KINGFISHER

Pension Scheme

Member Guide

Final Salary Section

Welcome to the Kingfisher Pension Scheme

The Guide explains the benefits of the Scheme and the advantages of being a member. It highlights the general features of the Scheme in the opening pages with more specific details set out in the relevant sections. The technical terms used in this Guide are explained in Section 7. The Guide does not override the legal documents that govern the Scheme, which are available on request.

We hope you will find this Guide clear and helpful. If you have any queries at any time, please contact us.

All new UK employees recruited since 1 April 2004 may elect to be a member of the Money Purchase Section of the Kingfisher Pension Scheme. For further information please see the Member Guide to the Money Purchase Section.

How to contact us

The Group Pensions Department runs the Scheme on a day-to-day basis. You can contact them as follows:

Telephone 08456 80 70 60
Monday-Friday 9 am – 5 pm

Write to
Kingfisher Pensions Department
Kingfisher plc
3 Sheldon Square
Paddington
London W2 6PX

Visit the website
www.kingfisherpensions.com
email pensions@kingfisher.com

Although the administration team will give you all the information you need about the Scheme, they cannot advise you what to do. If you need advice, please consult an Independent Financial Adviser.

You can find the names and contact details of Independent Financial Advisers in your area by logging onto www.unbiased.co.uk or calling 0117 971 1177.

Contents

Scheme Summary

How does the Scheme work?

This Guide applies to the Final Salary Section of the Kingfisher Pension Scheme (also referred to as Defined Benefit). Before 1 April 2004, the Kingfisher Pension Scheme provided final salary benefits only. On 1 April 2004 a new section was created to provide Money Purchase (also referred to as Defined Contribution) benefits for all members joining the Scheme after that date. You must usually have joined the Kingfisher Pension Scheme before 1 April 2004 in order to be a member of the Final Salary Section.

A good pension is an important factor if you are to enjoy your retirement. When you retire, you'll need a pension to live on. The Kingfisher Pension Scheme may help you build a pension for retirement.

This Guide provides details of the Final Salary Section of the Kingfisher Pension Scheme. You pay contributions to the Scheme, but most of the funding is financed by the Company. The Scheme provides you with a pension calculated as a proportion of your Final Pensionable Salary at retirement, based on your pensionable service. More pensionable service means a bigger proportion of salary is paid to you as a pension.

The Scheme also provides protection for your family and others who depend on you.

This is your Guide to the Kingfisher Pension Scheme – keep it safe. The information in this Guide is based on current legislation and tax practices in the UK. These could change in the future, but the Company or the Trustee will tell you if any changes affect you.

The Scheme is managed according to a complex set of Rules – this Guide is a summary of those Rules. We have taken care to ensure that the Guide is accurate, but the Rules may restrict or vary from certain features summarised in this Guide. If you find any feature important, you should check how it applies to you before you make any decisions, as the Rules override this Guide. You should refer any questions you have to the Kingfisher Pensions Department.

How much do I pay?

This depends on the choice you made in April 2004.

If you chose to be a lower level member, you pay 5% of your basic salary. You cannot change to higher level membership at any time.

If you chose to be a higher level member, you pay 7% of your basic salary. Remember that you have an opportunity each year to change to lower level membership.

Your contribution is taken from your gross salary each month. You get tax relief on your contributions through Pay As You Earn (PAYE) at your highest rate. See Section 2 for further details.

How much does the Company pay?

The Company pays the balance of the cost of the Scheme, which will vary depending on increases in earnings, investment performance and other factors.

Further information on Employer contributions are in Section 2.

What are my main benefits?

- When you retire we will pay you a pension until you die. You may choose to take some of the pension as a cash sum up to a maximum of one quarter of the total capital value of your pension. Details about your retirement benefits and how they are calculated are in Section 3.

- If you die before you take your benefits from the Scheme and are still actively contributing we will pay a lump sum and/or pension to your spouse / civil partner and dependent children or other beneficiaries. For more information see Section 4.

Maximum Tax-Free Allowances

HM Revenue & Customs (HMRC) sets the allowances on pensions, tax-free cash sums and death benefits, which may be taken from pension schemes by a member before a tax charge is made. You may now be a member of more than one registered pension scheme at any given time, this includes personal pension schemes. HMRC has set an overall lifetime allowance for the size of all your pension funds that may be built up with the benefit of tax relief. The lifetime allowance is set at £1.5 million in 2006/2007, rising to £1.8 million in 2010/2011.

In practice very few people will reach this level. For an example of how to measure pensions against the Lifetime Allowance see Section 3. If you think you may be affected by it now or in the future, please contact us.

"A good pension is an important factor if you are to enjoy your retirement. When you retire, you'll need a pension to live on. The Kingfisher Pension Scheme may help you build a pension for retirement."

What about tax?

This section summarises the tax advantages of pension schemes. Tax law may change, so the information below may also change.

Contributions

You receive tax relief on your contributions up to certain allowances. There is a limit on the size of fund you can build up with the benefit of tax relief, but generally it only affects very high earners. For further information, please refer to Section 3.

So, currently (tax year 2006/2007) every £100 you contribute will only cost you £78. If you are a higher rate taxpayer, each £100 will only cost you £60.

Please refer to Section 2 for full details on how much you can contribute.

Fund

You also benefit because pension funds pay less tax than many other types of investment. Returns from investments in bonds (loans from governments and companies), property and deposits are tax-free. Returns from shares are not tax-free, as the pension fund cannot reclaim tax that has already been paid on the profits or income from the shares.

Pension and lump sums

Normally income tax is deducted from all pensions before they are paid. The amount of tax deducted will depend on your personal circumstances. If you are not a taxpayer you may be able to have your pension paid free of income tax.

If you take part of your pension benefits as a lump sum, it is currently tax-free.

Any lump sum payments the Trustee makes on your death will normally be free of all tax, including inheritance tax.

How do I follow the value of my pension?

Each year we will send you a statement showing:

- the date on which your Pensionable Service started
- the Scheme accrual rate (either 1/80ths or 1/60ths depending on what section you are in) used to calculate your pension benefits
- your current Pensionable Salary
- the amount of your benefits and dependants' benefits payable from age 65 if pensionable service ended now
- the amount of your benefits and dependants' benefits payable from the Scheme if pensionable service continued to age 65
- the death benefits if you died now

At what age do I retire?

From 1 December 2006 there is no default age in the Scheme at which you automatically retire. We will write to you before you reach the age of 65 to inform you of the benefits payable. The Scheme Pension Age is 65 and we will normally start to pay your pension benefits from the last day of the month in which you attain age 65. However, with the Employers and Trustee consent, any employee can continue in employment and remain in the pension Scheme past the age of 65. You can retire earlier with the consent of the Company and the Trustee but your pension will be lower – please see "What are my benefits if I retire early?" in Section 3.

Please see "What happens if I must retire early due to illness?" in Section 6 for information about the benefits available, if you have to retire early because you are no longer able to work.

How is the Scheme managed?

The Kingfisher Pension Scheme Trustee is responsible for looking after the Scheme and making sure it is run according to its Rules. You can find further information on page 7.

The administration team works for the Trustee and is responsible for the day to day running of the Scheme.

Complaints Procedure and other Pension Organisations

We will do our best to make sure you never have any reason to complain. However, if you do have a complaint please write to us using the contact address at the start of this Guide.

Internal Disputes Resolution Procedure

If you remain dissatisfied you should raise a complaint through the Internal Disputes Resolution Procedure (IDRP) via Kingfisher Pensions Department.

Any questions you have should be directed to the Administrators first of all, as they have full details of your membership of the Scheme. The Administrators will make every attempt to answer your questions, but if you have a complaint or dispute that you cannot resolve with the Administrators, you should use the Internal Dispute Resolution Procedure.

This is a formal procedure, put in place by the Trustee, to settle any complaints and disputes about the Scheme. It's available on request to all members and beneficiaries, including leavers who still have rights in the Scheme, pensioners and other individuals who have an entitlement or possible entitlement in the Scheme. There are two stages:

- **Stage one**
  Kingfisher Pensions Department will give you a form to complete to register your complaint. If you wish, you may nominate a representative to make the complaint on your behalf. Your complaint will be investigated by the Kingfisher Head of Pensions and you will normally receive a response within 10 days. The response will include details about how you progress to Stage two of the procedure, if your complaint is not resolved at Stage one.

