

Kingfisher Pension Scheme – Final Salary Section (the Scheme) Summary Funding Statement as at 31 March 2014

Each year the Trustee sends you a statement on the financial position of the Kingfisher Pensions Scheme – Final Salary section (the Scheme), known as your ‘Summary Funding Statement’. The information given here is your statement for 2014 and shows the Scheme’s finances as they stand at 31 March 2014.

You will have received the 2013 Valuation Update over the summer. This Statement provides you with an update on the Scheme’s finances as at 31 March 2014.

This newsletter is for information purposes only, it does not affect your current benefits.

If you have any questions about this Statement please contact the Group Pensions Department. You can also visit our new improved website at www.kingfisherpensions.com.

Yours faithfully



**Dermot Courtier, Secretary
Kingfisher Pension Trustee Ltd**



The position as at 31 March 2013

In your recent Valuation Update, following the full Actuarial Valuation of the Scheme completed as at 31 March 2013, we reported an improvement in the funding level on a ‘Technical Provisions basis’ and confirmed the Scheme had a financial shortfall of £21m and a funding level of 99% on 31 March 2013.

£21m

SHORTFALL

FUNDING LEVEL 99%

The latest position

Every 3 years a full 'actuarial valuation' has to be undertaken, however the Trustee and the Scheme's Actuary continue to monitor the funding level on a more regular basis. The results of the 2013 valuation are summarised in the table below together with the estimated funding position as at 31 March 2014.

The funding level has improved slightly due mainly to Company contributions being paid over the year.

Results (£m)	2013	2014
Technical Provisions Liabilities	2,462	2,485
Assets	2,441	2,466
Shortfall	21	19
Technical Provisions Funding level	99.1%	99.2%

Shortfall



Technical Provisions Funding Level



Definitions

Assets – the Scheme's contributions and investment income.

Technical Provisions Liabilities – the cost of Scheme benefits for all members calculated using the assumptions set out in the Scheme's Statement of Funding Principles.

Technical Provisions Funding Level – the percentage of the Scheme's Technical Provisions liabilities that would be covered by the Scheme's assets.



Secondary Funding Objective (2FO)

The Trustee and Company have agreed a long term objective, known as the Secondary Funding Objective. Its aim is to hold enough funds to pay for all of the Scheme's liabilities and invest mainly in low risk assets by 2030 in order to limit the reliance the Scheme has on the Company for further financial support.

The Scheme's Actuary uses a different set of assumptions to calculate the liabilities under the 2FO. The Trustee monitors the 2FO funding level on a regular basis. The 2FO funding level improved from 76.4% in 2013 to 80% in 2014.



The Company has agreed to pay £35.75m each year towards improving the 2FO funding level.

Recent Developments to 2FO

As part of the 2FO to reduce risk the Trustee further increased the Scheme's holding in low risk assets in March 2014.

Have any payments been made to Kingfisher plc?

No payments have been made out of the Scheme's funds to Kingfisher plc or to any of the participating employers in the previous 12 months.



How is my pension paid for?

All participating employers pay contributions to the Scheme so that pensions can be paid to members when they retire. Prior to the closure of the Scheme on 30 June 2012 active members also paid contributions. The money paid into the Scheme is held in a common fund and not in a separate account for each individual member.

The importance of Kingfisher plc's ongoing support

Our objective is to have enough money in the Scheme to pay pensions now and in the future. The success of this plan relies on continuing support from Kingfisher plc and the participating companies. We review the financial position of the Scheme with Kingfisher plc regularly (usually every three years).

What would happen if the Scheme started to wind up

If the Scheme were to start to wind up the participating companies would be required to pay enough money into it to enable members' benefits to be provided instead by an insurance company. Neither the Trustee nor Kingfisher plc has any plans to wind up the Scheme but we are required by law to let you know the Scheme's financial position if this were to happen.

The full actuarial valuation as at 31 March 2013 revealed the following position:

(cont. on page 4)

	(£m)
Estimated cost of buying benefits with an insurance company	3,540
Value of the Scheme's assets	2,398
Shortfall	1,142
Funding level	67.7%

What would happen if the Scheme started to wind up (cont.)

(cont. from page 3)

If Kingfisher plc and the participating companies could not pay this full amount or became insolvent, the Pension Protection Fund (PPF) might be able to take over the Scheme and pay compensation to members.

Further information and guidance is available on the PPF's website at www.pensionprotectionfund.org.uk.

Or you can write to the Pension Protection Fund at Renaissance, 12 Dingwall Road, Croydon, Surrey, CR0 2NA.

Awards

We are pleased to announce the Kingfisher Pension Trustee Limited won two further awards this year. The Trustee won:

**“European Pensions”
Communication Award 2014**

**“Investment & Pensions Europe”
Gold Award for Best Long-Term
Investment Strategy**

For more information regarding the awards the Trustee has won recently please visit www.kingfisherpensions.com/awards

Data control

In order to administer the Scheme, your personal data is used by the Kingfisher Pension Trustee Limited (of 3 Sheldon Square, Paddington, London, W2 6PX), and the Scheme Actuary (of 20 Waterloo Street, Glasgow, G2 6DB) who both act as Data Controllers. Your personal data will be processed fairly and lawfully in accordance with the principles of the Data Protection Act 1998 solely in connection with your pension scheme. If you have any queries in relation to your personal data please contact the Group Pensions Department.

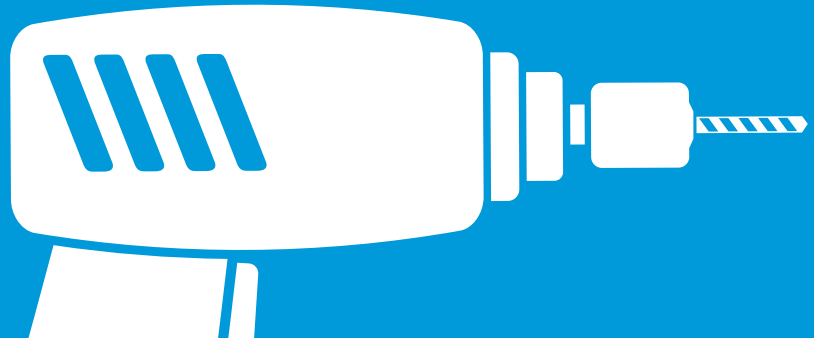
...and finally

The Trustee would like to thank everybody involved in the valuation process for their hard work in delivering these results which keep us on course to meet our objectives.



If you have any questions on any of the information provided in this announcement, please contact the Trustee.

A copy of the Summary Funding Statement report as at 31 March 2014 is available on the Trustee website www.kingfisherpensions.com or on written request to the Group Pensions Department.



If you have any questions about any of the information provided here, please contact the Group Pensions Department, Kingfisher Pension Trustee Limited, 3 Sheldon Square, Paddington, London, W2 6PX. Or please ring 08456 80 70 60 (Monday to Friday, 8.45am – 5pm) or email pensions@kingfisher.com.