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AUGUST 2002



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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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# Write Away



When you write to Group Reward and Benefits, please remember to tell us:

- Your full name, company and current home address
- Your National Insurance number
- Your employee number
- And if you're a member of the Retirement Trust, we'll need your member number as well.

You should contact your personnel or payroll department if you receive any documents (like your Benefit Statement) from us that show the wrong personal details. They will let us know, so you don't have to bother.

However, if we haven't got your right date of birth or if your name has changed on marriage, you will need to contact us and send a copy of the Birth or Marriage Certificate - we always send them back via Registered Post.

Please remember that we can't make any changes unless we are notified in writing.

## FURTHER INFORMATION

For further information about Pensions, ShareSave or the Discount Scheme, you can contact the person listed for your company.

### B&Q

Contact: **HR Service Centre**  
☎ 02380 257000

CHARTWELL

· L A N D ·

Contact: **Anne Lawley**  
☎ 020 7224 5522

### COMET

Contact: **Colleague Services**  
☎ 01482 592121

KINGFISHER

Contact: **Sarah Bater**  
☎ 020 7724 7749

SCREWFIX  
DIRECT

Contact: **David Searle**  
☎ 01935 414100

To contact the Group Reward and Benefits Department for information about Pensions, ShareSchemes or the Discount Scheme, call 020 7372 8008 and ask for the section you require.

# 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 Information Line

**020 7725 5725**

The Pensions Information Line gives you recorded information on what you want to know about our pension arrangements. It's available 24 hours a day, seven days a week.



# THE DISCOUNT SCHEME

KINGFISHER

Basically, the scheme gives discount at B&Q (UK and Republic of Ireland) and Comet to all eligible employees and pensioners and a range of discounts with other companies as well. You can have a second card for someone else to use on your behalf.

The Scheme doesn't apply to any of the mainland Europe companies, like Darty.

If you work for B&Q or Screwfix you get 20% at B&Q and 10% at Comet.

If you work for Comet, you get 10% at Comet and B&Q. In addition, Comet and Woolworths have a special arrangement for their employees – Comet staff get a discount at Woolworths and vice versa. Although you use your Kingfisher discount card to get the discount, the arrangement is not part of the Group Discount Scheme. If you have any questions about the Comet-Woolworths arrangement, you should contact your Colleague Services section at your head office.

You can shop online at Comet and still get your discount – the address is [www.comet.co.uk](http://www.comet.co.uk).

**Whether you get a discount card or not is up to your Company – you don't have an automatic right as it doesn't form part of your contract. You will either qualify immediately on joining or have to wait until your probationary period is up.**

**Sometimes, employees don't want to wait for their card, so go ahead and buy goods hoping to either claim back the discount later or try to persuade the store to give them the discount even though they haven't got a card. You must have the card with you – no card, no discount under any circumstances.**

Like we said, you can have a card for someone to use on your behalf. That means, to buy goods for you and your household. That is all it means and there is no other way that card may be used.

If you're applying for a second card, the Rules are really simple. Firstly, remember that the person MUST live with you – because the second cardholder will be using the card for you and your household, not for theirs or for anyone else's. They must also be aged 16 or over. That

established, you can have a second card for your spouse, or partner, or parent (including step-parent or, if you are under 18, your Legal Guardian, ) or child or brother or sister.

**So, you cannot have a card for someone under age 16, or for someone who does not live with you or for a family member not listed above**

*There is a different rule for pensioners and their second cardholders – the second cardholder doesn't have to live with them and doesn't have to be one of the family members listed for employees.*

Remember, your card and any second card you applied for are YOUR responsibility. If they are misused in any way, you are responsible and accountable and the card(s) may be taken away.

Employees who retire from the Company and immediately take their Company pension qualify for a discount card provided that they were employed by the Company for a minimum of five years and were also in the Scheme or Trust for a minimum of two years.

