

Cooperation Agreement

between

St. Istvan University
and

Bildungsverein für die Freunde der
Webster University (St. Louis, USA)
Berchtoldgasse 1
A-1220 Vienna, Austria
(hereinafter "WEBSTER")

Preamble

Whereas:

- A. WEBSTER owns all rights for offering the WEBSTER MBA degree to students who meet the requirements as set forth by the international WEBSTER organisation; and
- B. ST. ISTVAN desires to obtain from WEBSTER and WEBSTER desires to grant to ST. ISTVAN the right to offer with the support and participation of WEBSTER the WEBSTER MBA program in Hungary. For the purpose of this agreement, "WEBSTER MBA program" means and is limited to the program, the courses, the curriculum, and the faculty for teaching to obtain the WEBSTER MBA degree at ST. ISTVAN pursuant to this agreement; and
- C. The purpose of this agreement is to define the terms of the cooperation between the parties to this agreement for offering the WEBSTER MBA program; and
- D. The general concept of the cooperation is as follows:
 - i) WEBSTER will offer, under certain circumstances described herein below, its US and Austrian-accredited MBA degree to students of ST. ISTVAN in the Hungary at

the facilities of ST. ISTVAN. The WEBSTER MBA program, which shall be conducted exclusively in English, will be co-taught by professors appointed from both parties as provided hereinafter;

ii) WEBSTER will provide the courses, the curriculum, and 50 % of the faculty for teaching the MBA degree in Hungary. Each class is to have no less than 8 and no more than 20 students. Each WEBSTER MBA program will run for 2 years and 3 months; classes will be held on weekends.

iii) ST. ISTVAN undertakes to provide all other services necessary for the implementation of the WEBSTER MBA program. Without limitation of this, ST. ISTVAN will, in particular, recruit the students, provide all facilities for the faculty and the students of the WEBSTER MBA program, the graduation ceremony, and with the prior consent of WEBSTER, 50 % of the faculty.

iv) ST. ISTVAN will pay to WEBSTER a consideration in the amount of the 50 % of the tuition fees of all students enrolled in the WEBSTER MBA program.

NOW, THEREFORE, the parties have agreed as follows:

Section 1 Admission

1.1 All applicants for the program must meet the current WEBSTER MBA admission standards as established by WEBSTER. (All documents submitted for admission must be originals or certified copies; and in English or accompanied by certified English translations.) This will include without limitation:

- (a) filling out a Webster University application form;
- (b) proof of a primary university/college degree;
- (c) at least two years working experience (submitting a resume);
- (d) scoring at least 575 on the TOEFL exam, and taking the GMAT exam before the end of the first trimester of enrolment. If an applicant scores between 550 and 574 on the TOEFL exam, he/she can be admitted after an evaluation of their English language skills in an interview by the Webster MBA Director or the Webster English testing coordinator.
- (e) In addition, two satisfactory letters of recommendation and a short essay of the applicant shall be submitted.

- 1.2 ST. ISTVAN shall promptly forward the originals of all application documents to WEBSTER. The completed applications will be reviewed by ST. ISTVAN and by the WEBSTER admissions department. Admission can only be granted with a completed application, including all above documents. Admission can be granted pending receipt of GMAT scores. Any admission of applicants will be decided by the parties jointly. If there are differing opinions on admission, admission is in the sole discretion of WEBSTER.
- 1.3 Admitted students become ST. ISTVAN students. Their official transcripts and records will be maintained by WEBSTER at the main campus of WEBSTER in Webster Groves (a suburb of St. Louis), Missouri, USA and by ST. ISTVAN.

Section 2 Curriculum

- 2.1 The curriculum will be the WEBSTER general MBA curriculum as presented in the current WEBSTER graduate catalogue.
- 2.2 This consists presently of twelve 3-credit courses (9 required plus 3 electives) for a total of 36 credit hours; plus up to three pre-requisite courses. The parties expect most of the students will need at least two of the three pre-requisite courses. Hence, the average program will consist of fourteen courses. The elective courses will be chosen in consultation with ST. ISTVAN.