- **Stage two**
  If you are unhappy with the response from the Head of Pensions, you can refer your complaint to the Trustee. You should do this within six months of receiving the Head of Pensions' response. You will normally be sent a response within two months of your complaint.

At any time, you can ask for help from The Pensions Advisory Service (TPAS), a voluntary organisation providing free help to individuals who are having problems with their pension scheme. If TPAS cannot resolve your dispute, you can refer your complaint to the Pensions Ombudsman.

The Pensions Advisory Service (TPAS)

If your complaint is not resolved through the IDRP you can take it further by contacting The Pensions Advisory Service. Making a complaint to them will not affect your right to take legal action later.

TPAS is available to help members and beneficiaries of occupational pension schemes with any pension query they may have, or any difficulties they have been unable to resolve with the Trustees or administrators. They can be contacted either through your local Citizens Advice Bureau if you wish or direct:

The Pensions Advisory Service
11 Belgrave Road
London SW1V 1RB

Tel: 0845 601 2923 (Mon-Fri 9am-5pm)
email: enquiries@pensonsadvisoryservice.org.uk
web: www.thepensionsadvisoryservice.org.uk

Pensions Ombudsman

If you are still not satisfied, you can refer the complaint to the Pensions Ombudsman. The Pensions Ombudsman is appointed to investigate complaints and judge the facts of a case, in relation to a pension scheme's rules and statutory regulations. Normally the Ombudsman will ask TPAS to consider the complaint first. The Pensions Ombudsman can be contacted at the same address as TPAS. Their telephone number is 020 7834 9144.

Other Pensions Organisations

The Pensions Regulator

Kingfisher Pension Scheme is regulated by the Pensions Regulator who regulates the running of occupational pension schemes and can intervene if those responsible have failed in their duties. Their address is:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton BN1 4DW

Tel: 0870 606 3636 (Mon-Fri 9am-5.30pm)
email: customersupport@thepensionsregulator.gov.uk

Pension Protection Fund (PPF)

The PPF was set up in April 2005 to protect the pensions of most members of defined benefit schemes where employers get into financial difficulties and leave a scheme without enough funds to pay the pensions in full. Their address is:

Pension Protection Fund
Knollys House
17 Addiscombe Road
Croydon
Surrey CRO 6SR

Other Important Information

How is the Scheme supervised?

The Scheme is governed by the Trust Deed and Rules, special documents that set out the Trustee's powers and obligations together with members' rights and options under the Scheme. The Trustee is responsible for making sure that the Scheme is administered in accordance with the Rules and uses professional advisers to help it in its duties. These advisers include auditors, actuaries, solicitors, and investment managers. Each year the Trustee produces an Annual Report, which includes Financial Statements audited by an independent auditor.

The Trustee is responsible for looking after the pension fund and running it in line with its rules and for the benefit of all members and beneficiaries. Responsibilities include administering the Scheme, receiving and investing contributions, and paying benefits to members. The Trustee agrees levels of funding with the Company. They ultimately need to make sure that contributions paid in, together with investment returns, are adequate to meet the promised retirement benefits.

The Trustee is Kingfisher Pension Trustee Ltd. Directors of Kingfisher Pension Trustee Ltd are effectively the Trustees.

> "The Trustee is responsible for making sure that the Scheme is administered in accordance with the Rules"

Trust Deed and Rules and other Scheme documents

This Guide is only a summary and does not override the conditions of the Trust Deed and Rules, which are the legal documents that govern the Kingfisher Pension Scheme.

The Trustee has the power to amend the Scheme Rules, but only with the consent of the Employer.

We are required by law to prepare various documents, and you are entitled to receive copies of these. The main documents of interest are:

- the Annual Report and Accounts (this gives an update on what has been happening in the Scheme, and provides the annual accounts of the fund);
- the Actuarial Valuation (this is prepared every three years; it shows the value of the fund and the likely cost of benefits, and how much should be contributed to meet the cost of those benefits),
- the Statement of Investment Principles (this explains how the Trustee invests the money paid into the Scheme).
- The Schedule of Contributions. (this shows how much money is being paid into the Scheme).

To see copies please contact us. We may make a charge to cover copying costs. Alternatively you can download documents from our website at www.kingfisherpensions.com.

Registration of the Kingfisher Pension Scheme

The Kingfisher Pension Scheme is registered with HMRC. This means that contributions and funds invested benefit from the tax advantages described on page 4.

Can the Scheme change or be closed?

Although the Company intends to continue the pension Scheme in its present form, it can change or close the Scheme to existing members if the need ever arises.

How safe is my pension?

Your contributions and the Company's contributions are held within a trust fund which is completely separate from the Company's finances. The pension fund's investments are held by a Custodian. The transactions we carry out, and the total level of assets, are checked annually by the Auditor. These arrangements provide a high degree of security against fraud.

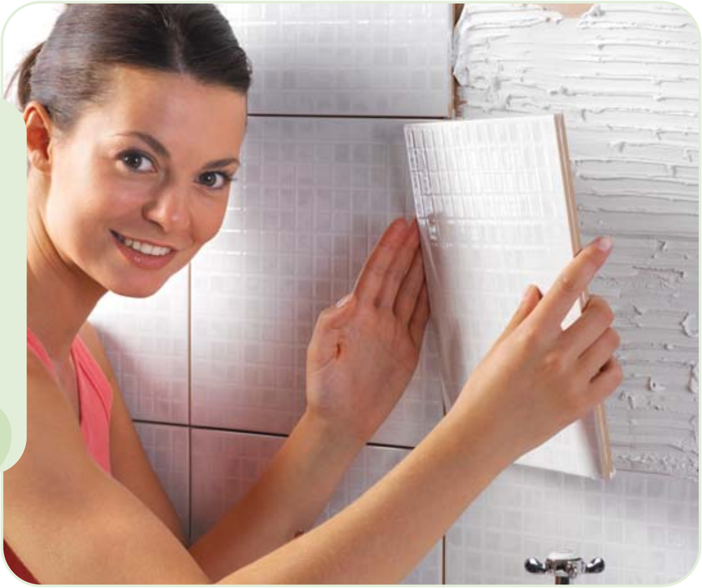
Remember that the value of the pension fund can go down if the market value of the Scheme's investments reduces. The Company is responsible for keeping the Scheme adequately funded in line with legislative requirements.

Pensions Protection Fund (PPF)

The PPF came into operation on 6 April 2005. Where an employer becomes insolvent, and the pension scheme is underfunded, the PPF may take over the payment of benefits, subject to certain limits, to scheme members. To help provide the necessary funding we have to pay a levy each year to the PPF.

The Board of the PPF has also resumed responsibility for the Fraud Compensation Fund, which replaces the Pensions Compensation Board. The Fund will provide compensation to occupational pension schemes that suffer a loss that can be attributable to dishonesty.

"Your contributions and the Company's contributions are held within a trust fund which is completely separate from the Company's finances."



Your rights under the Data Protection Act

The Data Protection Act ensures that your personal information is collected, stored and managed responsibly. Under the Data Protection Act the Trustee is a Data Controller and must follow the data protection principles set out in the Act.

We comply with the principles set out in the Data Protection Act 1998. The Act classifies information as either sensitive or not sensitive.

Sensitive information covers personal details such as your health. We will not use sensitive information unless we have your written consent.

Information that is not sensitive includes your date of birth, address, and salary details. Under the Data Protection Act, we can use information that is not sensitive without your written consent. Unless you tell us otherwise, we will assume you have consented to the use of your non-sensitive personal details. When you join the Scheme, you agree to the collection and processing of your personal information by the Trustee, including passing relevant information to the Trustee's advisers and the Company.

We treat all personal information as confidential and use the details only for administering your pension. Unless you tell us otherwise, we will restrict access to your information to the Scheme's advisers and administration team, and, if required by law, statutory bodies such as Her Majesty's Revenue & Customs (HMRC).

If you would like to see the records we hold for you, please contact us. We may charge you for this service.

If you believe that any of the information held about you is incorrect, you can have that information corrected subject to documentary proof.

