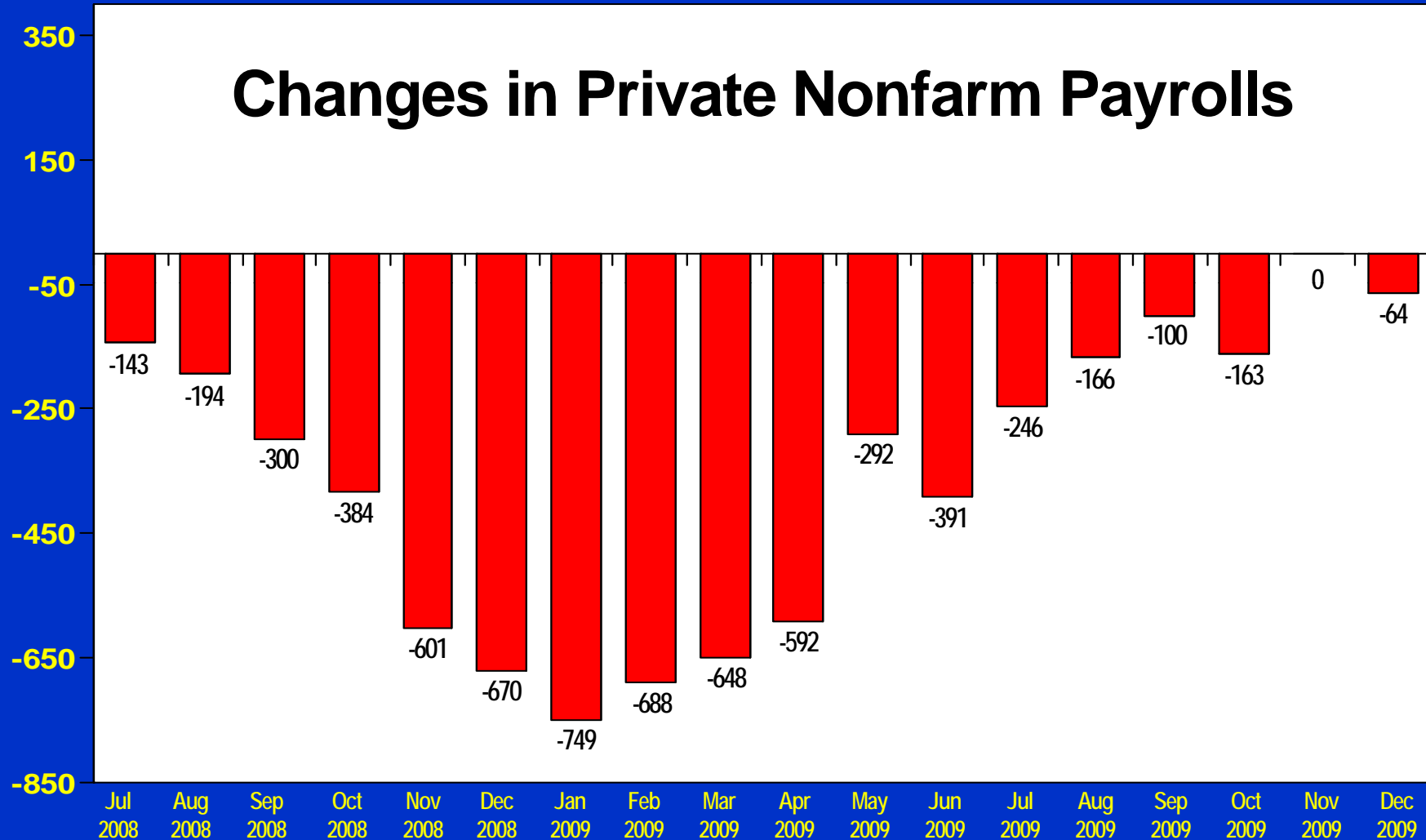


What President Obama Inherited

- **Record deficits, doubling of national debt**
- **Worst recession since Great Depression**
- **Financial market and housing crises**
- **Ongoing wars in Iraq and Afghanistan**
- **Unsustainable long-term budget outlook**
 - **rising health care costs**

