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AUGUST 2003

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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.

CONTENTS

WRITE AWAY

When you write to Group Reward and Benefits Department, 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 original forms back via Registered Post.

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

Our new address for enquiries is Group Reward and Benefits Department, Kingfisher plc, 3 Sheldon Square, Paddington, London W2 6PX.

FURTHER INFORMATION

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

B&Q — Contact: **Ericka Gray**
02380 818122

COMET — Contact: **Colleague Services**
01482 592121

KINGFISHER — Contact: **Sarah Bater**
020 7644 1112

SCREWFIX DIRECT — Contact: **Claire Flory**
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 or write to us at Kingfisher plc, 3 Sheldon Square, Paddington, London W2 6PX.

Share Schemes Helpline

0870 240 2427

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 7644 1200

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 Kingfisher Discount Scheme

- This scheme gives discount at B&Q (UK and Republic of Ireland) and COMET. It also provides a range of discounts with other companies as well. You can shop online at Comet www.comet.co.uk, and get your discount.
- All eligible employees and pensioners can be issued with a discount card, as well as a second card for someone else to use on their behalf.

MEMBERSHIP

EMPLOYEES

- You will either qualify immediately on joining or have to wait until your probationary period is up.
- Your card will be sent to your head office for internal distribution.

PENSIONERS

You must fulfil all of the following criteria:

- You must have retired directly from your company.
- You must have completed a minimum of five years' company service.
- You must have been a member of the Pension Scheme or Retirement Trust for a minimum of two years.

TO APPLY FOR A SECOND CARD

A second card is issued on the understanding that it will only be used by the second cardholder to shop on your behalf.

Members who apply for a second card are fully responsible for the use of the second card, within the Rules of the Scheme. If we notice any misuse of the card(s), they (it) may be taken away.

As the second card is dependent on the main cardholder's card, the status of the main cardholder mentioned on his card is also mentioned on the second cardholder's card even if it doesn't match with his status.

EMPLOYEES

The proposed second cardholder must fulfil all the following criteria:

- The second cardholder can be: the spouse or partner, a member of your immediate family (that means parent / step-parent / legal guardian), brother, sister or child, (members in-law not accepted).
- The second cardholder must live with you.
- The second cardholder must be aged 16 or over.

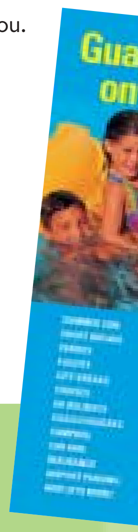
PENSIONERS

The proposed second cardholder must fulfil all the following criteria:

- Eligible second cardholder can be: anybody whom the pensioner member relies on to do some or all of their shopping (home helper, friend, member of your family).
- The proposed second cardholder must live no more than 50 miles from the pensioner member.
- The proposed second cardholder must be aged 16 or over.

TO REPLACE YOUR CARD OR THAT OF YOUR SECOND CARDHOLDER

You must complete an application form. Details cannot be taken over the phone. The application forms can be found on the Kingfisher website: www.kgbd.co.uk. Or you can contact the Discount Scheme Department on 020 7644 1168, and a form will be sent to you. The current card must be returned if a new card is to be issued.



- The discount cards are issued at the discretion of Kingfisher plc.
- Having a discount card cannot guarantee that you will be given the discount. The discount is given entirely at the discretion of the store manager/head office.
- The discount cannot be applied retrospectively. A discount is only available if a valid discount card is presented at the time of purchase.
- If you have any queries about your Woolworth card: Please contact: 0870 240 3531
- If you have any queries about your Kingfisher card: Please contact: 020 7644 1168
  Be sure to have your card number or employee number with you when calling.
  Information about the discounts are available on our website at www.kgbd.co.uk.

Details of where cards may be used and the discounts obtainable are valid until 30 April 2004.

Kingfisher Share Schemes

KINGFISHER ShareSave

What is ShareSave?

ShareSave provides a simple, tax-efficient way to purchase Kingfisher plc shares on favourable terms by combining a savings plan with an option over shares.

How does it work?

You make regular monthly savings of between £5 and £250 per month for either three or five years. Your monthly savings are deducted automatically from your net weekly or monthly pay.

At the end of the savings term (maturity), a tax-free bonus is added to your savings account and your savings plus bonus 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' to join was made. You have 6 months from maturity in which to take up your 'option' to buy shares.

What are the benefits?

