

THE HUNDRED GROUP

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Rachel Altmann
Head of Levy Policy
Pension Protection Fund
9th Floor Knollys House
17 Addiscombe Road
Croydon CR0 6SR

14 December 2007

Dear Ms Altmann

The Response to the August 2007 Pension Protection Levy Consultation

I am writing on behalf of the Hundred Group of Finance Directors with regard to the PPF's latest document on the pension protection levy. The Hundred Group represents the Finance Directors of the UK's largest companies.

Whilst we note that the Board does not expect to make fundamental changes to their proposals at this stage, we hope that it will be helpful to reiterate some of the concerns we raised in response to the August 2007 consultation.

1. Providers of Insolvency Risk Measurement

We remain convinced that it would be both practical and proportionate to appoint different insolvency risk measurement providers to apply appropriate credit scoring methodologies to different populations. Whilst we note that this was not the view of the majority of your respondents, we would argue that the Hundred Group represents a substantial amount of the liabilities backed by the PPF (29% according to figures provided to us by Partha Dasgupta) and therefore our views should be given proportionate weight.

During the tender exercise for a new provider from 2010/11, we would urge the Board to take into account the need to provide a realistic methodology for assessing insolvency risk for larger companies that is directly comparable to the methodologies of public credit rating agencies.

2. Increased Levy for Stronger Schemes

We note that the effect of the changes made to underfunding risk by your draft determination is to increase the levy substantially for stronger schemes, such as those provided by Hundred Group companies.

Although we appreciate the need to balance the interests of all levypayers, we do repeat our concern at the short notice given and the limited time available to mitigate the higher levy before 31 March 2008.

Please contact me if you would like any further information on any of the matters discussed in this letter.

Yours sincerely

Eddie Weiss

Edward Weiss
Chairman
Hundred Group Pensions Working Party