

# VENDOR BILLING POLICIES

## CONTENTS

<b>1</b>	<b>Overview</b> .....	<b>1</b>
1.1	<i>Purpose</i> .....	1
1.2	<i>Scope</i> .....	1
<b>2</b>	<b>General Guidelines</b> .....	<b>2</b>
2.1	<i>Vendor Guidelines and Code of Conduct</i> .....	2
2.2	<i>Diversity</i> .....	2
<b>3</b>	<b>Terms and Conditions</b> .....	<b>2</b>
3.1	<i>Conflicts</i> .....	2
3.2	<i>Termination of Engagement</i> .....	2
3.3	<i>Use and Ownership of Work Product</i> .....	3
3.4	<i>Privacy &amp; Data Protection</i> .....	3
3.5	<i>Document Retention</i> .....	4
3.6	<i>Record Keeping Related to Costs and Expenses and Performance</i> .....	4
3.7	<i>Audits</i> .....	4
3.8	<i>Payment Terms</i> .....	4
3.9	<i>Indemnities and Warranties</i> .....	4
3.10	<i>Other Provisions</i> .....	5
<b>4</b>	<b>Engagement and Conduct of Microsoft Matters or Projects</b> .....	<b>6</b>
4.1	<i>Roles and Responsibilities</i> .....	6
4.2	<i>Matter Engagement</i> .....	8
4.3	<i>Subcontracted Services</i> .....	8
4.4	<i>Approved Budget Amount</i> .....	9
<b>5</b>	<b>Billing Policies</b> .....	<b>9</b>
5.1	<i>General</i> .....	9
5.2	<i>Fees</i> .....	10
5.3	<i>Expense Reimbursements</i> .....	11

5.4	<i>Billing Items with Specific Guidance</i> .....	12
5.5	<i>Billing Tasks at Appropriate Skill Levels</i> .....	13
5.6	<i>Travel</i> .....	13
5.7	<i>Disputed Invoices</i> .....	14
	<b>Attachment 1 - Sample Engagement Authorization E-mail Message</b> .....	<b>15</b>
	<b>Attachment 2 - Questions and Support – Who to Contact</b> .....	<b>16</b>

## 1 OVERVIEW

### 1.1 PURPOSE

---

The Legal and Corporate Affairs Department (“LCA”) of Microsoft Corporation (“Microsoft”) is responsible for the legal affairs of the company. As used in the Vendor Billing Policies (“Policies”), “Microsoft” also includes all Affiliates of Microsoft. “Affiliate” means, with respect to an entity, any person or entity that directly or indirectly owns, is owned by, or is under common ownership with that entity. For purposes of this definition, ownership means control of more than a 50% interest in an entity.

The purpose of this document is to articulate the policies that will apply specifically to vendors (“Vendor” or “you”) engaged on LCA matters with respect to billing, conflicts, and the like. By commencing to perform work (services and/or other deliverables) for LCA, you agree to provide the work in full compliance with these Policies. In addition to these Policies, Vendors may receive additional requirements specific to the matter (e.g., matter-specific instructions or a Statement of Work) and/or additional requirements related to certain specialty work (e.g., patents).

### 1.2 SCOPE

---

These Policies govern any engagement for which any Vendor is engaged on behalf of Microsoft LCA. To the extent that Vendor has executed a Microsoft Master Vendor Agreement (MMVA) or other applicable agreement covering the services provided to Microsoft, the terms of that MMVA or other agreement will govern. Similarly, if Vendor has agreed to the Microsoft Purchase Order Terms and Conditions as part of the vendor set-up process, then those Purchase Order Terms and Conditions will be superseded by these Policies.

Vendors are responsible for ensuring that all of your employees and sub-contractors who are involved with Microsoft matters understand and abide by these Policies.

These Policies are also published online at <http://www.microsoft.com/About/Legal/policies/default.aspx> and are available on our [Microsoft LCA Vendor Web](#). Additionally, these Policies are available through the TyMetrix ebilling/matter management tool in the Microsoft document library.

We may change the Policies from time to time. If we change the Policies, we will notify you and post revised policies. New matters initiated after the publication of revised Policies will be subject to the Policies as revised. Matters in progress at the time of publication of revised Policies will also be subject to the Policies as revised.

## 2 GENERAL GUIDELINES

### 2.1 VENDOR GUIDELINES AND CODE OF CONDUCT

---

Vendor will comply with the Microsoft Vendor Guidelines and Vendor Code of Conduct, located at <http://www.microsoft.com/about/companyinformation/procurement/process/contracting.mspx>.

