

Kingfisher Pension Scheme – Final Salary Section (the Scheme) 2013 Valuation Update

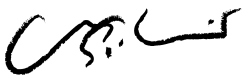
Every three years, the Trustee carries out a formal valuation of the Scheme and then writes out to you to update you on the financial position of the Scheme. Recently, the latest valuation has been finalised and agreed and the results are now available.

This newsletter provides a brief update for you on the agreement reached between Kingfisher Pension Trustee Limited (the Trustee) and Kingfisher plc. (the Company) and sets out the decisions and plans of action that have now been agreed.

Overall the funding levels have improved and I am happy to confirm the Trustee are on course to address the deficit of £21m by 30 September 2014.

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

If you have any question about the Valuation please contact the Group Pensions Department or visit the Trustee website at www.kingfisherpensions.com.



**Clive Gilchrist, Chairman
Kingfisher Pension Trustee Limited**



What is the Trustee's objective?

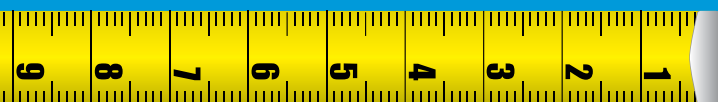
The Trustee's objective is to have enough money in the Scheme to pay pensions now and in the future for all its membership. In other words, to ensure there are sufficient funds to cover the future of the Scheme in providing benefits to members.

The Trustee also has a long term funding objective, known as the Secondary Funding Objective or 2FO, to reduce risk to the Scheme by 2030. This means the Trustee is aiming to match the Scheme's assets with all the membership liabilities by 2030.

How is the Scheme funded?

The Scheme is funded by regular contributions paid by the participating UK employers i.e. B&Q, Screwfix, KITS and Kingfisher plc, together with dividends and investment returns from the Scheme's £2.4bn worth of investments. Following changes made to the Scheme in June 2012, contributions of £32m a year were payable. After the 2013 valuation these have increased to £35.75m a year from 1 April 2014. The rental income of £13m from the Trustee's property partnership with the Company forms part of these annual contributions.

The Trustee, and in particular the Investment Committee, monitors the Scheme's investments. Their focus is on strategic issues, performance of the investments and the financial health of the Scheme. The Trustee also ensures contributions are paid to the Scheme when they fall due.



The Scheme's funding position

The previous Scheme valuation on 31 March 2010 showed that there was an actuarial deficit of £170m. This meant that there was a shortfall between the Scheme's investments and the cost of the benefits for the membership. Further contributions and the introduction of a Special Property Vehicle have improved the position, with the actuarial deficit reducing to £21m on 31 March 2013.



The diagram below shows that the Scheme's funding level has improved from 90.4% in 2010 to 99.1% in 2013.



The Trustee monitors the "gilt basis funding level", which is a measure of how well funded the Scheme would be if it relied only on matching Government bond investments for its future returns. This funding level measure improved from 70.1% in 2010 to 76.4% in 2013.



Planned contributions (including the Special Property Vehicle) continue to aim to meet the 2FO by 2030 of full funding on a buyout basis.



