

start

AUGUST 2001



The Annual Group Benefits Magazine for Kingfisher Employees

start

This magazine is intended to be informative rather than technical and detailed. It provides a broad outline of the Group Benefits arrangements, including ShareSave, All-Employee Share Options, the Kingfisher Pension Scheme and the Kingfisher Retirement Trust.

Although still only summaries, a more detailed explanation is contained in the various explanatory guides issued to members. The legal position is governed by the formal Trust Deeds and Rules, copies of which are available to members. Legal reliance should only be placed on these formal documents.

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ABOUT START

Start, a Group Reward and Benefits publication, is sent to all new employees with their offer letter, and annually to all members of the Pension Scheme and Retirement Trust. As a one-stop shop, it's somewhere you can get information about pensions, discount cards and the Share Schemes, read about new benefits, find out who is your company contact, check out the Trustees. Ideally, a new employee should be able to use Start to reach a basic decision about which pension arrangement they want to join.

Start is central to our communications strategy as it is one of the first publications new employees receive. But we don't just depend on the printed word; early in 2001, we launched our website, www.kgbd.co.uk and we've had a great response:

'I am VERY impressed with the site, and I even wish that I still worked for B&Q now that I've seen this site.'
- a former B&Q employee.

'This is great. It's difficult to find information on options within my OpCo as there are loads of different routes to follow. A website is great as all the information is all in one place and the correct forms are there.' – a Woolworths employee.

You can use the website's Feedback to give us your views, either on the site itself, this magazine or any of our other publications.

Write Away



When you contact us at the Group Benefits Department, we want to make sure that we can provide you with all the information you need as quickly as possible, but we can't do this if we can't identify your membership record.

So, when writing, please remember to tell us:

- Your full name, company and current home address.
- Your National Insurance number.
- Your employee number.
- If you are a member of the Retirement Trust, you will also need to quote your member number.

If you receive documents from us (like your Benefit Statement) that show incorrect personal details for you, please notify your payroll or personnel department. Your payroll/personnel department will make the relevant changes and notify Group Benefits – you do not need to contact us yourself.

If your date of birth is wrong or if your name has changed on marriage, it will be necessary for you to send us your Birth or Marriage Certificates, and we always return such documents by Registered Post.

But please remember that we can only make changes if we are notified in writing.

FURTHER INFORMATION

B&Q

Contact: Lynda Graham
☎ 02380 256256

Chartwell Land

Contact: Anne Lawley
☎ 020 7224 5522

Comet

Contact: Colleague Services
☎ 01482 592121

Entertainment UK

Contact: Lorraine Blake
☎ 020 8848 7511

Kingfisher

Contact: Colin Hatley
☎ 020 7724 7749

MVC Entertainment

Contact: Amanda Heath
☎ 020 8424 0101

Screwfix

Contact: David Searle
☎ 01935 414100

Superdrug

Contact: Scott Maynard
☎ 020 8684 7000

Time Retail Finance

Contact: Jane Stewart
☎ 0113 3696969

VCI Group

Contact: Lorraine Blake
☎ 020 8362 8111

Woolworths

Contact: Christine Gray
☎ 020 7262 1222

Share Schemes Helpline

01903 833689

If you'd like to talk to one of our share schemes specialists about ShareSave or the All-Employee Share Options, you can call the Share Schemes Helpline. It's open Monday to Friday, from 9am to 5pm.

Pensions Helpline

020 7725 5725

The Pensions Helpline gives you recorded information on what you want to know about our pension arrangements, 24 hours a day, seven days a week.



THE DISCOUNT SCHEME

KINGFISHER

The Scheme enables eligible employees and pensioners to get a standard discount of 10% on products from B&Q and Comet; B&Q employees are able to get a discount of 20% in B&Q stores.

Until you are notified otherwise, you may also use your card to obtain a discount of 10% on eligible products at MVC, Superdrug and Woolworths.

If you're online, you can also buy products through Comet's website at www.comet.co.uk, MVC's at www.mvc.infront.co.uk and Superdrug's at www.superdrug.com

The Discount Scheme does not form part of your contractual entitlement; it is entirely discretionary and may therefore be changed or ended without prior notice or consultation. Equally, participating companies may change the discount arrangements in their stores without prior notice to members.

HOW THE SCHEME WORKS

Membership - first cardholder cards

Eligible employees and pensioners are issued with one card in their own name. The employee eligibility rules may vary between companies and details will be available from your personnel department. Employees may either qualify for membership on joining the Group or have to wait until a probationary period of employment is completed (usually, three months).

In order to qualify for a pensioner member's card, you will need to retire directly from Company service after having completed a minimum of five years' Company service and have been a member of the Scheme or Trust for a minimum of two years.

We place orders for new cards at the end of every week, and these are usually received by members about three to four weeks after that – your card will be sent to your work location.

Membership - second cardholder cards

Employee members may apply for a second card to be issued in the name of their spouse or partner, or a member of their immediate family – **in all circumstances**, the second cardholder **must** be aged 16 or over and **must** live with the employee member. 'Immediate family' means a parent (which includes a step-parent or adoptive parent), a brother or sister or a child. Where a member is under 18 years of age and has a Legal Guardian with whom they live, they may apply for a card for that person – this arrangement is only applicable whilst the member is aged under 18. **The application form**

for a second card will be enclosed with your own card, and you should send the completed form to your personnel department.

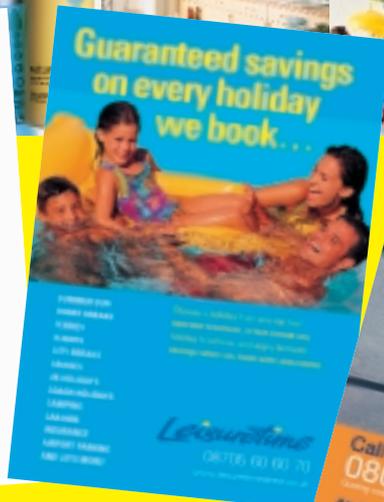
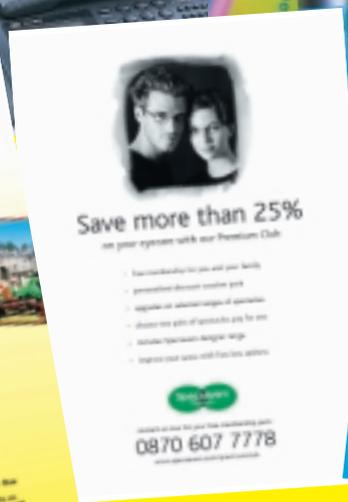
There are no exceptions whatsoever to these rules for employees – the Discount Scheme is a valuable employee benefit, which does cost the Company a considerable amount of money each year. Because of this, the Company is not willing to allow the use of cards to people outside of an employee's family household.