How to trace old pensions

You may no longer have the contact details of previous employers with which you have pension benefits. All company pension schemes, including the Kingfisher Pension Scheme are registered with the Registrar of Occupational and Personal Pension Schemes. So you can trace your other pensions by writing to:

Pension Tracing Service
The Pensions Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

Telephone 0845 6002 537

Section 1 - Membership

Who can join?

All new UK employees recruited since 1 April 2004 may elect to be a member of the Money Purchase Section of the Kingfisher Pension Scheme. For further information please see the Member Guide to the Money Purchase Section.

Do I have to remain in this section?

No – you can join the Money Purchase Section at any time if you wish, but you will not be allowed to re-join the Final Salary Section in the future.

If you join the Money Purchase Section, you will begin a new period of membership and your benefits in this section will be as described under the heading "How is my deferred pension calculated?" on page 17.

Alternatively, you can opt-out completely and build up no further pension benefits in the Scheme. You will qualify for a lump sum of two times your salary, which is paid if you die in Company employment . If you change your mind, you will not be allowed to re-join this section of the Scheme. You may, with your Employer's agreement, be able to join the Money Purchase Section of the Scheme, instead.

Speak to your HR Department for further details.

Can I remain in the Scheme and have a personal pension as well?

HM Revenue & Customs (HMRC) allows you to be a member of more than one registered pension scheme, including personal pension schemes, at any point in time. However, HMRC sets an overall lifetime allowance on the size of all your pension funds which may be built up with the benefit of tax relief. The allowance is set at £1.5m in 2006/2007, rising to £1.8m in 2010/2011. See Section 3 for further details.

The company will not contribute to any other plan on your behalf.

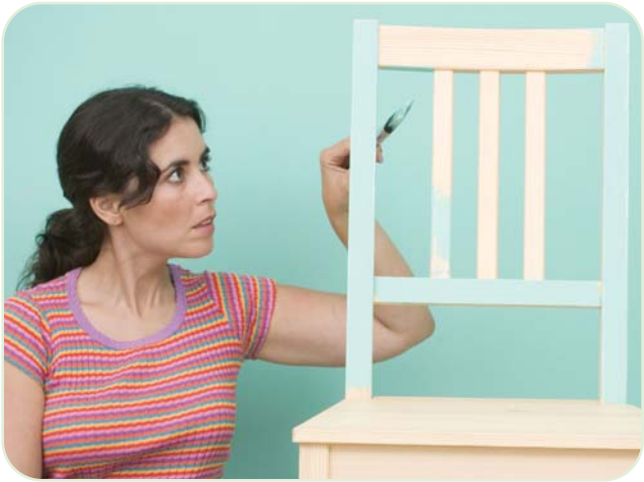
Can I transfer pension benefits to the Scheme?

In general, yes. The Scheme can usually accept transfers from other pension arrangements while you are still contributing up to one year before your normal retirement age under the Scheme. However special circumstances may apply and the Trustees are under no obligation to accept a transfer. We will let you know if this applies to you.

If you wish to explore the possibility of transferring benefits to the Scheme please write to us and we will send you an information pack.

You should think very carefully about transferring pension rights. It is not necessarily the best thing to do. Make sure you understand the rights and options you have in your previous plan, before you decide to transfer.

We recommend that you get professional advice before deciding whether or not to transfer your benefits. See the section at the start of this Guide headed "How to contact us" about how you can find an Independent Financial Adviser.

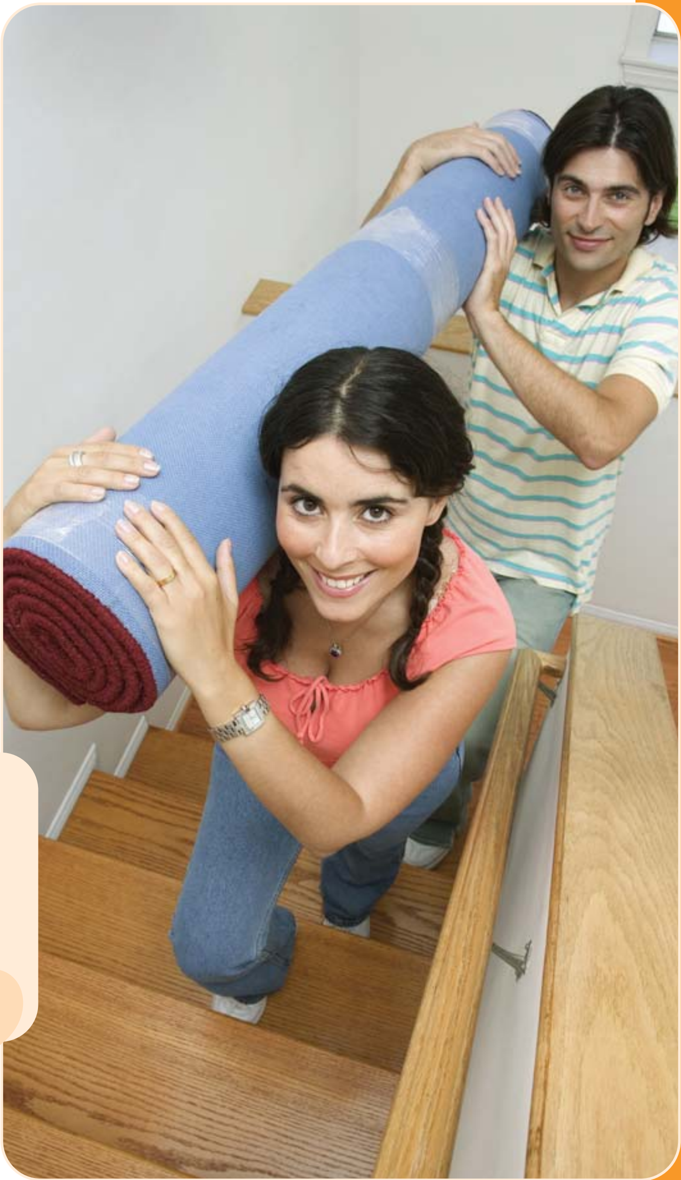


Can I leave the Scheme while still working for the Company?

Whilst you are an employee, you can opt out of the Scheme at any time, by giving one month's written notice. Contact your HR or Payroll Department.

If you change your mind later, you can apply to re-join the Scheme but you will not be allowed to join the Final Salary Section. You may be allowed to join the Money Purchase Section instead.

You should contact your HR Department or the Kingfisher Pensions Department for more information.



> "The Scheme can usually accept transfers in from other pension arrangements"

Section 2 - Contributions

How much do I contribute?

If you chose to be a lower level member, you pay 5% of your basic salary. You cannot change to higher level membership at any time.

If you chose to be a higher level member, you pay 7% of your salary. Remember that you have an opportunity each year, to change to lower level membership.

You receive tax relief on your contributions to the Scheme and you pay a reduced rate of National Insurance Contributions.

As you automatically receive income tax relief on your contributions, the contribution you actually pay will be reduced. Each £100 of contributions only costs basic rate taxpayers £78, and higher rate taxpayers £60 for the tax year 2006/2007.

Example calculation

Mr Jones has a Final Pensionable Salary of £20,000 and is a basic rate taxpayer

Gross contribution this year =	5% of £20,000	=	£1,000
	Tax relief at 22%	=	£220
	Net deduction from pay during the year	=	£780

How much does the Company contribute?

The Company contributes the balance of the overall contribution rate recommended by the Actuary.

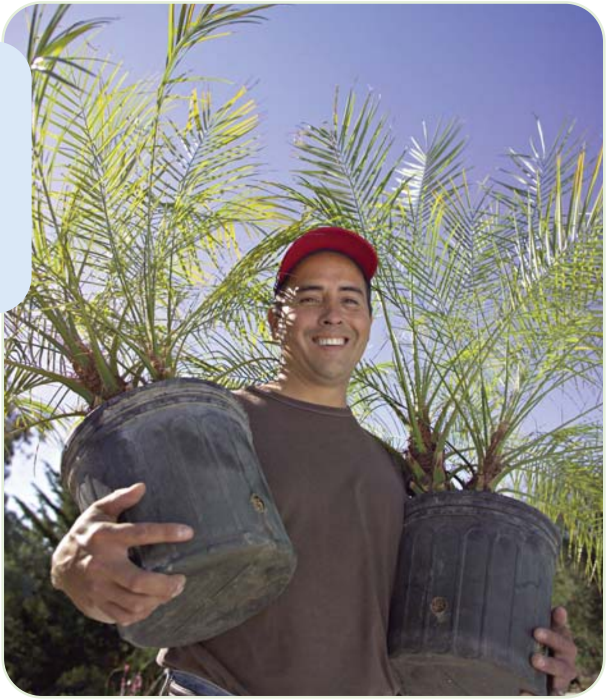
The Company's contribution rate varies from time to time following regular valuations of the Scheme. A full actuarial valuation is carried out at least every three years by the Actuary and the funding position is reviewed annually. This helps us to ensure that the Scheme has sufficient funds to pay the promised retirement benefits.

