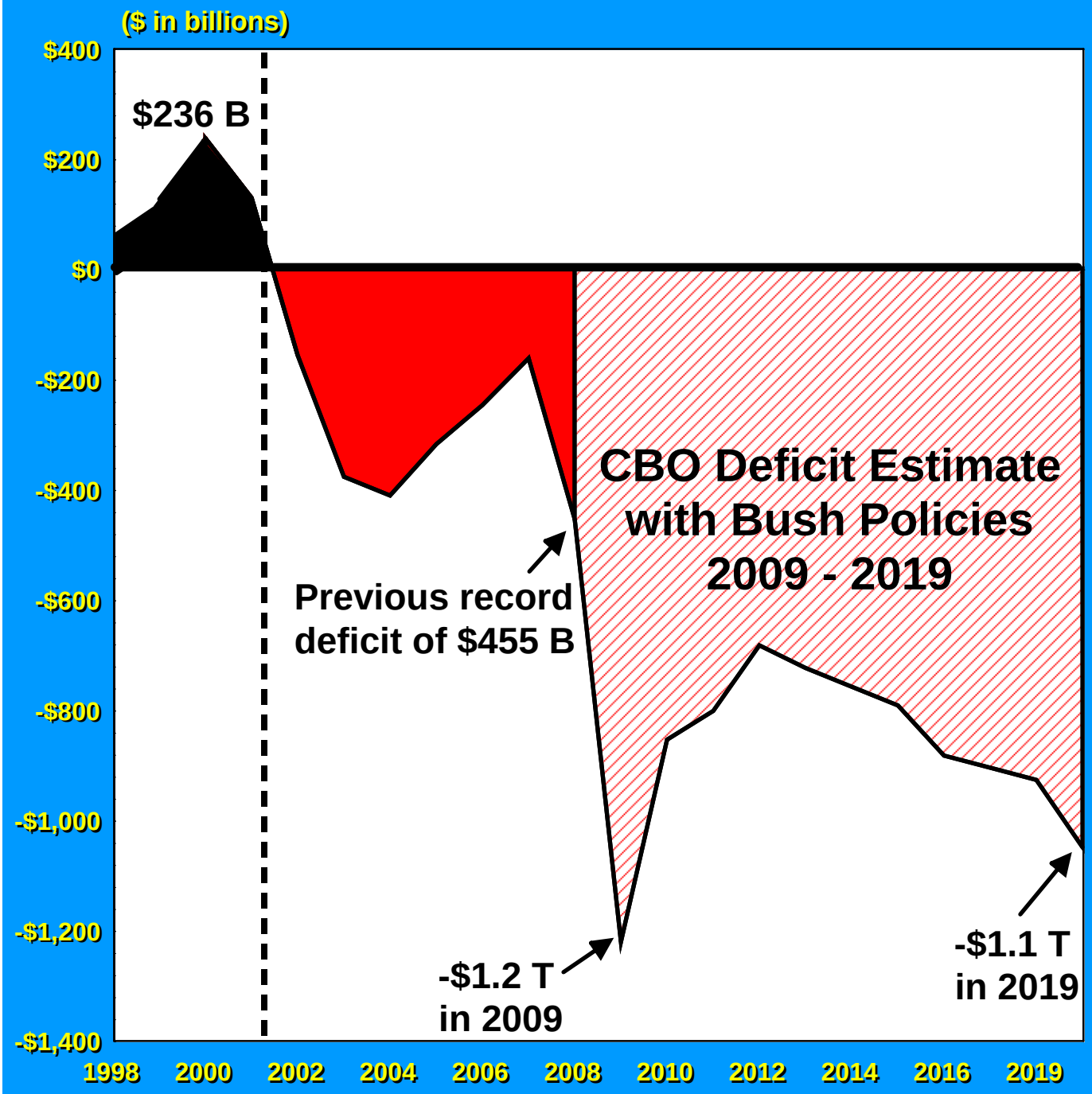
