

December 15, 2005

The Honorable Dennis Hastert
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Hastert and Leader Pelosi:

On behalf of the members of the R&D Credit Coalition, we thank you and your Senate colleagues for including an extension of a strengthened research tax credit (the "R&D" tax credit) in the Tax Relief Extension Reconciliation Act of 2005 that passed the Senate on November 18th. We write now to underscore the importance of enacting those changes along with the temporary extension before the credit expires on December 31, 2005.

The Coalition believes the Senate-passed provisions will help make the credit a more powerful incentive to undertake long-term, high-risk R&D projects in the United States. We strongly encourage you to act quickly to extend and strengthen the credit in order to avoid the disruption for businesses that could come with an expiration of the credit.

If the credit is permitted to expire, U.S. businesses will have to face the adverse financial consequences. The expired credit can not be assumed in forecasting project costs or reporting financial results. Research projects already in the pipeline will become more expensive and the projected cost of future U.S.-based research activities will rise. The value of the credit is an important component in determining whether a research project can be undertaken now or is too expensive to fit into a company's plan.

It is critical that the credit be extended and strengthened, as proposed in the House-approved Tax Relief Extension Reconciliation Act of 2005, before it expires so that hiring decisions and project planning can go forward.

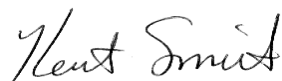
Sincerely,



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



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Monica M. McGuire
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Executive Secretary, R&D Credit Coalition

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