

Liebler Group
@The Whitney

News from the

From the Great Lakes to the Motor City

Finally, a Breath of Fresh Air for Detroit



Bud Liebler

I'm starting to think Detroit has weathered the economic storms of the past few years and is slowly beginning to move on. Things are feeling better around here.

Instead of constant fretting about government loans, bankruptcies and foreclosures, we're talking about paybacks, profits, and small upticks in home sales. Instead of being caught up in the squabbles of a truly dysfunctional City Council and the ridiculousness of four-a-year mayoral elections, we have a new City Council and a duly elected Mayor who seem to actually want to work together for the good of the city and outlying counties who also want to work with them. Instead of worrying about the next shoe to drop we're thinking about the next Detroit to emerge, and what it's going to take to get there.

The recent "Dateline" show on Detroit has gotten our dander up and we're busy figuring ways to prove it wrong. The "boys of summer" are playing very well and even with the poor showing (and officiating) by the "boys of winter" in the Stanley Cup playoffs, we're already looking ahead to a better season next year after they've had their first real summer break in years. And then there's the Lions. Maybe.

General Electric and General Motors are adding jobs, Ford is adding shifts and Chrysler finally seems ready to lift its skirt and provide hints about future products that bode well for the hope that there really will be a future for Chrysler. Tech Town is growing, Vanguard Health Systems has made a serious bid for the DMC, Dan Gilbert is ready to move his people into Compuware, and we might even get that new bridge to Canada and all the jobs that come with it. Dave Bing and Robert Bobb are knocking heads and scouring for results in the city and in the schools.

The stink of pessimism and the unbearable weight of the fear that dominated the past several years in Detroit are receding and giving way to a sweeter, more springlike fragrance of optimism and hope. Not total confidence yet, to be sure, not out of the woods, and certainly we're nowhere near ready to be cocky, but the hope and the hint of optimism that comes with it are a welcome breath of fresh air for the city.

So now when we "Talk About Detroit" we can do so with less of a sense of panic and more of a sense of possibility. We can remove the blinders and see the groundwork that has been quietly laid in different parts of the city for years, and we can reconnect with the wealth of good things that have always been here. As I wrote in this space just a year ago, "A new beginning (for Detroit) is hardly out of the question."

Last month we had 42 people show up for our first "Talk About Detroit" session at The Whitney. I'm arbitrarily choosing June 2 for our next session and hoping even more will join our group this time. We'll end up at The Whitney -- this time in our refurbished gardens if we have a decent night -- but I'm hoping to stage a brief tour of some Midtown highlights first to give you a first-hand look at all that's happening in just this one very special city neighborhood. Hopefully you'll spread the word to your friends and associates and get them to check it out on their own.

Yes, Virginia, there is still a Detroit and it's our Detroit. There's no question but that it can be a much better city tomorrow than it is today. That will happen faster if we all do our share.

"Talk About Detroit"

Session II

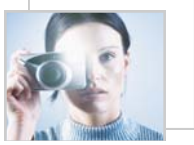
June 2

5:30pm

**The Whitney
4421 Woodward
Midtown Detroit**

**Please e-mail
anne@lieblergroup.com
with your plan to attend.**

**We'll get back to you
with details of where the
meeting will begin.**



ECONOMIC SNAPSHOT

	TREND	PERSPECTIVE AND OVERVIEW
Consensus Outlook	Stronger	Both Leading Indicators and Consumer Confidence portend continued growth.
Inflation	Modest	Core inflation of 1.2% yr/yr confirms inflation is under control.
Employment/Jobs	Definite Improvement	500,000 new jobs in April & May a sign of improved job climate.
Consumer Spending	Stronger	Retail sales and personal spending climbing steadily.
Manufacturing	Strong	ISM Index is at its highest since 2004 and jobs are being added.
Housing	Inching up	Out of intensive care and into rehab -- a big plus.
Automotive	Improving	April was the 5th consecutive month sales increased by 20%.
Business Outlook	Brighter	Business was slow to hire and invest; this is changing now.