- 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, the bigger your profit.
- Should the share price fall, you can always take a refund of your savings and bonus in cash.
- ShareSave offers the flexibility to withdraw your savings at any time, should you need to.
- In the event of redundancy, sickness, normal retirement or death there are special dispensations that allow you or your personal representatives to exercise your option to buy shares.

Am I eligible to join?

ShareSave is open to all UK employees with at least six months' continuous service at the date the offer to join is made.

How can I find out more about ShareSave?

Lloyds TSB Registrars

Lloyds TSB Registrars administer Kingfisher's Employee Share Schemes. The Kingfisher Team are there to help you manage and understand your employee shareholdings. **Helpline: 0870 240 2427**.

Kingfisher Group Reward and Benefits Department

You can visit the above website at **www.kgbd.co.uk**. The site has a section dedicated to Share Option Scheme information.

Events

Rights Issue

Following the rights issue on 11 July 2002, options were adjusted in order to maintain option holder's interests. The adjustments resulted in the number of shares under option being increased and the option price being reduced.

Maturities

This summer we have two ShareSave options maturing, the details are shown below:

OPTION	PRE-RIGHTS OPTION PRICE	POST RIGHTS OPTION PRICE	MATURITY DATE
May 2000 3Year Option	£4.2800	£3.2320	1 July 2003
May 1998 5Year Option	£4.3800	£3.3075	1 August 2003

Should you be participating in either of the above schemes, you will soon receive your maturity documentation.

Demerger

Following the Extraordinary General Meeting held on Friday, 4 July 2003, KESA Electricals plc demerged from Kingfisher plc into a separately quoted company (at time of printing, subject to shareholder approval).

Our Share Option Scheme Rules do not allow us to adjust share options in the event of a demerger. Therefore, so that the demerger did not adversely affect option holders, a share consolidation occurred at the same time.

The consolidation reduced the number of Kingfisher shares in the market (and held by each shareholder) to take account of the reduction in the size of Kingfisher. This helped to ensure that the market price of a Kingfisher share immediately after the demerger was broadly the same as it was immediately before.

Anyone that has any questions regarding 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 703 0132**.

Additional Services

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.

ISAs are available to UK residents over the age of 18 and ISA investments are exempt from Capital Gains Tax and, until 5 April 2004, Income Tax on dividends.

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.

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).

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). 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 0870 600 2050. Alternatively, you can e-mail them at contactces@natwest.com. Whether writing, telephoning or e-mailing, please quote reference KFG STP.

KINGFISHER
All Employee Share Option Scheme

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

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.

When making a decision to exercise, you may wish to consider the following -

The price you get for the shares when you sell them: 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.

The table below indicates the minimum Kingfisher plc market prices required to facilitate exercise.

Tax: Kingfisher All Employee Share Options were granted in 1997 and 1998 under arrangements approved by the Inland Revenue. Following tax changes announced in the April 2003 Budget, these options can now be exercised at any time, either individually or together, without paying income tax.

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 for current charges.

	EXERCISE DATES	PURCHASE PRICE	DEALING CHARGES	MINIMUM MARKET PRICES FOR EXERCISE	
				SELF FINANCE	NATWEST FINANCE
1997 OPTION	APRIL 2000 - APRIL 2007	£1,312.24	£12.50*	£2.4806	£2.60
1998 OPTION	JULY 2001 - JULY 2008	£1,983.33	£15.00*	£3.7492	£3.95
1997 AND 1998 OPTIONS TOGETHER	JULY 2001 - APRIL 2007	£3,295.57	£20.00		

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

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 7644 1200 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 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 terms 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 state 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 Second Pension (known as S2P and formerly 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, fixed interest bonds in the UK and overseas and UK commercial property.

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 2003.

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	£2.66	£2.50	£19.84	3.97%
£9,000.00	£750.00	£37.50	£6.66	£8.25	£22.59	3.01%
£15,000.00	£1,250.00	£62.50	£14.66	£13.75	£34.09	2.73%
£20,000.00	£1,666.67	£83.33	£21.33	£18.33	£43.67	2.62%
£25,000.00	£2,083.33	£104.17	£27.99	£22.92	£53.26	2.56%
£30,000.00	£2,500.00	£125.00	£34.66	£27.50	£62.84	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 then 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 Second Pension.

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 Second Pension (known as S2P and formerly 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.

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 S2P. 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 2003.

