU from re-entering engineering, neither the legislation nor any agreement precludes NYU from establishing an engineering program. In fact none of the living participants in the merger negotiations believe that there was ever an agreement prohibiting NYU from eventually re-entering the field of engineering. Furthermore, the current Agreement has been entered into freely by the two institutions and (a) allows Polytechnic to continue to offer engineering and other degrees and (b) upon Consolidation, NYU will be empowered to offer such degrees through its school of technology and engineering, Polytechnic Institute of New York University.
• Infuse the inventive, innovative and entrepreneurial character of Polytechnic’s vision and heritage into the sciences, and liberal arts, and professional schools of NYU.

II. Summary of the Process Leading to the Agreement

A. Role of Polytechnic’s Board of Trustees

On August 3, 2007, The Executive Committee of the Polytechnic Board of Trustees authorized Polytechnic to continue discussions with NYU to develop a non-binding Memorandum of Understanding (MoU) that would provide the framework for a binding agreement of affiliation and consolidation.

On October 10, 2007, Polytechnic University’s Board of Trustees approved the MoU and authorized, by more than 75% of all trustees eligible to vote, Polytechnic’s management to enter into discussions to draft an agreement relating to an affiliation and eventual consolidation between Polytechnic and New York University. Polytechnic’s management presented a proposed transaction (The Affiliation and Proposed Consolidation Agreement) to the Board of Trustees for its review and consideration. The Agreement, which is the controlling legal document, has been approved by the Boards of Trustees of both universities; it has not yet been executed.

A committee of Trustees, called the Merger Committee, was created and convened via telephone on eight occasions between October 9, 2007 and February 25, 2008, to advise on the discussions leading to the Agreement. Several information meetings were held during the period of November 2007 through January 2008 for the benefit of all of the trustees. A trustees’ workshop was conducted on January 15, 2008 for further review of the Agreement. On February 7th a regular Board meeting was held for further discussion and determination of the sense of the Board regarding the Agreement. On March 6th, following further discussion, the Agreement, Petition for Charter Change and Bylaws for the Board of Trustees of Polytechnic (for the Affiliation phase) were approved by more than 80% of the trustees.

B. Consultation with the Polytechnic Community

During the period August 3, 2007 to the present, a series of processes were undertaken to ensure that interested and affected parties would be adequately informed of the progress toward an Agreement, and have the opportunity to comment on it and suggest improvements. These steps included:

• Eight “town hall” meetings were held for faculty and staff to discuss the Agreement.

• Five town hall meetings were held with students.

• Two open meetings with alumni via telephone.
• A 20-person Merger Advisory Committee was formed, representing all constituencies with the merger negotiating team. This group met 11 times until final approval of the Agreement by the Polytechnic Board.

• There have been frequent meetings with the elected leadership of the faculty and with the senior management team to discuss faculty issues.

• Three full faculty meetings were held to obtain input and answer questions relating to the MoU and Agreement.

• Several in-person meetings were held with the alumni leadership and the Board Chair and the President, plus several telephone discussions.

• The Speaker of the Faculty (elected faculty leader) attended two meetings of the Polytechnic Board (October 10, 2007 and February 7, 2008).

• The President and the Immediate Past-President of the Alumni Association attended the Board meetings and Board workshops in their capacity as non-voting Advisory Trustees.

• A web site (Merger Central) was created and maintained up-to-date to keep all constituencies informed.

• The Fall 2007 issue of CABLE, the quarterly alumni magazine mailed to 28,000 members, featured a comprehensive review of the proposed Affiliation and Consolidation.

• E-mails were sent to the 7,000 alumni with known email addresses further explaining the reasons and advantages of the Agreement, and soliciting input on issues of concern.

• Presidential visits with alumni groups across the country including New Jersey, Northern California, Florida, the District of Columbia and Connecticut.

• E-mail commentary and questions regarding the proposed Affiliation and Consolidation were invited via Merger Central and were answered by the appropriate person.