Jobs Picture

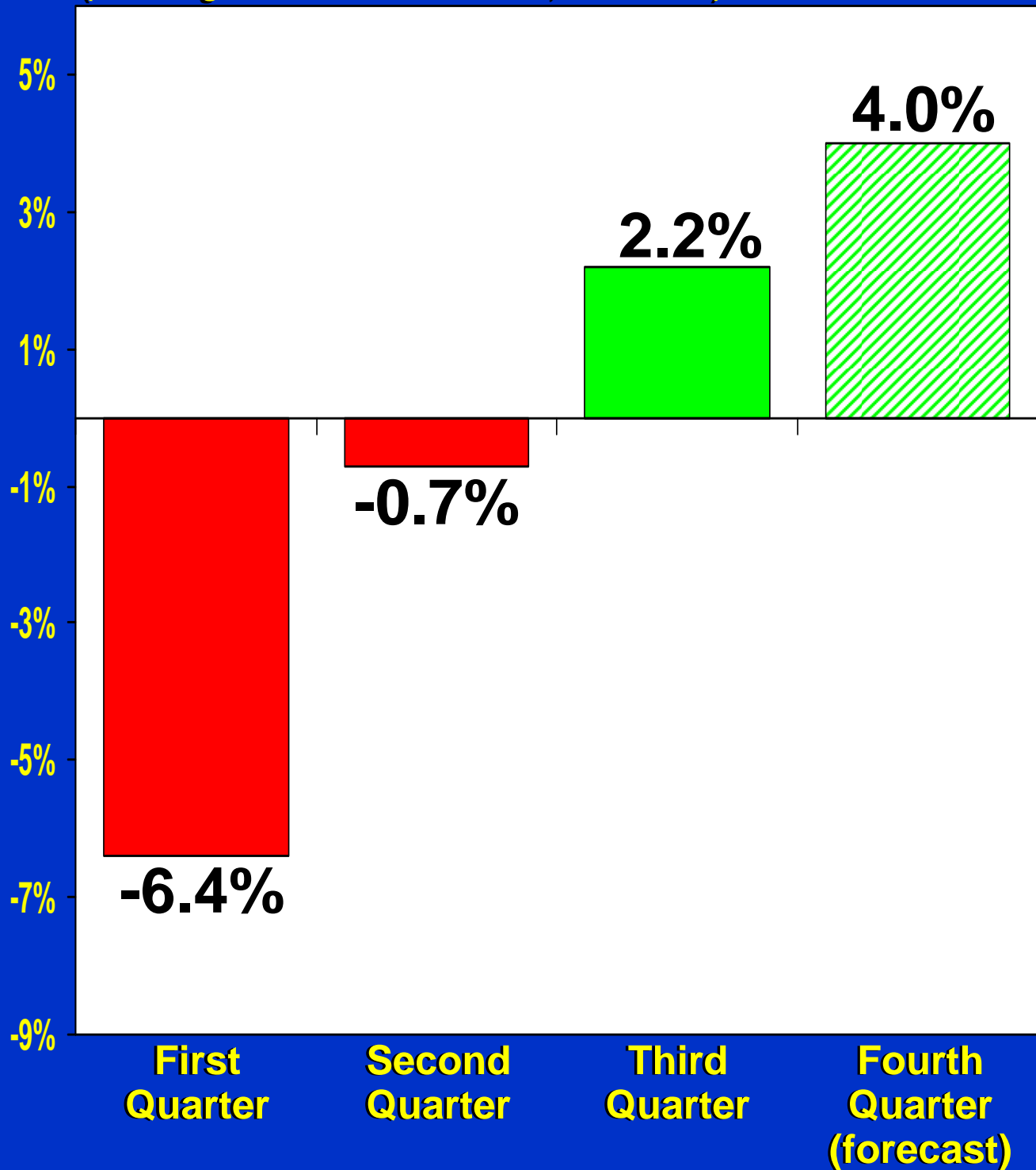
(Thousands of jobs, monthly from July 2008 through December 2009)