### 2.2 DIVERSITY

---

Microsoft is committed to the principle of diversity, and LCA seeks to hire and retain firms and companies who share in this commitment. We believe that diversity in people, interests, expertise, and points of view enhances our ability to provide high-quality legal and other professional services to our client, enriches our workplace, and connects us to the communities in which we live and work. We expect Vendors to be diverse and to offer diverse staffing for our work.

## 3 TERMS AND CONDITIONS

### 3.1 CONFLICTS

---

Vendor must disclose any actual or potential conflict of interest that might arise from work on a matter before beginning work on that matter. Any work Vendor performs before such disclosure and conflict waiver is subject to non-payment by Microsoft and possible disqualification of the Vendor from representing a party in that matter. Vendor must also identify and disclose to us any existing or prospective engagement by another client that could create an actual or potential conflict of interest (or the appearance thereof) with your engagement of Microsoft.

### 3.2 TERMINATION OF ENGAGEMENT

---

- 1) **Termination for Convenience.** Without prejudice to any other remedies:  
LCA may terminate the relationship, or any SOW, at any time without cause by giving 30 days' written notice. If Microsoft terminates for convenience, its only obligation is to pay for:
  - a) Services or Deliverables it accepts before the effective date of termination; or
  - b) Services performed, where Microsoft retains the benefit after the effective date of termination.
  
- 2) **Termination for cause.**
  - a) Mutual right. Either party may terminate the relationship or any SOW on the other party's material breach of these Policies or a SOW. The nonbreaching party must give 30 calendar days' written notice and the opportunity to cure its breach. Either party may immediately terminate the relationship on written notice of a breach related to [Section 3.4](#) (confidentiality, privacy and data protection) and/or the Vendor Code of Conduct.
  - b) Microsoft's right. Microsoft may terminate the relationship or any SOW effective immediately upon written notice if Vendor sells a substantial part of Vendor's assets to a third party. Additionally, Microsoft

may terminate the relationship, effective immediately upon written notice, if Vendor is found to be noncompliant in its use of Microsoft software.

- 3) **Effect of termination.** Each party will return the Confidential Information and property of the other within 10 calendar days of the effective date of termination of the relationship or any SOW unless otherwise instructed. Vendor will deliver to Microsoft any affected Deliverables in progress and all data and materials related to them. Vendor will assist Microsoft with a post-termination transition at Microsoft's request. Vendor's assistance will not exceed 60 calendar days. Microsoft will pay Vendor for its assistance at a rate no greater than that set forth in any SOW for comparable services.

### 3.3 USE AND OWNERSHIP OF WORK PRODUCT

---

Microsoft claims ownership of all work product or intellectual property (IP) created on its behalf of during the course of engagements, as appropriate under applicable law.

Vendor will obtain Microsoft's express consent before using any Vendor IP in a manner that would cause it to be incorporated into any deliverables, alter or affect Microsoft's ownership interests in any deliverables, or be required for the deliverables to be used or distributed by Microsoft. If Microsoft permits any Vendor IP to be so used (unless the parties otherwise agree in writing on applicable license terms), then Vendor grants to Microsoft a worldwide, nonexclusive, perpetual, irrevocable, royalty-free, fully paid up right and license, including under all current and future intellectual property, to:

- make, use, reproduce, format, modify, and create derivative works of the applicable Vendor IP;
- publicly perform or display, import, broadcast, transmit, distribute, license, offer to sell and sell, rent, lease or lend copies of the applicable Vendor IP and derivative works thereof;
- combine the Vendor IP and/or derivative works thereof with any software, firmware, hardware and/or services; and
- sublicense to third parties the foregoing rights, including the right to sublicense to further third parties.

Subject to Vendor's retention of its rights in any Vendor IP as provided above, all deliverables are "work made for hire" for Microsoft under applicable copyright law. To the extent any deliverables do not qualify as a work made for hire, by commencing to perform work for Microsoft, Vendor assigns and will assign to Microsoft (and its successors) all right, title and interest in and to the deliverables, including all intellectual property rights in the deliverables. Vendor waives, and agrees not to assert, all moral rights that may exist in the deliverables. Deliverables will include any data entered into any Vendor database in connection with performance of the services. All modifications and derivative works of Microsoft materials will be treated as deliverables.