Scheme Specific Earnings Cap

The Scheme operates a Scheme Specific Earnings Cap. For the year 2006/2007, the cap will be £108,600 and this will be increased each year in line with the Retail Prices Index. The Scheme Specific Earnings Cap limits the earnings used for pensionable purposes. Therefore earnings in excess of this cap will not be pensionable in respect of Employers contributions and Employee core contributions, but beyond that members can pay AVCs as shown on the next page.

How do I pay my contributions?

The Company deducts your contributions directly from your pay. The deductions section of your payslip will show the amount of your regular contribution.



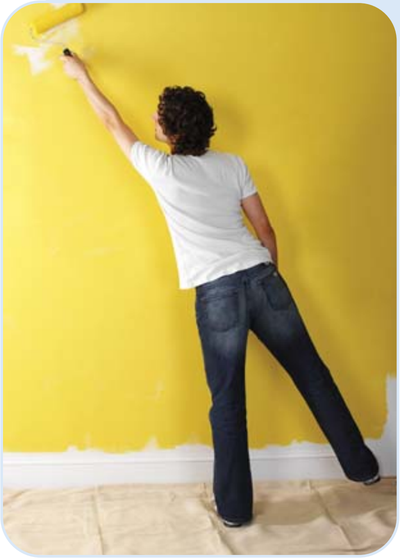
Can I pay extra contributions to increase my benefits?

Yes, you can pay Additional Voluntary Contributions (AVCs).

You receive tax relief on your total contributions to all registered pension schemes subject to certain allowances.

You will currently be able to contribute up to £3,600 or 100% of earnings if greater, subject to the Annual Allowance.

> As you automatically receive income tax relief on your contributions, the contribution you actually pay will be reduced.



The table below shows the Annual Allowance for all contributions to registered pensions on your behalf. This includes personal pensions, stakeholder pensions and Additional Voluntary Contributions. It does not apply in the year in which you take your benefits in full. Contributions paid up to the Annual Allowance will receive tax relief.

Tax Year	Annual Allowance
2006/07	£215,000
2007/08	£225,000
2008/09	£235,000
2009/10	£245,000
2010/11	£255,000

You are liable to a tax charge of 40% on pension contributions in any tax year that are higher than these levels.

AVCs can help you build a bigger entitlement, especially if:

- you did not start saving for retirement until later in life or you have little other retirement savings; or
- you have periods where you were not working or saving for retirement; or
- you would simply like an extra pension/cash when you retire.

AVCs can also be used to increase the pension paid to your spouse or your dependants after your death. AVCs can be used to either provide more pension or more cash.

Please note that since 6 April 2006 AVCs can be taken as cash. The restriction in place previous to this date, that AVCs paid after April 1987 need to be taken in pension form, has been removed.

We have separate information and fact sheets with regard to the funds available under the Kingfisher AVC Scheme along with an application form; you can get a copy from your HR contact or from the Kingfisher Pensions Department. Documents can also be downloaded from our website at www.kingfisherpensions.com.

Section 3 - Retirement Benefits

Please note that before we can pay any benefits we may need to see your birth, marriage or civil partnership certificates.

Up to 1 December 2006 the Scheme's Normal Retirement Age was age 60. The Scheme's Normal Retirement Age is age 65 from 1 December 2006. With the employer and Trustee agreement an employee may continue to work and remain in the Scheme until age 75. Active membership is not available beyond age 75.

What are my benefits at retirement?

At retirement (normally the last day of the month in which you reach age 65) you can start taking your pension. Or you can take part of your pension fund as a cash sum with a lower level of pension. Please note that since 1 December 2006 there is no default age at which you automatically retire. With the Employers and Trustee agreement an employee may continue to work and remain in the pension scheme to age 75.

What will my pension be if I retire at normal retirement age?

Your pension is calculated as a proportion of your Final Pensionable Salary. The proportion is based on your pensionable service and depends on whether you're a lower or higher level member. Higher level members pay more contributions and get a bigger proportion of their Final Pensionable Salary as a pension.

How do you calculate a lower level pension?

For any pensionable service you complete as a lower level member, your pension is 1/80th (1.25%) of your Final Pensionable Salary.

If you were a member of the Scheme before 1 April 2004, any pensionable service you built up before that date will provide a pension of 1/60th (1.66%) of your Final Pensionable Salary.

How do you calculate a higher level pension?

For any pensionable service you complete as a higher level member, your pension is 1/60th (1.66%) of your Final Pensionable Salary. This includes any pensionable service you built up before 1 April 2004.

How do you work out my pension?

For any pensionable service completed whilst a lower level member, your pension will be calculated as

$$\frac{\text{Pensionable service}}{80} \times \text{Final Pensionable Salary}$$

For any pensionable service completed whilst a higher level member, or any pensionable service completed before 1 April 2004, your pension will be calculated as

$$\frac{\text{Pensionable service}}{60} \times \text{Final Pensionable Salary}$$

Can I take a lump sum?

When your pension starts, you can normally swap some of your pension for a lump sum. The maximum amount of tax free cash you can currently take is usually 25% of the capital value of your pension benefits.

This is a complex calculation and will also depend on the commutation factor applicable. A commutation factor is the factor we use to exchange part of your pension for cash. If you want further information about this option please contact us.

Your remaining pension must not be less than any Guaranteed Minimum Pension (GMP) payable – Kingfisher Pensions Department will tell you how much you are allowed to take as a lump sum. The value of any AVCs you paid can also be taken as a tax free lump sum within the applicable limits.

If you exchange some of your pension for a tax free lump sum generally your remaining pension will be lower. You should think carefully about the pension you need in retirement when deciding how much to take as a lump sum.

Please note that the option to change some of your pension for a lump sum is a one off opportunity at the time you put your pension in payment. You cannot exchange more pension for lump sum at a later date.

The Lifetime Allowance

There is a Lifetime Allowance limiting how much you can receive from your pension funds before there is a charge to tax. This includes the Kingfisher Pension Scheme and any other pension arrangements from which you have taken payment. The Lifetime Allowances for the period 2006 to 2011 are shown below.

Tax Year	Lifetime Allowance
2006/07	£1.5 million
2007/08	£1.6 million
2008/09	£1.65 million
2009/10	£1.75 million
2010/11	£1.8 million

A tax charge will apply on benefits taken in excess of these levels.

When you come to take your benefits we will ask you if your benefits from other pension arrangements exceed the Lifetime Allowance. You will need to provide this information to us and sign a declaration. We will let you know what percentage of your Lifetime Allowance your Kingfisher Pension Scheme benefit has used up.

Further details will be provided at retirement.

Calculation of the value of your pension fund from KPS

The capital value of your pension fund is calculated by multiplying the value of your annual pension actually taken (that is, after reduction for cash) x 20 and adding the lump sum cash. This is then compared against your available Llifetime Allowance. If you have not taken benefits previously from any other sources, your available Lifetime Allowance will be the standard Lifetime Allowance. Any amount in excess of the Lifetime Allowance would be subject to a Lifetime Allowance charge.

For example, for a member who is taking £3000 as pension and £9000 as a tax free lump sum the value of the pension fund is:

3000 x 20	60,000
Plus lump sum of	9,000
Total	69,000

What if a pension is a small amount?

The Trustee has decided that all pensions that fall below the "triviality limit" – which is 1% of the Lifetime Allowance - will be commuted (i.e. exchanged) for a one off taxable lump sum in settlement of all future pension instalments where you do not have any benefits from other pension schemes. This means that if your pension, is less than the "triviality limit" a cash sum equal to the value of the pension will be paid when the pension is due to come into payment. However before this amount may be paid the Trustee must be satisfied that you have no benefits from other pension arrangements and that you are aged between 60 and 75 and you meet the relevant criteria applied to paying benefits in this way. Further details can be obtained on request.

