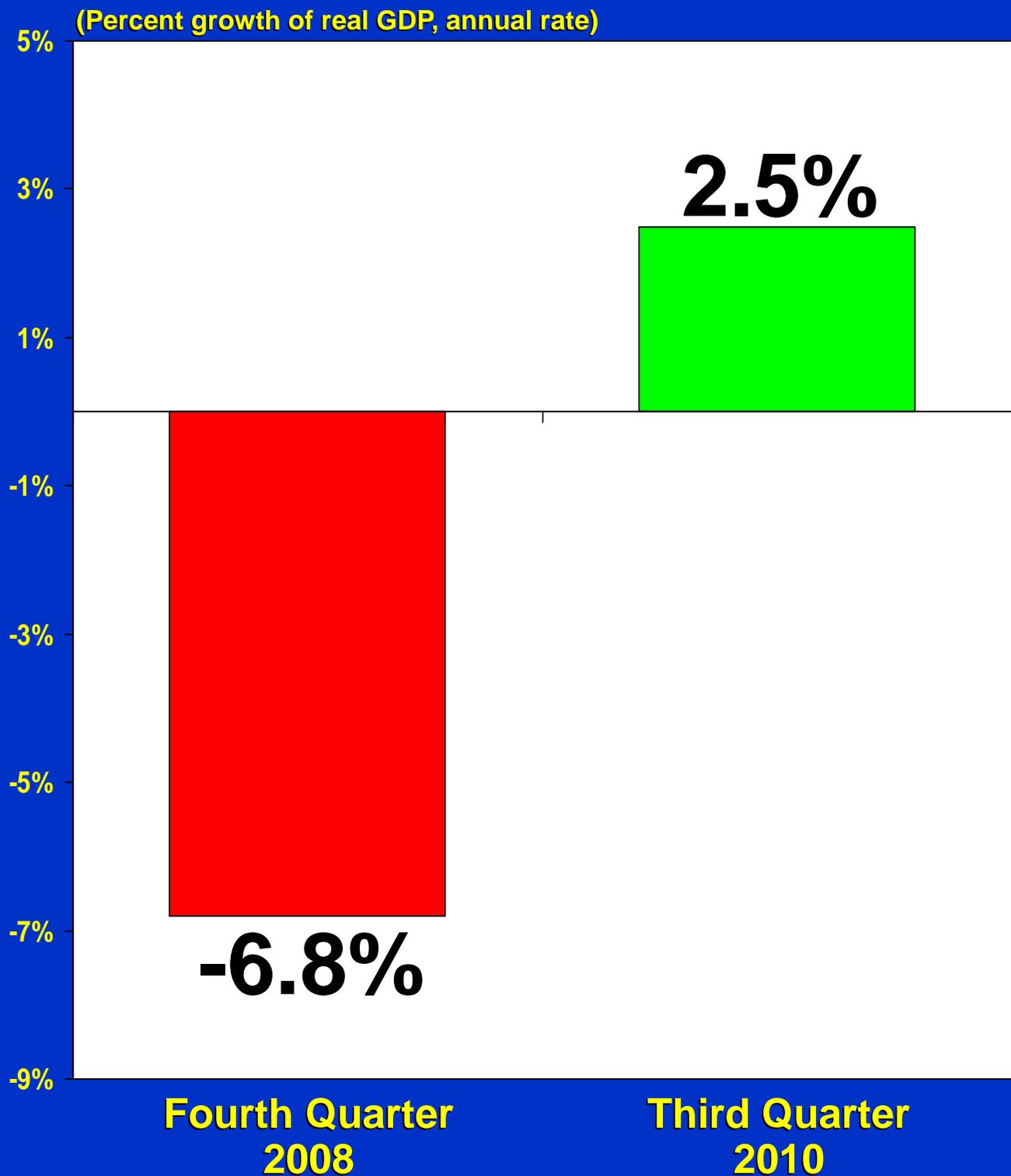


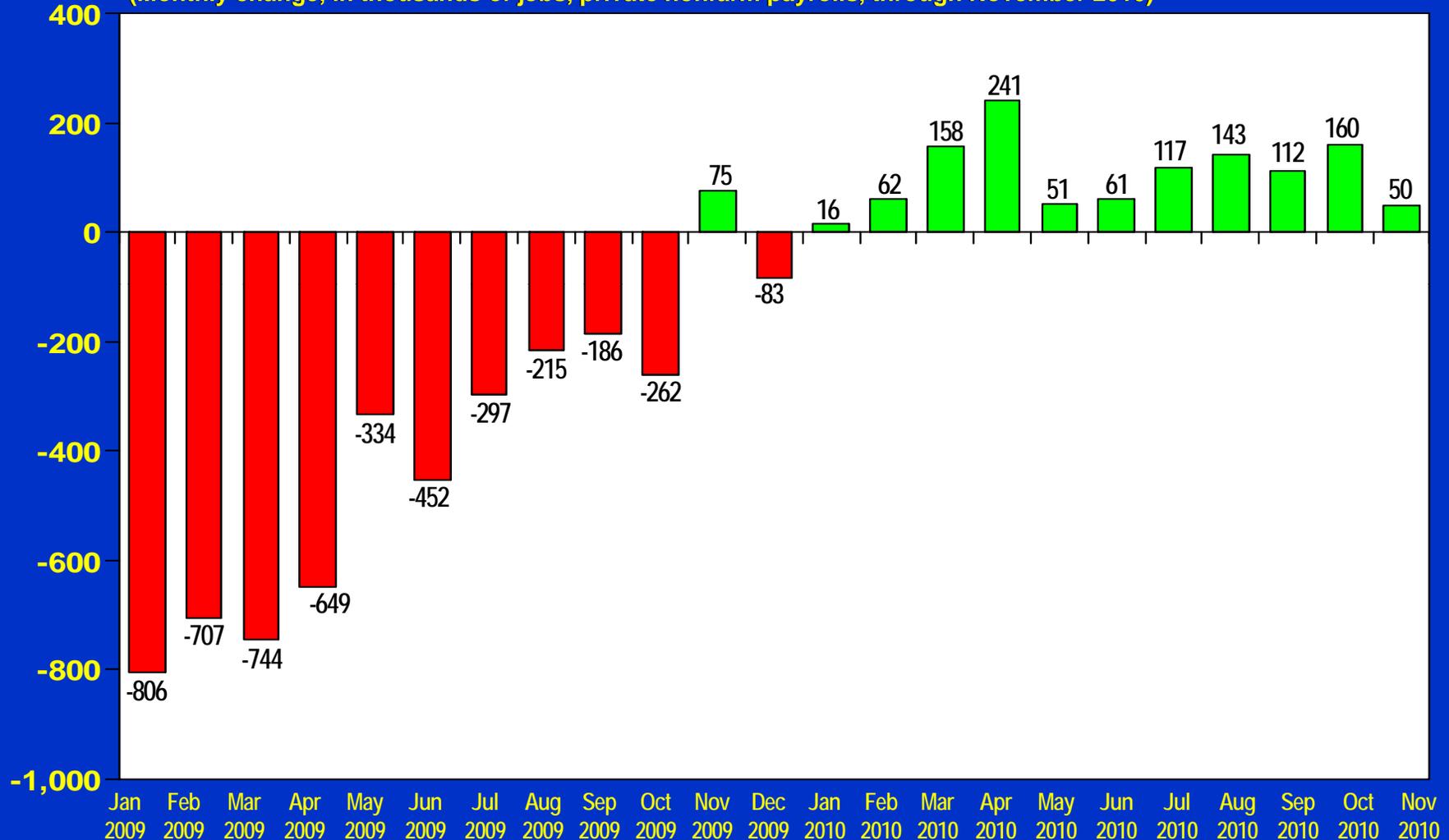
Economic Performance



