

NEWS LETTER

Robert W. Johnson & Associates

FORENSIC ECONOMISTS

3rd Quarter 2002

Featured Case:

ECONOMIST'S TESTIMONY ASSISTS JURY IN \$28 BILLION VERDICT AGAINST PHILIP MORRIS

Los Angeles, California: Robert W. Johnson & Associates was retained to provide economic testimony quantifying Philip Morris, Inc.'s financial health, wealth and economic status regarding punitive damages. On October 4, 2002, the jury rendered a \$28 Billion verdict, an unprecedented amount in the history of litigation.

Citation: Betty Bullock v. Philip Morris, Incorporated, et al., Superior Court of the State of California for the County of Los Angeles, No. BC249171. Attorney Michael J. Piuze, Los Angeles, California.

Case Synopsis: The plaintiff, Betty Bullock, is a 63-year-old California woman who suffers from lung cancer. She started smoking in the 1950's at the age of 17 and was diagnosed with cancer on February 19, 2001. It has since spread to her liver. She smoked cigarettes manufactured by Philip Morris, the nation's largest cigarette manufacturer.

Ms. Bullock was awarded \$850,000 in compensatory damages (income and future medical expenses).

Expert Consultation: In this case, Mr. Johnson testified not only to Philip Morris, Inc.'s current financial health, wealth and economic status, but also to cumulative financial data dating back to 1967. This cumulative financial data included sales of over \$275 Billion and operating profits in excess of \$75 Billion. When converted into 2002 dollars, the sales totaled over \$360 Billion and the operating profits were in excess of \$100 Billion. Mr. Johnson also testified that approximately 10% of all adult smokers in the U.S. reside in California.

Mr. Johnson was familiar in testifying in punitive damages cases against Philip Morris. Last year, Mr. Johnson testified for Attorney Michael J. Piuze in the Boeken v. Philip Morris, Inc. case in which the jury awarded \$3 Billion.

Result: The jury, which had already awarded \$850,000 in compensatory damages to Ms. Bullock, ordered \$28 Billion in punitive damages against Philip Morris, Inc. The case draws extra interest because it follows a California Supreme Court ruling that grants cigarette makers a new window of immunity.

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**“MILLIONS in Taxes
Deferred With Structured
Attorney Fees.”**

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\$1,000,000 Jury Verdict for Shortened Life Expectancy of 80-Year-Old

LIFE ACTIVITY CALENDAR[®] impacts \$1,000,000 jury verdict for 80-year-old retired shipyard worker whose asbestosis reduced the plaintiff's quality of life.

San Francisco, California: Robert W. Johnson & Associates was retained to prepare a **LIFE ACTIVITY CALENDAR[®]** that, admitted through lay testimony, would graphically illustrate how the asbestosis cancer was literally strangling the "color" out of the plaintiff's life-style.

Citation: *Phillips v. Abex, San Francisco, California, Superior Court No.927408, Brayton, Gisvold & Harley, by Attorney Philip A. Harley, Novato, California.*

Case Synopsis: Mr. Edward Phillips, an 80-year-old married and retired shipyard worker, suffered from end stage asbestosis as a result of asbestos exposure. In the year prior to his cancer's manifestation, according to the testimony of his wife, Mr. Phillips was a very active husband and grandfather. As a result of the asbestosis, however, he is totally bed-ridden and on oxygen.

Through the use of the LIFE ACTIVITY CALENDAR[®] checklist, Mrs. Phillips was able to clearly catalog the daily activities of Mr. Phillips.

Let us prepare a LIFE ACTIVITY CALENDAR[®] for your next case. Please call (800) 541-7435 Ext 200.



At trial, the **LIFE ACTIVITY CALENDAR[®]** was admitted into evidence and became an integral part of Mrs. Phillips' testimony. There was no cross-examination of Mrs. Phillips' testimony.

Results: The defense offered less than \$10,000 pre-trial and asked the jury for a defense verdict. The jury reached a verdict of \$1,000,000.