The discount a pensioner gets depends on which company they worked for:

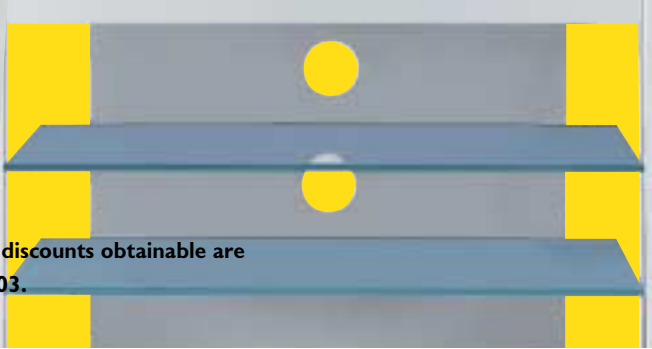
- Ex-B&Q Kingfisher pensioners get 10% at B&Q and Comet (there are some pensioners who still get 20% from a previous arrangement)
- Ex-Comet Kingfisher pensioners get 10% at B&Q and Comet
- Kingfisher pensioners get 10% at B&Q and Comet
- Kingfisher pensioners get 10% at B&Q and Comet
- Ex-Chartwell Land Kingfisher pensioners get 10% at B&Q and Comet
- Ex-Woolworth Group Kingfisher pensioners get 10% at B&Q, Comet, MVC and all Woolworths stores

This information is valid until 30 April 2003.

Information about these discounts is in your Discount Scheme booklet and on our website at [www.kgbd.co.uk](http://www.kgbd.co.uk).



- You don't have a contractual right or entitlement to a discount card, nor does having a discount card guarantee that you will be given discount. Discount is given entirely at the discretion of the store manager/head office.
- If you are denied discount at a store, you should raise the matter with that company not Group Reward and Benefits.
- If you're calling Group Reward and Benefits about your card, have either the card number or your employee number ready.
- We send employees cards to their head office for internal distribution. We cannot send your cards to you at home.
- Orders for new and replacement cards are placed weekly – orders take a maximum of three weeks to be produced.



Details of where cards may be used and the discounts obtainable are valid until 30 April 2003.

# 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 13,000 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 terms (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, 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.

## International ShareSave

An International ShareSave Plan, along the lines of the UK ShareSave Plan, available to eligible employees in France, Belgium and Hong Kong, has this year been extended to employees in Germany and the Republic of Ireland. It is intended that the Plan be further extended in due course.

Worldwide, over 16,000 employees participate in ShareSave Plans.

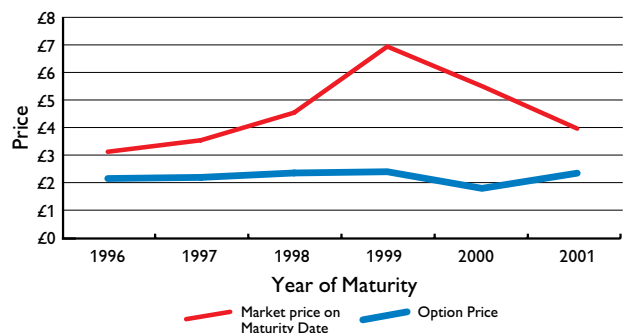
## Rights Issue

You will be aware that Kingfisher launched a rights issue in July 2002 to raise money to buy the shares in Castorama that it did not already own. As Option holders are not entitled to take part in the rights issue, their Options have been adjusted so as to maintain their value – with the result that the number of shares under Option has increased and the Option price has reduced. Option holders will receive notice of these adjustments.

## ShareSave Maturities

**This year, the five year Option granted in 1997 and the three year Option granted in May 1999 matured on 1 August 2002. The rights issue adjusted Option price for the 1997 Option is £1.9973 and for the May 1999 Option it is £5.3237. Additionally, the three year Option granted in October 1999 matures on 1 December 2002; the Option price is £3.8210**

Participants with ShareSave Options which matured this year 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 1996 and August 2001. 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.

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

### Kingfisher ISA (Individual Savings Account)

Kingfisher has introduced a corporate ISA, managed by Halifax Share Dealing Limited, in which only Kingfisher shares can be held.