Source: U.S. Department of Commerce

Private-Sector Jobs Picture

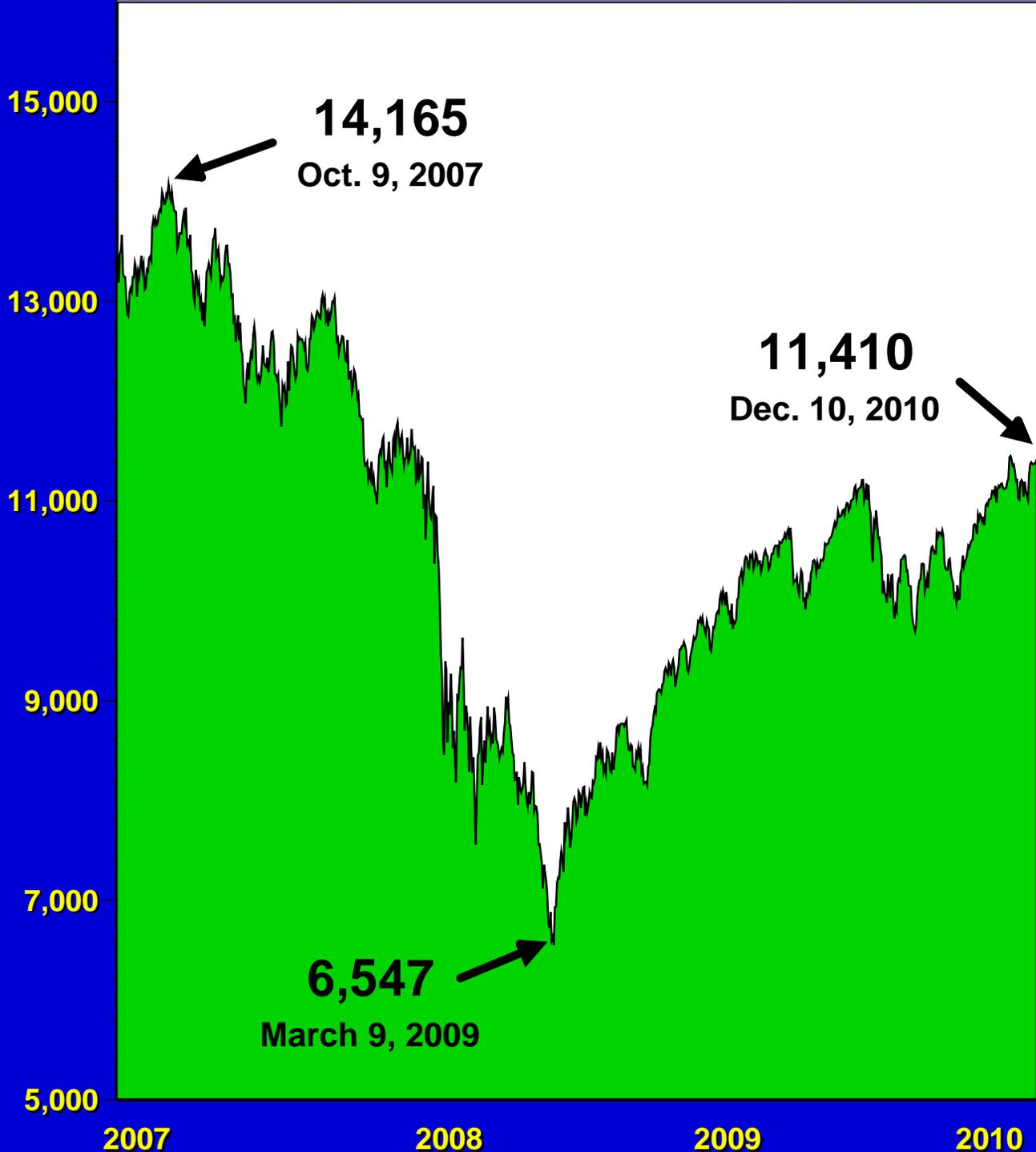
(Monthly change, in thousands of jobs, private nonfarm payrolls, through November 2010)



