



2008

PRESIDENT'S REPORT
ACADEMIC YEAR 2007-2008



University of Massachusetts
Amherst • Boston • Dartmouth • Lowell • Worcester • UMassOnline



LEADERSHIP AND VISION

The success of every great university in the next century will rely on strong partnerships — with government, with industry, with other research institutions, and, in our case, throughout the University’s five campuses and UMassOnline.



LEFT, TOP TO BOTTOM:
Chancellor Thomas W. Cole, Jr., Ph.D. UMASS AMHERST
Chancellor J. Keith Motley, Ph.D. UMASS BOSTON
Chancellor Jean F. MacCormack, Ed.D. UMASS DARTMOUTH
Chancellor Martin T. Meehan, J.D. UMASS LOWELL
Chancellor Michael F. Collins, M.D. UMASS MEDICAL SCHOOL

Dear Friends of UMass,

This is a very important and exciting time to be part of the University of Massachusetts.

At our flagship campus in Amherst and our campuses in Boston, Dartmouth, Lowell and the Medical School in Worcester, UMass faculty and students are engaged in the discovery and dissemination of new knowledge, in service to society, and in advancing understanding and interconnectedness in an increasingly global world.

We are also uniquely engaged in workforce development for Massachusetts, educating and shaping the Commonwealth’s future teachers, doctors, business leaders, nurses, scientists, engineers, and artists. From renewable energy to the life sciences, from the laboratory to the research park, we are developing the future businesses and industries that will power our state’s economy through the 21st Century.

Thanks to our remarkable Chancellors, and their leadership and vision, this is a truly unprecedented time in the history of this University. UMass is in the midst of amazing growth and transformation. We are attracting outstanding faculty from around the country and around the world. We are planning and constructing modern, networked facilities on every campus. We are creating programs, linkages, and exchanges with universities on every corner of the globe, from South Africa to China. And we are steadily improving our teaching, research, scholarship, and public service, claiming our rightful place as a world-class public university.

As a member of the UMass community, you are vital to our success. In order for the University to realize its boldest ambitions, we need our students, faculty, alumni, staff, and parents involved and engaged in our quest.

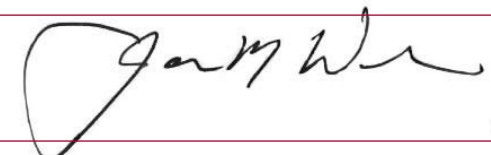
The following report will tell you more about five focal areas for a world-class UMass:

- Academic and research enrichment
- University-wide global engagement
- 21st Century facilities
- Our role as the Massachusetts innovation engine
- Lifelong relationships with our alumni

These focal areas are a distillation of the strategic planning goals and priorities set forth by both the Legislature and the Board of Trustees, and I am happy to report that we are already making tremendous progress in each and every area. This report details how far we’ve come, and where we can head, together.

An underpinning of these goals — and a fundamental building block to achieving them — is a system-wide culture of collaboration. The success of every great university in the next century will rely on strong partnerships — with government, with industry, with other research institutions, and, in our case, throughout the University’s five campuses and UMassOnline.

It is truly an exciting time for this University, and together we can take UMass to even greater levels of success. I am excited to share our goals with you, and I look forward to your feedback, and to the road ahead.

JACK M. WILSON, PH.D.
PRESIDENT

It is my privilege to write to you as Chairman of the Board of Trustees of the University of Massachusetts.

UMass is an institution that transforms lives. I know, because so much of what I value in my life flows directly from my time as a student at the Lowell campus.

My story is comparable to the stories of the University's 376,517 alumni, 225,143 of whom live and work in the Commonwealth.

The University of Massachusetts is the place where my wife Donna and I both received the educations that prepared us for our professional lives. When I graduated, it was one of my UMass Lowell professors who urged me to take the less obvious path and accept a position at MFS Investment Management, the company that today I am privileged to serve as Chief Executive Officer, President, and Chief Investment Officer.

Two decades later, it was with gratitude and enthusiasm that I accepted an invitation to join the University of Massachusetts Board of Trustees. My appointment to the Board provides me with an opportunity to give back as an alumnus, a business leader, and a community member. There are so many ways to engage with the Commonwealth's public research university, and whether you relate to us as a citizen, an alumna or alumnus, a prospective parent, a donor, or a friend; I hope you will join our efforts to advance this very important public asset.

There are many ways to engage. As Chairman of the Board, I encourage you to read the stories that unfold in this publication, and I applaud President Jack M. Wilson and the Chancellors for supporting our faculty and students who are responsible for the many UMass success stories on these pages ... and those that are yet to be reported.

This is a University system that is changing lives, shaping the future and making our Commonwealth and our world better. The most successful institutions are always growing, changing, redefining themselves, and I believe that we are witnessing an important new chapter in the history of the University of Massachusetts, with the University educating and graduating some of the Commonwealth's best students, with our research achieving Nobel status and with government and business leaders recognizing the key contribution that UMass is making and will make to the state's innovation economy.

This President's Report makes clear just how exciting this moment is and how very far we can expect to travel in the days ahead. I hope you will join with me and my fellow trustees as we seek to advance the University to even greater success.



Robert J. Manning

ROBERT J. MANNING
CHAIRMAN, BOARD OF TRUSTEES



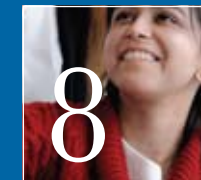
ACADEMIC AND RESEARCH ENRICHMENT

At the University of Massachusetts, the excellence and impact of faculty research have distinguished UMass globally, and research capacity continues to grow each year.



UNIVERSITY-WIDE GLOBAL ENGAGEMENT

In today's globally integrated and deeply interdependent world, the University of Massachusetts must be international in its scope and approach in order to respond to local and global challenges and opportunities.



21ST CENTURY FACILITIES

21st Century facilities are the coin of the realm for student-centered, research-oriented universities. That means modern classrooms and labs with the latest instrumentation and technology.



MASSACHUSETTS INNOVATION ENGINE

As the Massachusetts innovation engine, the University partners with business and industry to advance the regional economy and prepare the state's future workforce for industries ranging from biotech to high tech to manufacturing.



LIFELONG RELATIONSHIPS WITH OUR ALUMNI

Developing lifelong relationships with our alumni means that each alumna and alumnus feels that earning a UMass degree is just the beginning of a relationship with the University of Massachusetts.

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ACADEMIC AND RESEARCH ENRICHMENT

“UMass is not only part of the revolution that is happening in the Life Sciences ... we are leading the way.”

— CHANCELLOR MICHAEL F. COLLINS



Assistant Professor Steven Jackson with student Gerard Kofi, UMass Boston



Student in the College of Visual and Performing Arts, UMass Dartmouth

At the University of Massachusetts, the excellence and impact of faculty research have distinguished UMass globally, and research capacity continues to grow each year.

GREEN FUEL

Newspapers and wood chips to fuel your Honda Accord? Sounds like the stuff of science fiction, but green fuels — such as cellulosic ethanol made from wood pulp, straw, recycled newspapers, and other similar ingredients — are a promising new alternative fuel technology. Pioneering green ethanol fuel is the UMass start-up SunEthanol Inc. The company, founded in Western Massachusetts in 2006 and led by UMass Amherst microbiologist Susan Leschine, is backed by venture investors who see the potential for cellulosic ethanol. SunEthanol’s “Q microbe,” discovered by Leschine in soil near the Quabbin Reservoir, streamlines the biomass-to-fuel conversion process by unlocking the energy-rich sugars bound up within plant biomass and fermenting those sugars into ethanol fuel in a single step. The patented “Complete Cellulose Conversion” process makes it possible to inexpensively produce ethanol fuel for transportation from a variety of non-food biomass sources. The company plans to take this technology to the next level with the development of a two-million-gallon pilot manufacturing and refining plant next year.