### 3.4 PRIVACY & DATA PROTECTION

---

By entering into a Microsoft Non-Disclosure Agreement ("NDA"), Vendor agrees that the terms of that NDA govern confidentiality and that these terms are incorporated into this agreement. Subcontractors you engage must also be notified of their obligations to Microsoft and the applicability of the Microsoft NDA to their work.

Vendor will comply with the Privacy & Data Protection guidelines located <http://www.microsoft.com/About/CompanyInformation/procurement/toolkit/default.mspx> or otherwise provided by Microsoft.

Personal Information collected by Vendor in the performance of its engagement, is, as between the parties, Microsoft property, and will be treated as Microsoft Confidential Information. The term “Microsoft Confidential Information” means all non-public information that Microsoft designates, either in writing or verbally, as being confidential, or which, under the circumstances of disclosure ought to be treated as confidential.

### 3.5 DOCUMENT RETENTION

---

All records, documents and data (“Documents”) that you collect as part of your work for us shall be considered, as between us, Microsoft property. All such Documents shall be maintained in a manner that complies with Microsoft’s policies relating to security, data retention and privacy. Consult closely with your LCA Responsible Professional if you wish to dispose of any such Documents.

From time to time, Microsoft may change its requirements regarding document retention to ensure compliance with legal obligations or business needs. We will promptly notify you of any changes to our data retention policies, and you agree promptly to make any changes that may reasonably be needed to satisfy our new requirements.

### 3.6 RECORD KEEPING RELATED TO COSTS AND EXPENSES AND PERFORMANCE

---

You agree to keep accurate and complete records regarding the fees and expense you charge to us. You agree to maintain these records for four years following the termination of the matter to which they relate or four years following the termination of any closely-related matters, whichever is longer.

### 3.7 AUDITS

---

From time to time, we may require you to supply additional information about specific items, and/or to confirm your compliance overall with these Policies. In addition, we may request an audit to verify that the source data used to generate invoice information is reasonable and consistent with the invoices you have sent and are in compliance with these Policies. In no event will an audit with respect to any invoice commence later than four (4) years from our receipt of the invoice. The results of any such audit will be confidential and subject to the reciprocal nondisclosure obligations contained in the NDA. In the event that we request any adjustment to any invoice as a result of such an audit, we will upon request make available to you the results of the audit.

Payment by Microsoft of any invoice does not constitute a waiver of any rights or the final acceptance of the charges.

### 3.8 PAYMENT TERMS

---

Upon receipt of your correct and undisputed invoice, Microsoft will pay such invoice according to either of the following: (i) net sixty (60) days after receipt of invoice with no settlement discount on the invoiced amount, or (ii) net ten (10) days less a two percent (2%) early payment discount on the invoiced amounts. Any deviation from these terms must be negotiated and agreed to in writing with LCA Procurement.

### 3.9 INDEMNITIES AND WARRANTIES

---

Vendors agree to indemnify, defend, and hold Microsoft and its successors, officers, directors, and employees harmless from any and all actions, causes of action, claims, demands, costs, liabilities, expenses, and damages

(including attorneys' fees) arising out of, or in connection with (i) any claim for bodily injury, death, or property damage to the extent caused by you in connection with the your engagement with us, (ii) any claim that the work constitutes an infringement of any copyright, patent, trade secret, trademark, or other legal right of any third party, (iii) any other claim that, if true, would constitute a breach of your warranties set forth below, or (iv) any claims of your employees, affiliated companies, or subcontractors regardless of the basis thereof. This indemnity provision shall survive any termination or expiration of your engagement.

Vendors warrant that:

- a) Performance of the work will not violate any agreement or obligation between you and a third party.
- b) The work will either be originally created by you or you will obtain all necessary rights to the work to transfer ownership to Microsoft as described in the section "[Use and Ownership of Work Product](#)" of these Policies.
- c) The work as delivered to Microsoft will not infringe any copyright, patent, trade secret, or other proprietary right held by any third party.
- d) You shall maintain sufficient insurance coverage to enable you to meet your obligations created by this agreement and by law. Upon request, you will deliver to Microsoft proof of such coverage. In the event that such proof evidences coverage that Microsoft reasonably determines to be less than that required to meet your obligations created by your engagement, you will promptly acquire such coverage and notify Microsoft in writing thereof.

### 3.10 OTHER PROVISIONS

---

You agree that you are an independent contractor for Microsoft. Nothing in these Policies may be construed as creating an employer-employee relationship, as a guarantee of future employment, or as a limitation upon Microsoft's sole discretion to terminate your engagement at any time without cause.