Section 3 Term, Termination

- 3.1 This agreement shall commence on January 1, 2005 and shall be in full force and effect for an unlimited period of time.
- 3.2 This agreement may be terminated by each party as per the end of each WEBSTER MBA program trimester with three months' prior written notice. No grounds for such termination must be given. Unless otherwise agreed in writing a termination of this agreement shall not affect programs in progress at the day on which termination notice is given. Provisions shall be made so that any student who has started the program will be provided the opportunity to complete the program.

3.3 Termination of this agreement as per Section 3 hereof shall not entitle either party to compensation, re-imbusement or damages, e.g. for lost profits, anticipated tuition fees or for expenditures, investments, or commitments in connection with the WEBSTER MBA program. ST.ISTVAN, however, shall in no case be relieved of any obligation for any sums unpaid hereunder or from any other obligation which from the context of this agreement is intended to survive the termination of this agreement.

Section 4 Termination for Cause

4.1 Each party may immediately terminate this agreement at any time, for cause, by notice in writing to the other party,

i) in the event that the other party is adjudicated bankrupt, becomes insolvent or seeks creditor's protection; or

ii) in the event that the other party breaches this agreement or fails to perform any of its obligations or undertakings hereunder and such default is not rectified within ten days after notice by the non-defaulting party to the defaulting party specifying the nature of the breach.

Section 5 Calendar and Scheduling

5.1 Each WEBSTER MBA program will be organized into two semesters per year. Two courses will be offered to each group of students during each semester. With an average 14 courses to complete, the average program will last four consecutive semesters.

5.2 Classes will be offered on Fridays and Saturdays every other weekend. Each course will meet for two 3-hours blocks: one on Friday and one on Saturday.

5.3 Semesters as well as holidays will be agreed between the parties jointly no later than two months prior to the start of each semester.

5.4 WEBSTER shall be under no obligation to participate in a WEBSTER MBA program at ST. ISTVAN, in particular, to provide 50 % of the faculty required, as provided

under 6.3 hereunder, unless the minimum of 8 students have enrolled and fully prepaid their respective tuition fee and other fees, as provided under Section 9, hereunder.

Section 6 Facilities, Course Materials, Program Expenses

- 6.1 ST. ISTVAN will be solely responsible to provide at its own expense the course materials (textbooks, photocopies, etc.) to the students; or require the students to purchase these materials separate from the program fee. WEBSTER may at its own discretion provide additional handouts.
- 6.2 ST. ISTVAN will solely be responsible to provide at its own expense meals and refreshments for the students, as agreed with the students.
- 6.3 ST. ISTVAN will solely be responsible to provide at its own expense adequate classroom, computer labs, and library facilities. For the duration of the WEBSTER MBA program WEBSTER will provide limited access to its electronic library system (called Passports) for purposes of the WEBSTER MBA program to those students of the WEBSTER MBA program who have paid their tuition and for which WEBSTER has received consideration (see section 10). ST. ISTVAN shall be solely responsible to take over at its own expense all of the organisation and administrative work including without limitation registration of students, collection of fees, marketing and advertising of the WEBSTER MBA program in Hungary as well as providing of facilities to faculty and students, provided that WEBSTER shall, at its own expense, provide 50 % of the faculty required for the WEBSTER MBA program by sending professors to ST. ISTVAN.
- 6.4 ST. ISTVAN will provide and organize at its own expense all events beyond the regular classroom instruction: e.g. the Case Competition, the Graduation ceremony (in consultation with and under guidance of WEBSTER), and students excursions for classes in locations outside the campus.
- 6.5 The MBA –degree shall be awarded by WEBSTER in conjunction with ST. ISTVAN at the Graduation Ceremony.

Section 7 Cost

Each party to this agreement will cover its own cost, in particular those cost incurred with measures or activities according to section 6 of this agreement.

Section 8 Faculty

- 8.1 Each party shall provide and finance 50 % of the faculty for the program as needed.
- 8.2 Since ST. ISTVAN will be teaching courses or parts of courses that receive WEBSTER credit the credentials of ST. ISTVAN faculty teaching in the program must be submitted for review and prior approval to the Academic Director of WEBSTER, who can at his sole discretion exclude a faculty member from teaching in the program or a particular part of the program at any time.

