



“USA, INC.” KEY POINTS

**EXCELLENCE IN INVESTING CONFERENCE,
IRA SOHN FOUNDATION – SAN FRANCISCO**

OCTOBER 24, 2012

MARY MEEKER

- 1) **America is losing its edge** - some of this is inevitable as other countries improve their competitiveness, some of this is self inflicted.
- 2) **Financial strength is vital to competitiveness** – it's core to a healthy economy, job creation, vibrant education / culture and military leadership.
- 3) **Positive cash flow and a strong balance sheet are key to financial strength** – bottom line, it's bad to spend more than one brings in, as America is doing. In effect, as each day passes – with our rising losses and debt load – we rob just a little bit more from the future.
- 4) **America does not need to lose its edge, it needs conviction and leadership to move its 'business model' in the right direction** – we are all in this together, we need to understand and acknowledge our problems and agree to move forward with collective inspiration and sacrifice.
- 5) **American tax dollars fund our government** – we all need to understand where our taxes go and decide if we believe our hard-earned dollars are put to their highest-and-best use. The politicians we elect decide where our money goes.

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Every April 15, Many Americans Pay Taxes – Think About Where Those Taxes Go...

47 Foreign tax credit. Attach Form 1116 if required

48 Credit for child and dependent care expenses. Attach Form 2441

49 Credit for the elderly or the disabled. Attach Schedule R

50 Education credits. Attach Form 8863

51 Retirement savings contributions credit. Attach Form 8880

52 Residential energy credits. Attach Form 5695

53 Child tax credit. Attach Form 8901 if required

54 Credits from: Form 8839 ☐ Form 8859

55 Other credit: Form 8811 ☐ Form 8812

56 Add lines

57 Subtract

58 Self-employment tax

59 Social Security tax

60 Additional taxes

61 Additional taxes

62 Filing status

63 Filing status

64 Filing status

65 Filing status

66 Filing status

Form 1040

Label
(See instructions on page 16.)
Use the IRS label.
Otherwise, please print or type.

U.S. Individual Income Tax Return
Department of the Treasury

For the year Jan. 1–Dec. 31, 2006, or other year

Your first name and initial

If a joint return, spouse's first name and initial

Home address (number and street). If you have a P.O. box, see page 16.

City, town or post office, state

Last name

Filing Status
Check only one box.

1 ☐ Single

2 ☐ Married filing jointly (even if only one spouse has income)

3 ☐ Married filing separately. Enter spouse's name and full name here.

4 ☐ Yourself. If someone can claim you as a dependent, see page 18.

5 ☐ Spouse

Exemptions
If more than four dependents, see page 19.

6a ☐ Yourself

b ☐ Spouse

c **Dependents:**

(1) First name

Last name

(2) Dependent's name

ARE YOU HAPPY WITH WHERE YOUR TAX DOLLARS GO?

56%

ENTITLEMENTS

20%

DEFENSE

18%

OTHER*

6%

INTEREST

DATA FOR FISCAL YEAR 2011, WHICH ENDED IN SEPTEMBER 2011.

*OTHER INCLUDES NON-DEFENSE DISCRETIONARY SPENDING IN ENERGY, EDUCATION, INFRASTRUCTURE AND MORE.

We Know How USA Inc. Spends Taxpayer Revenue – If You Had Control, Would You Allocate it the Same Way?

Expenses are 56% Higher than Revenue

F2011 Revenue		<u>\$2,303B</u>	% of Total
Individual Income Tax	\$1,091B	47%	
Social Insurance Tax*	\$819B	36%	
Other (Duties / Fees...)	\$212B	9%	
Corporate Income Tax	\$181B	8%	

F2011 Expenses		<u>\$3,603B</u>	% of Total
Medicare + Medicaid**	\$761B	21%	
→ Social Security	\$731B	20%	
Defense	\$706B	20%	
Non-Defense Discretionary***	\$650B	18%	
Unemployment Insurance + Other Entitlements	\$526B	15%	
Net Interest	\$230B	6%	



Note: USA federal fiscal year ends in September; individual & corporate income taxes include capital gains taxes. *69% (\$566B) of the Social Insurance tax goes to Social Security; 23% (\$188B) goes to Medicare and the rest goes to unemployment insurance and other benefits; **Medicaid includes the federal portion. ***Non-defense discretionary includes federal spending on education, infrastructure, law enforcement, judiciary functions... Source: White House Office of Management and Budget.

1) America's budget deficit is not a new problem but has rapidly evolved to crisis levels –

Expenses exceeded revenue in all but 5 of last 47 years. This is a problem, and the problem – measured by rising losses and a rising debt load – is getting worse.

AMERICA'S BUDGET CRISIS IS NOT A NEW PROBLEM

1965 1966 1967 1968 1969 1970 1971 1972 1973 1974
1975 1976 1977 1978 1979 1980 1981 1982 1983 1984
1985 1986 1987 1988 1989 1990 1991 1992 1993 1994
1995 1996 1997 1998 1999 2000 2001 2002 2003 2004
2005 2006 2007 2008 2009 2010 2011

EXPENSES EXCEEDED REVENUE FOR ALL BUT FIVE OF THE LAST 47 YEARS

SOURCE: WHITE HOUSE OFFICE OF MANAGEMENT AND BUDGET.

2) Entitlements are America's biggest expense –

Entitlement expenses accounted for 56% of expenses in F2011, up from 25% forty years ago, while defense spending accounted for 20%, down from 42% and non-defense discretionary spending accounted for 18%, down from 26%.

ENTITLEMENT EXPENSES UP TO \$2 TRILLION IN 2011 OR 56% OF TOTAL EXPENSES, UP FROM 25% 40 YEARS AGO

SHARE OF TOTAL USA INC. SPENDING IN 2011

56% OR \$2T



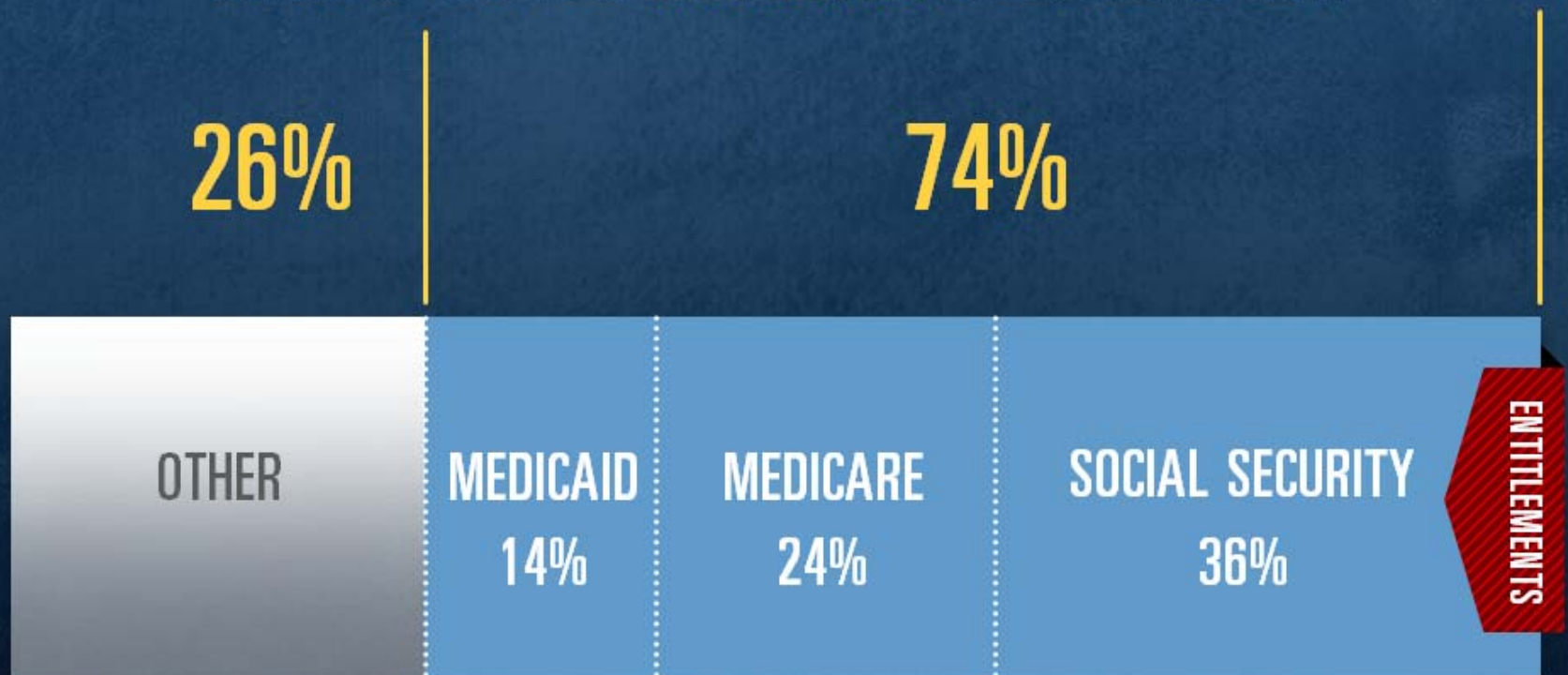
*OTHER INCLUDES NON-DEFENSE DISCRETIONARY SPENDING IN ENERGY, EDUCATION, INFRASTRUCTURE AND MORE.

3) Social Security, Medicare & Medicaid are biggest entitlement programs –

Social Security = 36% of total entitlement spending in 2011, Medicare = 24%, Medicaid = 14%.

SOCIAL SECURITY, MEDICARE & MEDICAID = BIGGEST ENTITLEMENTS

SHARE OF USA INC. **ENTITLEMENT** SPENDING IN 2011



NOTE: OTHER INCLUDES UNEMPLOYMENT BENEFITS, FOOD & NUTRITION ASSISTANCE, HOUSING ASSISTANCE AND MORE.

