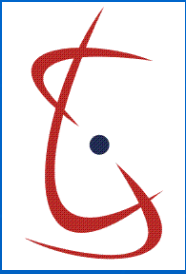
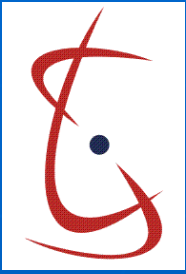


Summary of 2007 STCU AOB & SB



Summary of 2007 AOB

- Total AOB of \$1.73M compared with \$1.88M in '06. \$151K Decrease (-8.02%).
- Recurring Costs of \$1.68M compared with \$1.79M in '06. 6.38% Decrease.
- Non-Recurring Costs of \$55.36K compared with \$92.25K in '06. 39.99% Decrease.



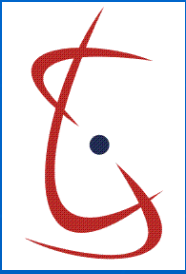
AOB as % of Project Expenses

AOB Expenses

- 2007 Estimated \$1.7M
(11.3%)
- 2006 Estimated \$1.7M
(10.8%)
- 2005 Actual \$1.8M
(11.0%)
- 2004 Actual \$1.9M
(10.7%)
- 2003 Actual \$1.8M
(10.0%)
- 2002 Actual \$1.4M
(11.3%)

Project Expenses

- 2007 Estimated \$15.0M
- 2006 Estimated \$15.8M
- 2005 Actual \$16.3M
- 2004 Actual \$17.7M
- 2003 Actual \$17.9M
- 2002 Actual \$12.3M



AOB as % of Project & SB* Expenses

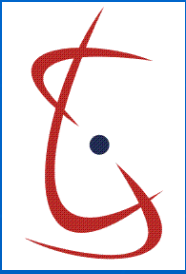
AOB Expenses

- 2007 Estimated AOB \$1.7M (10.9%)
- 2006 Estimated AOB \$1.7M (10.4%)
- 2005 Actual AOB \$1.8M (10.7%)
- 2004 Actual AOB \$1.9M (10.5%)
- 2003 Actual AOB \$1.8M (9.3%)
- 2002 Actual AOB \$1.4M (11.0%)

Project + SB Expenses

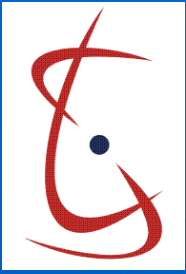
- 2007 Estimated \$15.0M + SB = \$600K = \$15.6M
- 2006 Estimated \$15.8M + SB = \$600K = \$16.4M
- 2005 Actual \$16.3M + SB = \$500K = \$16.8M
- 2004 Actual \$17.7M + SB \$410K = \$18.1M
- 2003 Actual \$17.9M + SB \$406K = \$18.3M
- 2002 Actual \$12.3M + SB \$367K = \$12.67M

* Does Not Include Service Contracts or EU Expert Review & Advisors



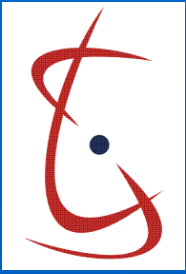
Personnel - Local Grant Payments

- Total Cost of \$762.9K compared with \$752.8K in '06. 1.34% Increase.
 - No new positions added
 - 1.34% Increase comprised of:
 - Slight turnover in staff, resulting in savings of approximately \$11.7K
 - Minimum salary increase 4.0% and 5.0% one-time bonus as per compensation system adopted at Dec. 2003 GBM, resulting in total increase to budget line of \$21.8K
 - Two together: Decrease of \$11.7K and Increase of \$21.8K result in \$10.1K overall increase to line



Personnel – Empl. Morale & Welfare

- Total Cost of \$20K compared with \$25K in '06. 20% Decrease.
 - All Staff functions eliminated except for year-end holiday party paid for by STCU (\$6K)
 - Subsidized lunches remain (\$12K)



Personnel

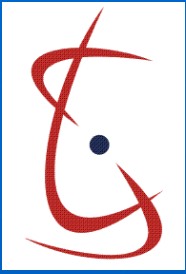
■ Personnel Costs

- 2006

- '06 costs of \$956.3K
- 51% of total AOB

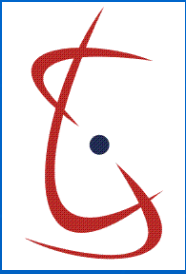
- 2007

- '07 costs of \$961.4K (.53% increase over '06)
- 55.5% of total AOB



Travel

- International Travel cost of \$38.6K compared with \$37.3K in '06.
 - 3.49% Increase
- Travel w/in CIS cost of \$128.8K compared with \$138.8K in '06.
 - 7.20% Decrease
 - Move towards combining monitoring trips with outreach efforts



Travel (cont.)