There are different rules in place for pensioners; full details are in the Discount Scheme booklet or on our website at www.kgbd.co.uk.

Second cards are produced in bulk twice monthly, and are sent to employees' work locations not their home addresses.

All second card applications are checked before processing; if there are any questions about a member's application, they will be contacted at their place of work. Checks of all of the second cards actually issued during the Scheme year are carried out before the annual issue each April of new cards to members; Group Reward and Benefits will then write to members who have made previous incorrect applications. In such circumstances, a second card will not be issued.

Please note that the issuing of a second card to an ineligible person does not imply that the application has been accepted as being correct – this would be due to error on the part of the production company. There is no time limit on correcting any errors in the issuing of second cards.



SOME DOs AND DON'Ts

If you have any problems with the Discount Scheme, you should first contact your personnel department.

- The Discount Scheme is not a contractual entitlement and may therefore be changed or terminated without prior notice or consultation. The actual discount is given entirely at the discretion of the Company, so members do not have an automatic entitlement to get a discount at any of the stores. Additionally, the participating companies may change the discount arrangements in their stores without prior notice or consultation.
- Discount is not available on all goods and service and there are variations in this between the operating companies. The Discount Scheme guide gives a list of the products and services that are excluded. However, there are some products that are excluded in all the Group's stores: Kingfisher Gift Vouchers, telephone cards, 'pay-as-you-go' telephone vouchers, lottery tickets and postage stamps.
- You must have your discount card with you when shopping in order to get the discount .
- You cannot lend your card to someone else as only you can use the card showing your name. If you do so, you risk losing your membership.
- Please remember that if goods are being paid for by credit card, Switch, etc. the name on the discount card must match the name on the payment card.
- You must not use your card for the benefit of a private business, either your own or someone else's.
- Please keep a note of your card number – you will need it when reporting your card lost or stolen.
- Lost, stolen and damaged cards can be replaced. You can get the necessary form from your store manager or personnel department, or from our website at www.kgbd.co.uk.
- You may change your second cardholder if your circumstances change. You can get a form to do this from your store manager or your personnel department, but you have to return the original card before the new one can be issued. If you are unable to retrieve the second card you want changed, you cannot be issued with a new second card.

The most frequently-asked questions about the Scheme are on our website at www.kgbd.co.uk.

Apart from the store discounts, there is a range of discounts available to you from a number of well-known companies. Full details are on our website at www.kgbd.co.uk

Airport Parking and Hotels Ltd Save up to 35% on airport parking. Call: 01342 710071, quoting 'Kingfisher Group'.

Bank of Scotland Loans facility: call 0800 616 505, quoting response code KFSH01. Mortgages: call 0800 810 810 (textphone 0800 169 0349), quoting response code MTG69. Savings account: call 0500 804 804 (textphone 0800 169 0351), quoting response code WKS01. Credit card: call 0800 015 2753, quoting response code 01FP. Freeway car purchase: call 0800 435 214, quoting response code BFB-KPS-001. ISA: call 0800 783 2999 (textphone 0800 028 0014), quoting your worksite and employer.

Just Wills Save 25% on Just Wills' normal prices for drawing-up your Will. Call 0870 444 2551, quoting reference 'Kingfisher Group'.

Legoland Windsor For reduced price entry, call 08705 040404 for credit/debit card bookings, quoting reference 'Kingfisher'; send cheques to LEGOLAND Windsor, Windsor, Berkshire, SL4 4AY, quoting 'Kingfisher'.

Leisuretime Holiday Club For Package holidays, cruises, flights, etc. call 08705 606070

Lex Autocentres For Savings on car servicing, MOT testing, etc. call 0800 374725 for details of the nearest Autocentre.

Momentum Independent financial advisory service: call 020 7767 2000.

RAC For reduced price membership, saving up to £25.00, call 0800 581 077, quoting reference GE0065. Call 0990 722 722 if an existing RAC member.

Specsavers Save more than 25% on your eyecare with the Premium Club. Call 0870 607 7778 for your free membership pack.

Theatre Tokens Spend £10 on theatre ticket tokens and save £1. Call 020 7240 8800, quoting reference 'The Kingfisher Group Discount Scheme'.

Willis First Response For Home, car and annual travel insurance, call 0800 224422, quoting reference 'KING1'.

Kingfisher ShareSave

Kingfisher plc is committed to employee share ownership. To encourage employees to become stakeholders in the Group, you usually have the chance to participate in ShareSave twice a year.

UK ShareSave

ShareSave provides a simple, tax-efficient way to buy Kingfisher plc shares on favourable terms.

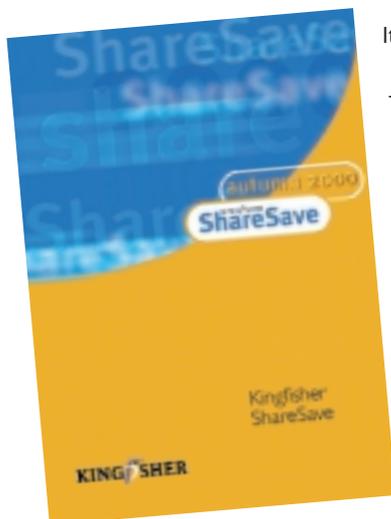
ShareSave is open to all UK employees with at least six months' continuous service at the date the 'offer' to join is made, and currently over 10,000 employees participate.

To participate in ShareSave, you must save between £5 and £250 per month for either three or five years. At the end of the savings term (maturity), a tax-free bonus is added to your savings which can then be used to buy Kingfisher shares at a discount of up to 20% on the price they were at the time the offer was made.