SOURCE: WHITE HOUSE OFFICE OF MANAGEMENT AND BUDGET, 2011.

4) Americans are conflicted about budget crisis –

80% of Americans are concerned about the rising deficit and debt but 69% and 78% oppose Medicaid and Medicare cutbacks, respectively.

AMERICANS ARE CONFLICTED



80%

OF AMERICANS
ARE CONCERNED
ABOUT RISING
DEFICIT AND DEBT

BUT

60%

ARE CONCERNED
ABOUT CUTBACKS

69%

OPPOSE MEDICAID
CUTBACKS

78%

OPPOSE MEDICARE
CUTBACKS

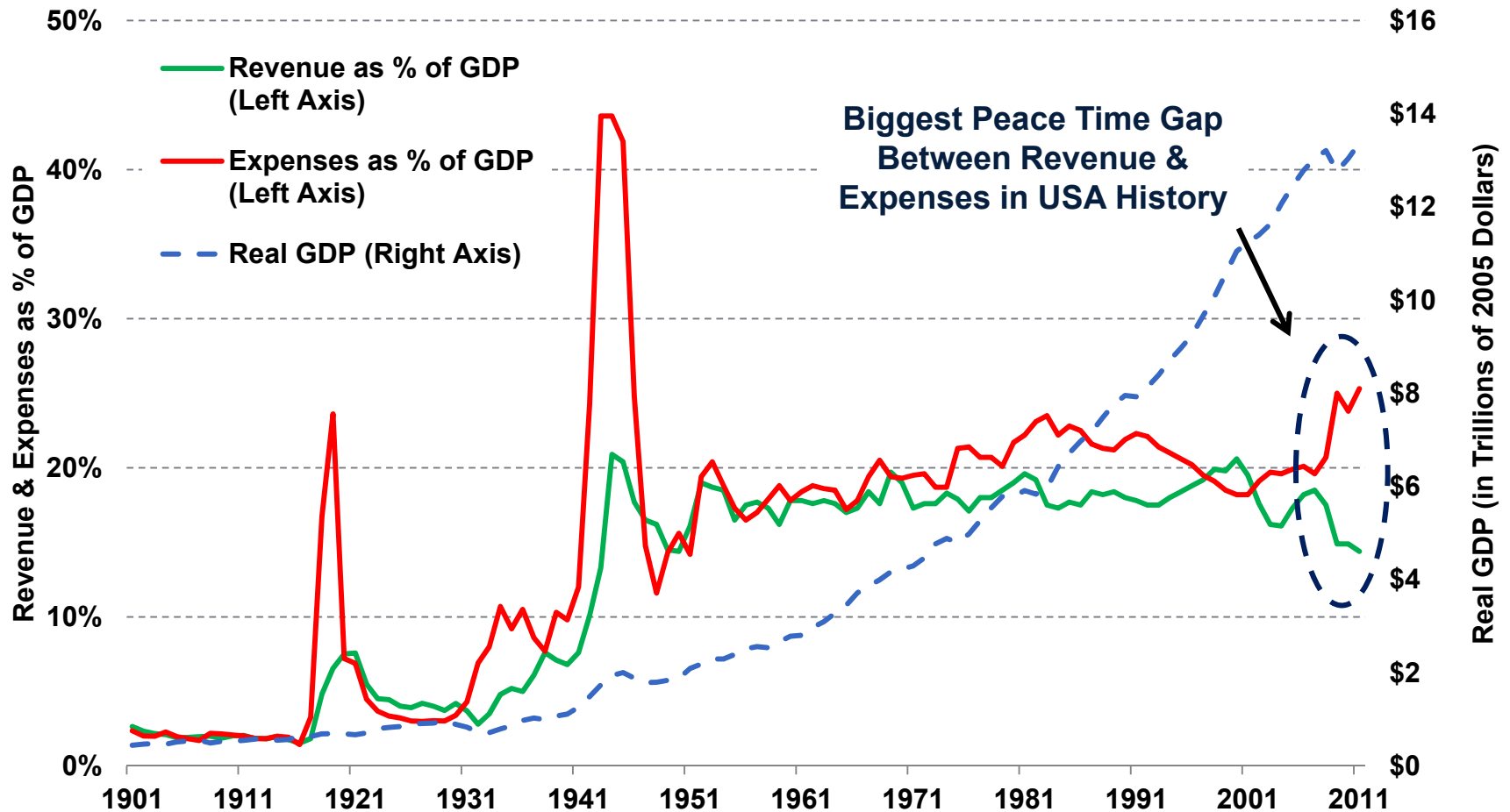
SOURCE: NBC NEWS, WALL STREET JOURNAL, WASHINGTON POST, ABC NEWS.

**5) America is experiencing the biggest
peace-time gap between revenue and
expenses of the past 110 years –**

Expenses have risen to 24% of GDP, vs. a 15%
average since 1900.

America's Revenue & Expenses as % of GDP Over 110 Years; Current State = Revenue Problem? Spending Problem?

USA Inc. Revenue & Expenses as % of GDP, 1901 – 2011



Source: 1910 – 1930 per Census Bureau, 1940-2011 per White House OMB. Real GDP adjusted for inflation, in 2005 dollars.

6) American government's first 155 years (1776-1930) could be characterized as the era of defense –

Departments of Army & Navy accounted for 41%
of cumulative spending.

USA Inc.'s Budget Outlays For the First 155 Years (1776-1930)²

	1789-1791	... 1800	... 1850	... 1900	... 1930	1789-1930 Cumulative
Total Federal Government Outlays (\$MM)	\$4	\$11	\$40	\$521	\$3,320	\$98,747
Defense	\$1	\$6	\$17	\$191	\$839	\$40,332
<i>% of Total Outlays</i>	<i>15%</i>	<i>56%</i>	<i>44%</i>	<i>37%</i>	<i>25%</i>	<i>41%</i>
Dept. of the Army	\$1	\$3	\$9	\$135	\$465	\$28,831
<i>% of Total Outlays</i>	<i>15%</i>	<i>24%</i>	<i>24%</i>	<i>26%</i>	<i>14%</i>	<i>29%</i>
Dept. of the Navy	\$0	\$3	\$8	\$56	\$374	\$11,500
<i>% of Total Outlays</i>	<i>--</i>	<i>32%</i>	<i>20%</i>	<i>11%</i>	<i>11%</i>	<i>12%</i>
Interest on the Public Debt	\$2	\$3	\$4	\$40	\$659	\$13,790
<i>% of Total Outlays</i>	<i>55%</i>	<i>31%</i>	<i>10%</i>	<i>8%</i>	<i>20%</i>	<i>14%</i>
Other*	\$1	\$1	\$18	\$290	\$1,822	\$44,626
<i>% of Total Outlays</i>	<i>30%</i>	<i>13%</i>	<i>47%</i>	<i>56%</i>	<i>55%</i>	<i>45%</i>
Veteran Compensation and Pensions	\$0	\$0	\$2	\$141	\$221	\$8,273
<i>% of Total Outlays</i>	<i>4%</i>	<i>1%</i>	<i>5%</i>	<i>27%</i>	<i>7%</i>	<i>8%</i>

Note: Data is rounded and not adjusted for inflation. 1) 41% is the cumulative defense spending (excluding veterans' benefits and services) as % of cumulative total federal spending from 1789 to 1930. Including veterans' benefits and services, defense spending would have been 49% of cumulative annual budget from 1789 to 1930. 2) Data not available from 1776 to 1789. * Other includes various spending on administration, legislation and veteran compensation and pensions. Source: Census Bureau, "Historical Statistics of the United States, Colonial Times to 1970," Data series Y 457-465.

7) American government's next 80 years (1931-2010) could be characterized as the era of expansion –

Social Security & Healthcare spending rose to 44% of spending while defense declined to 20% of spending.

USA Inc. Next 80 Years (1931-2010) = Era of Expansion

Defense Down to 20% of Spending; Social Security + Healthcare Up to 44% in F2010

USA Inc.'s Budget Outlays For the Next 78 Years (1931-2010)²

	1931	... 1940	... 1950	... 1960	... 1970	... 1980	... 1990	... 2000	... 2010
Total Federal Government Outlays (\$B)	\$4	\$9	\$43	\$92	\$196	\$591	\$1,253	\$1,789	\$3,456
Defense	\$1	\$2	\$14	\$48	\$82	\$134	\$299	\$294	\$694
<i>% of Total Outlays</i>	<i>23%</i>	<i>20%</i>	<i>32%</i>	<i>52%</i>	<i>42%</i>	<i>23%</i>	<i>24%</i>	<i>16%</i>	<i>20%</i>
Interest on the Public Debt	\$1	\$1	\$5	\$7	\$14	\$53	\$184	\$223	\$196
<i>% of Total Outlays</i>	<i>17%</i>	<i>11%</i>	<i>11%</i>	<i>8%</i>	<i>7%</i>	<i>9%</i>	<i>15%</i>	<i>12%</i>	<i>6%</i>
Retirement & Disability Insurance	\$0	\$0	\$1	\$12	\$30	\$119	\$249	\$409	\$707
<i>% of Total Outlays</i>	<i>0%</i>	<i>0%</i>	<i>2%</i>	<i>13%</i>	<i>15%</i>	<i>20%</i>	<i>20%</i>	<i>23%</i>	<i>20%</i>
Healthcare	\$0	\$0	\$0	\$1	\$12	\$55	\$156	\$352	\$821
<i>% of Total Outlays</i>	<i>0%</i>	<i>1%</i>	<i>1%</i>	<i>1%</i>	<i>6%</i>	<i>9%</i>	<i>12%</i>	<i>20%</i>	<i>24%</i>
Physical Resources (Energy / Housing...)	\$0	\$2	\$4	\$8	\$16	\$66	\$126	\$85	\$89
<i>% of Total Outlays</i>	<i>5%</i>	<i>26%</i>	<i>9%</i>	<i>9%</i>	<i>8%</i>	<i>11%</i>	<i>10%</i>	<i>5%</i>	<i>3%</i>
Other	\$2	\$4	\$19	\$17	\$42	\$165	\$239	\$426	\$950
<i>% of Total Outlays</i>	<i>55%</i>	<i>42%</i>	<i>45%</i>	<i>18%</i>	<i>21%</i>	<i>28%</i>	<i>19%</i>	<i>24%</i>	<i>27%</i>

Note: Data is rounded and not adjusted for inflation. Physical resources include energy, natural resources, commerce & housing credit, transportation infrastructure, community and regional development. Other includes international affairs, agriculture, administration of justice, general government, education and veterans' benefits and services. Source: 1931-1939 data per Census Bureau, "Historical Statistics of the United States, Colonial Times to 1970." 1940-2010 data per White House OMB.

