

**ELI LILLY AND COMPANY  
BILLING POLICY FOR LEGAL SERVICE PROVIDERS**

**PURPOSE:**

This Policy is intended to document the terms and conditions under which Eli Lilly and Company's legal organization ("Lilly Legal") retains the Services of outside counsel and ancillary legal service providers ("Provider(s)"), collectively or individually referred to as a "Party" or "Parties".

**PRINCIPLES:**

This Policy and related procedures are intended to establish a consistent set of terms and conditions pursuant to which all Providers hired by Lilly Legal agree to operate. Providers agree to acknowledge and accept the terms of this Policy as described herein as a condition of accepting work from Lilly Legal.

**ACRONYMS AND DEFINITIONS:**

The following acronyms and definitions are specific to this Policy; other capitalized terms are defined in the text:

<b>Acronym/Term</b>	<b>Definition</b>
Lilly	Includes the ultimate parent company Eli Lilly and Company as well as any of its Affiliates.
Affiliate	Any corporation, firm, partnership or other entity which directly or indirectly controls, is controlled by, or is under common control of a party to this Agreement.
Provider	Includes parent company law firm (or ancillary legal service provider) as well as any of its Affiliates.
Lilly Primary Contact	The Lilly in-house corporate counsel serving as the matter management resource and single point of contact on Lilly's behalf for individual matters for which Provider has been retained.
Provider Primary Contact	The lawyer for Provider serving as the matter management resource and single point of contact on Provider's behalf for individual matters for which Provider has been retained.
Global Patient Safety (GPS)	The Lilly business area responsible for adverse event compliance reporting to whom Provider must submit adverse event information as described in this Policy.
Adverse Event	Any undesirable occurrence associated with the use of a Lilly product (drug or device), including side effects already listed in the package insert.
CounselLink®	Electronic billing application supported and hosted by LexisNexis, Inc. and used by Lilly Legal for review and approval of invoices for Provider's legal services.
LexisNexis, Inc. or Vendor	Vendor that supports and hosts Lilly's electronic billing application.
Lilly Legal	Lilly's global legal department supporting Lilly's office of the General Counsel
Global Travel Services	The Lilly business area responsible for assisting with Service-related Provider travel where necessary as defined in this Policy.
Confidential Information	All Lilly confidential or proprietary information given to or developed by Provider in the course of performing Services for Lilly, regardless of its form or medium

# TABLE OF CONTENTS

PURPOSE:	1
PRINCIPLES:	1
ACRONYMS AND DEFINITIONS:	1
<b>1 Introduction and Scope</b>	<b>4</b>
<b>2 Staffing</b>	<b>4</b>
2.1. General Requirements	4
2.2. Billing Specifics	4
<b>3 Communication</b>	<b>5</b>
3.1. General Guidelines	5
3.2. Adverse Event Regulatory Reporting Obligations	5
3.3. Media Inquiry or Public Disclosure	6
3.4. Notifications	6
<b>4 Confidentiality, Information Ownership, Management and Security</b>	<b>7</b>
4.1 Confidentiality	7
4.2. Information Ownership	8
4.3. Information Security and Privacy	8
4.4. Records Retention	9
<b>5 Ethics and Compliance</b>	<b>9</b>
5.1. Conflicts of Interest	10
5.2. Debarment	10
5.3. Disbarment	10
5.4. Anti-Bribery and Anti-Corruption Law and Policy	10
5.5. Sarbanes-Oxley	10
5.6. Completion of Necessary Documents and Forms	10
5.7. Compliance Auditing	11
5.8. Access to Lilly Facilities	11
<b>6 Invoices, Payments and Expenses</b>	<b>11</b>
6.1. Invoicing Requirements	11
6.2. Payment Terms and Timing	12
6.3. Travel Expenses	12
6.4. Third Party Expenses	13
6.5. Use of Lilly Preferred Vendors	13
6.6. Taxes	13
6.7. Alternative Fee Arrangements	14
6.8 Electronic Billing	14
<b>7 Miscellaneous</b>	<b>14</b>
7.1. Entire Agreement	14
7.2. Termination	15
7.3. Governing Law	15
7.4 Assignment	16
7.5 Force Majeure	16
<b>APPENDIX A : Electronic Billing Use and Requirements</b>	<b>17</b>
<b>1 Agreement to Use</b>	<b>17</b>
1.1. General Requirements	17
<b>2 Fee Offers</b>	<b>17</b>
<b>3 Matters</b>	<b>18</b>
3.1. General Requirements	18
<b>4 Invoices</b>	<b>18</b>
4.1. General Submission Requirements	18
4.2. Acceptable Submission Methods	19
4.3. Required Invoice Content	20
4.4. System Rules and Invoice Screening	20

4.5. Invoice Adjustments and Reduced Payments .....	22
<b>APPENDIX B: CounselLink Hourly Fee Structure .....</b>	<b>24</b>
1 Timekeeper Rates .....	24
2 Timekeeper Invoicing Requirements .....	25
3 Timekeeper Rate Invoice Adjustments .....	25
<b>APPENDIX C: CounselLink Intellectual Property (IP) Procurement Fee Structures .....</b>	<b>26</b>
1 Entering Fees .....	26
2 Invoicing .....	26
3 Patent Fee Structure .....	27
4 Trademark Fee Structure .....	29
<b>APPENDIX D: Lilly Policy Regarding Compliance with SEC Attorney Conduct Rules .....</b>	<b>32</b>
1 Coverage of Policy .....	32
2 Reporting Obligations .....	33
3 Investigations .....	34
4 Confidentiality and Records .....	35
5 Compliance .....	35
6 Application to Outside Law Firms .....	35
<b>APPENDIX E: Travel Policy for Legal Service Providers .....</b>	<b>326</b>

## 1 INTRODUCTION AND SCOPE

This Billing Policy for Legal Service Providers ("Policy") is an agreement ("Agreement") between Lilly and Provider(s) hired to provide legal services ("Services") to Lilly.

The Policy applies to all legal matters assigned to Provider by Lilly including matters where Lilly is a joint venture partner, unless there is an explicit written agreement to the contrary.

Lilly may request that Provider or its Affiliates provide Services to one or more Lilly Affiliates. In such event, Provider or its respective Affiliate shall perform these Services pursuant the terms of this Agreement and subject to all local applicable laws, regulations and local professional codes of ethics, including, without limitation, environmental, health and safety laws and fair labor practices.

## 2 STAFFING

Provider will consult with Lilly Primary Contact to determine the selection of Provider's legal team and the role each member will play. Provider and Lilly each agree to designate a primary point of contact for each legal matter and to notify the other of the appointed individual pursuant to the *Notifications §3.4* of this Agreement.

### 2.1. General Requirements

- (a) Cases should be staffed as leanly and efficiently as possible consistent with providing the highest quality representation.
- (b) Provider's Primary Contact is responsible for ensuring that all work is done in the most cost efficient and timely manner and that this Policy is followed by all Provider staff performing Services for Lilly.
- (c) If a staffing change is required (i.e. if special personnel are needed for a particular issue including any third party service providers or expert witnesses), prior written authorization should be received from Lilly. See *Notifications §3.4* and *Payments & Expenses §6.4 and 6.5* for authorization requirements and instructions.
- (d) Lilly has a long-standing commitment to equal opportunity by broadening participation of minority and woman-owned businesses in the Lilly supplier base to levels reflective of the diverse business community. Lilly is similarly committed to broadening the participation of women and minorities in the majority-owned businesses of the Lilly Legal supplier base. Accordingly, Lilly expects its firms, when possible, to support its diversity goals when staffing Lilly matters or retaining third-party vendors and to abstain from any unlawful discrimination.

### 2.2. Billing Specifics

- (a) If staffing issues or normal turnover requires the addition of new personnel to a legal team, Lilly will not pay for the start-up costs of educating new personnel in the case.
- (b) Only essential Provider personnel are to attend hearings, meetings, telephone conferences, trials and discovery proceedings.
- (c) Lilly will only pay for internal conferences that deal with substantive issues regarding a legal matter and expects Provider to engage in such conferences only as necessary for the case.
- (d) Internal conferences involving staff supervision or assignments or status updates will not be compensated.

- (e) Lilly will not pay for Provider support staff or time spent performing what Lilly considers clerical or secretarial tasks unless Provider requests and receives Lilly's prior written authorization for a specific staffing or activity. See *Notifications* §3.4 for authorization requirements and instructions and see *Appendix A* §4.5 (a) for a list of non-reimbursable staffing and activities.
- (f) Without compromising quality, Providers should limit the number of documents that must be reviewed by more than one person in the firm.
- (g) See *Appendix A* for additional billing instructions and requirements.

### 3 COMMUNICATION

The Lilly Primary Contact will make all decisions concerning Provider's representation of Lilly, thus the Lilly Primary Contact must approve every significant decision regarding Service(s) being performed by Provider. Provider agrees to promptly and frequently communicate with Lilly regarding any substantive case management or strategy decisions. The following are minimum communication requirements to be followed and Provider should err on the side of over-communicating:

#### 3.1. General Guidelines

- (a) All communications between Provider and Lilly shall be made only through the Lilly Primary Contact or legal support staff who have been designated as primary point(s) of contact pursuant to §2 of this Agreement.
- (b) Provider shall not contact other Lilly employees directly without permission from Lilly corporate counsel.
- (c) All substantive documents, including but not limited to substantive pleadings, expert reports and correspondence, must be submitted to the Lilly Primary Contact for review early enough to enable meaningful review and comment.
- (d) Provider must immediately notify the Lilly Primary Contact of all significant dates and deadlines.
- (e) Provider must advise the Lilly Primary Contact immediately of all settlement offers or demands. Provider shall coordinate settlement queries or discussions with the Lilly Primary Contact.

#### 3.2. Adverse Event Regulatory Reporting Obligations

Lilly's business is highly regulated. Lilly is required by law to collect adverse event information regarding current regulated products and to report such information to authorities in accordance with regulatory requirements. Consistent with this obligation, Lilly Legal reports all new adverse event-related lawsuits received from Lilly's national registered agent for service. Provider **must report adverse event information and transmit a copy of all related documents** to Lilly's Global Patient Safety ("GPS") group via email to [mailindata\\_gsmtindy@lilly.com](mailto:mailindata_gsmtindy@lilly.com) **within one (1) business day** of receipt of the following:

- **Lawsuits** containing adverse event information which are received from sources other than Lilly;
- **Plaintiff Fact Sheets** containing **NEW** adverse event and/or medical information;
- **Discovery Responses** containing **NEW** adverse event and/or medical information; or

- **Medical Records** received from medical service providers (unless otherwise directed by GPS).