The Actuarial Valuation results in more detail

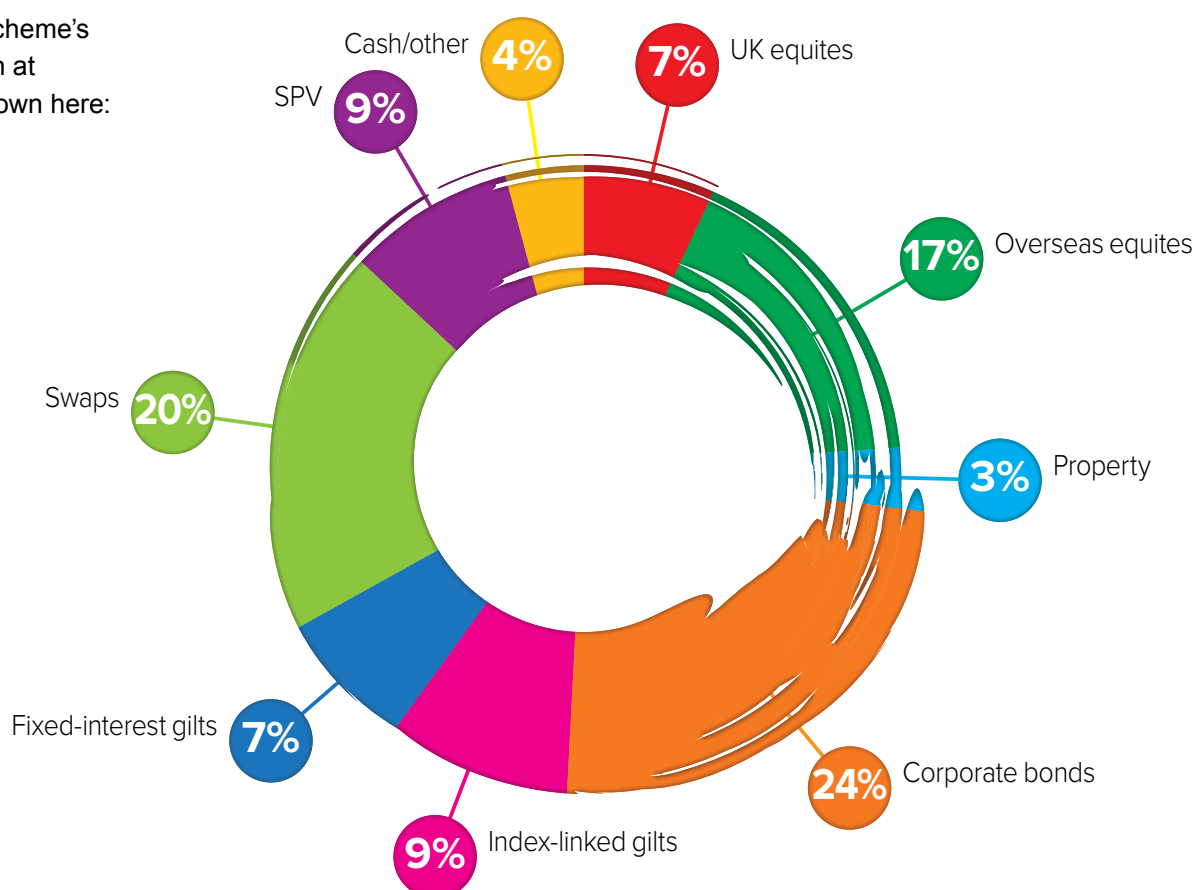
The results of the 2010 and 2013 valuations are shown in the table below.

Results	31 March 2013 £m	31 March 2010 £m
Liabilities	2,462	1,777
Assets	2,441	1,607
Deficit	21	170
Funding level	99.1%	90.4%

The contributions payable to meet the 2FO by 2030 are expected to address the £21m deficit shown in the table above by 30 September 2014.

Investment Strategy

A summary of the Scheme's investment allocation at 31 March 2013 is shown here:



...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 3 yearly valuation report as at 31 March 2013 is available on written request to the Group Pensions Department. A copy of this document will also be placed on the Trustee website www.kingfisherpensions.com shortly.



Awards

We are pleased to announce Kingfisher Pension Trustee Limited won two 'Professional Pensions – Pension Scheme of Year Awards' in May 2014. The Trustee won:

**DB Scheme of the Year Award
(Asset Value of £500m - £2.5bn)**

**Pension Scheme Trustee
of the Year Award**

The Trustee also won two awards at the 'Financial Services Forum Marketing Excellence Awards' in November 2013. The Trustee won the Best Internal Communication Award for the work on Automatic Enrolment and also won a further award, the Judges' Award for Consumer Insight.

The Trustee believes this is great recognition across the Scheme and the strategy and member communication areas for the Scheme, Trustees and the Group Pensions Team.

Are your details up to date?

The KPS is a valuable benefit for both you and your loved ones. Remember to let the Trustee know via the KPS administrators if you move address or have a change in personal circumstance so that we can keep you up to date on your KPS benefits and pensions news.

It is also important to keep your beneficiary form up to date to ensure that the Trustee can consider your wishes in the event of your death. Beneficiary forms are available to download from the Trustee website www.kingfisherpensions.com, and should be returned to the Kingfisher Group Pensions Department.

Contact Details

Administrators

The KPS-FS is administered by Kingfisher Group Pensions Department.

Address: Kingfisher Pension Trustee Limited,
3 Sheldon Square, Paddington, London, W2 6PX

Email: pensions@kingfisher.com

Telephone: 08456 80 70 60

You can also visit the Pensions website at www.kingfisherpensions.com

[e-comms]

In order to communicate with our members in a more timely, eco-friendly and cost efficient manner, the Trustee is aiming to provide a paperless communications system as a means of notifying members of Scheme information including details of Actuarial Valuations, Summary Funding Statements, Newsletters etc.

The Trustee will therefore be contacting you again in the future with further information as to how you will be able to access the information electronically.

