

2010 Annual Meeting



Janet E. Porter, PhD, Dana-Farber Cancer Institute Executive Vice President and Chief Operating Officer; Rick Markello, Chief Financial Officer, Joslin Diabetes Center; and Dorothy Puhly, chair of MASCO's board and Chief Financial Officer of Dana-Farber.



Sandra Fenwick, President of Children's Hospital Boston and Vice Chair of the MASCO board, with Marilyn Swartz-Lloyd, MASCO President and Chief Executive Officer.



Holli Roth, MASCO Chief Financial Officer, and Jane Krantz, Executive Director, Temple Israel.



Arthur Mombourquette, Vice President of Support Services at Brigham and Women's Hospital and co-chair of MASCO's Operating Services Committee with annual meeting keynote speaker John F. McCarthy, ScD, CIH, President, Environmental Health & Engineering, Inc.



George Humphrey, PhD, Vice President for College Relations, Massachusetts College of Pharmacy and Health Sciences; Marilyn Swartz-Lloyd, MASCO President and Chief Executive Officer; and Kay Sloan, DA, President, Massachusetts College of Art and Design.



David Eppstein, MASCO Vice President for Operations, catches up with Timothy Carroll, PhD, MBA, Director, Merck Financial Services at Merck Research Laboratories-Boston.



George Humphrey, PhD, Vice President for College Relations and Mark Fuller, trustee, both from Mass. College of Pharmacy and Janet E. Porter, PhD, Executive Vice President and Chief Operating Officer, Dana-Farber Cancer Institute.



Marvin Schorr, PhD, former MASCO board chair, receives a gift for 21 years of service from Jon C. Lundell, Executive Assistant to the MASCO President and General Counsel.



Janet Fishstein, Director of Facilities Planning, Simmons College, confers with Sarah Hamilton, MASCO Vice President for Area Planning and Development.



Prepared for the Future

MASCO's 2010 financial performance was very strong, a result of the early buyout of the Service Center Garage lease and reduced expenses.



The lease of land under the MASCO building at 375 Longwood was renegotiated and the building was refinanced.

For six years, MASCO leadership has known that the period from 2010, when the Service Center Garage lease termination would cause a drop in revenue, and 2015, when the debt on the 375 Longwood building is paid off, would be financially challenging. The executive and finance committees and senior leadership worked together to develop business and 5-year plans to guide the organization through the next five lean years. They sharpened the focus on MASCO's mission and took steps to preserve and strengthen core services while lowering costs.

A solid financial base, keen focus on mission, skilled leadership and clear plan mean MASCO is in a strong position to weather the challenges ahead.

Addressing Revenue Declines

To counter the forecasted revenue decline, for the last six years MASCO has taken a number of steps to reduce expenses and increase income. A reasonable market adjustment for the lease of land under 375 Longwood was negotiated, allowing for the refinancing of the building and a savings of nearly \$600,000 per year.

Every MASCO department rebid contracts. Budgets for staffing and expenses, travel and food were decreased; marketing for telecommunications was increased to help secure new Call Center customers.

MASCO members wanted to trim expenses, so interest grew in saving money through joint contracts. The collaborative services department developed and expanded contracts for waste management, elevator repair, courier and travel—saving members money and increasing MASCO Services, Inc. revenue.

MASCO shuttle buses now carry advertising—a source of new income. In 2007, rents in the 375 building increased, and gradually over several years, off-site subsidies for parking were decreased. Associate members were added to the organization's roster, grant funding was secured, and the investment portfolio was restructured.

According to board chair Dorothy Puhly, "Resources are closely aligned with objectives and MASCO is on a path to financial security that will be fully realized in 2015 when the long-term debt on the 375 Longwood building is paid."

“Six years ago, I was not sure that we’d be able to bridge the financial gap caused by the loss of the Service Center Garage lease. I’m extremely pleased. We’ve carefully managed costs, and creative thinking has identified new ways of operating that save money or increase revenue. Our plan will allow us to live within our means now and be flexible enough to serve members in many ways in the future.”



