COLLEGES AND UNIVERSITIES RATE AGREEMENT

DATE: September 13, 2002

FILING REF.: The preceding Agreement was dated November 26, 2001

INSTITUTION:
University of Washington
Management Accounting and Analysis
UW Box 354165

Seattle WA 98195

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*

<table>
<thead>
<tr>
<th>RATE TYPES: FIXED</th>
<th>FINAL PROV. (PROVISIONAL)</th>
<th>PRED. (PREDETERMINED)</th>
</tr>
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<tbody>
<tr>
<td><strong>TYPE</strong></td>
<td><strong>EFFECTIVE PERIOD</strong></td>
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<td>06/30/04</td>
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<td>07/01/00</td>
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<tr>
<td>PROV.</td>
<td>07/01/04</td>
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</tbody>
</table>

(A) On-Campus
(B) Off-Campus
(C) Regional Primate Center
(D) Applied Physics Laboratory
(E) Regional Medical Library
(F) Vessel Operations
(G) Organized Research
(H) Organized Research & General Clinical Research Center
(I) Instruction
(J) Core Grant Only
(K) Regional Primate Center Research except Core Grant

*BASE:

(1) Modified total direct costs, consisting of all salaries and wages, fringe benefits, materials and 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). Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of $25,000 shall be excluded from modified total direct costs.

(2) Direct salaries and wages including vacation, holiday and sick pay and other paid absences but excluding other fringe benefits.
INSTITUTION:  
University of Washington  
Management Accounting and Analysis

AGREEMENT DATE: September 13, 2002

SECTION I: FRINGE BENEFITS RATES**

<table>
<thead>
<tr>
<th>RATE TYPES: FIXED</th>
<th>FINAL</th>
<th>PROV.(PROVISIONAL)</th>
<th>PRED (PREDETERMINED)</th>
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<tr>
<td>TYPE</td>
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<td>(1) &amp; (A)</td>
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<td>(1) &amp; (A)</td>
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<td>(2) &amp; (C)</td>
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<td>07/01/02 06/30/03</td>
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<td>(2) &amp; (C)</td>
<td>Faculty</td>
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</tbody>
</table>

(A) Entire University  
(B) All except Applied Physics Laboratory  
(C) Applied Physics Laboratory

**BASE:
(1) Direct salaries and wages including vacation, holiday, and sick pay but excluding other fringe benefits.

(2) Direct salaries and wages excluding vacation, sick leave, holidays, other paid absences and all other fringe benefits.
TREATMENT OF FRINGE BENEFITS:
This organization uses a fringe benefit rate which is applied to salaries and wages for both budgeting and charging purposes for Federal projects.

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.

Beginning October 1, 1996 the Applied Physics Laboratory (APL) has separate fringe benefit rates from the remainder of the University of Washington. These rates include paid absences. Therefore, charges for direct salaries and wages from APL must exclude charges for paid absences, including vacation, sick leave, holidays, and other paid absences.

DEFINITION OF EQUIPMENT
Equipment is defined as tangible nonexpendable personal property having a useful life of more than one year, and an acquisition cost of $2,000 or more per unit.

The following fringe benefits are treated as direct costs:
TIAA/CREF, HEALTH INSURANCE, MEDICAL AID, INDUSTRIAL INSURANCE, WORKERS COMPENSATION, STATE RETIREMENT, SOCIAL SECURITY, AND UNEMPLOYMENT COMPENSATION.

DEFINITION OF ON-CAMPUS, OFF-CAMPUS AND SPECIAL RATES:
DEFINITION OF OFF-CAMPUS RATE
a. An off-campus program is one that is conducted (1) in leased facilities where space related costs (e.g. rent, utilities and maintenance) are charged directly to the program, or (2) in facilities made available (at no cost) to the program by a non-University organization, or (3) away from the University over an uninterrupted period of time in excess of 30 days for field work. The Off-Campus rate is not to be used as a substitute for the Vessel Operations rate or the Applied Physics Laboratory rate. Even though Pack Forest, Big Beef Creek, and Olympic Natural Resource Center are owned and operated by the University, these facilities are considered to be off campus.

b. Projects conducted at two or more locations:
There are instances where a project supported by a single grant or contract is conducted at two or more locations, thus requiring special consideration in determining the appropriate indirect cost provision. The following should be observed in such circumstances:
(1) Where the total annual amount of the grant or contract direct costs is less than $250,000, a single indirect cost rate will be applied. This rate will be the one currently applicable to the location where the preponderance of project salaries is located.
(2) Where the total annual amount of the grant or contract direct costs is $250,000 or more, the appropriate rate for each location will be applied to total project costs in the same ratio as direct salary costs incurred at each location during the period covered by the project billing or accounting.

The Regional Primate Center changed to a dual rate structure beginning July 1, 1997. When applying the rate for RPCR except Core Grant, the difference in recoveries between this rate and the Core Grant only rate shall be retained by the Core Grant.
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Management Accounting & Analysis

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SECTION III: 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 costs incurred by 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 principles;
2. The same costs that have been treated as facilities and administrative costs are not claimed as direct costs;
3. Similar types of costs 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 purported 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 disallowances.

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-21 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.

BY THE INSTITUTION:
University of Washington
Management Accounting & Analysis

V' Ella A. Warren
Vice President for Financial Management

DATE: October 2, 2002

BY THE COGNIZANT AGENCY
ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

David S. Low
DIRECTOR, DIVISION OF COST ALLOCATION

DATE: September 13, 2002

MHS REPRESENTATIVE: Robert S. Klein
Telephone: (415) 437-7820