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Congress of the United States
House of Representatives
Washington, DC 20515-4901

COMMITTEE ON THE BUDGET
RANKING MEMBER

COMMITTEE ON
WAYS AND MEANS
SUBCOMMITTEE ON SOCIAL SECURITY

SUBCOMMITTEE ON
SELECT REVENUE MEASURES

Dear (name withheld)

Thank you for contacting me about the unequal treatment of pension benefits for Delphi Corporation's salaried retirees. I certainly share your concern with the impending benefit cuts facing these retirees, and I appreciate your correspondence with me on this issue.

Knowing of your interest in this matter, I wanted to provide you with a brief update on my efforts to get a full account of the decisions that led to the disparity in treatment of pension benefits between Delphi's hourly and salaried retirees. During a Ways and Means Committee hearing on February 3, 2010, I had the opportunity to raise this issue to U.S. Treasury Secretary Timothy Geithner. Specifically, I requested he provide a written explanation of any Federal role in the decision to terminate Delphi's pension plans, as well as his department's acquiescence to General Motors' emergence from bankruptcy without honoring its commitment to the Delphi salaried retirees. I also reiterated the effects of this decision on families in Wisconsin, and asked him to respond directly to three specific questions concerning his department's role in these decisions.

Enclosed with this correspondence is a copy of the questions I submitted for the record. I hope you find this information helpful. Former workers, their families, and the Oak Creek Community have suffered a great deal as a result of the Delphi plant's closure, and the inconsistent treatment of pension benefit plans has only added more uncertainty to the situation. I am pleased to have had the opportunity to bring this matter to Secretary Geithner's direct attention, and I look forward to his response.

In the meantime, if you wish to share additional information with me concerning this or any other issue, please feel free to contact me by calling, emailing, writing, or faxing me. Please be advised that mail sent to my Washington office is subject to an additional two-week delay due to increased mail security.

Thank you again for contacting me. If I can be of further assistance to you regarding this or any other matter please do not hesitate to contact me. I am always happy to respond and be of service to you.

Sincerely,

Paul Ryan
Serving Wisconsin's 1st District

Questions and Statement for the Record
House Ways and Means Committee
Submitted By The Honorable Paul Ryan of Wisconsin
February 3, 2010

Chairman Rangel,

I request the following questions and comments be submitted for the record and for response by the witness, U.S. Treasury Secretary Timothy Geithner, before today's full committee hearing on the President's Fiscal Year 2011 Budget:

Secretary Geithner: Last year, I wrote to you to request additional information concerning the U.S. Treasury Department's Automotive Task Force role in allowing General Motors (GM) to emerge from bankruptcy without addressing shortfalls in Delphi's salaried pension obligations. To date, I have not received any substantive response to this inquiry.

As you know, GM released ownership of Delphi in 1999. Provisions of the agreement defining this transaction contractually obligated GM to fully fund any shortfall in the pensions of Delphi's hourly workforce. Yet, the agreement did not include similar protections for Delphi's salaried employees.

However, as Delphi navigated a Chapter 11 Bankruptcy beginning in 2006, it became clear that Delphi's pension plans could not fully fund their obligations. Rather than asserting liens against foreign assets held by Delphi to fund this shortfall, the Pension Benefit Guarantee Corporation (PBGC), which you chair jointly with the U.S. Secretary of Labor and the U.S. Secretary of Commerce, chose to release liens on these foreign assets and initiate termination proceedings against Delphi's pension plans. Worse yet, the stakeholders involved in shepherding GM through bankruptcy proceedings, including the U.S. Treasury Department's Automotive Task Force, appear to have overlooked this opportunity to resolve this discrepancy. This decision has serious consequences: Delphi salaried retirees now face not only reductions of up to 70 percent of the pensions they were promised, but also the loss of their health and life insurance benefits.

Made with full knowledge of Delphi's pension shortfall, the decisions to release Delphi's foreign asset liens and allow GM to emerge from bankruptcy without resolving this issue were both wrong and unfair. I share the outrage of the salaried Delphi retirees I serve, who, in addition to losing their jobs, will now be forced to suffer the consequences of decisions made behind closed doors.

I am again requesting you to provide, this time for the record, both a written explanation and all documents concerning the Treasury Department's involvement in the decisions to cut pension

benefits for Delphi's salaried retirees. Specifically, I hope you will answer the following questions:

- 1.) Several Members of Congress, including myself, have requested documentation and information related to Treasury Department's role in the decisions that led to the termination of Delphi's pension funds. Why has the Treasury Department refused to provide any substantive response to these requests?
- 2.) PBGC's liens against Delphi's foreign assets, valued as high as \$2.4 billion, were not released until New GM and Delphi agreed to a new payment schedule. This payment schedule did not include any attempt to guarantee the benefits promised to Delphi's salaried retirees. Did the Treasury Department take any part in negotiating with the PBGC regarding the timing or substance of PBGC's decision to release its liens against Delphi's foreign assets?
- 3.) As Secretary of the Treasury, you sit as one of the PBGC's three board members. In this role, did you have the opportunity to approve or disapprove of PBGC's decisions to release its liens against Delphi's foreign assets or terminate Delphi's pension plans? Did you have the authority to prevent either of these decisions?

Taxpayers have a 60 percent stake in GM. Delphi salaried retirees, as well as the American taxpayers, deserve answers on how and why these decisions were made. I look forward to your prompt reply and action in this matter.