

SERVICE LEVEL AGREEMENT (“SLA”)
FOR THE PROVISION OF LEGAL SERVICES

Between

_____ **Group of Companies**
(Hereinafter referred to as the “Client” as appropriate)

and

[the Law Firm]
(Hereinafter referred to as the “Law Firm”)

Service Level Agreement

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Service Level Agreement

This Service Level Agreement (“SLA”) should not be taken as any form of instruction to limit your role or to reduce the quality of the representation provided. Rather, it should be regarded as a reasonable managerial requirement which provides a template for your representation of the Client. There is clearly a degree of flexibility in the application of this SLA to specific situations and you are therefore encouraged to discuss any questions of your engagement with the Client should a situation arise that is not specifically addressed in the following sections. Nothing herein, (including references to “Client” for billing purposes) should be construed as mitigating or in any way limiting the Law Firm’s obligation to its client in matters involving representation of insureds under policies containing defense obligations.

1. Introduction

1.1. Policy Statement, Privilege and Confidentiality, Safeguarding Information, Media Contact and Conflicts of Interest

- 1.1.1. Policy Statement: In order to achieve transparency in the delivery, provision, efficiency and cost of legal services to the Client and consistent standards of case management and handling, LSG have been instructed by the Client to monitor compliance with this SLA in connection with such legal services. For avoidance of doubt, as to any item on which the Law Firm and the bill review vendors cannot agree, the final decision rests with the Client, including, specifically, subsequent approval by the Client in its absolute discretion of items, costs or procedures requiring prior approval in the usual course.
- 1.1.2. Privilege and Confidentiality: Nothing about the selection of as a billing vendor, or the performance of their responsibilities, should be deemed to alter, mediate or in any way affect or impair the attorney-client relationship between the Law Firm and the Client. All rights to assert any applicable confidentiality, privilege or other protection from disclosure or admissibility with respect to all attorney-client communications and work product, including billing records, on any legal, equitable or ethical basis under any body of law, are reserved and any waiver of such rights, by virtue of the retention of LSG as a billing vendor or otherwise, is denied.
- 1.1.3. Safeguarding Information: The Client expects the Law Firm to be conscious of the potential risks of disclosing any information that is privileged, non-public, proprietary and/or confidential by having the necessary procedures and safeguards in place to ensure that such disclosures do not occur. Information that the Client considers confidential includes internal policy directives, manuals, organizational charts, forms, customer and employee information and other non-public materials, thought processes

and work product relevant to the Client's business and the work the Law Firm is performing. None of the information provided by the Client should be used by the Law Firm, directly or indirectly, for any purpose other than in connection with the matter for which it was obtained.

1.1.4. Media Contact: All media inquiries should be referred immediately to the Client with no further comment. If a media inquiry is of an urgent nature and the Law Firm's Client contact on the particular matter is unavailable, the Law Firm should contact the Client Limited Chief Communications Officer directly at (212) 621-8681. Under no circumstances should the Law Firm discuss a representation of any Client Group Company (including the fact of the representation) with the media either on or off the record, without prior approval of the Client.

1.1.5. Conflicts of Interest: In addition to the Law Firm's ethical responsibilities to avoid conflicts of interest, the Client Group of Companies generally applies a Group-wide approach to conflict analysis. Although the Law Firm's Client is the particular Client Group Company that retains the Law Firm on a relevant matter, the interests of all Client Group Companies must be taken into account in analyzing whether a particular representation presents a conflict of interest. The Client Group of Companies does not generally consider conflicts to result solely from representation of its business competitors, but specific circumstances can cause conflicts to arise in such situations. In all cases, it is the responsibility of the Law Firm to identify and bring to the attention of the Client, in writing, any circumstances that may create or involve a conflict of interest as herein described. Any request by the Law Firm for the client to waive a real or potential conflict of interest must be in writing.

1.2. Scope

1.2.1. Unless otherwise agreed, these guidelines apply with effect from January 1, 2006, to all legal services supplied and extend to all other services whether outsourced or sub-contracted by the Law Firm, including to Barristers or other legal counsel (including UK agents and overseas lawyers), experts, consultants, adjusters, inspectors, accountants / auditors, actuaries and any other specialist or professional service. Said sub-contractors, etc. will be required to comply with these guidelines.

1.2.2. This Service Level Agreement applies to all matters referred by Client Group Claims.

1.2.3. The draft invoice(s) submitted will be in the format set out in Appendix 1 and delivered to LSG in an electronic form via the Internet for submission into the LSG Advocator System®.

