



Cory | Watson | Crowder | DeGaris

February 4, 2010

Via Electronic Mail

Memorandum from Ernest Cory to all Members of the PEC and PSC

Re: In Re: Chantix (Varenicline) Products Liability Litigation MDL No. 2092
Monthly Time and Expense Reports

Counsel:

This letter addresses the general rules and standards for keeping and submitting time and expenses in this litigation, MDL No. 2092

General Rules and Standards

1. All time and expenses submitted must be incurred only for work authorized by and at the direction of the PEC.
2. These time and expense guidelines are intended to govern all activities performed and expenses incurred by counsel that relate to matters common to all claimants in MDL No. 2092. They do not relate to time or expenses incurred for prosecuting individual claims, unless such work is necessary to the advancement and administration of MDL No. 2092 and explicitly requested by PEC.
3. Time and expense submissions must be made on two of the forms provided to you, which are attached in excel format. These are the Chantix Firm Time Spreadsheet and the Chantix Firm Expense Spreadsheet. There is an additional Chantix Individual Time Spreadsheet that is intended for individuals of each firm. Please use and maintain these in-house in case the Court later requires an audit of individual time. Time and Expense submissions should be made monthly from each participating firm. The submission should be a compilation of time and expenses for all the participating individuals of that firm.
4. The first submission is due on March 20, 2010, and should include all eligible time and expenses incurred beginning with October 1, 2009 (the date of the JPML's transfer of the cases to NDAL) to and through February 28, 2010. Thereafter, these reports are due on the 20th of every month, which shall include all time and expenses incurred in the prior month.
5. At this time, supporting receipts, logs or other documentation for both time and expenses (e.g., detailed time entry reports, hotel, food or airfare receipts, etc.) do not need to be submitted with the monthly reports, but the PEC reserve the right to request these documents at any time. These documents must be maintained for auditing purposes as the litigation progresses and it is likely that PEC and/or the Court will require this documentation prior to making any payments for MDL No. 2092.

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6. All Monthly Time Reports and Monthly Expense Reports must be submitted to Letrice Stovall of Cory, Watson, Crowder & DeGaris, PC via email at lstovall@cwcd.com.

Compliance

Failure to follow any of the standards and procedures outlined herein or timely submit any of the monthly reports may result in partial or complete disallowance of the claimed time or expenses. Our firm will be monitoring all time and expenses to ensure there is timely recording of reasonable time and expenses for MDL No. 2092. The PEC, or a designated committee on their behalf, reserve the right to audit the detail of any time and expense report submitted in this litigation at any time.

Representations as to Time and Expense Submissions

Each attorney submitting a time or expense report shall be considered as representing that the time and expense submitted meets the criteria set forth herein.

Time Reporting

1. Only time spent on matters common to all claimants in MDL No. 2092 (“common benefit work”) will be considered in determining fees. No time spent on developing or processing individual issues in any case for an individual client (claimant), with the exception of bellwether, ADR, or neutral evaluation cases, will be considered or should be submitted.
2. All time must be accurately and contemporaneously maintained. All counsel shall keep a daily record of their time spent in connection with common benefit work on this litigation, indicating with specificity the hours and particular activity.
3. All time spent by each firm on matters relating to MDL No. 2092 shall be maintained in one-tenth increments. The following codes should be used:
 - 1) Investigation and Research
 - 2) Discovery
 - 3) Pleadings, Briefs and Pretrial Motions
 - 4) Court Appearances/Trial
 - 5) Settlement Negotiations, Stipulation of Settlement
 - 6) Litigation Strategy and Analysis
 - 7) Class Certification

Expense Reporting

1. Plaintiffs’ Lead Counsel shall maintain a litigation fund for “Shared Expenses” of MDL No. 2092 for payment of expenses that may include experts, deposition

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transcripts and court reporter costs, document depository, witness fees, administrative matters (e.g., bank charges, equipment charges, conference calls, meeting costs, legal and accounting fees), investigative services and other necessary shared expenses common to MDL No. 2092. Plaintiffs' Lead Counsel is charged with administering this fund and those expenditures are administered separately from expenses incurred and submitted in the monthly time and expense reports.

2. "Held Expenses" are those expenses authorized, incurred and submitted in the monthly time and expense reports that are not client specific, but inure to the global benefit of plaintiffs in MDL No. 2092 and may include, among other things, authorized travel costs, postage, photocopies, computerized legal research and meals.
3. All supporting receipts, logs or documentation for held expenses must be maintained for auditing purposes. Failure to maintain these supporting documents may result in a partial or complete disallowance of the claimed expenses. Moreover, the PEC may require monthly submission of expenses as the litigation progresses.
4. Only the price of a coach seat for a reasonable itinerary for airfare will be reimbursed, unless there are extraordinary conditions requiring travel at a higher fare and this expenditure is approved by the Lead Counsel prior to the travel taking place. If a person chooses to fly first class, they will only be reimbursed for the cost of the coach ticket on the same flight.
5. Hotel room charges must be reasonable, taking into account the availability of business class hotels in the location of the event requiring the hotel stay. As the litigation progresses, the PEC reserves the right to impose a cap on the price of hotel rooms.
6. Meal expenses must be reasonable and reasonably tied to the work being performed in MDL 2092.
7. Miscellaneous cash expenses for which receipts are not generally available (e.g., tips, luggage handling) will be reimbursed up to \$25.00 per trip, as long as these expenses are properly documented.
8. Luxury rental automobiles will not be fully reimbursed, unless they are the only automobiles available for rental. When luxury automobiles are rented and non-luxury automobiles are available, then the difference between the luxury and non-luxury vehicle rates must be shown and only the non-luxury rate may be claimed.
9. If a mileage claim is submitted, documentation must be kept stating the origination point, destination, total miles and the purpose of the trip. Approved mileage claims will be reimbursed at the maximum rate allowed by the IRS.

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10. A contemporaneous log must be maintained for in-house photocopy charges, which are subject to reimbursement at a maximum of 15 cents per page.
11. Claims for electronic research (*e.g.*, Westlaw, Lexis) should be in the exact amount charged to the firm for these services.

None of us want to have to unnecessarily police this issue, and all of the requirements outlined in this letter are designed to be as reasonable as possible, while ensuring we meet our fiduciary obligations. Again, if you have questions about time and expense reporting, please direct them to me in the first instance, and then to Co-Lead Counsel if necessary.

Sincerely,

Ernest Cory

EC/th
attachments via email