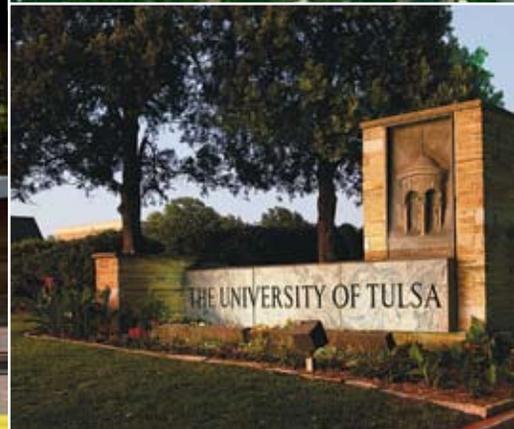



2004-2005

PRESIDENT'S REPORT

THE UNIVERSITY OF TULSA

STEADMAN UPHAM FULTON COLLINS
PRESIDENT CHAIRMAN OF THE BOARD





Greetings from the Chairman

The University of Tulsa has prospered over the years thanks in large part to the planning and action of our university and community leaders. As Chairman of the Board of Trustees, I am grateful for the opportunity to work with an outstanding group of leaders who possess great vision and a deep commitment to TU. With the board's guidance, a thoughtful master plan for TU's future, and the steadfast support of many alumni and friends, our university has made impressive strides in recent years.

The proof of our progress is widespread. Since 1996, TU has...

- *Transformed the campus into a residential environment, where more than 60 percent of our undergraduate students live on campus;*
- *Constructed more than 700,000 square feet of facilities at a cost of more than \$100 million;*
- *Increased its endowment over 60% -- from \$477 million to \$770 million;*
- *Grown its external research funding by 80%;*
- *Established a Ph.D. program in computer science and emerged as a national leader in information security education and research;*
- *Produced 4 Marshall scholars, 34 Goldwater scholars, 7 Truman scholars, and many other winners of nationally competitive scholarships;*
- *Raised the mean ACT score of its freshman classes from 24 to 27 and the mean SAT score from 1180 to 1240;*
- *Increased the number of National Merit Scholars among entering freshmen from 10 to 83, a seven-fold gain placing TU 9th in the nation this year in National Merit Scholars per capita;*
- *Ascended from third-tier status to #93 in U.S. News & World Report's nationwide ranking of doctoral universities;*
- *Constructed campus facilities serving every intercollegiate athletic program: football, basketball, tennis, soccer, rowing, golf, track and field, softball and volleyball;*
- *And contributed more than half a million dollars to the Tulsa Area United Way, and hundreds of thousands of hours of service to other charitable and civic organizations.*

These and many other achievements have been realized not only through the board's guidance, but also through the generous support of alumni and friends in Tulsa and throughout the world. As our campus community prepares to celebrate two historic events in 2007 – the city of Tulsa's centennial and the 100th anniversary of the relocation of Henry Kendall College to Tulsa – we are reminded that TU's past, present, and future are integrally linked to that of our city. By continuing to create and capitalize on opportunities together, we will bring new strength and vitality to the destiny we share.

Yours truly,

A handwritten signature in black ink, appearing to read 'Fulton Collins'. The signature is stylized and fluid, with a long horizontal stroke at the end.

Fulton Collins

Greetings from the President

Some 18 months ago, Peggy and I decided to make the move from California to Tulsa. We came because we saw in TU an outstanding example of an extended family working together to attain a shared vision.

Since that day, we have only grown more impressed with TU students, alumni, donors, trustees, faculty, administrators, staff, and friends. We are indeed fortunate to work day-by-day with so many inspired people in a city with a big heart and a growing excitement about the future.

Judging from the progress presented here, TU's future is bright, indeed. Our increasingly credentialed students are taking advantage of the many opportunities TU offers. And they are achieving new levels of success in the classroom, in the community, on the field of athletic competition, and within themselves. Because of these and other successes, TU continues to be recognized as a university of choice for exceptional students from throughout the country and around the world.

As you read the following report, I encourage you to recognize TU's progress as the result of your continued support. Preparing today's students for lives of leadership in tomorrow's world is a formidable undertaking and a profound responsibility. Our enviable success in fulfilling this mission is a testament to each and every member of our TU family.



With best regards,

A handwritten signature in black ink, consisting of a large, stylized initial 'S' followed by a series of loops and a horizontal line at the end.

Steadman Upham

New Successes, Continued Progress.