Among experts in higher education, it is understood that an undergraduate education at a major research university offers important advantages and adds value that cannot be obtained elsewhere. At the University of Massachusetts, the excellence and impact of faculty research have distinguished UMass globally, and research capacity continues to grow every year. With approximately \$400 million in research activities supported by the National Science Foundation, the National Institutes of Health, corporate partners, and other federal, state, and private sources, the University of Massachusetts is dynamic and innovative, and ranks among the top 25 public research universities in the U.S.

Faculty scholarship and research are the heart of a world-class university. The University of Massachusetts is proud that our outstanding faculty members have received important awards including the Nobel Prize, the Pulitzer Prize, and the American Book Award; are members of the National Academy of Sciences, and are Fulbright, Guggenheim, MacArthur, and Mellon fellows.

The opportunity to engage with stellar faculty and to conduct advanced research benefits students at both the undergraduate and graduate levels. Campus-based initiatives to enhance the learning experience range from the addition of classes, majors, and cross-disciplinary programs, to endowed professorships and faculty recruitment, to research facility build-out and the pursuit of new grants and funding. The University of Massachusetts also supports a wide range of international opportunities through which students can apply and refine their learning in a global context.

THE CREATIVE ECONOMY INITIATIVES FUND

Supporting the Arts, Humanities and Social Sciences

Economic strength does not depend solely on the business sector and emerging technologies. The Commonwealth’s creativity is a critical asset when it comes to employment, community empowerment, enhanced quality of life, and education.

The President’s Creative Economy Initiatives Fund, established in 2007, provides seed funding for faculty research and scholarly activities that will enhance the social and cultural fabric of the Commonwealth. Developed as a complement to the President’s Science and Technology Initiatives Fund (described on page 11), the Creative Economy Initiatives Fund has granted \$600,000 to support nearly 20 programs in the arts, humanities, and social sciences since its inception.

This year, the fund supported seven innovative programs. One program established a partnership between UMass Boston and the Boston Public Library to increase public access to rare, historical, and unique books through a series of free “rare books” exhibitions. Another project brought esteemed choreographer George Faison to the Pioneer Valley, launched the inaugural Sankofa Summer Dance Intensive and Festival, and enabled UMass Amherst students to audition to dance with Alvin Ailey II at a concert in the Fine Arts Center.

UMass research capacity continues to grow. In FY2007 — the most recent year available — our five campuses expended \$397 million on research. Since FY2003, the University has had an average annual growth rate of 7.6% in research expenditures.

UNIVERSITY-WIDE GLOBAL ENGAGEMENT

Korea
China
Japan
Canada
India
Taiwan
United Kingdom
Australia
Nigeria
Vietnam
Germany
Egypt
Nepal
Turkey
Argentina
Kuwait
Saudi Arabia
Lebanon
Pakistan
Hong Kong
Venezuela
Greece
Indonesia
Israel
Thailand
Colombia
Philippines
Brazil
Tunisia
Jamaica
Chile
Myanmar

THE 3,006 INTERNATIONAL STUDENTS AT UMASS HAIL FROM HOMELANDS IN EVERY CORNER OF THE GLOBE



The King-Shaw Family

GLOBAL EDUCATION FOR KING-SHAW FELLOWS

With a participation rate of almost 50 percent of its student body — double the national average — the International Medical Education Program at UMass Medical School is deeply committed to globally engaged learning. This year, 25 students from the Medical School are traveling to work in clinics around the world supported by fellowships from the Ruben and Patricia King-Shaw Family Fund for Academic Excellence.

Support from the Ruben and Patricia King-Shaw Family Fund for Academic Excellence also made possible a trip combining multidisciplinary teaching and community involvement for UMass Boston students enrolled in a year-long honors course on international epidemics. In January, 11 UMass Boston students and their professors spent 10 days working in clinics and observing the implementation of HIV/AIDS health care delivery in the township of Khayelitsha, Cape Town, South Africa.

The Ruben and Patricia King-Shaw Fund was established with the generous support of UMass Trustee Ruben King-Shaw and his wife Patricia. The fund helps to offset the cost of co-curricular international experiences for students.

In today's globally integrated and deeply interdependent world, the University of Massachusetts must be international in its scope and approach in order to respond to local and global challenges and opportunities.

FOR MORE INFORMATION ON THE UNIVERSITY'S GLOBAL ENGAGEMENT, VISIT: WWW.MASSACHUSETTS.EDU/INTERNATIONAL



UMass Amherst Isenberg School of Management Professors Kaimei Zheng and Alan Robinson taught a seminar on Chinese business and culture that culminated with students visiting China.

PARTNERSHIPS WITH CHINA'S TSINGHUA UNIVERSITY

One of the University's many international collaborations is with the premier university in China, Tsinghua University. This partnership led to the development of the Massachusetts Technology Base in Hebei, the Chinese province of 76 million people where Tsinghua has its technology park. Unveiled in July 2007, the technology base will serve to market the University of Massachusetts and the Commonwealth of Massachusetts in Hebei Province, and is designed to facilitate the provision of services and consultation for American companies operating in China and for Chinese companies doing business in Massachusetts.

Under an agreement with Tsinghua, UMass plans to offer 40 UMassOnline courses, four certificate programs, and one master's degree program in China within a year with help from China's Continuing Education Association, the CerEdu Corporation, and the Chinese Ministry of Education.

UMass Boston also has a formal agreement with Tsinghua's Beijing campus to support its University Bridge Program for Chinese students. Tsinghua students interested in enrolling as undergraduates at UMass can complete a one-year preparation program including English language instruction and an introduction to the U.S. education system before applying to UMass. Based on the program's success at UMass Boston, other UMass campuses are now considering similar programs with Tsinghua.

As a land-grant, research university, the University of Massachusetts has not only the opportunity but the responsibility to be international in scope and approach. That is why International Relations at the University of Massachusetts is a strategic priority and a comprehensive effort, focusing on:

- Integrating and expanding a variety of international opportunities for undergraduate and graduate students, including academic experiences in and out of the classroom;
- Supporting and encouraging faculty across disciplines in their efforts to engage in research, teaching, and service around the world; and
- Promoting innovative programs that bring faculty, visiting scholars, and students from other countries to the University of Massachusetts to enrich learning and cultural knowledge and understanding.

Our University has always looked beyond its borders. Each of these activities creates new ways for us to engage the global community and to better prepare our students to be productive and responsible global citizens.



“Our campuses increasingly mirror the world — in our student body, in our faculty research, and in our collaborations with universities on every continent. We are a truly global university.”

— CHANCELLOR J. KEITH MOTLEY

21ST CENTURY FACILITIES

Students in front of the Lazare Research Building, UMass Medical School



“Our new campus facilities — both those underway and those on the drawing boards — will revolutionize teaching and learning at UMass, and help power the research enterprise to new heights.”

