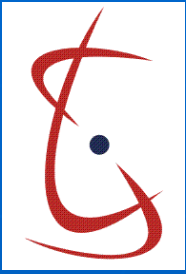
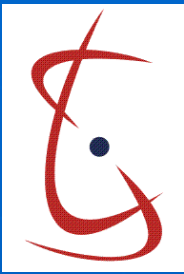


Summary of 2008 STCU AOB & SB



Summary of 2008 AOB

- Total AOB of \$1.70M compared with \$1.73M in '07. \$29.2K Decrease (-1.69%).
- Recurring Costs of \$1.57M compared with \$1.68M in '07. 6.17% Decrease.
- Non-Recurring Costs of \$129.56K compared with \$55.36K in '07. 134.03% Increase.



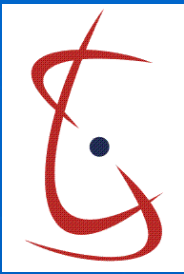
AOB as % of Project Expenses

AOB Expenses

- 2008 Est. \$1.70M
(10.0%)
- 2007 Est. \$1.63M
(8.8%)
- 2006 Actual \$1.75M
(10.1%)
- 2005 Actual \$1.80M
(11.1%)
- 2004 Actual \$1.65M
(9.3%)
- 2003 Actual \$1.57M
(8.8%)

Project Expenses

- 2008 Estimated \$17.0M
- 2007 Estimated \$18.5M
- 2006 Actual \$17.4M
- 2005 Actual \$16.3M
- 2004 Actual \$17.7M
- 2003 Actual \$17.9



AOB as % of Project & SB*

Expenses

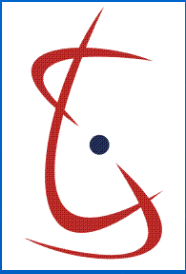
AOB Expenses

- 2008 Estimated AOB \$1.70M (9.4%)
- 2007 Estimated AOB \$1.63M (8.3%)
- 2006 Actual AOB \$1.75M (9.7%)
- 2005 Actual AOB \$1.80M (10.7%)
- 2004 Actual AOB \$1.65M (9.1%)
- 2003 Actual AOB \$1.57M (8.6%)

Project + SB Expenses

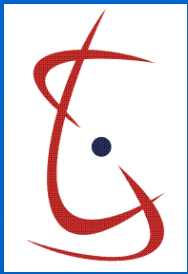
- 2008 Estimated \$17.0M + SB = \$1.0M = \$18.0M
- 2007 Estimated \$18.5M + SB = \$970K = \$19.5M
- 2006 Actual \$17.4M + SB = \$688K = \$18.1M
- 2005 Actual \$16.3M + SB = \$496K = \$16.8M
- 2004 Actual \$17.7M + SB \$410K = \$18.1M
- 2003 Actual \$17.9M + SB \$406K = \$18.3M

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



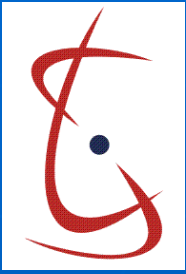
Personnel - Local Grant Payments

- Total Cost of \$676.4K compared with \$762.9K in '07. 11.34% Decrease.
 - Four (4) positions eliminated, resulting in savings of \$81K
 - Turnover in staff in '07 resulted in savings of \$27K for '08
 - Minimum grant 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 \$21.5K



Personnel (cont.)

- Staff Training total Cost of \$98.1K compared with \$88.5K in '07. 10.9% Increase.
 - Continuance of MBA program (\$10K)
 - Increase of DEDs budgets in order to accommodate project management training for all Senior Specialists
- Medical & Dental total Cost of \$98.6K compared with \$90.0K in '07. 9.6% Increase.
 - Increased due to inflation



Personnel

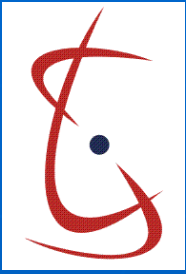
■ Personnel Costs

- 2007

- '07 costs of \$961.4K
- 55.5% of total AOB

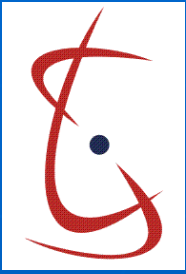
- 2008

- '08 costs of \$893.2K (7.1% decrease over '07)
- 52.6% of total AOB



Travel

- International Travel cost of \$32.5K compared with \$38.6K in '07.
 - 15.8% decrease
- Travel w/in CIS cost of \$143.2K compared with \$128.8K in '07.
 - 11.18% Increase
 - Increase in transportation costs (train tickets, hotels, etc.) due to inflation



Travel (cont.)