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	£2.96	£2.66	£0.30	£0.00	0.00%
£8,000.00	£666.67	£6.83	£5.33	£1.50	£0.00	0.00%
£10,000.00	£833.33	£10.25	£7.99	£2.25	£0.00	0.00%
£12,000.00	£1,000.00	£13.67	£10.66	£3.01	£0.00	0.00%
£15,000.00	£1,250.00	£18.80	£14.66	£4.14	£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 S2P.

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 an annuity that does not increase will initially give you a higher annual pension than one 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 before retirement. 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 were unmarried at retirement and chose 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 retire early or transfer your fund, it may be necessary to reduce its value – this is called the Market Value Adjustment (MVA). 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 at or after Normal Retirement Age do not have an MVA 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 MVA is not applied on death.

Pensions Round-Up

Electricals Business De-merger

At the time of this magazine being sent to print, it is expected that KESA Electricals plc will de-merge from Kingfisher plc into a separately quoted company following an Extraordinary General Meeting to be held on 4 July 2003. The de-merger terms will provide for all members (including pensioners and deferred members) of both the Kingfisher Pension Scheme and the Kingfisher Retirement Trust employed (or formerly employed) by Comet Group or KESA Electricals to continue to participate in the relevant Kingfisher scheme until not later than 31 March 2004, following which they will join new pension arrangements to be set up by KESA Electricals. The assets of both the Pension Scheme and the Retirement Trust are held under trust and are entirely separate from Kingfisher Group. Members' benefit entitlements earned up to the date they cease to participate in the Kingfisher schemes will be fully protected under both the terms of the trusts and pensions law.

These changes will have no effect on the members of either scheme unless they are (or were) employed by Comet Group or KESA Electricals. Full details of the transfer will be provided to affected members at a later date.

Pension Scheme Funding

The past year has seen a lot of press comment about pensions, whether in relation to falling stock markets, funding deficits, closure of final salary pension schemes or unfulfilled pension promises. Almost without exception, the story has been one of gloom and doom, but nevertheless, the vast majority of pension schemes nationwide continue, like ours, to provide pension and other benefits throughout the working lives of their members, and serve an irreplaceable purpose in ensuring a more comfortable lifestyle in retirement.

Clearly, the Kingfisher Pension Scheme and the Kingfisher Retirement Trust haven't been immune to the difficult investment conditions of recent years, but the Trustees, with the assistance of their actuarial and investment advisers, have remained vigilant in ensuring the long-term security of benefit entitlements within the Kingfisher pension arrangements. In particular, following completion of an asset/liability remodelling exercise, the Trustees undertook a substantial realignment of the strategic asset allocations of the Pension Scheme in line with the results of the remodelling exercise and several new investment managers were appointed.

The Trustees are required by law to arrange for the fund to be valued by the Scheme Actuary every three years. Briefly, the purpose of a valuation is to compare the value of the Scheme's assets with the value of its liabilities (its commitment to pay pensions and other benefits), and to set a contribution rate payable by the employers. Although the normal triennial valuation was carried out as at 31 March 2001, a further actuarial valuation was carried out as at 31 March 2002 following the transfer out of assets in respect of the Woolworth Group and Superdrug companies. The valuation showed that the Scheme remains in balance, with a small surplus on the statutory funding basis, but also confirmed that the Company's long-term contribution rate should be increased to 13.9% of pensionable salaries. The Company has agreed to this increase.

Although there was a large reduction in the asset value of the Pension Scheme (see page 15), much of the cause of this was completion of the bulk transfer relating to members formerly employed by the General Merchandise division. Whilst these members ceased to participate in the Pension Scheme as at 31 March 2002, the associated transfer of assets was completed during the current scheme year.

Company Accounting Standard FRS 17

Much of the recent press comment has focused on the pension scheme funding standard known as FRS 17 which governs the way in which pension promises are valued in company accounts. When valued on this basis, the Kingfisher Pension Scheme, in common with most other final salary pension schemes, is substantially in deficit. However, it needs to be remembered that the methods used to value schemes under this standard can produce results which vary greatly from year to year and are not an accurate reflection of the long term financial position of the Scheme - which is measured by the Scheme Actuary as part of the valuation process described above.

Working Parents

The leave entitlements of working parents were extended from 6 April 2003.

Maternity leave

Applying to women whose expected week of childbirth is on or after 6 April 2003, provided they satisfy certain qualifying conditions, working mothers will be entitled to periods of both paid and unpaid maternity leave of 26 weeks each.