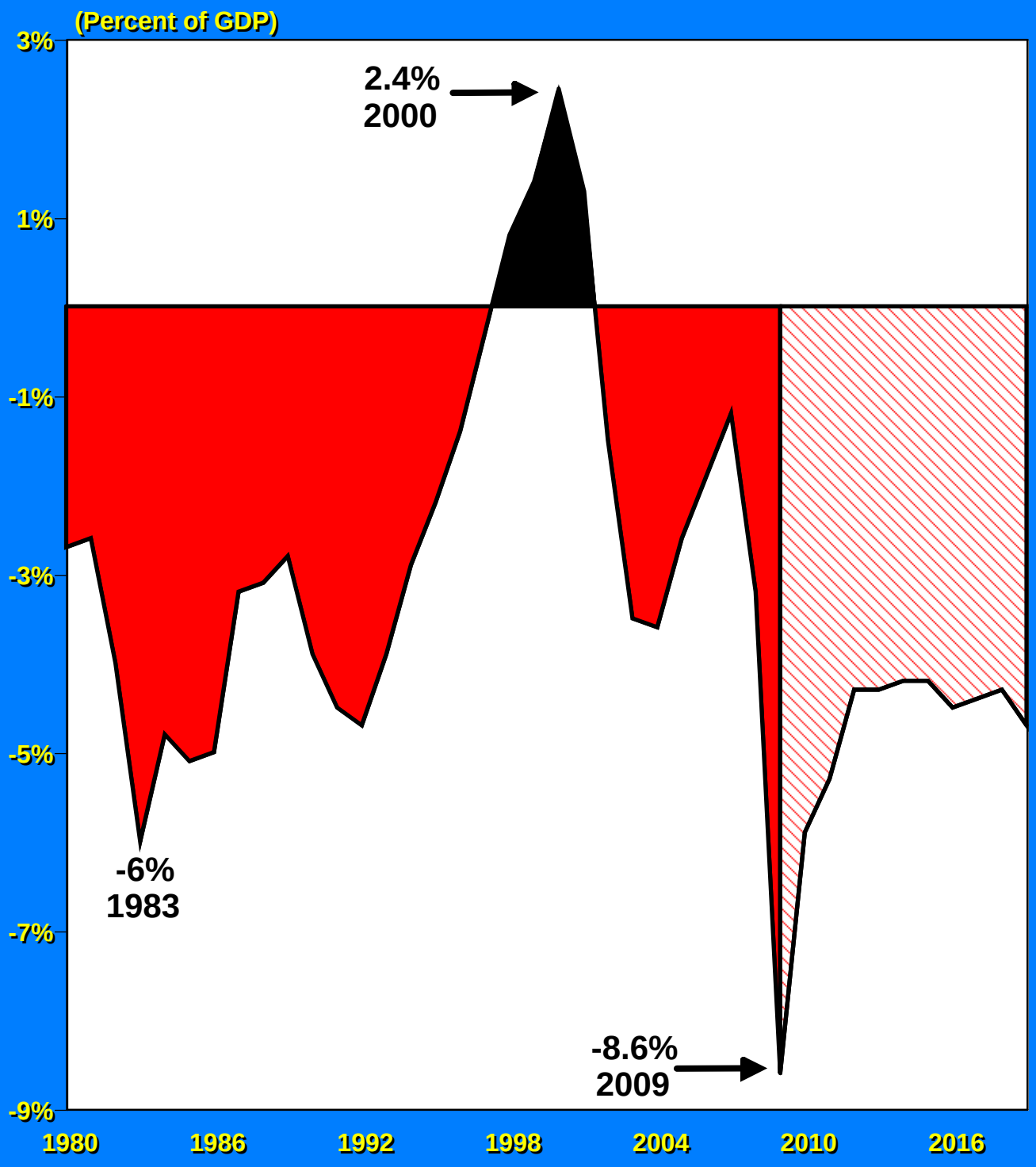
Ten-Year Budget Outlook