**—Dorothy Puhly,
MASCO Board Chair**



Looking Ahead: The Vision for MASCO 2010–2015

What does the future of MASCO look like?
What services are most important to members?
What projects will strengthen and support the future of the LMA and its residents, businesses, employees and students?

To answer these questions, in 2009 MASCO president Marilyn Swartz-Lloyd, together with members of the executive committee, confirmed MASCO's purpose and developed a strategic business plan with four focus areas: **information sharing**, **projects that save costs now**, **projects to serve future growth** and **policy**. These areas will form the cornerstone of MASCO's focus for the next five years.

Information Sharing

"Communications involves all MASCO departments and members," according to Swartz-Lloyd. "We are in a unique position to inform the public of several key points: the commitment of member institutions to community service, creating strong workplaces, career ladders and jobs, and the importance of member institutions to other businesses locating in Massachusetts."

Website Redesign Over the next five years, MASCO will develop more dynamic forms of electronic communication. This year, the website will be redesigned to support the missions of MASCO members, reinforce the LMA's positive messages, enhance awareness of the benefits offered in the LMA and improve distribution of information to MASCO committees and groups. MASCO's new interactive site will include richer information and be easier to use.

A popular website feature allows real-time tracking of MASCO's LMA shuttles from computers and hand-held devices. The new website will feature shuttle tracking, easy access to commuter information on traffic, ridesharing, and commuting by bicycle, and an interactive map that will allow patients, employees, students and visitors to access directions to LMA buildings, bus stops, restaurants, and places to stay.

Sustainability Emphasis on sustainability is growing, and LMA institutions are making significant strides in this area. A new MASCO electronic newsletter, *Green@LMA*, showcases the many impressive sustainability programs underway, while enhancing information sharing on best practices. *Green@LMA* is emailed to MASCO members, community groups and political and civic leaders, and is also on the website.

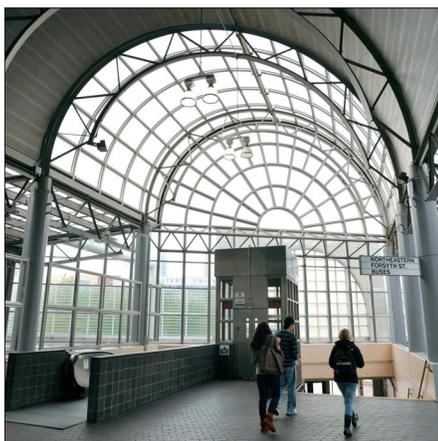
A key section of *Green@LMA* focuses on members' collaboration on green initiatives.



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MASCO teamed with area businesses to secure state economic stimulus funding for the renovation of the Yawkey Station commuter rail stop—the first component of a large development of residential, office, retail, parking and community space that will be built over the Turnpike.



MASCO has completed conceptual designs and is working with city and state public works and transit officials to secure funding for an additional platform at Ruggles Station.

Waste management is one example of how this team approach can deliver significant benefits. By working together, members have improved services, lowered costs, reduced trash-truck traffic, and expanded recycling programs. MASCO facilitates these conversations, conducts research to identify best practices and determine feasibility, and gathers all interested parties together to craft solutions.

Looking ahead, MASCO will continue to build and evaluate electronic communications to serve the needs of the MASCO community.

Costs

Collaborative Contracts To help members save money, MASCO explored group contracting needs. In one service, this revealed significant price differences between institutions and opportunities for cost savings.

To save costs now, MASCO is developing new joint contracts for services such as composting and dry ice for laboratories. In the longer-term, MASCO is researching developing a warehousing or a recycling facility. A thorough evaluation of these projects will be conducted in 2012. If feasible, funds for development could be secured in 2013, financing, permitting and community approval in 2014, and construction in 2015.