8) In effect, American government dramatically expanded its 'lines of business' from 1930-2011 –

New initiatives focused on retirement (Social Security, 1935), welfare (Aid to Dependent Children, 1935), housing (FHA / Fannie Mae, 1937-38), education (Federal Subsidies, 1965), healthcare (Medicare, Medicaid, 1965), community development (Block Grants, 1974) and energy (Department of Energy, 1977). All in, these initiatives accounted for \$1.5 trillion in expenses in F2011 or 43% of total government expenses.

USA Inc. “Business Line” Extensions: 1930 – 2011

	“Business Line” Extensions	F2011 Expense (\$B)	Agencies / Programs Created (Year)	Goals
1970's	Energy Policy	\$14	Department of Energy (1977)	Establish the Strategic Petroleum Reserve / mandate automobile fuel efficiency standards & temporary oil price control
1960's	Community Development	13	Community Development Block Grant* (1974)	Provide federal grants to local governments for projects like parking lots / museums / street repairs
1950's	Healthcare	761	Medicare / Medicaid (1965)	Provide medical insurance program for the elderly (Medicare) and welfare program for low-income population (Medicaid)
1940's	Education	92	Federal Subsidies for K-12 & Higher Education (1965)	Provide federal subsidies for student loans / school libraries / teacher training / research / textbooks and other items.
1930's	Housing	48	Federal Housing Administration (1937) / Fannie Mae (1938)	Reduce cost of mortgages and spur home building / purchasing by offering federal mortgage insurance and create secondary market for mortgage loans.
	Welfare	15	Aid to Dependent Children (1935)	Provide cash assistance to low-income families with children. Replaced by Temporary Assistance for Needy Families program in 1996
	Retirement	604**	Social Security (1935)	Provide retirement income to the elderly
	TOTAL	\$1.5 Trillion	Or 10% of F2011 GDP / 67% of USA Inc.'s Revenue / 43% of Expense	

Note: *Community Development Block Grant was an effort to consolidate various pre-existing categorical community development programs that started with "urban renewal" in the 1950's. **Social Security's F2011 expense excludes ~\$132B payments to disabled workers via Disability Insurance program (created in 1956).
Source: CATO Institute, White House OMB.

9) America's net margin in F2011 was -56% vs. -7% fifteen years ago -

Expenses of \$3.6 trillion (up 131% over 15 years) exceeded revenue of \$2.3 trillion (up 59%). The largest expense driver – entitlement / mandatory spending - rose 145% to \$2.0 trillion while the largest revenue driver – individual income taxes - rose 66% to \$1.1 trillion.

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America's Income Statement –
-56% Net Margin in F2011

USA Inc. Profit & Loss Statement, F1996 / F2001 / F2006 / F2011

	F1996	...	F2001	...	F2006	...	F2011	Comments
Revenue (\$B)	\$1,453		\$1,991		\$2,407		\$2,303	On average, revenue grew 3% Y/Y over past 15 years
Y/Y Growth	7%		-2%		12%		7%	
Individual Income Taxes*	\$656		\$994		\$1,044		\$1,091	Largest driver of revenue
% of Revenue	45%		50%		43%		47%	
Social Insurance Taxes	\$509		\$694		\$838		\$819	Payroll tax on Social Security + Medicare
% of Revenue	35%		35%		35%		36%	
Corporate Income Taxes*	\$172		\$151		\$354		\$181	Fluctuates significantly with economic conditions
% of Revenue	12%		8%		15%		8%	
Other	\$115		\$152		\$172		\$212	Includes estate & gift taxes / duties & fees; relatively stable
% of Revenue	8%		8%		7%		9%	
Expense (\$B)	\$1,560		\$1,863		\$2,655		\$3,603	On average, expense grew 6% Y/Y over past 15 years
Y/Y Growth	3%		4%		7%		4%	
Entitlement / Mandatory	\$824		\$1,006		\$1,357		\$2,018	Significant increase owing to aging population + rising healthcare cost
% of Expense	53%		54%		51%		56%	
Non-Defense Discretionary	\$230		\$346		\$549		\$650	Includes education / law enforcement / transportation...
% of Expense	15%		19%		21%		18%	
Defense	\$266		\$305		\$522		\$706	Significant increase owing to on-going War on Terror
% of Expense	17%		16%		20%		20%	
Net Interest on Public Debt	\$241		\$206		\$227		\$230	Decreased owing to historic low interest rates
% of Expense	15%		11%		9%		6%	
Surplus / Deficit (\$B)	-\$107		\$128		-\$248		-\$1,300	USA Inc. median net margin between 1996 & 2011 = -9%
Net Margin (%)	-7%		6%		-10%		-56%	

Note: USA federal fiscal year ends in September; *individual & corporate income taxes include capital gains taxes. Non-defense discretionary includes federal spending on education, infrastructure, law enforcement, judiciary functions... Source: White House Office of Management and Budget.

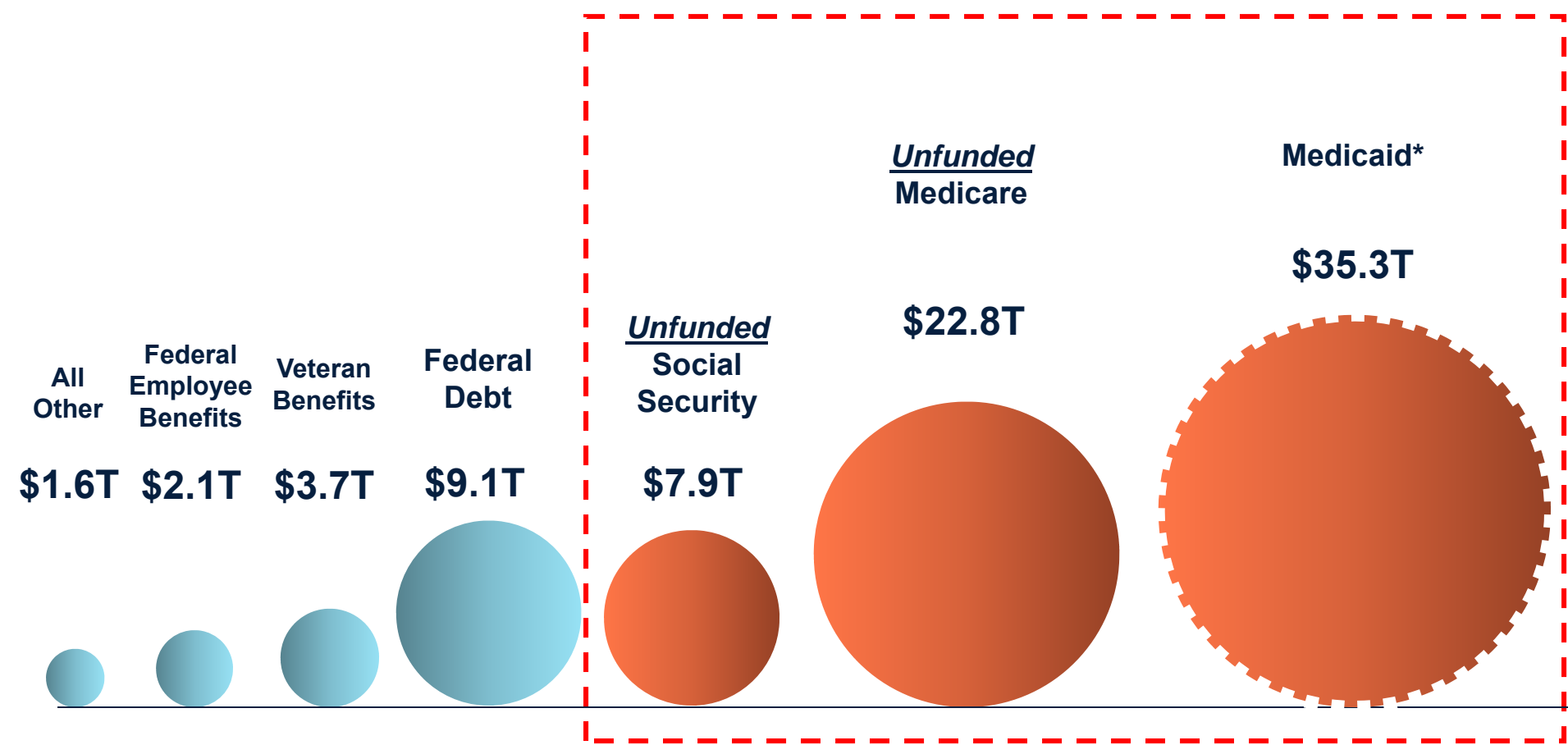
10) Entitlements are the largest long-term liabilities of America's balance sheet –

Unfunded expenses related to Social Security and Medicare account for \$31 trillion (or 66%) of America's long-term liabilities. In addition, the present value of future Medicaid expenses without dedicated funding totals \$35 trillion.

