

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF ARKANSAS
RICHARD SHEPPARD ARNOLD UNITED STATES COURTHOUSE
500 W. CAPITOL, ROOM D444
LITTLE ROCK, ARKANSAS 72201-3325
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March 15, 2010

Mr. Scott H. Tucker
Friday, Eldredge & Clark, LLP - Little Rock
400 West Capitol Avenue, Suite 2000
Little Rock, AR 72201-3522

Mr. Nelson Gregory Wolff
Schlichter, Bogard & Denton
100 South Fourth Street , Suite 900
St. Louis, MO 63102

Re: Railroad Retirement Taxes: *Cash v. Union Pacific*, 5:08CV00060-WRW.

Gentlemen:

I am still wrestling with the Tier I and Tier II tax issues.

As I understand it, if we assume that Plaintiff was making \$50,000/year (discounting the taxes that are not in dispute), and would work for another 20 years but for his injury; then Plaintiff wants to multiply 20 x \$50,000 (\$1,000,000) -- reduced to present value of course.

Defendant, as I understand it, would require Plaintiff to take out the \$10,000 for Tier I and Tier II taxes that he would have paid (the \$10,000 is a hypothetical figure) and Plaintiff would be required to multiply 20 x 40,000 (total of \$800,000 -- reduced to present value). And, as I understand it, Defendant concedes that Plaintiff could still add on to the \$800,000 figure the value of the lost pension benefits resulting from the injury.

Please advise me in exact, brief, and plenary detail why my hypothetical calculations above do not square with the competing theories. Now, down to where the rubber meets the road. How much money are we talking about:

1. I have Plaintiff's economist's report which does not include a deduction for railroad retirement taxes or include a value for the lost pension benefits; but what figure would Plaintiff's economist chalkboard if the railroad taxes were deducted and the pension benefits calculated?

2. What figure is Defendant's economist going to chalkboard under either scenario?

I have a feeling that I'm a little bit like the piano player in the cathouse -- I don't know what's going on upstairs.

Please let me have your respective explanations and calculations by 4 p.m., next Monday, March 22, 2010.

Cordially,

/s/ Wm. R. Wilson, Jr.

Original to the Clerk of the Court
cc: Other Counsel of Record