These Policies and any agreements entered into between Vendors and Microsoft will be construed and controlled by the laws of the State of Washington, USA without regard to conflicts of laws. **Vendor consents to the exclusive jurisdiction and venue in the federal courts sitting in King County, Washington unless no federal subject matter jurisdiction exists, in which case Vendor consents to the exclusive jurisdiction and venue in the Superior Court of King County, Washington. Vendor waives all defenses of lack of personal jurisdiction and forum non conveniens.** Process may be served on either party in the manner authorized by applicable law or court rule. In any action to enforce any right or remedy under these Policies, or to interpret any provision of these Policies, the prevailing party will be entitled to recover its reasonable attorneys' fees, costs and other expenses, including the costs and fees incurred on appeal or in a bankruptcy or similar action.

These Policies can be superseded only by a written and signed addendum agreement between Microsoft and the Vendor.

## 4 ENGAGEMENT AND CONDUCT OF MICROSOFT MATTERS OR PROJECTS

### 4.1 ROLES AND RESPONSIBILITIES

---

The information below outlines the basic roles and responsibilities for the primary representatives of LCA and the Vendor.

#### MICROSOFT

##### LCA Responsible Professional

The LCA Responsible Professional for a matter is the LCA employee who is responsible for making decisions regarding the conduct of your engagement with Microsoft in that matter, including its scope, nature, and duration. Unless other arrangements are made, you should include the LCA Responsible Professional in all meetings and communications with Microsoft employees. From time to time, you may be asked by the LCA Responsible Professional to work directly with others in LCA on a matter, but this will not change the LCA Responsible Professional's role as the primary representative of Microsoft for that matter.

##### LCA Help Business Support – LCAHelp@Microsoft.com

The LCA Help Business Support team assists LCA and Vendors with the tools and processes used to manage matters, billing, and payment, including:

- The process for on-boarding of Vendors
- Responding to billing inquiries
- Facilitating changes to Vendor account information and status
- Approving new timekeepers & rates
- Negotiating agreements between Vendors and third parties (i.e., services subcontracted by Vendors) of \$50,000 or more which **do not** relate to a fixed fee billing arrangement with the third party
- Maintaining the Microsoft LCA Legal Vendor Web (see information below):

##### Microsoft LCA Legal Vendor Web

Microsoft LCA has created a portal of information that serves as your source of relevant, critical guidance to manage your relationship with Microsoft LCA. You'll find information on this site regarding:

- Policies and Procedures
- Invoicing and Payment Guidance
- Timekeeper Management
- Vendor Account Management
- FAQs

If you have not done so already, please register **one** delegate to have access to this important website. This representative will receive advanced permissions and the training they need to manage up to three user seats allocated to your organization.

Please email [LCAHelp@microsoft.com](mailto:LCAHelp@microsoft.com) with the name and email address of your firm's delegate or with any questions you may have about this valuable resource.

## VENDORS

### Vendor Lead

You should assign a representative to be your "Vendor Lead" for each Microsoft matter that you handle. The Vendor Lead for a matter is responsible for working with the LCA Responsible Professional to ensure that the matter is handled in accordance with these Policies. This includes scoping the work, budgeting, and making staffing decisions for the engagement. The Vendor Lead should coordinate closely with the LCA Responsible Professional about all significant developments in the matter and all strategic decisions.

At the outset of any new matter, the Vendor's Billing Administrator will receive an email authorizing work to proceed as described within the [Matter Engagement](#) section of these Policies. We require and expect the Billing Administrator to keep the Vendor Lead apprised of all communications on the matter.

If you believe that any decision made by an LCA Responsible Professional would have a materially negative impact on the interests of Microsoft, it is your duty to bring your concerns to the attention of the appropriate Deputy General Counsel (or higher).

### Primary Relationship Contact

You should appoint a "Primary Relationship Contact." This is the person who maintains overall responsibility for the relationship between your organization and Microsoft across all matters. LCA will look to your Primary Relationship Contact if significant issues arise concerning billing, rate negotiations or business development.