Sources: Bureau of Labor Statistics, U.S. Department of Labor

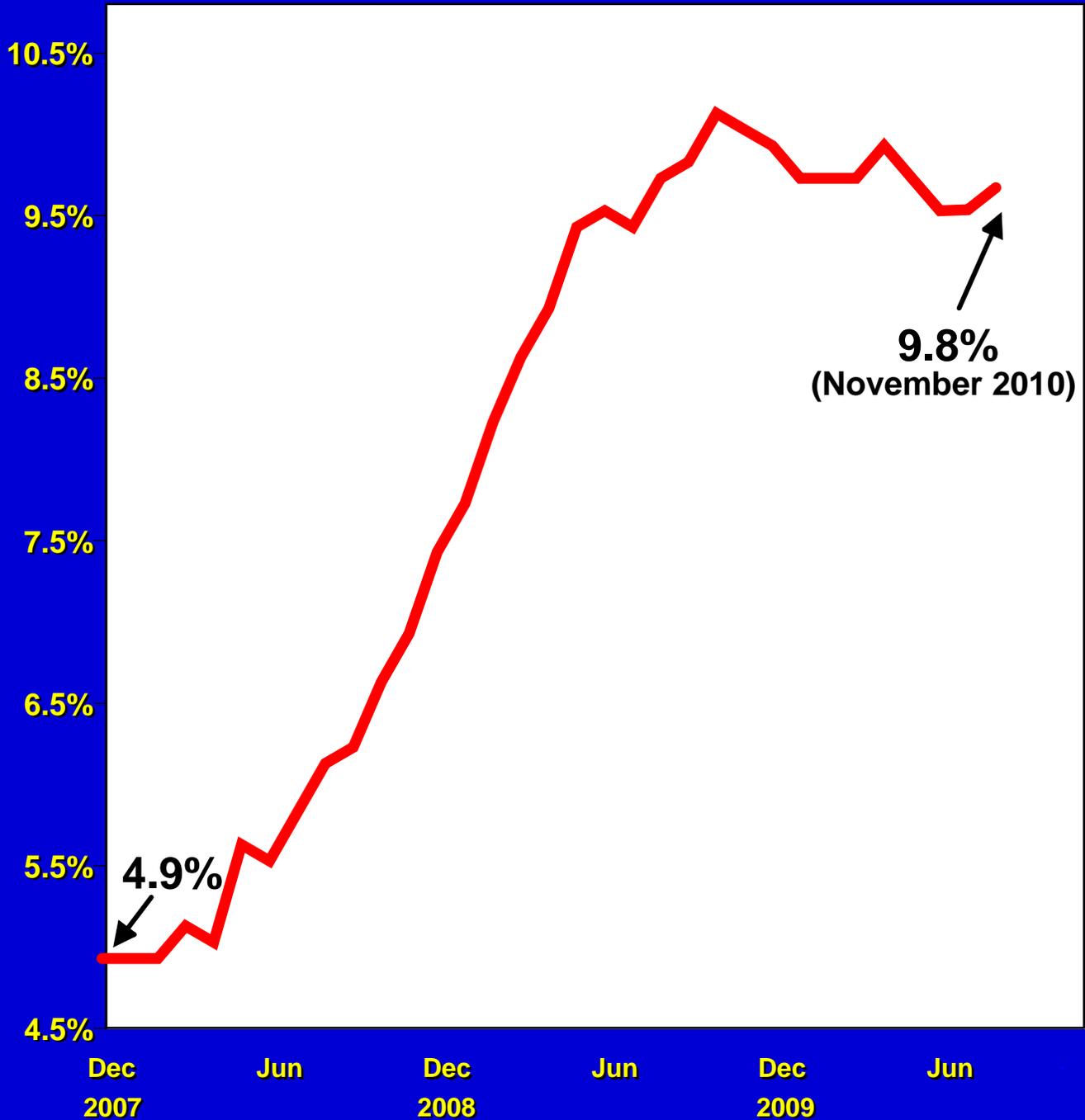
Stock Market Record

(Stock price averages: Dow Jones 30 Industrial, NYSE; Daily data)



Unemployment Rate Remains High

(Monthly data through November 2010)



Sources: Bureau of Labor Statistics, U.S. Department of Labor

Note: Percent of civilian labor force

**One-in-Six Americans
Now Unemployed or
Underemployed**

Fed Chairman Bernanke on Combining Near-Term Measures to Enhance Growth with Long-Term Deficit Reduction

“...[O]n its current economic trajectory the United States runs the risk of seeing millions of workers unemployed or underemployed for many years. As a society, we should find that outcome unacceptable.

