

your 2008 summary funding statement

Dear

Kingfisher Pension Scheme - Final Salary Section Summary Funding Statement for period ending 31 March 2007

The Trustees, who look after the Scheme, are required to provide you with an annual update on the Scheme's funding position following a requirement within the Pensions Act 2004.

Where can I get more information?

If you have any other questions, or would like any more information, please contact us at the address overleaf or visit our website at www.kingfisherpensions.com.

Please help us to keep in touch with you by telling us if you change address.

Yours faithfully



Dermot Courtier
Secretary
Kingfisher Pension Trustee Ltd



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The Kingfisher Pension Scheme conducted a three year valuation in March 2007. The results of the valuation showed that on 31 March 2007, the funding position was:

Assets	£1,415m
Amount needed to provide benefits	£1,393m
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Surplus	£22m
Funding level	102%

The Scheme benefited from significant contributions from the Company that improved the funding level between 2004 and 2007. Over the course of the year to 31 March 2008 the Scheme continued to benefit with the Company making further contributions of £100m to target a stronger funding level. However, poor investment market returns, particularly over the first quarter of 2008, and lower expectations of future returns will both have had an adverse effect on the funding level. As a result it is likely that the funding level remained close to 100% on a technical provisions basis at 31 March 2008.

In addition, the Scheme Actuary estimated what the position of the Scheme would have been had the Trustees wound the Scheme up and secured members' benefits at that time with individual policies with an insurance company. The level of coverage estimated at that time was approximately 67% of benefits. Although this calculation is of interest it is mainly of theoretical value, as the Trustees consider the possibility of the Scheme being wound up as remote.

Please note that it is a legal requirement to disclose this information and it in no way indicates the Company's intentions. It is also worth considering that solvent employers can only wind up a scheme if funded to 100% on an insurance company buy-out basis.

What is the Scheme invested in?

The Trustees' policy is to invest in a broad range of assets which are designed to ensure that the investment objectives of the Scheme are achieved. Currently, the asset allocation can be summarised as:

Government securities	23%
Company shares	44%
Corporate bonds	26%
Commercial property	7%

Following the valuation in 2007, the Company and Trustees agreed a new funding plan together with new investment objectives and a strategy designed to achieve these.

Payment to Kingfisher plc

There have not been any payments made to Kingfisher plc or any of the participating employers out of Scheme funds in the previous twelve months.

“we're working for you and your



How the Scheme operates

How is my pension paid for?

The participating employers of the Scheme pay contributions to the Kingfisher Pension Scheme so that the Scheme can pay pensions to members when they retire. Active members also pay contributions to the Scheme, and these are deducted tax efficiently from members' basic pay. The money to pay for members' pensions in the Final Salary Section is held in a common fund. It is not held in a separate account for each individual.

How is the amount the Scheme needs worked out?

The Trustees obtain regular valuations of the benefits earned by members. Using this information, the Trustees come to an agreement with Kingfisher plc on future contributions.

The importance of Kingfisher plc support

The Trustees' objective is to have enough money in the Scheme to pay pensions now and in the future. However, the success of the plan relies on Kingfisher plc continuing to support the Scheme because:

- the funding level can fluctuate, and when there is a funding shortfall, the Trustees will negotiate new funding plans with Kingfisher plc;
- the target funding level may turn out not to be enough so that Kingfisher plc will need to put in more money; and
- Kingfisher plc will be paying the future expenses of running the Scheme on a yearly basis.

What would happen if the Scheme started to wind up?

If the Scheme winds up, you might not get the full amount of pension you have built up even if the Scheme is fully funded under our plan. However, whilst the Scheme remains ongoing, even if funding is temporarily below target, benefits will continue to be paid in full.

If the Scheme were to wind up, Kingfisher plc is required to pay enough into the Scheme to enable the members' benefits to be completely secured with an insurance company. It may be, however, that Kingfisher plc would not be able to pay this full amount. If Kingfisher plc became insolvent, the Pension Protection Fund might be able to take over the Scheme and pay compensation to members. Kingfisher plc currently has strong finances and the possibility of it becoming insolvent seems very unlikely.

Further information and guidance is available on the Pension Protection Fund's website at www.pensionprotectionfund.org.uk. Or you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

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Why does the funding plan not call for full solvency at all times?

The full solvency position assumes that benefits will be secured by buying insurance policies. This would be an excessively expensive way of securing the benefits as insurance companies will make substantial allowances in their premiums for uncertainties, such as possible improvements in mortality rates, and will also add a margin for their profit. The cost of securing pensions this way also incorporates the future expenses involved in administration. By contrast, our funding plan assumes that Kingfisher plc will continue in business and support the plan.

Additional documents available on the Group Pensions Web Site, or on request

The *Statement of Investment Principles*. This explains how the Trustees invest the money paid into the Scheme.

The *Schedule of Contributions*. This shows how much money is being paid into the Scheme.

The *Annual Report and Accounts of the Kingfisher Pension Scheme*, which shows the Scheme's income and expenditure in the Scheme year up to 2008.

The full report on the *Actuarial Valuation* following the Actuary's check of the Scheme's situation as at 31 March 2007.

The *Kingfisher Pension Scheme "Member Guide"* (you should have been given a copy when you joined the Scheme, but you can request another copy).

An *Annual Benefit Statement* for active members – if you are not being paid a pension from the Scheme (and have not received a benefit statement in the previous 12 months) you can ask for a statement that provides an illustration of your likely pension.



get in touch

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