COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #: 1386006309A1

INSTITUTION:
University of Michigan
5040 Administration Building
Ann Arbor MI 48109-1340

DATE: March 7, 2005

FILING REF.: The preceding Agreement was dated June 28, 2002

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

<table>
<thead>
<tr>
<th>TYPE</th>
<th>EFFECTIVE PERIOD</th>
<th>RATE(%)</th>
<th>LOCATIONS</th>
<th>APPLICABLE TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRED.</td>
<td>07/01/04 06/30/06</td>
<td>53.0</td>
<td>On Campus</td>
<td>Organized Research</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/06 06/30/08</td>
<td>52.0</td>
<td>On Campus</td>
<td>Organized Research</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/04 06/30/08</td>
<td>54.0</td>
<td>On Campus</td>
<td>Instruction</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/04 06/30/08</td>
<td>30.0</td>
<td>On Campus</td>
<td>OSA</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/04 06/30/08</td>
<td>26.0</td>
<td>Off Campus</td>
<td>All Programs</td>
</tr>
<tr>
<td>PROV.</td>
<td>07/01/08 UNTIL AMENDED</td>
<td>Use same rates and conditions as those cited for fiscal year ending June 30, 2008.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*BASE:
Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first $25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of $25,000.
INSTITUTION:
University of Michigan

AGREEMENT DATE: March 7, 2005

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:
Fringe benefits are specifically identified to each employee and are charged individually as direct costs. The directly claimed fringe benefits are listed below.

TREATMENT OF PAID ABSENCES:
Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

OFF-CAMPUS DEFINITION: For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s), the off-campus rate will apply. Grants or contracts will not be subject to more than one F&A cost rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.

Equipment Definition -
Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit.

Research Vessel: The 26.0% Off-Campus Organized Research rate is applicable to the Research Vessel - Laurentian

FRINGE BENEFITS:

FICA
Retirement
Disability Insurance
Life Insurance
Health Insurance
Benefits Administration
Graduate Tuition Grant Program
Sabbatical Leave
INSTITUTION:
University of Michigan

AGREEMENT DATE: March 7, 2005

SECTION 4.13: GENERAL

A. LIMITATIONS:
The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions:
(1) Only rates included in the organization were included in its facilities and administrative cost pools as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost guidelines;
(2) The base costs that have been treated as facilities and administrative costs are not claimed as direct costs;
(3) Similar rates have been accorded consistent accounting treatment; and
(4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:
This Agreement is based on the accounting system purposed by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowance.

C. FIXED RATES:
If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:
The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-11 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in a above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

E. OTHER:
If any Federal contract, grant or other agreement is reimbursing facilities and administrative costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of facilities and administrative costs allocable to these programs.

BY THE INSTITUTION:
University of Michigan

[Signature]
Timothy F. Slottow
Chief Financial Officer

DATE: March 11, 2005

ON BEHALF OF THE FEDERAL GOVERNMENT:

[Signature]
Henry Williams
Director, Division of Cost Allocation

DATE: March 9, 2005

WITNESS REPRESENTATIVE: James R. Nolan
Telephone: (214) 767-3532
COMPONENTS OF PUBLISHED F&A COST RATE

INSTITUTION: UNIVERSITY OF MICHIGAN

Rates for fiscal years: 7/1/04 - 6/30/06

ORGANIZED RESEARCH

RATE COMPONENT:

<table>
<thead>
<tr>
<th>Component</th>
<th>ON</th>
<th>OFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Depreciation</td>
<td>6.0%</td>
<td></td>
</tr>
<tr>
<td>Equipment Depreciation</td>
<td>3.4%</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>Operation &amp; Maintenance</td>
<td>13.0%</td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>Utility Cost Adjustment</td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>Total Facilities</td>
<td>27.0%</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>26.0%</td>
<td>26.0%</td>
</tr>
<tr>
<td>Total Negotiated Rate</td>
<td>53.0%</td>
<td>28.0%</td>
</tr>
</tbody>
</table>

CONCURRENCE:

UNIVERSITY OF MICHIGAN
(Institution)

[Signature]

Timothy P. Slottow
(Name)

Chief Financial Officer
(Title)

March 11, 2005
(Date)
COMPONENTS OF PUBLISHED F&A COST RATE

INSTITUTION: UNIVERSITY OF MICHIGAN

Rates for fiscal years: 7/1/06 - 6/30/08

ORGANIZED RESEARCH

RATE COMPONENT:  

<table>
<thead>
<tr>
<th></th>
<th>ON</th>
<th>OFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Depreciation</td>
<td>5.7%</td>
<td></td>
</tr>
<tr>
<td>Equipment Depreciation</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>Operation &amp; Maintenance</td>
<td>12.5%</td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>Utility Cost Adjustment</td>
<td>1.3%</td>
<td></td>
</tr>
</tbody>
</table>

Total Facilities  26.0%

Administration  26.0%  26.0%

Total Negotiated Rate  52.0%  26.0%

CONCURRENCE:

UNIVERSITY OF MICHIGAN
(Institution)

(Signature)

Timothy P. Slottow
(Name)

Chief Financial Officer
(Title)

March 11, 2005
(Date)