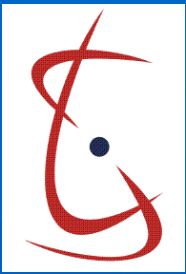
■ Travel Costs

- 2007

- '07 costs of \$190.4K
- 11.0% of total AOB

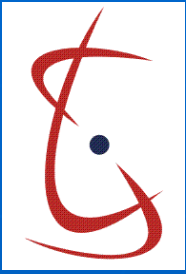
- 2008

- '08 costs of \$203.4K (6.8% increase over '07)
- 12.0% of total AOB



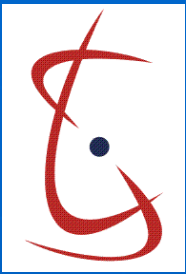
Office Operations

- Print & Reproduction cost of \$17K compared with \$25K in '07.
 - 32.0% Decrease
 - Continue to rely on electronic forms of communication vs. print forms.
- Branch Off. OH cost of \$60.0K compared with \$73.8K in '07.
 - 18.70% Decrease
 - Reduction in travel budgets for regional officers



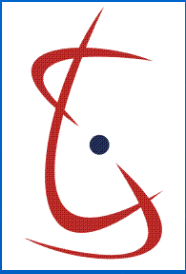
Office Operations (cont.)

- Office Operations Costs
 - 2007
 - '07 costs of \$381.3K
 - 22.0% of total AOB
 - 2008
 - '08 costs of \$358.1K (6.1% decrease over '07)
 - 21.1% of total AOB



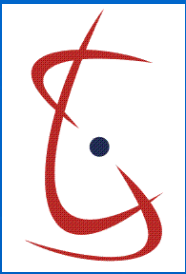
Contracted Services

- Other Professional Services cost of \$11.8K compared with \$28.0K in '07.
 - 58.04% decrease
 - Navision project completed in '07
- Legal Services cost of \$5K compared with \$15K in '07.
 - 66.67% decrease
 - No legal issues foreseen in 2008



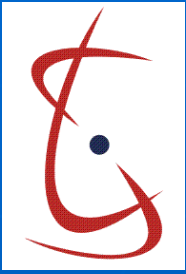
Contracted Services (cont.)

- Contracted Services Costs
 - 2007
 - '07 costs of \$134.6K
 - 7.8% of total AOB
 - 2008
 - '08 costs of \$109.7K (18.5% decrease over '07)
 - 6.5% of total AOB



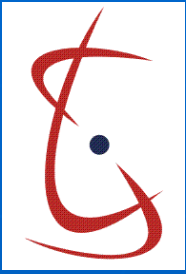
Non-Recurring

- Computer Hardware cost of \$47.5K compared with \$12.5K in '07
 - 279.8% increase
 - Need to replace thirty-four (34) computers and laptops
- Computer Software cost of \$26.0K compared with \$11.8K in '07
 - 119.7% increase
 - Update of old licenses, plus purchase of two (2) new MS Server licenses



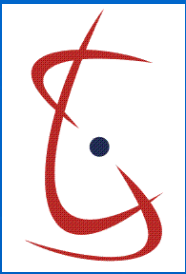
Non-Recurring (cont.)

- Vehicle Purchase of \$25K
 - Sell two (2) existing cars (van & sedan) over 5 years old
 - Purchase new van
- Telecomm. Equip. and Facility Improvements kept at \$0
 - Three (3) year lease means capital improvements will be kept to zero, including no improvement to telecommunications infrastructure



Non-Recurring (cont.)