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

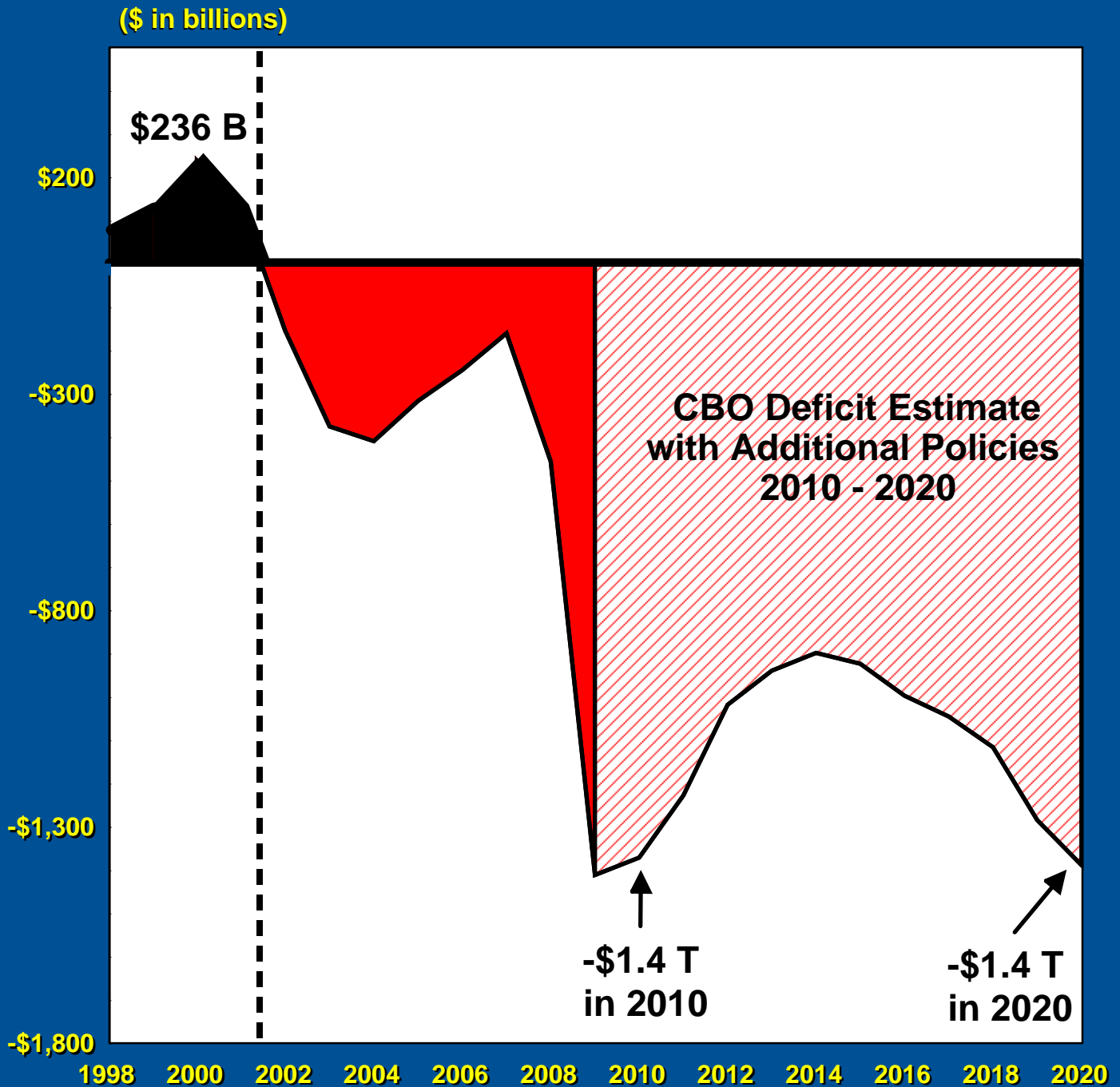
Economic Performance Improving

(Percent growth of real GDP in 2009, annual rate)



Sources: Bureau of Economic Analysis, U.S. Department of Commerce and Blue Chip Economic Indicators

