

Special Edition

Economic Statistics

According to USA Today, that computes all government liabilities from present treasury bonds to military pensions, they've indicated that:

- The government took on \$6.8 trillion in new obligations in 2008.
- This pushes the total debt structure of the United States to \$63.8 trillion.

Additionally, in reference to key federal obligations:

- Social Security will grow by 1 million – 2 million beneficiaries a year from 2008 – 2032, up from 500,000 a year in the 1990's.
- Average benefit – \$12,098.
- Medicare – will have more than 1 million people a year that will start enrolling in 2011 when the first baby boomer turns age 65.
- Average 2008 benefit - \$11,018.

In reference to retirement programs, Congress has not set aside any money to pay military and civil servant pensions or health care for retirees:

- The un-funded obligations have increased an average of \$500 billion a year since 2003.
- That obligation now stands at \$7.3 trillion.

The above statistics indicate that the federal government's debt is \$847,000 per household.

In reference to GM, the road map for GM will briefly send it into bankruptcy, erase most of its debt and eventually have it emerge leaner and stronger and almost ¾ owned by tax payers. The problem is that approximately \$37 billion in unsecured debt will have to be forgiven. That means that a block of bond holders who represent about 20% of GM's \$37 billion in unsecured debt, receive nothing.

Under the new US Treasury proposal, the US Treasury department, which has already lent GM \$19.4 billion, would receive 72.5% of the new company stock and provide \$30 billion in additional financing to keep the new GM operating under bankruptcy protection.

The Canadian government is expected to provide an additional \$9 billion. The United Auto Workers trust would take over the retiree health care expenses and they would get 17.5%. The net result is the old GM, which was effectively owned by the bond holders, would get a 10% stake in the company. GE's existing shareholders will probably lose everything.

This proposal is similar to what occurred with Chrysler Corporation.

Under the stimulus package, it simply means that;

- There are going to be a lot less jobs.
- There are going to be a lot of franchise businesses (approximately 2,600) that are going to be affected, and;

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- Particular brands such as: Pontiac, Saab, and Hummer, will no longer exist in the GM format.

The closing of approximately 14 plants, will place an additional 21,000+ more people unemployed. That coupled with the severing of the relationships with 2,600 dealers, means that the unemployment rate will continue to increase – currently, it's hovering around 9%.

(Excerpts taken from the Arizona Republic)