C. Due Diligence

Between the period of August 3, 2007 and mid-January, the parties were engaged in extensive discussions to create an agreement that reflected the aspirations of both universities, preserved the best of the heritage and helped to assure a successful collaboration, with the ultimate goal of Polytechnic becoming a school of NYU. These efforts culminated in an “Affiliation and Proposed Consolidation Agreement.” Execution of this agreement has been authorized by the Board of Trustees of the two universities.
Both parties to the Agreement have analyzed their own and the other parties’ suitability for affiliation and eventual consolidation. Polytechnic’s real estate, endowment and real estate development potential along with its historical and projected enrollment trends as an independent university reveal underlying strengths and risks to achieving its goals and its ability to be true to its historic mission in a go-it-alone mode. NYU has been engaged in an extensive and ongoing process of due diligence to confirm Polytechnic’s financial position while examining the quality and potential of its educational and research enterprise.

Likewise, Polytechnic has undertaken an extensive process of due diligence to establish the financial health of the university with which it will develop a common future and further the intellectual integrity of its programs and the robustness of its offerings.

III. Summary of the Agreement

A. Overview
   • **Preserving Polytechnic’s name.** After the affiliation is completed, Polytechnic’s name will be the Polytechnic Institute of New York University.
   • **Mission.** Polytechnic’s mission of providing opportunity to young people who want to excel in applied science, technology, engineering, and technology management will be preserved. Polytechnic will not only continue its historic mission of providing top-tier education and research in applied science, engineering and technology management, but our programs will be strengthened by collaborating with NYU.
   • **Location.** MetroTech will remain Polytechnic’s main campus and Polytechnic’s real estate will be dedicated for Polytechnic’s use.
   • **Development Rights.** Polytechnic has nearly one million square feet of development rights (sometimes called “air rights”) for which the Polytechnic Board has negotiated a plan with a third party to “monetize” and obtain the financial benefit of these development rights (“Development Rights”). The Agreement provides that all proceeds of the Development Rights will be used solely for the benefit of Polytechnic and its successor school of technology and engineering at NYU.
   • **Real Estate.** The proceeds from the sale, lease or any other disposition of any of Polytechnic’s owned real estate occurring prior to Consolidation will be used solely for the benefit of Polytechnic and its successor school of technology and engineering at NYU.
   • **Endowment and Fundraising.** Polytechnic’s endowment funds, including earnings on the fund, will be maintained as a restricted fund and will be dedicated solely to support the operations of Polytechnic and will continue to be administered in support of the operations of Polytechnic after it becomes the school of technology and engineering at NYU. In addition, NYU will assist Polytechnic in reaching even higher fundraising goals.
   • **Recognition of Donors.** The recognition of donors on buildings, halls, programs, artwork, and scholarships at Polytechnic will be stewarded and administered in
• Faculty. Current tenured and tenure-track faculty will retain their current status. Polytechnic will honor its contractual commitments to industry professors and other contract faculty.

• Financial Resources. NYU will make mutually beneficial loans to Polytechnic to enhance student programs, increase faculty, and improve facilities. NYU will also assist Polytechnic in raising major funds and will include Polytechnic in NYU’s Provost’s fund for research collaboration. In addition, Polytechnic’s financial sustainability is expected to be strengthened from expanding enrollments and the related revenues that stem from NYU’s national and global reputation as a Tier I university.

• Exclusivity. Polytechnic will be NYU’s exclusive source of technology, technology management, applied science and/or engineering with respect to those programs currently in existence at Polytechnic and Polytechnic will have the right of first refusal for new programs in similar areas.

B. Detailed Provisions of the Agreement

i. The Proposed Transaction.

Upon the terms and conditions set forth in the Agreement, the parties plan to first become affiliated with each other by NYU’s becoming the sole member of Polytechnic (the “Affiliation Stage”), with the objective that Polytechnic will become a school of technology and engineering of NYU through the consolidation (“merger”) of Polytechnic with and into NYU, where Polytechnic will cease to exist as a separate corporate legal entity (the “Consolidation”).

