

What is the year 2000 problem?

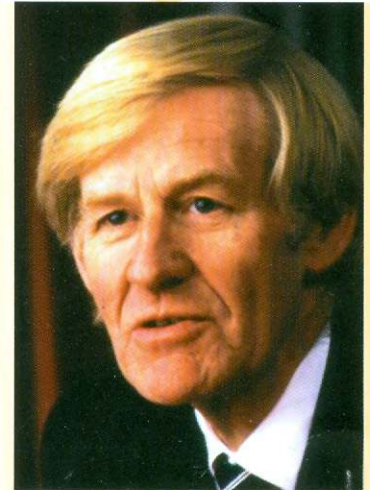
It all started with computers. And since computer glitches are called bugs, this problem is often known as the *millennium bug*.

The year 2000 problem has arisen because, for many years, we told computers to use only two digits, rather than four, to represent the year part of a date. (This was to save expensive space in the computers' memory.) For example, next year, 1999, would be referred to as '99'. This worked OK for many years. But, when we reach the year 2000, these computers will represent the year as '00'. Computers don't really think – they just follow the rules we give them. By the rules of simple arithmetic, the year '00' seems to come before '99', whereas common sense tells us that it really comes after it.

So what will happen at the end of 1999? An example of a problem you might face is that, at midnight on 31 December 1999, the clock inside your PC may not 'know' what to do and, in error, it may click over to 1 January 1980 instead of 2000.



Message from Geoff Mulcahy



Over the next 18 months, the work of the Year 2000 Programme is essential to our continuing success. Indeed, it is of crucial importance.

The programme will keep our stores open by testing that safety critical systems such as alarms and fire control systems will work.

It will keep our shelves stacked with stock by working with our suppliers to make sure that we do business only with those who can keep supplying throughout the date change period.

Our information systems allow us to respond to business changes. They let us increase sales by expanding our markets and ranges. They help us to be efficient and keep costs down. Thanks to the Year 2000 Programme we will continue to reap these benefits.

The programme as a whole will help us maintain the confidence of the markets, protecting our share price as well as the underlying value of the businesses.

Every one of you is part of this vital programme. I urge you to make your contribution through this programme to our overall objective. Thank you.

Why should I care?

You may not need to. As far as computers are concerned, it depends on whether the date is critical to the way you use your computer and whether that matters in your job.

For example, if your PC showed the date as 1 January 1980 when it was really 1 January 2000, your diary system would show 'Today' as the wrong day and, when you put the 'Printdate' on a word processed or spreadsheet document, it would print the wrong date.

These mistakes may be annoying rather than catastrophic. But the implications get more serious when you think about computers that control processes in factories or warehouses. After the millennium, these could misunderstand the date and produce meaningless data, make the wrong decision or stop working altogether. For example, in 1997 a high-street retailer took delivery of tins of corned beef which had a use-by date of 01/00. The computer system in the goods-in area understood '00' to mean 97 years before rather than three years in the future and rejected the tins on the grounds that they were 97 years past their prime!

IF ERRORS LIKE THIS WOULD CAUSE YOU A PROBLEM AT WORK, THEN YOU SHOULD CARE ABOUT THE MILLENNIUM BUG.

The millennium bug isn't just an IT problem...



It doesn't stop at computers

...or what we recognise as computers. Many kinds of electronic equipment contain computer chips which have clocks in them just like PCs – so called 'embedded systems'. We're talking about faxes, lifts, plant and equipment in factories and distribution centres, alarm systems and fire control systems. If these chips were programmed some time ago, they could also malfunction after the millennium.

The seriousness of the problem to the business depends on what the equipment is used for. If a fax machine prints the wrong date on a fax, it might not matter too much, unless it is a contractual date. However, if an automated stock handling machine in a distribution centre stops working, we may be left without stock on the shelves of our stores. Or, if we're not sure that a store's alarm system or fire control system is reliable, we would have to close the store for health and safety reasons.



...and then there are suppliers and corporate customers, too



We're not in this alone. Other companies with which we do business are equally at risk. And if their systems malfunction or fail because of the millennium bug, this could have serious consequences for Kingfisher businesses. It could affect suppliers of goods for our stores, the banking system, even electricity or telephone services.

We need to make sure, by talking to our trading partners, that they are able to survive the millennium date change. This involves being satisfied that all of their computer and embedded systems – from accounting systems to systems that control the delivery of products to Kingfisher stores – are fully 'year 2000 compliant' and that the companies will not fail as a result of the millennium bug.



On track for compliance

We have teams of people in every operating company who are looking at our systems and those of our trading partners. These people assess the extent of the problem and work out how to overcome it in each affected area. The name of the year 2000 project manager in your operating company is on the back of this newsletter.

At Kingfisher plc there is a team of three people responsible for monitoring this work, helping the operating company teams to share experiences and implement best practice. And of course the team keeps the Kingfisher board fully informed of progress.

We are well on the way to having compliant computer systems and most of this work will be completed this year. For embedded systems we are hard at work listing all the examples of such systems and having experts review them to identify any remedial work that is needed. We are talking to all our suppliers, helping them identify all the work they have to do and forming a view as to how well they will survive the date change.

In common with all companies we are dependent upon the successful and timely completion of year 2000 programmes by other commercial entities and government bodies. Our plans to address these include monitoring of such organisations and contingency planning.

In short, we have a huge programme of work which is well under way across the Group to ensure that Kingfisher survives and flourishes into the new millennium.

The year 2000 programme needs YOU!

Every Kingfisher company has a team addressing problems caused by the year 2000 date change. From time to time, they will ask you – or a representative of your area – to help. They may already have done so. They all want to say a big thank you for the support you have given them so far.

We rely on the people who use computers and other equipment to tell us how important it is that they are working and that the dates they show are correct. We rely on you to help us test the systems by simulating the work you do every day. Without your help, our programme cannot succeed. So, when we call, please respond.



Year 2000 Project Managers

B&Q	Margaret Tunstall	Kingfisher Asia	Bernard Buckley
BCC	Dik Pijl	MVC	Tammy Northrop
Chartwell Land	Greg Smith	NW House	Richard Wellington
Comet	Nigel Penton	Superdrug	Andrew Harber
Darty	Denis Husset	TRF	John Hurst
EJK	Mike Thomas	Woolworths	Byron Sargeant

Pensions and other benefits

The Kingfisher Group Benefits Department (GBD) is well aware of the significance of the year 2000 and has recently upgraded its computer system and software packages to make them year 2000 compliant.

To ensure that other companies that provide pensions or benefits services to Kingfisher staff are equally well prepared, GBD has required all external service providers – eg, investment managers, printers, software suppliers etc – to confirm that their services will not be interrupted as a result of year 2000. If any company is unable to make this assurance, contingency plans will be made.

GBD's high level of commitment to this project shows that all necessary steps are being taken to ensure that all issues arising from the year 2000 problem are identified and managed well in advance of the millennium.



Don't try this on your own!

Please don't test equipment yourself to see if it might fail at the millennium. If the date on a computer or other piece of equipment is wound forward to 2000, you could break it. We're NOT kidding – that sort of thing has happened. Please work with us. We want to hear your concerns but we want you to trust us to assess the problem and provide the solution.

We can beat the bug together!