The awareness (receipt) date used for adverse event and/or medical information must be documented. The awareness (receipt) date is the date information is first received by Provider. The awareness date is regardless of working hours and is the date that the regulatory reporting clock starts.

### 3.3. Media Inquiry or Public Disclosure

For all of the following circumstances, Provider agrees to immediately notify and seek written approval from the Lilly Primary Contact prior to any disclosure of information (see *Notifications* §3.4 for specific authorization requirements and instructions):

- Any inquiry from the media regarding any Lilly matter.
- Discussion of any cases involving Lilly in seminars, presentations or written material
- Identifying Lilly as a client or otherwise using Lilly’s name, the name of any Lilly employees or products, or any Lilly logo or other trademark in any advertisement, trade publication, Provider website or other communication that is available to the public.
- Any information about this Agreement (including its terms or its existence)

### 3.4. Notifications

In the course of providing Services to Lilly, Provider will have the need to provide various notifications and seek approvals/authorizations as referenced throughout this Policy. Provider agrees to comply with the following instructions related to those required notifications and approvals:

Notification Type	Recipient	Format	Timing
Designation of Provider Primary Contact	Lilly Primary Contact	Verbal or via email to Lilly Primary Contact directly	At onset of matter with updates as needed
Designation of Lilly Primary Contact	Provider Primary Contact	Verbal or via email to Provider Primary Contact directly	At onset of matter with updates as needed
Designation of Provider primary billing administration contact	Lilly Legal Operations <b>and</b> CounselLink electronic Law Firm Profile (for those Services billed through CounselLink)	Email to <a href="mailto:CounselLink@lilly.com">CounselLink@lilly.com</a>  Completion and maintenance of Provider’s law firm profile in CounselLink (if applicable)	At onset of firm engagement and any time Provider has a change in staffing related to billing administration
Matter-related issues requiring authorization or approval from Lilly including but not limited to: <ul style="list-style-type: none"> <li>• Staffing (including use of 3<sup>rd</sup> Parties)</li> <li>• Expenses</li> <li>• Strategy</li> <li>• Conflicts of interest</li> <li>• Status updates</li> </ul>	Lilly Primary Contact	Email to Lilly Primary Contact directly	As needs or exceptional circumstances arise as defined in the Policy and prior to making staffing or matter-related strategy decisions or incurring any related expenses



- (c) It shall not be considered a breach of this Agreement if Provider discloses Confidential Information in order to comply with a lawfully issued court or governmental order or with a requirement of applicable law or regulation; provided that:
  - i. Provider gives prompt written notice of such disclosure requirement to Lilly and cooperates with Lilly's efforts to oppose such disclosure or obtain a protective order for such Confidential Information, and
  - ii. If such disclosure requirement is not quashed or a protective order is not obtained, Provider shall only disclose those portions of the Confidential Information that it are legally required to disclose and shall make a reasonable effort to obtain confidential treatment for the disclosed Confidential Information.
- (d) Within thirty (30) days following the receipt of a written request from Lilly, Provider will return to Lilly all Confidential Information received from Lilly, or, at Lilly's option, destroy all such Confidential Information; provided however, Provider may retain one copy of the Confidential Information solely for the purpose of ensuring its compliance with this Agreement and applicable law.
- (e) The obligations of confidentiality and non-use shall apply to Confidential Information for the earlier of 5 years after completion of the Services or when such Confidential Information no longer qualifies as confidential; except that, Confidential Information that is identified by Lilly as a "trade secret" or qualifies as a "trade secret" under applicable law shall remain subject to obligations of confidentiality for so long as such information retains its status as a trade secret.

#### **4.2. Information Ownership**

- (a) All Lilly information disclosed to Provider in connection with the Services, whether or not constituting Confidential Information, is and shall remain the property of Lilly. By disclosing information to Provider, Lilly does not grant to Provider any express or implied rights or license to or under any patents, patent applications, inventions, copyrights, trademarks, trade secrets or other intellectual property rights then or later possessed by Lilly.
- (b) All documents, agreements, memoranda and other work product created by Provider for use in the Services ("Lilly Work Product") are considered to be owned by Lilly and will be provided to Lilly in electronic format upon request.
- (c) Lilly will have unlimited right to use such Lilly Work Product.

#### **4.3. Information Security and Privacy**

- (a) If Provider is handling Lilly Confidential Information as part of its Services (as determined by Lilly), Provider agrees to complete an information security assessment questionnaire to be provided and retained by Lilly and agrees to cooperate with Lilly to address any concerns.
- (b) Provider agrees to read, follow and comply with Lilly's Information Security Standard as revised by Lilly from time to time and published at: <https://www.lilly.com/suppliers/new-and-existing-suppliers/supplier-notifications>. Lilly reserves the right to update the Standard periodically and Provider agrees to review no less than annually.
- (c) Provider agrees to read, follow and comply with Lilly's Supplier Privacy Standard as revised by Lilly from time to time and published at: <https://www.lilly.com/suppliers/new-and-existing-suppliers/supplier-notifications>. Lilly reserves the right to update the Standard periodically and Provider agrees to review no less than annually.



#### 4.4. Records Retention

Provider shall consult the Lilly Primary Contact for retention guidelines appropriate for the data, documents or other content related to the Services and agrees not to destroy or dispose of any Lilly Work Product without prior written consent by the Lilly Primary Contact.

## 5 ETHICS AND COMPLIANCE

### 5.1. Conflicts of Interest

- (a) Barring the specific allowances provided in this Section 5.1, Provider must not represent another client in a matter involving Lilly or its Affiliates without Lilly's prior written consent.
- (b) For purposes of determining legal conflicts, Lilly applies the American Bar Association (ABA) Model Rules for Professional Conduct in its engagement of law firms and expects Providers to observe all required local rules of professional responsibility as they apply to conflicts criteria and notification of the same.
- (c) For purposes of the Rules of Professional Conduct barring or limiting an attorney's representation adverse to the interest of existing or former clients, Lilly and its Affiliates should be treated as the client of the Provider providing services to any one of such Affiliates.
- (d) Lilly does not provide blanket or prospective waivers for conflicts of interest though it will consider requests for conflicts of interest waivers on a case-by-case basis.
- (e) Provider shall alert Lilly to any and all potential conflicts of interest as soon as a potential conflict arises as described in *Notifications* § 3.4 above.
- (f) Notwithstanding the above:
  - i. Any prior waiver granted by Lilly remains effective
  - ii. Provider may represent other clients, (including matters opposite to Lilly, e.g., matters involving transactional negotiation) as long as those matters are not substantially related to the legal services that Provider has rendered, is rendering or will render to Lilly or any of its Affiliates. In any such representations, Provider agrees to notify Lilly of the circumstances and scope of the representation and agrees not to represent other clients in matters that are aggressive or adversarial to Lilly (e.g., bringing any action against Lilly whether under contract, competition, patent or other laws).
  - iii. In a competitive bidding scenario in which Provider is representing Lilly, Provider may also represent other clients involved in the bidding. In any such circumstances, Provider agrees to set up a screen between Provider's lawyers and other personnel representing each respective bidder to prevent information from passing from one side of the screen to the other and to prevent all screened-off personnel from gaining any access to Lilly documents, strategies or other confidences. Provider agrees to notify Lilly generally of its representation of any other competitive bidder(s)

- iv. Provider may represent innovative pharmaceutical companies (the patent or branded product manufacturer) in disputes adversarial to Lilly (where Lilly is developing the biological product) so as long as those matters are not substantially related to the legal services that Provider has rendered, is rendering or will render to Lilly or any of its Affiliates. In any such representations, Provider agrees to the extent permitted by client confidentiality to notify Lilly of the circumstances to secure express consent that the issues are substantially unrelated.

## **5.2. Debarment**

Provider at all times during the course of providing the Services to Lilly represents that neither it, nor any Provider employee, partner, associate, subcontractor, or representative providing services to Lilly has been:

- (a) Excluded, debarred, suspended, or otherwise become ineligible to participate in state/federal health care programs or in state/federal procurement or non-procurement programs, or debarred by the United States Food and Drug Administration under any provision of the Generic Drug Enforcement Act; or
- (b) Convicted of a criminal offense that would result in mandatory exclusion from the state/federal health care programs or state/federal procurement or non-procurement programs.

## **5.3. Disbarment**

Provider at all times during the course of providing the Services to Lilly represents that neither it, nor any Provider employee, partner, associate, subcontractor, or representative providing services to Lilly has been:

- (a) Excluded, disbarred, suspended, or otherwise become ineligible to practice law in the jurisdiction for which matters have been assigned and accepted; or
- (b) Convicted of a criminal offense that would result in mandatory exclusion from the practice of law in the jurisdiction for which matters have been assigned and accepted.

## **5.4. Anti-Bribery and Anti-Corruption Law and Policy**

Provider shall read, follow and comply with all applicable provisions of the Anti-Bribery Commitments for Suppliers as revised by Lilly from time to time and published at <https://www.lilly.com/suppliers/new-and-existing-suppliers/supplier-notifications> and will review and comply with the Lilly Supplier Code of Business Conduct as revised by Lilly from time to time and published at <https://www.lilly.com/suppliers/supplier-code-of-conduct>.

## **5.5 Sarbanes-Oxley**

Provider acknowledges and agrees to abide by the terms of the “Lilly Policy Regarding Compliance with SEC Attorney Conduct Rules” attached hereto and incorporated herein as Appendix D. Pursuant thereto, Provider must designate a “point person” at the firm who will electronically report any relevant issues to Lilly’s General Counsel. Where required, Provider agrees to e-mail the name of Provider’s “point person” to the Lilly Primary Contact as referenced in *Notifications* § 3.4 above.