Sources: CBO and SBC
Note: CBO January 2009 estimate with tax cuts made permanent, AMT reform, ongoing war costs, and without extension of 2009 emergencies.

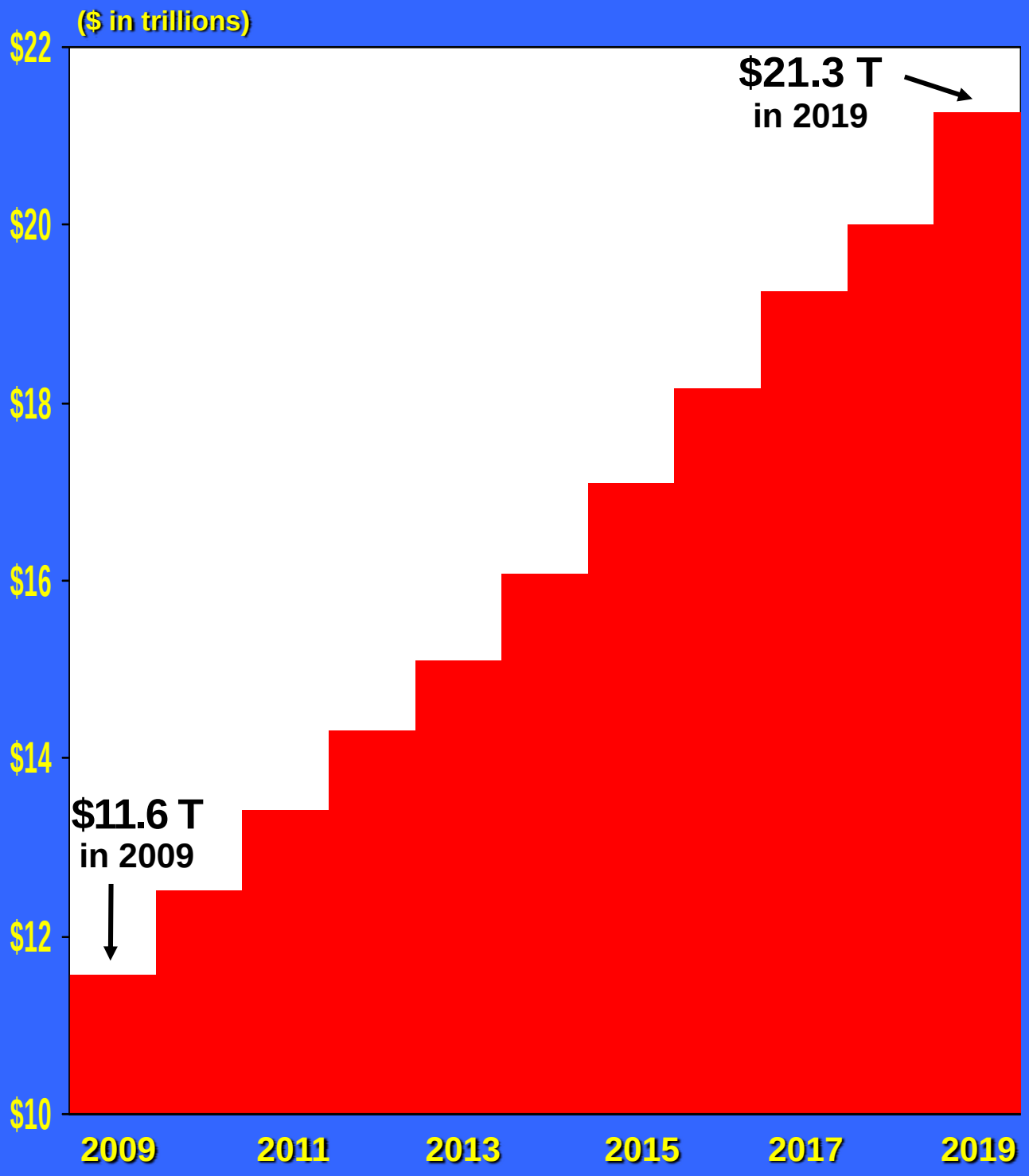
Deficit as a Percent of GDP



Source: CBO, SBC
Note: 2009 estimate from CBO January Budget Outlook.