If a professor appointed by one of the parties fails to perform his duties in the WEBSTER MBA program, for whatever reason, or should the Academic Director of WEBSTER exclude a faculty member nominated by ST. ISTVAN, the respective party nominating the rejected or excluded faculty member shall provide, at its own expense, for a substitute professor. Section 8 of this agreement shall also apply to substitute faculty members.

- 8.3 The continuation of teaching assignments of both WEBSTER and ST. ISTVAN faculty members will be evaluated on an annual basis. Student evaluations of course and faculty will be one instrument in this process. ST. ISTVAN will submit the completed evaluation forms to WEBSTER on a regular (trimester) basis.
- 8.6 No faculty member appointed by ST. ISTVAN shall be deemed an agent, employee or representative of WEBSTER; WEBSTER shall not be considered the employer of and ST. ISTVAN shall be fully responsible for a faculty member nominated by ST. ISTVAN (irrespective of the approval of the Academic Director of WEBSTER) and shall hold WEBSTER fully harmless for all and any claim out of or in connection with the appointment of ST. ISTVAN faculty members including, without limitation tax, social security contribution or any claims of such ST. ISTVAN appointed faculty member. ST. ISTVAN shall not be considered the employer of any of the WEBSTER appointed faculty members and WEBSTER shall hold ST. ISTVAN fully harmless for all and any

claim including tax or social security for any of the WEBSTER appointed faculty members.

Section 9 Tuition

- 9.1 Tuition shall be agreed between the parties once annually, but at any rate no later than 30 September for the immediately following academic year. Tuition shall, under no circumstances, not be lower than as agreed in 9.2 hereunder.
- 9.2 The tuition for the entire MBA program beginning in academic year 2005 is EURO 13,750.
- 9.3 In addition to tuition, certain other fees may be charged from time to time if both parties agree.
- 9.4 The format of student payment (i.e. by course, by trimester, by year, or the entire program) will be decided by WEBSTER in consultation with ST. ISTVAN. Student payments shall always be made in advance of the beginning of any course or semester. ST. ISTVAN will provide Webster a list of student names and agreed payment schedules 10 business days before the start of each semester.
- 9.5 The tuition shall be collected from the students by ST. ISTVAN.
- 9.5 Students for whom 50% payment to Webster has not been received according to the agreed payment schedule, will not be allowed to attend classes.

Section 10 Consideration

- 10.1 ST. ISTVAN undertakes to pay to WEBSTER 50 % of all tuition fees and other fees charged to students or future students of the WEBSTER MBA program for the WEBSTER MBA program within 10 business days following the due date of payment in 9.4 above.
- 10.2 Payment shall be made by ST. ISTVAN to a bank account of WEBSTER in Austria free of any withholdings, taxes, charges or bank fees.

- 10.3 All payments under and in connection with this agreement shall be made in Euro.
- 10.4 WEBSTER will not release any official transcripts, grades, degrees, send faculty or provide access to its electronic library system, nor will WEBSTER be under any obligation under this agreement, unless and until full payment has been received by WEBSTER, as provided herein.

Section 11 Representations and Warranties

- 11.1 The parties to this agreement respectively represent and warrant that their organisations are duly incorporated and validly existing legal entities under the laws of Austria and Hungary, respectively, and that each party has the power to own its property and assets and to transact the business in which they are engaged or propose to engage and are duly licensed or qualified as a legal entity in every jurisdiction in which the nature of the business in which they are engaged make such qualification or license necessary.
- 11.2 The parties have the corporate power to enter into this agreement and to exercise their rights and perform their respective obligations hereunder and all corporate and other action required to authorize the execution of this agreement by the parties have been duly taken.
- 11.3 The parties further represent and warrant that there are no actions, suits or proceedings pending, or to the knowledge of the parties threatened, against or affecting the parties before any court of law or before any governmental or administrative body or agency which might result in any material adverse change in the operations, business, property or assets or in the condition (financial or otherwise) of the parties.