1.2.4. As appears from these guidelines, the services extend inter alia to particular phases of litigation and activities and the guidelines are to be read in conjunction with various task-based billing code sets, which describe such activities and functions performed and work done within such stages and expenses related thereto.

1.2.5. Please see Appendix 2 (Phases of Litigation, Tasks, Activities and Expense Descriptions and Code Sets) for further details.

1.3. Prior Approval

1.3.1. Reference is made in this SLA to the requirement for prior approval to be sought from the Client.

1.3.2. “Prior Approval” is detailed in Appendix 3 below.

1.3.3. Where required, prior approval must be secured in relation to each individual case. Such approval will usually be oral, but agreement should be noted in the relevant invoice, together with the date and details of the person providing the approval.

2. Case Management, Strategy and Reporting

2.1. Team Approach

2.1.1. Upon receipt of instructions from the Client, the Law Firm should address the issue of deployment of staff with the Client. The goal should be to use only the number of people necessary and appropriate to fulfill the instructions.

2.1.2. In this regard, the Law Firm should address:

2.1.2.1.who should be the principal fee earner;

2.1.2.2.which fee earners should work on the case;

2.1.2.3.what each fee earner should do;

2.1.2.4.why that fee earner is necessary to perform the work identified; and

2.1.2.5.whether another fee earner can do those tasks more cost-effectively.

2.2. Acknowledgment of Instructions

2.2.1. Upon receipt of an instruction, the Law Firm should acknowledge receipt of the appointment and confirm that they are free to act without conflict. Such acknowledgment is to be made, in writing, directly to the Client

contact who referred the instruction within **two working days** of receipt of the instruction. With respect to matters identified by the Client as falling within the London “claims scheme,” unless the Law Firm is specifically informed otherwise, reports should be furnished to the Client and all underwriters, in accordance with the London “claims scheme.”

2.2.2. The Law Firm should be mindful of and observe any rules of procedure statutes or regulations that may apply to the handling of claims or litigation in any particular jurisdiction. The Client must be informed of any specific requirements **within seven days** of receipt of the instruction and notice must be given to the Client, and other relevant parties within the scope of the attorney-client relationship, that these requirements have been and will be complied with.

2.3. Report Timing and Format

2.3.1. The following sections of these guidelines provide the **maximum** time limits for the preparation and issuance of written reports to the Client. Reports should be issued as soon as possible and, in any event, not later than the time limits provided. If, **for any reason**, it is not possible to comply with these requirements the attorney must provide specific reasons for such non-compliance and seek further instructions from the Client. Similarly, if it is possible to provide specific information to the Client earlier than is proposed within these guidelines then the attorney should obviously do so.

2.3.2. All reports and written correspondence (including cover letters transmitting legal invoices) from the Law Firm to the Client should include, conspicuously in the reference section and as provided by the Client to the Law Firm upon instruction: (1) the insured, putative insured or adverse party; (2) the claim or matter name (e.g., underlying plaintiff, event, loss name, location or transaction); and (3) the Client’s claim number (if applicable); and (4) the date of loss.

2.4. Preliminary Report

2.4.1 Coverage Matters: A preliminary report must be issued no later than thirty (30) days from the acceptance of the instruction. Such preliminary report and all future reports must be issued directly and exclusively to the Client or their designated agents where specified, with no copies provided to any third parties such as brokers or other agents of the insured. All reports should contain a heading that stipulates that the information contained therein is privileged and confidential and constitutes an attorney-client communication and/or attorney work product, or is otherwise subject to a rule or doctrine of privilege, confidentiality or non-disclosure. It is essential that full confidentiality is maintained when attorneys are reporting directly to the Client.

2.4.1.1. In addition to the matters detailed below (2.4.3) the coverage report should contain full policy information (which the Client will have provided), to include the Attorney/Solicitor's preliminary observations and specific recommendations as to whether coverage is applicable. It is essential that the Client be provided with an urgent coverage review and specific recommendations as soon as is reasonably possible in order that the appropriate acknowledgement, reservation of rights or denial of coverage can be issued in a timely fashion and in compliance with any statutes or regulations which may apply. The Law Firm should in such circumstances enclose a draft reservation of rights letter with their report for Client review and approval. Prior authority must be sought and received from the Client prior to the issuance of any communication to an insured which relates to coverage.

2.4.2. Defense Matters: A preliminary report must be issued no later than thirty (30) days from the acceptance of the instruction. Such preliminary report and all future reports will be issued directly to Client and all interested parties including, and where necessary, the insured and their agents. The details of the interested parties will be provided at the time of the initial instruction. All reports should contain a heading which stipulates that the information contained therein is privileged and confidential and constitutes an attorney-client communication and/or attorney work product, or is otherwise subject to a rule or doctrine of privilege, confidentiality or non-disclosure.