## 5.6 Completion of Necessary Documents and Forms

To the extent required by Lilly, whether due to internal process requirements, compliance initiatives or to external contractual, legal or regulatory obligations, Provider agrees to cooperate with Lilly in the completion and provision of any necessary forms, paperwork or other documentation needed to support the establishment of the business relationship between the Parties. This includes but is not limited to anti-counterfeiting due diligence forms, supplier information forms, tax documents or exception forms and information security assessment forms.

## 5.7. Compliance Auditing

Provider agrees that Lilly, at its discretion, may audit invoices of Provider at any time to ensure compliance with this Policy and may request account reconciliation from Provider. Provider agrees to timely comply and cooperate with any reconciliation requests.

## 5.8. Access to Lilly Facilities

If Provider requires access to Lilly facilities in the course of performance of the Services, Provider agrees to comply with all policies and procedures that Lilly establishes to enhance the safety or security of Lilly's facilities or of persons at or near Lilly's facilities, including, without limitation, measures such as safety orientation programs, substance abuse screening, background checks, restricting access through the use of identification badges and passwords, and any additional policies or procedures set forth in Lilly's on-site contractor policies.

# 6 INVOICES, PAYMENTS AND EXPENSES

Provider's billing method for Services provided to Lilly will depend on the Lilly cost center paying for the Services. All Services paid for by Lilly's U.S. cost centers must be invoiced by Provider through Lilly Legal's electronic billing application, CounselLink®. This includes but is not limited to all Intellectual Property work, whether procurement or litigation, as well and corporate business development work and any U.S.-based products liability litigation. Lilly Legal Affiliate-funded Services may require Providers to submit invoices locally to the Lilly Affiliate via a purchase order. Questions about the applicable submission method should be directed to the Lilly Primary Contact referenced in *Notifications §3.4*. All clauses of this Section 6 shall apply to all Provider invoices regardless of billing method except *§6.8 Electronic Billing* which applies specifically to Providers' billing submissions via CounselLink®

## 6.1. Invoicing Requirements

Whether or not Provider invoices through Lilly's electronic billing system pursuant to §6.8 of this Policy, all Provider invoices submitted to Lilly for Services must comply with and adhere to the following:

- (a) All Provider invoices must contain the following elements and formatting:
  - i. Invoice date
  - ii. Unique invoice number
  - iii. Charge date for each line item (date work performed for all fees and disbursements)
  - iv. Detailed description of each Service and expense, identifying the work performed or expenses paid in sufficient detail to permit Lilly Primary Contact to review the charge for accuracy and to understand what was done, how long it took, and, for hourly charges, which Provider staff performed the Service. General statements such as "worked on matter" or "legal services" are not acceptable descriptions.

- v. Separate line items for each individual activity performed in providing the Services each with the detailed description requirements listed in 6.1(a)iv.
  - vi. Number of Units (for either hourly or flat-fee based Services). For hourly billing, units must be in tenths of an hour.
  - vii. Total for each line item charge (i.e. 2 units at \$400 = \$800) as well as a total for all collective invoice charges
  - viii. Any applicable tax(es) or discount(s) being applied to individual invoice line item(s) or to the invoice as a whole must be listed as separate line items with a clear description of the reason for and the amount of the tax or discount
- (b) Provider will not receive payment for the non-reimbursable expenses and activities listed in Appendix A, §4.5 (a). If any of the listed non-reimbursable expenses or activities are included in Provider invoices, Lilly reserves the right to remove those line items and reduce payment to Provider accordingly
  - (c) Provider must invoice Lilly no less frequently than every thirty (30) days for active Services
  - (d) **Lilly is not responsible for and will not pay any charges for Services from Provider, regardless of whether the charges are legitimate and the Services were duly performed, that are not successfully submitted by Provider to Lilly within 180 days of the date the Service was performed or expenses incurred.** Provider agrees to write-off any such charges unless Provider can substantiate an error that is attributable to Lilly
  - (e) Providers whose offices are located outside the United States and who primarily provide Services to Lilly outside the United States agree to notify the Lilly Primary Contact and Lilly Legal operations no less than sixty (60) days in advance of any Services to be performed in the United States and to invoice Lilly separately for any work done on U.S. soil since Lilly may have U.S. tax withholding or reporting requirements not normally associated with payments to international Providers and those invoices may require special handling.

## 6.2. Payment Terms and Timing

- (a) Lilly's standard payment terms are sixty (60) days from receipt of Provider's successfully submitted invoice(s). Successful submission of electronic invoices via Counsellink® is defined and described in *Appendix A*.
- (b) For those Providers electing to receive payment by check, Lilly mails checks to Providers on the Monday following the 60-day payment date.
- (c) For those Providers electing to receive payment by wire transfer, Lilly wires funds to Providers on the Tuesday following the 60-day payment date.
- (d) To the extent possible and at Lilly's discretion, Lilly may be willing to consider quick-pay payment terms if a discount is supplied by Provider for doing so. Refer to *Notifications § 3.4* for contact information for billing-related issues if interested in exploring this option.
- (e) Provider can check the status of scheduled Counsellink® payments at any time by opening the invoice in Counsellink® and reviewing the Payments tab.

### **6.3. Travel Expenses**

When traveling on Lilly's behalf, Provider agrees to exercise good judgment and to comply with Lilly's Travel Policy for Legal Service Providers attached hereto as Appendix E.

### **6.4. Third Party Expenses**

Provider may have the need to retain the services of a third party in performance of its Services for Lilly. Third party vendors may include, but are not limited to expert witnesses, document processors, private investigators, contract attorneys, or other firms.

- (a) Provider agrees not to engage any third parties in performance of its Services for Lilly without prior written approval pursuant to *Notifications § 3.4* of this Agreement.
- (b) Provider is responsible for compensating all of its third party vendors used in the course of performance of the Services for Lilly. Lilly will reimburse Provider for approved third party expenses pursuant to the specific invoicing requirements described in *Appendix A*.
- (c) If, due to exceptional circumstances, Provider requires Lilly to compensate third party vendors directly, Provider must submit a written request to the Lilly Primary Contact for approval no later than sixty (60) days before the expense is to be incurred. See *Notifications § 3.4* for authorization details and instructions.
- (d) Provider is responsible for ensuring that any Services performed by third party vendors are conducted in accordance with and pursuant to no less than the terms contained in this Agreement.

### **6.5. Use of Lilly Preferred Vendors**

Notwithstanding the Third Party Expenses provisions above, Lilly has negotiated contracts with various third party preferred vendors that provide services to Lilly in different areas of specialty. These contracts provide the opportunity for advantageous pricing as well as consistent application of staffing models and case management procedures. Lilly has preferred vendors in at least the following areas of focus:

- (a) Discovery
- (b) Legal research
- (c) External photocopying
- (d) Shipping
- (e) Translations services

Provider will inquire of Lilly in advance whether Lilly has a preferred vendor relationship for a required Service. If so, Provider agrees to use Lilly's preferred third party vendors at Lilly's negotiated rates.

Lilly will pay no more than the actual costs for all disbursements including but not limited to contract attorneys' services, e-discovery review tools, court reporting services, medical records review services, deposition summaries, and similar litigation-related services.

### **6.6. Taxes**

- (a) Provider agrees that it is responsible for:
  - i. Fully cooperating with Lilly to enable proper filing of taxes or recovery of any taxes paid.

- ii. Payment of its own taxes, including property taxes on property it owns or leases, income taxes on its business and, any other taxes incurred by such party in connection with its business and with performing its obligations hereunder.
  - iii. Providing updated and required income tax documents to Lilly upon request but no less than every two years during the course of its provision of Services to Lilly.
  - iv. Payment of any transaction taxes pursuant to applicable law; including but not limited to all export and import taxes.
  - v. Payment of all applicable taxes and fees if Lilly is audited by the IRS and it is deemed that Lilly did not withhold funds from Provider as required by the United States Tax Code due to Provider's failure to adhere to the terms of this section and this Agreement.
- (b) Lilly is responsible for any transaction taxes properly collectible from Lilly under applicable law.
  - (c) Lilly will not pay any taxes that are related to intra-firm transfers or services between Provider and its affiliated offices, or between Provider's affiliates and related entities.
  - (d) Lilly will not pay any late fees, interest or other penalties resulting from any delay by Provider in providing updated tax documents required by Lilly to issue payment to Provider.
  - (e) Value added tax ("VAT") or equivalent taxes including but not limited to Goods and Services Tax ("GST") should not appear on invoices billed to Lilly unless approved by Lilly's legal operations team. See Notifications § 3.4 for approval contact information.

#### **6.7. Alternative Fee Arrangements**

Lilly encourages Providers to suggest alternative fee arrangements at the time the Services are defined. Lilly will consider the use of straight alternative fees or a combination of alternative and hourly fees. Providers must work with Lilly corporate counsel, legal operations and procurement to propose and develop any alternative fee arrangements. Any alternative fee agreements must be in writing and signed by both parties. Submission of an alternative fee arrangement by Provider does not guarantee acceptance.

Lilly acknowledges that any alternative fee arrangement may exceed the charges and fees that are included in a jurisdiction's statutory scale of charges and fees, if and as applicable to certain Services.

#### **6.8. Electronic Billing**

In the event that Lilly requires Provider to submit its invoices to Lilly for the Services via its electronic billing system, CounselLink®, Provider agrees to the following:

- (a) To timely respond to all electronic billing system notifications and instructions from Lilly or Vendor to facilitate effective use of the CounselLink® system and to comply with the electronic billing requirements specified in *Appendices A, B and C* of this Policy.
- (b) Lilly reserves the right to select an alternate electronic billing platform at any time and Provider agrees to cooperate with any activities necessary to facilitate transition of billing information as required.