ISAs are available to UK residents over the age of 18 and ISA investments are exempt from Capital Gains Tax and Income Tax on dividends. (Please note that tax credits on dividends will not be available from 6 April 2004.)

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' or see [www.halifax.co.uk/sharedealing](http://www.halifax.co.uk/sharedealing).

### 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](http://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 £9.99). The service includes a spouse transfer and sale facility and enables you to fax sale instructions to NatWest Stockbrokers (for a minimum commission of £20) as well as specifying a price limit for both purchases and sales, for which there is no additional charge. Further information, terms and conditions and dealing forms can be obtained by writing to NatWest Stockbrokers, Corporate and Employee Services, (Ref: KGF STP) 55 Mansell Street, London, E1 8AN, or by telephoning 0870 600 2050. Alternatively, you can e-mail them at [contactces@natwest.com](mailto:contactces@natwest.com).



KINGFISHER  
**ShareSave**

# 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 share data via an LTSBR website at [www.shareview.co.uk](http://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.

**Don't miss out!  
Look out for the  
next offer.**

Make sure  
you get  
your share...



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.

Following the July 2002 rights issue, under the 1997 Option employees can purchase 529 shares at an Option price of £2.4806 (previously 400 shares at £3.28½). The total exercise price is £1,312.24.

Under the 1998 Option, employees can purchase 529 shares at an Option price of £3.7492 (previously 400 shares at £4.96½). The total exercise price is £1,983.33.

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

Where you request exercise of your 1997 or 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 equal to the option price (1997 Option: £2.4806, 1998 Option: £3.7492);

(ii) **NatWest Special Finance Facility:**  
1997 Option: the market value of a Kingfisher share reaches £2.60;  
1998 Option: the market value of a Kingfisher share reaches £3.95.

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 notified.

### 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	£1,312.24	£12.50*
1998 OPTION	JULY 2001 - JULY 2008	£1,983.33	£15.00*
1997 AND 1998 OPTIONS TOGETHER	JULY 2001 - APRIL 2007	£3,295.57	£20.00*

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



A wide range of information about Kingfisher Share Option Schemes is now available on-line by visiting the Kingfisher Group Reward and Benefits Department website, [www.kgbd.co.uk](http://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

### Rights Issue

Here you will find the following:

- information on how the July 2002 rights issue affects your share options;
- a calculator which you can use to calculate the changes to your share options.

### 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 concerning the demerger of Woolworths Group plc, the sale of Superdrug and the proposed separation of the Electricals business.

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



# 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](http://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 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 2002.

Gross Annual Salary	Monthly Salary	Monthly Pension Conts.	Monthly Reduction in N.I.	Monthly Tax Relief	Monthly 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	£2.80	£2.50	£19.70	3.94%
£9,000.00	£750.00	£37.50	£6.80	£8.25	£22.45	2.99%
£15,000.00	£1,250.00	£62.50	£14.80	£13.75	£33.95	2.72%
£20,000.00	£1,666.67	£83.33	£21.47	£18.33	£43.53	2.61%
£25,000.00	£2,083.33	£104.17	£28.13	£22.92	£53.12	2.55%
£30,000.00	£2,500.00	£125.00	£34.80	£27.50	£62.70	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 Child Allowances 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, you 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 will 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.

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

The samples shown are based on a single person's tax allowance, and tax and national insurance bands as at 6 April 2002.

Gross Annual Salary	Monthly Salary	Monthly Pension Conts.	Monthly Reduction in N.I.	Monthly Tax Relief	Monthly 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	£3.11	£3.11	£0.31	£0.00	0.00%
£8,000.00	£666.67	£7.01	£7.01	£1.54	£0.00	0.00%
£10,000.00	£833.33	£10.43	£10.43	£2.29	£0.00	0.00%
£12,000.00	£1,000.00	£13.85	£13.85	£3.05	£0.00	0.00%
£15,000.00	£1,250.00	£18.97	£18.97	£4.17	£0.00	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.

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.