During the past 18 months, The University of Tulsa underscored its strength in the fundamental areas of academic excellence, fiscal health, alumni activity, athletics excellence, and campus development. It has been a time of headlines – a new president, new construction, another top-100 ranking, football championships, and new records set by the most academically distinguished class in TU history. These milestones, other developments noted below, and still other successes unreported here herald a future rich in possibilities.

Scholarship Achievements

Truman Scholarships

Brigid DeCoursey

Little Rock, Ark.

Biochemistry,

Environmental Policy

Matthew Warren

Stillwater, Okla.

Political Science, Economics,

French, International Studies (minor)

Goldwater Scholarships

Pavel Gershteyn

Colorado Springs, Colo.

Computer Science

David Robinson

Katy, Texas

Chemistry

Udall Scholarship

Todd Hoppe

Sand Springs, Okla.

Chemistry

National Science Foundation Fellowship

Alison Galatian

Depew, Okla.

Geosciences

Andrew Matzen

Albuquerque, N.M.

Geosciences

Mary McGlohon

Oklahoma City, Okla.

Computer Science,

Mathematics

Vanessa Russo

Tulsa, Okla.

Engineering Physics

Academic Achievement.

Class of 2009: The Class of 2009 is the most academically qualified in University history. More than one in eight freshmen is a National Merit Scholar, ranking TU ninth in the nation on a per capita basis. Moreover, a record-breaking 62 percent of new freshmen finished in the top 10 percent of their high school classes, and both SAT and ACT scores tied all-time TU records.

Scholarship Achievements: TU students continued the University's winning tradition in competition for prominent national scholarships, securing two Truman Scholarships, two Goldwater Scholarships, one Udall Scholarship, and four National Science Foundation Fellowships.

Truman Honor Institution: This year's two Truman Scholarships brought the University's total to 10 since 1988. Recognizing this milestone, the Harry S. Truman Scholarship Foundation named TU a Truman Honor Institution, an award reserved for select colleges and universities that champion service learning.

Rankings Recognition.

U.S. News Top 100: The ongoing rise of the University in prominent national college rankings included continued recognition as a *U.S. News & World Report* Top 100 national doctoral university. The 2006 U.S. News rankings list TU at #93 among 248 reviewed.

Princeton Review Best Colleges: The Princeton Review continued to recognize TU's high performance in its *361 Best Colleges* guide. Individual category rankings produced particularly encouraging news. TU ranked #9 in the nation in student happiness, #10 in quality of life, and #5 in town-gown (city-university) relations. This was the first year that TU ranked in the top 10 in all three lists. Other Princeton Review rankings included citation as one of 81 Best-Value Colleges, one of 143 Best Business Schools, and one of 122 Best Western Colleges.

Sound Finances.

A strong endowment, efficient operations, and continued success in drawing external funding place the University in a sound and secure financial position.

For the first time, the University's total assets surpassed the \$1 billion mark this year. The University's total endowment, including funds held in trust by others, was \$770 million as of May 31, 2005 – a 13.1 percent gain over the previous year. This growth outperformed by 60 percent the S&P 500's 12-month return of 8.2 percent.

In fundraising, a record high alumni giving participation rate of 25 percent helped push total giving to \$16.3 million for the year ended May 31, 2005.

Operations continued within budget on total expenses of \$130,936,000. External funding for research and sponsored programs totaled \$17,853,421.

The University reached a financial and technological milestone when it sold its first patent in mid-2005. The patent covers digital anti-piracy technology developed by TU computer science professors John Hale (BS '90, MS '92, PhD '97) and Gavin W. Manes (BS '00, MS '02, PhD '04). New York-based Overpeer, Inc., purchased the patent for an undisclosed sum. TU Trustee Jim McGill chairs the new Technology Transfer Committee of the Board of Trustees that facilitated the sale.





Campus Growth.

Campus development progressed with several previously planned and newly announced projects.

11th Street Entrance: A current project to develop a major campus entrance along 11th Street will include an oval drive; an extensive commons with formal gardens and a fountain, and Bayless Plaza, a stately new home for the Kendall Hall Bell and cupola.

Collins Hall: The centerpiece of the 11th Street project will be Collins Hall, a 39,000-square-foot building that will bring together the offices of Admission, Financial Aid, Housing, Alumni Relations, and other offices providing direct service to students, alumni, and visitors.

Case Athletic Complex: Construction is under way for the Case Athletic Complex, a three-story, 30,000-square-foot structure that will consolidate TU Football operations and provide a dramatic anchor for the north end of Skelly Stadium. The complex will include program offices, training space, a Lettermen's Lounge, and an academic support center serving all TU student athletes.