## 7 MISCELLANEOUS

### 7.1. Entire Agreement

- (a) This Policy constitutes the entire Agreement between the parties with respect to the Services and supersedes any and all prior written or other agreements, oral discussions or understandings between them with respect to the Services.
- (b) Lilly reserves the right to modify this Policy at any time. Notification will be sent to Provider of any modification made to this Policy no less than thirty (30) days prior to the effective date of the change. Any such modifications to the Policy shall supersede prior versions with regard to the terms modified; however, the remainder of the Policy shall remain in full force and effect.
- (c) If any provisions of this Policy are found to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the remainder of the Policy, but rather this Policy shall be construed as if it did not contain the particular invalid or unenforceable provision(s) and the rights and obligations of the parties shall be construed and enforced accordingly.
- (d) Lilly will not sign engagement letters provided by the firm that depart from the terms of this Policy. No amendments of this Policy or waiver of any of its terms shall be effective unless agreed in writing by both Parties. No waiver of any provision of this Policy shall constitute a waiver of any other provision(s).
- (e) The scope for U.S.-funded Services will be described in the electronic matter record created in CounselLink® and assigned to Provider. For Affiliate-funded Services, the scope will be fully described in an email to be retained by the Provider and Lilly Primary Contacts.
- (f) For U.S.-funded Services, Provider acknowledges and agrees to the terms of the Policy as evidenced by Provider's electronic acceptance within the CounselLink® system. For Affiliate-funded Services, Provider must sign and provide the Lilly Primary Contact with a copy of this Policy.
- (g) If Provider is performing Services related to patent, trademark or other intellectual property-related matters in any geography, all such Services must be coordinated with Lilly's managing procurement counsel located in Indianapolis, Indiana in the United States. In certain instances, Lilly may request that Provider sign a local retention agreement with Lilly's local Affiliate. If requested, Provider agrees to cooperate with Lilly to facilitate such an agreement.

### 7.2. Termination

- (a) Either Party may elect to terminate the Services upon reasonable (no less than sixty (60) days) written notice to the other Party.
- (b) In the event of termination or cancellation of this Agreement by either Party, Provider agrees to continue to provide Services for Lilly until any ongoing matters can be orderly transferred to new counsel without adversely impacting Lilly's position or rights.

### 7.3. Governing Law

Any disputes between Lilly and Provider related to the Services performed for Lilly pursuant to the terms of this Policy will be governed by and construed in accordance with the laws of the State of Indiana, USA without regard to (i) its conflict of laws provisions, and (ii) the UN Convention on Contracts for the International Sale of Goods. The Parties hereby submit and consent to the exclusive jurisdiction of any state or federal court located within Marion County of the State of Indiana and irrevocably agree that all actions or proceedings between the Parties shall be brought, maintained and litigated exclusively in such courts, and each of the

Parties waives any objection which it may have based on improper venue or forum non conveniens to the conduct of any such action or proceeding in such court.

**7.4. Assignment**

Neither Party may assign its rights under this Agreement without the other Party's written consent except that Lilly may assign any or all of its rights or delegate any or all of its obligations under the Agreement to any of its Affiliates.

**7.5 Force Majeure**

The Parties agree that any failure or delay in the performance of an affected Party's affected obligations to the extent such failure or delay is caused, directly or indirectly, by events beyond the reasonable control of the affected Party including, but not limited to, fire, flood, earthquake, elements of nature or acts of God, external labor disruptions or strikes not related to the affected Party or its Affiliates or any of its Subcontractors, acts of war, terrorism, riots, civil disorders, rebellions or revolutions, quarantines, embargoes and other similar governmental action. Under no circumstances shall any event caused or contributed to by the negligence of an affected Party (or its Affiliates or its or their Representatives or Subcontractors) be a Force Majeure event for such Party.

For Affiliate-funded Services only, this Agreement is signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

**Provider**

\_\_\_\_\_  
Firm/Company Name

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title



**APPENDIX A**  
**ELECTRONIC BILLING USE AND REQUIREMENTS**

**1 AGREEMENT TO USE**

As described in Section 6.8 of the Policy, Lilly utilizes the CounselLink® system for its invoice processing related to Services paid for by Lilly U.S. cost centers. Provider agrees to comply with the terms of use found in this Appendix A for invoicing for said Services.

**1.1. General Requirements**

Provider agrees to:

- (a) Timely review and respond as needed to all correspondence from either Lilly or Vendor related to becoming an established Provider for Lilly and to gaining access to and using CounselLink®;
- (b) Promptly log in to CounselLink® upon being provided with appropriate system credentials by the Vendor to create a law firm profile. Provider further agrees to diligently maintain the profile information over time in the event that there are changes in contact or other Provider information;
- (c) Participate in system training as needed or requested by either Lilly or Vendor;
- (d) Electronically accept the terms of this Policy in CounselLink® no later than thirty (30) days after receiving the request from Lilly or Vendor;
  - i. If Provider fails to timely accept the Policy in CounselLink® as described, Provider's ability to submit invoices into CounselLink® and Lilly's ability to assign new matters to Provider will be suspended until Provider completes the electronic Policy acceptance in CounselLink®.
  - ii. Lilly is not responsible for and will not pay any interest or other late fees for delayed payments for Services resulting from Provider's failure to timely accept the Policy in CounselLink®.
- (e) Exclusively submit invoices to Lilly for the U.S.-funded Services via CounselLink® unless otherwise instructed by Lilly;
- (f) Designate and maintain a consistent currency preference to be used for both CounselLink® fee offers and invoices. Provider will also receive payment from Lilly in the designated preferred currency.

**2 FEE OFFERS**

CounselLink® screens invoices from Provider against Provider's fee schedule(s), called fee offers, uploaded by Provider electronically into the system and reviewed/approved by Lilly. There are multiple types of fee structures (hourly, stage-based, etc.) depending on the type of Services being performed by Provider so more than one fee offer may be required from Provider if more than one type of Service is being performed for Lilly. Lilly cannot assign Provider to matters and Provider cannot submit invoices against those matters in CounselLink® until there is an appropriate and approved fee offer in the system.

Provider agrees to:

- (a) Submit the required fee offer(s) into CounselLink® electronically at the onset of Lilly's initial engagement of Provider
- (b) Adhere to and comply with the specific fee offer requirements described in Appendix B (for hourly Services) and/or Appendix C (for stage-based IP procurement Services)

Lilly is not responsible for and will not pay any interest or other late fees for delayed payments for Services resulting from Provider's failure to timely upload or update its fee offer(s) in CounselLink®.

### **3 MATTERS**

If there is an approved and active fee offer(s) from Provider in CounselLink® that is sufficient for the needed Service(s), Lilly will create a matter(s) in CounselLink® for each Service, each of which will receive a designated and unique CounselLink® Matter ID number that Lilly will communicate to Provider. Provider can view a list of its assigned Lilly matters at any time on the CounselLink® home page.

#### **3.1. General Requirements**

- (a) The matter title(s) in CounselLink® are intended to generally define the Service(s) to be performed by Provider.
- (b) Lilly will assign the matter(s) to Provider once created.
- (c) Provider should not perform work on matter(s) until Lilly has created them in CounselLink® and Provider has been assigned and provided with the matter number.
- (d) Some matter types may require Provider to submit a budget into the specific matter in CounselLink®. Lilly will notify Provider when a budget is required. All budgets must be approved by Lilly and Lilly will not pay for any costs associated with budgeting or forecasting preparation or updates.
- (e) Upon assignment of matter(s), Provider agrees to actively manage budgets or other information associated with the matter record(s) in CounselLink® as needed.
- (f) Provider agrees to notify Lilly when a matter has reached completion and should be closed in CounselLink® (see *Notifications* § 3.4 for contact information).
- (g) Lilly is responsible for closing the electronic matter record in the CounselLink® system.

### **4 INVOICES**

#### **4.1. General Submission Requirements**

Provider agrees to:

- (a) Submit invoices to Lilly via CounselLink® no less than every thirty (30) days on those matters where active Services are being performed.
- (b) Successfully submit invoices to Lilly via CounselLink® no later than one-hundred and eighty (180) days beyond the date that Provider's Services are performed ("Charge Expiration Date").
  - i. Provider is solely responsible for ensuring successful submission of invoices into CounselLink® and for resolving any submission issues prior to the Charge Expiration Date (see *System Rules and Invoice Screening* § 4.4 of this Appendix A for a list of issues Provider may encounter and need to resolve in order to achieve successful invoice submission)

- ii. Lilly and Vendor will assist Provider with resolving any invoice submission issues as needed; however, Provider must notify Lilly or Vendor of any issues prior to the Charge Expiration Date (see *Notifications* § 3.4 for billing-related contact information).
  - iii. **Lilly is not responsible for and will not pay any charges for Services from Provider, regardless of whether the charges are legitimate and the Services were duly performed, that are not successfully submitted by Provider to Lilly via CounselLink® prior to the Charge Expiration Date.** Provider agrees to write-off any such charges unless Provider can substantiate an error by Lilly, Vendor or CounselLink®.
  - iv. Lilly is similarly not responsible for and will not pay any interest or other late fees or penalties related to Provider's failure to successfully submit invoices into CounselLink® prior to the Charge Expiration Date.
- (c) Successfully submit any final invoices for closed matters to Lilly via CounselLink® no later than 180 days beyond the date that the matter is closed by Lilly in CounselLink® ("Matter Closure Date"). In order to be eligible for payment, the charges on any final invoices must also comply with the requirements above related to Charge Expiration Dates.
  - (d) Limit charges on any given invoice to a single CounselLink® matter.
  - (e) Limit individual line items on invoices to a single charge for a specifically described activity.
  - (f) Invoice Lilly in the Provider's preferred currency that is aligned with the currency for Provider's approved CounselLink® fee offer. In the absence of a stated alternative currency, Lilly will default to and pay invoices in United States Dollar ("USD") and will not make payment adjustments to accommodate for exchange rates.

#### 4.2. Acceptable Submission Methods

Lilly will accept and Provider agrees to submit invoices to Lilly via CounselLink® using one of the following methods:

- (a) Upload a LEDES file into CounselLink®
  - i. Export the invoice in the LEDES 1998B or Examen SDF (ASCII) structured data format
  - ii. Log in to [www.counsellink.net](http://www.counsellink.net) using Provider's assigned login and password
  - iii. Click on the "Upload Invoice" link on the law firm home page
  - iv. Browse to the saved structured invoice, select it and click "Open"
  - v. Complete any other necessary information on the Invoice Submission page and click "Submit File"
- (b) Create the Invoice in CounselLink®
  - i. Log into [www.counsellink.net](http://www.counsellink.net) using the Provider's assigned login and password
  - ii. Click on the Matter Search link on the law firm home page
  - iii. Search for the matter on which the invoice is to be submitted
  - iv. Select "Create Invoice" from the Action bar drop-down

- v. Enter fees and expenses from the invoice screen
  - vi. Activate invoice
- (c) Email or Mail a Manually-Created Invoice to Vendor

Provider can generate invoices in .pdf, .txt or .docx formats and submit them electronically or in hard copy for Vendor-assisted entry into CounselLink in one of the following ways:

- i. Via email to [dept165@examen.com](mailto:dept165@examen.com); or
- ii. Via mail to: LexisNexis, Inc., Attn: CounselLink Invoices, 1801 Varsity Dr., Raleigh, NC 27606. **Note:** invoices submitted in hard copy via mail must be printed on white paper.