Section 12 Indemnification

- 12.1 ST. ISTVAN shall indemnify and hold harmless WEBSTER from any responsibility and/or liability for any claims and/or suits by third parties with respect to the execution of this agreement. This includes, in particular, any claims arising from or in connection

with all services, be it classroom, meals, computer-labs, library, faculty or other, rendered by ST. ISTVAN.

- 12.2 ST. ISTVAN undertakes to indemnify WEBSTER against any expense including legal fees, reasonably incurred and costs or loss incurred as a direct consequence of any default by ST. ISTVAN in the performance of any of the obligations expressed to be assumed by it in this agreement.

Section 13 Exclusiveness

13.1 ST. ISTVAN unconditionally agrees to refrain from using the name, program or services of WEBSTER or to use the term "WEBSTER" or terms confusingly similar with "WEBSTER" and other terms used by the WEBSTER Organisation after receipt of a termination notice by WEBSTER or the ending of this agreement, whatever the reason for the ending or termination of the agreement might be.

Section 14 Intellectual Property Rights

WEBSTER, the Webster Organisation or any affiliated organisation are and shall always remain the sole and exclusive holders of all intellectual property rights, including trademark and copyrights in connection with the application documents, the graduate catalogue, brought-in photocopied handouts (section 6, a) the Passports-system and the content of any teaching program by WEBSTER faculty members, the terms "WEBSTER" and "WEBSTER MBA". Without prior written consent by WEBSTER, ST. ISTVAN has no right to reproduce the work, to prepare derivative works, to distribute copies by sale or other transfer of ownership, to perform or to display the work publicly or to use any intellectual property right of WEBSTER. ST. ISTVAN shall not acquire any rights in these or any materials used for or in the WEBSTER MBA program under any circumstance.

Section 15 Academic Standard

- 15.1 The parties to this agreement mutually undertake to maintain and regularly improve the academic standard of the MBA program.
- 15.2 Should the standard deteriorate due to the quality of faculty members, the quality of teaching documents or the curriculum, the party to this agreement realising such deterioration shall inform the other party in writing. Upon such notice both parties shall seek consensus on the improvement of the academic standard.

Section 16 Notices, Language

- 16.1 Any notices required or permitted to be given pursuant to this agreement will be given in writing and sent by e-mail, telefax or sent postage prepaid by certified or registered mail, and addressed as indicated at the beginning of this agreement.
- 16.2 Either party may change its address or addresses for notices by notice given and writing in accordance with this section.
- 16.3 Any notice between the parties to this agreement must be given in English.

Section 17 Headings

Section headings in this agreement, except for the definitions, are included for convenience and reference only and will not constitute a part of this agreement for any other purpose.

Section 18 Governing Law, Jurisdiction

- 18.1 This contract shall be governed by and interpreted in accordance with the laws of Austria. The UN Convention for the sale of goods and Austrian conflict of law principles shall however be excluded in this applicability of Austrian law.

18.2 Each of the parties hereto irrevocably agrees that the competent courts in the city of Vienna, Austria, shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with this agreement.

Section 19 Waivers, Partial Invalidity

19.1 No failure to exercise, nor any delay in exercising on the part of either party, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof of the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law.

19.2 If any or more of the provisions of this contract should be found to be illegal or unenforceable, then all other provisions shall be given effect separately therefrom and shall not be affected thereby. If any covenants set forth are illegal or unenforceable, it is the intention of the parties to this agreement that such covenant shall not thereby be terminated but shall be deemed amended to the extent necessary to render it valid and enforceable.

Section 20 Assignment/Succession

This agreement shall be binding upon and will inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns. ST. ISTVAN may not assign this agreement in whole or in part except with the prior written consent of WEBSTER. WEBSTER will be entitled to assign its rights or delegate its duties hereunder in whole or in part to any affiliated company or organisation of WEBSTER. Any other assignment will require the consent of ST.ISTVAN.

Section 21 Entire Agreement

This agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous agreements and understandings, whether oral or written, relating to the subject matter hereof. This agreement

may be amended only by written instrument executed by both parties hereto which expressly states that it is intended to constitute an amendment to this agreement.

Godollo/Vienna, _____

St. Istvan University

Webster University