

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