For manually created invoices, Vendor may require as many as ten (10) business days after receipt from Provider to enter invoices into CounselLink®. Provider is responsible for confirming that invoice(s) submitted this way are successfully applied to the intended CounselLink® matter. If Vendor experiences any processing issues, Provider will be notified and may be required to take corrective action. See *System Rules and Invoice Screening § 4.4 of this Appendix A* for a list of issues Provider may encounter and need to resolve in order to achieve successful invoice submission.

#### 4.3. Required Invoice Content

Each invoice submitted by Provider to Lilly via CounselLink®, regardless of submission method, must contain the following information:

- (a) Invoice date
- (b) Unique invoice number (duplicate invoice numbers will be rejected)
- (c) CounselLink matter number
- (d) Charge date for each line item (date work performed for all fees and disbursements)
- (e) Number of Units (for either hourly or flat-fee based Services as described in Appendices B and C)
- (f) Detailed description of each Service and expense, identifying the work performed or expenses paid in sufficient detail to permit Lilly corporate counsel to review the charge for accuracy and to understand what was done, how long it took, and, for hourly charges, which Provider staff performed the Service. General statements such as “worked on matter” or “legal services” are not acceptable descriptions.
- (g) Total for each line item charge (i.e. two (2) units at \$400 = \$800) as well as a total for all collective invoice charges.
- (h) Additional requirements depending on type of Service and billing (i.e. hourly or stage-based) as described in Appendices B and C

#### 4.4. System Rules and Invoice Screening

Invoices submitted by Provider to Lilly via CounselLink® are electronically screened against a set of rules designed to enforce the terms and conditions found in this Policy (“System Rules Review”). The System Rules Review can result in either of the following outcomes for Provider’s invoice:

- (a) Rejection of the invoice in total back to Provider for needed corrective action
- i. This result is not considered successfully submitted
  - ii. Rejected invoices are returned to Provider's electronic "pending queue" in CounselLink® for Provider to take corrective action.
  - iii. Provider's pending queue is located on Provider's CounselLink® home page on the initial log-in screen.
  - iv. It is the Provider's responsibility to proactively log in to CounselLink® and to regularly monitor its pending queue after each invoice submission, regardless of the submission method.
  - v. Provider must log in to CounselLink® and proactively take action to resolve the issue(s) that resulted in the invoice rejection on "pending" invoices in their queue and achieve successful resubmission of the invoice into CounselLink® (described below) before Lilly can review or approve them for payment
  - vi. Lilly cannot view or take any action on invoices that are in "pending" status in Provider's pending queue and therefore does not consider the payment term described in *Section 6.1* of the Policy to have begun until Provider achieves successful resubmission of a rejected invoice.
  - vii. Provider must successfully resubmit corrected invoices to Lilly via CounselLink® prior to the Charge Expiration Date(s) in order for those charges to be eligible for payment (see *General Submission Requirements § 4.1 of this Appendix A*)
  - viii. The Lilly invoice rules that result in this type of rejection include, but are not limited to the following:
    1. Uploaded invoice is not in a properly structured format
    2. Invoice contains a math error
    3. Invoice contains unknown, incorrect or no CounselLink® matter number
    4. No Provider invoice number
    5. Invoice date is in the future
    6. Invoice number is a duplicate of a previous, successfully submitted invoice
    7. Charge(s) do not have date(s)
    8. Invoice contains charges from unapproved or unknown timekeeper (for hourly billing)
    9. Invoice currency is not the same currency as Provider's approved CounselLink® fee offer
    10. VAT is charged from European Union (EU) Provider
    11. Matter has been closed for more than one hundred and eighty (180) days
    12. Invoice contains no charges
  - ix. Invoice status can be viewed by Provider at any time by logging into CounselLink®, searching for and opening the invoice and clicking on the "History" tab
- (b) Successful submission of the invoice into the CounselLink® system for review by Lilly
- i. Provider's invoice is considered successfully submitted if none of the rules resulting in invoice rejection referenced above were triggered and the invoice is accepted into CounselLink®.
  - ii. The payment term referenced in *Section 6.2* of the Policy begins from the "Invoice sent" date found in the CounselLink® invoice history log. That is the date the invoice successfully passed the System Rules Review and became reviewable by Lilly.
  - iii. Although this result constitutes a successful submission of Provider's invoice into CounselLink®, it does not guarantee full payment of the amount invoiced by Provider.

Invoices successfully submitted into CounselLink® may result in reduced payment to Provider if adjustments are made by the system or by Lilly invoice reviewers in the event that there are any charges that are non-compliant with the terms of this Policy.

#### 4.5. Invoice Adjustments and Reduced Payments

(a) Non-reimbursable Expenses and Activities

Lilly considers the following items to be non-reimbursable. In the event that Provider includes any of the non-reimbursable Services or items on an invoice, Lilly reserves the right to adjust invoice approval amounts as needed during processing and prior to payment and/or to recover payment from Provider for any of these items during an audit:

Provider Overhead		Clerical Tasks	Support Staff Types/Time	Miscellaneous
Accounting or bookkeeping fees	Postage of any kind including express or overnight mail	Bates stamping, labeling or collating documents	Administrative Assistants	Charges older than the Charge Expiration Date
Budget or invoice preparation or submission	Professional development	Calendaring and docketing	Billing clerks	Excessive time (greater than 16 hours in a single day by an individual – hourly only)
Business meals (during the course of ordinary work day or overtime)	Publications, subscriptions or periodicals including online legal research subscription fees (i.e. Lexis-Nexis, Westlaw)	Data entry for case tracking systems	Case or document clerks	Legal research projects exceeding six (6) hours or \$5,000 USD
Cellular phone charges	Purchase of computer hardware or software	Document indexing	Data processing staff	Line items containing non-itemized disbursements and/or personal expenses
Conflict of interest checks	Purchase or rental of office equipment such as scanners, copiers, fax machines, or postal machines	Faxing documents	Internal courier	Line items containing vague or overly general descriptions
Deliveries to or from vendors	Receiving, reviewing and forwarding mail	File room tasks, such as filing documents or updating files	Law clerks (law students)	Timekeeper rates exceeding approved CounselLink fee offer rates based on charge dates (hourly billing)
Facsimile charges	Rent or utilities	Filing and/or serving documents	Librarians	
File opening or closing	Scheduling-related activities	Organizing files or documents	Summer associates	
Interest and bank charges	Staff overtime (including temporary or contract staff)	Photocopying files or documents		
Courier charges	Staff supervision or instructions regarding work assignments	Preparing transmittal letters		

Internal photocopies	Storage fees	Proofreading		
Internet connectivity	Telephone or conference call charges	Scanning/coding documents for case tracking systems		
Office supplies	Transportation unrelated to Lilly-authorized business travel (i.e. to/from home/office; non-overnight travel); Limo Services	Word processing		
	Travel time			

(b) Invoice Appeals

In the event Provider has received a reduced payment for an invoice due to adjustments made by CounselLink® or by Lilly for charge discrepancies with which Provider disagrees, Provider may submit a written appeal to Lilly. See *Notifications* § 3.4 of the Policy for billing issue contact information that should be used for submitting appeals.

Any submitted appeals must include and meet the following criteria:

- i. The amount in dispute must be in excess of \$500 USD (or equivalent if foreign currency) per single invoice
- ii. Provider must submit the appeal to Lilly within sixty (60) days of Provider's receipt of payment of the invoice being appealed
- iii. Provider must provide the following in the appeal email:
  1. Invoice number
  2. Total amount being appealed for that invoice
  3. Description of each item being appealed with line item references
  4. Detailed reason for each line item being appealed

Lilly will respond to Provider's appeal in writing via email explaining the reason for approval or denial of the request. Appeal approvals are circumstantial and approval of one appeal does not guarantee approval of subsequent appeal requests for the same or other billing issues. Lilly will review and make a determination on each appeal on a case-by-case basis. **Provider will not submit any appeal-based invoices into CounselLink® without prior written authorization and instruction from Lilly. If Provider is instructed by Lilly to do so as part of an approved appeal, Provider shall submit appeal invoices into CounselLink® within ninety (90) days of receiving notice from Lilly that the appeal has been granted. Failure to do so will constitute a revocation of the approved appeal which will not be reconsidered.** Provider agrees to take steps necessary to correct and prevent billing practices that do not conform to the terms of this Policy to reduce required administrative time by both parties.

(c) Credits

In the event Provider needs to issue Lilly a credit for any reason related to billing for Services, Provider agrees to process the credit through CounselLink® and submit it separate from other invoicing. Provider should work directly with Lilly's legal operations group to process any credits. See *Notifications* § 3.4 for contact information.

## APPENDIX B

### COUNSELLINK® HOURLY FEE STRUCTURE

This Appendix B to the Policy applies to all Providers performing Services for Lilly on an hourly fee basis and submitting invoices for those fees via CounselLink®. All Services must be coordinated with Lilly's corporate counsel pursuant to the terms of the Policy.