If you have benefits from other arrangements that in total are below the triviality limit, you may also exchange your benefit for a one off lump sum, however this will be subject to the Trustee being satisfied that you meet the eligible criteria.

Increases to Pensions in Payment

On 1 April each year, the Scheme increases your pension in payment in excess of any Guaranteed Minimum Pension (GMP) in line with the Retail Prices Index for the previous calendar year, up to 5% p.a if you retire before State Pension Age.

If any part of your pension relates to pensionable service completed before April 1997, it may include a GMP, to replace the pension you would have received from SERPS (the State Earnings Related Pension Scheme). Any GMP for service before April 1988 is increased by the Government and added to your State pension. Any GMP for service between 6 April 1988 and 5 April 1997 is increased by 3% or RPI if lower each year. This increase is paid with your scheme pension. In some years a bigger increase may be due, but any amount over 3% is paid by the Government and added to your State pension.

If your pension has been in payment for less than one year, then the first increase is a proportion of the full year's amount, based on the number of full months you have been receiving your pension.

What are my benefits if I retire early?

Your retirement benefits will be calculated using the same basis as shown (see 'How do you work out my pension?) but your pension will be reduced because it is being paid early, and it will be paid for a longer period of time.

Your pension is normally paid on the last day of the month in which you reach age 65. However, with your Employer's and the Trustee's consent, you can retire at any time after age 50 Please note that this will be age 55 for all retirements effective from 6 April 2010 unless you are granted an ill health pension (see page 26 for further details).

If you no longer work for the Company, you may also be able to receive your pension at any time after age 50, subject to Trustee consent. Please note that this will be age 55 for all retirements effective from 6 April 2010. unless you are granted an ill health pension (see page 26 for further details).

You should note that if your reduced pension does not cover the amount of GMP payable then it will not be possible to take your pension early. We will let you know if this affects you.

If you are an active member of the Scheme when you put your pension in payment between age 60 and 65 there will be no early retirement factor applied to your pension.

If you are no longer an active member of the Scheme when you put your pension in payment between age 60 and 65 an early retirement factor will be applied but only on service accrued in the Scheme after 1 December 2006.

You may be able to receive your pension before age 50 if you retire because of poor health (incapacity). See Section 6 for further details.

What are my benefits if I leave service before retirement?

Normally if a member has less that two years pensionable service then they have the option of a refund of contributions. This still applies if you opted out of the scheme with less than two years pensionable service. You will automatically receive a refund of your contributions when your employment ceases..

Apart from the exception above as membership of the Scheme was not offered to new employees from 1 April 2004, a refund of contributions will no longer be an option. Instead you will be entitled to a deferred pension.

You can either:

- leave your pension in the Scheme – a deferred pension, or
- transfer your deferred pension to another registered pension plan.

How is my deferred pension calculated?

Your pension will be calculated as if you were retiring at normal retirement age, but based on the pensionable service you complete up to the date you leave the Scheme and your Final Pensionable Salary at that time. This is generally known as a deferred pension and you will be a deferred pensioner.

Each year, the Scheme increases deferred pensions in line with inflation, up to 5% p.a. between the date you leave and the date you retire.

If any part of your pension relates to pensionable service completed before April 1997, it may include GMP, to replace the pension you would have received from SERPS (the State Earnings Related Pension Scheme). GMPs are increased separately, as explained in the statement issued when you leave the Scheme.

How do I transfer my deferred pension?

Consider your options carefully. You may need special advice from an Independent Financial Adviser.

If you want to transfer, contact the Kingfisher Pensions Department for a quotation of the transfer value. This is the cash equivalent of your pension. The amount is not based on your contributions or those paid by the Company. Instead, it is the amount of money that the Scheme would need to set aside to pay your pension at normal retirement age. The basis for calculating the cash equivalent is reviewed by the Trustee, following advice received from the Scheme Actuary. The cash equivalent does not take into account any improvements that might be made to the Scheme in the future. It includes the value of the annual increases that would be awarded before and after retirement, but no allowance is made for any extra increases that might be payable in the future.

You do not have to transfer straight away. You can transfer the cash equivalent of your deferred pension at any time, up to a year before Normal Retirement Age. If you are interested in a transfer, you should contact the Kingfisher Pensions Department.

Please note that the transfer value is not the same as the capital value for Lifetime Allowance purposes.

Is the transfer value guaranteed?

We give you an indication of the transfer value when we send details of your deferred pension. This is an illustration and is not guaranteed.

If you contact Kingfisher Pensions Department, they will send you a "Statement of Entitlement" showing the transfer value, guaranteed for three months. If the transfer is completed within three months, then we pay the amount shown on that Statement to your new pension plan.

If the transfer takes longer than three months, we will recalculate the cash equivalent and the new value could be lower. We may charge you a fee if you require more than one quotation in any twelve month period.

Section 4 - Death Benefits

Death while still in service

If you die before Normal Retirement Age, while a contributing member of the Scheme the Scheme will pay the following amounts:-

- A lump sum of four times your pensionable salary or four times your final salary, if greater, together with all your contributions with interest added;
- Half your pension, paid to your dependants;
- Allowances (pensions) for any children you have;
- The value of any AVCs you paid.

How is the dependant's pension calculated and paid?

The dependant's pension is half the pension you would have received, if you had remained a member of the Scheme until age 65. We include all the pensionable service you would have completed up to that date, but calculate your Final Pensionable Salary at the date of death. When we calculate the pension you would have received, we base it on whether you were a lower level or higher level member when you died.

If you were married your spouse/civil partner will receive the dependant's pension, provided you were living together. If you had been married for less than one year and your spouse/civil partner is more than 20 years younger than you, the Trustee may reduce the dependant's pension.

If you were not living with your spouse or if you are not married or in a Civil Partnership, the dependant's pension may be paid to another person if they were financially dependent on you. The Trustee will carefully consider the circumstances of your partner at the time of your death to decide if he/she qualifies for the dependant's pension.

How are children's allowances calculated and paid?

If you leave one child, they receive 25% of the pension we would have paid to you, if you had remained a member of the Scheme until age 65. If you leave more than one child, the total paid to all of them will be half the pension you would have received, if you had remained a member of the scheme until age 65.

We calculate the pension you would have received at age 65 in the same way as applies to the dependant's pension.

Allowances are paid until the child reaches age 18, but the Trustee may continue the allowance until age 22, if the child is continuing in full-time education. The Trustee may further extend payment of the allowance to the child's 25th birthday if they are still undertaking appropriate full-time further education. In order to be eligible for the child allowance beyond age 18, the child must start their further education before they reach their 22nd birthday. Any payment made beyond the age of 23 will be deemed an unauthorised payment by the HMRC and will be taxed accordingly.

> You can help the Trustee make its decision by completing a Beneficiary Form which you can get from your HR contact, Payroll Department or from the Kingfisher Pensions Department

Who is defined as a 'dependant'?

Under the Scheme Rules a dependant is defined as a member's widow, widower, civil partner or child or someone other than the above who is a the date of the member's death:

- financially dependant on the member
- in a financial relationship relationship of mutual dependence with the member, or
- dependant on the member because of physical or mental impairment.

Who receives the lump sum death benefit?

The Trustee decides who receives lump sum payments on death. This allows payment to be made quickly, without the need to wait for a Grant of Probate or Letters of Administration. Payment is made directly to the people chosen by the Trustee and, as the payment avoids your estate, it can be made free of inheritance tax.

The Trustee can choose from a wide range of potential recipients including your family and your dependants, anyone you have been in a long standing relationship with, anyone with an interest in your estate and anyone specifically nominated by you in writing.

You can help the Trustee make its decision by completing a Beneficiary Form, which you can get from your HR contact, Payroll Department or from the Kingfisher Pensions Department or download from our website. You are free to nominate anyone and can nominate more than one person.

The Trustee will take into account those you put on the Form, but are not legally bound to follow your wishes. This is because your circumstances may change after you complete the Form – for example, you could marry or divorce – and the Trustee will take into account any changes of this nature.

