



2 February 2012

## **KINGFISHER PENSION SCHEME**

I want to let you know, as a pensioner member of the Kingfisher Pension Scheme Final Salary section (**FSS**), about some important changes that are being proposed by Kingfisher plc to the FSS going forward.

The Company is now embarking on a 60 day consultation period with active members of the FSS and the Kingfisher Pension Scheme Money Purchase section (**MPS**).

As a pensioner member of the FSS, be reassured that these proposed changes **do not affect your pension payment in any way. Your pension remains protected and will be paid as normal**, no action is required by you.

The Company is proposing to close the FSS to future benefits with effect from 30 June 2012 and at the same time improve the MPS.

There are a number of reasons why these changes are being proposed:

### **1. The Company needs to have fairer pension arrangements, providing equality for all colleagues**

As at 31 December 2011 there were 5,180 active members of the FSS and 3,000 active members of the MPS.

The costs associated with the FSS, compared to the MPS, are not equitable. The Company spends significantly more money on providing pensions for the FSS members than the MPS members.

The proposed closure of the FSS is expected to be 'cost neutral' for the Kingfisher plc business. The Company will contribute the money saved by the proposed closure of the FSS into the enhanced MPS.

There are around 27,500 colleagues who are not members of either section of the Scheme and are therefore not receiving any employer pension contributions. This will change as new legislation comes into effect from October 2012, requiring the Company to auto-enrol all eligible employees into a 'qualifying' pension scheme by no later than 1 April 2013. The proposed improved MPS will meet the criteria of a 'qualifying' pension scheme.

### **2. The Company needs to manage the risk associated with funding FSS benefits**

Pensions are a long-term investment and can be affected by a number of factors, including improved life expectancy of members, volatility in the investment markets and changes in legislation. All of these factors can increase the cost of the Scheme to the Company.

Changes are essential to ensure the Company can afford to sustain the Scheme and protect the benefits already built up to date.

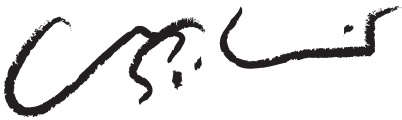
By stopping the future build up of FSS pension benefits there will be less financial risk.

The Company will now hold a formal 60 day consultation process with active members of both the FSS and the MPS who are affected by these changes.

As a pensioner member of the FSS these proposed changes will have no impact on your benefits accrued to date. Your benefits are protected by legislation under the independent stewardship of our Pensions Trustee - Kingfisher Pension Trustee Limited.

If you would like to be informed of developments during the consultation period, regular updates will be available on the Trustee website at [www.kingfisherpensions.com](http://www.kingfisherpensions.com).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Clive Gilchrist', written in a cursive style.

**Clive Gilchrist**  
Chairman  
Kingfisher Pension Trustee Limited