Attorney Comments: "The **LIFE ACTIVITY CALENDAR[®]** made a critical difference and had a significant impact on the jury. It held the jury's attention and dispelled the myth that 80-year-old retirees only watch television, take 'Geritol' and can barely generate enough energy to change the channel. The jury could literally see how the asbestosis was strangling the life out of Mr. Phillips."

STRUCTURING ATTORNEY FEES ACCELERATES YOUR WEALTH BUILDING

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The 100% deferral of taxes on Structured Attorney Fees means your money grows and compounds faster to achieve greater pre-tax future income. See Payout Chart below.

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Structuring Attorney Fees does not have an upper limit on the amount of money an attorney can contribute in any year. The attorney can contribute up to 100% of fees earned in any given year. In addition, you have full **flexibility** in deciding when and how you receive your payout.

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Structuring Attorney Fees allows you to plan

for future financial events such as retirement, financing your children's college tuition, funding your practice or buying-out a partner.

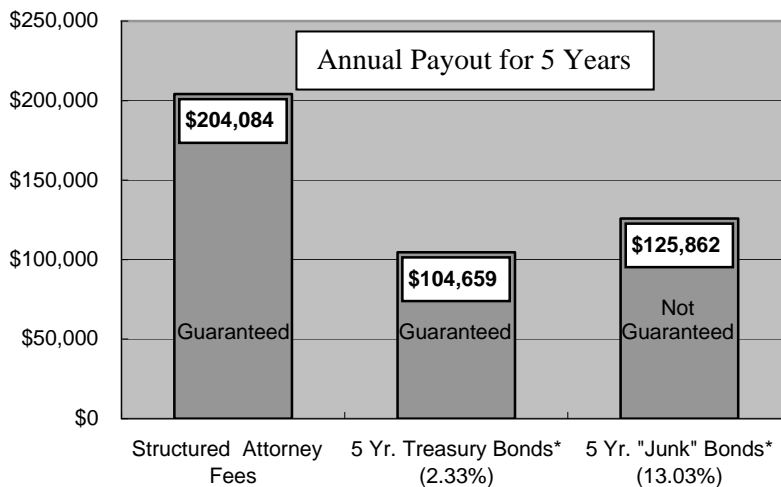
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Many times attorneys do not know when they will receive their fees from a settlement or a verdict. Structured Attorney Fees can provide the peace of mind that accompanies a guaranteed monthly income.

Guaranteed Income & Long-Term Security

There is no need to worry about fluctuations in the financial market. The Structured Attorney Fee will provide guaranteed benefits at specific payment dates to assure you of financial security. Structured Attorney Fees are only placed with top rated insurance companies.

**Pre-Tax Payout Comparison Chart
5 Yr. Payout - (\$1 Million Fee)**



* Assumes 50% tax bracket (\$1,000,000 - \$500,000 = \$500,000) on initial fee

See chart for payout comparison of Structured Attorney Fees versus other investment vehicles.

For additional information on how to structure your fees, please contact us at Robert W. Johnson & Associates (800) 541-7435 Ext. 212

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Result (cont'd): The August 5th California Supreme Court decision said most statements and acts by the tobacco companies between 1988 and 1998 cannot be used as evidence against them because of a state law, which was later repealed. That window covers tobacco executives' testimony, given to Congress in 1994, that their product was not addictive.

Attorney's Comments: "Bob Johnson helped the jury understand Philip Morris' extreme wealth with his analysis of Philip Morris, Inc.'s financial statements and presentation of billions of dollars of their economic health and wealth. His use of analogies helped the jury appreciate the magnitude of Philip Morris, Inc.'s true economic and financial status. The defense never challenged the validity of any of his numbers."

Happy Holidays !



From all of us.

About Robert W. Johnson & Associates:

A nationally recognized, full service, consulting firm that specializes in illustrating and quantifying damages. Services include: Court-qualified expert witness testimony in quantifying the loss of enjoyment of life (pain and suffering) in personal injury cases and quantifying the loss of love, care,

comfort, society, consortium, etc. to the survivors in wrongful death cases. Other litigation support services include analyzing and placement of structured settlements, generating wage loss reports that include the present value of future medical expenses and illustrating the loss of quality of life with the LIFE ACTIVITY CALENDAR[®].