Pension provision will be maintained during periods of paid maternity leave as follows:

Kingfisher Pension Scheme – the period of leave is counted as pensionable service as if the employee were working normally, whilst contributions are payable by the employee based on actual earnings;

Kingfisher Retirement Trust - contributions are payable by the employee based on actual earnings, whilst the employer's contributions are payable based on earnings as if the employee were working normally.

Adoption leave

A new right is introduced for adoptive parents, subject to certain qualifying conditions, to take both paid and unpaid adoption leave (each of 26 weeks) in respect of a child matched and placed for adoption on or after 6 April 2003.

Pension provision will be maintained during periods of paid adoption leave in the same way as for paid maternity leave.

Paternity leave

At present working parents, subject to qualifying conditions, are entitled to 13 weeks' unpaid leave in respect of each child under the age of five. Adoptive parents are now entitled to the same period of unpaid leave for the first five years following a child being placed with them.

An additional right is introduced, permitting two weeks' paid paternity leave for working fathers whose child is expected to be born on or after 6 April 2003 or for adoptive parents who adopt a child on or after this date.

Pension provision will be maintained during periods of paid paternity leave in the same way as for paid maternity leave.

The Pensions Green Paper and Inland Revenue Simplification

The Government recently issued two consultation papers, the contents of which are wide-ranging and may be amended before they become law (expected to be April 2005), but you may be interested in some of the proposals - although it must be remembered that at this stage they are only proposals, and may change:

- Lifetime pension savings limit – there will be a single lifetime limit on the tax-exempt value of benefits payable from all types of approved pension arrangement. The proposed limit would initially be £1.4 million, rising in line with price inflation. This new limit will be applied retrospectively and replaces the maximum level of benefits that each of the different tax regimes currently allows. If the value of benefits exceeds the lifetime limit then the excess amount is taxed at penal level, equivalent to 60% for a higher rate tax payer. The lifetime limit has important implications for high earners, for whom future benefit accrual on a tax-exempt basis may be curtailed, although transitional arrangements will apply for those employees who have exceeded the lifetime limit by April 2005.

- Simplification of pension contributions – an employee may pay 100% of their earnings (or £3,600 if greater) into their approved pension arrangement each year, subject to a maximum contribution of £200,000 in any year, including the value of any employer contributions.

- Tax-free cash – 25% of the capitalised value of the benefits (subject to the maximum life-time limit) can be taken as tax-free cash.

- Tax-free cash death benefits – if a member dies in service, the only limit on the tax-free cash payable would be the overall limit of £1.4 million.

- Early retirement – the minimum age at which retirement benefits may be taken is raised from age 50 to age 55. This change is intended to come into effect from 2010. The full effect will be felt by everyone aged 43 or under in April 2003, whilst anyone aged between 44 and 48 in April 2003 will be affected to a lesser extent.

- Flexible retirement – employees will be able to retire, then continue working for the same employer whilst drawing a pension at the same time.

CHOOSING A PENSION

Personal Pension (including Stakeholder Pension)

If you take out a Personal Pension or Stakeholder Pension (available to members of a company scheme, subject to an earnings qualification), 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 Second Pension (S2P)

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 S2P pension will be reduced but your Basic Old Age pension will be unaffected (and you pay lower NI).

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.

Kingfisher Pension Calculator 2003

OPTIONS AVAILABLE	STATE (S2P)	PERSONAL PENSION (NI Rebate only)	KINGFISHER RETIREMENT TRUST	KINGFISHER PENSION SCHEME
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.	Depends on investment conditions. Payable from State Pension Age.	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.	Pays balance of cost (substantial).

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

** At the discretion of the Trustees.

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' membership, 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 or from our website at www.kgbd.co.uk.

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 or from our website at www.kgbd.co.uk.