Provider agrees to comply with the following requirements for hourly billing:

#### 1. Timekeeper Rates

- (a) Provider will submit an hourly fee offer electronically into CounselLink® to include rates for all timekeepers (and only those timekeepers) who will perform Services for Lilly. Fee offers must include the following information for each timekeeper:
  - i. First and last name
  - ii. Timekeeper level (partner, associate, etc.)
  - iii. Timekeeper identifier (code used for LEDES invoicing)
  - iv. Bar Date, if applicable (only relevant for attorneys)
  - v. Hourly rate (in same currency in which invoices will be submitted)
- (b) Timekeeper rates must be approved by Lilly corporate counsel in CounselLink® before Provider can bill at the specified rates.
- (c) To the extent possible, fee offers to add new timekeepers should be submitted separately from fee offers submitting rate increase requests for existing timekeepers.
- (d) New timekeeper(s) rates become effective on the first date the new timekeeper billed work to Lilly matters. Fee offers for new timekeepers should have an effective date of the day they are entered into CounselLink® (back-dating fee offers for new timekeepers is not necessary).
- (e) Existing timekeeper rate increase requests must be submitted to Lilly via a fee offer in CounselLink® for approval thirty (30) days prior to the rate becoming effective.
- (f) Provider is responsible for timely submission and on-going maintenance of fee offers at the onset of the engagement and any time modifications are needed.
  - i. **Failure by Provider to timely submit fee offers into CounselLink® for existing timekeeper rate increases is not a basis for back-dating or waiver of the thirty (30) day advanced-notice requirement**
  - ii. **Lilly will not back-date fee offer effective dates to accommodate verbal rate discussions or agreements made outside of CounselLink® related to effective dates.**
  - iii. **Lilly will not grant appeals for rate-based invoice adjustments due to Provider's failure to timely update its fee offer in CounselLink®**
- (g) Lilly reserves the right to impose limits or maximum thresholds for annual timekeeper rate increases should the economic climate and fiscal status of the company make it necessary. If any such limits are imposed, Lilly will communicate the details to Provider and Provider agrees to abide by the terms.



## 2. Timekeeper Invoicing Requirements

- (a) Timekeeper's name and hourly rate must be identifiable for each line item on invoices submitted by Provider into CounselLink.
- (b) Hourly charges must be submitted in tenths of an hour with each charge having a single activity description (no narrative or block billing, or billing of multiple tasks in one charge).
- (c) Firms located within the United States must utilize UTBMS codes on each entry as provided by the American Bar Association.
  - i. UTBMS codes can be located here:  
[http://www.americanbar.org/groups/litigation/resources/uniform\\_task\\_based\\_management\\_system.html](http://www.americanbar.org/groups/litigation/resources/uniform_task_based_management_system.html)
  - ii. All tasks related to litigation matters should be coded with UTBMS codes from the Litigation Code set.
  - iii. All tasks related to "Advice and Counsel" should utilize the Counseling Code Set
  - iv. UTBMS codes allow providers to code at the task and the activity level. While desired and helpful, activity codes are not required, but are encouraged.
- (d) All charge line items should contain a complete description of the task performed.

## 3. Timekeeper Rate Invoice Adjustments

- (a) **For any Provider invoices containing rates that exceed a timekeeper's approved CounselLink® rate, those charges will be adjusted, reduced down and paid at the timekeeper's approved CounselLink® rate that was in effect on the date the Services were performed.**
- (b) **Timekeepers will continue to be paid at their existing CounselLink® rates until thirty (30) days after Provider submits an updated fee offer that is approved by Lilly**
- (c) **Appeals will not be granted for invoice adjustments made due to unapproved rate issues unless Provider can clearly demonstrate an error solely on the part of CounselLink® or Lilly.**

## APPENDIX C

### **COUNSELLINK® INTELLECTUAL PROPERTY (IP) PROCUREMENT FEE STRUCTURES**

This Appendix C to the Policy applies to Providers performing patent and/or trademark procurement Services to Lilly. All Services must be coordinated with Lilly's managing procurement counsel pursuant to the terms of this Policy.

Lilly currently uses two (2) IP procurement CounselLink® fee structures: one for patent and one for trademark procurement Services. These differ from the hourly fee structure in that they enable combined timekeeper-based and flat-rate, stage-based billing.

Lilly has defined specific stages of activity for each fee structure based on the progression of a patent or trademark procurement action. The stages for each fee structure are listed below along with definitions for each stage. Stage One [S1] in each fee structure is designed to enable timekeeper-based billing of hourly time spent on activities not otherwise defined in one of the fixed-fee stages. For the hourly stage of each IP procurement fee structure, all of the hourly fee offer and billing requirements described in Appendix B apply in addition to those summarized below.

**Official fees must be billed under these fee structures as expenses related to the specific stages identified below.**

Providers performing IP procurement Services for Lilly must familiarize themselves with the stages of the applicable standardized fee schedule and must submit a fee offer into CounselLink® for Lilly's review and approval indicating Provider's professional fee for each stage. **Provider's fee offer must be in the same currency in which invoices will be submitted and paid.**

#### **1. Entering Fees in CounselLink® against Lilly's standardized procurement fee structures**

##### (a) Hourly

For hourly charges to be billed under Stage One [S1], Provider must enter the following information about each timekeeper:

- i. First and last name
- ii. Timekeeper level (partner, associate, etc.)
- iii. Timekeeper identifier (code used for LEDES invoicing)
- iv. Bar Date, if applicable (only relevant for attorneys)
- v. Hourly rate (in same currency as invoices will be submitted)

See *Appendix B* for existing timekeeper rate increase requirements and effective date limitations.

##### (b) Fixed Fee Stages

- i. Provider must enter its flat-rate, professional fee charged for each Lilly-defined stage in CounselLink
- ii. If Provider does not charge a professional fee for a specific stage, Provider should enter zero (0) for the fee on that stage.

#### **2. Invoicing pursuant to Lilly's standardized procurement fee structures**

Line items for charges against a specific stage must begin with the applicable stage number in brackets against which the charges are to be applied. This is true whether the charges are hourly [S1] or one of the fixed-fee stages [S2-S21] for patent; [S2-S25] for trademark.

- (a) Hourly (charges to be billed under Stage One [S1])
- i. Individual charges must be billed in tenths of an hour
  - ii. No narrative or block billing of multiple tasks in one charge
  - iii. Charge line descriptions must be detailed and suitable for auditing (Example: “Trademark Search” is not sufficient, however, “Trademark Search for Mark 12345 using \_\_\_\_\_ system”, is sufficient).
- (b) Fixed Fee (charges to be billed under Stages 2-20 for patent; 2-24 for trademark)
- i. All stages must be invoiced in whole units (1, 2, 3, etc.).
  - ii. “Professional Fees” are the flat-rates that Provider charges for its Services for each stage and should be billed as a “fee”.
  - iii. “Official Fees” are the **expenses** Provider incurs and must bill Lilly to be reimbursed for the various fees imposed by the government authority with which the patents or trademarks are filed.
  - iv. Official Fees must be billed by Provider as an “expense” **against the appropriate stage** in CounselLink® and the charge line description must contain the nomenclature “Official Fee” along with a more specific description of which official fee it represents for auditing purposes.
  - v. All other expenses Provider incurs in the performance of the Services should be billed as an “expense” against the appropriate stage.
  - vi. Translation charges must be billed to adhere to the agreed-upon rate (Example: \$1.00 per word – translated 300 words = 300 units at a rate of \$1.00 to total \$300.00 for the entire charge).

### 3. Patent Fee Structure

Providers performing patent procurement Services for Lilly agree to complete a fee offer in CounselLink® indicating their flat-rate professional fees to be charged for each of the following stages:

<b>Stage No.</b>	<b>Stage Name</b>	<b>Stage Description</b>
1	Hourly Timekeepers	Individual timekeepers’ information and rates must be entered into CounselLink® pursuant to the terms of this Policy
2	Patent – Application – Filing	Professional and Official fees associated with filing the patent application. Fees may include, but are not limited to, claim drafting and review of specification and communications regarding same. Application includes the filing of national applications, divisionals, PCTs, Regional and provisional applications.
3	Patent – Application – Claiming Priority(ies)	Professional and Official fees associated with claiming priority(ies) at the time of filing the patent application.
4	Patent – Application – Excess Fees	Professional and Official fees associated with excess page and claim count at the time of filing the patent application.
5	Patent – Application – Formal Documents	Professional and Official fees associated with preparing and filing formal documents at the time of filing the patent application. Fees may include, but are not limited to, recordal of assignment, name/address change, declaration, Power of Attorney, application and recordation of legalized docs, drawings/figures, communications regarding same.

6	Patent – Application – Amendments	Professional and Official fees associated with all amendments at the time of filing the patent application (e.g. specification, claims, sequence listing). Fees may include, but are not limited to, drafts and communications regarding same.
7	Patent – Validation – Representation/Filing	Professional and Official fees associated with validating a foreign patent application. Fees may include, but are not limited to, validations in EP and communications regarding same.
8	Patent – Registration	Professional and Official fees associated with registering a foreign patent application. Fees may include, but are not limited to, registration in GCC, Eurasia, ARIPO, and communications regarding same.
9	Patent – Examination/Prosecution – Publication	Professional and Official fees associated with publication or laying open of the application including communications regarding the same.
10	Patent – Examination/Prosecution – Request for Examination	Professional and Official fees associated with a Request for Examination. Fees may include, but are not limited to, expedited examination, search fee, excess claims fee, and communications regarding the same, and similar fees.
11	Patent – Examination/Prosecution – Official Action	Professional and Official fees associated with an official action, including but not limited to, rejection, specified and non-specified official/informal petition, request for extension, and amendments. Fees may include, but are not limited to, consideration and reporting official action, providing opinion/recommendation where necessary, drafts, responding to and compliance with official action, communications regarding same and similar activities.
12	Patent – Examination/Prosecution – Opposition/Appeal	Professional and Official fees associated with an appeal/opposition. Fees may include, but are not limited to drafting and filing the appeal/opposition, attending hearings, drafting and filing a brief, communications regarding same, and similar activities
13	Patent – Allowance/Issuance/Grant	Professional and Official fees associated with allowance, issuance, grant and registration. Fees may include, but are not limited to, forwarding notice of allowance, payment of issue/grant fee, final fees, including printing and stamp tax, express delivery service for sending ribbon patent, communications regarding same and similar activities.
14	Patent – Maintenance/Annuity	Professional and Official fees associated with payment of annuities or renewal fees for each specified period, including communications regarding same.
15	Patent – PTE/SPC – Filing	Professional and Official fees associated with a PTE/SPC filing including communications regarding same.
16	Patent – PTE/SPC – Official Action	Professional and Official fees associated with an official action in a PTE/SPC filing, including but not limited to, rejection, specified and non-specified official/informal petition. Fees may

		include, but are not limited to, consideration and reporting official action, providing opinion/recommendation where necessary, drafts, responding to and compliance with official action, communications regarding same and similar activities.
17	Patent – PTE/SPC – Grant	Professional and Official fees associated with the grant of a PTE/SPC filing. Fees may include, but are not limited to, forwarding of grant information, communications regarding same and similar activities.
18	Patent – Restoration/Reinstatement	Professional and Official fees associated with restoration/reinstatement of an application/patent. Fees may include, but are not limited to, petition and communications regarding same. Please note all maintenance fees paid as a result of reinstatement should be billed under the Patent - Maintenance/Annuity stage.
19	Patent Search & Watch Services	Professional fees associated with patent searches/watches. Fees may include, but are not limited to, subject matter search, patent search, bibliographic search, prior art, nominal patent search, watch services, communications regarding same and similar activities.
20	Patent – Translations (English to Native Language) per word	Professional and Official fees associated with translation services provided. Fees may include, but are not limited to, translation from English to non-English, verifying translation received from other source, technical revisions, and communications regarding same and similar activities.
21	Patent – Translations (Native Language to English) per word	Professional and Official fees associated with translation services provided. Fees may include, but are not limited to, translation to English from non-English, verifying translation received from other source, technical revisions, and communications regarding same and similar activities.