### Billing Administrator

You should appoint a "Billing Administrator." The Billing Administrator is your liaison to LCA for all administrative and billing related processes. The responsibilities of the Billing Administrator include:

- Submitting invoices in accordance with these Policies
- Updating timekeeper information (new and existing) on a timely basis
- Keeping the Vendor Lead apprised of all communications on the matter
- Promptly responding to administrative and billing related communications from Microsoft

It is critical that you maintain current contact information with TyMetrix in order to receive important communications. Please keep LCA ([lcahelp@microsoft.com](mailto:lcahelp@microsoft.com)) and TyMetrix ([TechSupport@TyMetrix.com](mailto:TechSupport@TyMetrix.com)) informed at all times of the correct e-mail address for your Billing Administrator. To help ensure that you receive important billing and other notifications, we strongly recommend you maintain a generic or central e-mail address at which you can receive messages from Microsoft and TyMetrix. Adopting a simple and recognizable form such as [lcabilling@yourdomain.com](mailto:lcabilling@yourdomain.com) will help ensure ease of administration. Please also be sure that emails from Microsoft are not routed to junk mail folders.

## 4.2 MATTER ENGAGEMENT

---

Unless otherwise directed by your LCA Responsible Professional, you should not start work for Microsoft on a matter until you have received an [engagement e-mail](#) from us authorizing you to begin work. If you begin work without prior authorization, we may choose not to pay for such work. If you have been asked to provide services on a matter and you have not received a system-generated authorization e-mail with a matter number and a budget you should immediately request that your LCA Responsible Professional arrange for such an e-mail to be sent to you. If you do not receive a response from your LCA Responsible Professional within ten days of your request, you should contact the LCA Business Support team for assistance. If you are handling a patent application or prosecution matter, we will enter into a special arrangement with you with respect to beginning work on the matter.

A written Statement of Work (SOW) or other engagement document, referencing these Policies, signed by the LCA Lead or other appropriate signatory (subject to Microsoft signatory rules) is generally used to provide details of the work to be performed.

The SOW or engagement documentation should contain the following components:

- Definition of the parties.
- Effective date of the arrangement and expiration date where applicable.
- Description of the services to be provided.
- Team to work on the matter.
- Schedule for completion of the engagement.
- Fees and expenses.
- Reference to these Policies for terms and conditions.
- Signatures from both parties, with Microsoft's signature in accordance with SAFE limits.

## 4.3 SUBCONTRACTED SERVICES

---

We may designate certain preferred specialized vendors for use in connection with your work on a matter. Therefore, you may not subcontract work on a Microsoft matter to any third party (such as local counsel, consultants, legal process outsourcing companies, business process outsource companies, experts, investigators, and court reporters) unless you have obtained approval from the LCA Responsible Professional for that matter or in writing from the LCA Business Support Team. If you retain any third party, it is your responsibility to ensure that this third party complies with these Policies. You should draw the third party's attention, in particular, to the [Privacy & Data Protection](#) section of these policies and the applicability of the non-disclosure agreement (NDA).

We expect that you will ensure that any work that you subcontract will be handled at reasonable billing rates and that where feasible you will seek to obtain discounts, favorable fixed fee arrangements, or other favorable terms for such work.

If you anticipate that subcontracted costs will exceed \$50,000 with any vendor, you must contact the LCA Business Support team to obtain approval of the terms of the agreement with the subcontractor. In such a case, we will arrange for the subcontractor to bill Microsoft directly, unless there are legal reasons for not doing so.

For anticipated costs of less than \$50,000, you should discuss the most cost-effective means of submitting invoices with the LCA Responsible Professional on the matter. That may be direct billing to Microsoft (with no markup) or as a pass-through expense through your billing system. This determination should consider VAT charges for non-US vendors, which may NOT be chargeable if services are provided directly to Microsoft.

#### 4.4 APPROVED BUDGET AMOUNT

---

In order to meet our internal budget obligations, the LCA Responsible Professional will establish a figure at the outset of each matter that constitutes our expectation of the reasonable cost of the services you will provide, and the expenses you will incur, over a defined period of time. This is the “Approved Budget Amount.” Typically the LCA Responsible Professional will arrive at this figure in consultation with you. When we authorize you via email to begin work on a matter, we will identify this Approved Budget Amount. When total costs incurred on a matter approach the Approved Budget Amount, you should contact your LCA Responsible Professional to discuss your expectations as to your ability to complete the defined work at a cost that will not exceed the Approved Budget Amount. If the LCA Responsible Professional determines that it is necessary for Microsoft to incur costs that exceed the Approved Budget Amount, you will receive a notification to this effect in an updated matter authorization email from the LCA Responsible Professional sent through the TyMetrix system.

Absent written instructions from your LCA Responsible Professional to the contrary, you should not incur costs in excess of the Approved Budget Amount. If you continue to work without written authorization to do so, we may choose not to pay for such work. In addition, invoices will be rejected if they will cause the cumulative spend by the firm on the matter to exceed the Approved Budget Amount.