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Unfunded Entitlement (Medicare + Social Security) + Underfunded Entitlement Expenditures (Medicaid) =
Among Largest Long-Term Liabilities on USA Inc.'s Balance Sheet

USA Balance Sheet Liabilities Composition, F2010



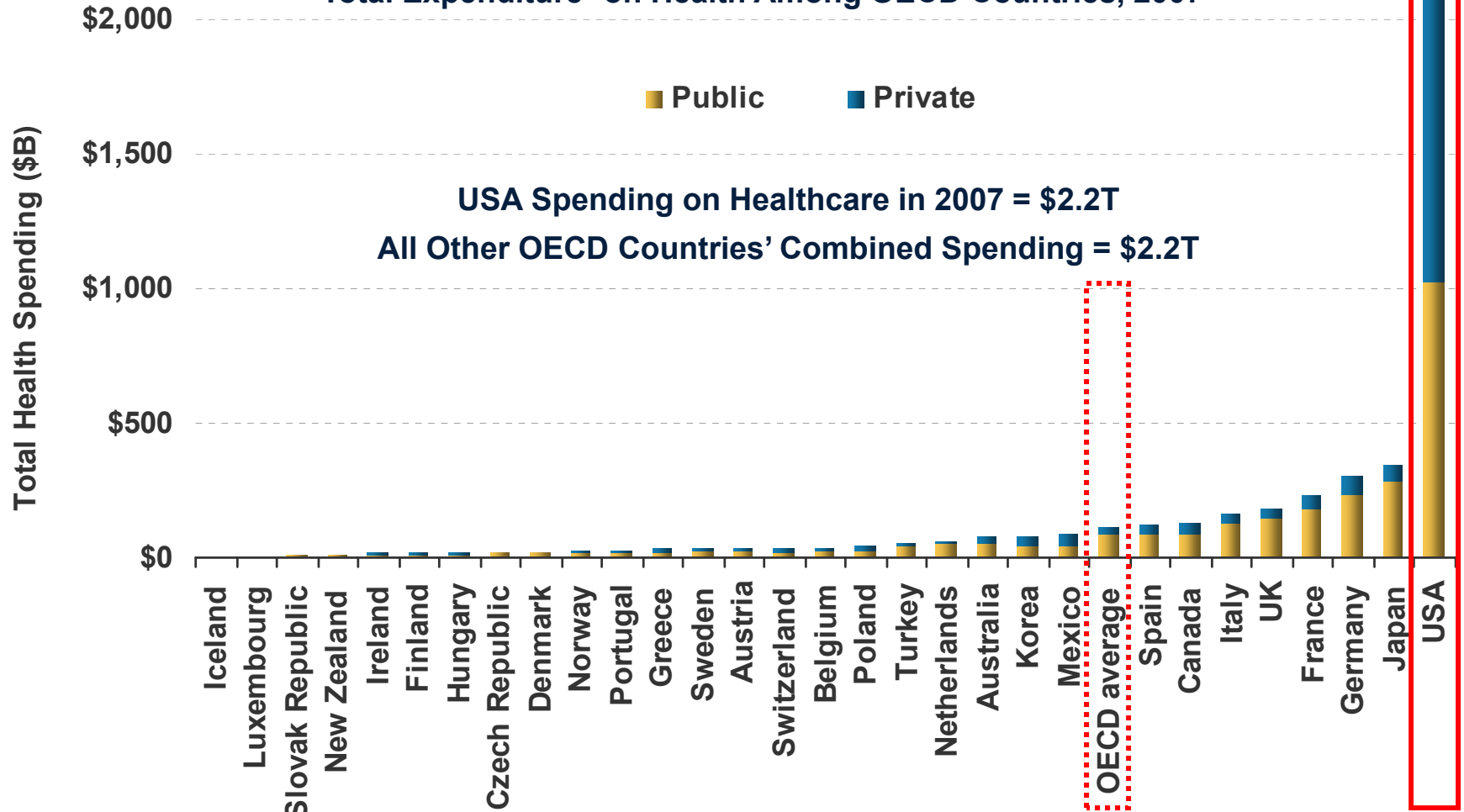
Note: Medicaid funding is appropriated by Congress (from general tax revenue) on an as-needed basis every year, therefore, there is no need to maintain a contingency reserve, and, unlike Medicare, the “financial status” of the program is not in question from an actuarial perspective. Here we estimated the net present value of future Medicaid spending through 2085E, assuming a 3% discount rate. Data source: Dept. of Treasury, Dept. of Health & Human Services Center for Medicare & Medicaid Services.

11) America's healthcare spending is higher than all other OECD countries combined –

And that with 35% of the population of other OECD countries combined population. And America's healthcare spending is not correlated to longer life expectancy.

USA Healthcare Spending Is Higher Than All Other OECD Countries Combined (with 35% of Other OECD Countries' Combined Population)

Total Expenditure* on Health Among OECD Countries, 2007

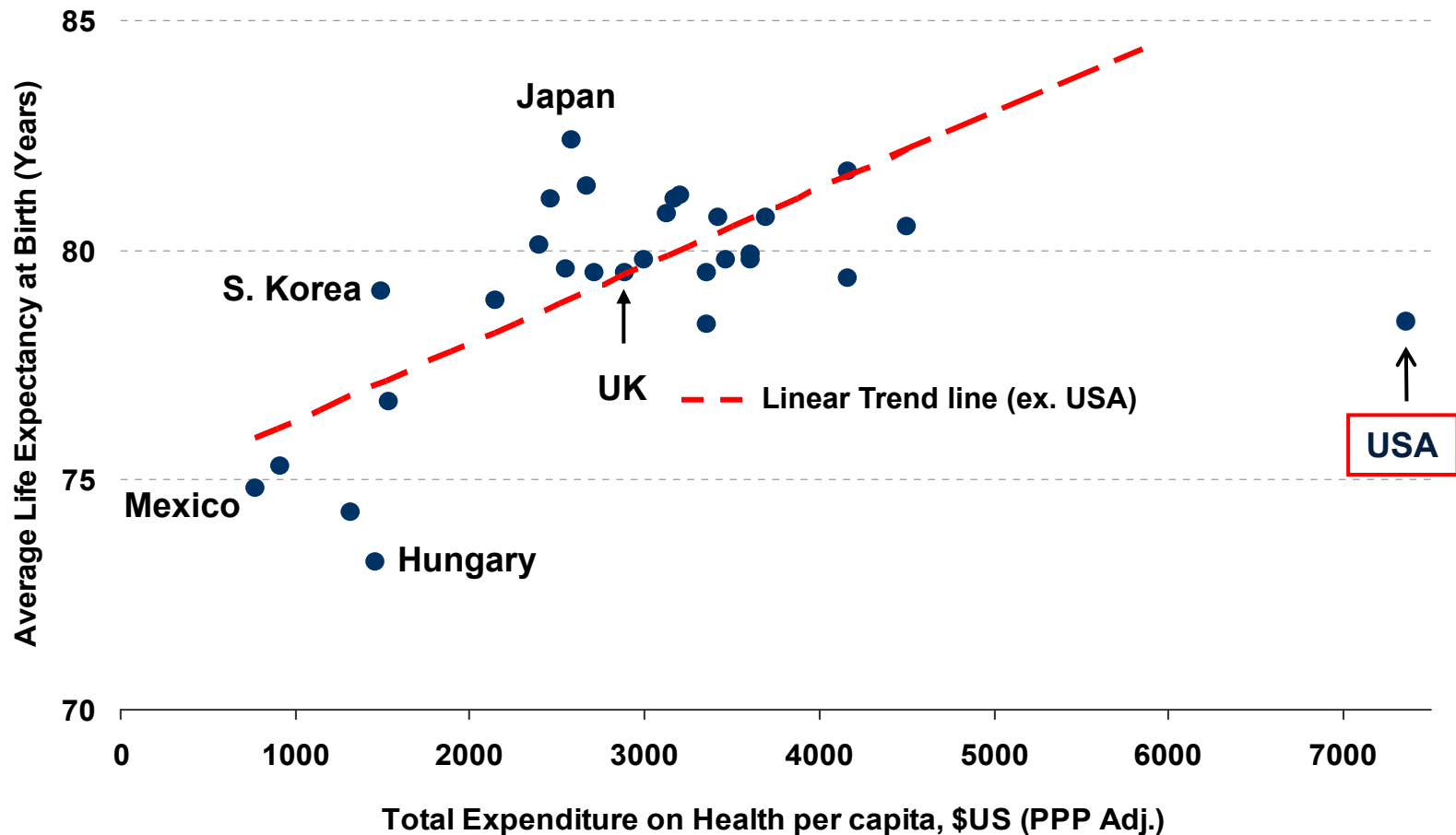


Note: OECD data adjusted for Purchasing Power Parity. *Total expenditure on health measures the final consumption of health goods and services (i.e., current health expenditure) plus capital investment in healthcare infrastructure. This includes spending by both public and private sources (including households) on medical services and goods, public health and prevention programs, and administration. Excluded are health-related expenditures such as training, research, and environmental health. Source: OECD, Organization for Economic Co-operation and Development is an international organization of 31 developed and emerging countries with a shared commitment to democracy and the market economy.