#### 4. Trademark Fee Structure

Providers performing trademark procurement Services for Lilly agree to complete a fee offer in CounselLink® indicating their flat-rate professional fees to be charged for each of the following stages:

<b>STAGE NO.</b>	<b>STAGE NAME</b>	<b>STAGE DESCRIPTION</b>
1	Hourly Timekeepers	Individual timekeepers' information and rates must be entered into CounselLink® pursuant to the terms of this Policy
2	Search per mark without Full Report/Opinion	Professional and Official fees associated with a trademark search and results, but without opinion.
3	Search per mark with Full Report/Opinion	Professional and Official fees associated with a trademark search and results, and with opinion.
4	Filing Application (one mark one class)	Professional and Official fees associated with the filing of one trademark application in one class.
5	Filing Application (same mark each additional class)	Professional and Official fees associated with the filing of the same trademark for each additional class.

6	Priority Claim	Professional and Official fees associated with the filing of a priority claim.
7	Late Filing of Documents	Professional and Official fees associated with the late filing of documents.
8	Seeking Expedited Examination	Professional and Official fees associated with seeking expedited examination of an application.
9	Handling Publication	Professional and Official fees associated with handling publication of an application.
10	Handling Registration Certificate	Professional and Official fees associated with reporting granting of the registration, docketing the deadline for payment of the registration fee, attending to the payment, and receiving, docketing, translating (if necessary), and transmitting to Lilly the registration certificate.
11	Filing Renewal	Professional and Official fees associated with filing a renewal.
12	Handling Renewal Certificate	Professional and Official fees associated with reporting granting of the renewal, docketing the deadline for payment of the renewal fee, attending to the payment, and receiving, docketing, translating (if necessary), and transmitting to Lilly the renewal certificate.
13	Filing Opposition/Cancellation (one mark one class)	Professional and Official fees associated with Filing Opposition/Cancellation (one mark one class).
14	Filing Opposition/Cancellation (same mark each additional class)	Professional and Official fees associated with Filing Opposition/Cancellation (same mark each additional class).
15	Recordal of Assignment (First application/registration)	Professional and Official fees associated with the recordal of assignment for the first application/registration.
16	Recordal of Assignment (for each additional application/registration)	Professional and Official fees associated with the recordal of assignment for each additional application/registration.
17	Recordal of Merger (First application/registration)	Professional and Official fees associated with the recordal of a merger for the first application/registration.
18	Recordal of Merger (For each additional application/registration)	Professional and Official fees associated with the recordal or a merger for each additional application/registration.
19	Change of Name/Address (First application/registration)	Professional and Official fees associated with a change of name and/or address for the first application/registration.
20	Change of Name/Address (For each additional application/registration)	Professional and Official fees associated with a change of name and/or address for each additional application/registration.
21	Seeking Extension of Time	Professional and Official fees associated with seeking an extension of time.
22	Obtaining certified or replacement copies of documents	Professional and Official fees associated with obtaining certified or replacement copies of documents and legalization services.
23	Translation (English to Native Language) per word	Professional and Official fees associated with translation services provided. Fees may include, but are not limited to, translation from English to Native Language, verifying translation received from other source, technical revisions, and

		communications regarding same and similar activities.
24	Translation (Native Language to English) per word	Professional and Official fees associated with translation services provided. Fees may include, but are not limited to, translation from Native Language to English, verifying translation received from other source, technical revisions, and communications regarding same and similar activities.
25	Prosecution of an application, including reporting and responding to trademark office actions	Professional and Official fees associated with prosecution of an application, including reporting and responding to trademark office actions

## APPENDIX D

### LILLY POLICY REGARDING COMPLIANCE WITH SEC ATTORNEY CONDUCT RULES

**OBJECTIVE** - Lilly has adopted the following policy to help Lilly attorneys understand and comply with their professional obligations under the attorney conduct rules of the U.S. Securities and Exchange Commission. This policy also reinforces the long-standing expectation that Lilly attorneys – like all Lilly employees – should report problems or issues they become aware of, especially those that involve violations of law or legal duties. While existing Lilly policies relating to compliance, reporting of suspected violations, and the open door cover much of the same subject, this policy is being issued separately because of its special application to Lilly attorneys.

**SCOPE** - All Lilly attorneys

**POLICY STATEMENT** - The Securities and Exchange Commission (the "SEC") adopted rules in 2003 requiring attorneys in certain circumstances to report up-the-ladder within the company evidence of wrongdoing by the company or its directors, officers, employees or agents. These rules were adopted under Section 307 of the Sarbanes-Oxley Act.

1. **Application of Policy**
2. **Reporting Obligations**
3. **Investigations**
4. **Confidentiality and Records**
5. **Compliance**
6. **Application to Outside Law Firms**

#### 1. **COVERAGE OF POLICY**

##### 1.1 **Application of Policy to All Lilly Attorneys**

The SEC rules apply only to certain attorneys and certain types of violations of law, as described in Section 1.2. Nevertheless, Lilly has determined that **all Lilly attorneys must comply with the requirements of this policy.**

For purposes of this policy, "Lilly attorneys" means all attorneys employed by Lilly inside or outside the U.S. who (i) are part of the Lilly Law Division, (ii) are employed as tax counsel, or (iii) are otherwise employed by Lilly for the purpose of providing legal advice to the company and who therefore have an attorney-client relationship with the company. This policy does not apply to Lilly employees who are attorneys but who are not employed by Lilly for the purpose of providing legal advice to the company.

##### 1.2 **Application of SEC Rules**

The SEC rules (17 C.F.R. Part 205) require attorneys who are "appearing and practicing" before the SEC, and their supervisory attorneys, to report evidence of "material violations" of U.S. federal or state securities laws, "material breaches of a fiduciary duty" under U.S. federal or state law, or "similar material violations" of any U.S. federal or state law.

The rules present difficult interpretive questions regarding what constitutes "appearing and practicing" before the SEC and what types of violations must be reported. What is clear is that the rules can extend beyond those attorneys who have specific responsibility for securities law compliance.

This policy, which is broader than the SEC rules, is intended to operate in such a way that attorneys who comply with the policy will also be in compliance with the SEC rules. If the General Counsel, in consultation with the



Secretary or the Assistant Secretary, determines that a reported matter appears to fall within the SEC rules, he or she will so advise the reporting attorney(s). Ultimately, however, it is the responsibility of each individual attorney to determine compliance with his or her obligations under the SEC rules and other applicable rules of professional responsibility, and therefore nothing in this policy is intended to restrict any attorney from taking steps he or she deems necessary to carry out those obligations.

If Provider has questions about the applicability of the SEC rules to a particular situation, please feel free to consult with the Assistant Secretary, the Secretary or the General Counsel.

## **2. REPORTING OBLIGATIONS**

### **2.1 Reporting to Supervising Attorney**

Any Lilly attorney (for this purpose the “reporting attorney”) must report to his or her supervising attorney evidence of any actual, potential or suspected violation of state or federal law (including applicable foreign laws) or breach of fiduciary duty by Lilly or its officers, directors, employees or agents. If the reporting attorney reasonably believes that reporting to his or her supervising attorney would be futile (e.g., if the supervising attorney is thought to be involved in the perceived wrongdoing), then the attorney should report “up the ladder” to the next level supervising attorney to whom reporting is not deemed to be futile, up through and including the Audit Committee of the Board of Directors if necessary.

Attorneys in the tax division should report to their supervising attorneys up through the Executive Director of Corporate Taxes, who should report in turn to the General Counsel.

### **2.2 Procedure for Making Report**

Reports should be made by telephone or in person (not by written memo or e-mail) as soon as possible after the attorney becomes aware of the evidence. A brief description of the factual basis for the allegations should be given in order to allow for an appropriate investigation. (See Section 4.2 below regarding record-keeping procedures.)

### **2.3 Reporting by Supervising Attorney to the General Counsel**

The supervising attorney, upon receiving a report (or becoming aware directly) of evidence of a violation of law or breach of fiduciary duty, must promptly report the evidence to his or her General Counsel Executive Committee (GCEC) member and the General Counsel in accordance with Section 2.2 above if the supervising attorney believes that the evidence suggests any of the following:

- The violation appears to be covered by the SEC rules
- The violation is potentially material from a Lilly investor perspective whether or not it is covered under the SEC rules
- The violation appears to be systemic, ongoing, or otherwise is not being adequately or appropriately addressed
- The violation may be criminal in nature
- The violation has the potential to cause significant harm to Lilly from an economic, operational or reputation perspective

Please note that the list above is not intended to chill discussions among lawyers, their supervisors and the General Counsel. It is intended to identify those situations where reporting up is mandatory. Attorneys are always encouraged to report problems or concerns to their supervisors, GCEC members, or the General Counsel whether or not they fall within this policy.

The supervising attorney must advise the reporting attorney of his or her actions in response to the report.