— CHANCELLOR MARTIN T. MEEHAN

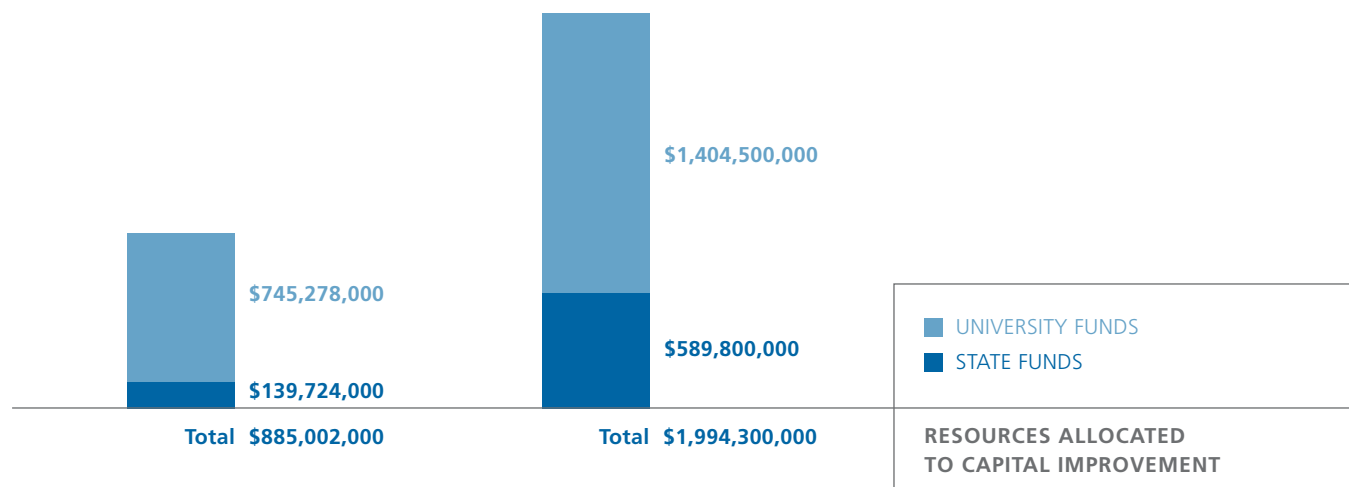


Students in the Liberal Arts Building lounge, UMass Dartmouth

21st Century facilities are the coin of the realm for student-centered, research-oriented universities. That means modern classrooms and labs with the latest instrumentation and technology. It also means facilities that will enhance campus life — upgraded dorms and new athletic and recreation spaces.

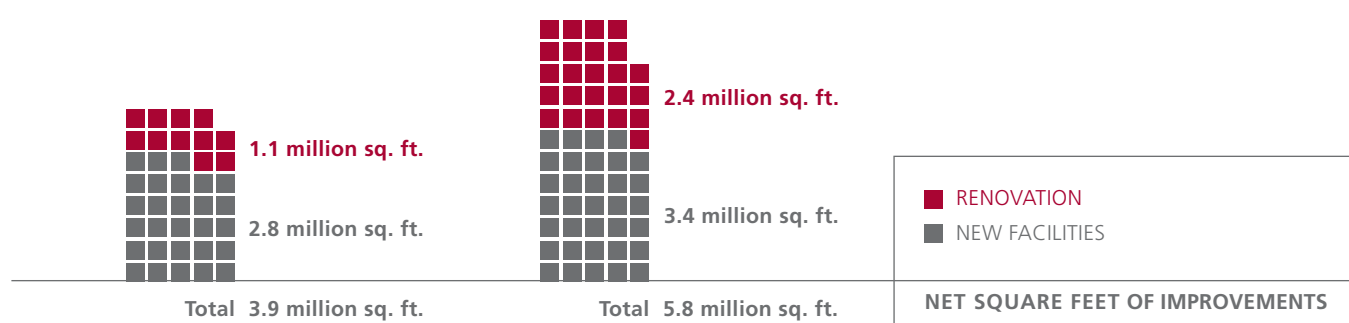
2003-2007 CAPITAL SPENDING

2008-2012 PROJECTION



2003-2007 CAPITAL PROJECTS

2008-2012 PROJECTION



The University's ambitious capital plan, fueled by the state's Higher Education Bond Bill, calls for undertaking more than 200 building and renovation projects on all five University of Massachusetts campuses. Over the next five years, the University plans to invest \$1.9 billion in new facilities and upgrades, almost doubling the level of capital spending and activity that we have been able to undertake during the first seven years of this decade.

Our students and faculty deserve state-of-the-art buildings like UMass Dartmouth's new research building, UMass Boston's Campus Center, and UMass Amherst's Integrated Science Building. These are the type of buildings you would expect at a world-class public research university.

We know that the Commonwealth is counting on UMass to continue to prepare its students as leaders in the 21st century. To develop new technologies, new medicines, and new jobs — investing in new facilities will ensure we continue to lead the way in educating our students and supporting economic and social development in Massachusetts.

HERE'S A LOOK AT SOME OF THE PROJECTS THAT ARE UNDER WAY ...

UMASS AMHERST Construction of a new student recreation center and completion of the Integrated Science Building

UMASS BOSTON Construction of a new academic building — the first of many — in the 25-year Master Plan

UMASS DARTMOUTH Major renovations to the library to benefit both students and faculty

UMASS LOWELL An Emerging Technologies & Innovation Center where faculty and students can continue to develop strong industry partnerships

UMASS MEDICAL SCHOOL An Advanced Therapeutics Center where researchers can conduct cutting-edge RNAi, gene therapy, and stem cell research

MASSACHUSETTS INNOVATION ENGINE

“The research emerging from our labs is creating tomorrow’s companies; the students graduating from our campuses are tomorrow’s Commonwealth leaders.”