From maturity, you will have six months in which to exercise your Option to buy shares.

Provided the share price does not fall significantly, you will be able to buy shares at less than the market value and make a profit. Clearly, if the share price rises, your profit would be greater – the more the share price rises, the bigger your profit.

Even if the share price falls significantly, you can always take a refund of your savings and bonus in cash.



It really is that simple!

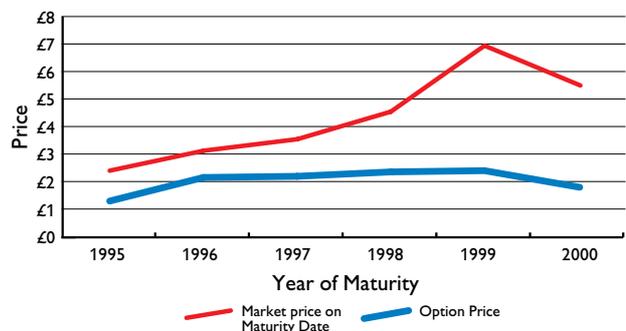
There are special dispensations in the event of redundancy, sickness, normal retirement or death that allow you or your personal representatives to exercise your option to buy shares.

Should you require more information on ShareSave, please contact the Share Schemes Helpline on 0870 240 2427.

Maturity on 1 August 2001

This year, the five year Option granted in 1996 and the three year Option granted in 1998 matured on 1 August 2001. The Option price for the 1996 Option is £2.33¹ and for the 1998 Option it is £4.38.

Participants with ShareSave Options which matured on 1 August 2001, can use all or part of their savings and bonus to buy Kingfisher shares at the Option price.



The graph above shows a comparison between the Option price and market price on maturity of a five year ShareSave Option between August 1994 and August 2000. As you will see, the market price at maturity of a five year Option has always been higher than the Option price, enabling participants to sell shares at a profit.

International ShareSave

An International ShareSave Plan, along the lines of the UK ShareSave Plan, is available to eligible employees in France, Belgium and Hong Kong. It is intended that this Plan be extended to other countries in due course.

Worldwide, over 13,000 employees participate in ShareSave Plans.

Lloyds TSB Registrars

- Supporting Your Success

Lloyds TSB Registrars (LTSBR) is the UK's leading provider of employee share plans and share registration administration. On behalf of Kingfisher, LTSBR administers the UK ShareSave, the International ShareSave Plan and the All Employee Share Options.

Your Employee Shares

Essentially, the role of LTSBR is to maintain your employee share records. With ShareSave, as an example, LTSBR registers your application, issues an option certificate, collects your monthly contributions via your company's payroll, produces annual statements and provides you with a choice of alternatives at Maturity.

LTSBR has a team dedicated to maintaining your records, ensuring they are accurate, and dealing with your queries. The Kingfisher Team and Helpline (0870 240 2427) is there to help you manage and understand your employee shareholdings.

If you wish, you can securely access your own employee scheme data via an LTSBR website at www.shareview.co.uk. You will need your shareholder reference number, which can be found on your latest Option Certificate.

The website provides a variety of information for each of the employee schemes in which you participate, including:

- scheme start date;
- number of shares under option;
- monthly savings amount saved to date*
- registered name and address details.

There is also a section of frequently asked questions (FAQs) relating to employee shares.

* For ShareSave schemes where savings are held by Yorkshire Building Society, LTSBR will not hold this information.

The next offer takes place in Autumn 2001, so don't miss out!

Kingfisher ISA (Individual Savings Account)

Kingfisher has introduced a corporate ISA, managed by Halifax Share Dealing Limited, in which investments are held wholly in the form of Kingfisher shares.

Each year, individuals may subscribe up to £7,000 in a 'maxi' ISA or £3,000 in a 'mini' ISA.

For further details, please call Halifax Share Dealing Limited on 0870 600 9966, quoting 'Kingfisher Shareholders'.

Shareholder information on the Internet

Computershare Investor Services PLC, Kingfisher's Registrar, has a facility whereby shareholders are able to access details of their shareholding in Kingfisher over the Internet, subject to complying with an identity check. This service can be accessed on their website (www.computershare.com).

NatWest Employee Share Dealing Service

A low-cost postal share dealing service for the purchase and sale of Kingfisher shares is provided by NatWest Stockbrokers at a commission of 0.5% of the transaction value (minimum of £6.50). Further information and dealing forms can be obtained by writing to NatWest Stockbrokers, Corporate and Employee Services, 55 Mansell Street, London, E1 8AN or by telephoning 020 7895 5029.



KINGFISHER
ShareSave

Make sure
you get
your share...

KINGFISHER

All Employee Share Option Scheme

In recognition of exceptional performance in 1996 and 1997, Kingfisher granted all permanent employees employed on 19 March 1997, two special share Options. The first Option was granted on 16 April 1997 and the second on 21 July 1998.

Under the 1997 Option, employees can purchase 400 shares at an Option price of £3.28½. Originally employees were granted an Option over 200 shares at £6.57 but, following a share split in July 1998, the number of shares under option doubled and the Option price halved (though the exercise price of £1,314 remained the same).

The 1998 Option enables employees to purchase 400 shares at an Option price of £4.96½.

Eligible employees will already have received the necessary documents to exercise their 1997 and 1998 Options. If not, please contact the Share Schemes Helpline on 0870 240 2427.

When making a decision to exercise, participants may wish to consider the following.

Tax

The Inland Revenue has approved the arrangements under which All Employee Share Options were granted in 1997 and 1998. This means that you can exercise your Option(s) without paying any income tax as long as you exercise at certain times.

● **The first exercise of an approved option** will result in no income tax being paid. So, if you have not already exercised your 1997 Option, your first exercise could be either of your 1997 or 1998 Options, or could include both Options (1997 and 1998) if exercised on the same day.

● **Exercising the 1998 Option within 3 years of exercising the 1997 Option**

If you have already exercised your 1997 Option free of income tax, unless 3 years elapse between exercises, you will be liable to income tax upon exercise of your 1998 Option. For example, if you exercised your 1997 Option on 17 April 2000, you would have to wait until 17 April 2003 to exercise your 1998 Option without paying income tax. The income tax charge is based on the gain you make (market value of the shares on the day you exercise, less the price you pay for them), even if you keep the shares.