Please review your nominations from time to time and if your circumstances change, you should complete a new Beneficiary Form.

Death after leaving but before retirement

Your deferred pension is cancelled if you die before payment begins. However, a dependant's pension and/or child allowances may be paid.

If there are no dependants or children, a lump sum representing your contributions, plus interest, will be paid. Interest is based on inflation, up to a maximum of 5% p.a. and payment is made in the way described under "Who receives the lump sum death benefit?" on page 19.

How is the dependant's pension calculated and paid?

The dependant's pension is half of your deferred pension, including the annual increases paid since you left the Scheme. If you were married your spouse will receive the dependant's pension, provided you were living together. If you had been married for less than one year and your spouse is more than 20 years younger than you, the Trustee may reduce the dependant's pension.

If you were not living with your spouse or if you are not married or in a civil partnership, the dependant's pension may be paid to another person if they were financially dependent on you. The Trustee will carefully consider the circumstances of your partner at the time of your death to decide if he/she qualifies for the dependant's pension.

How are children's allowances calculated and paid?

If you leave one child, they receive 25% of your deferred pension, including the annual increases paid since you left the Scheme. If you leave more than one child, the total paid to all of them will be half your deferred pension, including the annual increases paid since you left the Scheme. The Trustee will split the total allowance between your children.

Allowances are paid until the child reaches age 18, but the Trustee may continue the allowance until age 22, if the child is continuing in full-time education. The Trustee may further extend payment of the allowance to the child's 25th birthday if they are still undertaking appropriate full-time further education. In order to be eligible for the child allowance beyond age 18, the child must start their further education before they reach their 22nd birthday. Any payment made beyond the age of 23 will be deemed an unauthorised payment by the HMRC and will be taxed accordingly.

Who is defined as a 'dependant'?

Under the Scheme Rules a dependant is defined as a member's widow, widower, civil partner or child or someone other than the above who is a the date of the member's death:

- financially dependant on the member
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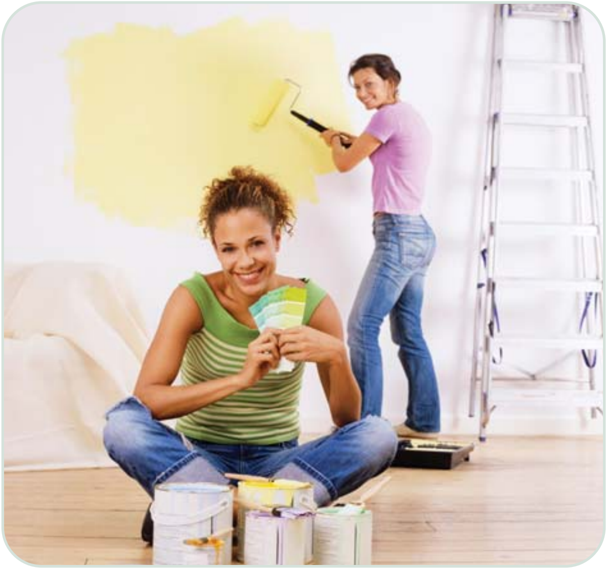
- dependant on the member because of physical or mental impairment.



Death after retirement

Your pension is only paid for your lifetime, so it ends when you die. However, a dependant's pension and/or child allowances may be paid.

If no dependant's pension or child allowance is payable, a lump sum may be paid if you die within 5 years of retirement. The lump sum is the balance of the payments that would have been made to you up to age 75, if you had been retired for five years. We take your annual pension on the day you retired, ignoring any amount you swapped for a lump sum, and multiply this by five. We then deduct the total of the pension instalments actually paid to you and the lump sum you received at retirement. The balance, if any, is paid as a lump sum and paid as described under "Who receives the lump sum death benefit?" on page 19.

How is the dependant's pension calculated and paid?

The dependant's pension is half of your pension at retirement, including any amount you swapped for a lump sum, together with all the annual increases paid since retirement. If you were married your spouse will receive the dependant's pension, provided you were living together. If you had been married for less than one year and your spouse is more than 20 years younger than you, the Trustee may reduce the dependant's pension.

If you were not living with your spouse or if you are not married or in a Civil Partnership, the dependant's pension may be paid to another person if they were financially dependent on you. The Trustee will carefully consider the circumstances of your partner at the time of your death to decide if he/she qualifies for the dependant's pension.

How are children's allowances calculated and paid?

If you leave one child, they receive 25% of your pension at retirement, including any amount you swapped for a lump sum, together with all the annual increases paid since retirement. If you leave more than one child, the total paid to all of them will be half your pension at retirement, including any amount you swapped for a lump sum, together with all the annual increases paid since retirement. The Trustee will split the total allowance between your children.

Allowances are paid until the child reaches age 18, but the Trustee may continue the allowance until age 22, if the child is continuing in full-time education. The Trustee may further extend payment of the allowance to the child's 25th birthday if they are still undertaking appropriate full-time further education. In order to be eligible for the child allowance beyond age 18, the child must start their further education before they reach their 22nd birthday. Any payment made beyond the age of 23 will be deemed an unauthorised payment by the HMRC and will be taxed accordingly.

Who is defined as a 'dependant'?

Under the Scheme Rules a dependant is defined as a member's widow, widower, civil partner or child or someone other than the above who is a the date of the member's death:

- financially dependant on the member
- in a financial relationship relationship of mutual dependence with the member, or
- dependant on the member because of physical or mental impairment.

What if a pension or allowance is a small amount?

The Trustee has decided that all pensions that fall below the "triviality limit" – which is 1% of the Lifetime Allowance - will be commuted (i.e. exchanged) for a one off taxable lump sum in settlement of all future pension instalments. This means that if the dependant's pension, is less than the "triviality limit", the Trustee will automatically exchange this for a one off taxable lump sum.

Section 5 - State Pension Benefits

What pension will I receive from the State?

State Pension benefits are in addition to your benefits from the Kingfisher Pension Scheme.

There are currently two parts to the State pension:

- The basic State Pension, and
- The State Second Pension (S2P).

Basic state retirement pension

The amount of your basic State Pension is not related to your earnings. It depends on how many years you have paid national insurance contributions.

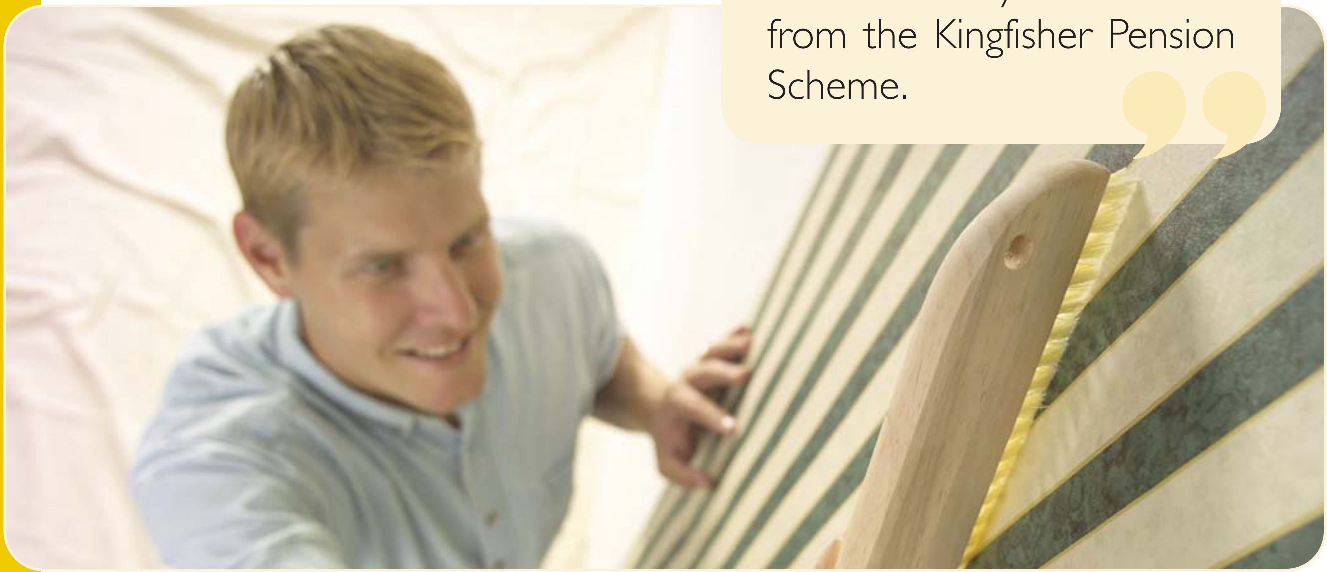
You will start to receive the basic State Pension at the State pension age. This is currently 65 for men and 60 for women, but will gradually increase to 65 for women born after 5 April 1950 over a ten-year period from 2010 to 2020.