“Monetary policy is working in support of both economic recovery and price stability, but there are limits to what can be achieved by the central bank alone.... [A] fiscal program that combines near-term measures to enhance growth with strong, confidence-inducing steps to reduce longer-term structural deficits would be an important complement to the policies of the Federal Reserve.”

**– Federal Reserve Chairman Ben Bernanke
Speech to European Central Bank
November 19, 2010**

Tax Cut Extension Compromise: Provisions Extended for Two Years

- **All 2001 / 2003 income tax cuts**
- **Expanded Child Tax Credit and Earned Income Tax Credit for working families**
- **American Opportunity Tax Credit for college expenses**
- **Alternative Minimum Tax fix**
- **R&D tax credit and other expiring tax provisions**

Note: AMT fix for 2010 and 2011. Extenders through 2011.

Tax Cut Extension Compromise: Additional Measures to Help Economy

Payroll Tax Cut for Working Families

- Two percentage point reduction in employees' Social Security payroll taxes
- Worker with \$40,000 in income would save \$800
- Widely recognized as one of most effective ways to boost near-term growth

Extending Unemployment Insurance

- Extend UI benefits at current level for 13 months
- Prevents 7 million unemployed workers from losing UI benefits over next year
- Very high “bang-for-the buck” – estimated to create 600,000 jobs in 2011

Business Expensing

- Allow businesses to write-off 100% of capital purchases in 2011
- Could generate more than \$50 B in additional investment in 2011

Examples of Tax Cut Extension Benefits

**Mother with one child
with \$20,000 of income**

\$1,105 tax cut

**Married couple with
\$40,000 of income**

\$1,943 tax cut

**Married couple with
two children with
\$60,000 of income**

\$3,343 tax cut

Economist Zandi on Tax Cut Extension Compromise

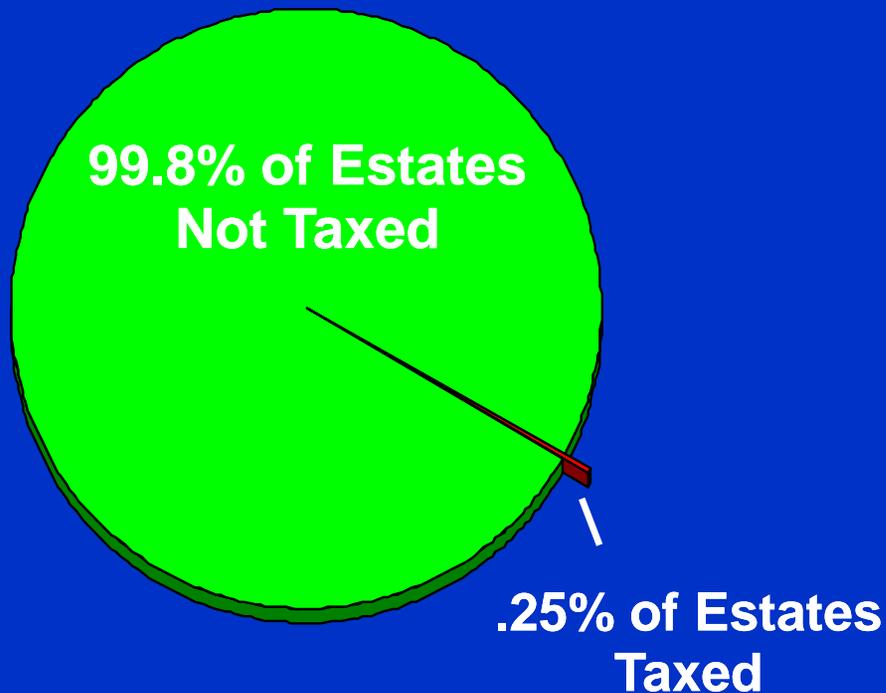
“The fiscal policy compromise ... will be good for the economy next year. The planned temporary tax cuts and spending increases will provide a substantial boost to growth in 2011, ensuring that the still-fragile economic recovery evolves into a self-sustaining economic expansion. The deal’s surprisingly broad scope meaningfully changes the near-term economic outlook.”