Where there is a liability to income tax upon exercise, if the NatWest Special Finance Facility is used (see below), sufficient shares will be sold to cover the exercise price, dealing charges and basic rate income tax. The tax will be processed through payroll. Any higher rate tax will also be collected through payroll. If an exercise is self-financed, income tax should be accounted for under the self-assessment procedure.

● **Exercising the 1998 Option at least 3 years after exercising the 1997 Option**

Approved options can be exercised exempt from income tax if exercised at least 3 years apart.

NB: Employees who hold Executive Share Options should note that the 'once every 3 years' rule for tax relief applies to all approved options (other than ShareSave).

The price you get for the shares when you sell them

At the time of writing, the market value of a Kingfisher share is less than the Option price of the 1998 Option. Therefore, where you request exercise of your 1998 Option, if on the scheduled exercise date the market value of the shares you wish to purchase is insufficient to meet the purchase price and, where applicable, dealing charges, your exercise request will be held. It will be released and processed when on a subsequent exercise date

(i) **self finance** – the market value of a Kingfisher share is at least £4.96½.

(ii) **NatWest Special Finance Facility** – the market value of a Kingfisher share reaches £5.10.

If at the end of 6 months the price of a Kingfisher share has not been high enough to exercise your Option, and you are still eligible, you will be sent a new Option Exercise Form and Finance Facility Form for resubmission at a later date.

NatWest Special Finance Facility

To make exercising the Options as easy as possible, a Special Finance Facility has been arranged with NatWest Stockbrokers. This allows you to exercise your Option(s) without having to provide the funds yourself and you can take the net gain in either shares or cash.

NatWest will make a dealing charge for use of their Special Finance Facility. See the table below for current charges.

Exercise periods

Remember, whilst you continue to be an employee of the Kingfisher Group, you have 7 years from the respective maturity dates of your Options in which to exercise.

	EXERCISE DATES	PURCHASE PRICE	DEALING CHARGES
1997 OPTION	APRIL 2000 - APRIL 2007	£1,314	£12.50*
1998 OPTION	JULY 2001 - JULY 2008	£1,986	£15.00*
1997 AND 1998 OPTIONS TOGETHER	JULY 2001 - APRIL 2007	£3,300	£20.00*

*Dealing charges at 2001 rates. Charges increase as the amount of the loan increases.



On-Line

A wide range of information about Kingfisher Share Option Schemes is now available on-line by logging onto the Kingfisher Group Benefits Department website, www.kgbd.co.uk.

The Share Option Schemes section of the site is divided into four easy to use sections:

ShareSave

Here you will find the following:

- answers to your frequently asked questions about ShareSave
- how to join the latest ShareSave launch
- what to do when your ShareSave reaches maturity
- Option details of the current ShareSave schemes
- a copy of the Notification of Change Form to download and print off
- the latest Kingfisher share price.

All Employee Share Options

Here you will find the following:

- answers to your frequently asked questions about the All Employee Share Options
- information on the different ways to exercise your Options
- details of the tax implications of exercising your Options
- the factors which you may wish to consider when deciding what to do
- the complete Information Guide sent out prior to the maturity of the 1998 Share Option to download and print off
- the latest Kingfisher share price.

Useful Information

Here you will find the following:

- how to register and receive e-mails when new information has been added
- a glossary of terms used on the site
- shareholder information
- contact details
- links to useful websites
- the latest Kingfisher share price.

Group Separation

Here you will find information on how Share Options have been affected by the demerger of Woolworths Group plc and the sale of Superdrug.

So log on to the site to answer all of your Share Option queries.

Demerger

Following the Extraordinary General Meeting to be held on Friday, 24th August 2001, Woolworths Group plc will no longer be part of the Kingfisher Group. On demerger, Kingfisher shareholders will receive free shares in Woolworths Group. As such, ignoring general market movements, the value of a Kingfisher share should fall by the value of a Woolworths Group share. The Rules of the Share Option Schemes do not permit us to adjust Share Options in the event of a demerger so as to allow for the reduction in the Kingfisher share price.

To avoid Share Options losing value, Kingfisher will consolidate its share capital at the same time as the demerger. This will reduce the number of Kingfisher shares in the market to take account of the reduction in the size of Kingfisher, which should increase the share price. This should help to ensure that the market price of a Kingfisher share immediately after the demerger is broadly the same as it was immediately before demerger. Therefore, the value of Share Options after demerger should be broadly equivalent to what they were prior to demerger.

Following demerger, all Option holders should receive a statement showing the Options which they held at the end of June 2001. Anyone who does not receive a statement, or has any questions concerning their Options, should contact the Share Schemes Helpline on 0870 240 2427. Any questions concerning the demerger itself should be addressed to the Demerger Helpline on 0870 889 3108.

KINGFISHER SCHEME & TRUST

In order to provide new joiners with choices for how they learn about our pension arrangements, we provide booklets, a telephone information line on 020 7725 5725 and a website at www.kgbd.co.uk.

The telephone information line gives brief, recorded information on various aspects of the Scheme and Trust. No section lasts more than a few minutes and calls are charged at local rates. Our website went live early in 2001 and covers various aspects of Reward and Benefits, including pensions and the discount scheme. The website includes the Pensions Induction, a program especially for new employees to take you through the pensions maze step-by-step.

These are summaries of the KPS and KRT Guides, both of which are on our website, and provide the minimum amount of information required by pensions legislation, and may be used as a substitute for the Guides themselves.

Membership of the Scheme and Trust: Each Operating Company decides on the eligibility condition for their employees and you are advised of them on starting employment.

If you are an eligible employee working at least ten hours per week, you may be automatically made a member unless you stated otherwise, using the Pension Decision Form for this purpose. This practice varies within the Operating Companies, and you should check with your personnel department for your company's policy on this. Please note that medical evidence may be required when you join.

If you do not join when first able, you may only do so later with the Company's consent and subject to medical evidence, and the Company/Trustees may impose special conditions.

Normal Retirement Age is 60 for men and women.

