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January 31, 2012

The Honorable Joshua Gotbaum
Director
Pension Benefit Guaranty Corporation
1200 K Street, NW, 12th Floor
Washington, D.C. 20005-4026

Dear Mr. Gotbaum:

Last week, American Airlines sent a letter to its employees regarding their concerns about the status of the company's pension plans in light of American's bankruptcy. I appreciate the Pension Benefit Guaranty Corporation's quick reaction to that letter, pointing out how it misleads and downplays the implications of freezing or terminating workers' pension plans. Tens of thousands of American Airlines' employees and retirees count on these pension plans, not just for their accrued benefits but for their expected benefits as well. These individuals committed to a career with the airline and worked hard in exchange for the promise of a secure retirement.

Having fought to save pension plans at United Airlines several years ago and having heard from thousands of those plan participants and their families, I know full well that there is no silver lining for workers and retirees in a pension plan termination. These terminations can wreak havoc on families. Termination should only be a last resort and not part of any business strategy to exploit the bankruptcy process and dump pension liabilities onto the taxpayer. In the case of United Airlines, we saw the company and the PBGC ultimately agree to terminate that airline's pension plans. Even worse, not only were all of the pension plans terminated, but the PBGC ceded its right to ever restore the plans to United Airlines, as well as its right to seek additional assets from United, should the company ever become profitable again. Not only did United reap profits in subsequent years, a GAO investigation found¹ that leading up to and through the termination of United Airlines' four pension plans, the airlines' CEO at that time and two other executives received a total of about \$55 million in salary, benefits and other compensation.

To protect the taxpayer and plan participants, I urge you to avoid allowing a repeat of United Airlines. American Airlines employees and retirees, like those at United, have mortgages,

¹ Government Accountability Office, *Private Pensions: Sponsors of 10 Underfunded Plans Paid Executives Approximately \$350 Million in Compensation Shortly Before Termination*, GAO-10-77 (October 2009) Available at <http://www.gao.gov/new.items/d1077.pdf>

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tuition payments, and other financial obligations to meet. Participants in the American Airlines retirement plans made countless life choices in relying on the promise that a career with American would provide benefits adequate for them to comfortably live out their retirement years. I urge the PBGC to do everything it can to prevent a termination from happening.

Sincerely,

A handwritten signature in black ink that reads "George Miller". The signature is written in a cursive style with a large, looping initial "G".

GEORGE MILLER
Senior Democratic Member