During the Affiliation Stage, Polytechnic will remain in existence as a separate New York not-for-profit education corporation. As such, Polytechnic will continue to honor its existing contracts and agreements in accordance with their terms, and otherwise will be responsible for its daily operations. Furthermore, during the Affiliation Stage, Polytechnic and NYU will work together to affirmatively undertake, develop, and implement a joint plan of consolidation that will provide goals and guidelines, to be used by Polytechnic and NYU, as NYU determines, in its sole discretion, the propriety, method, conditions and time-table for Consolidation. Upon Consolidation, Polytechnic will become a school of NYU and by operation of law, NYU will assume all of Polytechnic’s obligations existing on the date of the merger.

ii. Representations and Warranties

Representations and warranties are statements of fact made in an agreement by one party to the other party as of a particular point in time about the business operations of the party giving the representation and warranty. The principal representations and warranties made by Polytechnic include representations and warranties concerning: (i) Polytechnic’s tax-exempt and educational status, (ii) educational agency and governmental approvals and consents required to enter into the transactions contemplated by the proposed affiliation agreement, (iii) Polytechnic’s financial statements, (iv)
Polytechnic’s liabilities, (v) Polytechnic’s title to its assets, (vi) Polytechnic’s compliance with tax filings and obligations, (vii) Polytechnic’s contracts, (viii) Polytechnic’s employees, (ix) Polytechnic’s litigation, (x) Polytechnic’s real estate and environmental matters, (xi) Polytechnic’s compliance with regulatory matters, and (xii) Polytechnic’s intellectual property. The principal representations and warranties made by NYU include representations and warranties concerning: (i) NYU’s tax-exempt and educational status, (ii) educational agency and governmental approvals and consents required to enter into the transactions contemplated by the Agreement, and (iii) due authorization of the Agreement.

iii. Covenants

Unlike representations and warranties, which are statements of fact as of a specific point in time, covenants are ongoing promises by parties to an agreement to take or not to take various actions. The parties have agreed to take the following actions while the parties are affiliated:

a. Governance of Polytechnic

NYU will become the sole member of Polytechnic. NYU has expressed its intention to elect such number of trustees comprising 10% of the entire Polytechnic Board in the first year, and such number of trustees comprising an additional 10% of the entire Polytechnic Board each year thereafter (rounding up where necessary); NYU expects to elect the remainder of trustees from candidates proposed by the Polytechnic Board; provided, however, that NYU retains the right to elect the entire Board of Trustees of Polytechnic. Notwithstanding the above, NYU has agreed that for a period of ten (10) years following the date upon which the transaction closes (“Closing Date”), at least one trustee, provided that such individual is willing and able to serve, shall be elected to the Polytechnic Board by NYU from among three Polytechnic incumbent trustees named in the Agreement. Further, at least two (2) members of the Polytechnic Board shall be trustees of NYU, and, whenever feasible, at least one (1) of such two (2) trustees shall also be a graduate of Polytechnic. These two trustees will be nominated by the Polytechnic Board and be subject to approval by NYU.

b. Name

Polytechnic’s name will be changed to Polytechnic Institute of New York University. Polytechnic will continue to use the word “Polytechnic” in the name of the new school unless the parties agree (or after Consolidation, NYU determines) that a modification is warranted as a condition to the receipt of a significant contribution with a naming right.

c. Physical Location

Polytechnic will continue to operate its main campus at its existing Brooklyn, New York location and will operate at such other locations where Polytechnic programs may be delivered from time to time.

d. Operations
• Polytechnic will be responsible for its day-to-day operations, and will honor its existing agreements and contracts in accordance with their terms. NYU will have general oversight of Polytechnic’s academic programs, international programs, recruitment of students, and recruitment and retention of faculty, subject to the fiduciary obligations and responsibilities of Polytechnic’s Board.

• Polytechnic will continue to pursue its strategic goals as stated in “The Strategic Plan for Polytechnic University: 2007-2010” with potential modifications, as approved by the Provost of NYU, that might result from its relationship with NYU.

• Polytechnic expects to continue those departments and programs that exist upon the Closing Date subject to Polytechnic’s policies and procedures and administrative reviews in effect from time to time. Further, Polytechnic expects to continue its operations with the administrative, academic, faculty and faculty governance, and student services and policies that currently exist, with the expectation that such policies will be made consistent with the policies in effect at NYU.

e. Faculty

• Tenured faculty employed at Polytechnic as of the Closing Date shall remain tenured faculty at Polytechnic, subject to Polytechnic’s policies and procedures as in effect from time to time.