PENSION SCHEME

Introduction

The Scheme is fully tax-approved by the Inland Revenue for the purposes of Chapter I, Part XIV of the Income and Corporation Taxes Act 1988, and is contracted-out of the State Earnings-Related Pension Scheme under the Pension Schemes Act 1993.

It provides benefits related to salary and length of service. These benefits are provided through a trust which is independent of the operating companies' financial affairs. The financial assets are managed by external investment managers, who invest in a wide range of stocks and fixed interest bonds in the UK and overseas.

Contributions

Your contributions are 5% of your Salary. For pension purposes, your Salary is your basic salary plus any other contractual payments your employer decides. Final Salary is the highest 12 months' Salary over any of the last five years before your retirement, leaving service or death (or, if greater, the average of the highest 36 months' consecutive salaries earned in the last ten years before retirement). Your pension is calculated as 1/60th of your Final Salary for every year of your Scheme membership.

The samples shown are based on a single person's tax allowance, and tax and National Insurance bands as at 6 April 2001.

Gross Annual Salary	Monthly Salary	Pension Conts.	Reduction in N.I.	Tax Relief	Cost to You	Percentage of Salary
£4,000.00	£333.33	£16.67	£0.00	£0.00	£16.67	5.00%
£6,000.00	£500.00	£25.00	£3.01	£2.50	£19.49	3.90%
£9,000.00	£750.00	£37.50	£7.01	£8.25	£22.24	2.97%
£15,000.00	£1,250.00	£62.50	£15.01	£13.75	£33.74	2.70%
£20,000.00	£1,666.67	£83.33	£21.67	£18.33	£43.33	2.60%
£25,000.00	£2,083.33	£104.17	£28.34	£22.92	£52.91	2.54%
£30,000.00	£2,500.00	£125.00	£34.87	£27.50	£62.63	2.51%

Retirement

At retirement, part of your pension may be exchanged for a lump sum (currently, tax-free). This lump sum is based on your Final Salary, service and the date on which you joined the Scheme.

Pensions in payment receive guaranteed annual increases in line with inflation, up to a maximum of 5% per annum. The Company has the discretion to give increases above the guaranteed level.

A Dependant's Pension may be payable on death for current, deferred or retired members. If you were married and living with your spouse at the date of death, they will be paid a Dependant's Pension, otherwise it would only be payable at the Trustees' discretion and after full examination of relevant written evidence.

Children (including adopted and stepchildren) would be eligible for a Child Allowance until age 18; the Trustees have the discretion to extend this during full-time further education. Illegitimate children should be notified in writing to the Trustees otherwise they may not be eligible.

Leaving

If you have more than two years' membership, you may transfer your benefits to an appropriate arrangement with a new employer or to an insurance company. The 'transfer value' is the cash equivalent of your Scheme benefits (calculated in accordance with the Pensions Act 1995), but it does not take into account any discretionary benefits, i.e. Ill-Health Early Retirement, Dependant's Pensions or Child Allowances.

If you have less than two years' membership, you may have a refund of your contributions with interest, less tax (because the contributions were tax-free) and the amount needed to reinstate you in the State Earnings-Related Pension Scheme.

In either instance, may also defer your pension until you retire.

RETIREMENT TRUST

Introduction

The Trust is fully tax-approved as a 'simplified defined contribution scheme' by the Inland Revenue for the purposes of Chapter 1, part XIV of the Income and Corporation Taxes Act 1988, and is contracted-out of the State Earnings-Related Pension Scheme (SERPS) under the Pension Schemes Act 1993.

It provides benefits based on the build-up of a fund of money by means of a trust, which is independent of the operating companies financial affairs.

In the main, the financial assets of the Trust (apart from cash needed for transactions) are currently invested in Eagle Star's Unitised With-Profits Pension Fund – money invested in a with-profits fund offers a steady and secure rate of return.

Members may also invest their contributions in a range of unit-linked funds (also from Eagle Star), details of which are in the KRT Members' Guide. Unlike with-profits, unit-linked funds will rise and fall in line with the value of the underlying investments so members' contributions can do likewise.

Contributions

Your contributions will either automatically be invested in the With-Profits Fund or you will be given the immediate choice of investing some or all of your contributions in unit-linked funds – this varies between Operating Companies and you should check with your personnel department for your company's policy. Even if your contributions are automatically invested in the With-Profits Fund, you can still arrange for the investment to be changed to include unit-linked funds if you so wish.

As a Trust member you pay lower National Insurance (NI) contributions because you are contracted-out of SERPS. Your contribution to the Trust is equal to the reduction in your NI, which is then 'grossed-up' at the Basic Rate of tax. Because you pay lower NI, the Company's NI contribution for you is also lower; however, the Company pays an amount equal to this reduction into your account. The Company may also pay an additional contribution for you, equal to 1% of your full pay once it has exceeded the Lower Earnings Limit. You may increase your pension by paying Additional Voluntary Contributions.

The samples shown are based on a single person's tax allowance, and tax and National Insurance bands as at 6 April 2001.

You can stop paying contributions by giving one month's notice to your Payroll Department.

Gross Annual Salary	Monthly Salary	Pension Conts.	Reduction in N.I.	Tax Relief	Cost to You	Percentage of Salary
£4,000.00	£333.33	£0.00	£0.00	£0.00	£0.00	0.00%
£6,000.00	£500.00	£3.35	£3.35	£0.34	£0.00	0.00%
£8,000.00	£666.67	£7.27	£7.27	£1.60	£0.00	0.00%
£10,000.00	£833.33	£10.69	£10.69	£2.35	£0.01	0.00%
£12,000.00	£1,000.00	£14.10	£14.10	£3.10	£0.01	0.00%
£15,000.00	£1,250.00	£19.23	£19.23	£4.23	£0.01	0.00%

It may be possible to transfer a pension with a previous employer or insurance company into the Trust to increase the monies in your account – these transfers are at the Trustees' discretion.

The Pension Schemes Registry holds details of pension schemes to help you trace any past benefits. Information about the Trust has been given to the Registrar.

