



FOR IMMEDIATE RELEASE
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Camp Cautions Administration on Auto Bankruptcies *Impact could devastate pension benefits, local communities*

Washington, DC – U.S. Rep. Dave Camp (R-MI), Ranking Member of the Ways and Means Committee and co-author of the landmark Pension Protection Act of 2006, today questioned if the Obama administration had fully considered the impact on retirees and communities of its apparent push to drive General Motors into some form of bankruptcy.

“This is already bankruptcy in all but name only. The administration has opened the door publicly for that possibility, and even GM has stated this could soon be a reality. The administration needs to be fully prepared for all possible outcomes, given that the best scenario will severely impact employees, retirees, and communities; and that the worst scenario is devastating,” Camp said.

In a letter to President Obama this week, Camp expressed deep concerns about the President’s position on the viability of GM and Chrysler LLC.

“A bankruptcy filing – ‘structured’ or otherwise – would deliver a severe blow to the livelihoods of the hardworking Americans employed by these automakers,” Camp stated in the letter. “Tens of thousands of these jobs would likely be cut under any realistic bankruptcy proceeding.”

GM and Chrysler employ an estimated 145,000 blue- and white-collar workers, and about 600,000 retirees also depend on the companies for health care and pensions. The Pension Benefit Guaranty Corporation, a federal agency that guarantees a portion of workers’ pension benefits if a company goes into bankruptcy, and one place GM could turn to help them offload the cost of retiree benefits, has said there is \$23 billion in retiree income and purchasing power from GM,

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which could just disappear if they go into bankruptcy. And with the PBGC currently running an \$11 billion deficit, Camp has questioned if they could even handle a bankruptcy this large.

“While I know the administration does not take this possibility lightly, and I appreciate the work of the auto recovery czar, I have to question if the administration is prepared for the full ramifications that bankruptcy could mean for current retirees and pensions across the country protected by the PBGC,” Camp said. “I’m not confident the necessary steps are being taken to protect pensioners, let alone the pensions presently covered by the PBGC.”

“I urge the administration to take all necessary precautions to first avoid the erosion or elimination of these companies’ pensions, and also to ensure the viability of PBGC funds to avoid a ripple effect to other industries should GM or Chrysler move into some form of bankruptcy.”

A copy of Camp’s letter is attached.

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April 3, 2009

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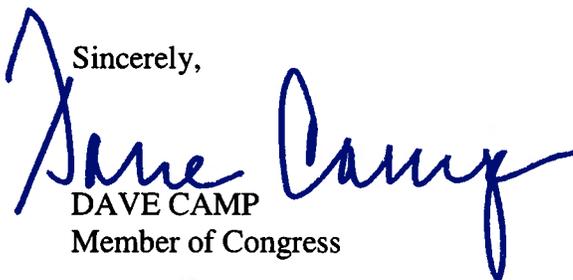
I am writing to express my concerns over your recent announcement on the viability of Chrysler and General Motors (GM). In your remarks on March 30, 2009, you raised the specter of utilizing a "structured bankruptcy process" if Chrysler and GM are unable to achieve the viability benchmarks your administration laid out for them over the next 30 and 60 days, respectively.

I am deeply concerned that a bankruptcy filing – "structured" or otherwise – would deliver a severe blow to the livelihoods of the hard working Americans employed by these automakers. As you well know, Chrysler and GM employ an estimated 145,000 blue and white collar workers in the United States. Tens of thousands of these jobs would likely be cut under any realistic bankruptcy proceeding.

Additionally, an estimated 600,000 retirees depend on Chrysler and GM for health care and pensions. What will be the immediate impact of a bankruptcy filing on the monthly pension payments of these retirees and their families? Will both automakers be forced to terminate their plans during bankruptcy? As of January, 2009, Chrysler's plan was underfunded by \$9 billion, and GM's plan faced a shortfall of \$20 billion. Is the Pension Benefit Guaranty Corporation (PBGC) in a position to assume the massive pension liabilities of Chrysler and GM, which total well over \$100 billion, should they terminate their plans? The PBGC is already running an \$11 billion deficit, and assuming an additional 600,000 pensions from Chrysler and GM will roughly double their benefit payment obligations.

I believe these questions need to be adequately addressed before your administration advocates a "structured bankruptcy" proceeding. I stand ready to work with you in crafting a plan that prevents bankruptcy and helps Chrysler and GM remain viable to save jobs and protect retirees' hard-earned pension benefits.

Sincerely,



DAVE CAMP
Member of Congress

DLC: rmg

April 1, 2009

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CC: Governor of Michigan, The Honorable Jennifer Granholm
Secretary of the Treasury, The Honorable Timothy Geithner
Director of the National Economic Council, Lawrence Summers
Chair of the President's Council of Economic Advisors, Christina Romer
Acting Director of the PGBC, Vincent Snowbarger
Chrysler Chairman and CEO, Robert Nardelli
GM President and CEO, Frederick Henderson