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USA Spending on Healthcare IS NOT Performance-Based and IS NOT Correlated to Longer Life Expectancy

Healthcare Spending per capita vs. Average Life Expectancy Among OECD Countries, 2007

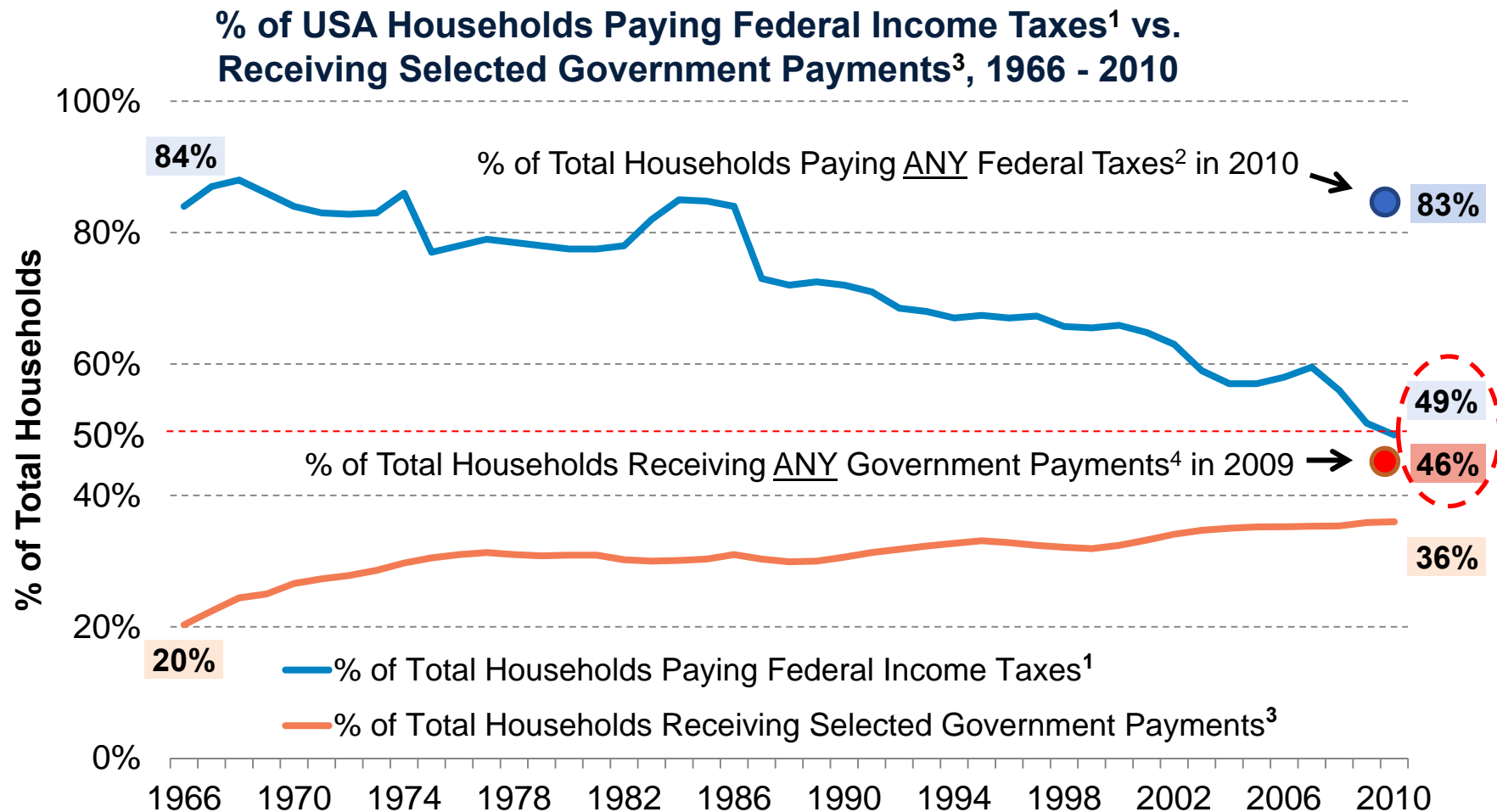


Note: In addition to healthcare, life expectancy is also significantly affected by gene, diet, sanitation and many other social and economic factors.
Source: OECD.

12) No matter how you cut it, more Americans are receiving government payments while fewer people are paying federal income taxes –

We may be nearing a crucial inflection point where more people receive government payments than pay federal income taxes.

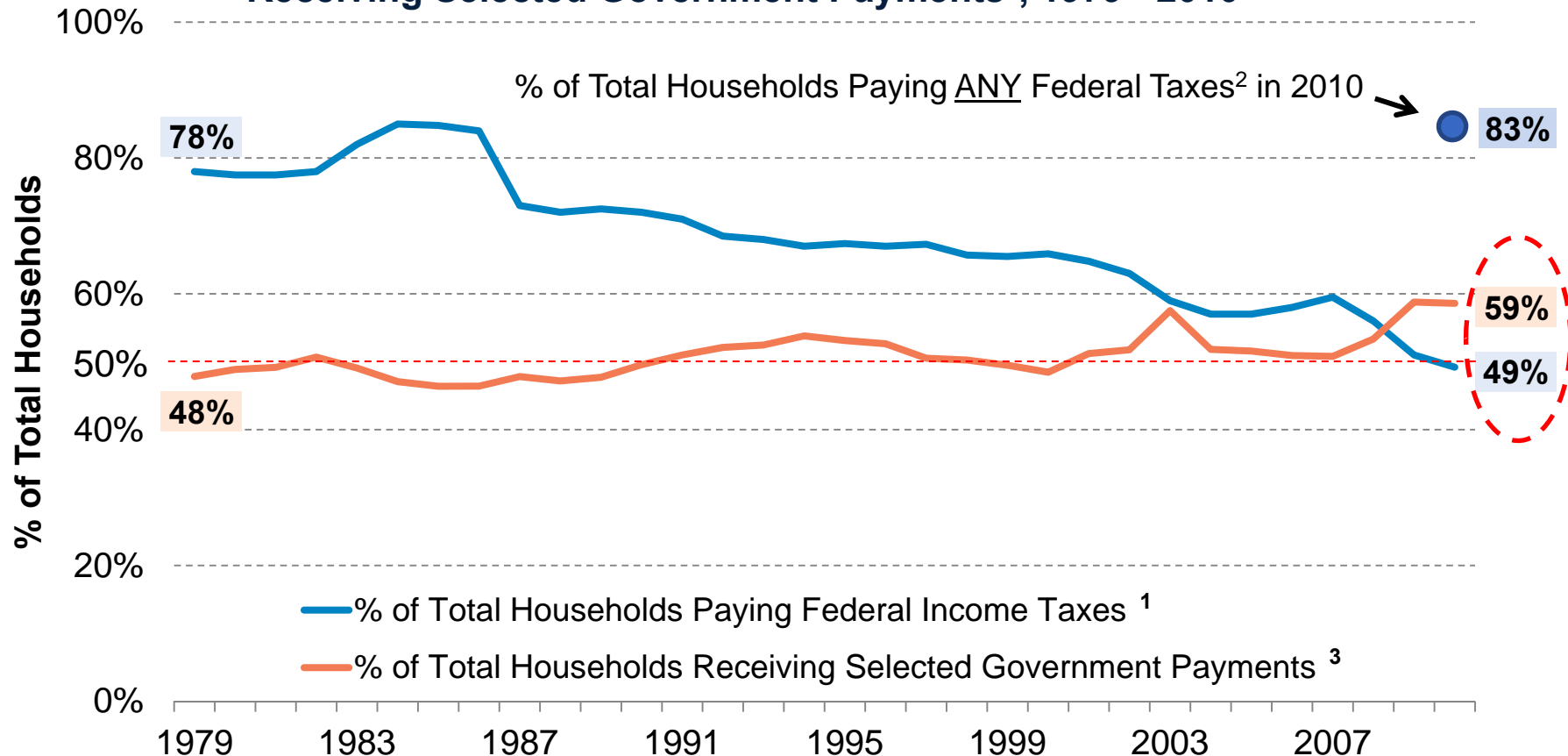
One Look @ Data - More Americans are Receiving Government Payments While Fewer People are Paying Federal Income Taxes



Note: 1) Defined as households that pay federal income taxes beyond payroll taxes. Note that payroll taxes are imposed on both employees and employers and are dedicated to Social Security and Medicare. 2) In 2010, 83% of total households paid either federal income taxes and / or federal payroll taxes. 3) Includes estimated households with enrollees (de-duped) in Social Security / Medicare / Medicaid programs as well as federal / state / local employees + military personnel. 4) Per Census Bureau survey in 2010, includes estimated households with enrollees (de-duped) in programs such as railroad retirement / veteran's compensation / unemployment compensation / public or subsidized housing / food stamps / farm subsidies, etc. in addition to Medicare / Medicaid / Social Security, but excludes government employees / military personnel / recipients of other forms of government payments administered via the tax codes such as earned income tax credit. Note that 34MM households (or 30% of total USA households) received Social Security benefits in 2010. Source: Tax data per IRS, Heritage Foundation, and Tax Policy Center; Government payments data per Social Security Administration, Dept. of Health & Human Services.

One More Look @ Data - More Americans are Receiving Government Payments While Fewer People are Paying Federal Income Taxes

% of USA Households Paying Federal Income Taxes¹ vs. Receiving Selected Government Payments³, 1979 - 2010