— CHANCELLOR JEAN F. MACCORMACK



UMASS BY THE NUMBERS FY2007*

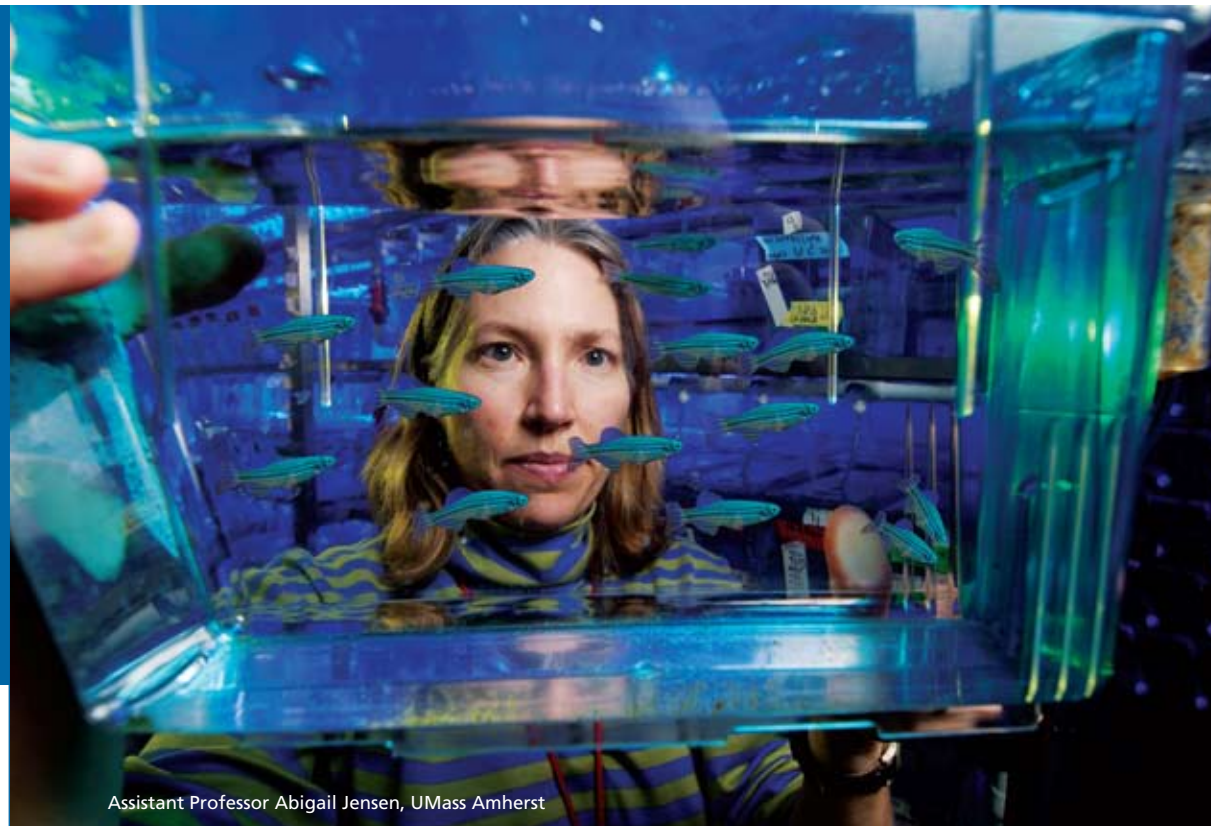
\$397M

IN RESEARCH EXPENDITURES
average annual growth rate of 7.6% since 2003

174 INVENTION DISCLOSURES
106 PATENT APPLICATIONS

\$41M IN TECHNOLOGY LICENSING REVENUE
among the top 15 U.S. universities

78 LICENSES COMPLETED



Assistant Professor Abigail Jensen, UMass Amherst

As the Massachusetts innovation engine, the University partners with business and industry to advance the regional economy and prepare the state’s future workforce for industries ranging from biotech to high tech to manufacturing. Our Life Sciences and Clean Energy initiatives are expanding UMass’s role as the Massachusetts innovation engine.

“We pursue knowledge and innovation not only for their own sake, but also to build a stronger economic future for Massachusetts, and to bring to fruition discoveries that have the potential to shape better lives for people across the globe.”

— UMass PRESIDENT JACK M. WILSON

State-wide innovation is critical to the economic vitality and success of the Commonwealth, and in today’s innovation economy, our greatest natural resource is our educated population. Our success depends on highly educated people, great universities, innovative research, and effective collaboration with industry.

Nine out of 10 UMass undergraduates are Massachusetts residents. Approximately 75 percent of UMass graduates stay in Massachusetts after graduation. More than 60 percent stay in the state long-term — a rate almost twice that of private research universities.

UMass teams up with Massachusetts businesses to drive economic development in the Commonwealth’s growing innovation economy through activities ranging from promoting new start-ups based on faculty-developed technologies to leveraging research at UMass into revolutionary manufacturing practices. In total, UMass is responsible for \$4.3 billion of economic activity and 29,000 jobs.

CLEAN ENERGY RESEARCH

Konarka Technologies, Inc., was created in 2001 to commercialize nanotechnology research at UMass Lowell’s Center for Advanced Materials. The company is making solar energy more affordable, using revolutionary chemical and manufacturing processes to develop photovoltaic cells made with low-cost polymers. Working with research agencies, universities, and global energy companies, Konarka is creating renewable power for commercial, industrial, government and consumer applications around the world.

FUNDING RESEARCH THAT BENEFITS THE COMMONWEALTH

Growing the University’s research enterprise, powering the Massachusetts innovation engine, and strengthening the Commonwealth’s social and cultural fabric are at the top of President Wilson’s agenda and led him to create three new funds: the **Commercial Ventures and Intellectual Property (CVIP) Technology Development Fund**, the **President’s Science and Technology Initiatives Fund**, and the **Creative Economy Initiatives Fund**.

During the last five years, President Wilson and his team have granted more than 90 awards totaling \$6.5 million in seed funding and commercialization support to University faculty. In academic year 2008 alone, 28 teams received \$1.7 million in support. These investments support important innovations and the researchers and students who discover them, and deliver returns for the University and the Commonwealth.

The **Commercial Ventures and Intellectual Property (CVIP) Technology Development Fund** has supported a higher capacity, environmentally-friendly battery, a non-invasive medical monitor for critically ill patients, and an ultra-rapid freezing and warming technology that enables preserving living cells. As a result of these investments, this fund has generated an additional \$200,000 in licensing revenue and \$2 million in research funding. Two new companies are also being formed this year with more than \$10 million in investment potential.

The **President’s Science and Technology Initiatives Fund** has supported successful programs including MassNanoTech at UMass Amherst, which subsequently secured nearly \$30 million in federal and state funding for research and graduate training programs, and the Massachusetts Biomanufacturing Center at Lowell and Dartmouth, whose efforts have attracted an additional \$35 million investment in the University by the Commonwealth.

Focusing on the contributions made by the arts, humanities, and social sciences to the Commonwealth’s economic development, the **Creative Economy Initiatives Fund** has supported initiatives to conduct benchmark research on UMass’s role in fostering the creative economy in the Commonwealth. (For more information about the Creative Economy Initiatives Fund, see page 5.)



This year, the University of Massachusetts and Genzyme Corporation created the **Genzyme/UMass Scholars Program**, an innovative scholarship and internship program for UMass students.

From left to right: David Fleming of Genzyme; Pat Plummer, the Commissioner of the Massachusetts Department of Higher Education; Jack Wilson, President of UMass; Massachusetts Governor Deval Patrick; Joan Wood of Genzyme; and Zoltan Csimma of Genzyme

* the most recent year available

LIFELONG RELATIONSHIPS WITH OUR ALUMNI

“One of my great joys as President is seeing the way in which University of Massachusetts alumni are making the world a better place and observing first-hand the great support and passion our alumni have for their alma mater. We need you — the strength of the University depends on your involvement.”
— UMASS PRESIDENT JACK M. WILSON

Developing lifelong relationships with our alumni means that each alumna and alumnus feels that earning a UMass degree is just the beginning of a relationship with the University of Massachusetts.

From philanthropy to lifelong learning opportunities, from homecoming and campus events to career development, networking, and the UMass Club, UMass alumni across the Commonwealth and beyond are connecting to UMass and to each other.



(Clockwise from right) UMass Lowell alumnus Charlie Hoff, UMass Amherst alumna Natalie Cole, and President Jack Wilson at the 2008 UMass Night at the Pops; UMass Amherst Undergraduate Graduation; Miss Massachusetts and UMass Dartmouth alumna Valerie Amaral sings the National Anthem while Keith Lockhart conducts the Boston Pops.

OUR PRIORITY IS YOU: CAREER NETWORKING UMASS CLUB DONOR RECOGNITION ONLINE COMMUNITIES

The UMass Club was founded in October 2005 to provide a downtown Boston nexus for UMass alumni and supporters of the University to socialize, network, dine, and conduct business. With nearly 1,000 members and over 30 events held every week, the UMass Club serves as a vibrant hub where people across the corporate, non-profit, and government sectors in Massachusetts can interact. For more information, contact the UMass Club at 617.287.3030, or visit www.umassclub.com.

The University of Massachusetts has campuses in every region of the state, and more than 220,000 UMass alumni live and work in the Commonwealth. For decades, these alumni have come together for reunions, athletic events, lectures, and other campus events. Now, more and more alumni are connecting with each other and with the University through the newly launched online alumni communities.

Alumni are also discovering that learning opportunities at the University of Massachusetts don't end with graduation. Accredited courses are available from UMassOnline, the University's online learning consortium, and graduates can participate in other professional, intellectual, and cultural development and enrichment opportunities as well, or take advantage of the University's alumni career services.