Jack Zink Indoor Rowing Center: Last February, the University broke ground on a state-of-the-art rowing center. Along with strength and

conditioning equipment, locker rooms and office space, the 8,000-square-foot center will feature a rowing tank, allowing athletes to train indoors, on water, in full lineup. The tank in particular is a premium feature found only among the nation's most competitive rowing programs. (See athletics highlights below for TU Rowing achievements.)

Improvements to The U: Other campus projects have provided the opportunity to improve The U with the addition of trees, flowers, winter grass, extensive brick-paved walkways and enhanced lighting.

Property Acquisitions apart from those related to the 11th Street project include a multistory art-deco-styled office building on Harvard Avenue; the structure has been renamed the Henneke Building in honor of TU President Emeritus Ben G. Henneke. The University also was gifted a home near campus, which has been converted into the St. Adrian of Canterbury House, serving the Episcopal Student Association.

Alumni and Friends.

Alumni and donors are two – often overlapping – branches of the TU family that keep the University in step with the times and equipped for success. The enthusiasm and generosity of TU alumni and friends over the past 18 months brought several exciting developments.

New Alumni Chapters: 2005 saw the official chartering of two alumni chapters – Chicago and Washington, D.C. Besides being home to an enthusiastic group of alumni, each of these communities is a major U.S. city, bustling with activity and full of opportunities for future TU graduates. Alumni play an important role not only in referring talented students to TU, but also in matching them with internship and employment opportunities. In addition, alumni chapters provide plenty of opportunities for friendship, fun, and community enrichment.

TU Uncorked: One of the Tulsa chapter's most successful events was a brand new one: TU Uncorked, where guests sampled Oklahoma wines and hors d'oeuvres, raising more than \$32,000 for TU scholarships in the process.

Alumni Participation in Giving: One of the most encouraging trends of recent years has been a pronounced increase in the percentage of TU alumni giving to the University. Alumni giving not only supports TU directly, it also serves as a measure of "customer satisfaction" that is taken very seriously by grant-making organizations and college ranking groups. After languishing at less than 9 percent historically, alumni participation in the past year reached an all-time high of 25 percent.



Athletics

The University's entry into Conference USA, football championships, facilities progress, and the hiring of a new athletics director have opened a new chapter in Tulsa Athletics history. These events headlined a year that also saw significant achievements among the University's non-revenue sports.

TU Football Wins Big: Under the guidance of Head Football Coach Steve Kragthorpe, TU Football completed an outstanding 2005 season. After emerging as Conference USA Western Division leader with a 6-2 conference record, TU went on to win Conference USA's inaugural championship game with a 44-27 victory over Central Florida. The team rode that momentum to a 31-24 win over Fresno State in the 2005 AutoZone Liberty Bowl in Memphis – a victory that secured Tulsa's first bowl championship in 14 years.

Cunningham Named AD: In October 2005, TU welcomed Lawrence "Bubba" Cunningham as new Athletics Director. Cunningham joins TU from his previous post as Athletic Director at Ball State University. He also has served as Senior Associate Athletic Director at Notre Dame, where he had a wide range of responsibilities. The Tulsa hiring committee was especially impressed with Cunningham's successes in program development, fundraising, community involvement, and facilities development. Most importantly, he has demonstrated a deep commitment to the complete success of student athletes both on and off the field.

Rowing wins in Boston: Two major victories at the legendary Head of the Charles Regatta in Boston headlined win-studded seasons for Tulsa Rowing. In 2004, TU took 1st place in the Club Four division, returning in 2005 to take 5th place in the highly competitive Championship Four division. Off the water, in 2004-05, TU rowers completed more than 800 hours of community service with organizations such as Big Sisters, St. Francis Hospital, and Habitat for Humanity. This service included working on two Habitat homes. The rowing team has won TU Athletics' annual award for team community service for the past three years.

Golf Going Strong: Both men's and women's golf teams advanced to the NCAA championship tournament – men for the eighth time in school history, and women for the 19th time in the 24 years of the tournament's history. TU women won the WAC Championship for the seventh year running, and TU men tied with SMU for first place in the WAC Championship.

Soccer Ranks #8 Nationally: Men's soccer advanced to the quarterfinal round of the NCAA Tournament and finished its season with a #8 national ranking – the highest in TU history.