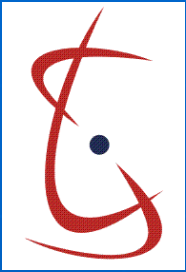
- Non-Recurring Costs
 - 2007
 - '07 costs of \$55.4K
 - 5.3% of total AOB
 - 2008
 - '08 costs of \$129.6K (134.03% increase over '07)
 - 7.3% of total AOB



Summary of 2008 Shared SBs

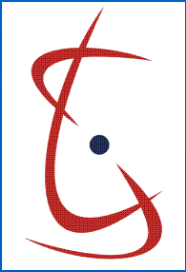
- Total Gross Shared SB* request of \$713.6K compared with \$545.4K in '07.
 - New Institute Sustainability SB is \$400K of \$713.6K (56.1% of total Shared SBs)
 - All other historic shared SBs decreased by \$231.8K compared with '07 (42.5% decrease)

* Does Not Include Targeted Initiatives Programs



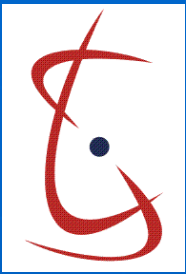
Shared Supplemental Budgets

- Bus. Train./Sus. Supp. cost of \$139K compared with \$198K in '07
 - 30% decrease from '07
 - Activities done in this line in past, to be done in new Inst. Sust. Program SB
 - Two (2) road shows
 - Global 2008 Conf. & Trade Fair (Vancouver, Canada)
 - Silicon Valley Open Doors (California, U.S.A.)
 - Continue CTCO program
 - Establish CTCO program in Tbilisi and Baku
 - Oxford Innovation Course



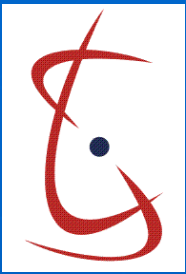
Shared Supplemental Budgets (cont.)

- Patent Supp. cost of \$35K compared with \$58.4K in '07
 - 40% decrease from '07
 - Approve 12 patents in '08
- Travel and Mobility Supp. cost of \$65K compared with \$100K in '07
 - 35% decrease from '07
 - Activities done in this line in past, to be done in new Inst. Sust. Program SB
 - Continued push for private sector partners



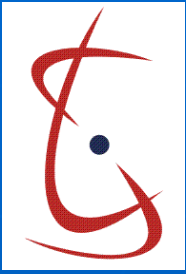
Shared Supplemental Budgets (cont.)

- Seminars/Workshop Support cost of \$35K compared with \$100K in '07
 - 65% decrease from '07
 - Focus on Institute Sustainability Program & Road Shows instead of Sem./Workshops
 - One Workshop in Ukraine
- Targeted Training cost of \$39.6K compared with \$89K in '07
 - 55% decrease from '07
 - Activities done in this line in past, to be done in new Inst. Sust. Program SB



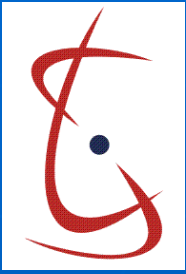
Shared Supplemental Budgets (cont.)

- Institute Sustainability cost of \$400K compared with \$0K in '07
 - New Program in 2008
 - Developed in conjunction with Funding Parties
 - Goal is to identify the general self-sustainability needs of select institutes, along with objectives and actions required to pursue those needs
 - \$400K is needed for Year 1 ('08) of program



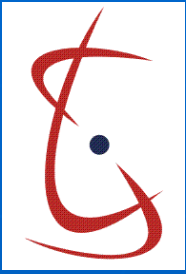
US Supplemental Budgets

- SB Activity 01.01 - Technical, Collaborator, and Contractor Travel Support cost of \$30K compared with \$60K in '07
 - 50% decrease from '07
 - Decrease in # of project audits in '08



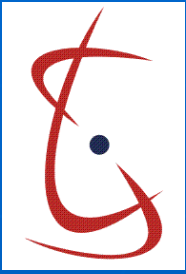
EU Supplemental Budgets

- SB Activity 01.02 - Technical, Collaborator, and Contractor Travel Support cost of €30K compared with €100K in '07
- SB Activity 05.03 - Patent Support cost of €7K compared with €10K in '07
- SB Activity 06.03 – Travel and Partner Promotion cost of €70K compared with €90K in '07



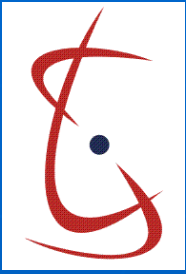
EU Supplemental Budgets (cont.)