Ten-Year Budget Outlook

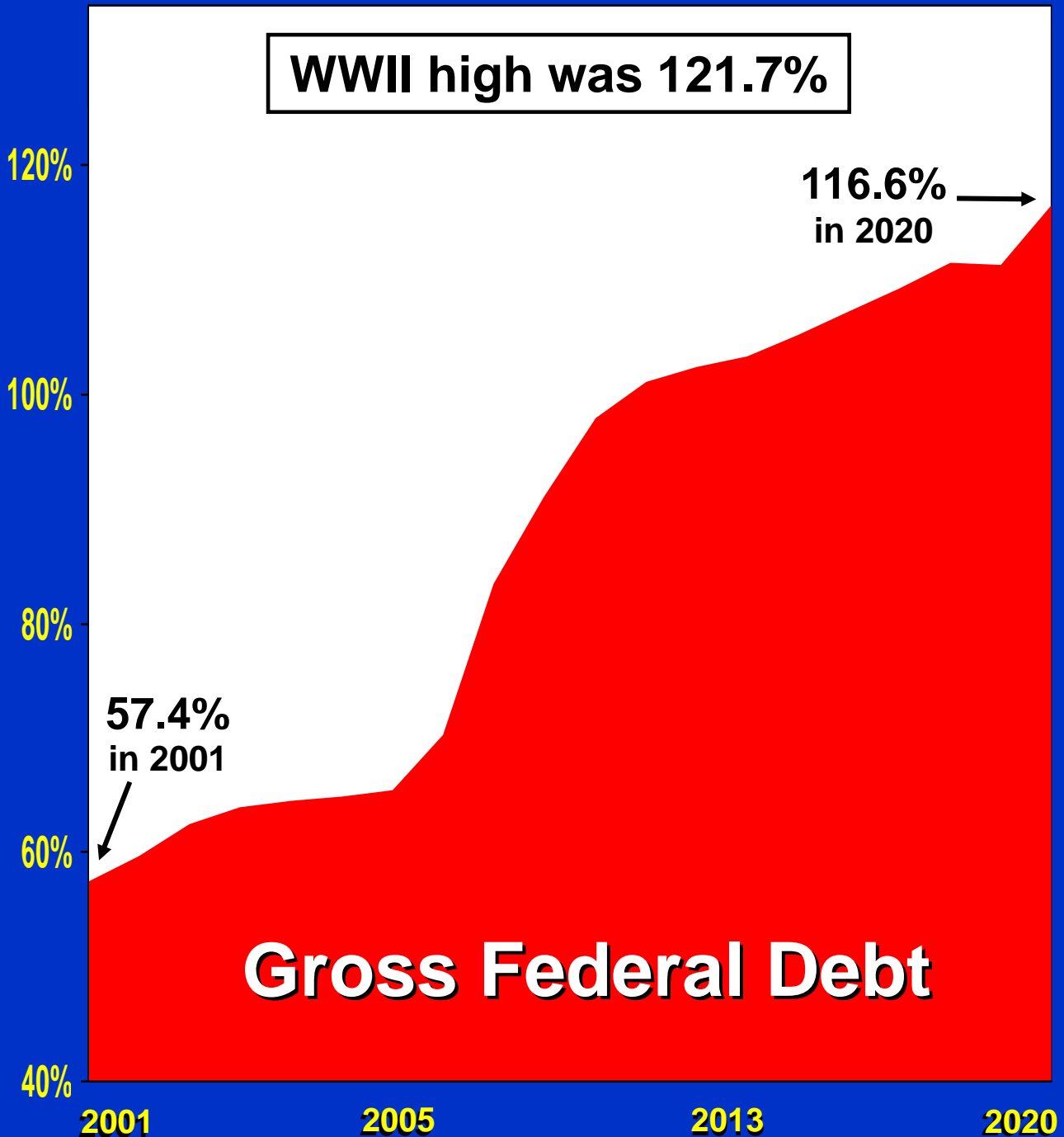


Sources: CBO and SBC

Note: CBO's "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," adjusted for alternative policies: extension of 2001 and 2003 tax cuts, traditional tax extenders, AMT reform, and ongoing overseas military operations.

