



## **Introduction**

1. I am Dr. Economist, a contract economist of The National Economist Network and I have been retained by Plaintiff Law Firm to provide an economic analysis in this case. In addition to serving as a consultant and expert witness, I am a Professor with the Department of Economics at Economist College. I have a Ph.D. in Economics from Economist School and M.A. in Economics from Economist School. My full curriculum vita is attached to this report.

2. In this report, I provide an analysis of the economic losses Mr. Plaintiff experienced as a result of his termination from Defendant Company, Inc., which occurred on December 1, 2005. According to information I received, Defendant Company hired a new manager above Mr. Plaintiff in February 2005. Soon after that, Mr. Plaintiff experienced discriminatory actions against him in regards to his disability. These discriminatory actions ultimately lead to his termination. Economic losses in this case are the losses associated with past wages, future wages, fringe benefits, and retirement benefits the plaintiff is projected to earn over his expected work life.

3. To calculate the economic losses, the wages and benefits Mr. Plaintiff would have been expected to earn had he remained employed at Defendant Company are projected using two different economic damage scenarios. In the first scenario, Mr. Plaintiff's Defendant Company earnings are based on his historical earnings from 2000 to 2003. In the second scenario, Mr. Plaintiff's Defendant Company earnings are based on his historical earnings from

1997 to 2003. According to Mr. Plaintiff, he received a raise in 2000 during his employment at Defendant Company. At this time I have not received documentation on this raise, therefore I perform two scenarios in this case.

4. The total present day value of the lost earnings and benefits in Scenario 1 is \$321,251 and Scenario 2 is \$281,576. My analysis and methodology used to perform the calculations are discussed in more detail in the following sections of this report. A summary of the economic losses in this case is shown in Table 1. Year-by-year summaries are provided in Tables 2 through 7. The case-related documents, treatises, and other information used to prepare this analysis are listed in Exhibit A and Exhibit B. I respectfully reserve the right to make changes to this report.

#### **Defendant Company earnings and benefits**

5. Mr. Plaintiff's Defendant Company earnings are the projected earnings he would have received had the termination not occurred. Mr. Plaintiff's earnings are projected using two different economic damage scenarios. In the first scenario, Mr. Plaintiff's earnings are based on an inflation adjusted average of his 2000 through 2003 earnings, \$45,679. In the second scenario, Mr. Plaintiff's earnings are based on an inflation adjusted average of his 1997 through 2003 earnings, \$40,038.

6. Mr. Plaintiff's Defendant Company fringe benefits are the projected fringe benefits he would have received had the termination not occurred. Mr. Plaintiff's fringe benefits are comprised of insurance benefits and legally required benefits (such as Social Security, Medicare, and Worker's

Compensation coverage). The value of Mr. Plaintiff's fringe benefits is based on United States Bureau of Labor Statistics' Employer Costs for Employee Compensation data. According to this data, the value of Mr. Plaintiff's fringe benefits is equal to approximately 22.27% of his earnings.

7. It is my understanding Mr. Plaintiff received retirement benefits while employed at Defendant Company. The value of Mr. Plaintiff's Defendant Company retirement benefits is based on United States Bureau of Labor Statistics' Employer Costs for Employee Compensation data. According to this data, the value of Mr. Plaintiff's retirement benefits is equal to approximately 3.87% of his earnings.

#### **Post-termination earnings and benefits**

8. According to a letter from Dr. Medical Expert, Mr. Plaintiff is not currently expected to be able to regain employment.

#### **Economic Value**

9. The economic damage period is the period in which the damages are expected to occur. The economic damage period begins on December 1, 2005, the date Mr. Plaintiff was terminated. The economic damage period continues throughout Mr. Plaintiff's work life expectancy, based on the work life of a 60 year old male.

10. Damages arising prior to the date of this report are considered to be past losses. Damages after the date of this report are considered to be future losses. Future losses are first adjusted upward to account for future inflation by using an annual inflation rate factor of 2.53%. The

inflation factor is based on the historical rate of inflation from 1997 to the present. Next, the inflation adjusted future losses are discounted downwardly by an interest rate factor of 4.39% to obtain the present value. The interest rate factor is based on the geometric mean of monthly annual rates of return on a 1-year Treasury Constant Maturity Rate from the years 1997 to the present.

Executed on June 29, 2007.

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Dr. Economist

**Table 1: Economic damage summary for Mr. Plaintiff**

<b>Economic Damage</b>	<b>Scenario 1: Based on 2000 - 2003 historical earnings</b>	<b>Scenario 2: Based on 1997 - 2003 historical earnings</b>
<b>Earnings</b>		
Past (12/1/2005 - 6/29/2007)	\$74,419	\$65,229
Future (6/29/2007 - 6/19/2011)	\$180,256	\$157,994
<b>Fringe Benefits</b>		
Past (12/1/2005 - 6/29/2007)	\$16,572	\$14,525
Future (6/29/2007 - 6/19/2011)	\$40,140	\$35,183
<b>Retirement Benefits</b>		
Past (12/1/2005 - 6/29/2007)	\$2,882	\$2,526
Future (6/29/2007 - 6/19/2011)	\$6,981	\$6,119
Total past economic damage	<b>\$93,874</b>	<b>\$82,280</b>
Total future economic damage	<b>\$227,377</b>	<b>\$199,296</b>
<b>Total Economic Damage</b>	<b>\$321,251</b>	<b>\$281,576</b>

**Table 2: Lost earnings for Mr. Plaintiff for Scenario 1, based on 2000 - 2003 historical earnings**

<b>Past Earnings Loss (12/1/2005 - 6/29/2007)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Earnings</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2005	60	\$3,807	1.0000	1.0000	\$3,807	\$3,807
2006	61	\$46,857	1.0000	1.0000	\$46,857	\$50,664
2007	62	\$23,755	1.0000	1.0000	\$23,755	\$74,419

