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</th>
<th>PROV. PROVISIONAL)</th>
<th>PRED</th>
<th>PRED. DETERMINED)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EFFECTIVE PERIOD</strong></td>
<td><strong>FROM</strong></td>
<td><strong>TO</strong></td>
<td><strong>RATE(%)</strong></td>
<td><strong>LOCATIONS</strong></td>
</tr>
<tr>
<td>FINAL</td>
<td>07/01/04</td>
<td>06/30/05</td>
<td>44.8</td>
<td>On-Campus</td>
</tr>
<tr>
<td>FINAL</td>
<td>07/01/04</td>
<td>06/30/05</td>
<td>26.0</td>
<td>Off-Campus</td>
</tr>
<tr>
<td>FINAL</td>
<td>07/01/04</td>
<td>06/30/05</td>
<td>34.8</td>
<td>On-Campus</td>
</tr>
<tr>
<td>FINAL</td>
<td>07/01/04</td>
<td>06/30/05</td>
<td>26.0</td>
<td>Off-Campus</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/05</td>
<td>06/30/08</td>
<td>45.0</td>
<td>On-Campus</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/05</td>
<td>06/30/08</td>
<td>26.0</td>
<td>Off-Campus</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>
<tr>
<td>PRED.</td>
<td>07/01/05</td>
<td>06/30/08</td>
<td>4.0</td>
<td>Off-Campus</td>
</tr>
</tbody>
</table>

(A) Intergovernmental Personnel Act Agreements. All UT-College of Veterinary Medicine Locations.

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**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.
costs are legal obligations of the organization and are allowable under the governing eaten treated as facilities and administrative costs are not claimed as direct costs; consistent accounting treatment; and (4) The information provided by the organization.

This Agreement is based on the accounting system.

Prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, change the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

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 differences 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 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 approved rate(s) to the appropriate base to identify the proper amount of facilities and administrative costs allocable to programs.
COMPONENTS OF THE PUBLISHED F & A RATE

INSTITUTION NAME: UNIVERSITY OF TENNESSEE - COLLEGE OF VET. MED.

FISCAL YEAR COVERED: FY '05 THRU FY '08

<table>
<thead>
<tr>
<th>FACILITIES GROUP:</th>
<th>On-Campus</th>
<th>Instruction</th>
<th>Off-Campus</th>
<th>Instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building &amp; Improv. Depreciation</td>
<td>2.0%</td>
<td>1.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment Depreciation</td>
<td>5.7%</td>
<td>5.7%</td>
<td>1.7%</td>
<td></td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>9.7%</td>
<td>6.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>1.4%</td>
<td>1.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ADMINISTRATIVE GROUP: 26.0% 26.0% 23.2% 26.0% 26.0%

TOTAL 44.8% 45.0% 34.8% 26.0% 26.0%

CONCURRENCE:

UNIVERSITY OF TENNESSEE - VET MED
(Institution)

Dr. Gary W. Rogers
(Name)

Chief Financial Officer
(Title)

November 3, 2005
(Date)
October 12, 2005

Mr. James R. Maples
Controller
University of Tennessee - Knoxville
Controller’s Office
201 Andy Holt Tower
Knoxville, TN 37996-0100

Dear Mr. Maples:

A copy of the facilities and administrative (F&A) cost Rate Agreement is being faxed to you for your signature. This agreement reflects an understanding reached between your organization and a member of my staff concerning the rates that may be used to support your claim for facilities and administrative (F&A) costs on grants and contracts with the Federal Government.

Please have this letter signed by an authorized representative of your organization and fax it to me, retaining a copy for your files. Our fax number is (202) 619-3379. We will reproduce and distribute the Rate Agreement to the appropriate awarding agencies of the Federal Government for their use.

The Office of Management and Budget (OMB) has requested that we reach an agreement with each institution on the components of the published F & A rates. The attached form is provided for that purpose. Please sign the form and fax it with the original Rate Agreement.

A facilities and administrative cost proposal, together with the required supporting information, must be submitted to this office for each year in which your organization claims indirect costs under grants and contracts awarded by the Federal Government.
Therefore, your next proposal for F & A costs, based on actual costs for the fiscal year ending June 30, 2007, is due in our office by December 31, 2007.

Sincerely,

William G. Logan
Director, Mid-Atlantic Field Office
Division of Cost Allocation

Enclosures

Concurrence:

University of Tennessee - Knoxville
(Institution)

(Signature)

Dr. Gary W. Rogers
(Name)
Chief Financial Officer
(Title)

November 3, 2005
(Date)