**– Mark Zandi
Chief Economist, *Moody’s Analytics*
December 8, 2010**

Higher Estate Tax Exemption Helps Tiny Sliver of Wealthiest Americans

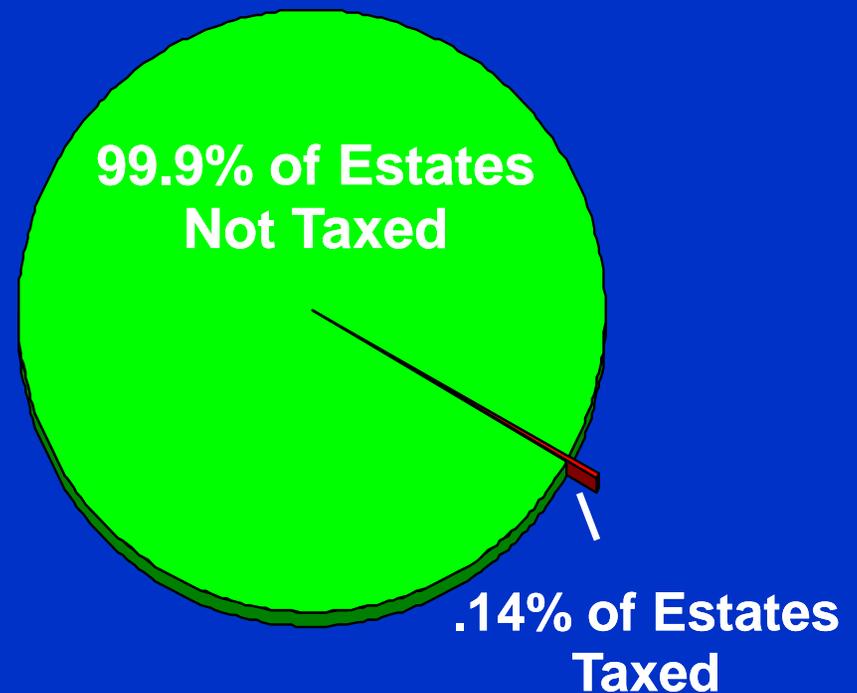
2009 Level

\$3.5 M (\$7 M per couple) Exemption
45% Rate



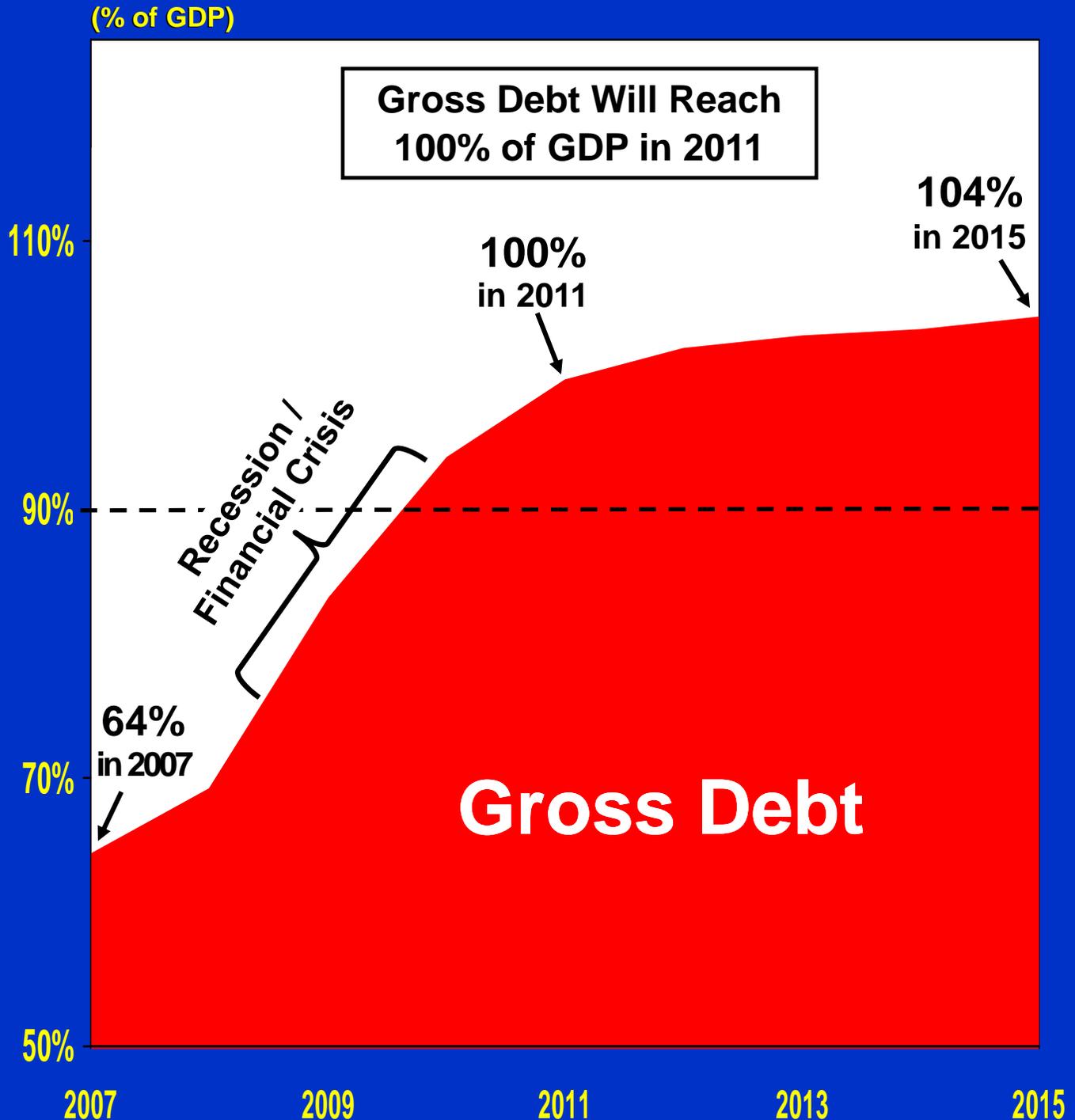
Tax Cut Compromise Level

\$5 M (\$10 M per couple) Exemption
35% Rate



Cost: About \$20 B More
Over Two Years

Gross Debt as Percent of GDP

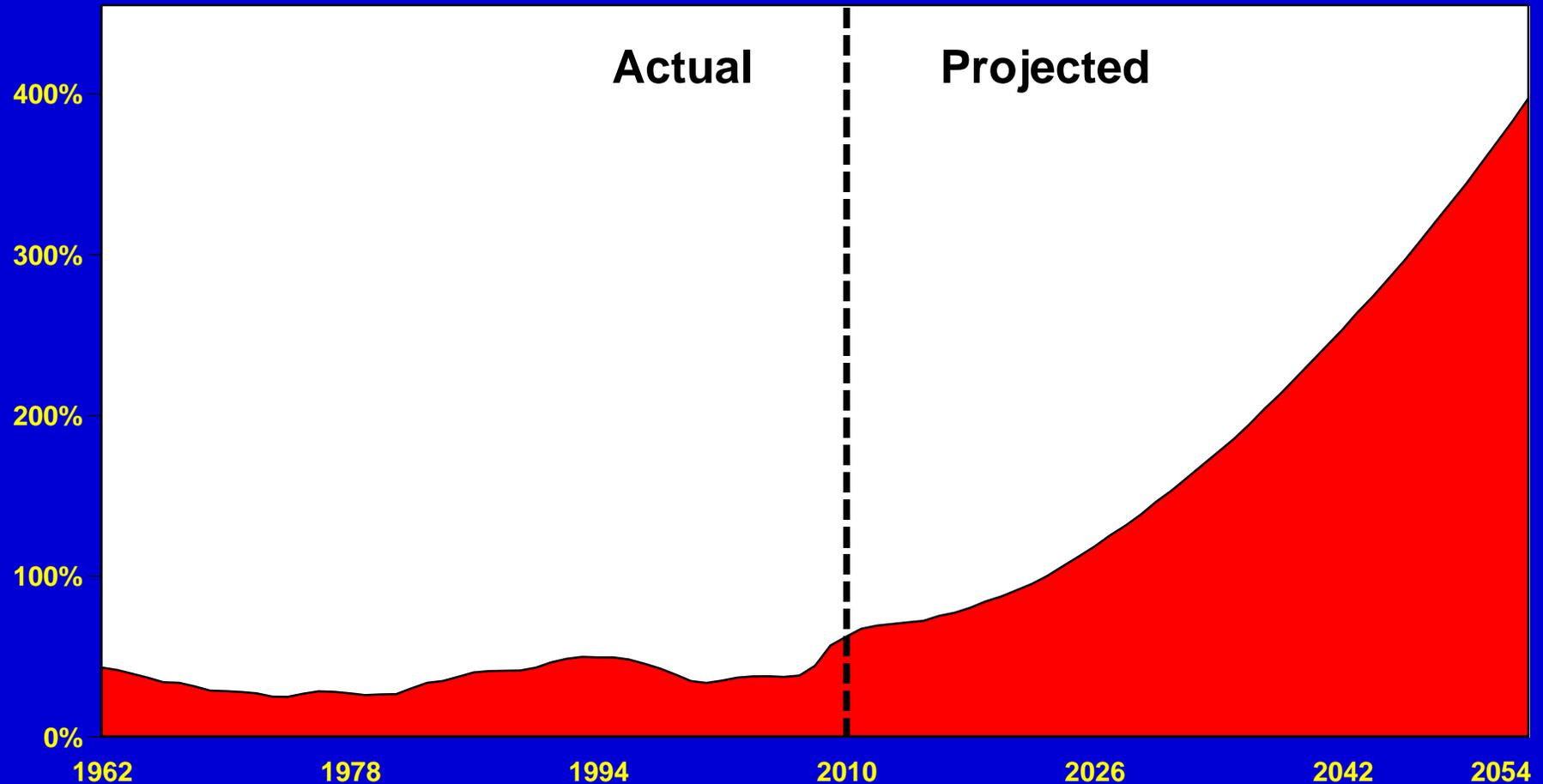


Source: OMB

Note: 2010-2015 gross debt under Obama FY 2011 Budget, as updated in the Mid-Session Review, July 2010.

Federal Debt Soars Under CBO Long-Term Budget Scenario