## 5 BILLING POLICIES

### 5.1 GENERAL

---

The invoices you send to Microsoft must comply with the following requirements. Your invoices are subject to rejection or adjustment if they do not.

First, invoices must be submitted electronically. You agree to bear the cost of any infrastructure you may need to facilitate electronic submission of invoices. At the discretion and direction of LCA’s Business Support team, you must use one of the following basic formats:

- a. Detailed Fees and Expense format. There are two methods for submitting detailed fees and expense invoices. You may automatically create a Legal Electronic Data Exchange Standard (LEDES) style invoice from your time and billing system OR you may manually create an invoice by using the “Create Manual Invoice” process in the TyMetrix 360<sup>0</sup> system to prepare an invoice. These detailed invoices require a task/activity code or an expense code for each line item submitted. The task/activity and expense codes currently required of Providers are available on (i) our Web site at <http://www.microsoft.com/About/Legal/Policies/default.mspx> or; (ii) the Microsoft [LCA’s Legal Vendor Web](#) or; (iii) in the TyMetrix document library.
- b. Summary Fees and Expense format. The Summary Fee and Expense invoice includes one line item for fees (no task code), and/or one line item for reimbursable expenses (no expense code). Summary Fee and Expense invoices are submitted by vendors using the “Create Manual Invoice” process in the TyMetrix system which requires you to fill out a Summary Fee and Expense template. While no billing details are

required on the face of the Summary Fee and Expense invoice, an image of the full invoice containing all the required task and expense codes and other supporting documentation (e.g. for hourly billing you need timekeeper name and ID, hours billed, hourly rate, date(s) of service, total billed and work description) is required to be attached to the Summary Fee and Expense invoice. You should consult with TyMetrix if you don't know how to attach an image to an invoice. Any Summary Fee and Expense invoices that do not include the appropriate attached images are subject to rejection or adjustment.

Second, invoices **must be in English**.

Third, invoices must contain all of the following:

- a) matter name and number (matter number is provided in the matter authorization e-mail message notification)
- b) your name and address
- c) a unique invoice number
- d) the date the invoice was submitted to us
- e) charges submitted with the appropriate expense and task codes and appropriate descriptions

Each matter must be separately invoiced.

Microsoft is obligated to report its financial results quarterly, including accruals for services rendered to us even if not billed. Therefore, it is important to us that we receive your bills promptly so that we can minimize the need to estimate your bills each quarter. Invoices for fixed fee arrangements shall be submitted in accordance with the schedule in the engagement documentation for the matter, with the final invoice billed **no later than 20 calendar days** after completion of the work. Invoices for hourly work shall be submitted monthly **within 20 days** of the end of the month.

#### Late Invoices

Microsoft has no obligation to pay any invoice received 120 days or more after the date Vendor was required to invoice Microsoft. This does not apply to those invoices which are late because of ) a dispute as to the proper charges, (ii) your need to correct invoices, if you correct them without undue delay; (iii) delays by Microsoft in handling your bill or (iv) any delays that we have agreed to in writing.

If we are going to reject your invoice, we will do our best to get it back to you promptly. It is your responsibility to correct rejected invoices according to the rejection notification sent to the Billing Administrator and to promptly resubmit them so as not to exceed the above referenced 120-day period.

## 5.2 FEES

---

Microsoft strongly encourages your firm to suggest alternative fee arrangements in place of hourly-rate billing.

### **Hourly-Based Fee Arrangements**

#### Hourly Rates

You agree that you will invoice Microsoft using authorized hourly rates of your employees as identified in your then-current rate agreement between you and Microsoft, approved by the LCA Business Support Team, or other lower hourly rates authorized by the LCA Responsible Professional.

### Hourly Rate Adjustments

If you wish to adjust hourly rates for any employee, you must provide us with notice of such requested increases at least 60 days in advance of the date on which you would like to begin charging the new rates. Your notice should be sent to LCA Business Support ([lcahelp@microsoft.com](mailto:lcahelp@microsoft.com)). Increases in your organization's rate structure will be evaluated no more often than annually.

The billing rates of employees for non-US Vendors billing in US dollars may not vary based on foreign exchange rates.

