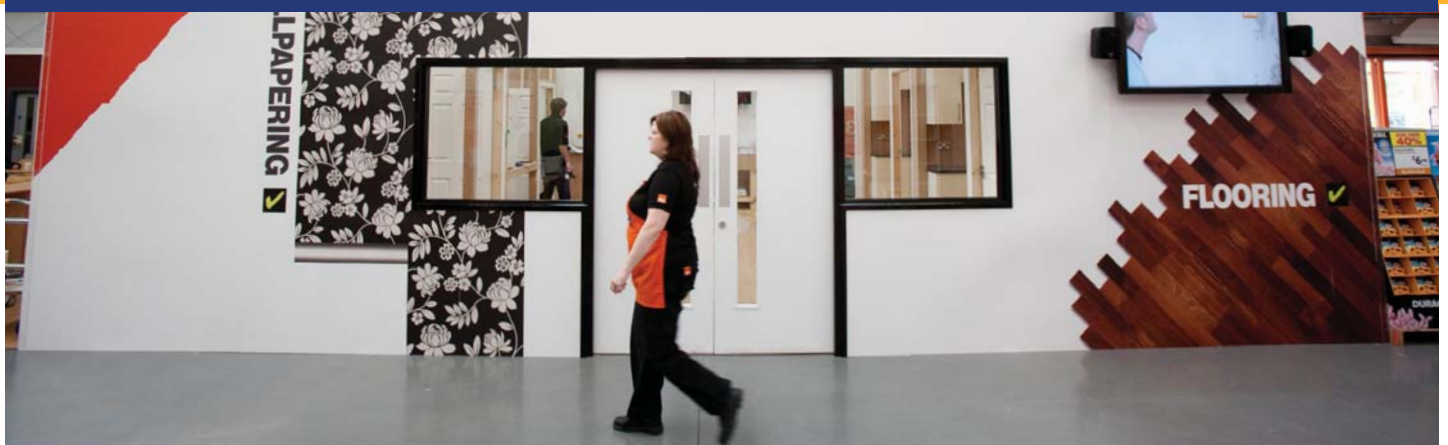


MPN News...

For money purchase members of the Kingfisher Pension Scheme

February 2012



Proposed changes to the Kingfisher Pension Scheme for Money Purchase members

Following an extensive review, Kingfisher plc (the Company) is proposing changes to its existing UK retirement arrangements. In respect of the Kingfisher Pension Scheme Money Purchase section (MPS) the proposed changes represent good news for MPS members and would give all members the opportunity to receive improved contributions and benefits. The Company is also consulting with colleagues who are members of the Kingfisher Pension Scheme Final Salary section (FSS) on closing that section to future benefits.

This document sets out the background to the proposed changes to the MPS and covers the proposals in detail.

The Company is giving MPS members the chance to provide feedback on the proposals and this document gives you information on how you can do this. This is the first in a series of communications that aim to give you the information you need to make an informed decision about your future Kingfisher retirement arrangements.

This document is for information only and doesn't require you to take any action unless you want to provide feedback during the consultation period.

The Company has discussed the proposed changes with the pension Trustee.

Care has been taken to consider the retirement needs of all our UK colleagues and we're confident that the improved MPS will be a very competitive offering for the future.

Ian Cheshire
Group Chief Executive
Kingfisher plc

Background to the proposals

The Company is committed to providing you with access to retirement provision that is:

- a valuable benefit fair to all employees
- sustainable in the long term, and
- affordable for employees and the Company.

The Company's desire to provide a contribution and benefit structure that is fair to all colleagues has been the main driver for its proposals. In addition, the Company recognises that the FSS is now significantly more expensive to provide than the MPS. This is the case with most other UK companies, and it's generally believed that the cost of providing final salary arrangements will continue to escalate in the future.

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Improvements to the MPS

The Company would substantially improve the existing MPS by introducing new higher contribution levels. These improvements would make the proposed MPS competitive when compared to companies similar to Kingfisher and operating in the UK retail sector. The improved MPS would be available to all active members from 2 July 2012. More information on this can be found on pages 3 and 4.

SMART Pensions

The Company is proposing to introduce a more cost-effective way of making contributions to the MPS that could mean you pay less National Insurance (NI). This arrangement would be called SMART Pensions and further information will be given to you once the consultation period has ended.

In addition, the Company is proposing to increase the life assurance benefit paid from the MPS if a member dies in service.

The Company also proposes that any new colleagues will be able to join the MPS once they've worked for their employer for 3 months, rather than having to wait for 12 months as at present.

The Company is also proposing to

- Close the FSS on 30 June 2012. FSS members would keep the benefits that they had built up to this date but would not be able to build up any further benefits in the FSS. Benefits already built up in the FSS would remain protected and retained in the FSS.
- Admit FSS members into the improved MPS for future pension build up.
- Provide goodwill payments for existing FSS members to ease their transition into the improved MPS.

Please note that these proposed changes to the FSS would not affect you as an MPS member. You would, however, benefit from the enhanced MPS.



The proposed changes

Proposed implementation of an improved MPS

It's proposed that all future retirement provision for Company colleagues would be provided in the MPS from 2 July 2012. Company contribution rates to the MPS would increase, with the Company contributing enhanced contributions, up to a maximum of 14% of basic annual salary. The proposed minimum member contribution is 3% of basic annual salary.