New Facilities: The generosity of friends of TU Athletics is making possible the construction of two new facilities: The Jack Zink Indoor Rowing Center, and the Case Athletic Complex at Skelly Stadium. (See Campus Growth section above.)

Statement of Financial Position

May 31, 2005 (amount in thousands)

Assets

Current Assets	
Cash and cash equivalents	\$20,150
Investments, short term	5,312
Accounts receivable, net	11,107
Deposits with bond trustee	1,468
Inventories	161
Prepaid expenses and deferred charges	1,454
Contributions receivable, current portion	3,648
Total current assets	43,300
Contributions receivable, net	2,695
Student loans receivable, net	8,310
Investments	273,377
Deferred bond issue costs	2,599
Deposits with bond trustee	9,748
Educational plant, net	195,173
Funds held in trust by others	531,731
Total assets	\$1,066,933

Liabilities and Net Assets

Current Liabilities	
Accounts payable	\$3,174
Accrued expenses	6,498
Notes and mortgages payable, current portion	848
Deposits payable	987
Deferred tuition revenue	3,737
Advances under grants and contracts	4,320
Bonds payable, current portion	2,335
Total current liabilities	21,899
Notes and mortgages payable, long-term	1,805
Advances under federal loan programs	7,518
Bonds payable, long-term portion	106,539
Other long-term liabilities	6,361
Total liabilities	144,122
Net Assets	
Unrestricted net assets	146,615
Temporarily restricted net assets	119,368
Permanently restricted net assets	656,828
Total net assets	922,811
Total liabilities & net assets	\$1,066,933

Endowments and Funds Held in Trust by Others

May 31, 2005 (amount in thousands)

Endowment investments	\$238,765
J.A. and Leta M. Chapman 1949 Trust	40,078
James A. and Leta M. Chapman Charitable Trust	293,312
Leta McFarlin Chapman Memorial Trust	154,883
Pauline McFarlin Walter Memorial Trust	39,855
Jay P. Walker Charitable Trust	2,951
Other	652
	\$531,731
Total endowment investments and funds held in trust by others \$770,496	

Endowment

Investment income	\$2,213	0.9%
Net gains designated for operations	12,014	5.0%
Net gains in excess of gains designated for operations	12,463	5.2%
Total investment return on endowment	\$26,690	11.1%

Funds Held in Trust by Others

Distributions of income	\$22,704	4.3%
Increase in fair value	53,131	10.0%
Total investment return on funds held in trust by others	\$75,835	14.3%

Statement of Activities May 31, 2005 (amount in thousands)

	Unrestricted	Temp. Restricted	Perm. Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Student tuition and fees	\$70,637	\$ -	\$ -	\$70,637
Less:				
University-funded scholarships	(15,758)			(15,758)
University-funded athletic scholarships	(3,463)			(3,463)
Scholarships funded by other sources	(6,551)			(6,551)
Net Tuition and Fees	44,865			44,865
Endowment investment income	1,185	1,026	2	2,213
Investment income (loss)	2,203	194	225	2,622
Income from funds held in trust by others	10,992	11,359	353	22,704
Gifts, grants, and pledges	4,600	13,808	2,933	21,341
Research services and sponsored projects	14,605			14,605
Sales and services of educational				
departments and public services	4,438			4,438
Sales and services – auxiliary enterprises	16,526			16,526
Net endowment gains designated for operations	6,061	5,943	10	12,014
Other	3,592	33	9	3,634
Total revenues, gains, and other support	109,067	32,363	3,532	144,962
Net assets released from restrictions	18,850	(18,932)	82	-
Total revenues, gains, and other support	127,917	13,431	3,614	144,962
EXPENSES				
Instruction	48,307			48,307
Research	14,288			14,288
Public service	5,190			5,190
Academic support	14,825			14,825
Student services	11,605			11,605
Institutional support and other	16,522			16,522
Auxiliary enterprises	20,199			20,199
Total expenses	130,936			130,936
Increase from operating activity	(3,019)	13,431	3,614	14,026
NON-OPERATING ACTIVITY				
Net endowment losses in excess of				
gains designated for operations	601	2,939	8,923	12,463
Payment under endowment agreement			(491)	(491)
Decrease in fair value of funds held in trust by others			53,131	53,131
Increase from non-operating activity	601	2,939	61,563	65,103
NET INCREASE (DECREASE) FOR THE YEAR	(2,418)	16,370	65,177	79,129
NET ASSETS, BEGINNING OF YEAR	149,033	102,998	591,651	843,682
NET ASSETS, END OF YEAR	146,615	119,368	656,828	922,811