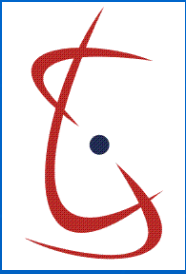
■ Travel Costs

- 2006

- '06 costs of \$199.1K
- 10.6% of total AOB

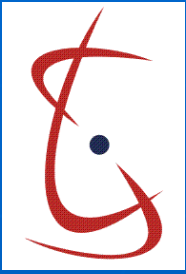
- 2007

- '07 costs of \$190.4K (4.4% decrease over '06)
- 11.0% of total AOB



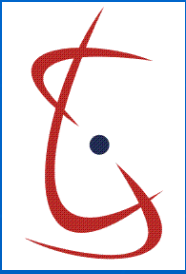
Office Operations

- Public Affairs cost of \$0K compared with \$46K in '06.
 - Budget line eliminated
 - Move away from financial support of conferences to more focused PA activities
- Branch Off. OH cost of \$73.8K compared with \$87.6K in '06.
 - 15.8% Decrease
 - No major office renovations needed



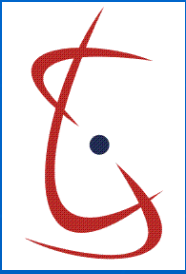
Office Operations (cont.)

- Print & Reproduction cost of \$25K compared with \$33K in '06.
 - 24.3% Decrease
 - Rely more heavily on electronic forms of communication vs. print forms.
- Representation cost of \$10K compared with \$15K in '06.
 - 33.3% Decrease
 - Bring in to line with previous years



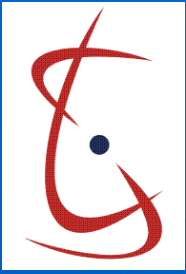
Office Operations (cont.)

- Office Operations Costs
 - 2006
 - '06 costs of \$450.1K
 - 23.9% of total AOB
 - 2007
 - '07 costs of \$381.3K (15.3% decrease over '06)
 - 22.0% of total AOB



Contracted Services

- Other Professional Services cost of \$28K compared with \$74.6K in '06.
 - 62.5% decrease
 - Navision project winding down, to be completed in 2007
- Legal Services cost of \$15K compared with \$10K in '06.
 - 50.0% increase
 - Possible Kyiv building issues



Contracted Services (cont.)

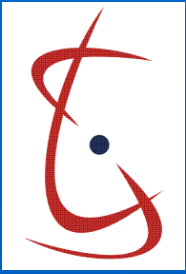
■ Contracted Services Costs

- 2006

- '06 costs of \$176.6K
- 9.4% of total AOB

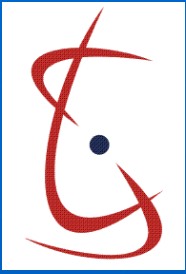
- 2007

- '07 costs of \$134.6K (23.8% decrease over '06)
- 7.8% of total AOB



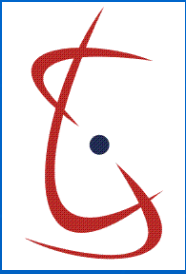
Non-Recurring

- Computer Hardware cost of \$12.5K compared with \$19.3K in '06
 - 35.1% decrease
 - Stretch the useful lives of computers 1 more year
- Computer Software cost of \$11.8K compared with \$17.0K in '06
 - 30.2% decrease
 - STCU fully licensed, only maintenance required



Non-Recurring (cont.)

- Telecomm. Equip. and Facility Improvements reduced to \$0
 - In year of possible move of Kyiv facility, capital improvements will be kept to zero



Non-Recurring (cont.)

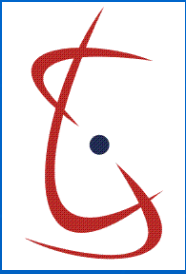
- Non-Recurring Costs

- 2006

- '06 costs of \$92.2K
- 5.0% of total AOB

- 2007

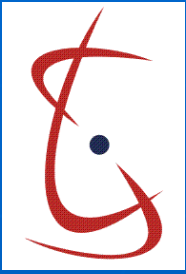
- '07 costs of \$55.4K (40.0% decrease over '06)
- 5.3% of total AOB



Summary of 2007 Shared SBs

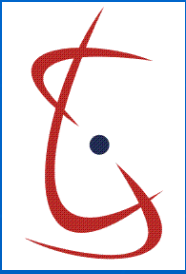
- Total Gross Shared SB* request of \$545.4K compared with \$544K in '06. No Change, flat budget request
- Total Net Shared SB* request of \$405.4K compared with \$330K in '06. Increase of 75.4K (22.8% increase)

* Does Not Include Targeted Initiatives Programs



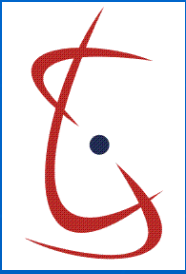
Shared Supplemental Budgets

- Bus. Train./Sus. Supp. add \$158K (\$40K remaining) to bring total to \$198K for '07
 - Targeted Joint Sustainability Promotion Initiative
 - Continue Chief Technology Commercialization Officers (CTCO) program
- Patent Supp. add \$48.4K (\$10K rem.) to bring total to \$58.4K for '07
 - Monthly patent support meetings



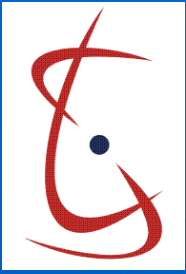
Shared Supplemental Budgets (cont.)