### Invoicing for Hourly-Based Fees

The following details are required for each invoice line item:

- a) Name and role of employee ("timekeeper") who performed a task.
- b) Timekeeper's ID (this is an alphanumeric value within your billing system).
- c) Billing rate for timekeeper (net rate, after discounts).
- d) Date task was performed.
- e) The time spent on each task, detailed in 0.10 hour increments. Please do not group multiple activities under a single time increment ("block billing"), e.g., "work on brief, and attend telephonic court conference".
- f) Task (and Activity code A111) or expense code.
- g) Description of each task in sufficient detail for our reviewer to determine if the time spent on a task was reasonable. Use common sense in this regard. For correspondence, including email communications, state whom the lawyer wrote to and the subject matter of the communication. For meetings or phone calls, state who attended and the subject discussed. A description of research should include its subject or purpose.

### **Alternative Fee Agreements**

Details required for invoices for alternative or fixed fee arrangements:

- a) The fee calculation
- b) Other documentation as specified in the engagement documentation for the matter
- c) The period to which the billing pertains
- d) Task code (and Activity code A111) and/or expense code. NOTE: do not provide timekeeper information (TK ID, hours, rate, etc.) when billing non hourly work.

## **5.3 EXPENSE REIMBURSEMENTS**

---

If you incur reimbursable expenses in the course of your work for us, you may bill them to us at your cost. You agree to provide us supporting documentation for expenses at our request. If you are unsure whether a particular type of expense is reimbursable, please contact the LCA Business Support Team before you incur the expense.

The following details are required for expense items:

- a) Purpose and description of expense. Additionally, travel expenses should be broken down into categories as follows (NOTE: in town expenses are not reimbursable):
  - i. Airfare, rail (state origin, destination class of ticket)

- ii. Lodging (state number of days and beginning and end dates)
  - iii. Meals (state the amount for each meal )
  - iv. Ground transportation and parking
  - v. Other
  - vi. Name of person incurring the expense
- b) Date incurred
  - c) Expense code
  - d) Name of vendor you paid

#### 5.4 BILLING ITEMS WITH SPECIFIC GUIDANCE

---

The following lists provide guidance as to specific items which may or may not be billed to Microsoft. These lists are not meant to be exhaustive. Microsoft reserves the right to adjust or reject any fees or expenses which we believe to be unreasonable or excessive under the circumstances.

##### **Not billable UNLESS pre-approved by the LCA Responsible Professional**

- a) Orientation, “getting up to speed,” or transfer file review by personnel assigned to a matter to replace existing counsel, *unless such transfer is at Microsoft’s direction*.
- b) Attendance by more than one member of the Vendor at depositions, hearings, witness preparations, arbitrations, mediations and trials.
- c) Intra-office conferences that serve to advance the matter in an efficient and cost effective manner (e.g., when the specific expertise of another attorney in the firm is used to advance the matter).
- d) Consulting, professional fees, experts, arbitrators, mediators, private investigators, and other support vendors.
- e) Temporary help.
- f) Information costs such as books, reference materials, online research costs, periodicals and other subscriptions, or other printed sources unless it is obtained solely in connection with the representation of Microsoft. Purchased material is to be provided to Microsoft.
- g) Government filings fees (Immigration, patents, trademarks, copyrights and the like).
- h) Translation fees.
- i) Hardware and software test purchases and case-related purchases. (All Microsoft software should be acquired via someone in LCA).

##### **Not billable**

- a) Postage, freight, express mail services, and messenger and delivery charges.
- b) Photocopying, scanning, document reproduction, document conversion, printing, and the like (unless greater than \$10,000 per matter and approved by the LCA Responsible Professional in advance. Charges of \$10,000 or more per individual project on an individual matter are allowed if the work is submitted through LCA’s preferred vendor(s), where available. Please check <http://www.microsoft.com/About/Legal/policies/default.mspx> for a current list and location of preferred vendors. If a preferred vendor is not reasonably available the Vendor must demonstrate they have diligently negotiated an arrangement on favorable terms comparable to what Microsoft LCA pays.
- c) Vendor meeting rooms and associated maintenance.
- d) Education expenses and professional dues for professional and/or nonprofessional staff.

- e) General online research costs (Lexis, Westlaw, or other research tools or resources) not unique to a Microsoft matter.
- f) Unauthorized communications.
- g) Checking and resolving conflicts of interest.
- h) Preparation of invoices or responses to billing inquiries.
- i) Maintenance of a calendar or tickler system.
- j) Charges for work done after the closing of a matter or termination of a case.
- k) Summer clerk or intern.
- l) Time billed to Microsoft in excess of ten (10) hours per day, across all matters, in the absence of identifiable extraordinary circumstances (e.g., trial, lengthy depositions, travel, pleading deadlines).
- m) Secretarial and clerical staff charges whether normal, temporary or overtime.
- n) Preparation and distribution of documents, e-mails messages, etc. among matter team.
- o) Overhead tasks such as word processing and formatting; preparing documents for attorney review; receipt and distribution of mail; preparing documents for court filing or to send to opposing counsel or client; collating; velobinding; tabbing sub-files; and assembling materials.