Future Growth and Policy

Parking and Transit Three MASCO projects serve future growth, and they all have policy implications. The future Fenway Garage, over the Turnpike and a renovated Yawkey Station, is part of a development led by Meredith Management. The 1.3 million square foot project will include residential units, offices, retail, parking and community space. MASCO teamed with businesses in the area to secure state economic stimulus funds for renovating Yawkey Station, the first component of the development. On behalf of its members, MASCO will sign a lease for 500 spaces in the garage, which will help secure financing for the project.

Urban Ring Although the economy has slowed the process, the Urban Ring is a major investment in the future of the LMA. For the short-term, MASCO's focus is on improvements that can be made now. For instance, they will evaluate how all crosstown bus routes through the LMA might be streamlined to improve service, building ridership for a future Urban Ring, while reducing traffic on Longwood Avenue.

For the long-term, only a comprehensive approach will resolve regional transportation gridlock on the subways, buses, trains and roads leading to or through the LMA.

The Urban Ring has many parts, and advocacy has helped move some components forward, including a new commuter rail station and platform at Yawkey Station. MASCO has also completed conceptual designs for an additional platform at Ruggles Station, since 50% of morning trains cannot stop there now. This situation causes hardship to employees travelling to the LMA from areas south of Boston.

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Looking Ahead: The Vision for MASCO 2010–2015, *continued*



For nearly 30 years MASCO has been committed to quality child care in the LMA. The Longwood Medical Area Child Care Center, part of MASCO's family of organizations, opened in 1982.

MASCO's work with city and state public works and transit departments on the Urban Ring has fostered strong relationships that will serve the LMA well over the next decade and beyond," says Swartz-Lloyd.

Child Care MASCO's commitment to providing quality child care services in the LMA goes back almost 30 years. The 96-space Longwood Medical Area Child Care Center includes children of employees from MASCO, Brigham and Women's, Dana-Farber, Joslin, Simmons, Harvard Medical School and Harvard School of Public Health. In 1999, MASCO began a contract with Bright Horizons for 137 spaces at Landmark Center.

Short-term plans include expanding a new community access program, extending the Bright Horizons contract, and exploring collaboration with child care networks and the Harvard Office for Work and Family. Longer-term, an assessment to determine needs for expanded on-site child care is planned for 2013. It could result in a new or expanded center in 2015.

So what does the future of MASCO look like?

MASCO's future is full of potential, in spite of the anticipated financial constraints of the next few years. The focus on mission is sharp, and key areas where MASCO offers members the most value have been identified and strengthened. Resources—money, time and talent—are more concentrated and more effective.

“Over the next five years we will strengthen our investments and finances, improve core activities, fulfill our objectives, expand programs incrementally, increase the usefulness of our businesses and prepare for growth in 2015.”

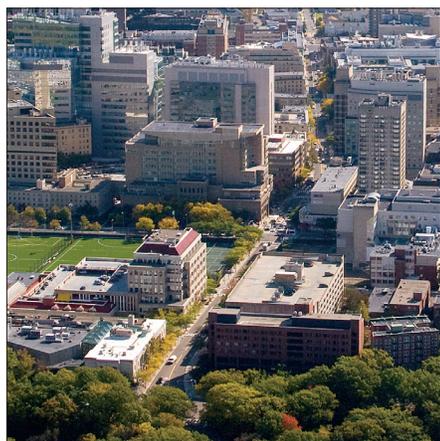


—Marilyn Swartz-Lloyd,
MASCO President and CEO



Financial Highlights for FY2010

MASCO ended the year on an extremely positive note with an increase in unrestricted net assets of \$6.3 million as a result of positive operations and investment returns. This puts the company in a strong financial position to address the upcoming period of reduced income related to the loss of the Service Center Garage lease, through FY2015 when the long-term debt on 375 Longwood Avenue is fully paid off.