State Second Pension (S2P)

The level of your S2P depends on your earnings. You may also be entitled to State Earnings Related Pension (SERPS) and to Graduated Pension. Both are State pensions paid on top of the basic State Pension. SERPS relates to earnings between 1978 and 2002. Graduated Pension was only available to those in work between 1961 and 1975.

If you have ever been in a pension scheme that was contracted out of SERPS, Graduated Pension or S2P, the scheme in question – not the State - will provide benefits in place of these State pension benefits for the period of contracted-out membership.

> “State Pension benefits are in addition to your benefits from the Kingfisher Pension Scheme.”



Contracting out of the State Second Pension

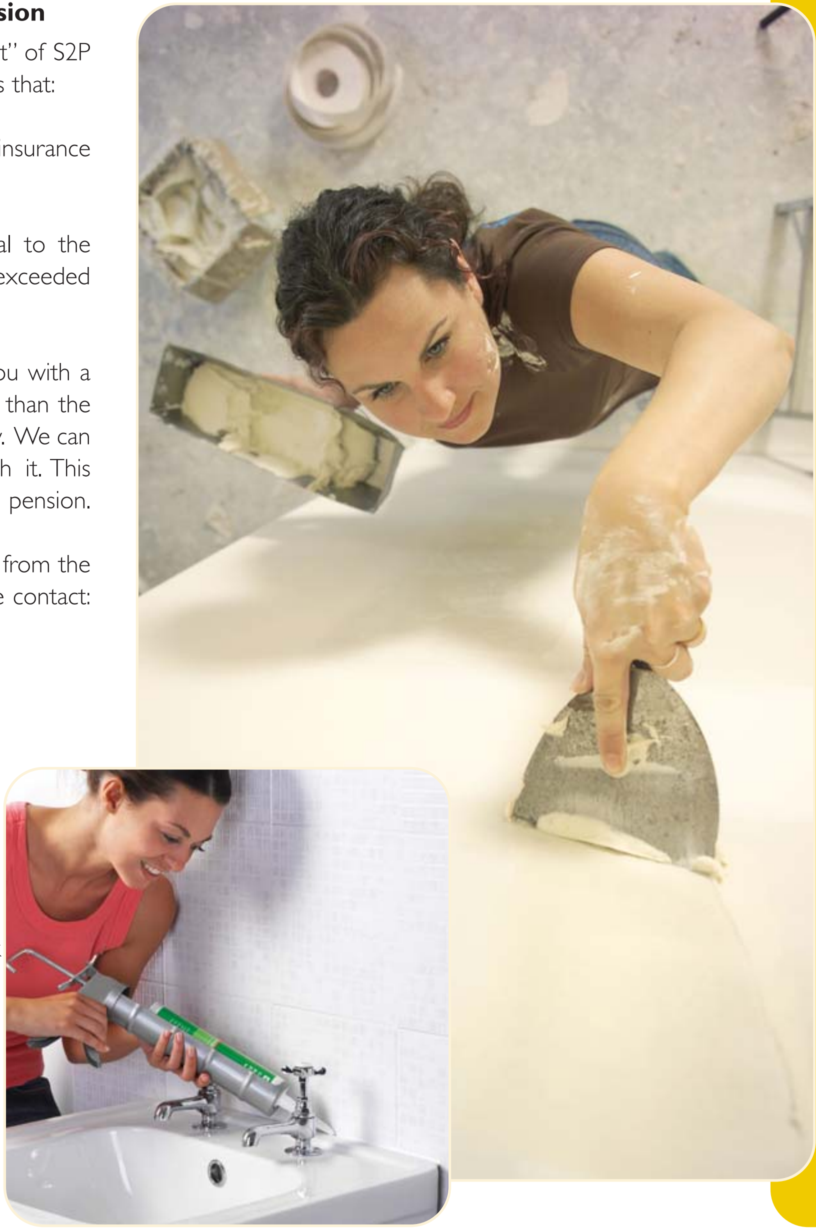
The Kingfisher Pension Scheme has "contracted out" of S2P up to the level of the old SERPS benefit. This means that:

- both you and the company pay lower national insurance contributions
- the State will provide a top-up pension equal to the amount (if any) by which your S2P would have exceeded the SERPS level of benefit
- the Kingfisher Pension Scheme must provide you with a pension that is broadly equivalent to or better than the benefits from a 'reference scheme' defined in law. We can provide more information on this if you wish it. This arrangement does not affect your basic state pension.

You can get a forecast of your future state pension from the Department for Work and Pensions (DWP). Please contact:

Retirement Pension Forecasting Team
The Pension Service
Room TB001
Tyneview Park
Whitley Road
Newcastle-upon-Tyne
NE98 1BA

Telephone: 0845 3000 168
Web-site: www.thepensionservice.gov.uk



Section 6 - Changing Circumstances

What happens if I go on Family Leave?

Family Leave includes

- Ordinary Maternity Leave
- Additional Maternity Leave, if you are paid
- Paternity Leave
- Parental Leave, if you are paid
- Adoption Leave

You may be paid less whilst you take Family Leave, but for the purpose of your membership of the Scheme, your salary continues to be the amount that would have applied if you were working normally. This means that your salary is not reduced when calculating your pension and any death in service benefits. Your contributions are based on the pay you actually receive. You continue to build up pensionable service during any period of Family Leave.

If you take any unpaid Family Leave, you do not pay contributions for that period. However, you will continue to be treated as being in service and the benefits described under "Death While Still in Service" on page 18 continue to apply as if you had been working normally.

When you return to work, your pensionable service will begin to build up again. The second period of pensionable service will be added to the first period, but your absence will not count. However, if your Employer agrees, you can make up the missing contributions so that your absence is included in your pensionable service.

You can continue to pay AVCs during any period of Family Leave, but these may have to be reduced to reflect the pay you receive. Alternatively, you can cancel your AVCs until you return to work by writing to your Payroll Department. When you return to work, you should inform your Payroll Department if you want to start paying AVCs again or if you want to pay any missed AVCs.

If you take sickness leave

If you are absent through sickness, your contributions are based on the pay you actually receive, including any Statutory Sick Pay. You continue to build up pensionable service providing you're paying contributions. Your salary is not affected, as we use the amount that would apply as if you were working normally.

You can continue to pay AVCs during any period of illness, but these may have to be reduced to reflect the pay you receive. Alternatively, you can cancel your AVCs until you return to work by writing to your Payroll Department. When you return to work, you should inform your Payroll Department if you want to start paying AVCs again or if you want to pay any missed AVCs.

If your absence is unpaid

You can miss up to eight weeks' contributions (these can be paid at a later date), without affecting your membership of the Scheme. You continue to build up pensionable service and your salary is the amount that would apply if you were working normally.

If you miss more than eight weeks' contributions, your membership of the Scheme will be suspended. This means that you no longer build up any pensionable service but, provided your absence has been authorised by your Employer, you will remain covered for the benefits described under 'Death While Still in Service' on page 18.

When you return to work, your membership will be reinstated. The second period of pensionable service will be added to the first period, but your absence will not count. However, if your Employer agrees, you can make up the missing contributions so that your absence is included in your pensionable service.

What happens to my pension if I get divorced?

The Court must include pension rights when deciding settlements on divorce or on dissolution of a civil partnership. It has 3 options:

- offset the value of the pension rights against other assets
- set aside part of the pension rights for the ex-spouse / ex-civil partner
- transfer some of the benefits to a policy in the name of the ex-spouse / ex-civil partner as part of a clean break settlement

We will provide the Court with whatever information they require, and we may charge you for this.