(Debt held by the public as a percent of GDP)



Source: CBO Long-Term Budget Outlook, June 2010

Note: CBO alternative fiscal scenario with tax cuts made permanent (except for rate reductions that apply to high-income taxpayers), AMT indexed for inflation, adjustments to certain health care reform policies, and Medicare physician payments growing with higher MEI rate.

Overview of Fiscal Commission Plan

- Provides nearly \$4 T in deficit reduction through 2020
- Lowers deficit from 8% of GDP in 2011 to 2.3% in 2015 and 1.2% in 2020
- Stabilizes debt by 2014 and then lowers it to 60% of GDP by 2023 and 40% by 2035
- Reforms Social Security to ensure solvency for at least 75 years and puts program on more sustainable path beyond 75 years
- Includes fundamental tax reform - makes tax code simpler, fairer, and more efficient, while raising more revenue

Tax Reform in Fiscal Commission Plan

- Eliminates or scales back tax expenditures, and *lowers* rates
- Promotes economic growth and improves America's global competitiveness
- Makes tax code more progressive
- “Illustrative” tax reform plan:
 - Three rates for individuals - 12%, 22%, 28%; corporate rate of 28%
 - Capital gains / dividends taxed as ordinary income
 - Reforms mortgage interest and charitable deductions
 - Preserves Child Tax Credit and EITC
 - Repeals AMT