Boston's Longwood Medical and Academic area (LMA) is a thriving community of medical, academic, research, and cultural organizations. MASCO (red-trimmed roof in center of photo) is dedicated to enhancing the LMA for the benefit of those who live, work, study, or receive medical care here.

Revenues

Overall revenues decreased \$850,000 from FY2009. Less parking revenue from the Service Center Garage accounted for a large portion of the decrease. Other decreases were one-time grant funds expended in FY2009 and a decrease in activity on behalf of the member energy group. Decreases were partially offset by rate increases for parking at MASCO's nine facilities and lots and new business for courier and elevator maintenance contracts.

Expenses

Operating expenses also decreased by approximately \$2 million. Professional and contract services, the largest expense category, decreased due to lower spending for improvements to Evans Way Park and the Urban Ring effort—an area of continuing importance to MASCO members. Spending on behalf of members for energy-related legal and consulting expenses also decreased. MASCO continued to be involved in these activities on behalf of its members, but the amounts spent were lower. MASCO experienced a reduction in rental expense associated with the early termination of the Service Center lease. Supplies, insurance and other expenses also decreased due to continued efforts to control discretionary spending.

Investment Returns

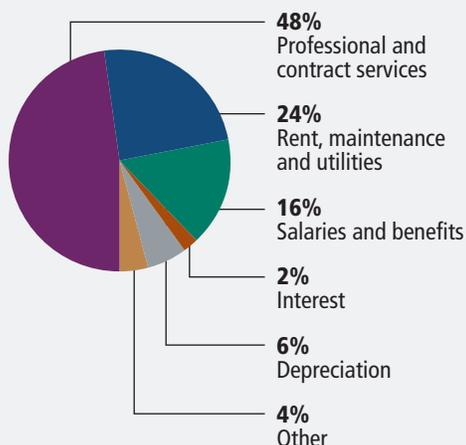
MASCO earned \$490,000 of realized investment returns from dividend income and interest compared to \$690,000 in FY2009. In addition, an unrealized gain on investments of \$1.1 million dollars partially offset last year's unrealized loss of \$2.2 million. Management and the finance committee continue to closely monitor the investment portfolio. A sub-committee was established and met with our investment consultants. As a result, some adjustments were made to the portfolio to further diversify and take advantage of current market trends. At year end, holdings included cash and cash equivalents of \$12 million (\$5 million of which was invested in a Wellington Management Fund just after year end) and mutual funds valued at \$15 million.

Assets and Liabilities

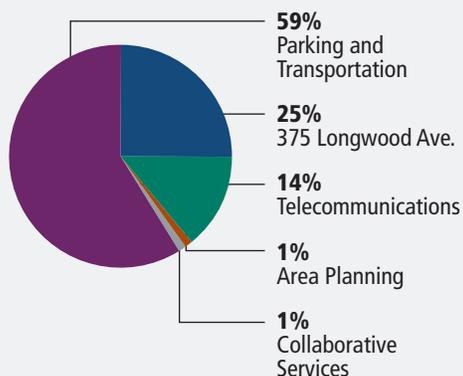
MASCO's Statement of Financial Position remains strong. Assets increased due to additional cash received from the early Service Center lease termination payment of \$3.4 million. Long-term liabilities include a capital lease of \$1.9 million for buses to provide transit services to members. These services are provided through Paul Revere Transportation, Inc. MASCO has long-term tax-exempt debt with a balance remaining of \$8.7 million. These bonds were used to refinance debt originally issued to fund the 375 Longwood Avenue building complex. MASCO met its debt covenants.

The information above was summarized from MASCO's audited financial statements for the fiscal years ended June 30, 2010 and June 30, 2009. For a complete copy of MASCO's audited financial statements, call 617-632-2790.

