COLLEGES AND UNIVERSITIES RATE AGREEMENT

EIN #: 

INSTITUTION:
University of Southern California
University Park

Los Angeles CA 90089-0011

DATE: March 2, 2010
FILING REF.: The preceding Agreement was dated April 1, 2009

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. (PREDETERMINED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TYPE</td>
<td>FROM</td>
<td>TO</td>
<td>RATE (%)</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/08</td>
<td>06/30/10</td>
<td>63.0</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/10</td>
<td>06/30/11</td>
<td>62.0</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/08</td>
<td>06/30/11</td>
<td>26.0</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/08</td>
<td>06/30/11</td>
<td>55.0</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/08</td>
<td>06/30/11</td>
<td>26.0</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/08</td>
<td>06/30/11</td>
<td>26.0</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/08</td>
<td>06/30/11</td>
<td>26.0</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/08</td>
<td>06/30/11</td>
<td>38.0</td>
</tr>
<tr>
<td>PRED.</td>
<td>07/01/08</td>
<td>06/30/11</td>
<td>26.0</td>
</tr>
<tr>
<td>PROV.</td>
<td>07/01/11</td>
<td>UNTIL AMENDED</td>
<td>Use same rates and conditions as those cited for fiscal year ending June 30, 2011.</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 periods 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.

The off-campus base shall exclude facilities rental costs and operations and maintenance expenses from the direct cost items of materials and supplies and services.
INSTITUTION:
University of Southern California

AGREEMENT DATE: March 2, 2010

SECTION I: FRINGE BENEFITS RATES**

<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>07/01/10 06/30/12</td>
<td>31.6</td>
<td>(1) All</td>
<td>All Employees</td>
</tr>
<tr>
<td>FIXED</td>
<td>07/01/10 06/30/11</td>
<td>6.0</td>
<td>(2) All</td>
<td>Info Science Inst.</td>
</tr>
<tr>
<td>FIXED</td>
<td>07/01/10 06/30/11</td>
<td>6.8</td>
<td>(2) All</td>
<td>(3) Center for Creative Technology</td>
</tr>
</tbody>
</table>

(3) Center for Creative Technology

**BASE:

(1) Direct salaries and wages including vacation, holiday, and sick pay of faculty and staff personnel only. Rate does not apply to student employees, Research Assistants or Teaching Assistants.

(2) Direct salaries and wages excluding all fringe benefits.
INSTITUTION:
University of Southern California

AGREEMENT DATE: March 2, 2010

SECTION II: SPECIAL REMARKS

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 except for paid absences that have been earned but not taken when an individual separates from the university prior to the completion of the grant, contract or other agreement.

The cost of vacation and personal days off are included in the Information Sciences Institute and the Institute for Creative Technology fringe benefit rates. Federal projects must be credited for salaries and wages for periods when employees are on vacation or personal days off. Holiday, sick leave pay, and other paid absences are included in salaries and wages and are charged to Federal projects as part of the normal charge for salaries and wages.

TREATMENT OF OTHER 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. The following fringe benefits are included in the fringe benefit rate:
SOCIAL SECURITY, RETIREMENT PLANS, HEALTH AND DENTAL, UNEMPLOYMENT, WORKERS COMPENSATION, SABBATICAL LEAVE, TUITION REMISSION, LIFE INSURANCE, AND MISCELLANEOUS EMPLOYEES SERVICES
Beginning 07/01/99, the fringe benefit rate includes only employee tuition remission. A separate rate is also applied for the Information Sciences Institute and the Institute for Creative Technology for vacation and personal days off.

DEFINITION OF OFF-CAMPUS: A project is considered off-campus if the activity is conducted at locations other than in University owned or operated facilities and indirect costs associated with physical plant and library are not considered applicable to the project.

Projects conducted partially on-campus and partially off-campus: Actual costs will be apportioned between on-campus and off-campus sites consistent with where the work is performed and each portion will bear the appropriate on-campus or off-campus rate.

DEFINITION OF EQUIPMENT
Equipment is defined as tangible non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit.

The rates in this agreement have been negotiated to reflect the administrative cap provisions of the revision to OMB Circular A-21 published by the Office of Management and Budget on July 26, 1993. No rate affecting the institution's fiscal periods beginning on or after October 1, 1991 contains total administrative cost components in excess of that 26 percent cap.

The rates relating to the Information Sciences Institute (ISI) is effective for the periods identified in the negotiation agreement provided that the ISI funding or costing mechanisms now in place remain unchanged.

This rate agreement updates the fringe benefits only.
INSTITUTION:  
University of Southern California

AGREEMENT DATE: March 2, 2010

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 Southern California

[Signature]

Robert Abeles

Interim Senior Vice President

and chief financial officer

3/5/2010

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

[Signature]

Wallace Chan

DIRECTOR, DIVISION OF COST ALLOCATION

[TITLE]

March 5, 2010

[DATE]

[Signature]

Cora Coleman

Telephone: (415) 437-7820