  

<b>Future Earnings Loss (6/29/2007 - 6/19/2011)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Earnings</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2007	62	\$24,289	1.0000	0.9785	\$23,767	\$23,767
2008	63	\$48,045	1.0253	0.9373	\$46,175	\$69,942
2009	64	\$48,045	1.0513	0.8979	\$45,352	\$115,294
2010	65	\$48,045	1.0780	0.8601	\$44,545	\$159,839
2011	66	\$22,421	1.1053	0.8239	\$20,417	\$180,256

**Table 3: Lost fringe benefits for Mr. Plaintiff for Scenario 1, based on 2000 - 2003 historical earnings**

<b>Past Fringe Benefits Loss (12/1/2005 - 6/29/2007)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Benefits</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2005	60	\$848	1.0000	1.0000	\$848	\$848
2006	61	\$10,434	1.0000	1.0000	\$10,434	\$11,282
2007	62	\$5,290	1.0000	1.0000	\$5,290	\$16,572

  

<b>Future Fringe Benefits Loss (6/29/2007 - 6/19/2011)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Benefits</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2007	62	\$5,409	1.0000	0.9785	\$5,293	\$5,293
2008	63	\$10,699	1.0253	0.9373	\$10,282	\$15,575
2009	64	\$10,699	1.0513	0.8979	\$10,099	\$25,674
2010	65	\$10,699	1.0780	0.8601	\$9,919	\$35,593
2011	66	\$4,993	1.1053	0.8239	\$4,547	\$40,140

**Table 4: Lost retirement benefits for Mr. Plaintiff for Scenario 1, based on 2000 - 2003 historical earnings**

<b>Past Retirement Benefits Loss (12/1/2005 - 6/29/2007)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Retirement</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2005	60	\$147	1.0000	1.0000	\$147	\$147
2006	61	\$1,815	1.0000	1.0000	\$1,815	\$1,962
2007	62	\$920	1.0000	1.0000	\$920	\$2,882

  

<b>Future Retirement Benefits Loss (6/29/2007 - 6/19/2011)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Retirement</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2007	62	\$941	1.0000	0.9785	\$920	\$920
2008	63	\$1,861	1.0253	0.9373	\$1,788	\$2,709
2009	64	\$1,861	1.0513	0.8979	\$1,756	\$4,465
2010	65	\$1,861	1.0780	0.8601	\$1,725	\$6,190
2011	66	\$868	1.1053	0.8239	\$791	\$6,981

**Table 5: Lost earnings for Mr. Plaintiff for Scenario 2, based on 1997 - 2003 historical earnings**

<b>Past Earnings Loss (12/1/2005 - 6/29/2007)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Earnings</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2005	60	\$3,336	1.0000	1.0000	\$3,336	\$3,336
2006	61	\$41,071	1.0000	1.0000	\$41,071	\$44,407
2007	62	\$20,822	1.0000	1.0000	\$20,822	\$65,229

  

<b>Future Earnings Loss (6/29/2007 - 6/19/2011)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Earnings</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2007	62	\$21,290	1.0000	0.9785	\$20,832	\$20,832
2008	63	\$42,111	1.0253	0.9373	\$40,472	\$61,304
2009	64	\$42,111	1.0513	0.8979	\$39,751	\$101,055
2010	65	\$42,111	1.0780	0.8601	\$39,043	\$140,099
2011	66	\$19,652	1.1053	0.8239	\$17,896	\$157,994

**Table 6: Lost fringe benefits for Mr. Plaintiff for Scenario 2, based on 1997 - 2003 historical earnings**

<b>Past Fringe Benefits Loss (12/1/2005 - 6/29/2007)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Benefits</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2005	60	\$743	1.0000	1.0000	\$743	\$743
2006	61	\$9,146	1.0000	1.0000	\$9,146	\$9,889
2007	62	\$4,637	1.0000	1.0000	\$4,637	\$14,525

  

<b>Future Fringe Benefits Loss (6/29/2007 - 6/19/2011)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Benefits</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2007	62	\$4,741	1.0000	0.9785	\$4,639	\$4,639
2008	63	\$9,377	1.0253	0.9373	\$9,012	\$13,651
2009	64	\$9,377	1.0513	0.8979	\$8,852	\$22,503
2010	65	\$9,377	1.0780	0.8601	\$8,694	\$31,198
2011	66	\$4,376	1.1053	0.8239	\$3,985	\$35,183

**Table 7: Lost retirement benefits for Mr. Plaintiff for Scenario 2, based on 1997 - 2003 historical earnings**

<b>Past Retirement Benefits Loss (12/1/2005 - 6/29/2007)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Retirement</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2005	60	\$129	1.0000	1.0000	\$129	\$129
2006	61	\$1,591	1.0000	1.0000	\$1,591	\$1,720
2007	62	\$806	1.0000	1.0000	\$806	\$2,526

  

<b>Future Retirement Benefits Loss (6/29/2007 - 6/19/2011)</b>						
<b>Year</b>	<b>Age</b>	<b>Defendant Company Retirement</b>	<b>Growth Factor</b>	<b>Discount Factor</b>	<b>Economic Value (3) * (4) * (5)</b>	<b>Cumulative</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>
2007	62	\$824	1.0000	0.9785	\$807	\$807
2008	63	\$1,631	1.0253	0.9373	\$1,567	\$2,374
2009	64	\$1,631	1.0513	0.8979	\$1,539	\$3,914
2010	65	\$1,631	1.0780	0.8601	\$1,512	\$5,426
2011	66	\$761	1.1053	0.8239	\$693	\$6,119