Building a Wall of Debt

Gross Federal Debt Soars

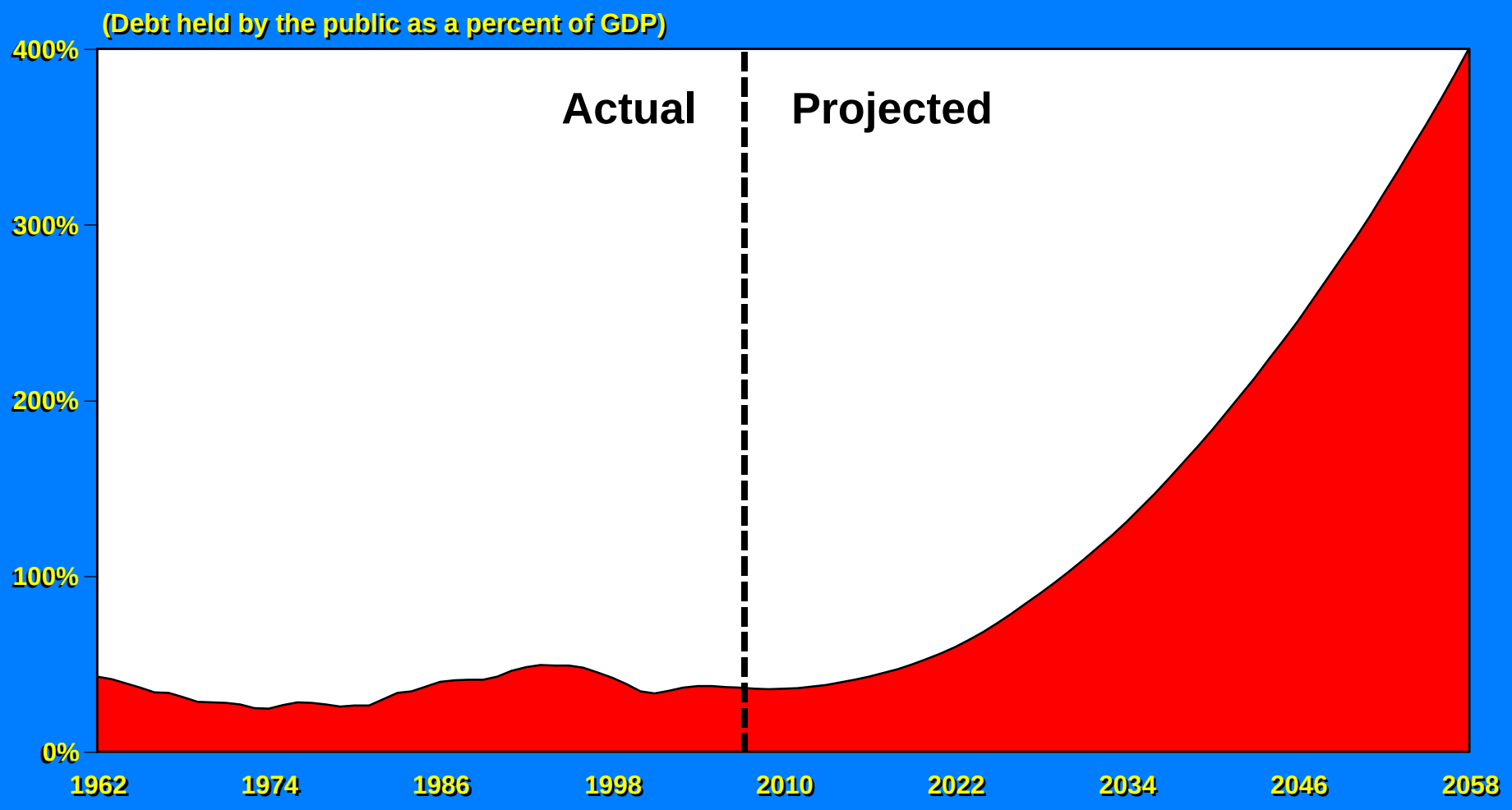


Sources: CBO, SBC
Note: 2009 estimate from CBO January Budget Outlook with tax cuts extended, AMT reform, and ongoing war costs.

Major Initiatives That Could Further Add to Debt

- Economic recovery package
- Additional tax cuts
- Health care reform
- Additional defense spending