Contribution rates (% of basic annual salary)

Current contribution rates*

Member contribution	Company contribution	Total contribution
3%	3%	6%
4%	4%	8%
5%	5%	10%

* The Company's contribution rate increases to a 4% or 5% match after 5 years' company service. For managers grade 7 and above it increases from 5% to 8% after 5 years' company service.

Proposed contribution rates

Member contribution	Company contribution	Total contribution
3%	3%*	6%
4%	4%	8%
5%	5%	10%
6%	6%	12%
7%	10%	17%
8%	14%	22%

* For new members joining the MPS after 2 July 2012, the minimum contribution would be 3% of basic annual salary, subject to any legislation changes.

Former KRT members currently don't pay contributions but do receive a 1% contribution from the company.

As part of the proposed changes the 5 year company service requirement to benefit from a company contribution rate higher than 3% would be removed. The contribution choices described above would be available at any time from 2 July 2012 for all colleagues.



What does this mean for me?

Your future pension would continue to build up in the MPS. Your investment choices would remain the same but you would be able to elect to benefit from improved Company 'matching' contributions.

If you currently contribute the minimum 3%, you would have the option to retain your existing contribution rate with a 3% Company 'matching' contribution or you could choose to increase your own contribution to receive the higher Company contribution.

This would mean that if you increased your contribution to 4% or above, you would receive a higher matched contribution from the Company – taking the total amount contributed to your pension to up to 22% of your basic annual salary if you chose to contribute 8%.



in detail

Improved life assurance benefit

It is proposed to double the life assurance benefit for all active MPS members from 2 x to 4 x your basic annual salary to reflect the life assurance benefit currently provided under the FSS.

What does this mean for me?

Should you die while an active member of the MPS a life assurance benefit of 4 x basic annual salary would be payable to your beneficiaries.

Incapacity benefits

You currently have the option to allocate 0.25% of your contribution to provide extra incapacity benefits should you retire from employment due to ill health.

What does this mean for me?

The option to buy an incapacity benefit payment based upon a multiple of your salary would remain.



How consultation works...

The Company will be consulting with members on the proposed changes to the Kingfisher Pension Scheme until 2 April 2012. This means that you have the opportunity to respond to these proposals and let the Company know your views.

How do I respond to the consultation?

A pension change website has been developed for the period of consultation. You can find this at www.kingfisherpensionchange.com. When you sign on you'll be asked for a password which is **pensionchange12**.

Just follow the link to the feedback section. All feedback will be reviewed by the Company, in liaison with the pension Trustee. The Company will also use feedback from members to update the frequently asked questions on the website. This will help other members with the same question(s).

How to feedback your comments

Visit www.kingfisherpensionchange.com.

Enter your name and email address and any feedback you would like to provide. Do not enter any personal details in this section (e.g. NI number). Alternatively, if you don't have access to the website you can give your feedback in writing to:

Kingfisher plc, Group Pensions Department,
3 Sheldon Square, Paddington, London
W2 6PX.

You may also contact the Kingfisher pension change helpline on **0330 330 9427**. Calls will be charged at your local rate (calls from mobiles will be charged at your provider's rate). The helpline is available Monday to Friday from 8am to 6pm.

If your query is about your own personal circumstances please contact the administrator at Zurich on 0800 500 3144.

What happens next?

The consultation period allows plenty of time for you to consider the proposals and over the next few months you will receive further information. You will be provided with tools to help you further understand the changes that are being proposed. When the consultation period is over, after considering members' feedback a final decision on the proposed changes will be made by the Company and this will be communicated to you. Key dates in this process are shown to the right.

Key dates

2 February 2012

Consultation starts and website is made available

2 April 2012

Deadline for member feedback

16 April 2012

Company finalises decision in relation to proposals

23 April 2012

Members are updated on the Company's decision

2 July 2012

Implementation of proposed changes

Company considers member feedback

Please note that you don't need to do anything during the consultation period unless you want to give feedback. When the consultation period ends and the Company's decision has been finalised, you will be advised of any action you may need to take.



Reminders

This newsletter gives you an overview of the proposed changes to your retirement arrangements. You don't have to take any action, but if you would like to give your feedback on the proposed changes, you can do so using the contact details below.

What happens next?

Consultation period

You receive this newsletter about the proposed changes

You can find out more from the website and have the opportunity to give feedback

You will receive confirmation that the consultation period has finished and we will let you know the outcome

After consultation period

You receive another pack giving you more information and confirming any changes. Details of SMART Pensions would also be provided

You would be asked to choose your future contribution through SMART Pensions for the improved MPS

The improved MPS would be launched on 2 July 2012

What other information is available and how do I give feedback?

Throughout the consultation period a pension change website is available at: www.kingfisherpensionchange.com. You'll need to enter the password **pensionchange12**.

On this website you can find:

- frequently asked questions
- a short presentation on how the MPS would work
- a feedback section
- a copy of this newsletter.

This site will be updated regularly with member feedback and all communications sent to members.

Alternatively, if you don't have access to the website, you can give your feedback by writing to:

**Kingfisher plc, Group Pensions Department,
3 Sheldon Square, Paddington, London W2 6PX.**

You may also contact the Kingfisher pension change helpline on **0330 330 9427**. Calls will be charged at your local rate (calls from mobiles will be charged at your provider's rate). The helpline is available Monday to Friday from 8am to 6pm.

Or you can email the helpline at: pensionchange@kingfisher.com.

