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November 12, 2008

The Honorable Charles B. Rangel
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Jim McCrery
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Rangel and Ranking Member McCrery:

As you are aware, the current financial crisis not only impacts workers today but also will have severe, short-term negative effects on the pension plans in which they participate, reducing benefits, undermining retirement security, and, if prompt action is not taken, causing significant job loss and impairing the national economic recovery. The problems stem from a global financial meltdown and were not caused by companies that sponsor defined benefit pension plan or the pension plans they maintain. On behalf of the millions of our employees to whom we provide retirement benefits, the undersigned companies and organizations urge you to consider legislation that would help companies navigate the current economic crisis while minimizing adverse impacts on the defined benefit pension plans they sponsor.

The drop in the value of pension plan assets coupled with the current credit crunch has placed defined benefit plan sponsors in an untenable position. No one who drafted the recently enacted defined benefit plan funding rules anticipated the worst financial crisis since the Great Depression and a once in a hundred years "Credit Tsunami." Yet, at a time when companies desperately need cash to keep their businesses afloat, the new funding rules will also require huge, countercyclical contributions to their pension plans. Consequently, many companies will divert cash needed for current job retention, job creation and needed business investments and instead contribute the cash to their pension plans to fund long-term obligations due many years after the current market conditions return to normal. We do not believe that, in enacting the Pension Protection Act of 2006 ("PPA"), Congress intended companies to be forced to make this kind of decision. Unless the funding rules are modified, they will increase U.S. unemployment and slow our economic recovery.

For example, a Florida company with four defined benefit plans faces an increase in required contributions of more than 2100%, from \$673,000 in 2008 to an estimated \$15,186,000 in 2009. The company's consultant states that in light of this increase, "this client, like many others, may be forced to freeze their plans and may have to eliminate jobs to afford those contributions." Another larger company has estimated that its 3-year contribution for 2008-2010 will increase from \$36 million to \$2.18 billion, an increase of almost 6000%.

We are in no way advocating an overhaul of the PPA funding changes. Rather, we urge Congress to consider making technical corrections to the PPA that we believe implement Congressional intent, and adopting temporary provisions that deal with the financial crisis facing us today. Such provisions should include permitting full smoothing of unexpected losses,

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removing restrictions on asset smoothing, allowing sufficient time to transition to the PPA's 100% funded target, providing automatic IRS approval for certain funding elections to keep plans viable, clarifying end-of-year valuations, and permitting fixed interest rates to be used for Code section 415 limit purposes so as to avoid benefit reductions.

Employers who contribute to the more than 1500 multiemployer defined benefit plans (more than 90% of which employ 20 or fewer employees), are also severely affected by the financial crisis. While these plans are subject to a separate set of funding rules, similar temporary relief designed to moderate the effects of the aggressive funding targets contained in the PPA is essential to avert devastating burdens and inevitable job losses arising from massive contribution increases and unavoidable benefit reductions that will be required to comply with those rules.

Thank you in advance for considering our request for critical pension legislation. We and employers generally are extremely concerned about the viability of their defined benefit pension plans during this economic recovery. Please feel free to call on any of us if we can help you or your staff craft or enact legislation that will help our country's economic recovery and avoid unnecessary job loss, while securing sound long-term pension plan funding.

Sincerely,

3M
AEGON USA LLC
AF&PA
AGL Resources
A. H. Belo Corporation
Alcoa Inc.
Alliant Energy Corporation
Allegheny Technologies Incorporated
Aluminum Association
Ameren Corporation
America's Health Insurance Plans
American Administration Services Co.
American Architectural Manufacturers Association
American Benefits Council
American Chemistry Council
American Civil Liberties Union
American Composites Manufacturers Association
American Dental Association
American Electric Power
American Forest & Paper Association
American Foundry Society
American Gas Association
American Public Power Association
American Society of Association Executives
American Woodmark Corporation
Aon Corp.

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Associated Industries of Florida
ASPPA College of Pension Actuaries
ArcelorMittal USA
Arkansas State Chamber of Commerce
Associated Benefits Corporation
Associated Industries of Arkansas
Associated Industries of Florida
Associated Industries of Massachusetts
Associated Milk Producers, Inc.
Association for Financial Professionals
Association of American Railroads Boise Inc.
Avaya Inc.
Avista Corporation
Badger Highways Co., Inc.
Ball Corporation
BBDO Detroit
Bechtel Construction Company
Belo Corp.
Bendix Commercial Vehicle Systems LLC
Birds Eye Foods
Black Hills Corporation
BP America Inc.
Buck Consultants, An ACS Company
Business Roundtable
California Manufacturers & Technology Association
Campbell Soup Company
Celanese Corporation
CF Industries, Inc.
Chrysler LLC
CIGNA Corporation
Cincinnati Children's Hospital Medical Center
CMS Energy
Colorcon, Inc.
Committee on Investment of Employee Benefit Assets
Commonwealth Public Broadcasting Corporation
Con-Way, Inc.
Connecticut Business and Industry Association
Consolidated Edison, Inc.
Constellation Energy
Cowden Associates
Cummins Inc.
CUNA Mutual Group
Dean Foods Company
Deere&Company
Delaware Manufacturing Association
Delaware State Chamber of Commerce