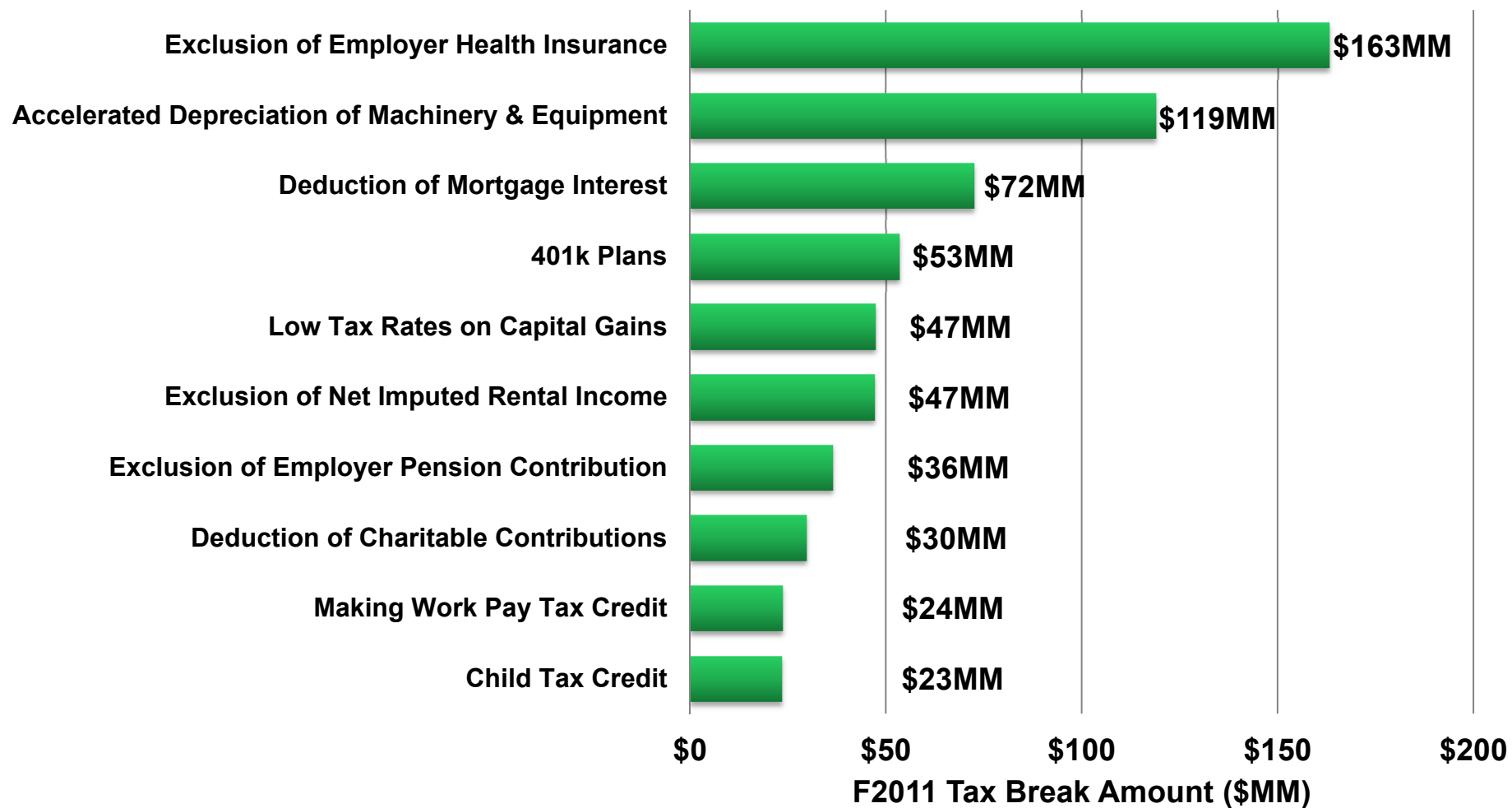
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13) Aggregate tax breaks exceeded \$1 trillion in F2011 and accounted for 83% of USA Inc.'s cash flow deficit –

Total tax breaks are on track to exceed total budget deficit by F2013, per data from Congressional Research Service and White House Office of Management and Budget.

Top 10 Tax Breaks, Ranked by Amount

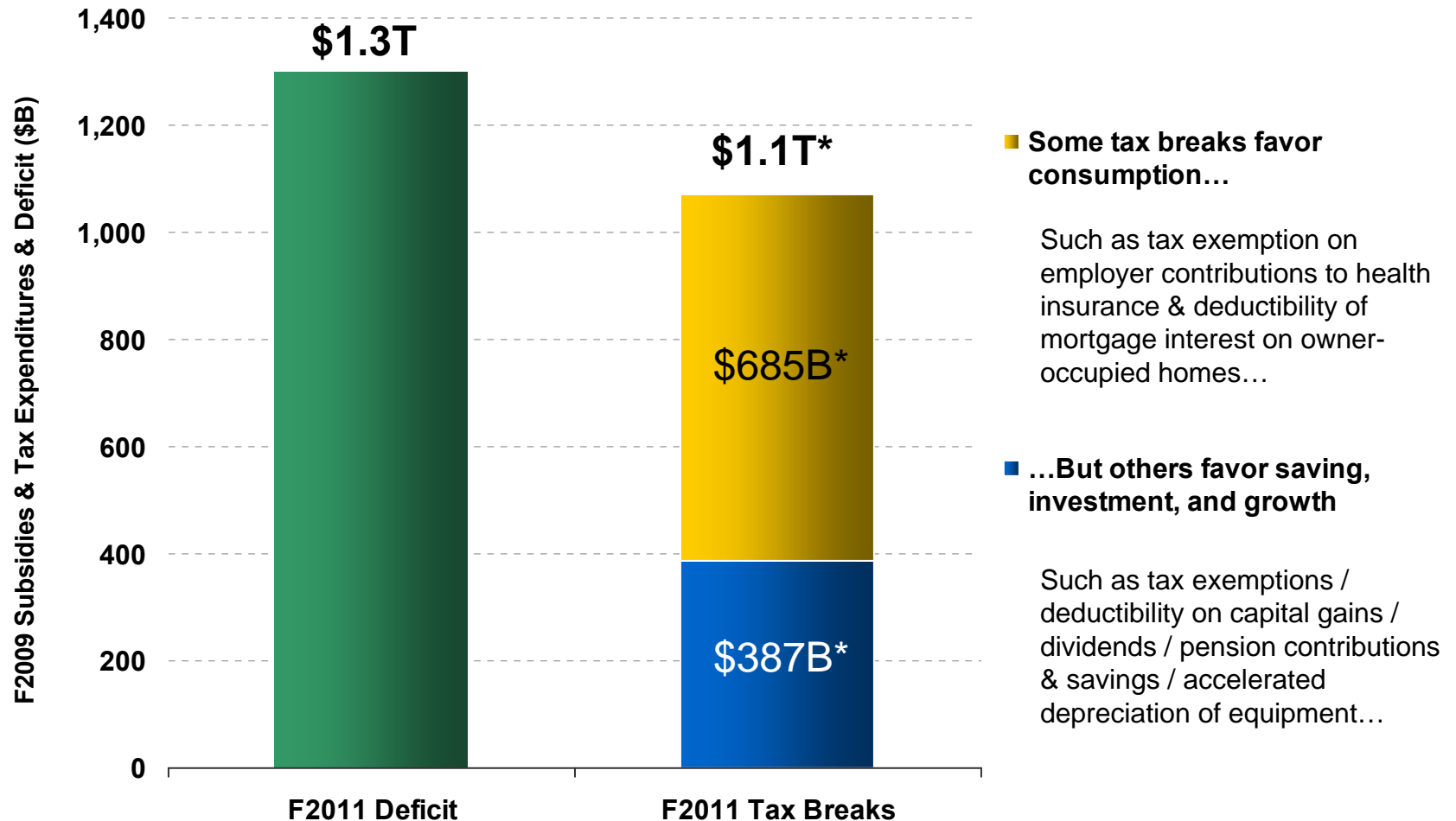


Source: White House OMB, "Analytical Perspective – Budget of the U.S. Government, Fiscal Year 2013."

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Aggregate Tax Breaks = \$1 Trillion, or 83% of USA Inc.'s Cash Flow Deficit

USA Inc.'s Deficit vs. Aggregate Tax Breaks*, F2011



Note: *Each foregone revenue estimate assumes all other parts of the Tax Code remain unchanged during F2011. Aggregate tax breaks presented here is simply the sum of individual estimates. In reality, the aggregate estimate would be different if tax breaks were changed simultaneously because of potential interactions among provisions.

Source: White House OMB, "Analytical Perspective – Budget of the U.S. Government, Fiscal Year 2013."

14) America (at 94%) ranks 10th in world in gross government debt as percent of GDP –

Lower than Japan (220%), Jamaica, Greece, Lebanon, Iraq, Italy, Belgium, Singapore, Ireland (95%) but higher than the likes of Portugal (93%), Iceland, Germany, Canada, France, Hungary, Israel, UK and Egypt (74%).

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America's Debt Level Relative to Other Countries – You Do the Math...

2010 Gross Government Debt			
Rank	Country	(\$B)	% of GDP
1	Japan	\$12,009	220%
2	Jamaica	19	143
3	Greece	436	143
4	Lebanon	53	134
5	Iraq	97	120
6	Italy	2,445	119
7	Belgium	452	97
8	Singapore	214	96
9	Ireland	196	95
10	USA	13,707	94
11	Portugal	213	93
12	Iceland	12	92
13	Germany	2,759	84
14	Canada	1,324	84
15	France	2,110	82

2010 Gross Government Debt			
Rank	Country	(\$B)	% of GDP
16	Hungary	\$105	80%
17	Israel	168	77
18	UK	1,699	76
19	Egypt	161	74
20	Austria	272	72
21	Sudan	47	72
22	Brazil	1,397	67
23	Jordan	18	67
24	Côte d'Ivoire	15	67
25	India	1,046	64
26	Netherlands	497	64
27	Cyprus	14	61
28	Spain	848	60
29	Uruguay	23	57
30	Pakistan	100	57