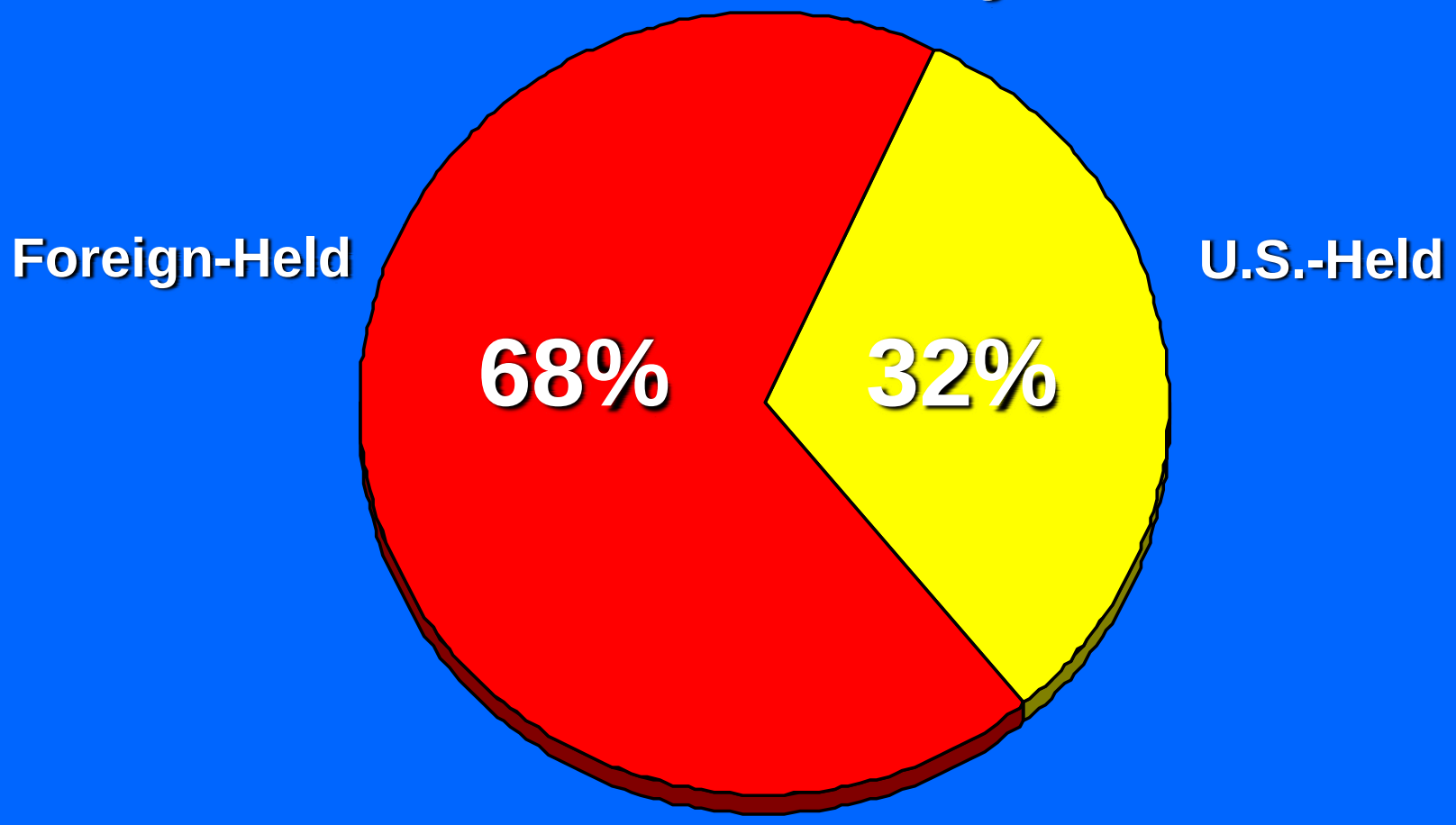
Federal Debt Soars Under CBO Long-Term Budget Scenario



Source: CBO Long-Term Budget Outlook, December 2007
Note: CBO alternative fiscal scenario with tax cuts made permanent, AMT indexed for inflation, and Medicare physician payments growing with higher MEI rate.

More Than Two-Thirds of New Federal Debt is Held by Foreigners

2008 Increase in Publicly-Held Debt



Source: Department of the Treasury, SBC
Note: Compares the increase in foreign holdings of Treasury securities over the period of October 2007 through August 2008 with the increase in debt held by the public over that same time period. September 2008 is treated as an anomaly and excluded as a result of the Department of the Treasury issuing debt that month to assist the Federal Reserve under the newly created "Supplementary Financing Program."

Top Ten Foreign Holders of Our National Debt

China	$653 B
Japan	$586 B
United Kingdom	$360 B
Caribbean Banking Centers	$220 B
Oil Exporters	$188 B
Brazil	$135 B
Luxembourg	$87 B
Russia	$81 B
Hong Kong	$65 B
Switzerland	$61 B

Sources: U.S. Treasury and Federal Reserve Board
Monthly data through October 2008

Former GAO Comptroller General Walker on Urgency of Addressing Long-Term Fiscal Imbalance

"... I believe we have a five- to 10-year window of opportunity to demonstrate to our foreign lenders that we're going to get serious about this. Five to 10 years, and it's closing. And I think it's closer to five than to 10.... Keep in mind, we're the largest debtor nation in the history of mankind, and it's getting worse, not better."

– Former Government Accountability Office Comptroller General David M. Walker
Testimony before Senate Budget Committee
January 29, 2008