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Delta Oil Company
Deseret Mutual
DTE Energy
Duchossois Industries, Inc.
Duke Energy
Duquesne Light Company
Eastman Kodak Company
Eaton Corporation
Edison Electric Institute
Edison International
Eisenberg Associates, Ltd.
Electro-Motive Diesel, Inc.
ElPaso Corporation
EMBARQ Corporation
Employers Group
Entergy Corporation
ERISA Industry Committee
Eskimo Pie Corporation
Everett Smith Group, Ltd.
Evonik Degussa Corporation
Evraz Claymont Steel
Exelon Corporation
Fabri-Kal Corporation
First Energy Corporation
FMC Corporation
Ford Motor Company
Foundation Coal
Fox Entertainment Group, Inc.
Frontier Communications
FSG Pension Services, Inc.
General Devices Co., Inc.
General Growth Properties, Inc.
Georgia Industry Association
GlaxoSmithKline
Goodrich Corporation
Harry and David
Hawaiian Electric Company, Inc.
Hewitt Associates LLC.
Hill Fastener Corporation
Honeywell International, Inc.
Honigman Miller Schwartz and Cohn LLP
Hooker & Holcombe Inc.
HR Policy Association
IBM Corporation
Indiana Chamber of Commerce
Indiana Manufacturers Association

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Indianapolis Power and Light Company
Industrial Fasteners Institute
Infineon Technologies North America Corp.
Ingram Industries Inc.
Intelsat Corporation
International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and
Helpers
International Brotherhood of Electrical Workers
ITT
Kansas City Power & Light
Kentucky Association of Manufacturers
Kimberly-Clark Corporation
Kraft
Lonza Inc.
Lord Corporation
Mannington Mills, Inc.
Masco Corporation
MassMutual Financial Group
MD Helicopters, Inc.
Meridian Health
MetLife
Michelin North America, Inc.
Michigan Manufacturers Association
Milliman
Mississippi Manufacturers Association
Monongalia Health System
Monsanto
MOOG Inc.
Motor & Equipment Manufacturers Association
Mutual Assurance Society of Virginia
Mutual of Omaha Insurance Company
National Association of Chain Drug Stores
National Association of Insurance and Financial Advisors
National Association of Manufacturers
National Coordinating Committee for Multiemployer Plans
National Gypsum
National Life Group
National Marine Manufacturers Association
National Shooting Sports Foundation, Inc.
Navistar
NCR Corporation
Nebraska Chamber of Commerce & Industry
New Jersey Business & Industry Association
NFIB
Niles Lankford Group, Inc.
NiSource Inc.

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NMB (USA) Inc.
Norfolk Southern Corporation
Nortel
Northeast Pennsylvania Manufacturers and Employers Association
Northeast Utilities
Northrop Grumman Corporation
NorthWestern Energy Corporation
Novelis
NSTAR
OfficeMax Incorporated
Ogletree Deakins
Ohio Transmission Corporation
Olan Mills, Inc.
Old Point Financial Corporation
ONEOK, Inc.
Otter Tail Corporation
Pacific Life
Pactiv Corporation
Paul, Hastings, Janofsky & Walker LLP
Peabody Energy
Peerless Machine & Tool Corp
Pension Consultants, Inc.
Pepco Holdings, Inc
Pfizer Inc.
PG&E Corporation
Pietzsch, Bonnett & Womack, P.A.
Pinnacle West Capital Corp.
PNM Resources
Portland General Electric
Poyner Spruill LLP
PPG Industries, Inc.
Praxair, Inc.
Prestolite Electric Inc.
Principal
Printing Industries of America
Progress Energy
Prudential Financial
Pulaski Furniture Corporation
QBE the Americas
Qwest Communications International
Replacement Parts, Inc.
Retail Brand Alliance, Inc.
Reynolds American Inc.
RGC Resources, Inc.
Robert Bosch LLC
Rockwell Automation

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Rockwell Collins
Russell Investments
Saint-Gobain Corporation
Sanders Welch, LLC
Seyfarth Shaw LLP
Smurfit Stone
Sheet Metal and Air Conditioning Contractors' National Association
Smurfit Stone
Sony Electronics, Inc.
Southeast Actuarial Services, LLC
Southern Company
Sporting Arms and Ammunition Manufacturers' Institute, Inc.
State Street Corporation
Summit Financial Corporation
Textron Inc.
The Boeing Company
The Dow Chemical Company
The Epler Company
The E.W. Scripps Company
The Goodyear Tire & Rubber Company
The Segal Company
The Sherwin-Williams Company
The Timken Company
Trelleborg AB
Triangle Package Machinery Company
UniSource Energy Corporation
United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada
United Illuminating Company
United Parcel Service, Inc.
United Plan Administrators, Inc.
U.S. Chamber of Commerce
United States Steel Corporation
United Technologies Corporation
USS-Posco Industries
Utah Manufacturers Association
Vectren Corporation
Venable LLP
Veolia Transportation Phoenix
Verizon
Virginia Education Association
Virginia Manufacturers Association
Watson Wyatt Worldwide
Westar Energy
Westinghouse Electric Company
Whirlpool Corporation

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Windstream Communications
Wolverine World Wide, Inc.
Wood Moulding & Millwork Producers Association
Woods Hole Oceanographic Institution
WorldatWork
W.R. Grace
Xcel Energy, Inc.
Xerox Corporation
YKK Corporation
YRC Worldwide

cc: Members of the House Committee on Ways and Means