2.4.3. The preliminary report must include the following:

2.4.3.1. A précis of the case which should be restricted to no more than five lines of no more than seventy characters per line. Such précis should provide the reader with an "instant" overview of the current developments of the case and should contain the Law Firm's assessment of liability and damages and, only if requested, a suggested reserve for both indemnity (if appropriate) and fees (to be shown separately) and should therefore be included in all reports. In certain circumstances the précis can be extended to ten lines but this should be the exception rather than the rule.

2.4.3.2. The name of the insured, and any subsidiaries or additional insureds where appropriate.

2.4.3.3. Where applicable, the identity of the London broker and their reference, if and when available.

2.4.3.4.A factual summary of the claim outlining the date and details of the loss, the nature of the loss and the factual background. This section should include a recitation of the issues identified to date including the parties potentially involved and as much as can be identified regarding any contractual implications between the involved parties that may control or influence the claim issues and development.

2.5. Assessment/Evaluation

2.5.1. The Law Firm must provide a preliminary outline of the principal issues identified and an early evaluation of the merits of the claim and, when requested, policy coverage to include:

2.5.1.1. applicable law;

2.5.1.2. applicable conventions and/or treaties;

2.5.1.3. jurisdiction issues;

2.5.1.4. forum issues;

2.5.1.5. plaintiff, claimant or insured representation;

2.5.1.6. case value, settlement opportunities and/or potential for dispositive or interlocutory motions (e.g., motions to dismiss or for summary judgment) if applicable;

2.5.1.7. recommendations for procedural or substantive actions and/or a request for further instructions;

2.5.1.8. if specifically requested, a reserve recommendation for both defense (fees) through case conclusion and indemnity (if appropriate);

2.5.1.9. the merits and likelihood of resolution through ADR; and

2.5.1.10. whether punitive damages are claimed or the matter involves allegations of "bad faith."

2.5.1.11. whether there is exposure excess of the policy limits.

2.6. Staffing, Strategy and Budget

2.6.1. The Law Firm must provide a preliminary evaluation of their assessment of the staffing requirements of the matter to include:

2.6.1.1. confirmation of the lead/supervising attorney/solicitor (which should be the partner to whom the matter was directed by the Client);

- 2.6.1.2. anticipated staffing levels to include partners, associates, paralegals, legal assistants and law clerks, and the identities of the specific attorneys assigned to handle the case;
 - 2.6.1.3. hourly rates for all assigned personnel in accordance with previously agreed rates; and
 - 2.6.1.4. a budget through conclusion of the matter with a specific allocation for the current calendar year for all activities within the scope of the Law Firm's instruction, including experts, investigators, adjustors, auditors, consultants, Barristers/counsel and other third-party vendors anticipated to be necessary to conclude the matter. For matters anticipated to require more than \$50,000 through conclusion, the Law Firm should break down the budget by Phase of Litigation (see Appendix 2).
- 2.6.2. The Law Firm must also outline the anticipated matter activity for the next 180 days to include:
- 2.6.2.1. necessary research;
 - 2.6.2.2. likely or anticipated discovery or disclosure activity (including depositions, if applicable); and
 - 2.6.2.3. expert evidence, input or support requirements.
- 2.6.3. To summarise, the Law Firm must evaluate its 180-day strategy and level of activity to provide the Client with a structured prediction of the anticipated resources required to support the preliminary case-handling strategy, together with a budget projection for the matter at that time for both costs to conclusion and anticipated activities for the next 180 days.

2.7. Sixty-Day Report

- 2.7.1. The Law Firm must provide to the Client the first *substantive* report **no later than sixty (60) days** from the acceptance of their instruction in the format of the preliminary report.
- 2.7.2. The substantive report must enlarge upon the detail as set out in the thirty-day report particularly as regards the following:
- 2.7.2.1. A refined analysis of the facts of the loss and, where instructed, policy coverage and fuller details of all parties involved.
 - 2.7.2.2. A complete evaluation of the merits of the facts and legal issues identified by the Law Firm in its investigation to date.
 - 2.7.2.3. An updated case-handling strategy to include:

- 2.7.2.3.1. Any staffing revision.
- 2.7.2.3.2. Variations on predicted matter activity re: discovery or disclosure, depositions, any investigative efforts and motion practice.
- 2.7.2.3.3. Updated budget projection to include cumulative costs billed to date and comparison of actual to budgeted amounts.
- 2.7.2.3.4. The merits and likelihood of proceeding to ADR.