• Tenured faculty who are employed at Polytechnic at the time of Consolidation shall remain tenured faculty with NYU at the new school of technology and engineering at NYU.

• Tenure-track faculty employed at Polytechnic as of the Closing Date shall remain tenure-track faculty at Polytechnic, subject to Polytechnic’s policies and procedures as they may exist from time to time.

• The appointment of new tenure and tenure-track faculty at Polytechnic and the grant of tenure to them shall be subject to policies and procedures of Polytechnic, as they may be modified from time to time. Polytechnic’s policies and procedures shall be made to be consistent with the appointment and tenure policies of NYU. New tenure and tenure-track appointments and grants of tenure shall be subject to the final review and approval of the Provost of NYU.

• Existing written contractual commitments to all industry professors and all other Polytechnic full-time contract faculty who are not explicitly tenured or tenure-track will be honored by Polytechnic subject to the policies and procedures of Polytechnic as in effect from time to time. Industry Professors and any other full-time contract faculty hired or notified of renewal to teach at Polytechnic will be subject to review and approval by the Provost of NYU.
• Faculty governance will continue at Polytechnic subject to Polytechnic’s policies and procedures as in effect from time to time.

• NYU will provide Polytechnic faculty with access to research and educational activities at NYU.

f. Staff

Polytechnic expects to, subject to its policies and procedures in effect from time to time, (i) employ existing Polytechnic staff in support of the operations of Polytechnic, (ii) continue to offer personnel benefits comparable to those currently provided by Polytechnic, and (iii) maintain the administrative, academic, and student services and policies that currently exist at Polytechnic.

g. Students

• Current Polytechnic students will stay on Polytechnic’s tuition schedule through 2010/2011, subject to Polytechnic’s policies and procedures as in effect from time to time. In addition, Polytechnic will continue to award institutional financial aid to its existing students (through the Class of 2011) pursuant to the policies and procedures of Polytechnic governing the awarding of financial aid in effect for the 2007-2008 academic year. Also, based on academic qualifications, Polytechnic students will have access to NYU courses and programs.

• Polytechnic and NYU will seek to increase Polytechnic’s enrollment of highly qualified students by promoting Polytechnic’s advantages as a result of its affiliation with NYU.

• Polytechnic students entering a Polytechnic degree program before September 2008 and graduating by June 2011 will have the option of their degree designating “Polytechnic University” or “Polytechnic Institute of New York University.”

h. Recognition of Donors; Fundraising and Development

The recognition of donors on buildings, halls, programs, artwork, and scholarships at Polytechnic will be stewarded and administered in accordance with applicable law and consistent with the policies and practices of Polytechnic and NYU. All restricted funding will be used solely to support the operations of Polytechnic and its successor school of technology and engineering at NYU. In addition, NYU will assist Polytechnic in achieving its fundraising goals.

i. Real Estate

The proceeds from the sale, lease or any other disposition of any of Polytechnic’s real estate occurring prior to Consolidation will be used solely for the benefit of Polytechnic and its successor school of technology and engineering at NYU. In addition, proceeds from the sale of those development rights described in an October 2006 letter agreement between Polytechnic and Forest City Ratner
Companies (as extended) will be for the exclusive use of Polytechnic and its successor school at NYU.

j. Financial Resources

NYU will make certain loans to Polytechnic at agreed-upon interest rates.

k. Exclusivity

Until the Consolidation, NYU will not create its own school of technology, technology management, applied science and/or engineering, either on its own or with another school of technology or engineering, with respect to those programs in existence at Polytechnic as of the Closing Date.

l. Marketing

The parties will work closely to develop programs to enhance public awareness of Polytechnic as (a) an affiliated institution of NYU until the Consolidation, and (b) a school of NYU at and after the Consolidation.

In addition, upon the Consolidation, NYU will create an advisory board to the new school of technology and engineering. At least twenty percent (20%) of the members of the advisory board shall be comprised of individuals from the Polytechnic community.