Retirement

Your retirement pension will be based on the value of your Basic Account and your Top-up Account. The Basic Account is made up of your and your employer's NI reductions. It can only be used to buy pension for you at age 60 (or on later retirement) or for benefits if you die before age 60. Benefits from the Basic Account replace the benefits you would have received under SERPS.

The Top-up Account is made up of the tax relief you get on your Basic Account, the company contribution and any AVCs you might have paid.

The Basic Account must be taken as pension, but part of the Top-up Account may be taken as a lump sum (currently, tax-free), subject to Inland Revenue restrictions.

Certain elements of your pension may receive annual statutory increases, and you will be advised if this applies to you. However, because you are buying an annuity, you decide whether you want one that increases or remains the same. Choosing one that does not increase will initially give you a higher annual pension. Annuities decrease in value where annual increases are given.

A Dependant's Pension, bought from the proceeds of your Basic Account and legally payable only to your spouse, is payable if you die in service. If you die in retirement, a Dependant's Pension will only be payable if you made provision for this when you retired, i.e. if you choose a 'Single Life' pension for yourself, there would be no Dependant's Pension.

Leaving

Under current pensions legislation, the option of a refund of contributions on leaving the company is not available. If you leave the Company, your Basic and Top-up accounts remain invested and continue to receive investment returns/bonuses.

Instead of leaving your pension accounts invested under the Trust, you may decide to transfer them to an appropriate arrangement with a new employer or to an insurance company. The 'transfer value' will be based on the amounts in your pension accounts.

There are times when a member may not get the full value of their fund. Were you to transfer your fund, it may be necessary to reduce its value – this is called the Market Level Adjustment (MLA). It serves to protect members remaining in the With-Profits Fund at a time when markets are depressed or when returns earned by the With-Profits Fund are less than the annual bonus. Currently, members who retire early, or late, do not have an MLA applied to their fund; however, this practice is not guaranteed by the investment manager and may change if investment conditions deteriorated to the serious disadvantage of the remaining members.

An MLA is not applied at Normal Retirement or on death.

CHOOSING A PENSION

Personal Pension

If you are not a member of a company scheme and take out a Personal Pension, what you finally receive depends on what you put in, what the charges are and the rate of return you get on the contributions you pay. Any other benefits are optional extras available at a price.

State Earnings-Related Pension Scheme (SERPS)

The cost of this is met by the National Insurance (NI) contributions you and your employer pay. It's designed to provide an earnings-related State pension in addition to your Basic Old Age pension. If you are a member of the Trust or Scheme, your SERPS pension will be reduced but your Basic Old Age pension will be unaffected (and you pay lower NI).

KINGFISHER PENSION CALCULATOR

Income for your children if you die in service				Yes (up to another 50% of the dependant's pension).
The option to give up part of your pension for a tax-free sum			Yes	Yes (more than Retirement Trust).
Early retirement from 50 onwards			Pension from Top-up Fund is payable.*	A pension payable at any time after age 50.*
Early retirement due to ill-health			Small pension.*	Yes, counting some or all of the years you could have worked.*
A tax-free lump sum if you die in service			2 x annual salary plus proceeds of Top-up Account.	4 x annual salary plus refund of your contributions.
Income for your dependants if you die in service	50% to spouse of what you have built up.	As can be purchased with what you have built up.	Spouse's pension and/or lump sum.	50% of your future pension for spouse (or dependant**).
Income for your dependants if you die after retirement	100% of your pension to spouse, reducing to 50% after 1999.	50% of your pension.	Depends on the terms you choose.	50% of your pension for spouse (or dependant**).
Retirement Pension at age 60 for men and women	Not more than 20% of average earnings. Payable from State Pension Age (65).	Depends on investment conditions. Payable from State Pension Age (65).	Depends on investment conditions.	Up to 66% of all basic salary at a rate of 1/60th for each year of membership.
Company contributions towards your pension	Included in National Insurance.	National Insurance, rebate plus Age-Related NI Rebate.	If paying National Insurance, rebate plus extra % of ALL pay plus Age-Related rebate from DSS.	Pays balance of cost (substantial).
<div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="border: 1px solid gray; padding: 5px; background-color: #e0e0e0; border-radius: 10px;">STATE (SERPS)</div> <div style="border: 1px solid gray; padding: 5px; background-color: #e0e0e0; border-radius: 10px;">PERSONAL PENSION (NI Rebate only)</div> <div style="border: 1px solid gray; padding: 5px; background-color: #e0e0e0; border-radius: 10px;">KINGFISHER RETIREMENT TRUST</div> <div style="border: 1px solid gray; padding: 5px; background-color: #e0e0e0; border-radius: 10px;">KINGFISHER PENSION SCHEME</div> </div>				

The Kingfisher Retirement Trust

Designed to cost you virtually nothing if you are a Basic Rate taxpayer. Unlike a personal pension with some insurance companies, there is no commission to pay to a salesman. It works in a similar way to a personal pension, but for no extra cost you get additional company contributions and free life cover while you are with the Company.

The Kingfisher Pension Scheme

You get a guaranteed level of pensions linked to your salary and years of service, plus a whole range of other benefits. This costs 5% of your Pensionable Salary, but savings in tax and NI contributions reduce the actual costs substantially.

DIFFERENT SCHEMES OFFER DIFFERENT LEVELS OF BENEFIT AND ADDITIONAL COVER. YOU SHOULD TAKE INTO ACCOUNT BOTH WHAT YOU WANT FROM A SCHEME AS WELL AS WHAT YOU CAN AFFORD.

* Early retirement is at the discretion of the Company/Trustees. ** At the discretion of the Trustees.

ADDITIONAL VOLUNTARY CONTRIBUTIONS

Additional Voluntary Contributions (AVCs) are a way of saving for extra retirement income, especially if you didn't start saving for retirement until later in life, have had any breaks in paying pension contributions, or want to increase your income in retirement.

There are different arrangements for members of the Pension Scheme and Retirement Trust. Scheme members should refer to the AVC Guide, Trust members to their Trust Members' Guide. Unless stated otherwise, the information in this article is applicable to Pension Scheme members.

What's the difference between AVCs and Free-Standing AVCs, and which should I pay?