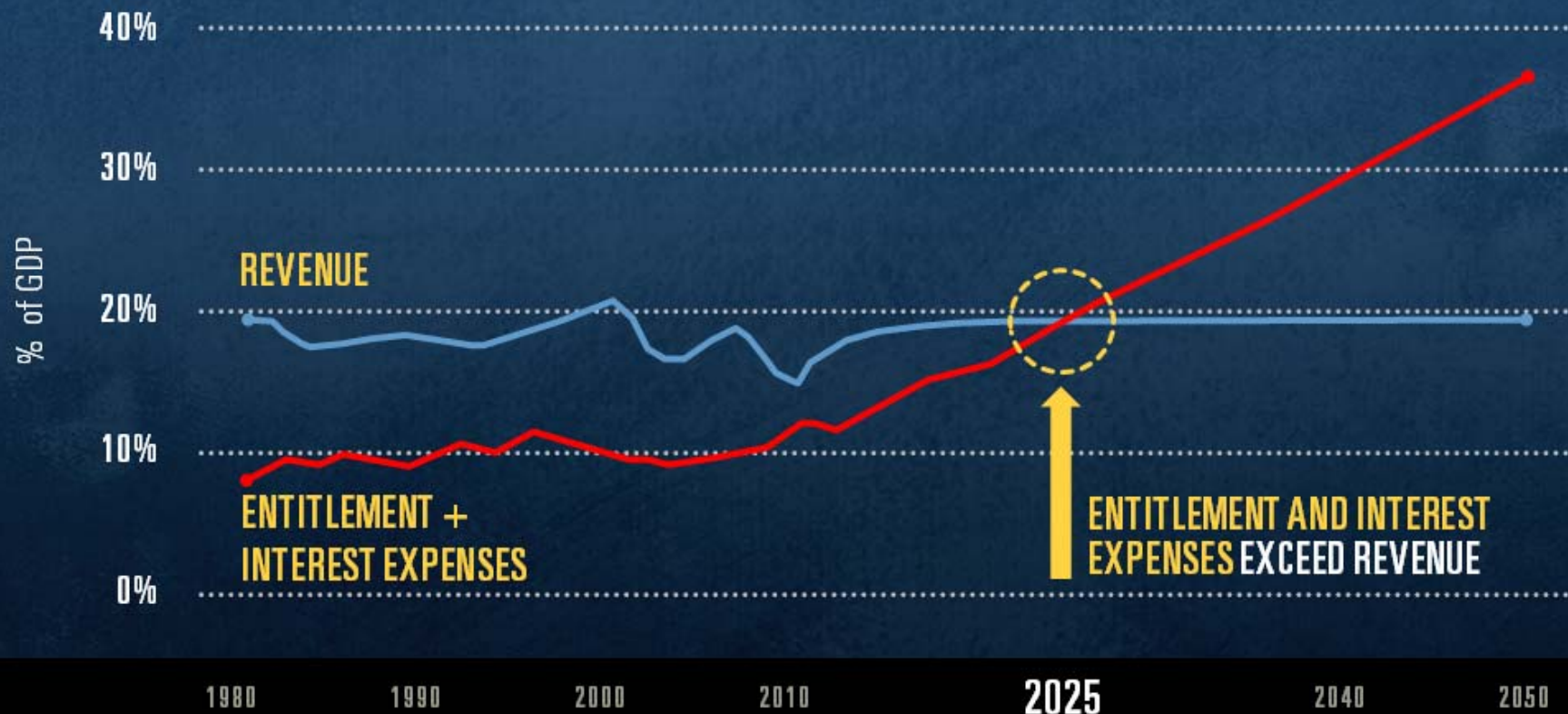
Note: Ranking excludes countries with gross government debt less than \$10B in 2010. Gross government debt includes intragovernment obligations (such as Treasuries held by the Social Security Trust Fund in US' case).

Source: The International Monetary Fund (IMF).

15) Entitlement spending + interest payments alone should exceed America's total revenue with fifteen years –

According to Congressional Budget Office (CBO).

ENTITLEMENT AND INTEREST EXPENSES WILL EXCEED USA INC.'S REVENUE **WITHIN 15 YEARS**



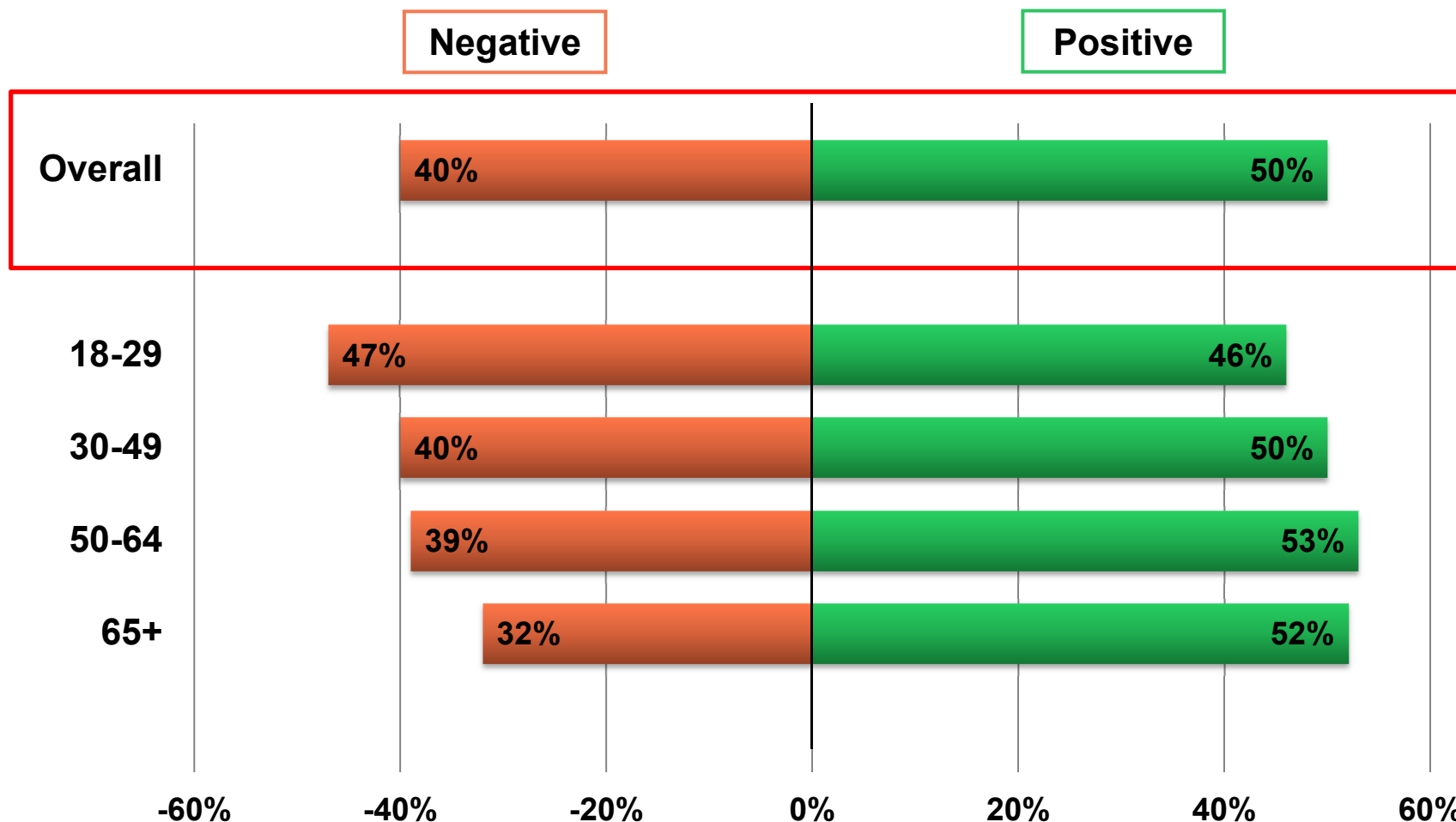
SOURCE: CONGRESSIONAL BUDGET OFFICE, 2010: USA INC. REPORT PAGE 174.

16) 40% of Americans view capitalism negatively –

While 47% of 18-29 year olds view capitalism negatively, 49% view socialism positively.

KP CB 40% of Americans View 'Capitalism' Negatively, While 47% of 18-29 Year Olds View Capitalism Negatively

Americans' Response to the Word 'Capitalism' – Positive or Negative
% of Total Survey Results from 1,511 Respondents & by Age Group, 12/11



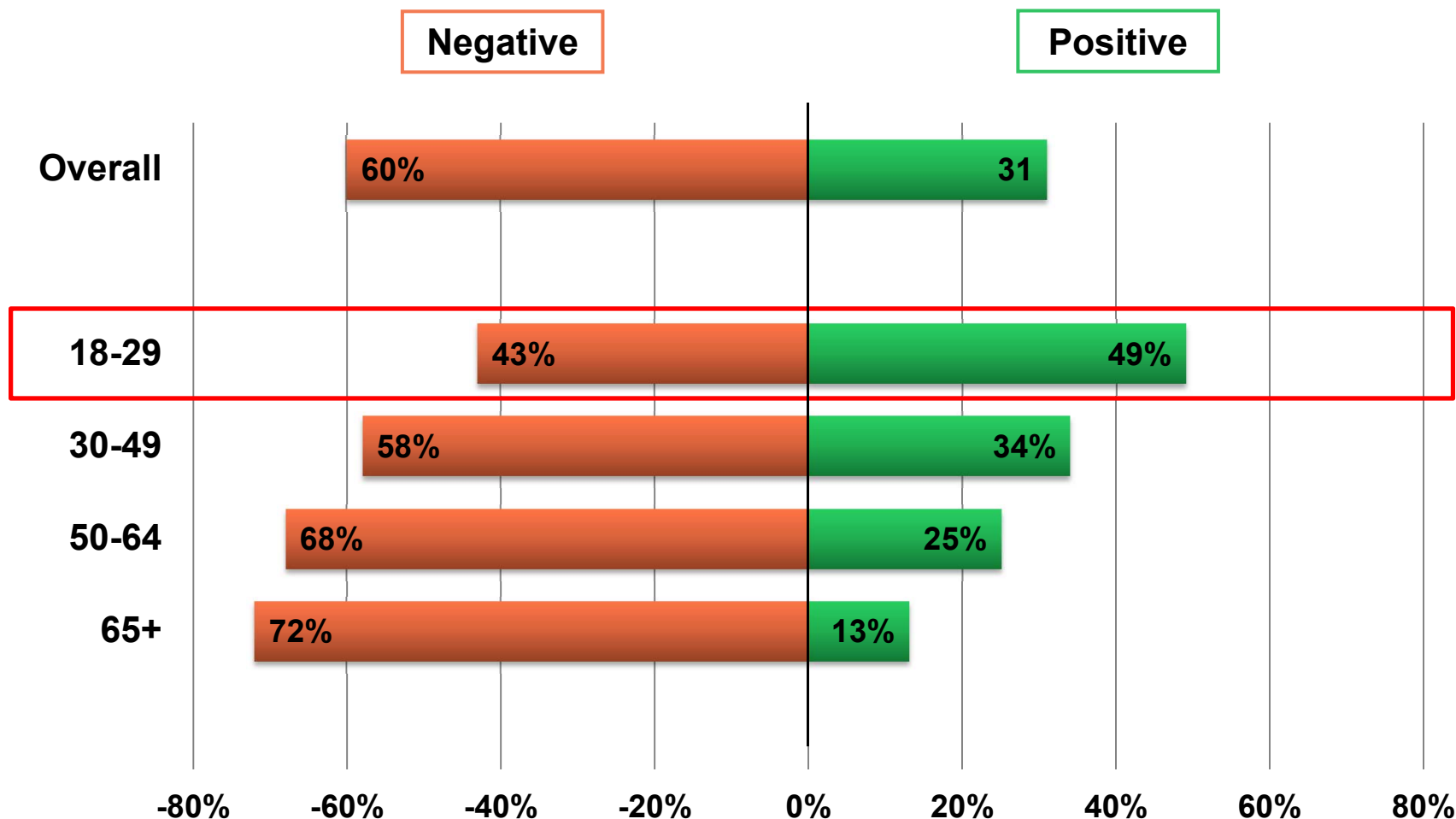
Source: The Pew Research Center For The People & The Press, 12/11.