- SB Activity 08.01 – Expert Review and Advisors cost of €130K compared with €90K in '07
 - Establishment of EU SAC (Science Advisory Committee), similar to that at the ISTC
- SB Activity 09.02 – Seminars & Workshops cost of €30K compared with €80K in '07



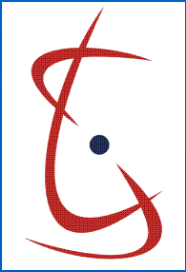
CA Supplemental Budgets

- SB Activity 01.03 - Technical, Collaborator, and Contractor Travel Support cost of \$150K compared with \$30K in '07
- SB Activity 06.03 – Travel and Mobility Support cost of \$150K compared with \$157,359 in '07



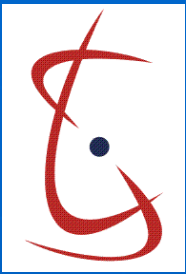
PA SB Travel Budgets

- SB Activity 06.04.06 - U.S. Bio-Technology Engagement Program Travel and Mobility Support add \$30K
- SB Activity 06.04.07 - U.S. Defense Threat Reduction Agency Program Travel and Mobility Support add \$50K



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.)

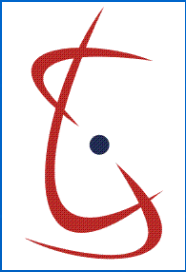
- Projected throughput (grants, equipment, and overhead)* for 2008:

| | U.S.** | Canada | European Union** | Total |
|-----------------------------|---------------|---------------|------------------|--------------|
| Projected Project Expenses | \$5,976,468 | \$358,415 | ***\$4,812,429 | \$11,147,312 |
| % Share of Project Expenses | 53.61% | 3.22% | 43.17% | |
| | <u>80.00%</u> | <u>80.00%</u> | <u>80.00%</u> | |
| Distribution of 80% | 42.89% | 2.57% | 34.54% | |
| Distribution of 20% | <u>06.67%</u> | <u>06.66%</u> | <u>06.67%</u> | |
| Calculated Sharing %s | 49.56% | 09.23% | 41.21% | |

* Does Not Include Projects approved at 25th STCU Governing Board

** Includes Non-Fee Paying Government Partners

*** Assumes € = \$1.35



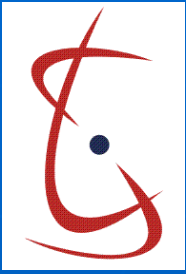
AOB & Shared SB Funding % (cont.)

■ Comparison - Actual Project Funding at GB 23 & 24:

| | U.S.* | Canada | European Union* | Total |
|------------------------------|---------------|---------------|-----------------|--------------|
| Actual Funding at GB 23 & 24 | \$5,557,768 | \$783,298 | **\$6,729,305 | \$13,070,371 |
| % Share of Actual Funding | 42.52% | 5.99% | 51.49% | |
| | <u>80.00%</u> | <u>80.00%</u> | <u>80.00%</u> | |
| Distribution of 80% | 34.02% | 04.79% | 41.19% | |
| Distribution of 20% | <u>06.67%</u> | <u>06.66%</u> | <u>06.67%</u> | |
| Calculated Sharing %s | 40.69% | 11.45% | 47.86% | |

* Includes Non-Fee Paying Government Partners

** Assumes €1 = \$1.35 for 23rd and 24th



AOB & Shared SB Funding % (cont.)

■ Calculated AOB & Shared SB Funding %s

| | |
|------------------|---------------|
| - United States | 49.56% |
| - Canada | 9.23% |
| - European Union | <u>41.21%</u> |
| Total | 100.00% |