IV. Requirements for Closing and Initiating the Affiliation Phase

In order for the closing to occur under the proposed Affiliation and Proposed Consolidation Agreement, various governmental agency consents and approvals are required (e.g., New York State Education Department and the Board of Regents); and the parties must be satisfied with their respective due diligence reviews. The relationship between Polytechnic and NYU will then enter the Affiliation phase.

V. The Transition from the Affiliation to Consolidation

As discussed above, the Agreement between Polytechnic and NYU provides for a two-phase process that transitions Polytechnic from the Affiliation phase to the desired end state of Consolidation. This first phase, Affiliation, is the phase described in detail in this document where Polytechnic remains a separate non-profit educational corporation of which NYU is the sole member. Ultimately, NYU, in consultation with Polytechnic, will make an academic and operational determination as to when Polytechnic is ready to move from Affiliation status to Consolidation status. At this future date, when it is determined that the two universities are ready to be consolidated, a petition will be presented to the NYSED and the Board of Regents to review and approve the Consolidation in accordance with applicable law.
During the Affiliation phase, Polytechnic and NYU will undertake, subject to the covenants and provisions of the Agreement discussed above, a multi-year process for becoming a school within NYU. During this process, Polytechnic will align and integrate its programs and processes so that, while uniquely focused on Polytechnic’s mission and role as a school of technology and engineering, they are suitably equivalent to the programs and practices of other schools of NYU.

Preparation for Consolidation and becoming a school of NYU will include evaluation of the following academic, financial and operational Indicators: 1) Faculty Scholarship, Research and Inventiveness, 2) Undergraduate Education, 3) Graduate Education, 4) Effective Inter-school Cooperation, 5) Shared-facilities, and 6) Financial Robustness.

The length of time before Consolidation occurs is not specified in the Agreement, but both parties anticipate that it will take no less than three years and up to seven to ten years, for Polytechnic to be ready for Consolidation. Quarterly meetings will be held between the leadership of the two Universities, including an annual progress reports specified in the Agreement, to discuss progress in each of the six areas identified by the indicators and to make recommendations for advancing toward the goal of Consolidation.

**VI. Conclusion**

For all of the foregoing reasons, we believe the joining of Polytechnic University and New York University in an affiliation, and ultimate consolidation, as summarized above and described in detail in the Affiliation and Proposed Consolidation Agreement, is not only in the best interests of both Universities, but equally important, in the best interests of the current and future students, faculty, staff, and alumni of both Universities. The resulting combination of institutions will enhance the quality of education, research, and economic development produced by these two institutions, thus benefitting the citizens of New York City and the State of New York, along with our nation and the world. We seek your approval of the relevant amendments to Polytechnic’s Charter and any other approvals necessary to effectuate this Affiliation.
Exhibit 1

Schedule of Formal Merger Related Meetings

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<tr>
<th>Board Meetings</th>
<th>Board Teleconferences</th>
<th>Executive Comm.</th>
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<tr>
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<td>Oct. 4, 2007</td>
<td>Sept. 18, 2007 (teleconf.)</td>
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<td></td>
<td>Nov. 19, 2007</td>
<td>Sept. 28, 2007 (teleconf.)</td>
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<td></td>
<td>Dec. 6, 2007</td>
<td>Nov. 15, 2007</td>
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<td>Dec. 21, 2007</td>
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<td>Feb. 1, 2008</td>
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<tr>
<td><strong>Merger Committee Mtgs</strong></td>
<td><strong>Merger Oversight Comm.</strong></td>
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<tr>
<td>Oct. 9, 2007</td>
<td>Sept. 12, 2007 (teleconf.)</td>
<td><strong>Town Halls</strong></td>
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<td>Nov. 8, 2007</td>
<td>Sept. 18, 2007 (teleconf.)</td>
<td>Aug. 3, 2007 (Community)</td>
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<td>Dec. 10, 2007</td>
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<td>Sept. 26, 2007 (Student Council)</td>
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<td>Feb. 25, 2008</td>
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<td>Nov. 5, 2007 (Alumni)</td>
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<td></td>
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<td>Nov. 28, 2007 (Students)</td>
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<td>Dec. 5, 2007 (F&amp;S)</td>
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<td>Jan. 30, 2008 (F&amp;S)</td>
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<td>Feb. 7, 2008 (Community)</td>
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