

January 13, 2006

The President
The White House
Washington, DC 20500

Dear Mr. President:

Thank you for your past and continued strong support of the research and development ("R&D") tax credit. We urge you to include in your fiscal 2007 budget request a permanent R&D credit, a modest increase in the Alternative Incremental Research Credit ("AIRC") rates, and an alternative simplified credit calculation to expand the credit's availability to more companies that do intensive research in the United States.

As you know, the credit expired on December 31, 2005, and we are actively working with the Congress to expeditiously extend the law and make the needed changes to it that both the House and the Senate separately adopted in their respective tax reconciliation bills. We respectfully encourage you to demonstrate your support for a strengthened, permanent R&D tax credit by including it among your budget proposals.

The members of the R&D Credit Coalition believe that a vibrant R&D tax credit will help ensure that the United States remains a world leader in R&D – a vital engine for our nation's continued economic growth, competitiveness and prosperity. We look forward to working with you and the Members of Congress to strengthen the R&D credit and make it permanent.

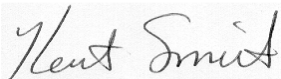
Sincerely,



Bill Sample
Microsoft Corporation
Chair, R&D Credit Coalition



Donna Siss Gleason
The Boeing Company
Vice Chair, R&D Credit Coalition



Keith H. Smith
United Technologies Corporation
Cochair, R&D Credit Coalition,
Government Affairs Committee



Karen Myers
CA
Cochair, R&D Credit Coalition,
Government Affairs Committee



Monica M. McGuire
National Association of Manufacturers
Executive Secretary, R&D Credit Coalition

cc: John Snow, Secretary of the Treasury
Josh Bolten, Director, Office of Management and Budget, Executive Office of the President
Eric Solomon, Acting Deputy Assistant Secretary for Tax Policy, U.S. Department of the Treasury
Bob Carroll, Deputy Assistant Secretary for Tax Analysis, U.S. Department of the Treasury