

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:

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 current financial 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 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 cause an increase in unemployment and slow 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. Such provisions should include permitting full smoothing of unexpected losses, 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.

The undersigned organizations are extremely concerned about the viability of defined benefit pension plans during this economic recovery. Please feel free to call on any of us to assist in enacting economic recovery legislation to avoid unnecessary job loss, while securing sound long-term pension plan funding.

Sincerely,

3M	American Public Power Association
AEGON USA LLC	American Society of Association Executives
AF&PA	American Woodmark Corporation
AGL Resources	Aon Corp.
A. H. Belo Corporation	Associated Industries of Florida
Alcoa Inc.	ASPPA College of Pension Actuaries
Alliant Energy Corporation	ArcelorMittal USA
Allegheny Technologies Incorporated	Arkansas State Chamber of Commerce
Aluminum Association	Associated Benefits Corporation
Ameren Corporation	Associated Food Stores, Inc. & Subsidiary Companies
America's Health Insurance Plans	Associated Industries of Arkansas
American Administration Services Co.	Associated Industries of Massachusetts
American Architectural Manufacturers Association	Associated Milk Producers, Inc.
American Benefits Council	Associated Wholesale Grocers, Inc.
American Chemistry Council	Association for Financial Professionals
American Civil Liberties Union	Association of American Railroads
American Composites Manufacturers Association	Avaya Inc.
American Dental Association	Avista Corporation
American Electric Power	Badger Highways Co., Inc.
American Forest & Paper Association	Ball Corporation
American Foundry Society	BBDO Detroit
American Gas Association	Bechtel Construction Company
American Hospital Association	Belo Corp.
American Institute of Certified Public Accountants	Bendix Commercial Vehicle Systems LLC
	Birds Eye Foods
	Black Hills Corporation

Boise Inc  
BP America Inc.  
Bryan Pendleton Swats & McAllister, LLC  
Buck Consultants, An ACS Company  
Building and Construction Trades  
Department, AFL-CIO  
Business Roundtable  
California Manufacturers & Technology  
Association  
Campbell Soup Company  
CBS Corporation  
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  
CONSOL Energy  
Consolidated Edison, Inc.  
Constellation Energy  
Cowden Associates, Inc.  
Cummins Inc.  
CUNA Mutual Group  
Dean Foods Company  
Deere & Company  
Delaware Manufacturing Association  
Delaware State Chamber of Commerce  
Delta Oil Company  
Deseret Mutual  
Diversified Investment Advisors  
DTE Energy  
Duchossois Industries, Inc.  
Duke Energy  
DuPont  
Duquesne Light Company  
Eastman Kodak Company  
Eaton Corporation  
Edison Electric Institute

Edison International  
Eickhoff's ShopRite Supermarkets  
Eisenberg Associates, Ltd.  
Electro-Motive Diesel, Inc.  
Eli Lilly and Company  
El Paso 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  
Federal Signal  
FirstEnergy Corporation  
FMC Corporation  
Food Marketing Institute  
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  
Georgia Mining Association  
GlaxoSmithKline  
Goodrich Corporation  
Great Atlantic and Pacific Tea Company  
Greater New York Hospital Association  
Harry & David  
Hawaiian Electric Company, Inc.  
Hewitt Associates, Inc.  
Hill Fastener Corporation  
Hillside Family of Agencies  
Honeywell International, Inc.  
Honigman Miller Schwartz and Cohn LLP  
Hooker & Holcombe Inc.  
Hospital & Healthsystem Association of  
Pennsylvania  
HPnorthwest  
HR Policy Association  
IBEW Local 505 - NECA Pension Plan,  
Mobile, AL

IBM Corporation  
Indiana Chamber of Commerce  
Indiana Manufacturers Association  
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  
Joy Global  
Kansas City Power & Light  
Kentucky Association of Manufacturers  
Kimberly-Clark Corporation  
King Kullen Grocery Company, Inc.  
Kraft  
Local 903 IBEW Pension Plan, Gulfport, MS  
Lonza Inc.  
Lord Corporation  
Mannington Mills, Inc.  
Masco Corporation  
MassMutual Financial Group  
MC-UA Local 119 Pension Plan, Mobile, AL  
McGuireWoods LLP  
MD Helicopters, Inc.  
Mechanical Contractors Association of  
America  
Meridian Health  
MetLife  
Michelin North America, Inc.  
Michigan Manufacturers Association  
MillerCoors  
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 Federation of Independent Business  
National Grid  
National Gypsum  
National Life Group  
National Marine Manufacturers Association  
National Retail Federation  
National Shooting Sports Foundation, Inc.  
Navistar  
NCR Corporation  
Nebraska Chamber of Commerce & Industry  
New Jersey Business & Industry Association  
Niles Lankford Group, Inc.  
NiSource Inc.  
NMB (USA) Inc.  
Norcal Waste Systems, 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  
Pepco Holdings, Inc  
Pfizer Inc.  
PG&E Corporation  
Pietzsch, Bonnett & Womack, PA  
Pinnacle West Capital Corp.  
Pitney Bowes Inc.

PNM Resources  
Portland General Electric  
Poyner Spruill LLP  
PPG Industries, Inc.  
Praxair, Inc.  
Prestolite Electric Inc.  
Principal Financial Group  
Printing Industries of America  
Progress Energy  
Prudential Financial  
Pulaski Furniture Corporation  
Punter Southall LLC  
QBE the Americas  
Qwest Communications International  
Raley's  
Replacement Parts, Inc.  
Retail Brand Alliance, Inc.  
Retail Industry Leaders Association  
Reynolds American Inc.  
RGC Resources, Inc.  
RJReynolds  
Robert Bosch LLC  
Rockwell Automation  
Rockwell Collins  
Russell Investments  
Saint-Gobain Corporation  
Sanders Welch, LLC  
Santa Barbara Pension Consultants, Inc.  
Save Mart Supermarkets  
Schnuck Markets, Inc.  
SECURA Insurance  
Seyfarth Shaw LLP  
Sharon Regional Health System  
Sheet Metal Workers Local 441 Supplemental  
Pension Plan, Mobile, AL  
Sheet Metal and Air Conditioning  
Contractors' National Association  
Sony Electronics, Inc.  
South Carolina Chamber of Commerce  
Southeast Actuarial Services, LLC  
Southeastern Ohio Regional Medical Center  
Southern Company  
Spartan Stores, Inc.  
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 Kroger Co.  
The Segal Company  
The Sherwin-Williams Company  
The Timken Company  
Towers Perrin  
Transamerica Retirement Services  
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 States Telecom Association  
United Technologies Corporation  
Usibelli Coal  
USS-Posco Industries  
Utah Manufacturers Association  
Vectren Corporation  
Venable LLP  
Veolia Transportation Phoenix  
Verizon  
Virginia Education Association  
Virginia Manufacturers Association  
Wakefern Food Corporation  
Watson Wyatt Worldwide  
Westar Energy  
Westinghouse Electric Company  
Whirlpool Corporation  
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