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 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 the State Second Pension and therefore lower than the 5% contribution to the Pension Scheme, it may be possible to pay more than 10% in AVCs (your payroll 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 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 tract 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

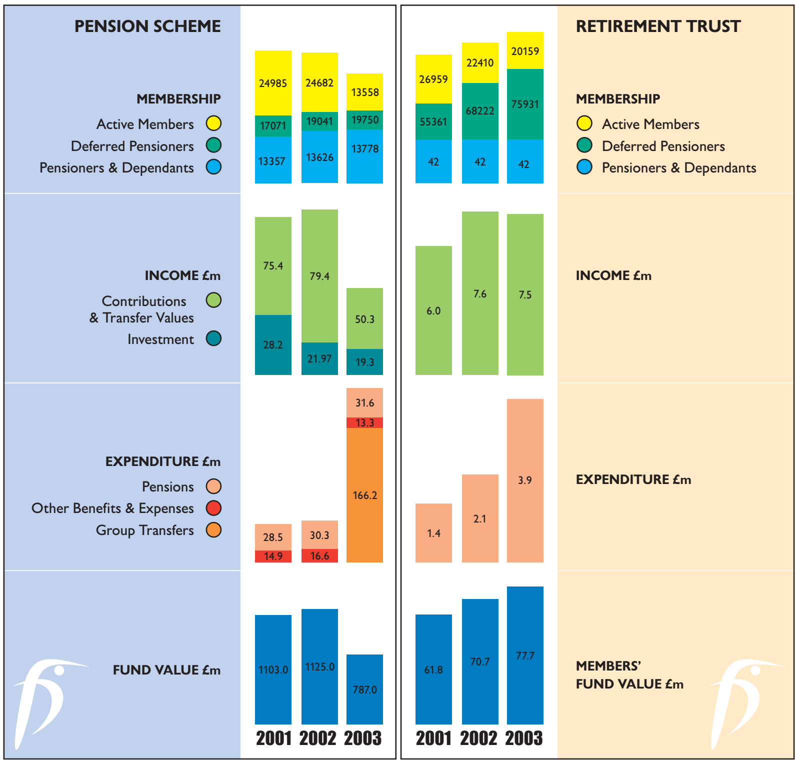
Eagle Star has established the Lifestyle Investment Strategy which is primarily for investors who do not wish to regularly review their investment decisions.

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.

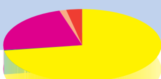
AGE	MANAGED FUND	LONG DATED GILT FUND
Up to 49	100%	0%
50	90%	10%
51	80%	20%
52	70%	30%
53	60%	40%
54	50%	50%
55	40%	60%
56	30%	70%
57 onwards	20%	80%

SCHEME & TRUST UPDATE at 31 March 2003

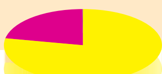
The Trustee Board produces an annual Report and Accounts, giving information about both the Scheme and Trust and their management during the year. A copy is sent to every company location and is also available on our website at www.kgbd.co.uk . Details of the most relevant statistics are given below.



PENSION SCHEME MEMBERSHIP BY OPERATING COMPANY	ACTIVE MEMBERS
B&Q	9849
Chartwell Land	30
Comet	3044
Kingfisher	1886
Screwfix Direct	447
Others*	0

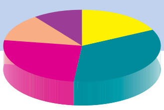


ACTIVE MEMBERS	RETIREMENT TRUST MEMBERSHIP BY OPERATING COMPANY
15735	B&Q
0	Chartwell Land
7	Kingfisher
0	Screwfix Direct
4391	Comet
26	Others*

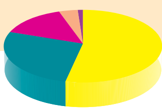


* Includes former participating companies Woolworths group, Superdrug, Entertainment UK, MVC and VCI

PENSION SCHEME AGE PROFILES AT 31 MARCH 2003	ACTIVE MEMBERS
Age 16-30	2392
Age 31-40	4615
Age 41-50	3501
Age 51-55	1671
Age 56+	1379



ACTIVE MEMBERS	RETIREMENT TRUST AGE PROFILES AT 5 APRIL 2003
10748	Age 16-30
5453	Age 31-40
2907	Age 41-50
822	Age 51-55
229	Age 56+



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".

Following the demerger of Woolworths and the sale of Superdrug, Kingfisher plc undertook a review of the structure of the Trustee Board and decided that it would be more appropriate, in view of the reduced number of companies being represented by the Trustee Board, to have fewer directors. At the time of writing, the arrangements necessary to adjust the Trustee Board in line with Kingfisher's decision are nearing completion.