UMass alumni are making the University a philanthropic priority — such as UMass Lowell alumnus Charles J. Hoff, who endowed the largest privately financed scholarship program in the University's history this year, benefiting 145 students annually across all five UMass campuses. Overall, the University's endowment has more than doubled over the past six years, from \$151 million in 2002 to more than \$350 million today.



“It's a great idea — a useful way to keep in touch with all my friends and colleagues at UMass!”

— ROBERT J. HYDE M.D., UMASS MEDICAL SCHOOL '06

ALUMNI ONLINE COMMUNITIES

RECONNECT WITH YOUR CLASSMATES THROUGH OUR ONLINE COMMUNITIES

www.alumniconnections.com/umassamherst
www.networkumass.com/boston
www.networkumass.com/dartmouth
www.networkumass.com/lowell
www.networkumass.com/medical

“The new and improved online alumni community is so great! I was able to upload pictures of myself and family. One very important feature is the ability to put my resume online and look for people who have things in common with me. I am so very excited and looking forward to meeting long-lost friends.”

— MONICA SWAIDA, UMASS LOWELL ALUM '97

UMass Amherst alumnus Bill Cosby with Dr. Alvin Poussaint and Chancellor Cole

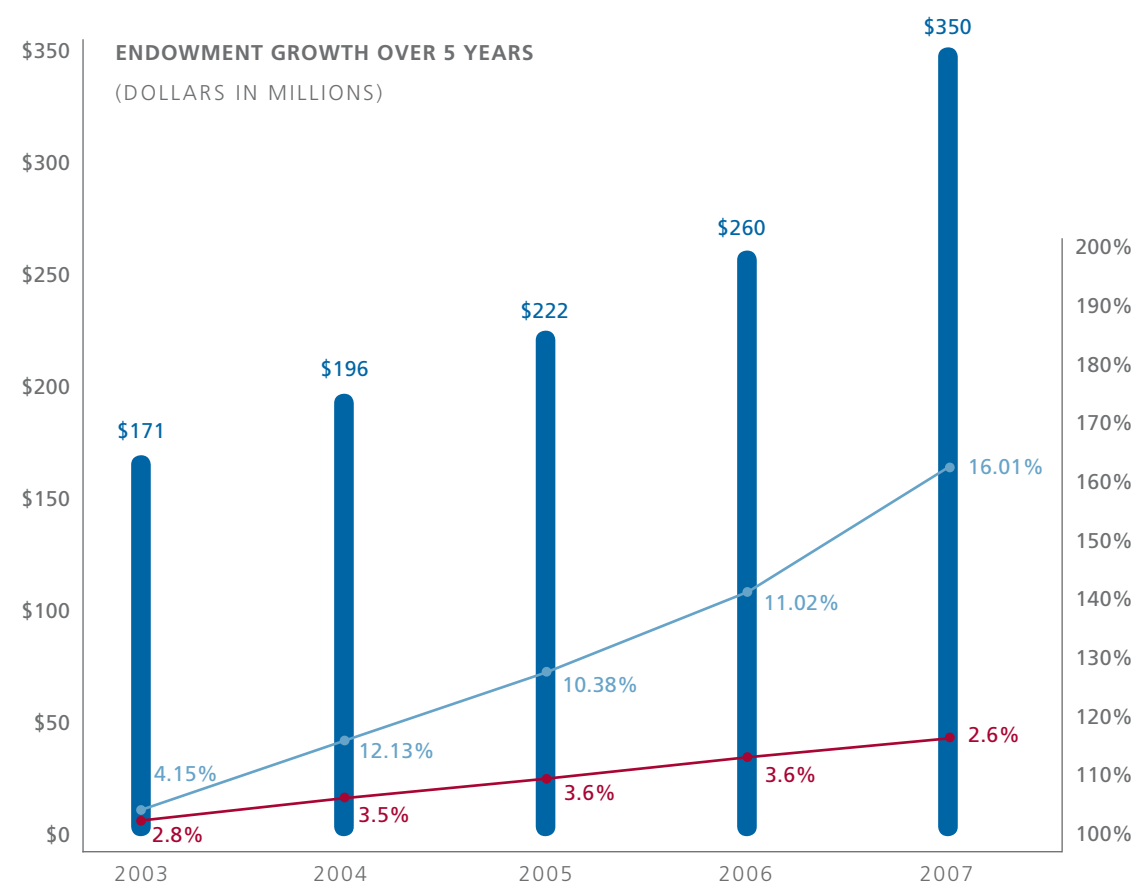


“UMass Amherst — the flagship campus — is a living, breathing institution, and alumni connections strengthen everything we do.”

— CHANCELLOR THOMAS W. COLE, JR.

UMASS ENDOWMENT

The UMass endowment is an accumulation of funds, primarily gifts with donor-designated purposes, set aside and invested to support the University's teaching and research missions in perpetuity. To date, thousands of donors from the University's five campuses who have wanted to provide enduring support for UMass have made gifts. Each year, a fixed percentage of the funds' market value flows to the University operating budget from interest and investment appreciation, providing an important source of support for each of the University's five campuses.



Since I graduated from the University of Massachusetts Lowell in 1958, I have been fortunate to work with some of the most talented and accomplished professionals in the investment business. My experiences at UMass contributed to the base on which I was able to build my career. Today, UMass is a thriving institution that aspires to make greater contributions to society than I ever imagined possible when I was a student fifty years ago.


I am honored to have chaired the Investment Committee of the University of Massachusetts Foundation for the past eight years. Our committee mandate is to invest the University endowment in assets that will grow at a rate greater than inflation so that the spending power of our endowment over time continues to grow. I am fortunate to have a talented and committed group of alumni and colleagues as members of the Committee who provide terrific counsel. We also receive solid insight and guidance from our advisor, Morgan Stanley.

The UMass endowment has grown significantly over the past 10 years, but we have much farther to go. At the close of fiscal year 2007, our endowment stood at \$350 million, which placed us in the top quartile of the 785 U.S. universities that reported their endowments. President Wilson has identified as a priority the need to increase the size of the University's endowment for three critical reasons:

- 1 To maintain access to UMass for the most talented students regardless of their ability to pay. In 2007, UMass provided scholarship aid totaling approximately \$85 million and met 91% of resident undergraduates' need. Since 2002, the University has increased total institutional financial aid by \$47.2 million, or 150%. This is an extraordinary commitment to students because these funds might have been allocated to many pressing needs — from salaries and benefits to utilities and insurance. In order to continue President Wilson's, the chancellors', and the trustees' commitment to affordability, we must support a greater percentage of scholarship aid with endowment income.
- 2 To help ensure that UMass is able to achieve excellence in our education and research programs. Our ability as a University to support promising faculty research and new academic programs has been enabled by strategic allocation of general funds and some commitments of startup funds from the Commonwealth. In order for the University to sustain and build its research competitiveness and to create a robust and well-supported environment that is an attractive destination for the best faculty members, income from endowment gifts must be available to support research and education initiatives. Innovation is the engine not only of our economy, but of our University. Research at the intersections and frontiers of academic disciplines is a prerequisite for excellent teaching and learning experiences for our students.
- 3 To continue attracting the highest caliber faculty and graduate students. Very simply put, it is crucial to attract and retain the best people in order to advance knowledge and educate students who will compete and lead in our global economy. We owe it to the people of our nation to support and advance the very best public University system possible.

On the preceding page is an illustration of the endowment's growth in recent years. I applaud my colleagues on the committee for their prescience and diligence in setting our course and I join President Wilson in thanking the many alumni, parents, and friends who have become donors and who have joined me in making gifts to the endowment. We cannot achieve greatness without your continued support and I am honored to be among the stewards of your philanthropy.




