NEGOTIATION AGREEMENT

Institution: MASSACHUSETTS INSTITUTE OF TECHNOLOGY
CAMBRIDGE, MASSACHUSETTS, 02139

The Facilities and Administrative rates contained herein are for use on grants, contracts and/or other agreements issued or awarded to the Massachusetts Institute of Technology (MIT) by all Federal Agencies of the United States of America, in accordance with the provisions and cost principles mandated by 2 CFR 220. These rates shall be used for forward pricing and billing purposes for MIT's Fiscal Year (FY) 2010. This rate agreement supersedes all previous rate agreements / determinations for FY 2010.

SECTION I: RATES - TYPE: FIXED WITH CARRYFORWARD (“FIXED”)

<table>
<thead>
<tr>
<th>TYPE</th>
<th>FROM</th>
<th>TO</th>
<th>RATE</th>
<th>BASE</th>
<th>APPLICABLE TO</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>F&amp;A</td>
<td>7/1/09</td>
<td>6/30/10</td>
<td>68.0%</td>
<td>(a) Organized Research</td>
<td>On Campus</td>
<td></td>
</tr>
<tr>
<td>Fixed</td>
<td>7/1/09</td>
<td>6/30/10</td>
<td>6.5%</td>
<td>(a) Organized Research</td>
<td>Off Campus</td>
<td></td>
</tr>
</tbody>
</table>

DISTRIBUTION BASE

(a) Modified Total Direct Cost (MTDC), as defined in OMB Circular A-21, consisting of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first $25,000 each (regardless of the period covered by the subgrant or subcontract); and excluding equipment, capital expenditures, charges for tuition remission, rental costs, scholarships and fellowships as well as the portion of each subgrant and subcontract in excess of $25,000.

SECTION II - GENERAL

A. LIMITATIONS: Use of the rates set forth under Section I is subject to any statutory or administrative limitations and is applicable to a given grant or contract only to the extent that funds are available. Acceptance of the rates agreed to herein is predicated upon all of the following conditions: (1) that no costs other than those incurred by the grantee/contractor were included in this indirect cost pool as finally accepted and that such costs are legal obligations of the grantee/contractor and allowable under governing cost principles, (2) that the same costs that have been
treated as indirect costs are not claimed as direct costs, (3) that similar types of costs have been accorded consistent accounting treatment, and (4) that the information provided by the grantee/contractor which was used as a basis for acceptance of the rates agreed to herein, and expressly relied upon by the Government in negotiating and accepting the said rates is not subsequently found to be materially incomplete or inaccurate.

B. **ACCOUNTING CHANGES:** The fixed rates contained in Section I of this agreement are based on the accounting system in effect at the time the agreement was negotiated. Changes to the method(s) of accounting for costs, which affect the amount of reimbursement resulting from the use of these rates require the prior approval of the authorized representative of the cognizant negotiation agency. Such changes include but are not limited to changes in the charging of a particular type of cost from indirect to direct. Failure to obtain such approval may result in subsequent cost disallowances.

C. **USE BY OTHER FEDERAL AGENCIES:** The rates set forth in Section I were negotiated in accordance with and under the authority contained in 2 CFR 220. Accordingly, such rates shall be applied to the extent provided in such Circular to grants and contracts to which 2 CFR 220 applies, subject to any limitations in part A of this section. Copies of this document may be provided by either party to other federal agencies which have or intend to issue or award sponsored agreements using these rates or to otherwise provide such agencies with documentary notice of this agreement and its terms and conditions.

D. **FIXED RATES:** The fixed rates in this agreement are based on estimates of the costs for FY 2010. When actual costs for FY 2010 are determined, an adjustment will be made to the rates of a future year to recognize the difference between the FY 2010 estimated costs used to establish the fixed rates and the negotiated actual FY 2010 costs.

E. **LIQUIDATION OF CARRY-FORWARD AMOUNTS:** The below carry-forward amounts were included in the establishment of the FY 2010 fixed rates.

<table>
<thead>
<tr>
<th></th>
<th>On Campus</th>
<th>Off Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of FY 2005 Final</td>
<td>$4,936,000</td>
<td>$0</td>
</tr>
<tr>
<td>Balance of FY 2006 Final</td>
<td>$17,990,000</td>
<td>($1,019,000)</td>
</tr>
<tr>
<td>FY 2007 Final</td>
<td>$1,500,000</td>
<td></td>
</tr>
</tbody>
</table>

This represents the full and complete liquidation of any remaining balances of FY 2005 and FY 2006 final carry-forward amounts, and a portion of the final FY 2007 On-Campus carry-forward amount.

F. **SPECIAL REMARKS:**
1. Off Campus rates are used when the preponderance of effort is performed at Lincoln Laboratory, Haystack Observatory or other off-site locations.

2. The Government’s agreement with the rates set forth in Section I is not an acceptance of the MIT’s accounting practices or methodologies. Any reliance by the Government on cost data or methodologies submitted by MIT is on a non-precedence-setting basis and does not imply Government acceptance.

3. Signature of this agreement by the authorized representatives of MIT and the Government acknowledges and affirms the Institute’s request for waiver of the prohibition contained in DFARS 231.303 (1) and the Government’s exercise of its discretion contained in DFARS 231.303 (2) to waive the prohibition in DFARS 231.303 (1). The waiver request by MIT is made to simplify the Institute’s overall management of DOD cost reimbursement under DOD contracts.

FOR MASSACHUSETTS INSTITUTE OF TECHNOLOGY:

CLAUDE R. CANIZARES
Vice President for Research

Date 7/1/09

FOR THE U.S. GOVERNMENT:

LINDA B. SHIPP
Contracting Officer

Date 7-1-09

For information concerning this agreement contact:
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