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: Kingfisher
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

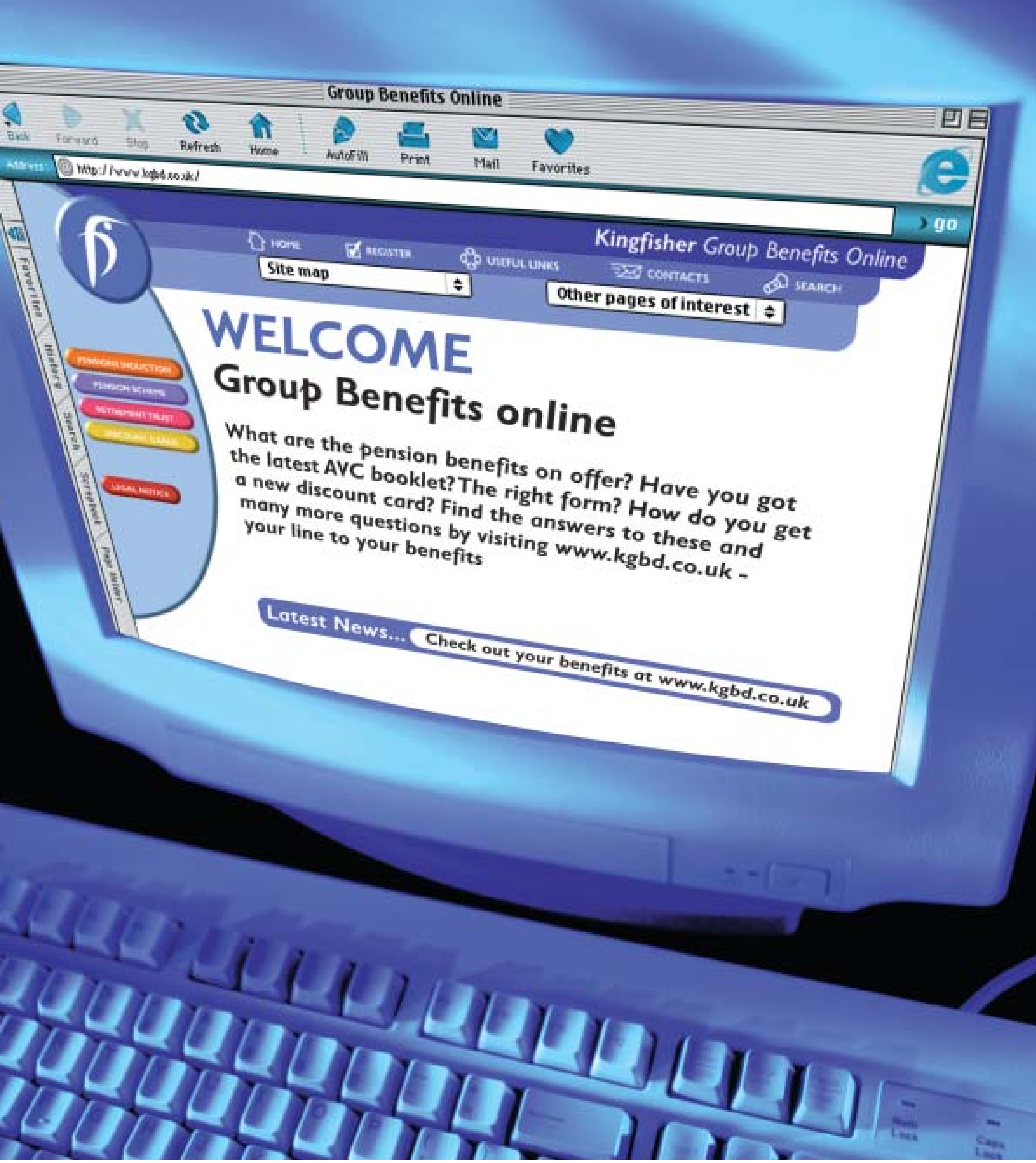
LIZ WRIGHT
Company: Kingfisher
Appointed: 13 May 1997

Assuming the new arrangements are completed as envisaged by the letter recently issued to active members and pensioners, members of the Trustee Board will be drawn from all companies and levels within the Kingfisher Group, including a pensioner. In addition, one of the Trustees will be chosen for his/her complete independence as well as his/her knowledge of pension matters, and will not be employed within the Group.

The changes to the membership of the Trustee Board will be made once the new arrangements are confirmed; therefore the Trustees pictured are the directors at the time of writing. Other than the change to its size, the Trustee Board will continue to operate in the same way as before.

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. Trustee Board directors receive both external and internal training upon taking up their appointment, and further training is undertaken throughout their term of office.

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.



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

www.kgbd.co.uk

GROUP BENEFITS ONLINE

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