2.8. Ninety-Day Report

- 2.8.1. The Law Firm must provide **no later than ninety (90) days** from acceptance of the instructions a report to the Client in the prescribed format, which specifically addresses their evaluation of the facts, issues and merits of the case. Such report is to include an evaluation of the likely outcome of the case and the alternatives available as appropriate to the issues involved, to include:
 - 2.8.1.1.Litigation;
 - 2.8.1.2.Settlement or compromise; and
 - 2.8.1.3.Arbitration/ADR.
- 2.8.2. The Law Firm must conduct a cost-benefit analysis as part of the above evaluation and should prepare a comprehensive litigation risk analysis prior to finalizing their evaluation/recommendation.
- 2.8.3. In conducting the above evaluation it is expected that a trial lawyer or outside barrister/counsel be consulted if one is not already managing the case as appropriate.

2.9. Update/Interim Reports

- 2.9.1. The Law Firm must provide update/interim reports on a regular basis following the 90-day report as shown below. Such reports should also address any changes to the previously proposed case handling strategy, status of the litigation and reserve recommendations as necessary, but at least every sixty (60) days.
- 2.9.2. The Law Firm must be mindful of any significant changes that impact liability and/or financial exposure, which might occur throughout the life of the case.

3. Billing - Principles

3.1. Basic billing and case-management guidelines are as follows:

- 3.1.1. Effective management of the case is essential. It is important that the supervising partner is able to demonstrate that this is carried out through reporting regularly and promptly.
- 3.1.2. Paralegals and/or other support staff must be supervised and directed by the case handler.
- 3.1.3. The Law Firm should at all times utilize the most junior level of staff technically qualified and capable of performing any task an appropriate level of skill, as well as appropriate technology to ensure that work is performed with maximum efficiency. Paralegals/legal assistants should be used wherever possible for such tasks as summarizing deposition transcripts, etc.
- 3.1.4. Only one attorney should normally need to attend depositions, meetings, hearings etc., and the supervising partner should ensure that this is generally carried out. Any additional attorneys required for this activity should be agreed by the Client in advance.
- 3.1.5. The supervising attorney should provide settlement recommendations and any other specific recommendations for the effective handling of each matter. All settlement demands or a willingness to settle and/or negotiate, by ADR or otherwise, must be reported to the Client immediately.

3.2. Frequency

- 3.2.1. For each matter being handled as of the *effective date of this SLA*, draft invoices for services rendered subsequent to that date may be submitted quarterly, but at least every six (6) months.
- 3.2.2. For each matter instructed after the *effective date of this SLA*, draft invoices may be submitted quarterly, but at least every six (6) months.
- 3.2.3. No draft invoice in an amount \$5,000 (or its currency equivalent) or less should be submitted more frequently than quarterly.
- 3.2.4. No draft invoice in an amount \$1,000 (or its currency equivalent) or less should be submitted unless it is the FINAL invoice.
- 3.2.5. Disbursements requiring urgent payment (e.g., to obtain a discount) should be submitted into the LSG Advocator System®, after which the Law Firm should notify LSG to expedite processing. If the matter was assigned by

Client USA, the Law Firm should contact the claim professional to expedite processing.

3.3. Format

3.3.1. All draft invoices submitted will be in the format set out in Appendix 1 and delivered to LSG in an electronic form via the Internet into the LSG Advocator System®. Once approved, the Law Firm shall issue its “tax point” invoice to the Client in accordance with its standard billing practice as provided by this SLA or otherwise as agreed with the Client.

3.4. Hourly Rates

3.4.1. The hourly rates are those initially agreed between the Law Firm and the Client, or subsequently varied by agreement, and submitted into the billing system. Unilateral rate increases by the Law Firm will not be applicable to any Client matters unless, until and only to the extent agreed by the Client.

3.4.2. Any variation must be submitted electronically for approval by the Client through the billing system.

3.4.3. Notwithstanding the above, the rates payable by the Client to the Law Firm will not exceed the lowest rates payable by any other Client Group affiliate for similar work in the same jurisdiction (e.g., for a particular lawyer).

3.5. Time Recording

3.5.1. Time is to be recorded in tenths of hours (0.10), said units comprised of 6-minute time intervals. The time entered for a task, and in the aggregate, must not exceed the actual time expended on any activity, function or work as specifically described.

4. Professional Services

4.1. Substantive Positions and Communications

4.1.1. All significant tactical or strategic decisions must be made with the participation and input of, or prior approval by, the Client. All substantive (e.g., coverage, settlement, approval of mediation or other ADR process, institution of litigation, assertion of causes of action) positions must be taken, and all substantive written or oral communications must be made, only with prior approval of the Client unless extraordinary circumstances require the Law Firm to otherwise protect the Client’s interests.