ROY J. ZUCKERBERG
 UMass FOUNDATION TREASURER
 AND INVESTMENT COMMITTEE
 CHAIRMAN

2007 CONSOLIDATED FINANCIAL INFORMATION



CONTAINING FINANCIAL
INFORMATION BETWEEN
THE DATES OF JULY 1, 2006
AND JUNE 30, 2007

UMass Boston

Distinguished Professor Lila Gierasch and post-doctoral fellow Dr. Qinghua Wang, UMass Amherst

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Chancellor, UMass Amherst

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STATEMENT OF NET ASSETS

As of June 30, 2007 and 2006
(in thousands of dollars)

	UNIVERSITY JUNE 30, 2007	UNIVERSITY RELATED ORGANIZATIONS JUNE 30, 2007	UNIVERSITY JUNE 30, 2006	UNIVERSITY RELATED ORGANIZATIONS JUNE 30, 2006		
Cash and Cash Equivalents	\$ 50,028		\$ 48,723		CURRENT ASSETS	ASSETS
Cash Held By State Treasurer	9,834		8,797			
Accounts, Grants and Loans Receivable	202,666	\$ 22	186,213	\$ 22		
Pledges Receivable	1,922	5,520	1,818	2,965		
Short Term Investments	62,873		113,497			
Inventories	13,283		17,153			
Accounts Receivable UMass Memorial	122,508		115,363			
Due From Related Organizations	191	1,280	388	1,607		
Other Assets	11,842	19	12,739			
Total Current Assets	475,147	6,841	504,691	4,594		
Cash and Cash Equivalents		3,040		2,836	NONCURRENT ASSETS	ASSETS
Cash Held By State Treasurer	6,311		10,875			
Cash and Securities Held By Trustees	437,494		448,672			
Accounts, Grants and Loans Receivable	34,949		34,025			
Pledges Receivable	4,900	6,267	5,136	11,837		
Investments	470,900	280,459	391,320	234,809		
Other Assets	10,321	46	10,761	43		
Investment In Plant Net of Accumulated Depreciation	1,719,316	992	1,499,607	1,003		
Total Noncurrent Assets	2,684,191	290,804	2,400,396	250,528		
Total Assets	\$ 3,159,338	\$ 297,645	\$ 2,905,087	\$ 255,122		
Accounts Payable	\$ 96,767	\$ 1,171	\$ 115,463	\$ 1,754	CURRENT LIABILITIES	LIABILITIES
Accrued Salaries and Wages	56,979		50,754			
Accrued Liability for Compensated Absences	62,446		59,910			
Accrued Liability for Workers' Compensation	3,733		3,427			
Arbitrage Rebate Payable	641		293			
Accrued Interest Payable	9,690		9,120			
Bonds Payable	40,070		25,130			
Capital Lease Obligations	12,285		12,238			
Accounts Payable UMass Memorial	3,339		8,017			
Due To Related Organizations	1,280	191	1,607	388		
Deferred Revenues and Credits	57,259	6,384	44,831	3,994		
Advances and Deposits	10,576		5,320			
Other Liabilities	118,310		172,862			
Total Current Liabilities	473,375	7,746	508,972	6,136		
Accrued Liability for Compensated Absences	21,936		22,230		NONCURRENT LIABILITIES	LIABILITIES
Accrued Liability for Workers' Compensation	11,140		12,737			
Arbitrage Rebate Payable	493		467			
Bonds Payable	1,004,539		916,751			
Capital Lease Obligations	42,300		54,379			
Deferred Revenues and Credits	12,192		10,553			
Advances and Deposits	28,087		28,650			
Other Liabilities	959	2,983	570	2,914		
Total Noncurrent Liabilities	1,121,646	2,983	1,046,337	2,914		
Total Liabilities	\$ 1,595,021	\$ 10,729	\$ 1,555,309	\$ 9,050		
Invested in Capital Assets Net of Related Debt	\$ 884,138	\$ 992	\$ 804,053	\$ 1,003	NET ASSETS	ASSETS
Restricted Nonexpendable	16,264	193,100	16,136	178,692		
Restricted Expendable	216,207	85,809	146,903	61,091		
Unrestricted	447,708	7,015	382,686	5,286		
Total Net Assets	\$ 1,564,317	\$ 286,916	\$ 1,349,778	\$ 246,072		

STATEMENTS OF CASH FLOWS

For year ended June 30, 2007 and 2006
(in thousands of dollars)

	JUNE 30, 2007	JUNE 30, 2006	
Tuition and Fees	\$ 455,658	\$ 407,922	CASH FLOWS FROM OPERATING ACTIVITIES
Grants and Contracts	436,775	511,044	
Payments to Suppliers	(794,033)	(641,297)	
Payments to Employees	(1,044,201)	(1,017,785)	
Payments for Benefits	(240,808)	(224,358)	
Payments for Scholarships and Fellowships	(28,200)	(30,295)	
Loans Issued to Students and Employees	(8,146)	(9,172)	
Collections of Loans to Students and Employees	8,259	8,074	
Auxiliary Enterprises Receipts	250,171	240,251	
Sales & Service, Educational	24,400	21,835	
Sales & Service, Independent Operations	104,254	103,965	
Sales & Service, Public Service Activities	351,655	217,702	
Net Cash Used for Operating Activities	(484,216)	(411,773)	
State Appropriations	636,372	582,647	CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
Tuition Remitted to the State	(46,599)	(47,524)	
Federal Appropriations	5,777	7,044	
Gifts and Grants for Other Than Capital Purposes	18,018	24,849	
Private Gifts for Endowment Purposes	1,076	168	
Student Organization Agency Transactions	(290)	(448)	
Net Cash Provided by Noncapital Financing Activities	614,354	566,736	
Proceeds from Capital Debt	232,079	22,114	CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES
Bond Issuance Costs Paid	(824)	(4,107)	
Capital Appropriations	73,590	26,591	
Capital Grants and Contracts	2,750	(3,855)	
Purchases of Capital Assets and Construction	(214,763)	(162,906)	
Principal Paid on Capital Debt and Leases	(148,229)	(37,779)	
Interest Paid on Capital Debt and Leases	(38,993)	(42,024)	
Use of Debt Proceeds on Deposit with Trustees	(150,568)	(110,604)	
Net Cash Used for Capital Financing Activities	(244,958)	(312,570)	
Proceeds from Sales and Maturities of Investments	\$ 1,489,153	\$ 935,489	CASH FLOWS FROM INVESTING ACTIVITIES
Interest on Investments	31,628	18,622	
Purchase of Investments	(1,419,361)	(914,672)	
Net Cash Provided by Investing Activities	101,420	39,439	
Net Decrease in Cash and Cash Equivalents	(13,400)	(118,168)	CASH AND CASH EQUIVALENTS
Cash and Cash Equivalents - Beginning of the Year	517,067	635,235	
Cash and Cash Equivalents - End of Year	\$ 503,667	\$ 517,067	
Operating Loss	(\$ 526,550)	(\$ 530,236)	RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES
Adjustments to reconcile loss to net cash used by Operating Activities:			
Depreciation and Amortization Expense	141,360	121,567	
Changes in Assets and Liabilities:			
Receivables, net	(17,245)	(14,579)	
Inventories	3,870	(5,471)	
Due to/from Related Organizations	(130)	(704)	
Accounts Receivable/Payable UMass Memorial	(11,823)	(94,932)	
Other Assets	1,337	(2,212)	
Accounts Payable (non-capital)	(17,675)	48,125	
Accrued Liabilities	7,176	(27,020)	
Deferred Revenue	14,067	7,199	
Advances and Deposits	4,693	(928)	
Other Liabilities	(83,296)	87,077	
Net Cash Used for Operating Activities	(\$ 484,216)	(\$ 411,773)	
Assets Acquired through Capital Leases	\$ 754	\$ 1,939	NONCASH CAPITAL FINANCING ACTIVITY