Data across a broad swath of consumer and industrial sectors points to solid improvement and is verification that the U.S. economy is on the move. It's been more than 3 years since the economy, other than housing, has been hitting on all cylinders. The statistical data on housing data now is showing improvement in most significant area. However, after 4 years of stagnation and with foreclosures still remaining an issue, new home developments are not likely to start springing up just yet.

The surprisingly good news on the job front is most welcome. The half million jobs created in March and April enticed more people into looking for jobs pushing the unemployment rate up to 9.9%, there is little that points to a jump in new jobs. Growth will continue at a moderate rate through the balance of 2010. The crucial element is for growth and job creation to improve at a sustainable rate across all sectors of the economy. Ideally, a scenario where jobs grew at an increasing rate over the next 2 - 3 years would bode well for a continued economic recovery.

The 8 million jobs were not lost overnight and will not be recouped quickly. It will take four years to return to 6 - 7% unemployment. This considers the impact of recent productivity gains and the increase in the labor market. The ramp up to full employment and steady 3% GDP growth should be viewed as a marathon and not a sprint.

The Deficit and The Federal Budget

The proposed Federal budget for 2011 calls for spending of \$3.8 trillion which is roughly 25% of GDP. Tax receipts are estimated to be 17% of GDP resulting in a budgetary deficit of \$1.3 trillion or 8% of GDP. This adds another \$1.3 trillion to the current \$13 trillion deficit.

Defense and entitlement programs account for more than 75% of the proposed 2011 Federal budget.

- Defense spending at 19.6% is the single largest item
- The three major entitlement items (Social security, Medicare and Medicaid) are 39.8% of the budget.
- Other subsidies and entitlement programs represent another 17%.

Add the 6.5% interest on the Federal debt and you have 83% of the budget essentially locked in place

Of the remaining 17%, not all of it is discretionary spending and is spread among other line items. Education (2%), Homeland Security (1.4%) Health research and services (1.8%), Transportation (2.7%), Law Enforcement (1.5%) taken together do not add up to 10% of the budget. The expectations are that defense spending will tail off as the country's involvement in Iraq and Afghanistan wind down. The costs for defense will slide while the rising debt and likely higher interest rates will increase the interest on the burgeoning debt.



Economic Snapshot...cont'd from page 2

Last month we put into perspective what the number one trillion represents. This was to better understand the huge deficit the U.S. Federal Government faces. The Federal debt has been increasing \$3.7 billion a day since September, 2007 and is currently \$13 trillion. The scary part is that the \$13 trillion does not include the accrual of new future benefits. Social Security, Medicare and other unfunded entitlements are estimated to total \$107 trillion.

The problem is that the Federal government's entitlement programs are now considered almost sacrosanct, they are considered almost mandatory and are too important and too entrenched to be altered. Social security and health care are the mother of all the entitlement programs. The Congressional Budget Office projects the national debt will increase \$10 trillion in the next decade. We are leaving a huge debt for future generations. There are only two ways to resolve the deficit problem -- raise taxes or cut programs. Unfortunately, neither of these is palatable to Congress or the American people. People are becoming more aware of both the debt and the entitlement and the conundrum it presents to solving the fiscal integrity of the United States. When, or whether, the public and the politicians will come together to address this matter is anyone's guess.

Upcoming Events

5/25

Grand Opening of The Whitney Gardens

5/31

Memorial Day

6/2

"Talk About Detroit" The Whitney

6/8

Center for Automotive Research Breakfast Briefing, Ann Arbor, MI

6/14-16

Emissions 2010, Ann Arbor, MI

6/16

Automotive News Green Car Conference, Novi, MI

6/17

APA/J.D. Power & Associates IQS Luncheon, Detroit

Client News

NARI of Southeast Michigan

Liebler Group client, the National Association of the Remodeling Industry (NARI) of Southeast Michigan, held its seventh annual "2010 Tour of Remodeled Homes" May 15th and 16th. Attendees had the opportunity to explore eleven professionally remodeled homes (mostly clustered in the Ann Arbor area) and also had opportunities to chat with the industry professionals who worked on them.