4.2. Work Descriptions

- 4.2.1. Generic or vague narrative descriptions that do not identify to the Client's satisfaction the work done are not permitted and, if used, such entries will not be reimbursed.
- 4.2.2. A sufficiently detailed narrative description includes reference to (1) a specific function, activity or task performed (2) for or in connection with a specific purpose or issue (3) for a specific quantum of time. Additionally, descriptions must permit the Client to identify the particular work product created, the particular proceeding to which it relates, or the purpose and significant participants in meetings and conference calls.
- 4.2.3. Blocked billing entries are not acceptable unless all of the functions, activities and/or tasks entered together (1) fall within the same UTBMS Phase/Task Code, (2) reasonably relate to each other and (3) are entered together under the UTBMS Activity Code most related to the blocked activities. Otherwise, each function, activity or task performed must be billed separately with an appropriate time entry.
- 4.2.4. Please see Appendix 2 (Phases of Litigation, Tasks, Activities and Expense Descriptions and Code Sets) for further details.
- 4.2.5. A specific narrative description must be provided, even where the various UTBMS Code Sets are being used and included in the invoice.
- 4.2.6. Time records should not be destroyed, and must remain available for review, at least until two years after closure of each matter. Computerized records are sufficient for this purpose provided they are maintained in such a fashion as to allow future downloading to hard copy.

4.3. Legal Services

- 4.3.1. Legal services must be carried out by the appropriate fee earner(s) possessing the relevant qualifications, skills, expertise and experience for the particular activity or functions performed or work done.
- 4.3.2. The Client encourages the use of paralegals, law clerks, litigation assistants and trainees where appropriate for work that does not need to be performed by an attorney, yet requires the application of a professional or legal input, analysis or judgment beyond a clerical or administrative level.
- 4.3.3. Appendix 5 contains a non-exhaustive list of non-legal (that is secretarial, administrative or clerical) services.

- 4.3.4. Appendix 6 contains a non-exhaustive list of services that paralegals and litigation assistants may perform.
- 4.3.5. The services performed by law clerks and trainees are not specifically set out, but should generally reflect those of a qualified fee earner.
- 4.3.6. Where law clerks or trainees perform tasks appropriate for paralegals or legal assistants, reimbursement shall be limited to rate(s) applicable for such paralegals or legal assistants.
- 4.3.7. Where paralegals, law clerks, litigation assistants or trainees are employed to perform secretarial, administrative or clerical duties, the relevant charges shall be subject to reduction or disallowance. (See, e.g., 4.9.1 and Appendix 5.)

4.4. Multiple Fee Earners / Oversight and Supervision

4.4.1. Multiple Fee Earners – Appropriate Level

It may be appropriate for more than one fee earner to work on a case. Where that is the case the activities carried out are to be at the appropriate level within the law firm (e.g., paralegal performing paralegal tasks).

4.4.2. Multiple Fee Earners – Tangible Work Product

Where multiple fee earners are working on a case, the invoice must show either:

- a. Separate, specific, tangible work product for each fee earner; or
- b. In the event that necessary case or strategy discussions take place and no immediate tangible work product can be produced, then prior approval by the Client [including the identity of the specific Client representative] of such discussions must to be noted in the narrative of the billing line items.

4.4.3. Oversight and Supervision

Where it is necessary for one fee earner to review and/or supervise work by a less experienced or junior member of staff, the time billed by the reviewing and/or supervising fee earner must indicate the specific work product reviewed or supervised.

4.4.4. Scope of Representation and Case Strategy

The activities to be performed by the Law Firm should be broadly set out in the “Initial Statement of Case Strategy” at the commencement of each matter and in

the subsequent Case Status Reports. Please refer to Case Management/ Strategy and Reporting in Section 2 above.

4.5. Interlocutory Process

4.5.1. The Law Firm must obtain prior approval from the Client before issuing, initiating or defending any interlocutory process that is not mandatory. When requesting such approval, the Law Firm must address the purpose of the interlocutory process, the chances of success if relevant, how the process will advance or otherwise benefit the case, the time to be spent and the fee earner(s) or sub-contractors involved.

4.6. Research - Time Recording

4.6.1. Routine legal research is non-billable. Review of basic procedural rules, research of basic elements of a cause of action, or other matters of common knowledge among reasonably experienced counsel in the locale should not be charged to the Client.