#### **Billable at specific rates**

Microsoft will pay for certain activities at a fixed rate, regardless of the level performing the work. If there is a price list that applies to a specific matter it will be included in the engagement documentation.

#### **5.5 BILLING TASKS AT APPROPRIATE SKILL LEVELS**

---

Work is to be performed commensurate with the skill level required to competently complete the task.

#### **5.6 TRAVEL**

---

You may only invoice Microsoft for travel expenses billed in accordance with the "Vendor Travel Policy" located here: <http://www.microsoft.com/about/companyinformation/procurement/process/contracting.mspx>. If it is reasonably feasible for you to work during your travel for Microsoft, then you may bill only for the time you actually spend working on Microsoft matters. If the matters for which you are engaged will likely require significant travel, you should raise and agree upon the issue of travel time with the LCA Responsible Professional upon initiation of the matter.

All travel expenses must be itemized and the description shall include the trip origin and destination, dates, and purpose of the trip. For example, "Travel to D.C." is uninformative and the expense will be rejected. An appropriate entry would be, "Travel to D.C. from NYC to defend John Doe deposition on April 11, 2009."

## 5.8 DISPUTED INVOICES

---

TyMetrix will notify your registered Billing Administrator via e-mail if any of your invoices are rejected or adjusted. When invoices are adjusted or rejected, it is your responsibility to promptly inquire about the adjustment or rejection and promptly resubmit any of the disputed amounts which we agree to pay. Invoices are not considered to be “submitted” until they conform to these Policies. If you have an inquiry about the reason a line item was adjusted, please contact TyMetrix. On the other hand, if you understand the reason for the adjustment or rejection, but you don’t feel the adjustment or rejection was reasonable, please contact the [LCA Business Support team](#).

You may not offset amounts Microsoft owes you against any Microsoft funds received (e.g., settlements, judgments, recoveries etc.). Any such funds should be promptly forwarded to LCA via the method advised by LCA Business Support.

## ATTACHMENT 1 - SAMPLE ENGAGEMENT AUTHORIZATION E-MAIL MESSAGE

Template name: BUDGET\_REVIEW\_SERVICE.BUDGET\_APPROVAL

Description: Notifies Budget Creator and vendor Company Administrator that the budget has been approved

Subject: MSFT FYI NOTICE: Your Company has been Approved for Budget

Body:

Dear **#COMPANY\_NAME#** Administrator,

Your company has been added to the following Microsoft matter.

Here are the Matter details:

Matter Number: **#MATTER\_NUMBER#**

Matter Name: **#MATTER\_NAME#**

Approved Budget Amount: **#BUDGET\_AMOUNT#**

You may now commence work on this matter. You can login to <https://www.tymetrix360.com> for more information.

By commencing to perform work for Microsoft, you agree to provide such work in full compliance with Microsoft's Policies. Please consult the Policies for invoicing requirements.

Thank you,

Microsoft LCA Business Support  
[LCAHelp@microsoft.com](mailto:LCAHelp@microsoft.com)  
[MSFT Legal Vendor Website](#)

## ATTACHMENT 2 - QUESTIONS AND SUPPORT – WHO TO CONTACT

○

Please refer to “[Roles and Responsibilities](#)” for detailed information on your primary Microsoft contacts. Several of the main support contacts are listed below:

- **POLICIES & BILLING ISSUES** - The LCA Business Support Team should be contacted regarding: rate negotiations, any invoice submission, processing or payment issues including all related procedures and processes (e.g. authorizing you to bill against a matter, authorizing timekeepers and rates); and any clarifications of these Policies.
  - E-mail: [lcahelp@Microsoft.com](mailto:lcahelp@Microsoft.com)
  
- **INVOICING SET UP ISSUES** - TyMetrix is Microsoft LCA’s 3<sup>rd</sup> party invoicing partner and should be contacted for electronic billing set up, training and tool support.
  - E-mail: [TechSupport@TyMetrix.com](mailto:TechSupport@TyMetrix.com)
  
- **CONFLICT ISSUES**
  - E-mail: [LCAEthic@Microsoft.com](mailto:LCAEthic@Microsoft.com)