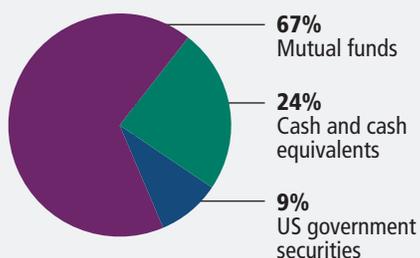
Operating Expenses FY2010



Revenue from Operations FY2010



Investment Detail



Statement of Activities

(in thousands)

	2010	2009
Net Revenues	\$32,890	\$33,734
Operating Expenses	27,698	29,673
Income from Operations	5,192	4,061
Other Income:		
Investment Income	433	690
Gain/(loss) on disposal of assets	(330)	(23)
Income before income tax	5,295	4,728
Provision for income taxes	115	105
Excess of revenues over expenses	5,180	4,623
Unrealized gain (loss) on investments	1,112	(2,203)
Increase in unrestricted net assets	\$6,292	\$2,420

Statement of Financial Position

(in thousands)

	2010	2009
Assets		
Current Assets	\$13,696	\$10,577
Investments:		
Donor restricted	2,853	2,597
Unrestricted	13,164	10,994
Other Assets	498	537
Property and Equipment — net	18,597	19,274
Total Assets	\$48,808	\$43,979
Liabilities and net assets		
Current liabilities	\$6,079	\$5,129
Long-term debt	6,960	8,713
Long-term capital lease liability	1,868	2,716
Other liabilities	436	452
Net assets:		
Unrestricted	30,612	24,320
Temporarily restricted	2,853	2,649
Total liabilities and net assets	\$48,808	\$43,979

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Board and Committee Members

MASCO Member Institutions and Board of Directors

(as elected at the June, 2010 Annual Meeting)

MASCO

Dorothy Puhly, Chair, MASCO Board
Marilyn Swartz-Lloyd, President (ex officio)

Beth Israel Deaconess Medical Center

Paul F. Levy, President and Chief Executive Officer
Eric Buehrens, Executive Vice President & Chief Operating Officer*

Brigham and Women's Hospital

Elizabeth G. Nabel, MD, President

Children's Hospital Boston

James Mandell, MD, Chief Executive Officer
Sandra L. Fenwick, President and Chief Operating Officer*

Dana-Farber Cancer Institute

Edward J. Benz, Jr., MD, President
Janet E. Porter, PhD, Executive Vice President and Chief Operating Officer*

Emmanuel College

Sister Janet Eisner, SND, President*[§]
James Roosevelt, Jr, Esq., Trustee

Harvard University

Jeffrey S. Flier, MD, Dean of Faculty, Harvard Medical School*
Daniel Ennis, MBA, Executive Dean for Administration, Harvard Medical School*

Immune Disease Institute

Frederick Alt, PhD, President
Steven Simmons, Executive Director*

Isabella Stewart Gardner Museum

Anne Hawley, Norma Jean Calderwood Director
Peter M. Bryant, Chief Operating Officer*

Joslin Diabetes Center

Kenneth Quicquel, MD, President
Rick Markello, Chief Financial Officer*

Judge Baker Children's Center

John R. Weisz, PhD, President
Stephen Schaffer, Chief Operating Officer*

Massachusetts College of Art & Design

Katherine Sloan, DA, President

Massachusetts College of Pharmacy and Health Sciences

Charles F. Monahan, Jr., President
Mark Fuller, Trustee

Massachusetts Department of Mental Health

Barbara Leadholm, MS, MBA, Commissioner

Simmons College

Helen Drinan, President

Temple Israel

Leah McIntosh, President
Jane Krantz, Executive Director*

Wentworth Institute of Technology

Zorica Pantić, PhD, President

Wheelock College

Jackie Jenkins-Scott, President
Edward H. Ladd, Trustee

The Winsor School

Rachel Stettler, Director
Susannah B. Tobin, Trustee

Directors At Large

Foster L. Aborn
Thomas W. Cornu
Stephen P. Koster, Esq.
Katherine N. Lapp
Dorothy Puhly
James H. Walsh III[§]

Chairmen Emeriti

Marvin G. Schorr[§]
Rud Ham

* The MASCO Board election of any nominee who is not the chief executive officer or a member of the governing board of his or her nominating member institution must be approved by vote of two-thirds of MASCO's member institutions.

