

September 29, 2007

VIA E-MAIL

Board of Trustees
Polytechnic University

Re: Polytechnic and NYU

Dear Trustees:

We are attorneys for the Polytechnic University Alumni Association, Inc. ("Polytechnic Alumni" or "Alumni"). Earlier today at a meeting of the Polytechnic Alumni, the board members reviewed the status of negotiations for a merger of Polytechnic University ("Polytechnic") and New York University ("NYU"). Specifically, they discussed a recent draft of the memorandum of understanding ("MOU") and the short timetable for finalizing the MOU and presenting it to the Board of Trustees for their review and possible approval.

At the outset, the Alumni recognize that the revised draft of the MOU reflects revisions that are important to Polytechnic and the Polytechnic Alumni. These revisions, to some degree, provide comfort as to the future vitality of Polytechnic as an entity under the NYU umbrella. Nonetheless, there appear to be significant deficiencies of which you should be aware, which demonstrate a lack of commitment by NYU to the future success of Polytechnic.

The most glaring omission remains the absence of a financial commitment from NYU. Polytechnic is a valuable science, engineering and technical institution, with an excellent reputation and faculty, and valuable real estate holdings. If NYU wants to add this valuable institution to its university, it should be prepared to make an appropriate investment to support the transaction and to demonstrate its commitment to the future of Polytechnic. Absent that investment, Polytechnic cannot be assured of a future with NYU. This is especially so given the method of governance outlined in the MOU which assigns ultimate control to NYU. If NYU has no financial stake, and if it can control decisions respecting the future of Polytechnic, what certainty is there that Polytechnic will exist in ten years? To turn control over to NYU on such terms -- i.e., an unenforceable promise -- is reckless.

Another significant omission that is of great importance to the Polytechnic Alumni concerns the diversity of Polytechnic's student body. Historically, a significant portion of Polytechnic's students have been immigrants or children of immigrants, with outstanding math SAT scores but lesser verbal scores. Polytechnic provides for these students an opportunity they might not otherwise have. The Alumni are aware that NYU has voiced a willingness to maintain the diversity of the student body yet the very goal of transforming

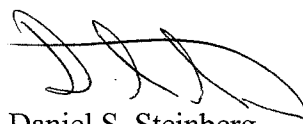
Polytechnic into a Tier-1 engineering institution may not be consistent with the role that Polytechnic historically has filled. Therefore, it is important that the MOU contain a clear commitment from NYU that, in the transformation to a Tier-1 school, Polytechnic will continue to serve New York City's immigrant populations.

Given the missing financial commitment from NYU, the transformation of Polytechnic contemplated by the MOU, as well as the unaddressed issues detailed in the Alumni position papers, it is extremely difficult to assess the benefits of the proposed merger with NYU as outlined in the MOU. Is Polytechnic receiving adequate consideration for its assets and its value as a complete engineering university? On the basis of what information are the trustees being asked to make this determination? Have alternatives been analyzed so that the current proposal can be weighed properly against the benefits of other options?

The Polytechnic Alumni raise these issues now in the hope that they can be addressed before the MOU is presented in final form on October 2, 2007. If they are not addressed in a clear manner that is favorable to Polytechnic, then, when asked to vote to approve the MOU, the Board of Trustees will be gambling with the future of Polytechnic. Worse, the lack of complete information will render it impossible for the trustees to discharge their fiduciary duty of inquiry. It, therefore, is incumbent on the Board of Trustees in the discharge of their fiduciary obligations to insist on complete information sufficient to justify the proposed transaction. Acting without the benefit of material information exposes the Board to the charge that it failed to make adequate inquiry. Frankly, the Polytechnic administration should not place the Trustees in such an untenable position, but all of the information available to the Polytechnic Alumni suggests that the administration plans to do just that when it presses for the Trustees to approve the MOU at the meeting of the Board on October 9-10.

The Polytechnic Alumni, for some time, have been lobbying the administration in an effort to protect the interests of the Alumni and Polytechnic. The Alumni have produced and circulated a comprehensive list of issues in its position papers about which all of Polytechnic should be concerned. Some, but not enough, of those issues have been addressed in the MOU. Unless further progress is made on these issues, including those discussed above, the Alumni believe that it is their obligation to act to prevent such a momentous decision from being made without full information and careful deliberation. We urge that you act now to make the Polytechnic administration aware that you will not have sufficient information to approve the MOU unless the terms of merger are significantly more favorable to Polytechnic.

Very truly yours,


Daniel S. Steinberg

cc: Mr. Jerry MacArthur Hultin (via email)
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