**STATEMENTS OF REVENUES,
EXPENSES, AND CHANGES
IN NET ASSETS**

As of June 30, 2007 and 2006
(in thousands of dollars)

	UNIVERSITY JUNE 30, 2007	UNIVERSITY RELATED ORGANIZATIONS JUNE 30, 2007	UNIVERSITY JUNE 30, 2006	UNIVERSITY RELATED ORGANIZATIONS JUNE 30, 2006	
Tuition and Fees (net of scholarship allowances of \$101,855 at June 30, 2007 and \$88,628 at June 30, 2006)	\$ 435,806		\$ 401,636		OPERATING REVENUES
Federal Grants and Contracts	297,647		300,685		
State Grants and Contracts	66,775		66,172		
Local Grants and Contracts	2,815		3,746		
Private Grants and Contracts	92,653		82,234		
Sales & Service, Educational Auxiliary Enterprises	17,150 206,021		17,780 196,957		
Other Operating Revenues:					
Sales & Service, Independent Operations	99,344		78,899		
Sales & Service, Public Service Activities	381,214		333,997		
Other	54,858		44,142		
Total Operating Revenues	1,654,283		1,526,248		
Educational and General					OPERATING EXPENSES
Instruction	526,049		499,403		
Research	320,889		316,667		
Public Service	75,058	\$10,961	76,867	\$12,853	
Academic Support	120,240		112,021		
Student Services	87,085		79,229		
Institutional Support	155,520		153,071		
Operation and Maintenance of Plant	166,082		157,683		
Depreciation and Amortization	141,360	18	121,567	16	
Scholarships and Fellowships	29,215	5,085	26,590	4,070	
Auxiliary Enterprises	162,134		149,986		
Other Expenditures					
Independent Operations	66,870		46,546		
Public Service Activities	330,331		316,854		
Total Operating Expenses	2,180,833	16,064	2,056,484	16,939	
Operating Loss	(526,550)	(16,064)	(530,236)	(16,939)	
Federal Appropriations	5,777		7,044		NONOPERATING REVENUES/(EXPENSES)
State Appropriations	579,416		526,749		
Gifts	18,621	5,226	25,646	11,238	
Investment Income	87,106	23,876	42,981	11,871	
Endowment Income	7,031	7,544	5,903	5,743	
Interest on Indebtedness	(36,737)		(39,331)	(8)	
Other Nonoperating Income	9,639		8,967		
Net Nonoperating Revenues	670,853	36,646	577,959	28,844	
Income Before Other Revenues, Expenses, Gains, and Losses	144,303	20,582	47,723	11,905	
Capital Appropriations	73,590		27,147		
Capital Grants and Contracts	4,000				
Additions to Permanent Endowments		19,684		14,401	
University Related Organization Transactions			593	(593)	
Disposal of Plant Facilities	(6,964)		(11,276)		
Other Additions/Deductions	(390)	578	(5,938)	4,664	
Total Other Revenues, Expenses, Gains, and Losses	70,236	20,262	10,526	18,472	
Total Increase in Net Assets	214,539	40,844	58,249	30,377	
Net Assets at Beginning of Year	1,349,778	246,072	1,291,529	215,695	NET ASSETS
Net Assets at End of Year	\$ 1,564,317	\$ 286,916	\$ 1,349,778	\$ 246,072	

These statements are drawn from the fiscal year 2007 annual financial report for the University of Massachusetts which was audited by PricewaterhouseCoopers.

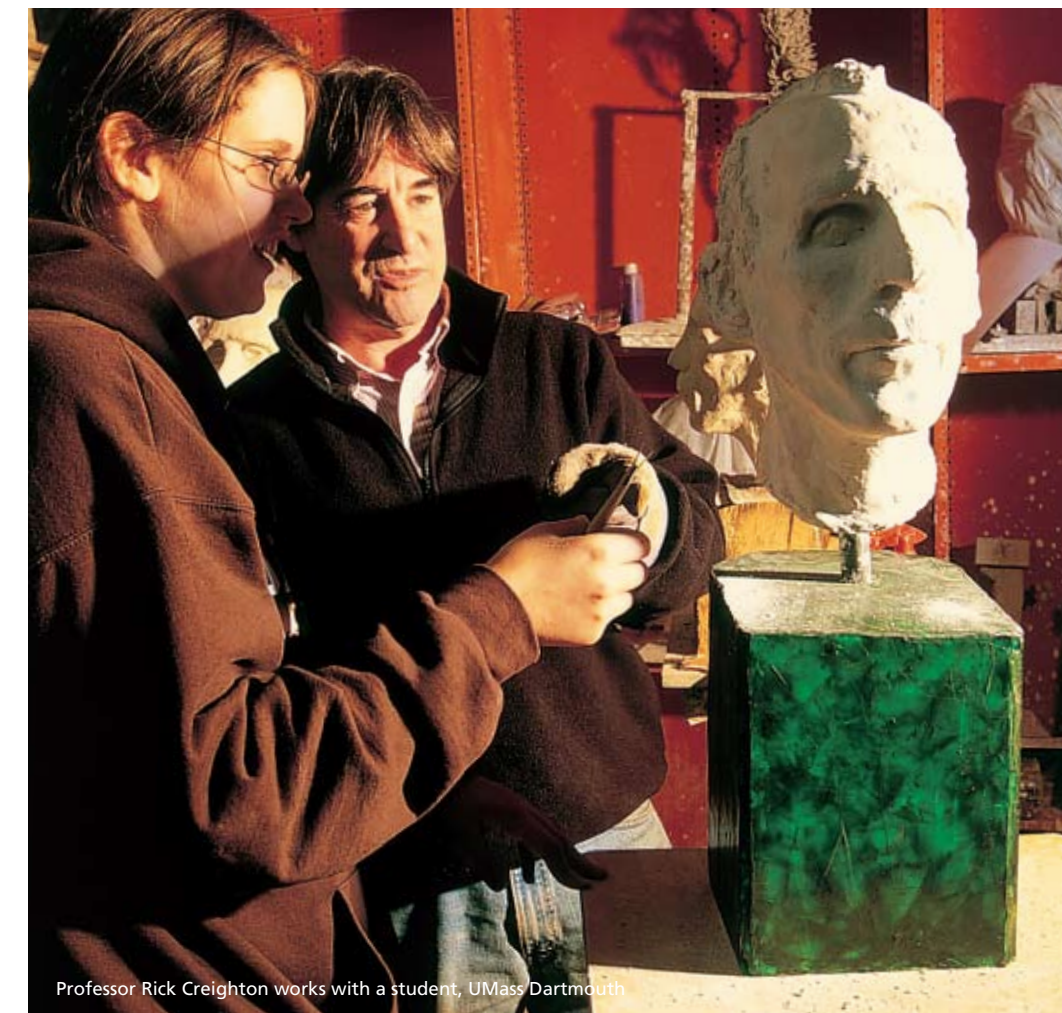
For the University's full financial report, please visit: <http://www.massachusetts.edu/controller/finrpt.html>

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TRANSITIONS 2008

In academic year 2008, UMass has welcomed Chancellors Meehan and Motley as leaders of the Lowell and Boston campuses, and conducted an inclusive and fruitful search for the next chancellor of UMass Amherst (see below), transitioned to a primarily residential campus in Dartmouth, and launched the chancellor search for the Medical School.