## 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.

## 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 2002				
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 N.I.	N.I. rebate plus Age-Related NI Rebate.	If paying N.I. rebate plus extra % of ALL pay plus Age-Related rebate from DSS.	Pays balance of cost (substantial).

**OPTIONS AVAILABLE**

STATE (S2P)    PERSONAL PENSION (NI Rebate only)    KINGFISHER RETIREMENT TRUST    KINGFISHER PENSION SCHEME

\* 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 you would have to pay 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 of tax 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 and 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 Merrill Lynch Investment Managers (formerly known as 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 Reward and 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 Reward and 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](http://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.

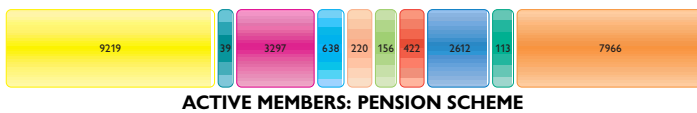
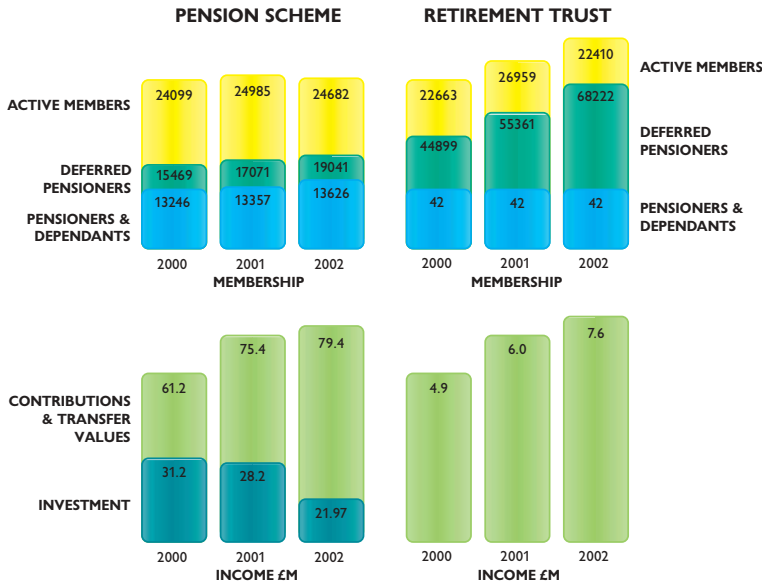
The lifestyle matrix below applies to all new and existing contributions with planned switches taking place on 6 April each year. This gives members the opportunity to ensure their investments are exposed to the higher risks/higher return whilst younger but will not leave them exposed to the equity markets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

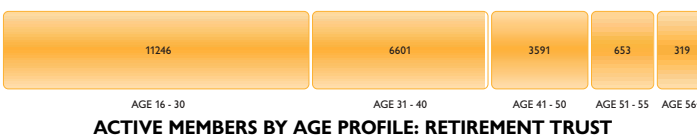
# SCHEME & TRUST UPDATE

## at 31 March 2002

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](http://www.kgbd.co.uk). Details of the most relevant statistics are given below.



■ B&Q    ■ Chartwell Land    ■ Comet    ■ Entertainment UK    ■ Kingfisher  
■ MVC    ■ Screwfix    ■ Superdrug    ■ VCI Group    ■ Woolworths    ■ Others



# 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 'directors'.

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, 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.