[§] Recognized at the 2010 annual meeting for more than 20 years of service.

MASCO Committees

Executive Committee

Dorothy Puhly, MASCO Chair (ex officio)[‡]
Sandra L. Fenwick, Vice Chair, Children's Hospital Boston[‡]
Eric Buehrens, Beth Israel Deaconess Medical Center[‡]
Sister Janet Eisner, SND, Emmanuel College[‡]
Daniel Ennis, Harvard Medical School[‡]
David Kirshner, Children's Hospital Boston
Charles F. Monahan Jr., Massachusetts College of Pharmacy and Health Sciences[‡]
Janet E. Porter, PhD, Dana-Farber Cancer Institute[‡]
Marilyn Swartz-Lloyd, MASCO President (ex officio)[‡]

Finance Committee

David Kirshner, Chair, Children's Hospital Boston
Steven Fischer, Vice Chair, Beth Israel Deaconess Medical Center
Neil Buckley, Emmanuel College
Dorothy Puhly, MASCO Chair (ex officio)[‡]
Michael Reney, Brigham And Women's Hospital
Marvin G. Schorr, PhD, MASCO Chair Emeritus
Marilyn Swartz-Lloyd, MASCO President (ex officio)[‡]
James H. Walsh, III, Children's Hospital Boston[‡]

Operating Services Committee

Arthur Mombourquette, Co-Chair, Brigham and Women's Hospital
Sister Anne Donovan, Co-Chair, Emmanuel College
Walter Armstrong, Beth Israel Deaconess Medical Center
Richard Bernasco, The Winsor School
George Bono, Immune Disease Institute
Peter M. Bryant, Isabella Stewart Gardner Museum
Tim Carroll, Merck Research Laboratories Boston
John Clark, Harvard Vanguard Medical Associates
Janet Fishstein, Simmons College
George Humphrey, PhD, Massachusetts College of Pharmacy and Health Sciences
Jane Krantz, Temple Israel
Michael Lanner, Joslin Diabetes Center
Maria Papola, Dana-Farber Cancer Institute
Dorothy Puhly, MASCO Chair, (ex officio)[‡]
Paul Riccardi, Harvard School of Public Health
Rick Page, Blue Cross/Blue Shield
Richard M. Shea, Jr., Harvard Medical School
Kurt Steinberg, Massachusetts College of Art & Design
Steven Schaffer, Judge Baker Children's Center
Roy Schifilliti, Wheelock College
Henry Tomosuolo, Children's Hospital Boston
Robert Totino, Wentworth Institute of Technology
Marilyn Swartz-Lloyd, MASCO President, (ex officio)[‡]

Compensation Committee

Sandra L. Fenwick, Children's Hospital Boston, Chair[‡]
Dorothy Puhly, MASCO Chair (ex officio)[‡]
Jackie Jenkins-Scott, Wheelock College[‡]
Marvin G. Schorr, PhD, Chair Emeritus

Nominating and Governance Committee

Zorica Pantić, PhD, Wentworth Institute of Technology, Chair[‡]
Janet E. Porter, PhD, Dana-Farber Cancer Institute[‡]
Dorothy Puhly, MASCO Chair (ex officio)[‡]
Marilyn Swartz-Lloyd, MASCO President (ex officio)[‡]
James H. Walsh, III, Children's Hospital Boston[‡]

[‡] Denotes a MASCO Board Member

MASCO Associate Members

Blue Cross Blue Shield of Massachusetts
Merck Research Laboratories
Harvard Vanguard Medical Associates