4.6.2. The use of legal databases, computerized legal-research programs, on-line services or CDROM programs, while encouraged to reduce time spent, is considered part of the Law Firm's overhead expenses and will not be reimbursed. Research should, where possible, be carried out by more junior litigation assistants, law clerks, trainees, paralegals or library staff, avoiding extensive research time by partners or senior assistants.

4.6.3. Prior approval must be obtained before conducting any legal research likely to exceed two (2) hours work.

4.7. File Reviews

4.7.1. The Client will not pay for file reviews, unless:

4.7.1.1. they are prompted by a legal or factual development, such as the receipt of correspondence or a telephone call; and

4.7.1.2. they result in the creation of actual work product, such as a strategy note, a strategy plan, a letter, a report, or a telephone call.

4.7.2. Where a file is to be reviewed because of a change of fee earner or the current unavailability of the previous fee earner, the time spent reading in by new personnel will not be allowed.

4.7.3. Where, however, the file transfer is occasioned by a cause or causes beyond the control of the Law Firm, such time will be allowed provided this

is appropriately noted on the relevant draft invoice, including the specific cause or causes of the file transfer.

4.8. Counsel/Barristers and Local Counsel

- 4.8.1. Prior to retention, engagement or instruction, the Client must approve the selection and use of counsel/barristers and local counsel. The hourly rates and estimated total cost of such counsel/barristers and local counsel must be provided to the Client prior to the retention, engagement or instruction.
- 4.8.2. Supervision is the responsibility of the supervising partner and that attorney's formal approval of all fees and expenses of such counsel/barristers and local counsel (i.e., the reasonableness of the amounts billed, the necessity of the work and compliance with the terms of the retention) must be provided with the submission of all fees and expenses to the Client for payment. Any such costs must substantially comply with these guidelines and must be agreed by the Client.
- 4.8.3. Charges for the use of counsel/barristers or local counsel deemed inappropriate by the Client and incurred without the Client's prior consent shall not be payable by the Client.

4.9. Investigators, Experts, Other Consultants

- 4.9.1. Prior to retention or engagement, the Client must approve the selection and use of investigators, experts and/or other consultants. The hourly rates (where applicable) and estimated total cost of each such investigator, expert or consultant must be provided to the Client prior to the retention or engagement, including the handling attorney's recommendation of a suitable individual or firm to be utilized in these circumstances for specific reasons.
- 4.9.2. Supervision is the responsibility of the supervising partner and that attorney's formal approval of all fees and expenses of such investigator, expert or consultant (i.e., the reasonableness of the amounts billed, the necessity of the work and compliance with the terms of the retention) must be provided with the submission of all fees and expenses to the Client for payment. It is expected that the Law Firm will fund any such costs as a disbursement and include these within the next draft invoice. Where such costs are likely to be substantial, the costs in total are expected to exceed \$5,000 (or currency equivalent), or funding of the costs is likely to lead to an unreasonable financial burden upon the Law Firm, other arrangements should be discussed with and approved by the Client. Any such costs must substantially comply with these guidelines and must be agreed by the Client.

4.9.3. Charges for the use of investigators, experts or other consultants deemed inappropriate by the Client and incurred without the Client's prior consent shall not be payable by the Client.

4.10. Outsourcing

4.10.1. Services may not be outsourced or subcontracted without prior approval by the Client.

4.11. Travel time

4.11.1. The cost of travel time is significant. Only travel that is absolutely necessary should be authorized by the supervising partner on the basis of prior approval by the Client, particularly if international or out-of-state travel is anticipated.

4.11.2. Travel time is to be included in the invoice as a separate line item, and billed at 50% of the time spent unless the fee earner is actually working on the specific client case or matter while traveling. In the line item for such travel time where 50% of the time spent is billed, the time billed should be reflected at 50% of the actual time spent traveling.

4.11.3. Time spent on other matters shall not be charged to or payable by the Client.

4.12. Non-Legal Service

4.12.1. Work that is secretarial, administrative, clerical or overhead in nature is not billable. (See Appendix 5.)

4.13. Billing

4.13.1. Time and other charges relating to billing or credit control will not be reimbursed, although time spent reviewing, analyzing or verifying appropriate charges by third parties (e.g. counsel, investigators, experts or consultants) will be reimbursed.

4.14. Conflicts of Interest

4.14.1. The Law Firm is required, without charge to the Client, to conduct or have conducted appropriate searches and inquiries with regard to any actual or potential conflict of interest, and to consult with the Client accordingly.

5. Disbursements, Expenses and Other Cost Items

5.1. Explanation

5.1.1. Each individual disbursement, expense or cost item is to be separately described and identified and charged at cost. If VAT or some other such tax is payable, this should be indicated. No miscellaneous items will be reimbursed.