UMass Lowell



UMass Boston



UMass Medical School

“Think of UMass as more than where you went to college — think of it as a living, evolving institution that has served as your partner in exploration. This is your UMass, take it with you.”

— UMass PRESIDENT JACK M. WILSON



UMass Amherst



On May 5th the UMass Board of Trustees approved President Wilson’s recommendation of Robert C. Holub as Chancellor of UMass Amherst. Dr. Holub, Provost and Vice Chancellor for Academic Affairs at the University of Tennessee Knoxville, spent more than 20 years at UC Berkeley, serving as Dean of Berkeley’s College of Letters and Science and previously as chair of its top-ranked German Department.

In a letter to the UMass Amherst community, President Wilson expressed his confidence in the appointment, writing: *“Dr. Holub’s combination of strengths — noted scholarship, strong administrative skills, and visionary and strategic leadership — set him apart. He is passionate about public higher education and has worked to improve access, accountability, and academic excellence in every university community he has helped lead. I am certain that he will fully appreciate the research and academic excellence that characterizes UMass Amherst, and will also help guide our flagship campus to new and greater levels of achievement.”*

President Wilson praised the search committee, led by Trustee and UMass Amherst alumna Jennifer Bracerias, for seeking wide-ranging consultation from many constituencies.

Five campuses, eight graduation ceremonies, 22 honorary degree recipients ... and lots of proud smiles. These were among the many ingredients of the 2008 Commencement season, which wended its way from Amherst to Dartmouth, and then from Boston to Lowell to Worcester. The University conferred 8,598 undergraduate degrees, 2,895 masters and doctoral degrees, and 223 medical, nursing and health sciences degrees.

Graduates heard from speakers including United States Senator John Kerry, humanitarian Gloria E. White-Hammond, NewsHour journalist Ray Suarez, and National Institute of Allergy and Infectious Diseases director Anthony S. Fauci, MD. They were told that — like them — the University has been transformed during their years on campus. Graduates were urged to remain an active part of the University community, and to rely on their UMass ties to fellow students and professors to help guide them in a rapidly changing world.

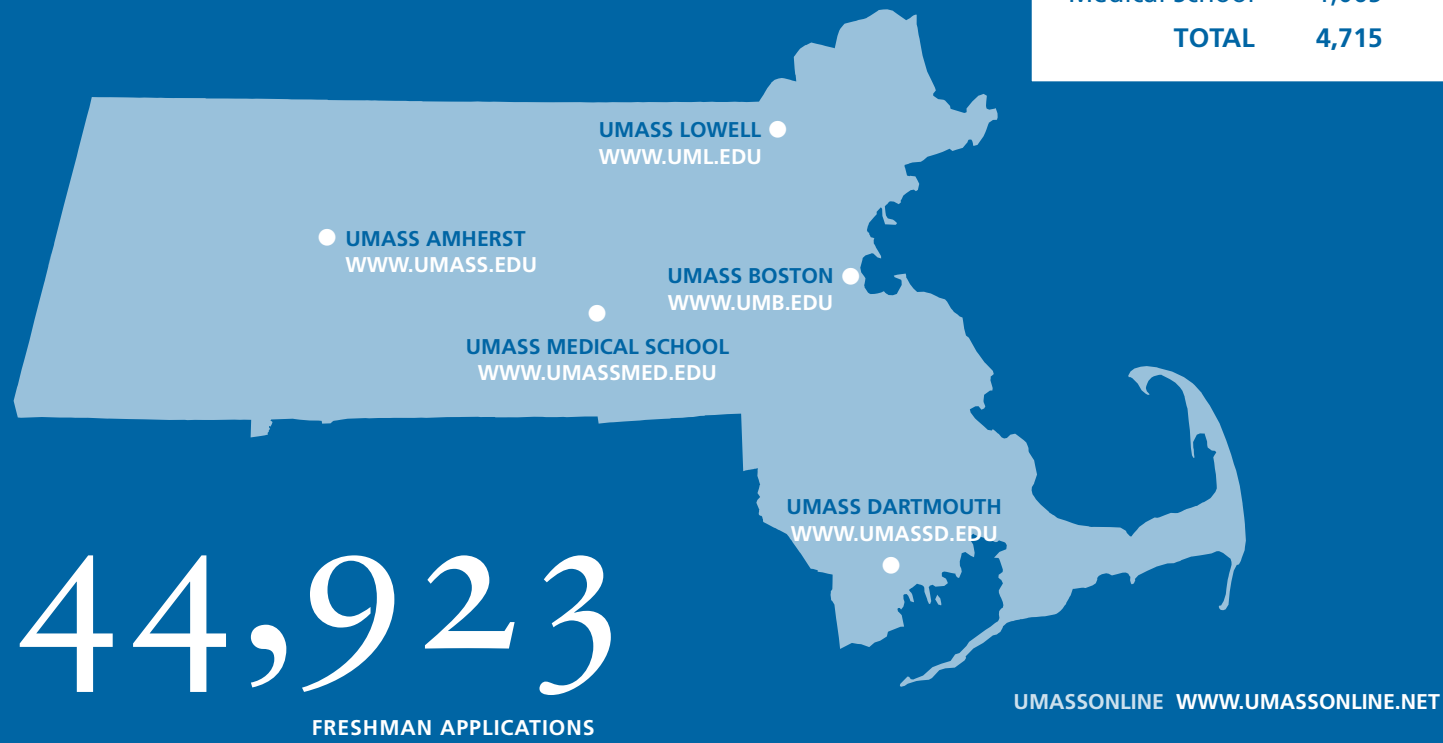


UMass Dartmouth

President Jack M. Wilson, Chancellor-elect Robert C. Holub, and Chairman of the Board of Trustees Robert J. Manning

UMASS AT A GLANCE

FACULTY (First Semester AY2008)	
Amherst	1,494
Boston	862
Dartmouth	610
Lowell	684
Medical School	1,065
TOTAL	4,715



Students at UMass Boston

TECHNOLOGY COMMERCIALIZATION (FY2007*)	INVENTION DISCLOSURES 174	LICENSES COMPLETED 78	LICENSE REVENUE \$41,372,000
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RESEARCH AND DEVELOPMENT EXPENDITURES* (FY2007*)	
\$397,470,000	
AMHERST	\$146,323,000
BOSTON	\$37,441,000
DARTMOUTH	\$20,120,000
LOWELL	\$36,117,000
MEDICAL SCHOOL	\$157,469,000

ENROLLMENT (First Semester AY2008)	
25,873	AMHERST
13,433	BOSTON
9,080	DARTMOUTH
11,635	LOWELL
1,013	MEDICAL SCHOOL

ENROLLMENT PROFILE (First Semester AY2008)

		AMHERST	BOSTON	DARTMOUTH	LOWELL	MEDICAL SCHOOL	TOTAL
ENROLLMENT	Undergraduate	20,114	10,008	7,927	8,879	NA	46,928
	Graduate	5,759	3,425	1,153	2,756	1,013	14,106
	TOTAL	25,873	13,433	9,080	11,635	1,013	61,034
MASSACHUSETTS RESIDENTS	Undergraduate	79.6%	88.8%	95.7%	86.9%	NA	85.7%
	Graduate	40.9%	73.4%	66.7%	67.4%	71.7%	58.3%
	TOTAL	71.0%	84.9%	92.0%	82.3%	71.7%	79.4%

* the most recent year available



2007 Northeast 10 Field Hockey Champions, UMass Lowell

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