**ROGER JONES**  
Company: Kingfisher  
Appointed: 9 February 1987



**HELEN CHANDLER**  
Company: B&Q  
Appointed: 4 March 1988



**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



**TONY STANWORTH**  
Company: Kingfisher  
Appointed: 30 March 1992



**VAL STRUTHERS**  
Company: Pensioner  
Appointed: 13 March 1997



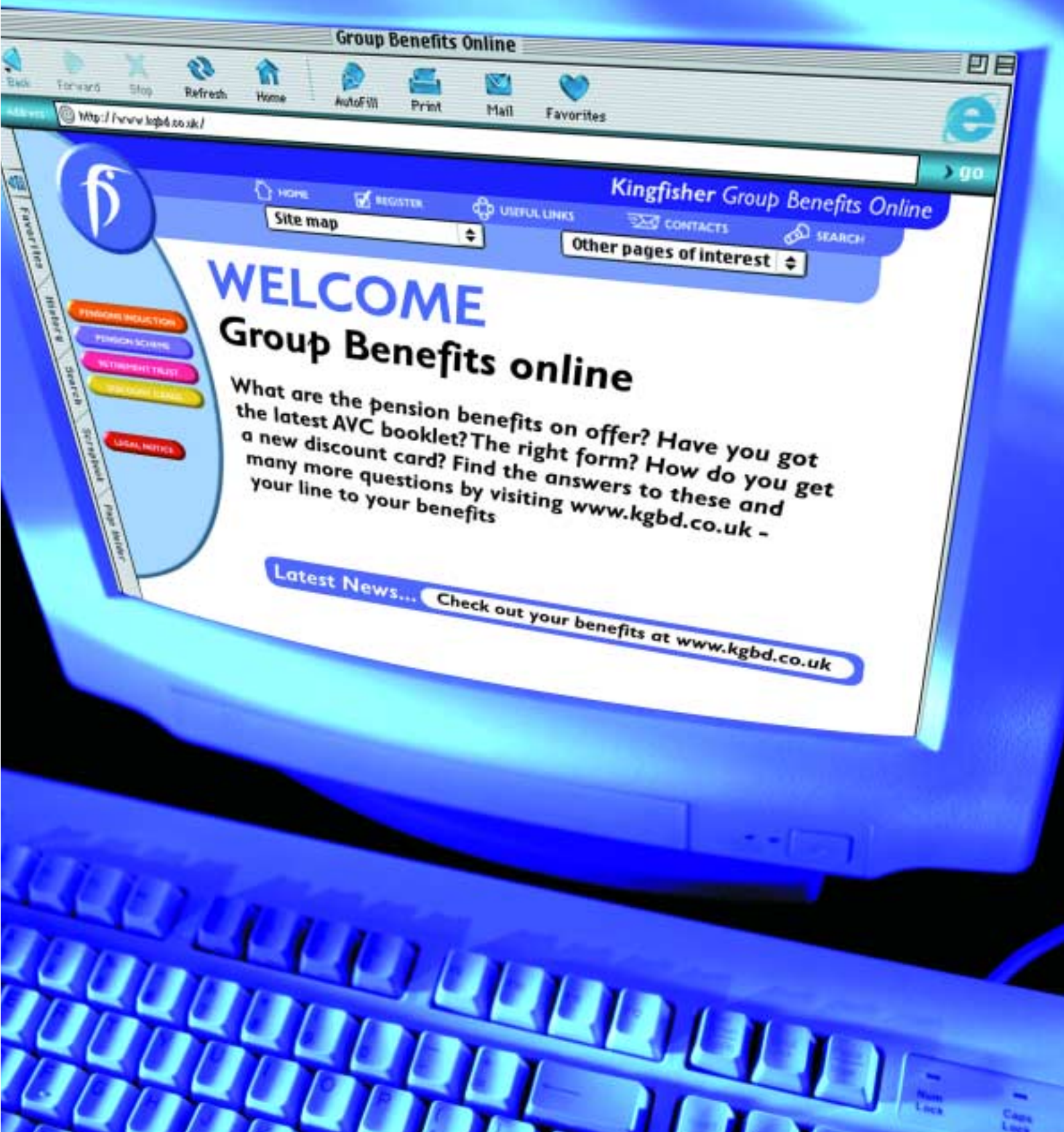
**BRIAN VENTERS**  
Company: Comet  
Appointed: 9 February 1987



**CHARLES WOODWARD**  
Company: Independent  
Appointed: 30 May 1992



**LIZ WRIGHT**  
Company: Kingfisher  
Appointed: 13 May 1997



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

**www.kgbd.co.uk**

GROUP BENEFITS ONLINE