

**Testimony to the House Subcommittee on
Health, Employment, Labor and Pension**

by Charles Cunningham, Delphi Salaried Retirees Association

December 2, 2009

Good Morning, my name is Chuck Cunningham and I am a Delphi Salaried Retiree. I spent 28 years with General Motors and 3 years with Delphi before retiring in 2002.

I would like to thank Chairman Andrews, Ranking Member Price and the entire Health, Employment, Labor, and Pensions subcommittee for the opportunity to testify here today.

I would like to expand upon portions of Bruce Gumps' testimony particularly relating to the Treasury's role in the GM and Delphi Bankruptcies and the ultimate effect upon the salaried employees pensions.

The Delphi pension disposition was dictated by the U.S. Treasury to meet the requirement of an expedited GM bankruptcy. A successful emergence from bankruptcy by GM required that Delphi, GM's largest parts supplier, also emerge from bankruptcy as a viable entity. The last obstacle in settling Delphi's bankruptcy was Delphi's pension plans liabilities. Although other options were considered, including GM taking back all of Delphi's pension plans, union and salary, with the financial backing of the Treasury, the final solution, dictated by the Treasury, was to turn over ALL the plans to the PBGC.

The Treasury then brokered a deal between GM, Delphi and the PBGC for the PBGC to surrender its liens against Delphi's overseas assets, valued at between \$2-4 billion, and accept \$70 million in payment, as well as, an unsecured claim which was essentially worthless. The PBGC then began its termination of the Delphi pensions. Subsequently, the Treasury agreed to provide GM with the funding to "top off" hourly UAW pensions to prevent the hourly people from having reduced pensions to the PBGC statutory limit.

After deliberation with GM, and eventually the Treasury, the IUE/CWA and the United Steelworkers also had their pensions "topped off" by GM. This action, promoted by the Treasury Department, was not taken as result of contractual obligations but was "gratuitous" as described by GM CEO Fritz Henderson in public documents.

As a result of these actions, directed by the US Treasury, certain groups will be receiving the full amount of their earned pensions while others will be relegated to receive a reduced amount in accordance with the PBGC limitations. Many Delphi salaried retirees will only receive somewhere between 30-70% of their earned pensions. What is equally disturbing is that the PBGC was obviously coerced into surrendering valuable liens which could have significantly improved the level of funding for all the plan participants.

The assertions we are making are well supported in documents filed in the GM and Delphi bankruptcy proceedings, mandatory SEC filings by GM and the Administrative Record of the PBGC. We believe that further significant evidence concerning discrimination against the Delphi salaried retirees exists in the Treasury and the Automotive Task Force documents related to the GM and Delphi bankruptcies. We have requested these documents under the Freedom of Information Act over 2 months ago, but the production of these documents by the Treasury has not been forthcoming. In fact, a written request was also made by Senator Enzi following the Senate Hearing on Pensions on Oct. 29, 2009 and, to date, this request has also been ignored.

The Delphi salaried retirees are not looking for special treatment in this matter. We are asking our elected officials to assist us in securing fair and equitable treatment guaranteed under our Constitution. Nothing more and , certainly, nothing less.

Thank you again for your time and attention. I will be happy to answer any questions you may have.