5.1.2. Routine disbursements, expenses or cost items should be paid directly by the Law Firm and then be billed pursuant to these guidelines. Exceptional expenses may be invoiced directly and/or in advance, although any payment requests must be accompanied by supporting documentation. Unless otherwise agreed, payments on account to the Law Firm will not be made. Disbursements codes appear in Appendix 2.

5.2. Photocopying Internal/External

5.2.1. The photocopying rate shall be no more than \$.15 (or currency equivalent) per page and the number of copies shall be specified on the invoice, subject only to 5.2.2. and 5.2.3.

5.2.2. Photocopying supplied by opponents, third parties and others should be charged at lowest possible cost although best endeavors should be made to agree in advance to a rate of no more than \$.15 (or currency equivalent) per page for such photocopying on a reciprocal basis.

5.2.3. Occasionally, it may be necessary to outsource photocopying either because of volume or because a special service is needed, such as color photocopying or because special documents such as plans are required. Such charges must be charged at the outsourced cost and prior approval sought if they exceed \$500 (or currency equivalent) for any individual item or job.

5.3. Travel - Air

5.3.1. Unless approved by the Client, short-haul travel (that is, less than 8 hours) will be via Economy Class or equivalent where available. Use should be made where possible of Apex or similar such discount fares. For long-haul flights (that is, 8 hours or more), Business Class is acceptable. The tickets and other flight documents must be kept as evidence of travel as well as any supporting invoice. Where the trip/travel has more than one purpose, the cost should be charged pro rata to each relevant file or matter.

5.4. Travel – Non-Air

5.4.1. Rail travel shall be in standard/second-class or equivalent. Vehicle travel in the United States will be reimbursed at no more than the Standard Mileage Reimbursement rate as established by the U.S. Internal Revenue Service. Vehicle travel in the United Kingdom will be reimbursed at no more than 40p/mile, outside a radius of 10 miles from the office. Otherwise, vehicle travel may be reimbursed at a rate agreed in advance with the Client.

5.4.2. Taxi fares will only be reimbursed while traveling away from the office, and are to be specified in the invoice line item detail.

5.5. Hotels/Meals

5.5.1. Within the United States, hotels will be reimbursed at up to \$300/night in major cities and \$200/night outside major cities and meals during an overnight or extended stay will be reimbursed up to \$75/person/night. Within the United Kingdom, hotels will be reimbursed at up to £175/night inside London and £150/night outside London, and meals during an overnight or extended stay will be reimbursed up to £35/person/night. Otherwise, hotel charges and meals may be reimbursed at rates agreed in advance with the Client, or as the Client determines is reasonable in its absolute discretion.

5.6. Telephone, Postage and Facsimile

5.6.1. Unless otherwise agreed, all such charges should be considered as part of overhead and will not be reimbursed. Any agreement to the contrary must be confirmed by the Client in writing and both the Client representative providing approval and the date of approval identified in the relevant draft invoice.

5.7. Courier, Messenger, Expedited Delivery and Similar Services

5.7.1. Courier, messenger, expedited delivery and similar services must only be used when absolutely necessary, and not because the lawyer has neglected to allow sufficient time within which to complete something and forward it in a timely manner. Such expenses will be reimbursed, subject to a limit of \$250 (or currency equivalent) for an individual item. If the cost should exceed \$250, prior approval must be obtained except in cases of emergency. Wherever possible, time-sensitive documents should be via e-mail or facsimile.

5.8. Transcribers

5.8.1. Although it is usual to engage the services of a transcriber in connection with a trial, arbitration, heavy or important application or deposition, prior approval must be obtained regarding the cost of such services, whether “live” or otherwise. Where reasonably possible at least two quotations must be secured, depending upon the level of service required (e.g., immediacy of transcription and speed of completion of the transcript).

6. Auditing

6.1. The Client reserves the right in its absolute discretion to audit all fees, disbursements, expenses and other cost items submitted by the Law Firm and the corresponding files relating to the functions, activities or tasks performed, and the various supporting vouchers, invoices or other fee notes. Personnel of the Client, the bill review vendor, or any other third party authorized by the Client may perform this audit. The Client’s payment of any fees, disbursements, expenses or other cost items shall not constitute a waiver of any right to seek reimbursement for any overpayment revealed during an audit or otherwise. In the event of an audit, the Law Firm will cooperate fully and without additional charge, including making available all appropriate staff for interview and producing all files and other pertinent documentation for review.

7. Terms of Severance

7.1. The decision to terminate a retention, appointment or instruction, to transfer a matter to another attorney or Law Firm, or otherwise to restrict the handling of a particular matter shall be entirely at the discretion of the Client.

