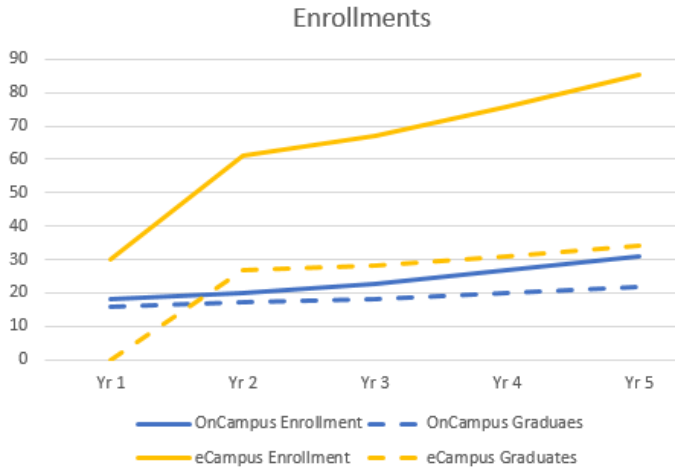
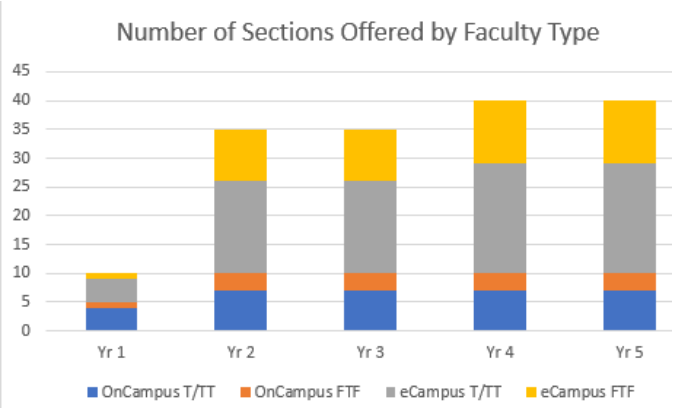
Masters of Science in Business Administration Budget Narrative

Projected Enrollments: On-campus enrollments are based on current projections of international students that will complete the MBA INTO-OSU Pathway program and progress to pursue a graduate degree in business. There are currently 30 students in the pathway, we estimate that 60 percent will progress to the MSB. We expect the majority of these students to complete the MS program in 9 months since it only requires 30 additional credits beyond the pathway coursework (graduation rate is assumed to be 90 percent of those who are admitted to the MSB). We projected 10 percent growth in enrollments into the MBA INTO-OSU Pathway program after year one.



Our eCampus projections are based on current interest in our Portland hybrid graduate options in Business Analytics, Supply Chain and Logistic Management, and our graduate certificate in Financial Planning. Initially, students in the MS program will be in the same classes as students pursuing the MBA options. As enrollment increases, additional sections of the courses will be offered. We expect the eCampus Portland students to be part-time, taking two years to complete the program. We estimate 30 students will begin the MSB program through eCampus, with 90 percent graduating after two years. We will continue to recruit 30 students per year, which results in 60 enrolled students in year 2.

Instructional Faculty Requirements: Our AACSB accreditation requires that a minimum of 60 percent of our courses be delivered by academically qualified faculty, which typically means Tenure and Tenure Track (T/TT). The remaining 40 percent can be delivered by fixed-term faculty (FTF).

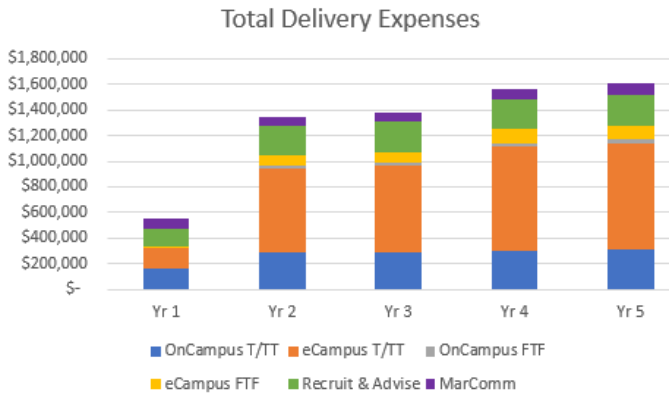


For the on-campus program, five of the required fifteen classes will be delivered within the MBA Pathway, the other ten courses will be delivered by faculty from the COB. We expect relatively steady demand for the on-campus programs. Note that in year one, students can be absorbed into existing SCLM courses that are offered as part of the MBA program.