AVCs are paid through your company pension scheme; FSAVCs are a private arrangement paid directly to an insurance company. We're not allowed to advise you which to pay, but you should bear in mind that with AVCs, expenses are minimal (because of the Group terms) and you avoid the commission charges on FSAVCs.

What are the charges if I pay through Kingfisher?

That depends on your chosen investment fund; they can be levied as an administration fee, an annual management fee or a reduction in the bonus rates awarded. Full details are in the AVC Guide.

If I start paying AVCs, can I change my mind?

Yes. You can increase or decrease payments, stop or restart, and make one-off annual payments. Your payroll department generally requires one month's notice of any change. There are no charges for doing this. Equally, if you change your mind and re-start, there are no charges, no matter how often you change your mind.

You receive tax relief, at the highest rate you pay. Because the contributions are deducted from salary, tax relief is automatic. However, when the AVCs become payable as pension, the payments are classed as income and may be liable to tax.

If I stop paying AVCs, can I have my money back?

Only if you left the Company before completing two years' Pensionable Service, in which case you would be eligible to receive a refund of your contributions to the Pension Scheme and the AVC Scheme.

Please explain the different arrangements for the Scheme & the Trust?

Members of the Scheme have their AVCs invested separately from other Scheme assets. Currently, members have the choice of paying into the With-Profits Fund invested with Prudential or a variety of unit-linked funds with Mercury Asset Management and Legal and General. Full details are in the AVC Guide, a copy of which is obtainable from your personnel department.

All the assets of the Trust, including AVCs, are invested in Eagle Star's Unitised With-Profits Pension Fund, and members' pension contributions and AVCs are used to buy units in this fund. Trust members can, if they wish, invest their contributions in a range of Eagle Star's unit-linked funds. Full details are in the KRT Members' Guide, a copy of which is obtainable from your personnel department.

What's the difference between unit-linked and with-profits AVCs?

With-Profits AVCs are invested in a fund managed by an insurance company. The return is provided by annual bonuses, and there is a capital guarantee that bonuses cannot be negative; so provided that your contributions have been invested for a minimum period, you should get back at least what you have put in, making With-Profits suitable for those wanting a steady, regular return on their investment and for those getting near to retirement age.

Paying unit-linked AVCs lets you invest directly in Stock Market funds, depending on the fund. It offers no capital protection, no guaranteed rates of return and no steady annual bonuses. You choose which funds you want to invest in, but you must also accept the risk that the value of your investments can go down as well as up. Over the longer-term, a suitable mix of unit-linked funds can be expected to out-perform the With-Profits Fund, but with much greater volatility of returns and no underlying guarantee.

How much can I pay?

Scheme members can pay maximum pension contributions of 15% of Pensionable Salary. 5% is paid to the Scheme, leaving a possible maximum of 10% to pay in AVCs.

Trust members have the scope to pay approximately 10% of salary. However, because the actual Trust contribution is what would otherwise have to be paid into SERPS (the State Earnings-Related Pension Scheme) and therefore lower than the 5% contribution to the Pension Scheme, it may be possible to pay more than 10% in AVCs (the Group Benefits Department will advise on this).

How are my AVCs paid on retirement?

If you started paying AVCs before 8 April 1987, you can take them as part of any tax-free lump sum option you have. If you started paying AVCs after that date, by law they must be taken as pension by buying an annuity.

If you wish, you can use your AVCs to buy an annuity with another provider (the 'open-market' option). The Group Benefits Department can provide details of an Independent Financial Adviser, who will research the markets on your behalf.

KRT INVESTMENT OPTIONS

Unless we are advised otherwise, Trust members' contributions, like all of the assets of the Trust (apart from the cash needed for transactions), are automatically invested in Eagle Star's Unitised With-Profits Fund. Money invested in a with-profits fund offers a steady and secure rate of return.

There is also available a range of funds called 'unit-linked funds', also provided by Eagle Star, which offer a range of risk and return. Unit-linked funds will rise and fall in line with the underlying

investments, so the value of a member's contributions can fall as well as rise.

You have the choice, then, of investing all in With-Profits, or all in unit-linked or splitting your contributions between the two arrangements. If you wish to contribute to the unit-linked funds, you should complete the Retirement Trust Investment Form; this can be obtained from our website on www.kgbd.co.uk or from your personnel department. The details below of the unit-linked funds have been provided by Eagle Star.

THE UNIT-LINKED FUNDS

MONEY PENSION FUND (SECURE PENSION FUND - NO RISK)

The Secure Pension Fund involves no risk to the unit price since this cannot fall. The managers achieve this by investing not in stocks and shares, but in short-term money market instruments which are actively managed to combine competitive yields with security.

LONG DATED GILT PENSION FUND (LOWER RISK)

This fund aims to protect the annuity purchasing power of the investor's pension fund by investing in dated UK gilts. The fund may also invest in shorter dated gilts from time to time.

MANAGED PENSION FUND (LOWER RISK)

A rigorous selection process is applied to a range of stocks and shares, Government securities and property in first-class locations. The fund may also hold cash from time to time. Investors are able to participate in the prosperity of some of the largest and most successful companies in the UK and overseas.

ENVIRONMENTAL OPPORTUNITIES PENSION FUND (MEDIUM RISK)

This fund invests primarily in the UK and also in Europe. The managers seek out companies which take a positive attitude to, or benefit from, environmental issues.

EQUITY MANAGED PENSION FUND (MEDIUM RISK)

The selection consists of a broad spread of companies from the major world markets which, in the managers' view, hold good growth potential. It may also include fixed interest stocks, cash and property.

UK INDEX TRACKER PENSION FUND (MEDIUM RISK)

This fund is designed to mirror as closely as possible the performance of the companies that are included in the FT-SE All Share Index. Eagle Star does not select the companies that are in this index, so investment returns are dependent upon how this index performs and also how closely the fund managers track the performance of this index. The FT-SE All Share Index includes approximately 900 companies giving investors a broad investment spread.

ADVENTUROUS PENSION FUND (HIGHER RISK)

This fund invests aggressively in global stock markets, selecting companies which are expanding rapidly, especially in emerging growth sectors. Companies in turnaround situations and possible takeover targets are also considered.

LIFESTYLE INVESTMENT

Eagle Star has established the Lifestyle Investment Strategy which is primarily for investors who do not wish to regularly review their investment decisions.