8. Acknowledgment of Receipt

8.1. I/We hereby acknowledge receipt of the SLA. I/we have read, understood and agreed on behalf of the Law Firm to comply with the SLA. I/we represent that all lawyers and other qualified and non-qualified staff, employees, agents and delegates or persons to whom work is outsourced or sub-contracted will use their best efforts to comply with the SLA.

APPENDIX 1

Approved Billing Format

- 1.1 LSG Invoice Data Fields – see Advocator System®: Support: *Invoice Format*.
- 1.2 LEDES 98B

APPENDIX 2

Phases of Litigation/Tasks/Disbursement Codes

- 2.1 Matrix of Phases of Litigation/Tasks/Disbursement Codes & Activities/Codes – see User Manuals: *UTBMS Code Matrix*.

Appendix 3 - Prior Approval MATRIX

<u>PRIOR APPROVAL MATRIX</u>		
<u>SLA Section</u>	<u>Title / Description</u>	<u>Value/ threshold</u>
4.4.2	Multiple Fee Earners	
4.6.3.	Legal Research	More than two hours
4.10	Outsourcing	
5.2.3.	Photocopying projects	In excess of \$500
5.6.1.	Telephone, postage and facsimile	
5.7.1.	Courier & similar services	In excess of \$250
5.8.1.	Transcribers	

Appendix 4 - Reporting Timeline MATRIX

<u>REPORTING TIMELINE MATRIX</u>		
<u>SLA Section</u>	<u>Title / Description</u>	<u>Timeline</u>
2.2.1.	Acknowledgment of Instructions	Within 2 working days
2.2.2.	Specific claim handling requirements	Within 7 days of receipt of instruction
2.4.1.	Preliminary Report	Within 30 days of acceptance of instruction
2.7.1.	Sixty-day report	No later than 60 days from acceptance of instruction
2.8.1.	Ninety-day report	No later than 90 days from acceptance of instruction
2.9.1.	Update / Interim reports	On a regular basis following the 90 day report, but no later than every 60 days

Appendix 5 – Non-Billable / Secretarial MATRIX

<u>NON-BILLABLE / SECRETARIAL MATRIX</u>
<u>Description</u>
• Training of staff
• Preparing bills, statements and dealing with billing enquiries
• Clerical duties such as creating or organizing files, folders, binders or notebooks
• Collating; copying and binding; pulling/copying documents; & filing and re-filing
• Inventorying documents
• Secretarial or support staff overtime
• Subscription charges to general publications such as law reports
• Entertainment / client development
• Attendance at seminars or other such functions
• Word processing / data entry
• Stationery, etc.
• Scheduling and arranging meetings or appointments and making calendar/diary entries
• Making calendar/diary entries
• Making travel and related arrangements
• Proof-reading
• Filing
• Mail merge
• Standardized letters etc.
• Creation of Macros, Templates, etc.
• Conflict checks
• Pick up and delivery of documents and records
• Chasing
• Bundling, not requiring a professional or legal input, analysis or selection process, e.g. labeling or indexing
(The above list is not exhaustive.)

Appendix 6 – Paralegal Task MATRIX

<u>PARALEGAL TASK MATRIX</u>
<u>Description</u>
• Handling of case documents.
• Production of enclosures to Instructions to Counsel or Experts, and Exhibits to Affidavits, Witness Statements and Court or other Legal Documents.
• Production of (draft) trial bundles.
• Production of application and case management bundles.
• Preparation of Lists of Documents.
• Liaising with Counsel's/Judge's Clerks on contents of bundles.
• Standard form - Court and other Legal Documents.

• Performing CRU activities, with the exception of activities related to CRU Appeals.
• Preparation of <i>Forms of Authority</i> to access medical or employment records.
• Preparation of <i>Authorization to Defend Proceedings</i> .
• Preparation of <i>Witness Summons</i> .
• Preparation of <i>Acknowledgment of Service</i> .
• Preparation of <i>Notice of Acting</i> .
• Preparation of <i>Certificate of Service</i> .
• CRU activities except CRU Appeal activities.
• The administration of complex telephone conferences (whilst scheduling telephone conferences that are <u>not</u> complex is secretarial).
• Contact with lay and expert witnesses for purposes of attendance for witness testimony, except conferences where the lawyer is discussing evidence with the witness.
• Contact with Counsel for purposes of attendance at Trial, except conferences where the lawyer is discussing trial strategy with counsel.
(The above list is not exhaustive.)

.....
Client Group of Companies

.....
[For and on behalf of the Law Firm]

.....
[Name of Law Firm]

Dated theday of200__