For eCampus, all 45 credit hours required for the degree options will be delivered by the COB, with 5 common core courses serving both specializations and 10 courses serving each specialization. With part-time students taking a maximum of two classes per quarter, we will only offer eight sections in the first year. Again, students pursuing the Supply Chain Analytics option will be absorbed into existing courses

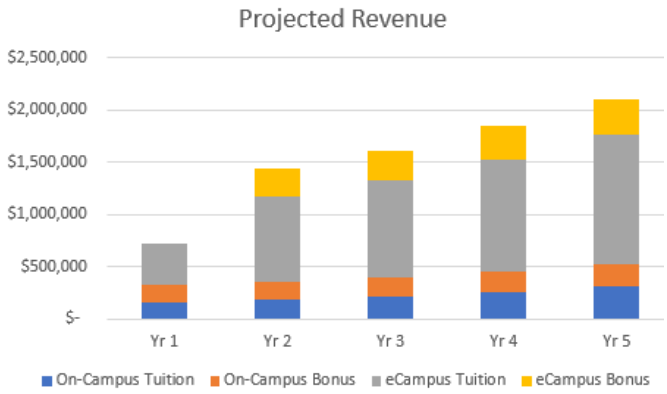
offered as part of the SCLM option within the MBA program. In year two, we will offer the five common core classes plus offer ten classes for each specialization. In year four, we will add additional sections of the common core courses.

Cost to Deliver the Program: Faculty salaries are the major expenses for delivering the MS program. We calculated the average salary plus OPE per course delivered as $39,784.64 for tenure/tenure-track and $11,676.57 for our instructional faculty. After the first year, we will add an additional academic advisor to handle the projected increase in student enrollment. We have programmed $75,000 for salary and OPE per year (inflation adjusted in years 2-5) for marketing and promotional materials.

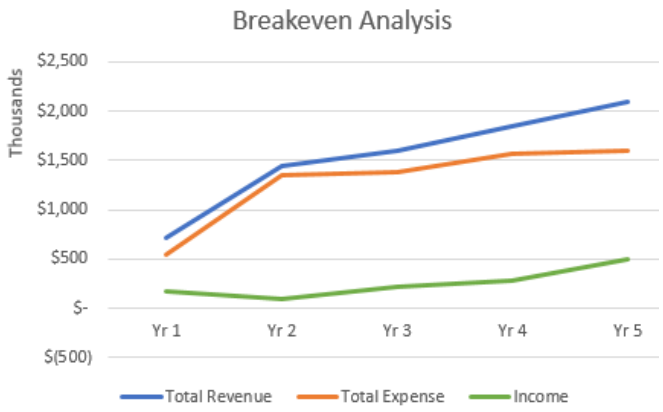


Revenue: There are three sources of revenue to support the program: tuition, differential tuition, and completion bonuses. Using the new proposed budget model, the on-campus program will generate $74 per SCH in tuition and $224 per SCH differential tuition (there is a 10% tax on the $249 per SCH differential tuition), for total tuition of $298 per SCH. We expect on-campus students to complete 30 credit hours in the first year.

For eCampus, tuition is $323 per SCH plus the $224 differential for a total of $547 per SCH. The eCampus students will typically complete 24 credits per year.



The completion bonus for the College is $10,034 per graduate and approximately 90% of the students who enroll in the program graduate. There is no completion bonus in the first year for eCampus since we presume all students will take two years to graduate.

We projected tuition to increase at three percent per year. We held the differential tuition constant (based on the fact that differential tuition does not automatically increase with tuition) and we held the completion bonus constant (it has not been specified how parameters in the new budget model will change in future years). This is the most conservative approach to revenue generation.

Breakeven Analysis: We project positive cashflows in year 1, and income should grow after year 2 with increased enrollments and expanded course offerings.