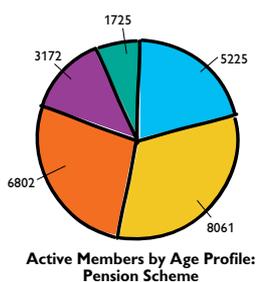
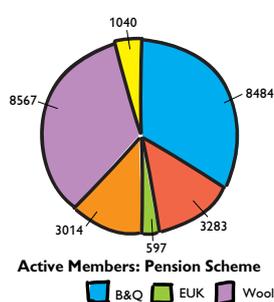
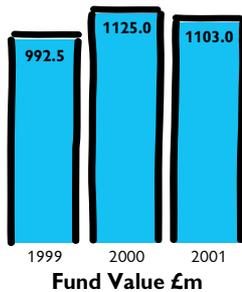
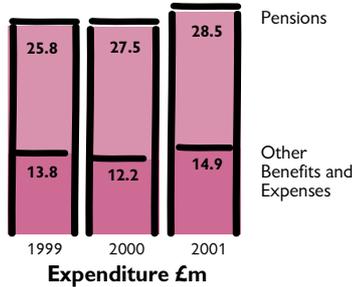
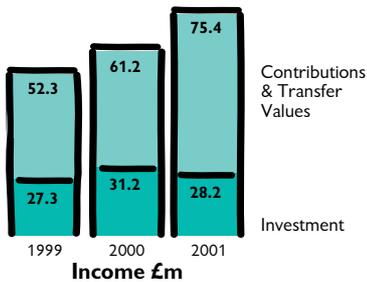
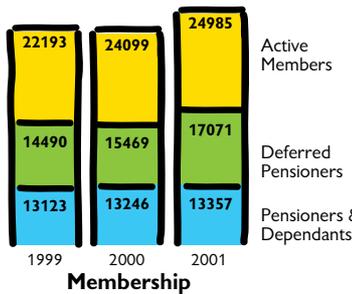
The lifestyle matrix detailed below applies to all new and existing contributions with planned switches taking place on 6 April each year. This gives member the opportunity to ensure their investments are exposed to the higher risks/higher return whilst younger but will not leave them exposed to the equity markets as retirement approaches.

AGE	MANAGED FUNDS	LONG DATED GILT FUND
Up to 49	100%	0%
50	90%	10%
51	80%	20%
52	70%	30%
53	60%	40%
54	50%	50%
55	40%	60%
56	30%	70%
57 onwards	20%	80%

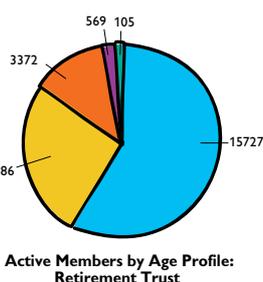
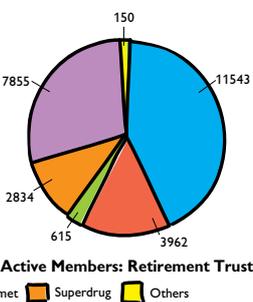
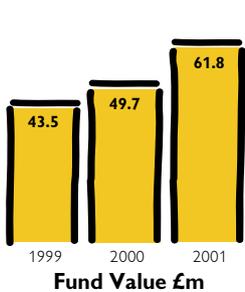
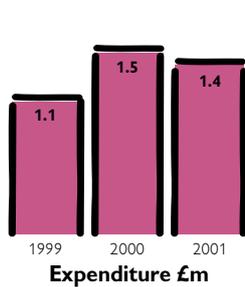
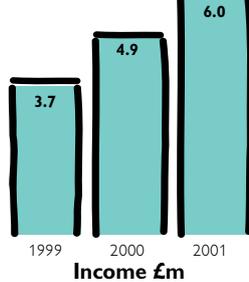
SCHEME & TRUST UPDATE

The Trustee Board produces an annual Report and Accounts, giving information about both the Scheme and Trust and their management during the year. A copy is sent to every company location and is also available on our website at www.kgbd.co.uk

PENSION SCHEME



RETIREMENT TRUST



THE TRUSTEE BOARD

The Pension Scheme and the Retirement Trust are managed by Kingfisher Pension Trustee Limited, a company established specially to act as Trustee. As the Trustee is a company, there have to be directors; the directors of this trustee company form the Trustee Board and are termed 'trustees'.

Trustees are drawn from all levels within the Kingfisher Group, including Val Struthers who is a pensioner. In addition, two of the Trustees, John Martin and Charles Woodward, are not employed within the Group and are chosen for their complete independence as well as their knowledge of pension matters. Before taking up their appointment, new Trustee Board directors receive both external and internal training.

The Trustee Board monitors and oversees both the Scheme and the Trust through committees, which focus on specific aspects of day-to-day operations. The four Committees (Accounts and Audit, Benefits, Investment and Sealing) report separately to the Trustee Board.

There is no set term of appointment to the Trustee Board, but appointments are reviewable after four years, or earlier if there is a change in a trustee's employment or personal circumstances. The power to appoint and remove Trustees rests with Kingfisher plc.

HELEN CHANDLER Company: B&Q Appointed: 4 March 1988	ROGER JONES Company: Kingfisher Appointed: 9 February 1987	IAN EDWARDS Company: Kingfisher Appointed: 30 March 1992
TERRY HARTWELL Company: B&Q Appointed: 6 November 1998	JOHN MARTIN Company: Independent Appointed: 30 March 1992	TIKU PATEL Company: Kingfisher Appointed: 13 May 1997
TONY STANWORTH Company: Kingfisher Appointed: 30 March 1992	DAWN STEWARD Company: Woolworths Appointed: 1 December 1993	VAL STRUTHERS Company: Pensioner Appointed: 13 March 1997
BRIAN VENTERS Company: Comet Appointed: 9 February 1987	CHARLES WOODWARD Company: Independent Appointed: 30 May 1992	LIZ WRIGHT Company: Superdrug Appointed: 13 May 1997



For your online guide to your
pension benefits visit the new Kingfisher website at

www.kgbd.co.uk

GROUP BENEFITS ONLINE