

— Dixons Group plc —

NEWS RELEASE

Dixons Group Media Office Maylands Avenue, Hemel Hempstead, Herts HP2 7TG

Telephone: 01442 354515 Fax: 01442 354517 Pager 07626 259 044

Tuesday, 02 July 2002

Immediate release

PR101/2002

Comment from Dixons Group on the OFT's announcement of an Investigation into Extended Warranties on Domestic Electrical Goods

Europe's leading electrical retailer, Dixons Group plc, today called on the OFT to create a level playing field between providers of extended warranties and to improve customer protection by requiring that all warranty schemes are backed by independently managed ring fenced funds. It also stated that it believes that the OFT referral of the extended warranty market to the Competition Commission is unjustified and that the OFT has misdirected itself.

Commenting on the OFT's publication of a report into extended warranties today (2 July 2002) Dixons Group said:

"Dixons Group's warranties are backed by a national network of more than 3,000 engineers and support staff, two million spare parts in stock, state of the art repair centres and PC Clinics and 365 day a year, 24/7 national call centres. Last year we carried out almost one million repairs and resolved other product problems for another 3 million customers. The scale and scope of our after-sales service is unmatched in the UK.

"Our warranties are backed by a £300 million independently-managed and audited ring-fenced trust fund - offering our customers unrivalled peace of mind. We have repeatedly called on the OFT to require that all warranties are protected by such ring-fenced funds. There is now an opportunity to improve customer protection and to create a more competitive level playing field by acting on this recommendation.

"Dixons Group regrets that the OFT has referred this matter to the Competition Commission. There is no justification for this expensive and disproportionate action. It is inappropriate and unjustified and we have provided material to the OFT to demonstrate this. We believe that the OFT has misdirected itself."

Ends

Notes to editors

- More than 14 major retailers of electrical goods currently offer extended warranties of various types. Many manufacturers also offer warranties providing services in addition to those provided under the initial guarantee. In addition credit card companies, banks and the former utilities, have made significant inroads to this market. These competitors have important advantages over retailers as they have access to substantial databases through which they communicate regularly with their customers. In effect, both they and the manufacturers have free access to potential extended warranty purchasers.
- The market is very competitive. Providers differentiate their products by price and by the wide variety of competing benefits they offer. The evidence suggests that just as they are able to evaluate competing prices and features in other products, customers are fully able to compare and evaluate the relative merits of these competing offers before they purchase. In addition a "cooling off" cancellation period provided by retailers such as Dixons who are signatories to the BRC's best practice code on extended warranties enables purchasers to change their minds should they later find a warranty that they perceive offers better value.

For further information please contact

Lesley Smith 0207 499 3494

Hamish Thompson 01442 353543