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KP CB

60% of Americans View 'Socialism' Negatively, But 49% of 18-29 Year Olds View Socialism Positively

Americans' Response to the Word 'Socialism' – Positive or Negative
% of Total Survey Results from 1,511 Respondents & by Age Group, 12/11



Source: The Pew Research Center For The People & The Press, 12/11.

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Socialist governments traditionally do make a financial mess. They always run out of other people's money. It's quite a characteristic of them.

- Margaret Thatcher

Former Prime Minister of the UK, Feb 5, 1976

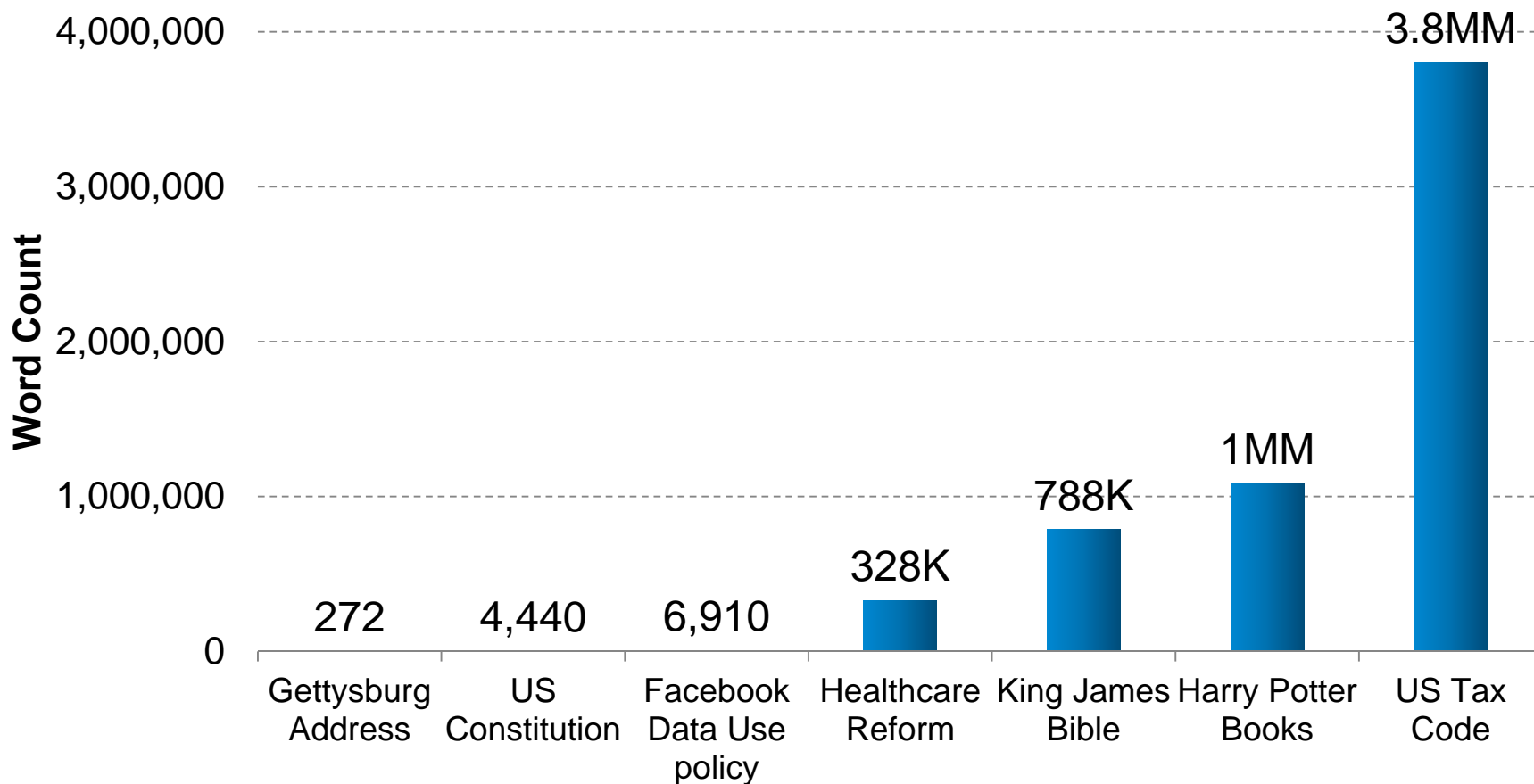
Or in American nomenclature...

“Houston, we have a problem.”

17) Trends + data imply it's time for a “re-org” of USA, Inc.

US tax code = 859x more words than US
Constitution.

Word Count of Various Documents



Source: Stanford Institute for Economic Policy Research (SIEPR), Slate, Open Congress, Facebook.com

KP CB

Every April 15, Many Americans Pay Taxes – Think About Where Those Taxes Go...

47 Foreign tax credit. Attach Form 1116 if required

48 Credit for child and dependent care expenses. Attach Form 2441

49 Credit for the elderly or the disabled. Attach Schedule R

50 Education credits. Attach Form 8863

51 Retirement savings contributions credit. Attach Form 8880

52 Residential energy credits. Attach Form 5695

53 Child tax credit. Attach Form 8901 if required

54 Credits from: Form 8839 c ☐ Form 8859

55 Other credits: Form 8811 c ☐ Form 8812

56 Add lines

57 Subtract

58 Self-employment tax

59 Social Security tax

60 Add

61 Adjusted taxable income

62 Federal income tax

63

64

65

66

Form 1040

Label
(See instructions on page 16.)
Use the IRS label.
Otherwise, please print or type.

U.S. Department of the Treasury

U.S. Individual Income Tax Return

For the year Jan. 1–Dec. 31, 2006, or other year

Your first name and initial

If a joint return, spouse's first name and initial

Home address (number and street). If you have a P.O. box, see page 16.

City, town or post office, state

Last name

Filing Status
Check only one box.

1 ☐ Single

2 ☐ Married filing jointly (even if only one of you has a foreign address, enter spouse's name here)

3 ☐ Married filing separately. Enter spouse's name here.

4 ☐ Yourself. If someone can claim you as a dependent, see page 19.

5 ☐ Spouse

Exemptions

If more than four dependents, see page 19.

Dependents:

(1) First name

Last name

(2) Date of birth

ARE YOU HAPPY WITH WHERE YOUR TAX DOLLARS GO?

56%

ENTITLEMENTS

20%

DEFENSE

18%

OTHER*

6%

INTEREST

DATA FOR FISCAL YEAR 2011, WHICH ENDED IN SEPTEMBER 2011.

*OTHER INCLUDES NON-DEFENSE DISCRETIONARY SPENDING IN ENERGY, EDUCATION, INFRASTRUCTURE AND MORE.

We Know How USA Inc. Spends Taxpayer Revenue – If You Had Control, Would You Allocate it the Same Way?

Expenses are 56% Higher than Revenue

F2011 Revenue		<u>\$2,303B</u>	% of Total
Individual Income Tax	\$1,091B	47%	
Social Insurance Tax*	\$819B	36%	
Other (Duties / Fees...)	\$212B	9%	
Corporate Income Tax	\$181B	8%	

F2011 Expenses		<u>\$3,603B</u>	% of Total
Medicare + Medicaid**	\$761B	21%	
→ Social Security	\$731B	20%	
Defense	\$706B	20%	
Non-Defense Discretionary***	\$650B	18%	
Unemployment Insurance + Other Entitlements	\$526B	15%	
Net Interest	\$230B	6%	



Note: USA federal fiscal year ends in September; individual & corporate income taxes include capital gains taxes. *69% (\$566B) of the Social Insurance tax goes to Social Security; 23% (\$188B) goes to Medicare and the rest goes to unemployment insurance and other benefits; **Medicaid includes the federal portion. ***Non-defense discretionary includes federal spending on education, infrastructure, law enforcement, judiciary functions... Source: White House Office of Management and Budget.

I think that if we don't get these politicians to come together we face the most predictable economic crisis in history...it's absolutely clear that the fiscal path we are on is not sustainable, and for me, the best analogy is these deficits are like a cancer, and over time they will destroy the country from within.

- Erskine Bowles, July, 2012

Co-Chair of National Commission on Fiscal Responsibility and Reform, Former President of the University of North Carolina, White House Chief of Staff (under Bill Clinton)



Are you happy, or are you sad?

- Harold 'Hal' Bierman,
Professor of Finance,
Cornell Graduate School of Business

123K+ Total Views
30K+ YouTube Views
7K+ Facebook Likes
4K+ Retweets