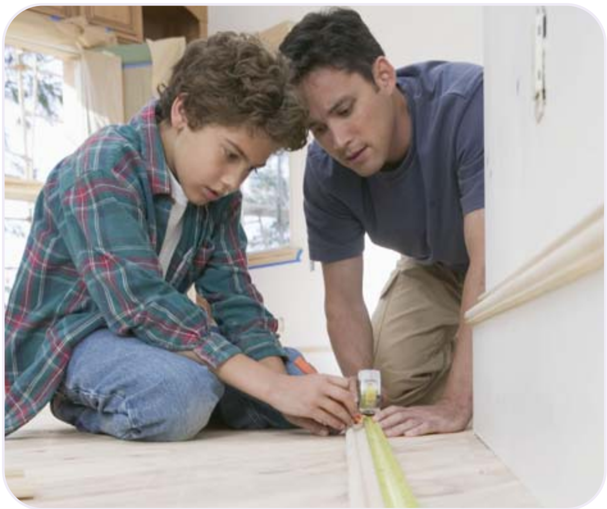
What happens if I change from full-time to part-time work?

Your contributions and the lump sum payable on death in service (see 'Death While Still in Service' on page 18) will be based on your salary as for full time members, which depends on the hours you actually work. However, any pensions provided by the Scheme – on death, to your dependants or to you when you retire – are based on your pro-rata pensionable service and the full time equivalent of your salary. To calculate your pro-rata pensionable service, we use your contractual working hours as a proportion of the hours for someone doing the same job, but working full time.

What happens if I must retire early due to illness?

If you are still working for the Company and contributing to the scheme

If you are in poor health and this prevents you from working, you will normally be able to retire and receive an immediate pension. However, you must meet the Scheme's incapacity rule. Incapacity means that your health or disability prevents



you from doing your normal job or a similar job. After you make your application, the Trustee uses medical information from your GP and any other physicians treating you to decide if you meet the definition of incapacity.

If your application is accepted, your employment ends and you begin to receive your pension, immediately. The amount is calculated as if you were retiring at normal retirement age, using the pensionable service completed up to the date of retirement and Final Pensionable Salary at that time. Taking account of the severity of your illness, the Trustee may also include some of the pensionable service you would have completed, had you been able to continue to work until normal retirement age.

If you are retiring from the Company because of incapacity, you will continue to qualify for the lump sum described under 'Death While Still in Service'' on page 18, until you reach normal retirement age.

If you opted-out of the Scheme or left employment with the Company and have a deferred pension

You may also qualify for early payment of your deferred pension, due to incapacity, if you are a deferred pensioner. If your application is accepted, your deferred pension together with the annual increases added from the date you left, are paid immediately, without reduction. You will no longer qualify for any death in service lump sum if you left the Company.

Are ill-health pensions reviewed?

Yes, the Trustee does review incapacity pensions and may increase, reduce or end payment, depending on any change in your health. The Kingfisher Pensions Department will contact you if a review is required and you may be asked to provide information about your health at that time.

What happens if I work past Normal Retirement Age?

If you work past age 65, with Employer and Trustee agreement you and your Employer will continue to contribute to your pension fund, and you will receive your pension benefits at your new retirement date. You must put your pension benefits into payment before age 75 even if you are still working for your Employer at the time.

Can I give my benefits to someone else?

Your pension benefits paid at retirement are normally paid to you only. However, when you die, death benefits may be available to your dependants. For example, you have the opportunity to complete a form telling us who you would like your death in service lump sum paid to. For further details please see Section 4. Furthermore, pension entitlements may be included in a split of matrimonial assets on divorce. If you feel you may be involved in a divorce you should raise this matter with your legal adviser.

What happens if I am seconded overseas?

If you are seconded overseas special conditions may apply and you may need to come out of the Final Salary section of the pension scheme. It is crucial you inform the Pensions Department as soon as possible if you are going to work overseas.

What happens if I am transferred permanently overseas?

If you are transferred permanently overseas you must come out of the pension scheme. It is crucial you inform the Pensions Department as soon as possible if you are going to work overseas.

Section 7 - Terms Used in this Guide

Actuary

Actuary means the person who carries out actuarial valuations of the Scheme and advises the Trustees on the cost of the benefit promises made by the Scheme and how much money is needed to meet that cost.

Auditor

The Auditor is the nominated partner of a recognised firm of auditors appointed by the Trustees to provide audit services to the Scheme.

Civil Partner

Couples of the same sex in a long-term relationship may form a civil partnership, giving them equal rights with same-sex couples in a number of areas, including pension benefits. A civil partner is the person with whom you have registered a civil partnership.

Commutation Factor

Figure used in converting pension to tax-free lump sum.

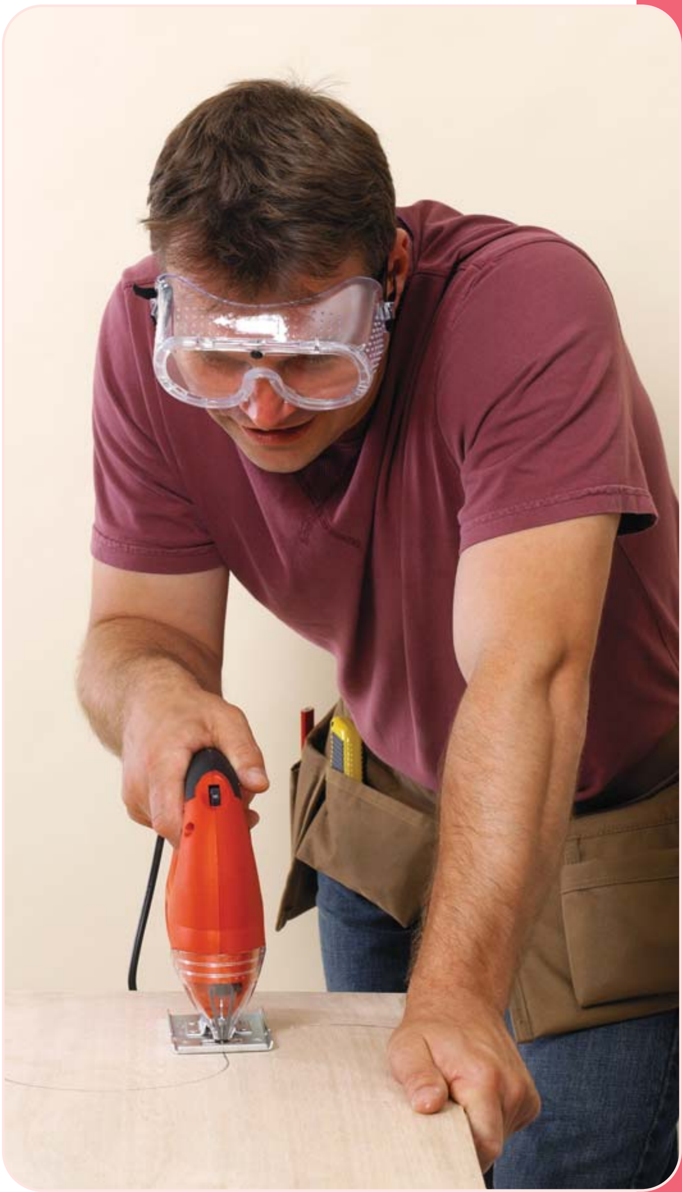
Company

A company within the Kingfisher group that is a participating employer in the Scheme.

Dependant

Under the Scheme Rules a dependant is defined as a member's widow, widower, civil partner or child or someone other than the above who is a the date of the member's death:

- financially dependant on the member
- in a financial relationship relationship of mutual dependence with the member, or
- dependant on the member because of physical or mental impairment.



Dependant Child

A child of yours (either natural, step or adopted), under the age of 18 or under age 23 and in full time education.

Final Pensionable Salary

Your Final Pensionable Salary is your highest average annual salary over any three consecutive years within the last ten years before you leave or retire from the Scheme. If higher we use your Annual Salary over any period of twelve consecutive months in the last five years before you leave or retire from the Scheme.

Pensionable service

Pensionable Service is the time that you have contributed to [or been a non contributory member of] the Scheme (plus back service credits). Used to calculate your benefits.

Scheme

The Kingfisher Pension Scheme

Scheme Pension Age

Age 65

Spouse

Spouse means your legal wife or husband.

Trustee

An individual or company appointed or elected to administer the Scheme. You can contact the Trustees at the address on the inside cover.

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