Gross Debt Approaches WWII Levels

(Percent of GDP)

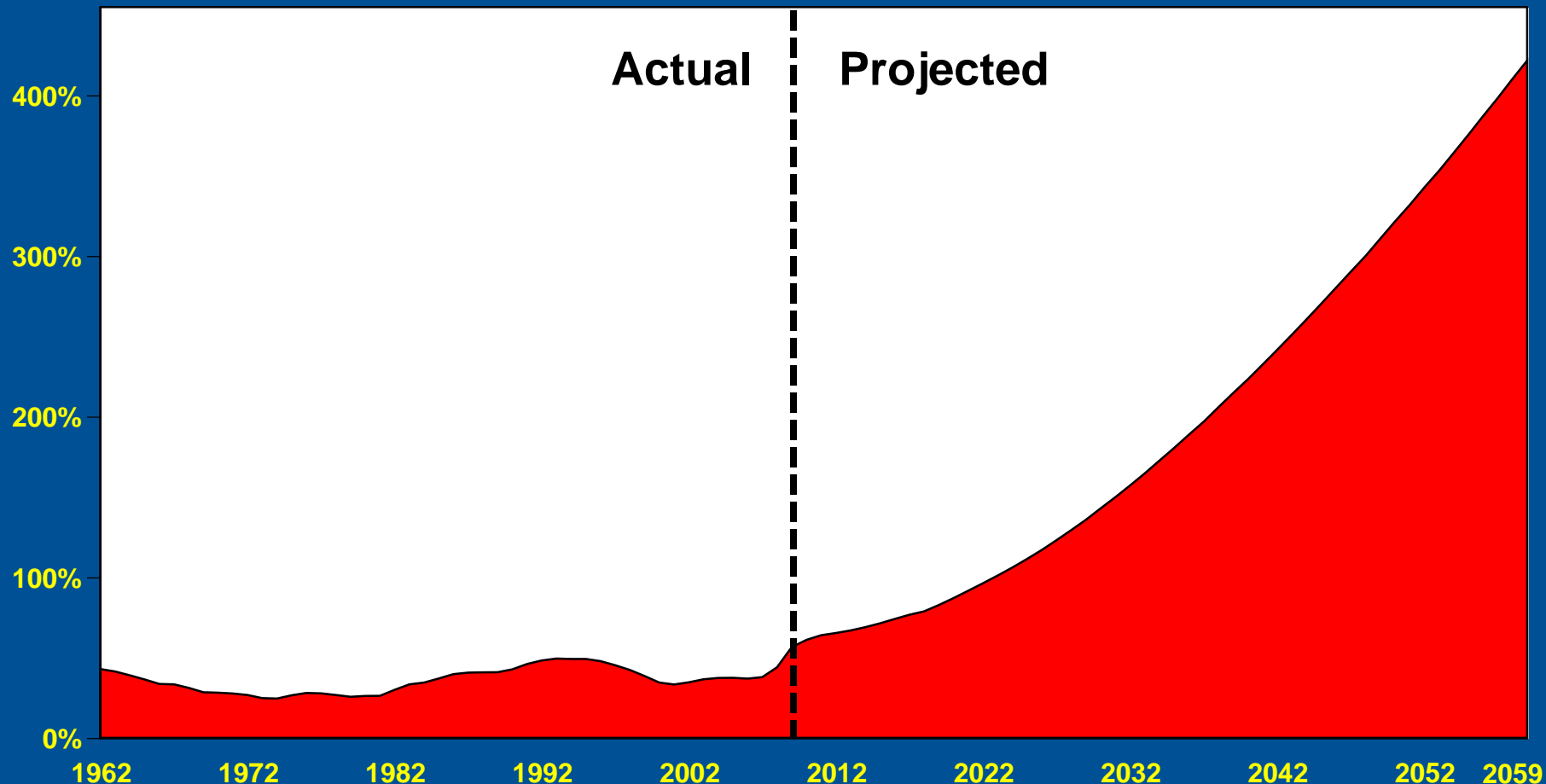


Sources: OMB, SBC, CBO

Note: Gross debt calculations by SBC staff using CBO's "The Budget and Economic Outlook: Fiscal Years 2010 to 2020," adjusted for alternative policies: extension of 2001 and 2003 tax cuts, traditional tax extenders, AMT reform, and ongoing overseas military operations.

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 2009

Note: CBO alternative fiscal scenario with tax cuts made permanent, AMT indexed for inflation, and Medicare physician payments growing with higher MEI rate.