- Travel Grant Fund add \$40K (\$60K rem.) to bring total to \$100K for '07
 - Continued push for private sector partners
- Seminars/Workshop Support add \$100K (\$0K rem.) to bring total budget to \$100K for '07
 - Workshops in Azerbaijan, Georgia & Moldova
- Targeted Training add \$59K (\$30K remaining) to bring total budget to \$89K for '07



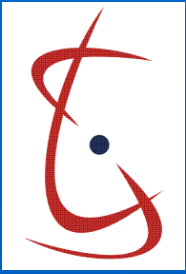
US Supplemental Budgets

- SB Activity 01.01 - Technical, Collaborator, and Contractor Travel Support add \$50K (i.e. travel of technical support for project audits, etc.)



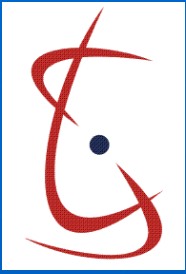
EU Supplemental Budgets

- SB Activity 08.01 – E.U. Designated Reviewers add EURO 30K (this is for payment to proposal reviewers in '06)



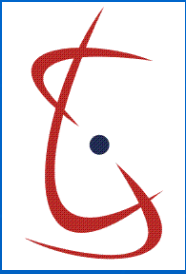
PA SB Travel Budgets

- SB Activity 06.04.01 - U.S. Department of Agriculture Travel and Mobility Support add \$60K



AOB & Shared SB Funding %

- As per the minutes of the A.C. meeting conducted on Dec. 5 & 6, 2000
 - All Party representatives agreed that the Parties would equally share twenty percent (20%) of the Administrative Operating Budget. However, the minimum share will be 5% of the 20%, i.e. with three Parties each pays at least 6.67%, if there are 4 Parties each will pay at least 5%
 - All Party representatives agreed that the remaining 80% will be allocated according to the projected next year's % throughput (grants, equipment, and overhead) for the Party's projects (regular and non-fee paying partner projects)



AOB & Shared SB Funding % (cont.)

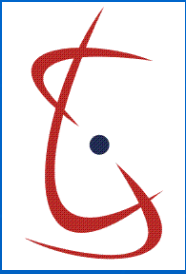
- Projected throughput (grants, equipment, and overhead)* for 2006:

	U.S.**	Canada	European Union**	Total
Projected Project Expenses	\$8,482,286	\$102,610	***\$3,617,440	\$12,202,296
% Share of Project Expenses	69.51%	00.84%	29.65%	
	<u>80.00%</u>	<u>80.00%</u>	<u>80.00%</u>	
Distribution of 80%	55.61%	00.67%	23.72%	
Distribution of 20%	<u>06.67%</u>	<u>06.66%</u>	<u>06.67%</u>	
Calculated Sharing %s	62.28%	07.33%	30.39%	

* Does Not Include Projects approved at 23rd STCU Governing Board

** Includes Non-Fee Paying Government Partners

*** Assumes 1 = \$1.25



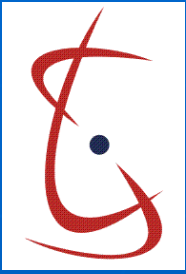
AOB & Shared SB Funding % (cont.)

- Comparison - Actual Project Funding at GB 21 & 22:

	U.S.*	Canada	European Union*	Total
Actual Funding at GB 21 & 22	\$10,325,921	\$39,762	**\$5,258,425	\$15,624,108
% Share of Actual Funding	66.09%	0.25%	33.66%	
	<u>80.00%</u>	<u>80.00%</u>	<u>80.00%</u>	
Distribution of 80%	52.87%	0.20%	26.92%	
Distribution of 20%	<u>06.67%</u>	<u>06.66%</u>	<u>06.67%</u>	
Calculated Sharing %s	59.54%	6.86%	33.59%	

* Includes Non-Fee Paying Government Partners

** Assumes EURO 1 = \$1.25 for 21st and 22nd



AOB & Shared SB Funding % (cont.)

■ Calculated AOB & Shared SB Funding %s

– United States	62.28%
– Canada	7.33%
– European Union	<u>30.39%</u>
Total	100.00%