A reporting attorney (other than a GCEC member or the Executive Director of Corporate Taxes) who properly reports a matter to his or her supervising attorney has no further obligation under the SEC rules. However, under this policy, reporting attorneys who reasonably believe that the supervising attorney(s) to whom they reported evidence has not taken appropriate action must discuss the matter with the General Counsel.

## **2.4 Reporting to the CEO and Audit Committee**

If the supervising attorney reasonably believes that reporting to the General Counsel would be futile (e.g., if the General Counsel is thought to be involved in the perceived wrongdoing), then the supervising attorney must report to the Chief Executive Officer. If the supervising attorney reasonably believes that reporting to both the General Counsel and CEO would be futile, then the supervising attorney must report the matter to the Audit Committee of the Board of Directors. The Secretary or Assistant Secretary will be available to assist in the process.

## **3. INVESTIGATIONS**

### **3.1 Investigation by the General Counsel**

The General Counsel will initiate and oversee such investigation into the report as he or she reasonably deems appropriate. The General Counsel has the discretion to direct in-house or outside counsel or other employees or agents to investigate such evidence. Attorneys other than the General Counsel are prohibited from conducting their own preliminary investigation into a reported violation unless authorized by the General Counsel. Attorneys who are directed by the General Counsel to investigate evidence of a violation or to defend Lilly in related litigation have different reporting obligations under the SEC rules and must consult with the General Counsel before making a report under this policy.

If the General Counsel determines that no violation has occurred, is ongoing or is about to occur, then the General Counsel must promptly notify the reporting attorney and any supervising attorney(s) involved in making the report and advise them of the basis for his/her determination. If the General Counsel concludes that a violation exists, then he or she must take all reasonable steps to cause Lilly to adopt an appropriate response and must promptly advise the reporting and supervising attorneys of that response.

### **3.2 Assessing the General Counsel's Response**

Any reporting or supervisory attorney who believes that the General Counsel has not provided an "appropriate response" (as defined below) to the evidence reported by the attorney should consult with the General Counsel and express any concerns about the General Counsel's response. After such consultation, attorneys other than members of GCEC and the Executive Director of Corporate Taxes have no further obligations under this policy.

If, after consulting with the General Counsel, the GCEC member (or Executive Director of Corporate Taxes) who participated in reporting the matter to the General Counsel continues to believe that the General Counsel has not provided an appropriate response, then he or she must report the evidence to Lilly's Audit Committee.

Appropriate Response. In general, an appropriate response is one that leads the attorney reasonably to believe that: (1) no material violation has occurred, is ongoing, or is about to occur; (2) Lilly has adopted appropriate remedial measures; or (3) Lilly, with the consent of its Board of Directors or Audit Committee, has directed an attorney to review the evidence and either has substantially implemented that attorney's recommendations or has been advised that the attorney may assert a colorable defense on behalf of Lilly (or Lilly's agent) in a proceeding relating to the matter.

## **4. CONFIDENTIALITY AND RECORDS**

### **4.1 Client Confidences**

Subject to their general ethical obligations as attorneys, Lilly attorneys should not make public their reports under this policy or take other action that breaches company confidences or that might be viewed as a waiver of the attorney-client privilege. Any attorney who has questions about this aspect of the policy should consult his or her supervising attorney or the Secretary.

### **4.2 Written Records of Reports and Responses**

The General Counsel, in consultation with the reporting and supervisory attorneys, shall make a brief written log establishing that the report was made, providing a brief description of the nature of the report, and noting whether a response was provided. The General Counsel shall determine whether more detailed records of the nature of the report and the response are in the best interests of the company, taking into account questions of attorney-client privilege and possible waiver thereof.

The General Counsel will cause all such written records to be maintained in accordance with the company's record retention policy.

## **5. COMPLIANCE**

### **5.1 Mandatory Compliance**

Compliance with the SEC rules and this policy is mandatory. Failure to comply may be grounds for discipline by Lilly, up to and including termination.

Lilly will conduct periodic training on this policy for current and newly hired attorneys and will provide all Lilly attorneys with a copy of this policy.

### **5.2 Non-Retaliation**

No attorney may be disciplined or retaliated against for raising what he or she believes to be a legitimate issue or concern or for reporting an actual, potential or suspected violation of law under this policy. Any attorney who suffers retaliation for making a report under this policy should immediately report the matter to his or her supervisor or the General Counsel.

### **5.3 Contacts**

If an attorney has questions regarding the SEC rules or this policy, the attorney should contact his or her supervising attorney, the Assistant Secretary, the Secretary, or the General Counsel.

## **6. APPLICATION TO OUTSIDE LAW FIRMS**

Lilly's outside law firms that have attorneys who "appear and practice" before the SEC are expected to comply fully with the SEC rules by making appropriate reports to Lilly's General Counsel of evidence of a "material violation" as defined under the SEC rules.

In this regard, every Lilly attorney who retains U.S. outside counsel on behalf of the company should provide that counsel with a copy of this policy and include a reference to this policy in engagement letters. The Lilly attorney also should request that the outside law firm designate a single attorney as the "point person" to make any required reports to Lilly's General Counsel and to receive notification regarding responses from Lilly's General Counsel.

## APPENDIX E

### **TRAVEL POLICY FOR LEGAL SERVICE PROVIDERS**

In line with our continued focus on finding efficiencies and managing expense, all contractors and suppliers must comply with Lilly's Travel Policy. All flights within North America, Central America, Europe, and Puerto Rico with a trip duration of ten (10) hours or less are required to be booked as standard economy class fares. All US-based Provider lawyers, associates, employees, representatives or contractors traveling within the US on Lilly's behalf may but are not required to utilize Lilly's Global Travel Services (GTS) in making travel arrangements for airfare; however, they are required to utilize GTS to make international travel arrangements.

Lilly does not reimburse for travel time. If time is spent working on a Lilly matter while in transit for Lilly business, time should be billed in the same manner as regular time spent working on a Lilly matter.

Providers should speak with and must obtain approval from the Lilly Primary Contact prior to planned travel.

#### **Lilly's Travel Service**

US-based Providers traveling on Lilly's behalf to perform Services may make reservations for transportation and lodging for travel within the U.S. through GTS but must if the travel is international. GTS may require the traveler to produce evidence that the travel has been approved by a responsible Lilly representative. For reservations or emergency travel service, contact Lilly Global Travel Services at 1-800-997-7392. Travelers may be referred to another agency at Lilly's discretion.

#### **Lowest Logical Airfare**

Travel Services will search for the lowest logical airfare based on a combination of arrival/departure time and cost to ensure an appropriate balance of business and personal considerations when arranging trip reservations. The following time and dollar windows are applied:

<b>Window</b>	<b>Within North America</b>	<b>Outside North America</b>
Time	Within +/- 1 hour of target arrival/departure time	Within +/- 2 hours of target arrival/departure time
Dollar	Within \$100 of lowest fare	Within \$200 of lowest fare

In order to minimize travel expenses Providers must accept the lowest logical airfare when booking their flights. Providers may choose a flight outside the time window if that flight is within the dollar window of the Lowest Logical Airfare.

Providers must not select carriers based on personal carrier preferences or frequent flier programs.

#### **Advance Purchase/Nonrefundable Tickets**

Providers must purchase their airline tickets at least 14 days in advance of travel except when a last minute decision does not allow the purchase to be made outside 14 days. Travelers must plan travel as far in advance as possible to secure reduced fares and preferred seating assignments. Airline ticket exchange fees will not be reimbursed when travelers voluntarily change tickets for personal reasons.

#### **Other Airline-Related Expenses**

The use of an airline's in-flight internet service is reimbursable when it is used for business purposes.

Reasonable costs incurred for checked luggage is reimbursable (maximum of 2 bags for international travel, 1 bag for domestic travel). Overweight baggage fees and personal items such as golf clubs, skis, etc. will not be reimbursed.

In-flight meals or other food and beverage related charges are only reimbursable if they represent a meal during that day and must be itemized on the firm's invoice.

Charges for in-flight TV movies are NOT reimbursable.

The use of an airline's air phone service is NOT reimbursable.

Any additional cost for "special" seating on an airline is NOT reimbursable.

### **Reimbursable Travel Expenses**

Travel expenses are reimbursable only to the extent:

- 1) The travel is necessary for performance of the Services; and
- 2) Lilly approves the travel (including the travelers) in advance.

US-based Providers with international travel should include the confirmation numbers from Lilly Global Travel Services within their line item description(s).

Reimbursable travel expenses include the reasonable, proper, out-of-pocket cost (including reasonable, customary gratuities and taxes) for transportation, meals, and lodging for individuals performing the Services. Lilly will not reimburse unreasonable expenses.

Lilly may set "not to exceed" limits as it may deem appropriate. In such instance, Lilly will communicate such limits to the Provider. Provider agrees not to exceed such limits without the prior consent of Lilly. The guidelines are listed below:

Rental Car: Less than \$60/day including taxes, fuel, and insurance as required

Breakfast: Less than \$15

Lunch: Less than \$25

Dinner: Less than \$60

Lodging: Less than \$250/day

Mileage: Rate established by IRS

**Receipts.** Each travel expense submitted for reimbursement in excess of twenty-five dollars (\$25.00) is expected to have a receipt or equivalent documentation. The firm will be required to provide the supporting information to the individual reviewing the invoice if requested or in case of an audit.

Examples of travel expenses that are not reimbursable include:

Lost or stolen property	Air phone services
Personal entertainment or recreational expenses such as golf, tennis, and in-room and in-flight movies	Business entertainment (unless approved by Lilly in advance)
Fines or violations of laws, (traffic and parking violations, towing fees, etc.)	Purchase of clothing, luggage, toiletries and other personal items
House-sitting, pet care, or kennel fees, lawn care	Barber and hair stylists
Credit card late fees or finance charges and other bank fees	Airline clubs
Childcare expenses	Laundry and dry-cleaning
Personal celebrations	Beverage and snack foods
Pre-paid phone cards	Guaranteed room charge incurred due to non-cancellation
Purchase of Global Positioning Systems (GPS) and associated fees	Travel or car rental insurance (except for non-preferred US car rental companies and international care rentals)
Insurance deductibles for personal automobiles	Country club fees/dues