The 2010 Tour included full home remodels and additions, as well as remodeled kitchens, basements, bathrooms and even a garage and workshop and offered a broad view of design concepts and implementations to satisfy a variety interests.

Paint Creek Center for the Arts Art & Orchard

The inaugural Art & Orchard Festival will be held June 12 & 13, 2010 in Washington Community Park as part of a larger weekend event presented in partnership with Washington Township and the Washington Lions.

The Art & Orchard Festival will be held annually the second weekend in June as a spring companion event to PCCA's long-standing Art & Apples Festival held the weekend after Labor Day. It is anticipated the new festival will include approximately 150 exhibiting artists, many of whom have or also will be exhibiting at Art & Apples.

The new festival will be an integral part of a larger event formerly known as the Super Sunday Festival. The weekend long event will dramatically expand around Art & Orchard, but continue to include popular activities like the 5k race on the Macomb Orchard Trail, the Lion's antique car show and dinner, and the fire department's pancake breakfast.



Client News continued

Azure Dynamics



Liebler Group assisted client Azure Dynamics in developing its First Quarter 2010 Results press release and corresponding analyst conference call held on May 12. The feedback has been positive with the majority of

Azure analysts rating the company as an 'Outperform'. A replay of the conference call along with a presentation is available on Azure's homepage at www.azuredynmaics.com. Below are excerpts from the press release:

"As each quarter is eclipsed, we talk less about expectations and more about accomplishments. In 2009, we focused on our margin improvement plan and maintaining sufficient cash to execute our plan. In Q1 2010, we are pleased with results on both fronts with margins improving by 94% in the quarter and with our quarter ending cash balance at \$31.6 million," said Scott T. Harrison, Azure Dynamics Chief Executive Officer. "We expect these trends to continue through the fourth quarter 2010 when the Johnson Controls-Saft lithium-ion battery pack shipments begin and our margin improvement should be even more dramatic.

"The first quarter was also noteworthy for the highly successful introduction of the innovative Ford Transit Connect Electric at the Chicago Auto Show in early February. Analysts were impressed that Ford and Azure not only introduced the vehicle on an accelerated timeline, but also took the bold step of offering media test drives on the spot, and on one of the coldest and snowiest days in Chicago in decades. These test drives of an early Transit Connect Electric prototype were a testament to our technology and a tribute to our world-class engineering team.

"As a result of the Transit Connect Electric launch, Azure received extensive media attention in North America and around the globe. The added visibility was especially important in the first quarter as the economic recovery expanded. Our end-market customers have an increasingly optimistic outlook and are on the front-end of their respective fleet rebuilding efforts," said Harrison. "Azure has never been more top-of-mind."

The Company shipped 230 units in the first quarter. Revenue was up more than 400% versus the same period last year and gross margins improved by 94%.

"As the economic rebound continues, and government stimulus funds for environmental initiatives continue to be readily available, we expect more customers to rebuild their fleet inventories at an accelerated pace. With our product performing well for

our customers and greater corporate focus on sustainability, we anticipate more orders coming our way," said Harrison. "We are making real strides towards accomplishing our goal of being Part of the Solution for customers, partners, shareholders and society at large."



Foresight Research

Liebler Group recently arranged an Automotive News interview for client Foresight Research to discuss their proprietary data on the effectiveness of Auto Shows. The resultant article found its way into the hands of the leadership of the U.S. Boating Industry Association, which incidentally, hosts 18 major boat shows per year. The Boaters were intrigued with the research and, after conversations with Foresight, retained the firm to conduct a comprehensive research deck for their industry. Foresight President Steve Bruyn believes that the boating industry work can become a cornerstone of Foresight's future business.



Bottom line? PR works. When you have a good story like Foresight's, spreading your company's message can help build your existing client base and even help find new industries and opportunities.

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